

**MICROCOPY**

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**NATIONAL ARCHIVES MICROFILM PUBLICATIONS**

Microfilm Publication M976

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

Roll 30

1930-39

793.94/7256-7515  
Aug.-Dec. 1935



**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.

FE

## TELEGRAM RECEIVED

MED

1-1336

FROM

GRAY AND SPECIAL GRAY

PEIPING

Dated August 28, 1935

Received 11:45 a.m.

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

Secretary of State,

Washington, D. C.

442, August 28, 3 p.m.

My 421, August 19, 4 p.m.

Division of  
FAR EASTERN AFFAIRS  
AUG 29 1935  
Department of State

The situation in North China appears to be on the verge of considerable clarification. Wang Keh Min left Peiping for Nanking, August 24, presumably for the purpose of, (one), reporting on conditions in North China; (two), being told the results of the Kuling and Nanking conferences; and, (three), participating in decisions on changes primarily personnel in the North China situation. Press reports of his resignation were based on a misapprehension and his return to Peiping in the near future is expected.

Two. According to the best information available here the following probabilities exist (one), Lieutenant General Wang Ching Wu commander of 70th Division and concurrently Director General of Reclamation Affairs in Suiyuan will become Chairman of Chahar. (This would bring Chahar as well as Shansi and Suiyuan under Yen Hsi Shan's control perhaps for the purpose of placating him

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note  
893.00

793.94/7256

FILED  
AUG 31 1935

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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

FE

## TELEGRAM RECEIVED

MED

1-1386

FROM

GRAY AND SPECIAL GRAY

PEIPING

Dated August 28, 1935

Received 11:45 a.m.

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

Secretary of State,  
Washington, D. C.

442, August 28, 3 p.m.

My 421, August 19, 4 p.m.

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Department of State

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793.94/7256

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AUG 31 1935

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MED - 2 - #442, August 28, 3 p.m. from Peiping

him for the allegedly imminent declaration of independence of Inner Mongolia which will include parts of Suiyuan and Chahar). (Two), All Chahar troops will move into Northern Hopei; Sung Che Yuan will be made Tientsin-Peiping garrison commander; and Chin Teh Chun will be given a post possibly the Mayorship of Peiping (reference is made to paragraph 2, section 2, of my 342, July 6, 5 p.m.), (three), Shang Chen will continue only as Hopei Chairman and will move his troops to the vicinity of Paoting. (Four), Wan Fu Lin and his troops will move into Honan thus clearing Hopei of the last of Chang Hsueh Liang's men. (Five), the Peiping Political Affairs Readjustment Committee will be changed into an economic organization in order to demonstrate to the Japanese that the Chinese intend to cooperate with them economically in North China. This organization will have Wang Keh Min as chairman (seven), Provincial Chairmen in North China will communicate directly with Nanking instead of through the Political Committee. (Eight), Ho Ying Chin will return to continue as Chairman of the Peiping branch of Military Council.

Three. These changes if they occur should (one), facilitate leadership political penetration into

Yen

MED - 3 - #442, August 28, 3 p.m., from Peiping  
Yen Hsi Shan's enlarged sphere; (two), facilitate  
economic developments in Hopei; and (three), render  
less likely the occurrence of trouble between Chinese  
factions in the North as well as between them and the  
Japanese (information about Shantung is lacking).  
There would seem to be nothing in the proposed changes  
to irritate the Japanese military, provided that  
reports to the effect that they no longer dislike  
Sung Che Yuan are true.

Four. Additional information with regard to  
independent movement of Inner Mongolia is lacking,  
except that recent visits of Japanese Consuls to  
Taiyuan and Kueihwa were probably for the purpose of  
legalizing it with Yen and Fu Tso Yi (the significance  
of the recent assignment of Japanese resident officers  
of junior rank under the Tokyo general staff to these  
two cities is not yet clear but is stated by the Japanese  
to be a routine measure). Reliable informants state that  
officers of the Chinese Peace Preservation 10,000 troops  
will be north of Kalgan, with the exception of some  
Chinese troops in Changpei district.

Five. (?) locally that the recent conferences at  
Kuling and Nanking resulted in (one) endorsement by Chiang  
Kai Shek of Wang Ching Wei's Japanese policy (two) the  
silencing



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

MJP -4- # 442, August 28, 3 p. m. from Peiping.

silencing of Wang's enemies through Kuomintang, and the government; and (three) the decision that T V Soong and some Kwangsi men should be brought into the National Government at the expense of some of Wang's followers. It is expected that a large part of this realignment will be made at the sixth plenary session of the fourth Central Executive Committee meeting September twentieth.

Repeated by mail to Tokyo and Nanking.

JOHNSON

HPD:CSB

**TELEGRAM RECEIVED**

RB

1-1234

CORRECTED COPY  
FROM

GRAY AND SPECIAL GRAY

Peiping

Dated August 28, 1935

Rec'd 11:45 a.m.

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

Secretary of State

Washington, D. C.

442, August 28, 3 p.m.

My 421, August 19, 4 p.m.

The situation in North China appears to be on the verge of considerable clarification. Wang Keh Min left Peiping for Nanking, August 24, presumably for the purpose of, (one), reporting on conditions in North China; (two), being told the results of the Kuling and Nanking conferences, and, (three), participating in decisions on changes primarily personnel in the North China situation. Press reports of his resignation were based on a misapprehension and his return to Peiping in the near future is expected.

Two. According to the best information available here the following probabilities exist (one), Lieutenant General Wang Ching Kuo commander of 70th Division and concurrently Director General of Reclamation Affairs in Suiyuan will become Chairman of Chahar. (This would bring Chahar as well as Shansi and Suiyuan under Yen Hsi Shan's control perhaps for the purpose of placating him for the allegedly

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SEP 3 - 1935

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RB

2-442, August 28, 3 pm from Peiping

allegedly imminent declaration of independence of Inner Mongolia which will include parts of Suiyuan and Chahar). (Two), All Chahar troops will move into Northern Hopei: Sung Che Yuan will be made Tientsin-Peiping garrison commander; and Chin Teh Chun will be given a post possibly the Mayorship of Peiping (reference is made to paragraph 2, section 2, of my 342, July 6, 5 p.m. ), (three), Shang Chen will continue only as Hopei Chairman and will move his troops to the vicinity of Paoting. (Four), Wan Fu Lin and his troops will move into Honan thus clearing Hopei of the last of Chang Hsueh Liang's men. (Five), The Peiping Political Affairs Readjustment Committee will be changed into an economic organization in order to demonstrate to the Japanese that the Chinese intend to cooperate with them economically in North China. This organization will have Wang Keh Min as chairman (Six), Provincial Chairmen in North China will communicate directly with Nanking instead of through the Political Committee. (Seven), Ho Ying Chin will return to continue as Chairman of the Peiping branch of Military Council.

Three. These changes if they occur should (one), facilitate leadership political penetration into Yen Hsi Shan's enlarged sphere; (two), facilitate economic developments in Hopei; and (three), render less likely the occurrence

RB

3-442, August 28, 3 p.m. from Peiping

occurrence of trouble between Chinese factions in the North as well as between them and the Japanese (information about Shantung is lacking). There would seem to be nothing in the proposed changes to irritate the Japanese military, provided that reports to the effect that they no longer dislike Sung Che Yuan are true.

Four. Additional information with regard to independent movement of Inner Mongolia is lacking, except that recent visits of Japanese Consuls to Taiyuan and Kueihwa were probably for the purpose of legalizing it with Yen and Fu Tso Yi (the significance of the recent assignment of Japanese resident officers of junior rank under the Tokyo general staff to these two cities is not yet clear but is stated by the Japanese to be a routine measure). Reliable informants state that only Chinese Peace Preservation Corps troops will be north of Kalgan, with the exception of some Chinese troops in Changpei district.

Five. It is believed locally that the recent conferences at Kuling and Nanking resulted in (one) endorsement by Chiang Kai Shek of Wang Ching Wei's Japanese policy (two) the silencing of Wang's enemies in the Kuomintang, and the government; and (three) the decision that T V Soong and some Kwangsi men should be brought into the National

Government

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

RB

4-442, August 28, 3 p.m. from  
Peiping.

Government at the expense of some of Wang's followers. It  
is expected that announcement of this realignment will be  
made at the sixth plenary session of the fourth Central  
Executive Committee meeting September twentieth.

Repeated by mail to Tokyo and Nanking.

JOHNSON

HPD

CSB

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

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R.Nanking/90 FOR Despatch #-

FROM Nanking (Atcheson) DATED Aug.1,1935  
17911 NAME 1-1127 ...

REGARDING: Sino-Japanese relations: Reports various complications  
in -, during July, 1935.

fpe

793.94/ 7257

7257

793.7  
b. Relations with Other Countries. Japan.

Complaint Against the CHINA WEEKLY REVIEW. Mr. Itano

Ishii, Japanese Consul General at Shanghai, called at

the

793.94  
(44-4-10)  
B. Relations with Other Countries. Japan.

Japan

(General) The various complications in connection with Sino-Japanese issues which confronted the National Government at Hanking during July are outlined above under "I. General Summary". The individual matters are discussed separately below except that the reported impending changes in high National Government posts, said to result from problems in connection with relations between China and Japan, are discussed under "III. Internal Political Activities. (a) National." By way of general comment on developments during the month it is to be noted that the NEW LIFE MAGAZINE case, discussed below, was not employed by the Japanese as ground for any major move toward the advance of Japanese hegemony in China, the Japanese being apparently satisfied with the heavy blow to Kuomintang propagandist activities which resulted, and prognosticated Japanese activities in the Yangtze Valley were not commenced on the large scale which had been anticipated in some quarters.

Reported Impending Changes in High National Government Posts due to Sino-Japanese Problems and the Illness of Wang Ching-wei (See III, a, below)

Abandonment of Kuling Summer Training Camp for Military Officers and Magistrates.

The Legation at Hanking was authoritatively informed early in July that plans for the annual summer training camp at Kuling for Chinese military officers and civil magistrates had been abandoned at the request or suggestion of the Japanese. This report was received from several official

SOURCE.

- 5 -

sources, and it was subsequently stated by a reliable Chinese official that a new camp, for military officers only, was being established at Chengtu under the personal supervision of General Chiang Kai-shek.

The NEW LIFE MAGAZINE Case.

Early in July the Japanese Embassy at Hanking presented what its spokesman termed "demands of a mild nature" upon the Chinese Foreign Office in connection with the publication in the Shanghai NEW LIFE MAGAZINE on May 4 or 5 of an article to which, when it came to their attention, the Japanese found serious objection. Japanese naval vessels at Shanghai postponed their departure to await a settlement of the issues raised and the organize Japanese residents of that city began an agitation that threatened to assume serious proportions.

It appears that the offending article contained some paragraphs of gossip about emperors in which it was stated that the Japanese Emperor was not the controlling authority of the Government but was a figurehead in the same that the King of England is a figurehead. It is reported that the word "puppet" was used. The article had apparently passed unnoticed until it was reprinted about a month later in the TA PAO, a Chinese vernacular daily published in the French Concession, Tientsin. According to official Chinese sources in Hanking, Japanese officials in Tientsin demanded the suppression of the TA PAO and Japanese officials in Shanghai demanded the suppression of the NEW LIFE MAGAZINE, the punishment of the publisher of that periodical and of the author of the offending article, and an apology by the Mayor of Shanghai. These demands were acceded to, except that the author of the article could

Not



- 4 -

not be found and punishment was not immediately meted out to the publisher although he was placed under arrest pending trial.

Later, the Japanese learned that the article had been passed for publication by the Shanghai censorship committee of the Central Kuomintang and among the demands presented at Nanking was one that the Central Party Headquarters apologize for the action of the Shanghai censorship committee in approving the article for publication. The NEW LIFE MAGAZINE ceased publication on June 27. On July 5 the Central Daily New Agency, Nanking, reported that the Central Publicity Committee of the Central Political Council had telegraphically instructed all provincial and municipal Kuomintang headquarters to confiscate copies of the magazine containing the offending article and had dismissed the head and members of the examination section of the Publications Censorship Committee. The circular order of the Central Publicity Committee was reported in the press to contain statements explanatory of the extreme Japanese sensitiveness in connection with references to the Japanese Emperor and it called for strict observance of the National Government's mandate of June 10 (issued in connection with Sino-Japanese issues in North China) forbidding provocative speeches or acts likely to endanger international relations.

On July 9, the editor and publisher of the NEW LIFE MAGAZINE (who, it is understood, was absent at the time of the publication of the offending article and did not see it), was sentenced by the Kiangsu High Court, Shanghai, to fourteen months imprisonment for slander under Article 310 of the new criminal code which became effective

July 1.

- 7 -

July 1, 1935, and which provides for punishment of not more than one year and a fine for that particular offense. The additional two months of the sentence was imposed under a new provision of law written into the new code as Article 116 which provides penalties for "any offense causing wilful injury to, or restraining liberty or of injuring reputation against a head of a friendly state of the Republic of China or a representative of a foreign state accredited to the Republic of China". Under another article no appeal was allowable. The press reported that pronouncement of the sentence almost caused a riot among the spectators in the courtroom; the defense attorney shouted that "China's law has been conquered by Japan!"; spectators cried "Down with the Nanking Government!", and "Down with Japanese imperialists!"; denunciatory handbills showered the court room; and police were called to restore order. The Japanese authorities, however, appeared satisfied with the action taken and the case, according to both Chinese and Japanese official sources here, was now considered closed. On July 19 a formal appeal filed by the defendant two days earlier was denied by the court.

Aside from other considerations the case is of interest as demonstrating that in the pertinent articles of the new criminal code the Chinese Government possesses an effective weapon against anti-Japanese or other anti-foreign propagandists if it should desire to employ the code for that purpose. Conversely the code gives the Japanese or other foreigners a specific legal ground of complaint against Chinese who displease them in this respect.

Impeachment

- 8 -

Impeachment proceedings against Kuang Fu, Tang Yu-jen and others.

Early in July impeachment proceedings based on alleged "weakness" in dealing with the Japanese were commenced against General Kuang Fu, Chairman of the Peiping Political Affairs Readjustment Council and appointed Minister of the Interior; Mr. Tang Yu-jen, Administrative Vice Minister for Foreign Affairs; Yin Tung, Managing Director of the Peiping-Liaoning Railway; Ying Ju-kang (殷汝耕), Special Administrator of the Miyun-Chihhsien District; and Tao Shang-ming (陶尚铭), Special Administrator of the Tangshan-Shanghai area. It is understood that the movement against these officials was instituted by disgruntled Kuomintang members who had been transferred from Hopei Province and it was aided by anti-Japanese elements in the Government and, reportedly, by Mr. Yu Yu-jen, President of the Control Yuan who is a bitter enemy of the Minister for Foreign Affairs.

The charges against the officials named (and other officials in high place for a time feared that similar charges might be preferred against them) were referred to an examination or investigation committee in the Control Yuan and at the close of the month it appeared likely that no further action would be taken by the Yuan with respect to them. The press reported on July 28 that Lieutenant Colonel Tan Taketsu had said that Mr. Tang was better suited for other duties and on July 29 that he had submitted his resignation and would assume a new position as an adviser to the Peiping Political Affairs Readjustment Council.

Reported Japanese suggestions for changes in Yangtze Valley Provincial Chairmanship.

Reports emanating from the Japanese press in Shanghai during

- 9 -

during the month predicted changes in the chairmanships of the provinces of Fukien, Anhwei, Chekiang and Hupeh, and in the mayoralty of Shanghai. According to an official Chinese source, a reshuffling of the provincial posts named was taken under consideration by the National Government at the request or suggestion of Japanese officials. This report, however, has not been confirmed by the Legation at Hanking and there has been no indication that the National Government generally has considered that prognosticated Japanese activities in the Yangtze Valley have commenced on a large scale.

Conference of Provincial Chairmen in Hanking and Shanghai; Reported move for a Sino-Japanese Protocol.

Toward the end of June Generals Huang Shao-hsiung, Chang Chuan, Chen Yi and Hsiung Shih-hui, Chairmen of the Chekiang, Hupeh, Fukien and Kiangsi Governments, respectively, proceeded to Hanking ostensibly to report to the National Government concerning conditions in their provinces. Early in July the Legation at Hanking was confidentially informed by a reliable source that this group or members of it had conferred with officials of the Japanese Embassy in Shanghai and, in the hope that China might thereby gain at least a temporary respite from further Japanese aggression, had decided to recommend to the National Government that a Sino-Japanese protocol be drawn up providing, inter alia, for mutual defense in case of attack by a third nation. According to the source in question, General Huang was proceeding to Chungking to attempt to seek the agreement of General Chiang Kai-shek to this proposal, although the proposal had met with the disapproval of Dr.

Yang

- 10 -

Sang Ching-wei. General Huang returned to Nanking before the end of July but no authoritative information was available as to the matters discussed with General Chiang or the decisions arrived at, if any.

Reported plans of General Chiang Kai-shek to return to Nanking.

According to a report from an authoritative official source in Nanking near the close of the month, General Chiang Kai-shek had yielded to Japanese pressure that he come to the capital and to plans of Chinese Government leaders that he assume a more definitive direction of affairs than was possible from Szechwan and was planning to return to Nanking, for a temporary visit, sometime early in August. This report, although it <sup>was</sup> understood to have been based on information direct from the Generalissimo, was denied in various quarters. If he actually should come to Nanking it is probable that he will find it necessary to make some definite and open move in respect to Sino-Japanese relations or to take an unequivocal stand on that subject with the result that future trends may be more clearly delineated than they are at present.

Sino-French Convention Concerning French Indo-China.

On July 20 ratifications (without reservations) were exchanged between the French and Chinese Governments covering a Convention Regulating the Relations between China and France Concerning French Indo-China and the Adjoining Chinese Provinces. The Convention, which was signed in Nanking on May 16, 1930, with annexes dated May 4, 1935, was promulgated on July 22 on which date it became effective.

The Convention provides, inter alia, for the establishment of Chinese consular offices at Haiphong or Hanoi and

Saigon.

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

DEPARTMENT OF STATE

~~EHD~~

~~ADMM~~

DIVISION OF FAR EASTERN AFFAIRS

~~SECRET~~

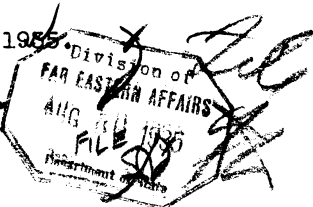
AUG 31 AM 8 53

August 23, 1955

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

ITEMS CONCERNING JAPANESE AIMS IN

NORTH CHINA



793.94

Very little has been heard, since earlier in the year, of Japanese plans to organize an independent state in North China. The following more or less isolated items may be of interest in studying Japanese aims in that region:

Under date July 26 the Embassy at Moscow telegraphed that the Chinese Ambassador had stated that the Japanese Government had presented demands to the Chinese Government which would include an "economic alliance" with Japan.

In commenting on this telegram the Embassy at Tokyo stated that Japanese newspapers of the 29th declared that the Japanese Government was considering a "second phase" policy toward China. The Embassy stated that the reported demands corresponded in some degree with the instructions which it was reported were given to Ariyoshi on his return to China in June last, and which, according to a Japanese newspaper, included a demand that China settle the "North China affair".

The Military Attaché at Tokyo reported to his Department on June 27 that the creation of a "buffer state" in North

793.94/7258

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- 2 -

North China had been denied both by the military and the Foreign Office authorities, but that nevertheless rumors of a new political regime in North China, comprising the provinces of Hopei, Chahar, Shansi and Suiyuan with General Yen Hsi-shan as its head, continually appear in the Japanese press. The Military Attaché stated further that the opinion of several Japanese officers is that if a government friendly to Japan is established in North China there will be no attempt made by Japan to form a buffer state. These officers intimated, however, that if Chiang Kai-shek again played a "dual role" with Japan, his influence in North China would be uprooted and a government friendly to China established which would to all intents and purposes be "independent" of Nanking.

Colonel Seichi Kita, Chief of the China Section of the War Office, is reported by the press to have stated on July 11, upon his return from a trip to China, that North China is destined to emerge as an "autonomous part" of the Chinese Republic. He stated: "There seems to be no way of accurately forecasting the future of China, but it appears certain, at least, that the whole region of North China will eventually emerge as an autonomous section semi-independent of the policies of Nanking."

In the meantime the feeling of the Japanese public seems to have turned from trepidation at the army's moves in North China, to buoyant expectancy of the economic

possibilities

- 3 -

possibilities which the establishment of a friendly regime in that region may open up. Dr. Washio, special writer for the JAPAN ADVERTISER and a trustworthy observer, stated in an article on July 11 that in the early days of the Manchurian affair the Japanese people were led to entertain wild hopes of Manchuria's economic possibilities. These hopes soon disappeared as it was realized that Manchuria did not and probably could not produce some of the things that Japan vitally needed, notably cotton and wool. All this will be changed if North China can be brought into an "economic bloc" with Japan, as the climate of that region is suitable for the production of cotton and wool. Dr. Washio states:

"Economically these possibilities of North China are far greater than anything Manchuria can ever offer. If, therefore, the political stability of North China is going to be secured under a friendly power, the investment activities of Japanese industrial and commercial interests, which have fallen off in Manchuria, may re-start with redoubled vigor in North China. The deadlock felt to be approaching in the prosperity this country has been having since the Manchurian affair may be completely obviated. It is ironical that the move of the army, which the general public including business interest looked on with trepidation and surprise, has opened up such vistas almost with no sacrifice and no expenditure."

If this conviction comes to be entertained generally by the Japanese public, the probability of the relinquishment of North China by the Japanese military becomes increasingly



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

- 4 -

creasingly remote. Whether or not the control of this region will extend to the formation of an independent state under Japanese control is, of course, conjectural.

Note that according to the MANSHU NIPPO, North China is already being included in the economic bloc contemplated by the recently concluded agreement creating a Japanese-"Manchukuo" Economic Commission. According to this paper a great development corporation with capital subscribed by the South Manchuria Railway and the Oriental Development Company, among others, is being organized to operate in North China. The production of cotton is specifically mentioned as one of the objects of this Company. Note further in this connection the statement of the Chinese Ambassador in Moscow to the effect that the Chinese Government felt compelled to accept the Japanese demand for "full economic cooperation".

WTT/DLY

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

No. 91

AMERICAN CONSULATE  
Yunnanfu, China, July 29, 1935.

CONFIDENTIAL

SUBJECT: Transmitting Copies of Despatch No. 81  
to the Legation - Sino-Japanese Relations.

The Honorable

The Secretary of State,  
Washington.

Sir:

I have the honor to transmit herewith copies in  
quintuplicate of this Consulate's Confidential Des-  
patch No. 81 to the Legation at Peiping, dated July  
29, 1935, reporting on the present state of Sino-  
Japanese relations in Yunnan.

Respectfully yours,

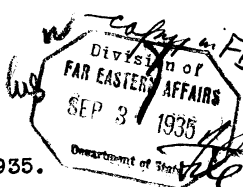
*Arthur R. Ringwalt*  
Arthur R. Ringwalt,  
American Vice Consul.

Enclosure:  
Confidential Despatch No. 81 to the  
Department, dated July 29, 1935.

In quintuplicate.

File No. 800/631  
ARR:JSS

4 Carbon Copies JM  
Received



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

793.94/7259

FILED  
SEP 14 1935

F/FG.

No. 81

AMERICAN CONSULATE  
Yunnanfu, China, July 29, 1935.

CONFIDENTIAL

SUBJECT: Sino-Japanese Relations.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

I have the honor to acknowledge the receipt of the Legation's Strictly Confidential Instruction of July 8, 1935, indicating its desire to be kept currently informed concerning the recent developments in Sino-Japanese relations, particularly with reference to possible exceptional economic privileges gained by Japanese interests not available to other foreign nationals.

For the present there is little possibility of Japanese interests gaining special privileges within this province. With the possible exception of Kwangtung, Yunnan has been the last province in China to relinquish its active anti-Japanese boycott, with the open approval of the Provincial Government. It was only on June 16th last that the local Japanese Consulate was able to persuade the Provincial Chairman to issue a general order requiring the immediate cessation of all anti-Japanese activities (reference this Consulate's Despatch No. 71,

dated

- 2 -

dated July 1, 1935).

The local Japanese community is very small, including only some 30 odd persons. Outside of the Consulate staff, the total Japanese interests comprise two small wholesale firms, one barber and one dentist. There are also about an equal number of Koreans, of whom only two are registered at the Japanese Consulate. The two wholesale firms report a considerably increased business, and their turn-over now approximately equals pre-boycott times. For the present, at least, no Japanese contemplate engaging in retail trade, as the Japanese Consulate is advising them that this move would be inadvisable. It is feared that such action might only antagonize the local population, and result in the recrudescence of the boycott.

Consul Seichi Kawaminami, formerly at Soochow, China, arrived in Yunnanfu on July 11th, to take over charge of the local Japanese Consulate from Mr. C. Tonegi. For the first two weeks after his arrival, Mr. Kawaminami was seriously indisposed, due doubtless to the sudden change of altitude and climate. He has now, apparently, completely recovered. A dinner will be given in his honor at this Consulate on the evening of the 31st of July. He has informed this office that he has wired his Foreign Office requesting that a career official be sent to Yunnanfu to replace Mr. Tonegi, who is due to return to Japan in a month's time.

- 3 -

time. It seems odd that Mr. Kawaminami would require the assistance of another career officer, as his duties cannot be very arduous at the present time. It may be that this step indicates an increased activity on the part of the Japanese Government here, in direct contrast to the passive policy pursued subsequent to the boycott, when the amiable but ineffectual Mr. Tonegi remained in charge.

Recently five Japanese, said to be students of the Tung Ya T'ung Wen (東亞同文書院) School of Shanghai, arrived in Yunnanfu. It was announced that they were on a tour of the Southwestern Provinces. The Office of the Special Yunnan Delegate of the Ministry of Foreign Affairs refused to assume responsibility for their safe journey to Kweiyang, stating that the road was not yet entirely safe. It is true that there are reports of minor disorder as a result of disaffection of certain Kweichow troops, formerly under the command of General Wang Chia-lich (王家烈) and recently reorganized by the new government of that province. It is probable, however, that the real reason for the hesitancy on the part of the Foreign Office to guarantee protection lay in the fear that these Japanese students might, either through tactlessness or lack of familiarity with the language, get into serious difficulties. These same students, on their arrival at the Chinese border, coming from Indo-China, forcibly resisted the efforts on the part

of

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

- 4 -

of the Chinese Customs officials to inspect their  
baggage. In any event, they have given up all idea  
of proceeding to Kweiyang and will leave shortly for  
Kwangsi via Poseh (百色).

Respectfully yours,

Arthur R. Ringwalt,  
American Vice Consul.

A true copy of  
the signed origi-  
nal.



In duplicate.

Quintuplicate copies sent to the Department under  
cover of Despatch No. 91, dated July 29, 1935.

File No. 800/631  
ARR:JSS

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00/13201 FOR Tel#447, 5pm.

FROM China ( Johnson ) DATED Aug. 30, 1935.  
TO NAME 1-1127 ...

REGARDING: North China Situation; Reorganization of the Government;  
No settlement as yet of the assassination of Liu;  
Japanese Demands with regard to hold up on the Peiping-  
Mukden Railway on August 15.

793.94/7260  
7260

FRG.

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

MED

GRAY

PEIPING VIA N.R.

Dated August 30, 1935

Received 1:50 p.m.

Secretary of State,

Washington, D. C.

447, August 30, 5 p.m.

My 442, August 28, 3 p.m.

Mandate for abolition of the Peiping Political Affairs Readjustment Committee was issued August 29, by the National Government and the organization comes to an end August 31.

Two. The situation appears to be developing substantially along the lines mentioned in paragraph 2 of the above mentioned telegram. Complete abolition of the Political Committee came as a surprise to its members. According to a responsible member, the action was the result of Huang Fu's dislike of Wang Keh Min and infer directly connected with the Japanese. There have been, however, statements in the past by Japanese to the effect that they would like to have it abolished; and it helps to clear the way for a new regime in North China. Wang Keh Min is understood to be trying to become Mayor of Peiping. He may also become head of the new Hopei Economic Association scheduled to be organized soon.

NOTE  
793.94

893. 8201  
13201



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

MED - 2 - #447, August 30, 5 p.m. from Peiping

soon.

Three. It is claimed by responsible Chinese officials that the proposed organization will have for its purpose some Japanese economic cooperation; that only Chinese, principally bankers, will be members; and that it will not be governmental but will "consult" with the Tientsin and Peiping Municipal Governments and the Hopei Provisional Government. According to one official, Chow Tso Min, President of the Kin Cheng Banking Corporation will be the head. Chow was known a year ago to be negotiating with the Japanese for the building of a railway from Shihkiachuang to Tsangchow.

Four. Sung Che Yuan has been appointed Commandant of the Peiping-Tientsin garrison. The question of the removal of his troops from Chahar is understood still to be in dispute.

Five. The assassination of Liu (my 421, August 19, 4 p.m.) is not yet settled; a former subordinate of his has confessed to the crime but his story is said to vary each time he tells it. I am informed that the Japanese insists that "the principal murderer" be apprehended.

Six. The press reports today that the Japanese Consul General at Tientsin has presented five demands to  
the

MED - 3 - #447, August 30, 5 p.m., from Peiping

the Managing Director of the Peiping-Mukden Railway with regard to the hold up on that line on August 15, these demands being limited entirely to the immediate incident and including one for "restoration of the stolen goods, which consist principally of bank-notes, to the value of thirty five thousand dollars; failing this compensation to that value" (those to be compensated were Koreans travelling third class) Legation is attempting to obtain authoritative statement concerning demands.

Seven. Negotiations for North China-Manchukuo air communication are reliably said to have stopped as a result, according to Chinese official sources, of "excessive" demands by the Japanese in this regard.

Eight. I shall report more fully when the situation had become somewhat clarified.

Repeated by mail to Nanking and Tokyo.

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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## DOCUMENT FILE

### NOTE

SEE 893.00/13202 FOR Tel#450, Noon  
FROM China (Johnson) DATED August 31, 1935.  
TO NAME 1-1127 ...

7261

793.94/7261

REGARDING: Red Activities; Northern China.  
Robbery of Peking-Mukden Railway train: Japanese Demands listed  
as published in local press, substantially correct, accord-  
ing to Japanese Consulate General, Tientsin.

FRG.

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

JS

Gray

FE

PEIPJNG (VIA N R)

Dated August 31, 1935

Rec'd 7:30 p.m.

Secretary of State

Washington, D.C.

450, August 31, noon

My 447, August 30, 5 p.m., paragraph six

The Consulate General at Tientsin has been informed by the Japanese Consulate General that the five demands which are quoted below and which appeared in the local press of August 30 are substantially correct. The demands were published as follows:

"One. That an expression of regret for the negligence of the railway police be sent to the Consulate General in Tientsin in the name of Mr. Yin Tung (Managing Director of the Peking-Mukden Railway).

Two. The arrest and severe punishment of the culprits.

Three. A guarantee that adequate measures be taken for the proper policing of the trains and stations together with a guarantee against the recurrence of such incidents and that concrete measures be put into practice to attain this.

Four. Indemnity for the persons killed and compensation for the wounded.

Five. The restoration of the stolen goods, which consist principally of banknotes, to the value of \$35,000; failing this compensation to that value."

To Nanking and Tokyo by mail.  
KLP SMS

JOHNSON

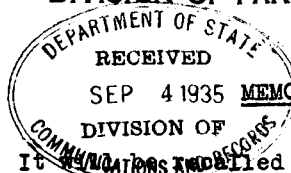
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DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 29, 1935.



It is recalled that during the first few months

of 1935 the Department received from its officers in China and Japan intimations to the effect that Sino-Japanese relations, which from January to May, 1935, were becoming increasingly more friendly because of the cooperative policy of the Japanese Foreign Office, would be further complicated by a series of demands to be made by Japan on or about June 1, 1935. It will be recalled also that immediately following the raising of the Japanese Legation to the status of Embassy on May 17, the Japanese military presented a number of demands which resulted in the reorganization of the Hopei Provincial administration, the closing of all branch offices of the Kuomintang and the abolition of all secret societies in the Peiping-Tientsin area, the removal of certain troops from that area and the replacement of certain officials by officials presumably more acceptable to the Japanese military. During the month of June, demands with regard to Chahar Province, similar in effect to those mentioned above, were also presented by the Japanese and acquiesced in by the Chinese.

Since the last week of June, Sino-Japanese relations,

on

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FILED  
SEP 4 1935

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- 2 -

on the surface, have, with the exception of certain local incidents such as the Fengtai incident, and the murder of Captain Liu Tso Chou, been quiescent. At the same time, however, there appeared to be a certain undercurrent looking toward further Japanese demands being made in September of this year. In this connection it may be of interest to note pertinent information received during July from Shanghai, Nanking, Moscow, and Tokyo as summarized below:

In telegram No. 422 of July 24, 8 a.m., from Shanghai, the spokesman of the Japanese Embassy at Nanking was reported to have stated that "Chiang Kai-shek has generally speaking two months to determine whether he will openly and actively become friendly to Japan or be prepared to fight." (In subsequent telegrams it appears that the above was an incorrect version of the statement made by the Japanese spokesman at Nanking but was "passed" by an officer of the Japanese Embassy at Shanghai. The actual statement of the Japanese spokesman at Nanking is said to have been: "Chiang Kai-shek has two months in which to make up his mind. When I say two months it is a general term for the fairly near future. Either Chiang must become actively and openly friendly toward Japan or be prepared to fight us. Unless he leaves Szechwan and assumes full responsibility for the real government of China, drastic action must result.")

In section two of telegram No. 216, July 25, 9 a.m., from Nanking, the Consul stated that it was his impression that "government leaders have looked for a respite perhaps of some weeks duration before any new crisis should arise either vis-a-vis Japan or in domestic politics."

In

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

- 3 -

In a telegram No. 433, July 27, 10 a.m., from Shanghai, Major General Isogai of the Japanese Army is reported to have stated that "Chiang Kai-shek must be prepared to fight unless he adopts a friendly pro-Japanese policy. He (General Isogai) would not establish any time limit for warlike activities although he was aware that the Chinese expect action about September 1st but the Japanese attitude was that of patient watchfulness." He also stated that "Personally he hoped the Chinese Government would shortly abandon (its) anti-Japanese attitude and reiterated in this connection (that) Japan had not decided upon action within two months or any other fixed period."

In connection with the above it may be interesting to note that in telegram No. 308, July 26, 10 p.m., Ambassador Bullitt reported that during a confidential conversation with Dr. Yen, Chinese Ambassador at Moscow, Dr. Yen stated that within the past few days the Japanese Government had presented four demands to the Chinese Government: (1) recognition of "Manchukuo"; (2) military alliance; (3) economic alliance; and (4) cultural collaboration. The Department telegraphed the above information to the American Ambassador at Tokyo. He replied by telegram (No. 161 of July 31, 6 p.m.) to the effect that nothing had been published in the Japanese papers nor were there rumors current in Tokyo in regard to any fresh demands having been presented by the Japanese Government to China although two Japanese papers stated on July 31 that the Japanese Government was considering a "second phase" policy toward China, which would include a request for recognition of "Manchukuo". The telegram continued by stating that the alleged demands given above correspond in some degree with the instructions which were reported to have been given to the Japanese Ambassador to China on his return to that country from Japan in June, 1935. The telegram concluded by stating that it was not indicated, however, that the Japanese Ambassador to China was to present these desiderata in the form of demands.

Telegrams

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

- 4 -

Telegrams of a political nature received from China from August 1 to date have been concerned chiefly with proposed personnel changes in the National Government and indications of a possible revision of China's policy vis-a-vis Japan. No definite action appears to have been taken along either of these lines and all decisions of importance in this connection appear to have been postponed until the latter part of September when the Sixth Plenary Session of the Central Executive Committee of the Kuomintang is scheduled to meet. (The Central Executive Committee is to all intents and purposes the principal political organ in China.)

From the above it may be seen that there are certain indications which point to September, 1935, as a month in which important developments in the Sino-Japanese situation may occur. What effect, if any, a war in September between Italy and Ethiopia might have on the Far Eastern situation is largely a matter of conjecture but in this connection it may be of interest to recall that the well-known Twenty-one Demands were made while war was being waged in Europe.

<sup>W</sup>  
FE:EW/VDM  
<sup>W</sup> m.f.



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

REP TELEGRAM RECEIVED

1-1330

SPECIAL GRAY

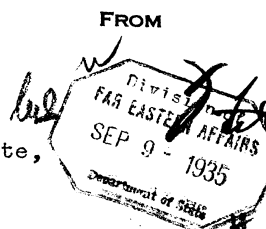
FROM

Peiping via N. R.

Dated September 7, 1935

Rec'd 10:55 a. m.

Secretary of State,  
Washington.



*Del. to Peiping*

467, September 7, 4 p. m.

Following telegrams from the Consul General at  
Shanghai are repeated for the information of the  
Department:

"September 4, 5 p. m. The Japanese Consul General  
called yesterday to protest against articles appearing  
in the CHINA WEEKLY REVIEW of July 13, page 212,  
July 27th, page 280 and August 24th, page 440. He  
desired an expression of regret on behalf of the  
American authorities and also from the journal together  
with the assurance that articles of a similar nature  
would not be published in the magazine again. I  
informed him that I was unable to comply with his  
request but would transmit his statement to the  
American Minister. I am forwarding in today's mail  
a despatch containing memorandum of conversation with  
Mr. Ishii. Suggest instructions await arrival of  
despatch,"

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note  
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711.94

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

REP

2-#467, From Peiping, Sept. 7, 4 p. m.

despatch." and

"September 6, 3 p. m. CONFIDENTIAL.

One. Referring to my telegram September 4, 5 p. m., and despatch 8934, I have been replying to press inquiries as to whether a protest has been filed by the Japanese that I have nothing to say. It is suggested, however, that I might appropriately reply shortly that "the Japanese Consul General orally protested and I informed him that I am always sorry when incidents occur which are taken amiss and occasion misunderstanding between local Americans and any other nationalities in Shanghai".

Two. I have a feeling that Powell unnecessarily offends the Japanese in his political criticisms of Japan and that in this instance he endeavored to hide behind extraterritoriality rights in order that he might safely continue the NEW LIFE magazine statements. I should therefore like instructions to urge him in a discreet way to be more cautious in the future and not unnecessarily offend the susceptibilities of any nation. I should like also to urge him to state,

in

see  
793 94/7151

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

REP

3-#467, From Peiping, Sept. 7, 4p.m.

in reply to an inquiry from this office, to the Japanese  
Consul General that he had no intention of offending  
their national susceptibilities."

Legation has telegraphed Cunningham as follows:

"September 7, 1 p. m. Your September 6, 2 p. m.

Legation approves (repeat approves) your making  
the statement quoted in paragraph one.

It would not (repeat not) seem advisable to pursue  
the course mentioned in paragraph two."

JOHNSON

GW

WWC

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



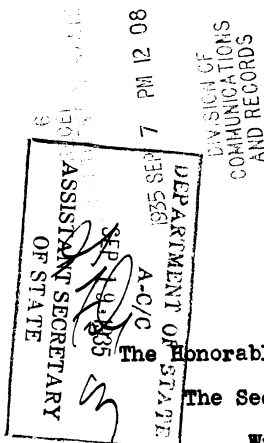
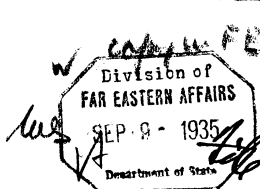
LEGATION OF THE  
UNITED STATES OF AMERICA

No. **3729**

Peiping, August 5, 1935.

Subject: Sino-Japanese Relations.

For Distribution-Check		Yes	No
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For	Fletcher		
	In U.S.A.	<input checked="" type="checkbox"/>	
	ONE MID		



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

The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to refer to the Legation's telegram No. 373 of July 23, 10 a.m., and to previous correspondence regarding current Sino-Japanese relations, and to enclose for the Department's information a copy of despatch No. 46 of July 22, 1935, from the Consulate General at Canton.

Not the least interesting item in that despatch is the stated belief of Dr. Kan Chieh-hou, Special Delegate of the Ministry of Foreign Affairs for Kwangtung

and

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FILED  
SEP 24 1935

F/FRG.

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

- 2 -

Kwangsi, that the Japanese Foreign Office, Admiralty, and Army General Staff have come to the realization that a unified policy of the three branches vis-a-vis China is necessary, and that the joint recommendations of those several offices were to be presented to the Japanese Emperor before the end of July in order that he might formulate a general policy to be followed.

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

✓  
Enclosure:

1. Copy of despatch No. 46, July 22, 1935, from American Consulate General, Canton.

710

EC-SC

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

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

No. 46

AMERICAN CONSULATE  
GENERAL  
PEIPING, CHINA

, July 22, 1935.

STRICTLY CONFIDENTIAL

Subject: Developments in Sino-Japanese  
Relations.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

I have the honor to acknowledge the receipt of the Legation's strictly confidential instruction of July 8, 1935, referring to reports from various sources that the Japanese are endeavoring to conclude or have concluded with the Chinese settlements of various outstanding financial obligations and agreements under which extension of Japanese economic interests in China is provided for, and instructing this office to continue to give attention to the broad subject of the effects of recent developments in Sino-Japanese relations and to forward from time to time not only reports of current developments in particular phases of the situation but also analyses of the general situation of this consular district, together with this Consulate General's views and comments.

The Legation

-2-

The Legation's instruction will be carefully kept in mind in the preparation of future reports of current developments in this consular district.

Opportunely on the day following the receipt of the Legation's instruction, with Consul Smith, I had an interview with Dr. Kan Chieh-hou, Special Delegate of the Ministry of Foreign Affairs for Kwangtung and Kwangsi, and during the course of the conversation Dr. Kan was led to discuss the recent aggressive activities of the Japanese in all parts of China. A brief summary of his remarks, which he emphasized were to be kept strictly confidential, follows:

The Nanking National Government now realizes that Japan's policy toward China for the present includes (1) a complete domination, both military and economic, of the area north of the Yellow River through the ability of the Japanese military to obtain the immediate appointment or dismissal of the major Chinese officials in the area, (2) a complete economic domination of the Yangtze Valley area, through so-called economic cooperation between industrial Japan and agricultural China, based on the willingness of Japan to arrange for credits and the apparent unwillingness of other nations financially to come to China's aid and, (3) a cessation of all anti-Japanese propaganda

-3-

propaganda in South China.

That this policy is meeting with success is apparent from recent developments in China, and the Japanese are endeavoring to strengthen effectively their present favorable position, before there may be a change in alleged European or American indifference toward conditions in China, by forcing upon China two treaties. One, a military alliance, would give Japan complete domination of the military resources of China, and the other, an economic agreement whereby China would receive loans from Japan independently of other Powers, but guaranteed, of course, by reliable Chinese securities, would in effect result in complete economic control of China by Japan.

According to Dr. Kan it would be political suicide for any Chinese official to sign either of these two treaties. At the same time he stated that to fail to sign them may result in further conflicts with the Japanese. Up to the present time the illness of Wang Ching-wei, President of the Executive Council and concurrently Minister of Foreign Affairs, and the activities of Generalissimo Chiang Kai-shek in the West have enabled the Chinese to delay consideration of the treaties, but the Japanese are bringing pressure to bear on these two officials in order to

"smoke"



-4-

"smoke them out" and force them to return to the capital to face their responsibilities. Furthermore, it appears that the Japanese Foreign Office, the Admiralty and the General Staff have at last realized they must have one policy toward China, and the recommendations of these three offices are to be presented to the Emperor before the end of July in order that he may announce a policy from which all three offices may not deviate.


Dr. Kan was of the opinion that it would be very difficult to establish that these proposed treaties constituted violations of the Open Door Policy or of the Washington Treaty of 1922 - but it would appear that Japan is willing to accept concessions from China as security for loans that would not be acceptable to either European or American competitors. He also stated that Japan's aggressive military and naval policies and ability to obtain effective redress through the pressure on the Government in China would enable the Japanese Government to relinquish her extraterritorial rights without any serious loss.

Respectfully yours,

  
Samuel J. Fletcher,  
American Consul.

In triplicate.  
Copy to Legation Office, Nanking.

800  
SJJ/g1

A true copy of  
the signed original  


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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

September 17, 1935.

~~MSM:~~  
~~EHD:~~  
~~LOST:~~  
~~SKH:~~  
RCM:

Peiping's despatch No. 3748 of August 15, 1935, encloses a memorandum entitled "The Effect on Chinese Agriculture of an Extension of Japanese Interests into North China."

The memorandum brings out the following points of interest:

(1) One of the basic factors of China's present economic troubles is "the bankruptcy of Chinese agriculture".

(2) The Chinese silk industry which thirty years ago had a practical monopoly of the Occidental silk market now accounts for only ten per cent of the world production and is steadily losing ground to Japanese silk raisers and to the rayon manufacturers. There appears to be no promise of a return to prosperity for this industry although the National Economic Council is making strenuous efforts to improve silk worm and mulberry tree culture.

(3) The present cotton acreage in  
China

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

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China is sufficient to produce nearly the requirements of present consumption and export. An additional increase of twenty per cent in acreage in north and central China is considered entirely feasible. The Chinese cotton textile industry, however, is passing through an acute crisis due to competition from foreign cotton mills in China and increased competition from imports of Japanese cotton goods. Chinese cotton mills suffer from a lack of sufficient capital.

(4) Tobacco production in China is increasing faster than the rapidly growing consumption with the result that both imports of tobacco leaf and manufactured cigarettes are falling off considerably.

(5) China's tea trade has suffered greatly in recent years and there seems no probability that it will ever regain completely its lost position. From 1901 to 1925 China's exports of tea decreased by half, while Ceylon increased its exports in the same proportion; India doubled them, and Java brought them to about eight times the original quantity. The value of China's tea exports, due to increased prices, has, nevertheless, remained fairly constant since 1850.

(6) China does not produce enough

food

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 3 -

food to satisfy its own requirements. It is compelled therefore to import large quantities of food supplies, principally rice, wheat, flour and sugar.

(7) Japan has nothing to fear from Chinese agricultural competition, but a great deal to gain by its development. The Japanese desire to stimulate the production of raw cotton in China for Japan imports its total supply of this product and would like to have the source of supply in neighboring regions. The cotton growing regions of China appear to offer an important source of supply although at the present time Chinese cotton mills consume practically the entire Chinese raw cotton production. Japan can also use wheat, tobacco, wool and hides from China.

(8) From Japan's viewpoint its program in Asia must comprehend both political and economic expansion. The motivations of such a program are evidently a passion for political primacy and a desire for a field for economic expansion, and if Japan does not achieve these two desiderata its national power will decline and its position in the Far East will be usurped by either the Soviet Union or by China. Japan's commercial drive in the Occident has been hindered

recently

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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 -

recently by the increase of wholesale prices in Japan, the depreciation of other national currencies and the establishment of high tariff barriers. The leaders of Japan would now appear to be prepared to use the country's political and military forces to the limit of the national strength to force upon China a system of economic relationships that will give full scope to the productive power of the modern Japanese industry.

(9) In developing "Manchukuo" practically no Japanese capital has gone into the expansion of industrial activities that would parallel similar industries in Japan and enter into competition with them. It is probable that the same policy will be followed in China. North China would be the most suitable area in China for Japanese economic penetration because central and south China produce no surplus of raw products (except silk and tea). Furthermore, the system of land tenure in north China has not reached the deteriorated stage of that in central and south China and consequently less radical and less expensive measures of reform would be required to obtain profitable results.

(10) Japan feels that the supplying to north China of Japanese capital and technical skill would be distinctly advantageous to the peasant and urban population of that area. A consideration

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 5 -

of the present complicated political situation however does not lead one to believe that the unhampered execution of the experiment is probable because objections to Japanese interference with China's political sovereignty could be expected not only from the Chinese nation but from Great Britain which would oppose an invasion of her markets, from the Soviet Union which would view with suspicion Japanese expansion westward and from the United States.

(11) The despatch concludes by stating that it seems probable that the above-mentioned policy if carried out will lead Japan to the same defeat, with more crushing results, as that met in 1918 by Germany and that for Japan to attempt to "swallow" Asia would only mean that eventually it would be forced to "disgorge" by a renascent militant China.

*EW*  
EW/VDM

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



LEGATION OF THE  
UNITED STATES OF AMERICA

Peiping, August 15, 1935.

No. 3748

Subject: The Effect on Chinese Agriculture of  
an extension of Japanese Interests  
into North China.

For Distribution-Check		Yes	No
Grade	To field		
For	In U.S.A.		

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in file  
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Division of  
FAR EASTERN AFFAIRS  
SEP 8 - 1935  
Department of State

SEP 25 1935

Sept. 24 1935

STRICTLY CONFIDENTIAL

The Honorable  
The Secretary of State,  
Washington, D. C.

OFFICE OF THE  
SEP 28 1935  
DEPARTMENT OF STATE

793  
ASSISTANT SECRETARY  
OF STATE  
FILE  
SEP 28 1935

Sir:  
I have the honor to refer to the Legation's  
despatch No. 3478 of March 29, 1935, regarding  
the probable consequences to China of any close  
cooperation between it and Japan under the aegis  
of the latter country, and to enclose a memorandum  
prepared by Third Secretary O. Edmund Clubb under  
date of August 1, 1935, on the subject of the  
existing state of Chinese agriculture and the  
probable results of an extension of Japanese political  
control in North China.

According

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F/FG.

- 2 -

According to the facts adduced in that memorandum, the condition now being generally recognized as "the bankruptcy of Chinese agriculture" is one of the basic factors of China's present economic troubles. The deterioration is evident in the main fields of agricultural production, and indications are that the reorganization and revival of agriculture will not be easy. The outstanding feature of the situation is that although Chinese agriculture is carried out on a subsistence basis it evidently does not produce enough food for the people, and in such circumstances there exist few opportunities for grave conflicts between competing Chinese and Japanese agricultures. Both countries are importers rather than exporters of food products.

However, China possesses exportable surpluses of certain products of its fields that are useful for the Japanese manufacturing industry. Among these cotton takes the lead, but there are other commodities which might be expected to play a not unimportant part. These surpluses are found in North China, an area wherein economic conditions lend themselves most readily to a degree of improvement. Japan is driven irresistibly toward economic expansion in the Far East by domestic and international factors both, and is apparently prepared to pursue its plans for expansion with all the political and military power at its command. In China, no industrialization of the country would be proposed, for that would conflict with the interests

of



- 3 -

of Japan's domestic industries, but the stress would be placed upon development of a supply of raw materials, agricultural and mineral, as is being done in the case of "Manchukuo". North China would play a significant role in these developments, and, from the purely economic and material standpoint, it is possible to believe that such an exploitation of that area's resources would redound to the benefit of both the Chinese and Japanese peoples. Mr. Clubb points out, however, that there are certain difficulties that face the Japanese in carrying out such a scheme of economic development in China, difficulties that may make it impossible of complete fulfilment. Chief among these he lists the antipathy that will inevitably be aroused among the Chinese by the extension of an oppressive and all-pervasive Japanese political control.

Respectfully yours,



Nelson Trusler Johnson.

✓  
Enclosure:

- 1/ Memorandum dated August  
1, 1935.

710

EC/rd

Original and 4 copies to the Department.  
Copy to American Embassy, Tokyo.  
Copy to American Legation, Nanking.

MEMORANDUM

13748

Peiping, August 1, 1935.

Subject: The Effect on Chinese Agriculture of  
an Extension of Japanese Interests in  
North China.

It is now generally recognized that China's economic structure is at the present time being subjected to unusual stresses, from both inside and outside, which have brought the country to a severe stage of depression. The results of this depression are readily noticeable in the treaty ports and other centers of industry and commerce, but this very concentration of economic and financial interests at points where observation is most readily done tends to lead the casual observer to neglect the economic phenomena in the countryside that are the bases for the maladjustments discovered in the urban centers. Chinese economists are emphasizing more and more, and it seems to be becoming commonly admitted, that the cause of most of the distress of China's economy lies in the existence of grave agricultural problems: the general economic deterioration derives from what is now currently known as "the bankruptcy of Chinese agriculture".

1. The Present Condition of Chinese Agriculture.

A. Silk.

The extent of the prevailing economic depression is graphically shown by the figures representing production totals in the main fields of agricultural activity

-2-

activity. The Chinese silk industry, for instance, fifty years ago had a practical monopoly of the Occidental silk market and supplied one-half the rest of the world trade in that commodity: now it accounts for only 10% of the world production and is steadily losing ground to the Japanese silk raiser and to the Rayon manufacturers.<sup>1)</sup> The recent production figures for China and Japan, and the percentages of the total world trade that they represent, are shown in the following table:

Year	China	(%)	Japan	(%)
1925	19,678,000 kgm.	(34%)	31,485,000 Kgms.	(55%)
1929	20,722,000 "	(29%)	43,403,000 "	(61%)
1932	10,555,000 "	(18%)	44,120,000 "	(75%)

Since 1932, conditions have taken a sharp turn for the worse.<sup>2)</sup> World production of rayon increased from 404,155,000 pounds in 1929 to 788,855,000 pounds in 1934, and Japan ranks second as a producer while China has not yet begun production. Moreover, in 1934 the Union of Soviet Socialist Republics entered the world market as a producer of raw silk, and the Russian production may conceivably at some later time be a factor affecting the Chinese trade. In these circumstances, only five of the more than one hundred Chinese silk-filatures were in operation at the beginning of 1934. This number had increased to twenty-three by August, but the pronounced drop in prices to about Yuan \$400 per picul

1) Cf., in this connection, "China's Silk Industry in Precarious State", FAR EASTERN SURVEY, Apr. 10, 1935.

2) "The Silk Industry During 1934", CHINESE ECONOMIC JOURNAL, Feb. 1935, pp. 164-184.

- 3 -

picul (compared to the sometime average price of Yuan \$2,250 per picul) during the year with the maintenance of high production costs, in conjunction with factors operating in the world market, made 1934 one of the worst years ever experienced by the Chinese silk industry. Exports decreased 45% from the 1933 levels, and 85% from the 1929 figures. This tendency was offset somewhat by a better domestic market, and the National Economic Council is making strenuous efforts to improve silkworm and mulberry-tree culture, but economic circumstances existing at the beginning of 1935 give no promise of early prosperity for the industry. The sudden closing of five filatures in Shanghai in May, 1935, was an indication of the basic depression affecting the Chinese silk industry.

B. Cotton.

The development of cotton production in China is shown by the following figures:<sup>3)</sup>

<u>Year</u>	<u>Area (000 mow)</u>	<u>Production (000 piculs)</u>
1919-20	33,038	9,028
1921-22	28,216	6,750
1923-24	29,554	7,145
1925-26	28,121	7,534
1927-28	27,610	6,722
<sup>4)</sup> 1930	33,811	7,587
<sup>4)</sup> 1931	37,593	8,809
<sup>4)</sup> 1932	31,638	6,400
<sup>4)</sup> 1933	37,100	8,106
<sup>5)</sup> 1934	44,807	11,172

3) ECONOMIC HANDBOOK OF THE PACIFIC AREA, Frederick V. Field (edit.) (New York, 1934, p. 581.

4) "Testing and Inspection of Cotton", CHINESE ECONOMIC JOURNAL, Nov. 1934, pp. 505-38: (quoting Cotton Statistics Association).

5) "Cotton Industry in 1934", CHINESE ECONOMIC JOURNAL, Feb. 1935, pp. 149-63.

- 4 -

The low level of production between 1920 and 1930 was apparently the result of civil disorder within the country and prevailing low prices of cotton in the world market, but production is tending to increase at the present time. According to the American Agricultural Commissioner,<sup>6)</sup> "the present cotton acreage in China is sufficient to produce nearly the requirements for present consumption and export." An additional increase of 20% in acreage in North and Central China is considered entirely feasible.

Cotton consumption in China and Japan, with import and export totals, is shown in the following table:<sup>7)</sup>

Year	(000 bales) Consumption (Japan)	Consumption (China)
1913	1,435	1,037
1921-5 (av.)	2,179	1,627
1928	2,570	2,087
1930	2,855	2,297
1931	2,575	2,329
1932	2,769	2,254

In 1933 and 1934, due to the operation of the anti-Japanese boycott in China, Japanese production of cotton-goods in China suffered somewhat in relation to Chinese production; this tendency, however, was weakening toward the end of the period. The distribution of productive power in the Chinese textile industry<sup>8)</sup> in 1934 was as follows:

Nationality

- 6) Letter to Foreign Service Division, Bureau of Agricultural Economics, Dept. of Agriculture, Feb. 18, 1935.  
7) ECONOMIC HANDBOOK OF THE PACIFIC AREA, cit., p. 578.  
8) Agricultural Commissioner, letter cit.

- 5 -

<u>Nationality</u>	<u>Mills</u>	<u>Spindles</u>	<u>Capital (Yuan \$)</u>
Chinese	92	2,742,754	\$125,577,300
Japanese	41	1,803,484	340,000,000
British	3	184,908	8,251,700

The higher relative capitalization of the Japanese and British mills, as compared to the Chinese, is a reflection of the greater technical efficiency of the foreign plants. The competition from these foreign plants in China (which are ordinarily but branches of powerful home organizations), and the increased competition met by the Chinese industry from imported Japanese cotton goods after the important reduction of the tariff on such commodities in the revised tariff of July 3, 1934, have placed the young Chinese industry under a definite handicap. This is adequately demonstrated by the difficulties Chinese mills are facing in the first half of 1935. One Chinese observer had the following comments to offer:

"Whether the Chinese mills will be able to survive the present acute crisis is problematical. When, in addition, the superior and more favorable position of the Japanese mills is taken into consideration, the outlook becomes even darker. Mr. Yung Tsung-ching (prominent Chinese mill-owner: EC) predicted recently the eventual extinction of the Chinese cotton industry. This will happen soon, he said, when the suspended cotton mills are unable to procure more capital from the Chinese public to enable them to resume operations, and when the few surviving mills, in the face of severe Japanese competition, are compelled to admit defeat and close their doors."<sup>9)</sup>

C. Tobacco.

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9) Leonard T. K. Wu, "The Crisis in the Chinese Cotton Industry", FAR EASTERN SURVEY, Jan. 15, 1935.

- 6 -

C. Tobacco.

The rapid growth of the Chinese tobacco industry, and the consequent decline of the Chinese market for foreign tobacco-leaf and cigarettes, is indicated by the index figures for the past few years (1926 taken as 100):<sup>10)</sup>

Year	Tobacco Leaf			Cigarettes		
	Export	Import	Consumption	Export	Import	Consumption
1926	100.	100.	100.	100.	100.	100.
1927	104.4	83.8	77.5	110.7	61.8	135.2
1928	67.7	141.7	115.5	130.9	123.3	167.5
1929	58.7	127.1	93.1	98.8	105.1	192.5
1930	53.6	122.8	122.3	65.4	80.4	193.9
1931	63.3	164.3	109.8	46.5	38.0	216.1
1932	45.7	77.8	131.8	28.6	8.8	245.7
1933	72.2	53.4	149.3	15.3	3.3	201.9

These figures bear out the testimony of other sources that tobacco-production in China is increasing even faster than the rapidly growing consumption, with the result that imports of both tobacco leaf and manufactured cigarettes are falling off considerably. It seems probable that this tendency will continue, and that the production of cigarettes and other smoking tobacco in China will increase to a point where the Chinese product will occupy a significant place in the world trade.

D. Tea.

China's tea trade, once paramount in the world market, has suffered considerable adversity in the past few years, and there seems no probability that it will ever regain completely

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10) "Tobacco Production and Marketing in China", CHINESE ECONOMIC JOURNAL, Apr. 1935, pp. 407-20.

- 7 -

completely its lost position in the face of Japanese and British competition. The totals of Chinese tea exports are indicated in the following table:<sup>11)</sup>

<u>Year</u>	<u>Piculs (000)</u>
1912	1,482
1915	1,782
1919	690
1921	430
1923	801
1925	783
1927	872
1929	943
1930	694
1931	696
1932	653
1933	693

The situation as regards China's share of the world tea-trade was outlined by one expert as follows:<sup>12)</sup>

"(1) ....China and Japan show a decrease more or less marked and starting from different dates. Ceylon has developed its tea exports less than India. Java has shown in the period under consideration (1927-30:EC) the highest rapidity of development.

"(2) In the period of 25 years from 1901 to 1925 China's exports decreased by half, while Ceylon increased its exports in the same proportion, India doubled them, and Java brought them to about eight times the original quantity. Of course, this is due to the fact that England was the first to employ all means to encourage tea production in India and Ceylon, while the development in Java took place at a later date.

"(3) From another point of view, China lost

the

- 11) Statistics of China's Foreign Trade, compiled by Research Dept., Bank of China (Shanghai 1931, 1934).  
12) Annexes to the Report to the Council of the League of Nations of Its Technical Delegate on His Mission in China From Date of Appointment Until April 1, 1934, (Nanking, Apr. 1934), p. 211.



- 8 -

the first place as a tea exporting country in 1901, when India surpassed her, then the second place in 1916, ceding it to Ceylon, and lastly the third place to Java in 1924. Her participation in the total world exports of tea has in consequence constantly declined from 34% in 1902 to 28.4% in 1910, 6.5% in 1920, 11.6% in 1925, and 9.8% in 1931."

The value of China's tea-exports, due to the increase in prices, has nevertheless remained fairly constant since 1850. It is generally admitted that Chinese tea possesses exceptional qualities that should assure it an important share of the world trade. A more scientific handling of the product, together with the development of more intelligent marketing, should result in a considerable stimulus to exports. Unfortunately, the poverty and ignorance of the peasant in conjunction with a disinclination of the Government authorities to stimulate the development of marketing- and consumers-cooperatives,<sup>13)</sup> will probably more than suffice to retard the revival of the tea trade for some time to come. The beginning of tea-production in the Soviet Union will also eventually result in the loss by China of much of the important Russian market.

#### E. Foodstuffs.

China (an agricultural country) does not produce enough food to satisfy its own requirements; the deficit is shown in the following table, giving the annual food production and requirements (in terms of rice equivalent), for nine provinces in east China:<sup>14)</sup>

#### Province

13) The subject of cooperatives will be treated in a separate despatch.

14) ECONOMIC HANDBOOK OF THE PACIFIC AREA, cit., p. 101.

- 9 -

(000,000 catties)			
Province	Food Requirements	Food Production	Deficiency
Shansi	5,502	5,467	35
Hopeh	14,000	10,315	3,685
Shantung	16,700	13,215	3,485
Honan	14,950	12,623	2,327
Hupei	11,741	11,602	139
Anhui	9,613	6,941	2,673
Kiangsu	15,160	15,122	38
Chekiang	9,069	7,293	1,776
Kwangtung	<u>13,133</u>	<u>8,461</u>	<u>4,672</u>
TOTAL	109,869	91,039	18,830

Due to this deficiency, China is compelled to import large quantities of food supplies, as follows:<sup>15)</sup>

(000 piculs)				
Year	Rice	Wheat	Flour	Sugar
1912	2,700		3,236	4,572
1915	8,478		185	4,785
1919	1,810		273	5,565
1921	10,635		757	7,748
1923	22,439		5,831	6,171
1925	12,635		2,813	11,934
1927	21,092		3,825	10,075
1929	10,824		11,935	14,423
1930	19,893	2,762	5,188	12,191
1931	10,741	22,836	4,890	10,753
1932	22,492	15,085	6,855	
1933	21,423	17,716	3,236	

As remarked by one observer, "The fundamental fact ... is of a terrible simplicity. It is that the population of China is too large to be supported by existing resources."<sup>16)</sup>

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<sup>15)</sup> STATISTICS OF CHINA'S FOREIGN TRADE, cit.  
<sup>16)</sup> Tawney, R. H., LAND AND LABOUR IN CHINA (London, 1932), p. 103.

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2. The Japanese Program in Asia.

Japan, then, has nothing to fear from Chinese agricultural competition, but a great deal to gain by its development. China like Japan is an importer of rice and other foodstuffs, for over-population has led in the case of both countries to an ever-widening gap between production and consumption of food-products. As regards tea-production, China and Japan face essentially the same problems in the world markets - problems not of invading each other's domestic market, but of resisting the steady advance of the Indian and Javanese producers. Japanese silk has forced the Chinese product from most of the world market, Japanese rayon is invading the Chinese domestic market, and there seems little prospect that the Chinese silk industry can be revived in the near future.

As regards raw cotton, the Japanese are as desirous as the Chinese that production in China should be stimulated, for Japan imports its total supply of raw cotton, and would like to have its source of supply in neighboring regions under its political influence. Considerable attention is being given to the increase in cotton-production in "Manchukuo", and it is proposed to increase production there in 15 years to a total of some 400,000 bales annually, but the cotton-growing regions of China seem to offer an important source of supply in the Far East for Japanese raw-cotton demands. The Chinese cotton-mills at the present time themselves consume practically the entire Chinese raw-cotton production, so that it would appear as if the production of any marketable surplus would be dependent upon a restriction of development of the Chinese textile industry so that the prospects are perhaps less

- 11 -

optimistic than Japan's plans evidently envisage. Nevertheless, Chinese agriculture has the potential power of complementing Japanese commercial expansion to an important degree in the field of cotton production and manufacture.

China produces surpluses of other marketable agricultural commodities of value for Japan's economy. The wheat production of North China would under better conditions supplement somewhat the production in "Manchukuo", and in any event the domestic production has a primary importance for the Japanese flour-milling industry in China. The increasing production of tobacco-leaf in China might be expected to supply Japanese cigarette factories with the necessary raw material. North China is an exporter of wool and hides, both of which find a market in Japan. Commodities of lesser importance, such as hog-bristles and vegetable-oils, also find their way into Sino-Japanese commerce.

It is apparent that, from Japan's viewpoint, its program in Asia must comprehend both economic and political expansion.

The doubling of Japan's population in the past fifty years, and a current increase of nearly a million a year, in conjunction with the mountainous character of the terrain, have resulted in the shrinkage of the amount of land per person in cultivation until the average area per farm-family of five is only  $2\frac{1}{2}$  acres.<sup>17)</sup> Obviously, the only chance for the nation to support

its

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17) Dennerly, Etienne, ASIA'S TEEMING MILLIONS (London, 1931), p. 44.

- 12 -

its population on a rising scale of living-standards would be for it to play a role similar to that of England in the 19th century, when the import of raw materials and their manufacture into finished products which were sold to industrially "backward" countries enabled the British nation to achieve a position of political primacy at the same time that English living-standards were raised considerably.

The motivations of the policy are evidently a passion for political primacy and a desire for a field for economic expansion: in fact, it is easy to see that if Japan does not achieve those two desiderata its national power will decline and its position in the Far East will be usurped by either the Soviet Union or China. In these circumstances, the country's leaders have mapped out a program that aims at the establishment of political hegemony in Asia and the parallel extension of Japan's commercial and financial activities throughout the Pacific area.

Japanese commercial competition has been felt since 18) 1933 in both North and South America, and in India and Africa as well, but the initial impetus given this commercial drive by currency inflation has been checked by the increase of wholesale prices in Japan and the depreciation of other national currencies, with the result that the prices in the world market of Japanese goods are now about on a par with those of the goods 19) of the United States and Great Britain. The establishment of high tariffs bars the general advance

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- 18) "Japanese Cotton Goods in the American Market", FAR EASTERN SURVEY, Apr. 24, 1935; "Japanese 'Penetration' of Latin America", ibid., May 22, 1935.  
19) "Controlled Inflation in Japan", FAR EASTERN SURVEY, Feb. 27, 1935. (Index numbers based upon standard of pre-1931 period: there seems some doubt but that Japanese goods actually still enjoy a substantial price differential.)

- 13 -

of Japanese commerce, and Japan perforce must emphasize the importance of its market in Asia. There is an initial stimulus to such a development in the fact that, as indicated above, Asia constitutes one of the main potential sources of supply for the raw materials used by Japan in its manufacturing industry. The question regarding possibilities of increasing the purchasing power of the Asian population, and especially of the Chinese, so that there might be a satisfactory expansion of the market for Japanese goods, is a problem having technical aspects worthy of the most sober consideration,<sup>20)</sup> but that Japan feels under the imperative necessity of resisting an economic encirclement that would mean its national decline is indubitable. The leaders of Japan are evidently prepared to use the country's political and military forces both, to the limit of the national strength, to force upon China a system of economic relationships that will give full scope to the productive power of the modern Japanese industry.

3. Development of China as a Source of Supply.

It may be stated in general that Japan's program apparently does not contemplate that the development of Chinese purchasing power shall be achieved through the industrialization of China, for this would shortly result in the overwhelming of Japan's own industry by the superior weight of an industrial system based upon a population of 400,000,000 people, but instead by an

emphasis

20) Separate despatch in the course of preparation.

- 14 -

emphasis on an agricultural reorganization that would make for political stability and enable Japan to supply China with needed imports in exchange for certain essential raw materials. It may well be doubted whether the program is feasible in its general economic aspects, when there are taken into consideration such factors as the critical state of Chinese agriculture and the rate of population increase, but that Japanese industrial leaders would not be prepared to view with equanimity the development of a competitive Chinese industrial system is both logical and already indicated by the trend of events in "Manchukuo". In "Manchukuo", according to an observer whose comment is testified to generally by other sources of information, "In the economic sphere, Japan has been attempting to fashion the new state's economy so that it will enhance Japan's military strength and complement its industrial requirements."<sup>21)</sup> Large sums of money have been invested in the country by Japan, often without adequate guarantee of an economic return, in the development of transport and communications, mining enterprises, electric-light companies, forestry, and cotton-production; practically no capital has thus far gone into the expansion of industrial activities that would parallel similar enterprises in Japan and enter into competition with them. It is probable that the same policy would be followed in China.

When this underlying principle is taken into consideration, the role of North China (Shantung,

Hopei

21) Dorfman, Ben, "Two Years of the Manchoukuo Regime", FOREIGN POLICY REPORTS, Sept. 12, 1934; cf. also Grajdanzhev, A.J., "Profit and Loss in Manchuria", and Price, Ernest B., "The Manchurians and Their New Deal", PACIFIC AFFAIRS, June, 1935, pp. 144-58 and 159-67 respectively.

- 15 -

Hopei, Shansi, Suiyuan, Chahar) takes on an added significance, for it is in North China that Japan would find the resources it requires for its industries. As pointed out in a previous despatch,<sup>22)</sup> the chief iron and coal deposits of China Proper are found in those five provinces. And, as regards agricultural products, it is in North China that Japan would be able to find the chief surpluses of cotton, tobacco, vegetable-oils, wool and animal products, necessary for the satisfaction of its industrial demands. Central and South China, based on a rice culture that produces no surpluses of rice but only of silk and tea, which are produced for export by Japan itself, can obviously offer Japan only limited amounts of agricultural products - and but little more as regards important minerals.<sup>23)</sup>

Another factor, related to China's fundamental economic organization, is of primary importance in any consideration of plans for economic development in China: the system of land-tenure has reached a much more deteriorated stage in Central and South China than in the northern part of the country, consequently less radical and less expensive measures of reform would be required for profitable results in North China than in the rest of the country. That is, not only would Japan be able to make economic use of the existing system of land-tenure and agricultural processes already existing in North China, but the investment of Japanese capital would be rewarded by profits more or less commensurate with

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22) Despatch No. 3678, July 10, 1935.

23) Ibid.



- 16 -

with good business enterprise.

This circumstance seems to have been fully appreciated by the Japanese leaders in their formulation of a program for the penetration of their control in the continent of Asia, as would seem to be indicated by the present Japanese demarcation of North China as an area largely divorced from the control of the National Government and subject to exploitation by joint Sino-Japanese enterprise under the aegis of the Japanese Government.<sup>24)</sup> It is probably in North China that the primary effort will be made by the Japanese to bring about, through the use of such capital as is available, the development of Chinese resources and agricultural processes.

It definitely is the view of the Japanese that, barring the intrusion of other factors to obstruct the implementation of the program, the supplying to North China of Japanese capital and technical skill should be distinctly advantageous to the peasant and urban population of the area. It is held by them that the stabilization of the economic and political order in conjunction with the development of Chinese resources in accordance with an intelligent and comprehensive plan would redound to the benefit of all concerned - and not least of all to the Chinese. It is contended that mining enterprises would open up the mineral wealth existing in the form of extensive iron and coal deposits, that cotton and wheat production would doubtless improve under the direction of Japanese agrarian experts, that

railway

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24) Cf., especially, "North China Resources", MANCHURIA DAILY NEWS, July 19-23, 1935; editorial "New Federation", ibid., July 22, 1935.

- 17 -

railway construction would make for cheaper freight transport and open up new markets, and that reforestation and energetic river conservancy would enable North China better to avoid natural calamities such as those that now perennially threaten the existence of large sections of the population. Economic deterioration would be checked and replaced by economic and social progress.

4. Political Factors.

The Japanese program, in short, represents an imperialistic economic ideal which Japan believes would redound to the benefit of both China and Japan. The theory behind the program is based upon the general realization that China requires, for its progress, the application of capital resources and modern scientific technique to its economic problems in accordance with plans laid down by orderly government. It is nevertheless not to be denied that the best of economic ideals proposed for China, whether by Japan or by China itself, could be given effect only in so far as there might be freedom from the interference of antagonistic elements. A consideration of the present complicated political situation does not lead one to believe that the unhampered execution of the experiment is probable. In North China alone, Japanese economic power would prove effective only if there were to be the exercise of a considerable degree of Japanese political control to prevent the emasculation of the general program by Chinese actions and the consequent destruction of the value of investments made. This interference by Japan with

- 18 -

with Chinese political sovereignty could be expected, especially if it were to be extended into Central and South China in an endeavor to expand the market for Japanese goods, to arouse in the Chinese nation an opposition that would impose severe strains upon the "cooperation" proposed by Japan. It is not reasonable to suppose that the Japanese can carry their program through in China with ready facility - much as the events of early 1935 may seem to belie the fact - in a period when nationalism is a growing force in Asia.

When there is added to the factor of China's natural resistance to aggression such important political circumstances as British objection to the Japanese invasion of the former's markets, the suspicion with which the Soviet Union views Japanese expansion westwards towards Russian borders, and the Far Eastern policy of the United States, then it becomes obvious that present Japanese policy looking toward the economic development of China rests on extremely uncertain foundations. Unless it is changed, and the more liberal elements of Japan come into power, it seems probable that the policy will lead Japan to the same defeat, with much more crushing results, as that met in 1918 by Germany - and it is pre-War Germany that present-day Japan resembles most closely. For Japan to attempt to "swallow" Asia would only mean that eventually it would be forced to disgorge by a renascent militant China: it would not mean the profitable exploitation of China's resources to mutual advantage.

4/rd

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

123  
 notes  
 O. Edmund Clubb

No. 5

September 24 1935

The Honorable

Nelson T. Johnson,  
 American Ambassador,  
 Peiping.

Sir:

The receipt is acknowledged of the Legation's despatch No. 3748 of August 15, 1935, enclosing a report in memorandum form prepared by Third Secretary O. Edmund Clubb, under date August 1, 1935, on the subject of <sup>the</sup> existing state of Chinese agriculture and the probable results of an extension of Japanese political control in north China.

The Department commends Mr. Clubb on the preparation of this report in which are presented in a clear, concise and well-reasoned manner facts and factors having an important bearing on the complex situation evolving in north China. The information which it contains will be helpful to the Department in evaluating developments in that region.

It is requested that the Embassy bring the contents of this instruction to the attention of Mr. Clubb.

Very truly yours,

For the Secretary of State:

William Phillips

793.94/7266

SEP 28 1935 PM 2:15  
 CR

the State Department  
 9-21-35

FE:MSM/VDM

FE

FP

793.94/7266

9-21-35

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

No. 23

RECEIVED  
DEPARTMENT OF STATE

AMERICAN CONSULATE GENERAL,

935 SEP 9 PM 2 14

Tientsin, China, August 6, 1935

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

W-copying  
Division of  
FAR EASTERN AFFAIRS  
SEP 10 1935  
FE  
A/c

793.94

Subject: Assassination at Luanchow of Pao An  
Tui captain, Liu Tsu-chow.

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

For Distribution Check			
Grade	For	To file in U.S.A.	Yes No
G	Renger	ONI	✓
		MID	✓

The Honorable

The Secretary of State,

Washington.

793.94/7267

See  
7232

Sir:

DEPARTMENT OF STATE  
ASSISTANT SECRETARY  
OF STATE  
SEP 10 1935

I have the honor to transmit herewith a copy  
of my despatch No. 23 of today's date, addressed  
to the Legation, on the above subject.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

FILED  
SEP 18 1935

Enclosure:

1/, To Legation, No. 23, August 6, 1935.

800  
DCB:JB

Transmitted in quintuplicate.

F/FG

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

No. 23

Enclosure  
No. 23, Dated August 6, 1935  
From the American Consulate General  
at Tientsin, China

AMERICAN CONSULATE GENERAL,

Tientsin, China, August 6, 1935.

Subject: Assassination at Luanchow of Pao An  
Tui captain, Liu Tsu-chow.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

I have the honor to state that an officer of the Demilitarized Zone Pao An Tui, Captain Liu Tsu-chow, commander of the third detachment of the special police in the Luantung area, was assassinated at Luanchow in the afternoon of August 4, 1935. When Captain Liu, who had arrived by the Tientsin train, was leaving the railway station at Luanchow at about 5 p.m., an unidentified person fired several revolver shots, fatally wounding him. His assailant escaped capture in the resulting confusion. A stray bullet from the assassin's revolver struck a Japanese soldier who was on duty at the station, wounding him severely.

Captain

- 2 -

Captain Liu was in 1931 a leader of the plain clothes gunmen under the renegade General Li Chi-ch'un at Tientsin. He was regarded by the Japanese as one of their supporters and was reputed to be on intimate terms with the Japanese, Korean and Chinese narcotics dealers, smugglers and other miscreants of the Luanchow area.

It is generally believed here that the assassination was due to some quarrel among the victim's associates and followers and was not a political murder.

Informed Chinese and Japanese in Tientsin have expressed the opinion that this assassination will have no important effect on Sino-Japanese relations; that a strong protest has been made by the Japanese to the Chinese authorities, but that no drastic action on the part of the Japanese is expected, although the Japanese may make minor demands, possibly including the placing of Japanese guards on Pei-Ning passenger trains and at the stations.

A Japanese official stated to a newspaper correspondent today that he considered this assassination more important than the killing of the two Chinese newspaper editors in the Japanese concession at Tientsin during May, but that it had not occurred at as critical a time. Manifestly the wounding of a Japanese soldier adds importance to the incident.

A Rengo despatch from Tokyo states that this

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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 -

is an additional indication of a lack of "sincerity" on the part of the Chinese which may require the attention of Major General Hayao Tada, the newly appointed commander of Japanese forces in North China, who is scheduled to leave Tokyo for Tientsin on August 9.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

800  
DCB:JB

Transmitted in duplicate.  
Five copies to the Department under cover of  
despatch No. 23, August 6, 1935.

A true copy of  
the signed original.  
JB



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

September 19, 1935.

~~MMH:~~  
MMH:

Shanghai's despatch No. 10241 and its enclosure contain interesting information on the "Blue Shirt" organization in Shanghai which is said to number at least three hundred picked men.

The last paragraph of the despatch (see tag) gives a good general summary of the information contained in the despatch and the enclosure which is a copy of a confidential report from the Deputy Commissioner of Policy at Shanghai.


*EW*  
EW/VDM

RE  
RE/c

793.94  
note  
893.00

Shanghai, China, August 9, 1935.

**DIVISION OF  
COMMUNICATIONS  
AND RECORDS**

1. 

For Distribution-Check		Yes	No
Grade	G		<input checked="" type="checkbox"/>
For		<input checked="" type="checkbox"/>	
Stanton		CNI	1110

THE SECRETARY OF STATE.

WASHINGTON

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

**SIR:**

1/

I have the honor to enclose a copy of my despatch No. 8804, dated August 9, 1935, to the Legation, Peiping, on the above subject.

Legation,  
DEPARTMENT OF STATE  
JAN 26 1936  
ASSISTANT SECRETARY  
OF STATE

Respectfully yours,

Edwin S. Cunningham,  
American Consul-General.

**Enclosure:**

1/ Copy of despatch, as indicated.

800  
EFS:POB

In quintuplicate to the Department.

4 Carbon Copies  
Received *[Signature]* 71

1--122L  
879

793.94/7268

FILED  
SEP. 23. 1935

**F/FG.**

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. 8804

AMERICAN CONSULAR SERVICE

American Consulate General,  
Shanghai, China, August 9, 1935.

CONFIDENTIAL

Subject: The "Blue Shirts" in Shanghai.

The Honorable

Nelson Trusler Johnson,

American Minister,

Peiping.

Sir:

17182  
I have the honor to refer to my confidential despatch No. 8705, of June 24, 1935, in regard to my interview with Mayor Wu Te-chen on June 20, 1935, during the course of which I discussed with him the various demands said to have been made by Mr. Ishii, Japanese Consul General at Shanghai. It will be recalled that one of the alleged demands concerned the activities of the "Blue Shirt" organization in Shanghai and the suppression of such activities.

About three weeks later I received from the Deputy Commissioner of Police of the Shanghai Municipal Council, a confidential report regarding the "Blue Shirts." A copy of this report is enclosed for the information of the Legation. The report is

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-2-

of interest inasmuch as it gives a somewhat circumstantial account of an organization the existence of which was denied by Mayor Wu. Furthermore, it appears to me to be of particular interest when considered in connection with the constant references being made by the Japanese to this organization which, not infrequently, has been used in the presentation of demands and the furtherance of Japanese plans.

With a view to obtaining additional information, corroborative or otherwise, concerning the "Blue Shirts," I requested Consul Stanton to make discreet inquiry regarding this society. Mr. Stanton informs me that the information given below concerning the organization, activities and objectives of the society in Shanghai was gathered from various Chinese sources having knowledge of the "Blue Shirts" and that it is believed to be fairly reliable. It will be noted also, that it agrees, in general with the report received from the Deputy Commissioner of Police of the Shanghai Municipal Council.

#### Organization

The "Blue Shirts" in Shanghai are understood to be controlled and directed by Wu Hsin-ya (吴醒亚), Commissioner of the Kiangsu Bureau of Social Affairs (Wu Hsin-ya is reported to be one of the officials who the Japanese are desirous of ousting from office), Pan Kung-chan (潘公展), Commissioner of the Kiangsu Bureau of Education and Yang Hu (杨虎), Commander

of

-3-

of the Shanghai Peace Preservation Corps, who the Japanese are also reported to be desirous of seeing cashiered.

The Shanghai group is said to number at least three hundred picked men. Its headquarters is located on Rue Victor Emmanuel III and is called Wen Hua Chien Shih Hsieh Hui (文化建設協會), which may be translated as the Society for the Promotion of Culture and Civilization. It is also understood that there is located in the Shanghai Bureau of Public Safety, a department known as the Special Affairs Department (特務處), which has no connection with the Bureau or its regular functions and is said to be the administrative office of the organization here in Shanghai. The Chief of the Bureau of Public Safety, Tsai Ching-chun (蔡勁軍), who is also on the Japanese black list, is understood to be a member of the "Blue Shirts." He was appointed directly by General Chiang Kai-shek and formerly occupied a confidential position in the Generalissimo's headquarters at Nanchang. Several of the sectional chiefs of the Bureau are also members of the "Blue Shirts."

#### Activities

Following recent developments in North China, General Chiang is understood to have instructed the "Blue Shirts" in Shanghai and elsewhere to keep all activities strictly under cover and to refrain from attracting attention to the organization or giving

the

-4-

the Japanese cause for complaint. Furthermore, the funds allocated to the "Blue Shirts" by the Generalissimo's headquarters have been cut by one third which has probably very effectively curtailed its activities.

Nevertheless, here in Shanghai the "Blue Shirts" are engaged and have been for some months past, in attempting to place operatives in all Chinese newspapers and in gradually effecting changes in the personnel of the more important Chinese colleges and universities.

As regards newspapers it is understood that the "Blue Shirts" have not been successful in placing men in the larger and more influential papers but have done so in some ten or twelve of the smaller papers. Apparently, the more important papers have been able to resist such pressure as has been brought to bear.

In the universities and colleges of Shanghai considerable success appears to have attended the efforts made to place operatives. Complete control has been gained of Chinan University, Chenju, Shanghai, where the President and some of the old professors were recently ousted and replaced by appointees of Pan Kung-ghan, Commissioner of Education. The newly appointed President, Ho Ping-sung (何炳松), and other professors placed in the University by the Commissioner are members of the "Blue Shirt" organization. Ho Ping-sung is a Princeton graduate and

was

-5-

was formerly Chief of the Editorial Department of the Commercial Press. He has also taught for a good many years and is said to be an ardent supporter of the organization. Professors, known to be members of this organization, have also been placed in several other colleges and universities.

The precise nature of the activities of the "Blue shirts" in and through the Bureau of Public Safety is not known but it is understood that in addition to combating communist and counter-revolutionary groups, considerable surveillance of prominent personages both civil and official is undertaken. It might be mentioned here that Lu Ying ( 盧英 ), Chief of the Detective Corps of the Bureau of Public Safety and an officer who has served in the Bureau for many years, is opposed to the Chief of the Bureau and the other "Blue Shirt" appointees and that in this opposition he is receiving the support of such powerful local personages as Tu Yueh-sen ( 杜月笙 ), Wang Ching-yung ( 黃金榮 ) and Chang Hsiao-ling ( 張嘯林 ) of the French Concession.

#### Objectives

The majority of the informants questioned concerning the objectives of the "Blue Shirts" stated that the ostensible aims, to which some publicity is given, are the eradication of corruption and "squeeze" amongst government and municipal officials and the inculcation in the people, through the medium of the

press

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

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press and the schools, of a spirit of nationalism and of personal rectitude. However, it was intimated that in their opinion the efforts being made to gain control of the press were actually designed to protect and promote the interests of General Chiang Kai-shek and those of his henchmen in immediate control of the "Blue Shirts," and furthermore, through the medium of those professors who are members of the organization to instill into the students an unquestioning personal loyalty. These informants also expressed the belief that while the "Blue Shirts" have no love for the Japanese they are not engaged in the carrying out of any definite anti-Japanese program but that the Japanese find the existence of such a secret organization a convenient subject of complaint. It was also learned that General Chiang is not nearly so enthusiastic about the "Blue Shirts" as are Chen Li-fu (陳立夫), member of the Central Executive Committee of the Kuomintang and head of the social and cultural section of the "Blue Shirts," his brother Chen Kuo-fu (陳果夫), Chairman of the Kiangsu Provincial Government and General Yang Yung-tai (楊永泰) in charge of the political and military section of the "Blue Shirts."

From the information gathered it seems fairly safe to conclude that there is such an organization as the "Blue Shirts" in Shanghai; that it is secretly controlled and directed by provincial and municipal officials; that it does not appear to be used

specifically



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

-7-

specifically against the Japanese but primarily as a tool to promote and protect the interests of General Chiang Kai-shek and his most trusted lieutenants; that its activities in Shanghai are very largely confined at the present time to newspapers and schools; and finally that even these activities have been seriously curtailed by General Chiang's restraining orders and a substantial reduction in operating funds.

Respectfully yours,

✓  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/Copy of confidential report of Deputy Commissioner of Police, Shanghai, dated July 18, 1935, on the subject: "Blue Shirt Society."

800  
EFS:POB

Original to the Legation, Peiping.  
In quintuplicate to the Department by despatch No. 10244, dated August 9, 1935.  
Copy to the Legation, Nanking.

A true copy of  
the signed original  
JH

108

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

Enclosure No. 1 to despatch No. \_\_\_\_\_ of Edwin S. Cunningham, American Consul General at Shanghai, dated August 9, 1935, on the subject: "The 'Blue Shirts' in Shanghai."

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SECRET

July 18, 1935.

Blue Shirt Society

In order to avoid the overlapping of duties, the Blue Shirt Society has divided the responsibility of its operation in the following manner:

Chen Ko-fu (陳果夫), the leader of the C. C. Clique, to take charge of the activities among educational and social circles.

Yang Yung-tai (楊永泰), Secretary General to the Field Headquarters at Wuchang, to take charge of the activities among political and military circles.

The F. F. (Foh Shing Clique) has no definite scope for its activities but, although definite confirmation cannot be obtained, it is generally believed that this clique is responsible for the organization of the Special Service Corps to attend to and deal drastically with matters at the instruction of General Chiang. The Headquarters is at Nanking and cells are established at various places but the general method of operating is to send members from one place to carry out certain missions at another in order to escape public attention.

The Dz Seu Clique has been assigned to devote its attention to communist converts and bring to light the activities of the Communist Party in China.

In consequence of this arrangement, the headquarters of the various cliques are not at the same place.

Yang Yung-tai's followers have been operating in the North, where the Sino-Japanese situation has to be closely watched. While members of the F. F. Clique are scattered throughout China, the Dz Seu Clique concentrates in the areas in the interior which have been recovered through the bandit suppression campaign.

Shanghai being the first city in China from the educational and social point of view, it is considered necessary for the C. C. Clique to devote its attention to this city. One of its main missions at present is to bring Chinese writers under its control and expel any of those whose ideas are inconsistent with the principles of the Blue Shirt Movement. To achieve this end, it is learned that this clique has succeeded in enrolling the support of some well known Chinese writers and professors to form a special body whose duty is to investigate the political inclinations of Chinese literati. It is now generally admitted in Chinese educational circles that any persons who do

-2-

not surrender themselves to this movement can hardly expect favorable treatment in Shanghai.

It is learned that this special body includes the following ten professors:

Wong Bing-ming (王新命), native of Chekiang, formerly a professor of the Journal Department of the China Public School, Woosung, and at present an editor of the Chen Pao (Shanghai Morning Post).

Hu Ping-soong (何炳松), alias Hu Pah-zung (何伯丞), native of Chekiang, formerly a professor of the Historical Departments of the Kwang Hwa University and the Great China University. He is at present the chairman of the "Editing and Censoring Committee of the Commercial Press." (商務印書館編審委員會) and Chairman of the "Chung Hwa Literature and Arts Club" (中華學藝社), 45 Rue Victor Emmanuel III. On July 2, 1935, he was appointed Principal of the Chinan University, Chenju.

Wu Yoh-kan (武靖幹), native of Kiangsu, formerly a professor of the Political Science Department of the Chinan University and adviser to the Shanghai City Government Council. He is at present the professor of the Political Science Department of the Central University, Nanking.

Sun Han-ping (孫寒冰), native of Nanwei, Kiangsu, head of the Law Department of the Fudan University and Chief Editor of the Li Ming (黎明) Bookstore, 254 Fochow Road.

Wong Wen-san (黃文山), native of Kiangsu, formerly a professor of the Social Science Department of the Kwang Hwa University. At present he is head of the Social Science Department of the Central University, Nanking.

Dao Hsi-sung (陶希聖), native of Peiping, formerly a professor of the Journal Department of the Great China University. He is at present the professor of the Journal Department of the Peiping University.

Tsang Yih (章益), native of Chekiang, formerly a lawyer. He is the head of the Educational Department of the Fudan University.

Zung Kao-yung (陳高隅), native of Kiangsu, formerly a lawyer. He is a professor of the Law Department of the Chinan University.

Van Zoong-yuin (樊仲雲), native of Kiangsu, formerly the dean of the China Public School. He is the editor of the "Cultural Building Monthly Magazine" (文化建設月刊), published by the Chung Hwa Cultural Building Society, 45 Rue Victor Emmanuel III.

Sah Meng-wu (薩孟武), native of Kiangsu, formerly a professor of the Political Science Department

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

-3-

of the Fudan University. He is at present the professor of the Political Science Department of the Central University, Nanking.

On January 10, 1935, these professors issued a manifesto through the Chinese press. This manifesto ostensibly advocates the revival of Chinese culture but indirectly intimates that "all corrupt systems and ideas will be eliminated without consideration."

Chen Lih-fu (陳立夫), leader of the C. C. Clique, issued on the following day a declaration of support of this manifesto.

Copied by: POB  
Compared with: *[initials]*

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

TELEGRAM RECEIVED

FS

FROM :

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

Shanghai via N. R.

Dated September 10, 1935

Rec'd 10:30 a. m.

Secretary of State

Washington.

520, September 10, 2 p. m.

One. The following is a paraphrase of an interview given to correspondent of the NEW YORK TIMES by Major General Isogai, Military Attache Japanese Embassy.

Two. Isogai stated that Japan will not tolerate establishment Communist Government any portion China Eastern Asia but will act independently to destroy such regime. Japanese Army might assist northern provinces if communistic peril arose. He said that the Japanese Army had been requested several times by Chiang Kai Shek to assist in the anti-Red campaign but he always refused. If Japan acts against Red regime it will not be to assist Chiang Kai Shek but protecting areas bordering "Manchukuo". He said that there were other organizations in China, evidently having particularly in mind the Blue Shirts, which must necessarily be exterminated before it was necessary to meet communistic problems. He expressed grave dissatisfaction regarding conditions North China

declaring

793.94/7269

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SEP 12 1935

FS 2-No. 520, September 10, 2 p.m. from Shanghai

declaring the pledges made during Japanese military demonstrations last June had not been conformed to. He referred to the recent Luanchow assassinations and stated that investigation made apparent that this was a Blue Shirt crime. If the entire political and military situation North China does not improve at an early date in accordance with pledges of last June, Japanese Army must necessarily take appropriate action. Reference was also made to the Sino-Japanese economic developments and five North China provinces with extreme pessimism inasmuch as thus far nothing but talk has resulted. The Chinese had proposed that they develop the district, then it was proposed that there should be a Sino-Japanese development but nothing had been done. The population of North China, terribly impoverished, creating conditions which Japan cannot let continue along "Manchukuo's" borders. Sweeping changes North China personnel administration seem inevitable before a genuine cooperation feasible, for under present conditions even proposed South Manchurian railway investments must remain that stage until fundamental changes occur. He emphasized the importance of Nanking accepting the responsibility without evasion and if intermediary

officials

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

FS 3-No. 520, September 10, 2 p. m. from Shanghai

officials were removed Isogai expressed opinion  
Nanking thereafter unable dodge responsibility and  
must deal directly with Japan or North China provinces.  
He said that despite official denials from Nanking's  
Foreign Office that Tang Ku truce contained provision  
establishment air lines Mukden Peiping Tientsin he  
reiterated that daily service commercial planes would  
start shortly with Chinese and Japanese planes, avia-  
tors alternating through flights connecting North China  
"Manchukuo" cities and that the Chinese Government had  
finally formally agreed to the establishment.

Three. This interview in its entirety is being  
cabled to the NEW YORK TIMES from Hong Kong today.  
Repeated to the Legation.

CSB

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

FE

## TELEGRAM RECEIVED

MJP

1-1226

FROM GRAY AND SPECIAL GRAY

Peiping via N R

Dated September 10, 1935.

Rec'd 11:05 a. m.

Secretary of State

Washington

Division of  
FAR EASTERN AFFAIRS

SEP 10 1935

Department of State

474, September 10, 5 p. m. 893.00/13204-

Reference paragraph two of Legation's 457, September 5, 3 p. m.

Further developments in the situation in North China apparently await the arrival at Peiping from Tientsin of Sung Che Yuan to assume the post of garrison commander of Tientsin and Peiping. It is understood that he is expected to arrive before September 15. (Local Japanese Assistant Military Attache referred to Sung in conversation on September 6, as now being "the number one man" in North China.)

I have been informed in strict confidence by a member of the Peiping Branch Military Council that the acting head of that organization has issued orders to its members to be within call even on Sundays and holidays and has ordered the local people and government agents to exercise particular caution. The informant states that there is apprehension that some trouble may take place

on

793.94/7270

SEP 15 1935

FILED

F/G



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

MJP -2- #474, Sept. 10, 5 p. m. from Peiping

on or about September 12 (the mid autumn festival).

Three. The reasons for apprehension are not known. It may arise merely from the fact that the mid autumn festival is a time for settlement of debts. However, it may be that difficulties are anticipated as a result of Sung's alleged desire to have more power as garrison commander than the present incumbent has. Enlargement of power would be at the expense of Shang Chen who as commander of the Tientsin Tangku peace preservation force has troops in the Tientsin area. (Shan has 24,000 troops in the Tientsin-Peiping area) There is also one division of Wan Fu Lin's troops in and about Peiping which might show dissatisfaction when Sung assumes his new post. At the present moment, however, it seems doubtful that either Shang's or Wan's troops will cause serious trouble. By mail to Tokyo and Nanking.

SALISBURY

RR:CSB

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R. Canton/91..... FOR Despatch #49 to Legation.

FROM Canton..... (Fletcher.....) DATED Aug. 6, 1935.....  
TO NAME 1-1127 ...

REGARDING: Visit of Admiral Shimomura to Canton.  
and-,

Active cooperation with the National Government in meeting  
Japanese aggression may explain the strenuous but quiet  
Military and Naval Preparations being made.

FRG.

793.94/7271

7271

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

2. Japan:  
(a) Visit of Admiral Shimomura:

793.94  
The visit to Canton of Rear Admiral Shosuke Shimomura, Commander-in-Chief of the Fifth Destroyer Flotilla of the Japanese Navy, in the middle of the month under review, caused considerable worry in local official circles as he is the third Japanese admiral to visit Canton in rapid succession and, although it was confidentially understood that he was proceeding to Hainan Island upon his departure from

-5-

Canton, he gave local officials no chance to refuse him permission to visit the island at this time as they did his two predecessors. A despatch was received from the local Japanese Consul General by the Provincial Government after the Admiral's departure simply announcing that three vessels of M. I. J. M's Fifth Destroyer Flotilla would visit Hainan. The Provincial Government did not see its way clear to object.

DECLASSIFIED: E.O. 11652, 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 893.61321/35 FOR Despatch #10,236

FROM Shanghai (Cunningham) DATED August 8, 1935.  
TO NAME 1-1127

REGARDING: Sino-Japanese Relations: Article in THE CHINA WEEKLY REVIEW:  
Cotton Program.

FRG.

793.94/ 7272

7272

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00/13207 FOR Despatch #27

FROM Tientsin (Caldwell) DATED Aug. 12, 1935.  
TO NAME 1-1197 ...

REGARDING: Independence Movement in North China.

FRG.

793.94/7273

7273

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

793.94

# DOCUMENT FILE

## NOTE

SEE 893.1028/1367 ..... FOR Desp#10,246

FROM Shanghai ( Cunningham ) DATED Aug. 16, 1935.  
TO ..... NAME ..... 1-1127 ...

REGARDING: International Settlement at Shanghai: Japanese Encroachment.

FRG.

793.94/7274

7274

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

## DOCUMENT FILE

### NOTE

SEE 893.00/13205 FOR Tel#457, 3pm.

FROM China ( Johnson ) DATED Sept. 5, 1935.  
TO NAME 1-1137 \*\*

REGARDING: North China Situation: Attitude of the Japanese Military toward the proposed Hopei Economic Association; Indications are that the Military is comparatively satisfied with recent changes in the situation, both at Nanking and in North China. Comments on the moderated attitude of the Japanese Military, and gives reply to Japanese Demands with regard to the robbery of the Peiping-Mukden train.

FRG.

793.94/7275

7275-

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

MRM

SPECIAL GRAY AND GRAY

PEIPING VIA NR.

Dated Sept. 5, 1935

Rec'd. 4pm.

Secretary of State

Washington, D.C.

457, September 5, 3pm.

My 447, August 30, 5pm.

I am reliably informed that the Japanese military are not (repeat not) now favorably disposed towards the proposed Hopei Economic Association because of its origin. They have learned, it is alleged, that its organization is the result of a secret telegraphic instruction sent by Chiang Kai Sheik to Wang Keh Min following Chiang's arrival at Nanking. This competent informant believes the Association to be already practically impotent because of this and because of false Chinese press reports with regard to Japanese participation which displeased the Japanese military.

Two. The contest by Chinese of inferior mentality and anarchistic outlook for positions and spheres of power in North China is continuing. It is becoming evident that the Chahar clique while extending its control over the Peiping-Tientsin area will retain its control of Chahar. Acting Chairman Chin was appointed chairman of Chahar August 28 and it is understood that Sung Che Yuan who has not yet assumed office as garrison commander

NOTE  
193.94

893.00 / 13205



457, Sept. 5, 3pm. from Peiping. -2-

garrison commander of Tientsin and Peiping will soon bring one more division from Chahar to the Tientsin area following which Shang Chen's troops in the Tientsin area will go to Paoting. (This will mean that two of Sung's four divisions will be in Hopei and two in Southern Chahar.) The press published September 3 a statement attributed to Sung of a pro-Japanese character.

Three. Wang Keh Min has been appointed a member of the National Economic Council which may or may not result in his leaving North China. The reported transfer of Yin Tung from the post of managing director of the Peiping-Mukden Railway to the Railway Ministry at Nanking is regarded as without significance, the transfer being due to the fact that he is a follower of Huangfu who no longer has a post in North China.

Four. There are indications that the Japanese military are comparatively satisfied with recent changes in the situation both at Nanking and in North China. It may be expected that Sino-Japanese army negotiations will be increasingly centered at Nanking as (one), there is no Chinese of adequate authority or calibre representing North China even nominally; (two), the Peiping Political Committee has been abolished and (three), the Peiping Branch Military Council is practically impotent. However, the Japanese military will probably endeavor to effect further economic and political extension in North China through

457, Sept. 5, 3pm. From Peiping. -3-

through dealing with Sung Che Yuan and other military leaders.

Five. Responsible Chinese officials deny rumors that the Peiping Branch Military Council will be abolished in the immediate future notwithstanding the facts that it has no competent head in North China, that it has no real control over Sung and other war lords of the northern provinces and that the Japanese do not regard it highly. The chief difficulty in abolishing it is said to be the finding of satisfactory posts for its members many of whom are Chang Hsueh Liang men.

Six. The moderated attitude of the Japanese military may be indicated by the fact that it was the Japanese Consul General at Tientsin and not (repeat not) the military who presented the demands with regard to the robbery on August 15 of the Peiping-Mukden train and who made written representations to the Hopei chairman on September 2. These latter representations demanded (as the military did in May) the elimination of secret societies in North China and of the activities of their members working through other organizations failing which it would be extremely difficult to create a genuinely peaceful atmosphere. What restraint is being exercised by Tokyo is not yet known but there are reports that three trouble making officers Takahashi, Sakai and Matsui are to be transferred by the end of this year.

Seven.

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

457, Sept. 5, 3pm. from Peiping. -4-

Seven. The Chinese reply to the above mentioned train robbery has been published. It purports <sup>undertake</sup> ~~uncivil~~ responsibility for medical expenses of the injured, improved guarding of the trains and efforts to apprehend perpetrators but it is not making mention of apology or compensation for property losses.

Eight. The press has announced abolition of all Kuomintang offices in Suiyuan. Chinese officials stating this effected last spring.

By mail to Nanking and Tokyo.

JOHNSON

CIB

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

## DOCUMENT FILE

### NOTE

SEE 893.00/13206 FOR Tel #463, 6pm.

FROM China (Johnson) DATED Sept. 6, 1935.  
TO NAME 1-1127 \*\*

REGARDING: North China Situation.

Sung Che Yuan: Alleged conversion of-, who, seemingly, is becoming the dominant Chinese figure in Northern Hopei and Chahar, to the Japanese point of view. This according to statement given to press by Chief of the Japanese Mission at Kalgan, who stated that inducements will be offered to keep him friendly.

FRG.

793.94/ 7276

7276

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

FE

MED

GRAY

PEIPING VIA N.R.

Dated September 6, 1935

Received 10:25 a.m.

NOTE  
193 94

Secretary of State,  
Washington, D. C.

463, September 6, 6 p.m. / 13204 -  
My 457 September 5, 3 p.m.

A statement to the press by Lieutenant Colonel Matsui, chief of the Japanese Mission at Kalgan apparently reveals the present attitude toward the Japanese of Sung Che Yuan who is seemingly becoming the dominant Chinese figure in Northern Hopai and Chahar (that is, in the area in which the Japanese military is presumably most deeply interested at present). Matsui is reported to have informed foreign press correspondents at Tientsin that Sung has experienced a conversion to the Japanese point of view in North China political matters; that he is now satisfactory to the Japanese military in his new post; and that the Japanese intend to offer Sung inducements to remain friendly.

893.00 / 13206

To Nanking and Tokyo by mail.

JOHNSON

CSB

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R. Tsingtao/89 FOR Despatch #43 to Legation

FROM Tsingtao ( Sokobin ) DATED Aug. 7, 1935  
TO \_\_\_\_\_ NAME \_\_\_\_\_ 1-1127 \*\*\*

REGARDING: Sino-Japanese Relations: No incident marring the normal -,  
now existing, occurred in July. Japanese Economic Exploita-  
tion of North China; Japanese View of Chinese Friendship.

FRG.

793.94/7277

7277

DECLASSIFIED: E.O. 11652, 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

H. Relations with Japan.

No incident marring the normal relations now existing between Japanese and Chinese here occurred in July. Possibly Chinese officials took more than passing notice of the Japanese news item dated Peiping, July 16, 1935, which treated of the steps necessary for the economic development (by the Japanese) of North China. Regarded as essential is the improvement of several harbors, in the list of which appears Tsingtao. (See Tsingtao Consulate's despatch No. 37 of July 19, 1935, file 631/800, Subject: Japanese Economic Exploitation of North China.)

It was not made clear in what form the Japanese would offer aid in the development of Tsingtao's harbor facilities. On the one hand, the present Chinese municipal administration is one which zealously guards Chinese sovereign rights in this port; on the other hand, a large development project would entail the expenditure of so many millions of dollars (of Japanese money) that even important Chinese personages might be persuaded to accept Japanese "aid". Yet it is hardly to be expected that

Japanese.....

Japanese would expend great sums here for harbor development for the public, i.e. international, benefit without some form of quid pro quo involving a transfer to Japan of sovereign functions in respect to the port.

The formal designation of a Japanese Navy scouting hydroplane, the partial cost of which had been borne by the Japanese residents of Tsingtao took place here on July 29 (reported in Tsingtao Consulate's despatch No. 40 of July 30, 1935, file No. 854.8, Subject: Formal Designation of Airplane Presented to Japanese Navy By Tsingtao Japanese Community). This machine was not considered by competent American observers to be particularly modern, its place in aeronautical engineering being compared with that of a 1929 model motor car in automotive engineering.

Japanese View of Chinese Friendship.

The following is a translation of excerpts which appeared in an article in the Japanese daily newspaper TSINGTAO SHIMPO dealing with a Chinese who is alleged to have coerced Chinese tradesmen to withdraw advertisements from the Japanese paper:

"The Japanese community here had believed Tsingtao to be a utopia of peace and of Sino-Japanese friendly relations which have been brought about by the able administration of Mayor Shen; however, the trust of the Japanese has now been betrayed by the exposure of an anti-Japanese evil hand. It is indeed a matter of deep regret to us Japanese residents. And it would not be too much to say that this is but an actual proof of the standing policy of the National Government toward Japan: 'Outward friendship, with subversive anti-Japanese movements'."



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

- 5 -

Concerning this case we have made up  
our mind to demand a thorough settlement  
on behalf of the Japanese residents in  
Tsingtao and for the interest of the Japa-  
nese Empire in its relations 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

793.94

## DOCUMENT FILE

### NOTE

SEE 894c.77/16 FOR Despatch to Embassy at Tokyo

FROM Dairen (Grunmon) DATED Aug. 8, 1935.  
TO \_\_\_\_\_ NAME \_\_\_\_\_ 1-1197 \*\*\*

REGARDING: Problems Confronting the New President of the South Manchuria  
Railway Company: Railway's policy and its bearing upon the  
development of Manchuria, as well as upon Japan's economic  
penetration of North China.

FRG.

793.94/7278

7278

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R./96 FOR Despatch #3737

FROM China ( Johnson ) DATED August 16, 1935.  
TO NAME 1-1187

REGARDING: Japanese activities in North China; Economic Cooperation;  
Negotiations over Chahar's demilitarized zone and North  
China-"Manchukuo" airline; Subversive Activities; Transfer  
of Japanese military officers; Japanese activities in Cen-  
tral China; The NEW LIFE WEEKLY incident; Impeachment pro-  
ceedings against "pro-Japanese" Chinese officials.

FRG.

793.94/7279

7279

a. Japanese activities in North China:

79394  
(1-6)

Whether as a result of outside factors or in accordance with a fixed plan, the overt aggression of the Japanese military in North China so evident during June was followed in July by a period of comparative quiet. No more representations of importance were made and, following the Fengtai incident of June 27, no more subversive movements intended to establish a new regime in North China were apparent.

Economic cooperation:

Following the carrying out during June of most of the Japanese demands with respect to Hopei and Chahar Provinces, the Japanese military appeared to be primarily interested in initiating Sino-Japanese economic cooperation in North China. Japanese press reports included mention in this regard of construction of railways, cultivation of cotton, mining of coal and iron, and even of oil development in Shensi, a province which is usually not regarded as being a part of North China. However, so far as could be learned, no concrete agreements were effected; and there was evidence that Japanese capitalists, particularly officials of the South Manchuria Railway Company, were not as enthusiastic over investment in North China as were the Japanese military,

notwithstanding

- 2 -

notwithstanding the fact that numerous Japanese civilians visited North China during July for purposes of investigation. (It was interesting to note that in some Japanese press reports definition of the extent of North China did not contain mention of Chahar Province. This, in conjunction with a Japanese press report that the people of Dolonor and Kuyuan Districts in eastern Chahar desired incorporation into "Manchukuo", together with continuing reports of Japanese efforts to persuade Prince Teh of Inner Mongolia to declare his independence, indicated that the Japanese possibly were regarding Chahar as having a status different from that of other provinces of North China.)

Negotiations over Chahar's demilitarized zone and North China-"Manchukuo" airline:

Except for possible conversations about economic cooperation, Sino-Japanese negotiations over problems affecting North China appeared to be confined to (1) the question of a Chinese police force for that part of Chahar Province demilitarized as a result of the Japanese demands of June 27 and (2) the question of the establishment of air communication between North China and "Manchukuo" in accordance with an agreement entered into at the time of the signing of the Tangku Truce of May 31, 1933. The number of the Chinese police force finally agreed on was reported variously by Chinese and Japanese officials respectively as 4,000 and 3,000, to be armed with weapons no heavier than machine guns. As a similar organization has been unable to restrain banditry effectively in the de-

militarized

- 3 -

militarized area of Hopei Province, this agreement did not lead observers to regard with optimism the prospects for the future tranquility of the newly demilitarized area. Progress of negotiations with regard to air communication was kept secret, but it was understood that all but minor details had been agreed on by the end of July.

Subversive activities:

There continued to be apprehension that Chinese leaders, probably with Japanese connivance, would take steps to establish a new regime in North China. This apprehension was supported by such factors as (1) the emasculation of the Peiping Branch Military Council and the Peiping Political Affairs Readjustment Committee as a result of the absence of their Chairmen, Generals Ho Ying-ch'in and Huang Fu; (2) the representation in North China of the National Government by Mr. Wang K'ieh-min whose former connections with the pro-Japanese Anfu Clique cause him to be regarded with suspicion; (3) the conspicuous movement between Peiping and Tientsin of members of former Chinese governments now without official positions; (4) the dubious loyalty to the National Government of practically all Chinese leaders in the five northern provinces; and (5) the continued dissatisfaction of the Japanese military with Chinese "sincerity". However, there were no important developments in this regard during July.

Transfer

- 4 -

Transfer of Japanese military officers:

Announcement that certain Japanese army officers would be transferred out of China on August 1 was not regarded as significant from the point of view of Sino-Japanese relations. Although those listed for transfer included Lieutenant-General Y. Umetsu, Commander of the Japanese Tientsin Garrison, Lieutenant-Colonel S. Giga, Chief of the Special Japanese Military Mission at Shan-haikwan, and Lieutenant-Colonel S. Kagesa, Assistant Military Attaché at Shanghai, all of whom have been important figures in Sino-Japanese relations, it was felt that until a number of other Japanese officers now stationed in China should be transferred, moderation of Japan's policy could not be anticipated.

b. Japanese activities in Central China:

The focus of interest in Sino-Japanese relations shifted from North to Central China, primarily because of continuing reports that the Japanese authorities were insisting that General Chiang Kai-shek should leave Szechuan for Nanking and become "pro-Japanese" and because of the incident of the NEW LIFE WEEKLY.

The NEW LIFE WEEKLY incident: <sup>1.</sup>

As a result of the publication of an article in the NEW LIFE WEEKLY (Chinese) of May 4, which contained comment allegedly derogatory of the Emperor of Japan, representations were made by the Japanese that the magazine should

- 
1. Shanghai's despatch to Legation 8790 of August 2.

- 5 -

should be suppressed, that the publisher and author should be punished, and that the Chinese authorities should apologize. Japanese feeling in Shanghai, where the periodical was published, became tense, the departure of certain Japanese naval units was postponed, and observers feared that the Japanese were intending to make this incident an excuse for a forward movement in the Yangtze Valley. The situation became less acute, however, as a result of expression of regret by the Mayor of Shanghai, the suppression of the magazine, the dismissal of members of the Examination Section of the Shanghai Publications Censorship Committee which had failed to forbid publication, and the sentencing of the editor of the NEW LIFE WEEKLY to fourteen months' imprisonment. The incident left the Kuomintang with its prestige further impaired as the Censorship Committee concerned was an organ of the Party.

c. Impeachment proceedings against "pro-Japanese" Chinese officials: <sup>2.</sup>

Presumably motivated by political rather than patriotic reasons, certain dissatisfied members of the Kuomintang caused the initiation early in July of impeachment proceedings against several officials for alleged weakness in dealing with the Japanese. These officials included General Huang Fu, Chairman of the Peiping Political Affairs Readjustment Council, Mr. T'ang Yujen, Administrative Vice Minister for Foreign Affairs, Mr. Yin T'ung, Managing Director of the Peiping-Liaoning Railway

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2. Nanking's despatch to Legation 736, of August 1.



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

- 6 -

Railway, Mr. Yin Ju-keng and Mr. T'ao Shang-min, Special Administrators of the demilitarized area of north Hopei Province. It was thought, however, in view of the relations of the National Government with Japan, that the proceedings would be shelved and that their significance would be primarily additional illustration of the division which exists among Chinese officials even in this time of national crisis.

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Swatow/93 FOR Despatch #80

FROM Swatow ( Hinke ) DATED Aug. 6, 1935  
TO NAME 1-1157 \*\*\*

REGARDING: Relations with Japan.

FRG.

793.94/7280

9280

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

h93.94  
Japan. Outwardly relations between Japan and the local authorities were friendly and without serious incident. The Chinese military authorities, however, believe that Japanese subjects are smuggling arms and other goods into this district.

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893,6362/66 FOR Tel#260, Noon

FROM Nanking ( Atcheson ) DATED Sept. 11, 1935.  
TO NAME 1-1127 \*\*\*

REGARDING: Press reports of a protest by Japanese Embassy at Nanking  
against a ten million dollar coal loan to the Ministry of  
Industries by British interests; Background of report given  
in statement by the Japanese Embassy spokesman.

FRG.

793.94/ 7281

7281

CIB

GRAY & SPECIAL GRAY

NANKING VIA NR

Dated September 11, 1935.

Received 4:55 p.m.

Secretary of State

Washington.

260, September 11, noon.

I refer to press reports of a protest by Japanese Embassy here against a ten million dollar coal loan to the Ministry of Industries by British interests.

One. According to Japanese Embassy spokesman the background of this report is as follows: An arrangement has been effected by Cecil McBain and Company, British, Shanghai, and the Ministry of Industries whereby the British firm undertakes to obtain from foreign sources, presumably British amounts from time to time up to ten million Chinese dollars which will be loaned to Chinese coal mining interests upon the advice of the Ministry of Industries which in turn will guarantee the Chinese parties. No funds have as yet been made available to Chinese interests under the arrangement.

Two. The spokesman stated that no formal or official protest against the scheme had been made by the Japanese, that legally there appeared at present no ground for such protest, but the Japanese were watching the situation closely and could not remain complacent if ten million dollars should flow into China for the development of coal mining in any way which might infringe upon "Japanese rights".

Three.

NOTE  
793.94  
893.51

893.6362/66

~~FE~~  
~~EA~~

-2-

No. 260, September 11, 1935, from Nanking.

Three. The chief Chinese party in interest is said to be a coal mining association headed by C. T. Wang, former Minister for Foreign Affairs.

Four. To Tokyo by mail.

ATCHESON

SMS CIB

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

**TELEGRAM RECEIVED**

MJP

1-1336

FROM GRAY AND SPECIAL GRAY

Peiping via N R

Dated September 14, 1935

Rec'd 6:58 a.

Secretary of State,  
Washington.

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

480, September 14, 1 p. m. / 7270

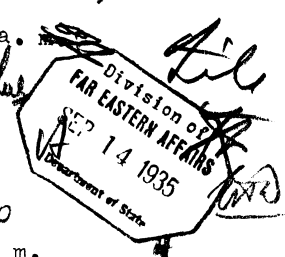
Legation's 474, September 10, 5 p. m.

Yuan  
Generals Sung Che and Shang Chen have been in

conference in Tientsin; Shang Chen has now returned to  
Paoting; and Sung is expected to arrive at Peiping  
September 16 to assume post of garrison commander of  
Peiping and Tientsin. No disturbances have occurred and  
local officials do not now anticipate any.

Two. According to the best information available  
Sung and Shang have arrived at an understanding whereby  
Shang will give up his post of commander of the Tientsin-  
Tangku peace preservation force which conflicts in sphere  
with Sung's new post. If true this will necessitate  
eventual withdrawal of Shang's troops to the Paoting  
area; and Shang's position there will be unsatisfactory  
because of (1) limited revenue; (2) decreased prestige;  
and (3) presence of Wan Fu Lin's troops in the Paoting  
area.

Three



793.94/7262

FILED

SEP 17 1935

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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

MJP -2- # 480, September 14, 1 p. m. from Peiping

Three. It would seem that Shang Chen will eventually have to leave Hopei Province. There are indications that the support of the National Government of Shang Chen in Hopei is being withdrawn, perhaps because the Japanese military are apparently dissatisfied with Shang.

Four. The Japanese seem to be inactive at present, and it is understood that there have been no new developments in Sino-Japanese questions in negotiation in North China. This inactivity may be because the Japanese military are waiting for Sung Cho Yuan's position to become clarified.

To Nanking and Tokyo by mail.

SALISBURY

WE:WSB



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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R. Tientsin/86 FOR Desp#-

FROM Tientsin (Berger) DATED Aug. 15, 1935.  
TO NAME 1-1127 \*\*\*

REGARDING: Relations with Japan: Activities in Hopei; and Chahar;  
Japanese Economic penetration; Communications; Silver  
smuggling; Cotton milling.

FRG.

793.94/7283

7283

B. Relations with other countries.

1. Japan.

793.94  
(See p. 7)

There were no incidents of particular importance politically connected with the relations between the Chinese and the Japanese in North China during the month.

a. Activities in Hopei. General Shang Chen, who was appointed Chairman of the Hopei Provincial Government in June, assumed office on July 8. He spent a considerable time in Pootung and also visited Tientsin and Peiping.

The 57th division of the 29th Army was transferred early in July from Chahar to the vicinity of Peiping. The 53rd Army, of which Wan Fu-lin is the commander, was transferred from Peiping and T'ungshien to points along the Peiping-Hankow Railway between Peiping and Pootung. It is presumed that these transfers were made in order that more trustworthy troops might be available for the preservation of law and order in the Peiping area, since Wan Fu-lin's troops are not noted for their discipline or good behavior.

Instructions were issued in the latter part of July for the transfer of T'ao Shang-ming from his post as Administrative Director of the Luanchow area of the Demilitarized Zone to membership  
in

- 3 -

in the Peiping Political Readjustment Council. His place was to be taken by Yin Ju-keng, Administrative Inspector of the Chi-Mi section of the Demilitarized Zone, who in turn was to be replaced by Gu Yu-ch'i, Commissioner of Public Safety at Shanhaikuan. These officials had not assumed their offices at the end of the month.

The Japanese authorities ordered the dissolution of the Japanese Youth Society. The word "youth" in the name of this society is a misnomer since the members are mainly Japanese and Korean thugs. The suppression of this organization was reported to be connected with the participation of Japanese subjects in the abortive attack on Peiping by an armored train (see pages 5, 6 and 7 of the political report for June).

b. Activities in Chahar. The Japanese were reported to have completed the construction of an aerodrome near Kalgan during the month. At present it seems to be little more than a landing field with few facilities for servicing airplanes, but it will probably be used considerably by Japanese military planes and may be further developed in the future.

The numerical strength of the Pao An Tui to be stationed in the Demilitarized Zone in the eastern section of Chahar was decided upon and the zone delimited. The Pao An Tui will be about 4,000 in number and will be recruited  
from

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from the military units of the 29th Army which were previously stationed in that section of Chahar and will be under the command of Brigadier General Chang Yun-jung, their commander when they were soldiers. The Demilitarized Zone in Chahar lies to the east of a line drawn from Yench'ing (延慶), the western terminus of the previously-delimited Demilitarized Zone in Hopei Province, through Chihch'eng (赤城), Kuyuan (沽源) and Paoch'ang (寶昌) to Dolonor (多倫諾爾) and thence in a general northerly direction to the Outer Mongolian border.

- 7 -

V. COMMERCIAL, ECONOMIC AND FINANCIAL ACTIVITIES.

A. Japanese economic penetration.

793.94  
There were many rumors current during July regarding the plans of the Japanese for the economic exploitation of North China. Most of the rumors apparently originated in "Manchukuo" and Japan and concerned alleged Sino-Japanese cooperation for the development of transportation, mining, manufacturing and cotton growing in Hopei, Shansi and Chohar. Japanese participation in these projects was, according to the rumors, to be under the direction of the South Manchuria Railway Company and the Oriental Development Company.

While it is probable that the economic exploitation of North China is contemplated by the Japanese, there was no evidence that any definite action in this direction was taking place in Tientsin or the provinces concerned, except that a number of allegedly important Japanese business men visited Tientsin during July.

B. Communications.

There were numerous rumors current regarding the intentions of the Japanese to build railways in Hopei, particularly a railway connecting Shihchiachuang on the Peiping-Hankow Railway and Tsangchow on the Tientsin-Pukow Railway, and an electric railway between Tientsin and Taku or Tangku at the mouth of the river. Such rumors have been  
current

- 8 -

current in Tientsin for many years and, while the possibility of their materialization may be more imminent with the increasing influence of the Japanese in North China, there is no evidence that these projects have yet advanced beyond the conversational or rumor stage.

It was reported that the Japanese were urging the Chinese at Nanking to permit the extension of existing Japanese air services in "Manchukuo" to Peiping and Tientsin.

Through telephone service between Tientsin and Mukden was inaugurated on July 5.

C. Silver smuggling.

The smuggling of silver from Hopei to "Manchukuo" continued, but the activities of the smugglers were severely restricted by the Chinese and Japanese authorities. One scheme to obtain silver for smuggling from the Joint Treasury of the China and South Seas, the Kincheng, the Yin Yeh and the Ta Lu banks was fairly successful for about three days but was stopped when the Joint Treasury stopped the payment of silver coin and substituted the notes of other banks. (See this Consulate General's despatch No. 16 of July 15, 1935.)

D. Cotton milling.

The Pao Cheng Cotton Mill, Chinese owned, closed down on July 14 throwing several thousand laborers out of work. The mill is reported to have been operating at a loss for some time.

VI.

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

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# DOCUMENT FILE

## NOTE

SEE 893.00 P.R. Chefoo/100 FOR Desp#67 to Leg.

FROM Chefoo ( Paxton ) DATED Aug. 6, 1935.  
TO NAME 1-1127

REGARDING: Reactions to Japanese Forward Policy in North China.

FRG.

793.94/ 7284

7284

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

1. Reactions to Japanese Forward

Policy in North China

793.94  
Do mention whatsoever has been noted in the vernacular papers of the serious sino-Japanese crisis in North China so fully reported in the English press, but the Chinese contacts of the Consulate are increasingly gloomy in their forebodings, being generally of the opinion that within a few months all Manchuria will be under Japanese suzerainty, unless some as yet unforeseen change occurs to stop their advance.



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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. Mukden/93 FOR Desp#-

FROM Mukden (Ballantine) DATED Aug. 8, 1935.  
TO NAME 1-1127

REGARDING: Relations with Japan: Joint Economic Commission; rumored economic exploitation of North China by Japan.

FRG.

793.94/ 7285

7285

D. Relations with Japan:

1. Joint Economic Commission:

79396  
(200-1-71)

The much-heralded Japan-"Manchukuo" Joint Economic Commission was finally brought into being with the signature of an agreement at Hsinking by General Minami and the Foreign Minister on July 15. Under the agreement the two governments may refer to the Commission matters regarding "the inter-relation of the economies of the two countries" and undertake not to take action in economic matters affecting both countries without consulting the Commission. The four members representing Japan on the Commission are the Chief of Staff of the Kwantung Army, the Counselor of the Japanese Embassy, the Director of the Kwantung Bureau, and an economic advisor to the Kwantung Army; "Manchukuo" is represented by the Ministers of Foreign Affairs, of Finance, and of Industries, and by the Japanese Director of the General Affairs Board.<sup>4</sup>

The formation of the Commission appears to be little more than a formal ratification of the Kwantung Army's preexisting control over Manchuria's economic life, and the creation of a coordinating organ for such control. It will be recalled that in December, 1934, the Japanese administrative machinery in Manchuria was

<sup>4</sup>My despatch No. 133, July 16, 1935

reorganized

- 7 -

reorganized by removing the Kwantung Leased Territory and the South Manchuria Railway Zone from the jurisdiction of the Overseas Ministry, and placing them under a newly created Manchurian Affairs Office, which is responsible only to the Prime Minister. The Commander in Chief of the Kwantung Army concurrently Ambassador to "Manchukuo", continued to be in immediate control of the Kwantung Leased Territory and the South Manchuria Railway Zone, which might be described as Japan's "pre-incident" domain, but exercised his powers through a newly created Kwantung Bureau of the Embassy in Hsinking. As is well known, the Kwantung Army has also exercised de facto control over the "Manchukuo" Government through its influence over the Japanese-officered General Affairs Board. Liaison between the Kwantung Bureau and the General Affairs Board was, however, unofficial and probably imperfect, and differences probably had to be settled personally by the Commander in Chief.

The new Joint Commission provides machinery for such liaison, and should assist in coordinating Japanese policy in her "pre-incident" and "post-incident" domains, and relieving the Commander in Chief of all but major decisions in policy.

The current agenda of the Commission has not been announced, but it is probable that the reorganization of the South Manchuria Railway Company and a revision of the "Manchukuo" tariff will receive its early consideration. In view of the significant economic consequences of the proposed abolition of Japanese extra-territoriality, in such matters as the subjection of Japanese business to "Manchukuo" taxation and

"Manchukuo"

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

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"Manchukuo" commercial law, it is also probable that the Commission will exercise at least as much influence in deciding this question as the Japanese Foreign Office.

E. Relations with China:

1793 98  
1800 4.6  
Although the local press was filled during the month with grandiose schemes for the economic exploitation of North China by Japan, and the formation of a "Japan-Manchukuo-North China" economic bloc, there was little indication that responsible Japanese authorities and business men have as yet formulated any definite and comprehensive plans of this nature. According to Kokutsu, a party of Mukden business leaders,

<sup>5</sup>My despatch No. 129, July 11, 1935.

organized

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

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organized by the local Japanese Chamber of Commerce, the South Manchuria Railway Company and the Japan Tourist Bureau, visited Peiping and Tientsin during the month to investigate economic conditions. While Japanese business interests may be expected to take full advantage of the increased Japanese political control in North China, recent tendencies in Manchuria indicate that plans involving large Japanese capital investment in North China are doubtful of realization. It will be recalled that Finance Minister Takahashi has on several recent occasions issued warnings that Japanese capital was being invested in Manchuria at too rapid a rate. Mr. Matsuoka, newly appointed President of the South Manchuria Railway Company, recently intimated that the Company had gone too far in "squandering Japanese capital" to develop industry in Manchuria, and should devote more attention to encouraging agricultural development. It would seem most improbable that Japanese investment in North China should be encouraged at the same time that investment in Manchuria was being curtailed; while Japanese commerce in North China may be expected to benefit from increased Japanese influence in existing railways and basic industries, it is doubtful if any large amounts of Japanese capital will be available for new developments in that region.

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

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O.N.I. AND M.I.D.

MJP

TELEGRAM RECEIVED

Peiping via N R

FROM dated September 21, 1935

Rec'd 6:26 a. m.

Secretary of State,  
Washington.

3, September 21, 11 a. m.  
Reference 480, September 14, 1 p. m.

General Sung Che Yuan delayed arrival at Peiping until September 20. According to an officer of the Peiping-Tientsin garrison headquarters Sung will assume the post of garrison commander today. Postponement of his arrival was allegedly due to delay in reaching agreement on various matters including (one) replacement of Shang Chen's troops in the Tientsin area with Sung's troops, (two) question of increased appropriations (from the National Government) for the garrison headquarters, (three) question of appointment of one of Sung's men to be Mayor of Peiping, and (four) question of appointment of one of Sung's men to be managing Director of the Peiping Suiyuan Railway. (The present incumbent, brother-in law of Huang Fu, was directed some weeks ago by the National Government to leave in the near future for an extended trip abroad. Alleged resignation of the

Managing

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MJP -2- # 3, September 21, 11 a. m. from Peiping

Managing Director of the Peiping, Mukden Railway mentioned in Embassy's telegram 457, September 5, 3 p. m. is now denied) The measure of agreement reached on this provision is not yet known.

Two. The situation described in Embassy's 480 September 14, 1 p. m. has not (repeat not) altered materially.

Three. It is still believed that Sung and the Japanese military have some understanding but there is some reason to believe that the Japanese military are not entirely satisfied with him. According to some sources they are also not wholly satisfied with the situation in other respects due to the seeming efforts of the National Government to center Sino-Japanese negotiations at Nanking. That the abolition of the Peiping Political Affairs Readjustment Committee and the movement for the organization of a Hopei economic association (which is to be inaugurated today) origin in central China, without consultation with the Japanese, is said to displease the Japanese military.

Four. It is impossible to foretell what line the Japanese military will follow if they decide not to

use

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

Page 3 #3 September 21, 11 am from Peiping

use Sung except in the immediate future. They may  
feel that for the time being the present division of  
this government among Chinese in Hopei is desirable.  
Copy by mail to Tokyo.

SALISBURY

CSB



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS  
October 2, 1935.

EHD:

ROM:

MMH:

*(It is my feeling that Hunter's report rates a  
grading of "Excellent" & a feeling which would appear  
to be shared by the Legation.)*

Peiping's despatch No. 3753,  
August 20, 1935, in regard to Sino-  
Japanese relations in the Swatow consu-  
lar district.

The enclosed despatch from Swatow  
brings out the following points of  
interest:

(1) The Japanese have made no attempts  
within the past two years, so far as  
ascertainable, to obtain special poli-  
tical privileges or economic advantages  
in the eastern part of Kwangtung province.

(2) The Japanese consular and naval  
authorities have displayed a very deter-  
mined attitude in dealing with local dis-  
putes but at the same time they seem to  
have been careful to prevent local diffi-  
culties from assuming serious proportions.

(3) Japanese importers refuse to pay  
local taxes and special provincial taxes  
on foreign imported commodities in which  
opposition they are supported by the local  
Japanese authorities while other foreign  
importers are required to pay these taxes.

An

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

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An example is cited, namely, the importation by Japanese importers of Siamese rice which they are selling at a price 25% below the regular market quotation, this difference being the amount of the special tax on all foreign rice.

(4) Competition between American and Japanese goods at Swatow is limited to a few lines, relatively unimportant ones in American trade, and the elimination of this tax differential would probably not increase the total volume of American trade by five per cent. However, a great increase in American trade might be expected if the special provincial taxes applicable to the principal American imports were to be eliminated.

(5) Japanese interests are enumerated on page 5 (the community numbers about 750 persons). The value of American imports into Swatow is estimated as being about equal to the combined import trade of Japan and Formosa which passes through the customs.

(6) Chinese officials are suspicious of Japanese intentions in eastern Kwangtung because of surveys made by Japanese men-of-war at Swatow and along the coast, because of the belief that Japanese

smugglers

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 3 -

smugglers are supplying arms to bandits operating in that area and because of the number of Japanese official visitors to that region.

The despatch summarizes Sino-Japanese "incidents" which have occurred during the past eighteen months (pages 8-9) and concludes with the statement that thus far Japanese have made no "impossible demands" at Swatow and both the Chinese and Japanese seem to have been intent on preventing local difficulties of minor consequence growing to serious proportions.

  
MSM/VDM

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



No. 3753.

LEGATION OF THE  
UNITED STATES OF AMERICA

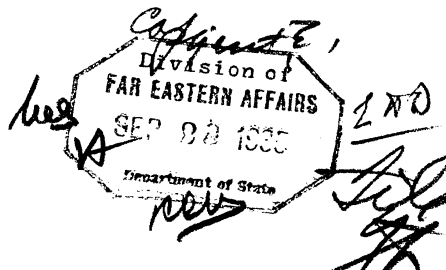
Peiping, August 20, 1935.

Subject: Sino-Japanese Relations in the  
Swatow Consular District.

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793.94/7287

DEPARTMENT OF STATE  
A-C/C  
OCT 19 1935  
ASSISTANT SECRETARY  
OF STATE

The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to forward a copy of strictly  
1/ confidential despatch No. 73 of August 8, 1935,  
addressed to the Legation by the Consul at Swatow,  
which gives a comprehensive but concise review of  
Sino-Japanese relations in the Swatow Consular District.

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

Enclosure:

1/ Copy of despatch No. 73,  
August 8, 1935, from Swatow  
to the Legation.

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LES/rd

Original and 1 copy to the Department.

1 Carbon Copy  
Received

F/G

STRICTLY CONFIDENTIAL.

13753

No. 73.

AMERICAN CONSULATE,

Swatow, China, August 8, 1935.

Subject: Status of Sino-Japanese Relations in the  
Swatow Consular District.

The Honorable

Nelson Trusler Johnson,

American Minister,

Peiping.

Sir:

I have the honor to acknowledge receipt of the Legation's strictly confidential instruction of July 8, 1935, in which reports are requested regarding special economic or monopolistic privileges obtained or likely to be obtained by the Japanese in this consular district which will not be available to other foreign interests, as well as reports of current developments and the general situation in this district in respect to Sino-Japanese relations.

Special Political and/or Economic Privileges.

So far as this Consulate is able to ascertain, the Japanese have made no attempts within the past two years to obtain special political privileges or exceptional economic advantages in this portion of Kwangtung Province. The Japanese have no important financial obligations in the district which are now or in the recent past have been outstanding, entered into by private or public Chinese interests with Japanese firms, individuals or the Japanese Government itself. Particularly, no large loans or financial agreements

of

-2-

of any kind are known to have been made by the Japanese to any private or public Chinese interests in this area. The Japanese consular and naval authorities have not failed to impress the Chinese with their strength in dealing with local disputes, and have displayed a very determined attitude even in handling trivial matters. At the same time they seem to have been careful to prevent local difficulties from reaching serious proportions, to have made no unusual or exaggerated demands of a political character infringing Chinese sovereign rights, nor have they openly sought special economic privileges of a monopolistic character not available to other foreign interests or which might be considered as constituting a violation of the Open Door policy or of the Washington Treaty of 1922.

In view of the very small extent of Japanese interests in Eastern Kwangtung, it does not appear likely at the present time that the Japanese will seek to obtain special political or monopolistic economic privileges in this district.

Japanese Tax Evasion.

Exclusive of such natural advantages as geographic position, low prices and effective marketing organizations, Japanese importers theoretically possess no artificial trading advantages unavailable to other foreign traders in this district. As a matter of practical business, they do have one means of offering lower prices for their goods not generally available to their foreign competitors. The Japanese not only refuse to pay any local taxes (for administrative, police or sanitary purposes), but more particularly the special taxes imposed on foreign import commodities by the Kwangtung Provincial Government, which practically all other foreign importers are required to pay. The Chinese Maritime Customs will release cargo to foreign

importers

-3-

importers on receipt of letters guaranteeing payment of such special taxes 'provided it is decided by the higher authorities that such taxes apply to this shipment'. This procedure protects the Customs from complaints from provincial tax bureaus and leaves the importer to deal with the tax bureau on his own responsibility. Whereas Japanese importers consistently ignore local and provincial tax agencies, these are very successful in making collections from other foreign importers. The tax agencies in Swatow have evidently learned by experience that efforts to collect taxes from Japanese importers or even from Chinese agents for Japanese firms are more or less futile, since the local Japanese authorities are prepared to back up in a very determined and forceful manner the claim that Japanese goods are exempt from such taxation. On this account, the attention of Chinese tax bureaus and the local police is (60)? directly primarily against hapless Chinese consumers, some of whom are reported to be imprisoned for indefinite sentences for 'trading with the enemy'. Other foreign importers and Chinese importers of foreign goods, lacking the effective means of evading tax impositions open to Japanese competitors, are compelled to yield to Chinese tax demands.

An interesting example of Japanese enterprise in evading taxes on foreign imported goods has developed during the past two months. Because of talk of an anti-Siamese boycott inspired by anti-Chinese legislation in Siam, local rice importers have curtailed their purchases from that country fearing that their stocks might be confiscated in case a boycott should become effective. Taking advantage of this situation, certain Japanese merchants have imported from 12,000 to 20,000 bags of Siamese

rice

-4-

rice, which they are now selling at \$2.00 per picul below the regular market price of \$8.00, a saving of 25% to consumers. This difference is equal to the exact amount of the special tax of foreign rice collected by the Awangtung Special Foreign Imported Agricultural and Miscellaneous Products Tax Bureau on all other importers. This fact indicates that the letter of guarantee to the Customs is valueless except as a protection to the Customs, and that the Japanese feel entirely immune from any efforts the Tax Bureau may make to collect from them or from their Chinese agents. A local Chinese newspaper has pointed out ironically that the only way to eliminate the tax differential in favor of Japanese importers at the expense of their Chinese competitors is to abolish the special tax on foreign rice. Since this tax yielded over \$300,000 silver to the Awangtung Provincial Government in 1934 at Swatow, it is quite unlikely that the provincial authorities will seriously consider this sensible suggestion, despite 'smuggling' by the Japanese.

Competition between American and Japanese goods at Swatow is limited to a few lines, chiefly dyes, chemicals, pharmaceuticals, toilet preparations and prepared foodstuffs. In some lines, exclusive of a tax differential, the Japanese have other decided price advantages. The tax differential, even if completely eliminated, would probably not increase the total volume of American trade in this port by 5%. However, a very great increase in American trade might be expected if the special provincial taxes applicable to the principal American imports were to be eliminated, including goods not competitive with Japanese products. Undoubtedly, the heavy provincial taxes on American kerosene seriously handicap trade in this commodity. To the extent

that



-5-

that the local consumer's dollar is diverted from heavily taxed American kerosene to Japanese piece goods or other products which evade local taxes, American trade can be said to be materially affected by Japanese tax evasion.

Extent of Japanese Interests.

The status of Japanese interests in Eastern Swatung is briefly outlined in my Despatch No. 37 of September 11, 1934. They appear to be limited to the following:

1. The Japanese Consulate which supervises and subsidizes through the Taiwan Government,
  - a. The Japanese School.
  - b. The Japanese Hospital.
2. The Bank of Taiwan.
3. The Osaka-Mitsui Kaisha, operating a bi-weekly steamship service from Fukuoka to Hongkong via Amoy and Swatow.
4. Numerous small Japanese import houses.
5. A colony of Japanese residents totalling not more than 700 persons including women and children.

According to published statistics of the Government of Taiwan, the largest exports to Swatow for the period 1929-1933 occurred in 1929 and totalled ¥ 1,779,695; imports to Taiwan from this port in the same year totalled ¥ 300,197. At the present time, it is believed that imports from Formosa through legitimate trade channels are considerably less than in 1929. On this basis the trade with Formosa is less than half the value of American trade with this port. In fact, the value of American imports into Swatow at the present time would appear to be equal to the combined import trade of Japan and Formosa which passes through the Maritime Customs. When the large linen embroidery exports to the American market are taken into consideration, the total value of the American import-export trade with Swatow would appear to be double that of the Japanese Empire, 'Manchukuo' excluded, and also exclusive of the reputedly very large smuggling trade in Japanese goods.

Attention

-6-

Extension of Japanese Interests.

Unless the Japanese contemplate the eventual occupation of Eastern Kwangtung or of the cities of Swatow and Chaochowfu, apparently not immediate objectives, there seems to be only one major attraction for the expansion of Japanese interests in this district. This attraction is the Swatow-Chaochowfu Railway, constructed by Japanese engineers for Chinese interests about 1904. The Japanese interest in this road has long since been liquidated, but it is believed that were a large extension in mileage contemplated and were an opportunity to be afforded for Japanese participation in supplying funds or materials, they would seize the opportunity with alacrity.

At present, the Railway has only 26½ miles of track, and operates only between the cities of Swatow and Chaochowfu. It appears to be competently operated at a profit to its Chinese owners, who evidently lack the funds for extending its lines either northward to Amoy as part of a Shanghai-Canton coastal highway or southward to Canton, and who seem to be quite content with their small business and have no acute desire for expansion. For a number of years the Kwangtung Provincial Government has planned and made surveys of a railway to connect Canton with Swatow as well as a line between Swatow and Amoy, but neither project has made progress for financial reasons.

In view of the present attitude of the South-West Political Council, Japanese participation in extending the Chaochowfu Railway either northward or southward seems quite unlikely.

Chinese Suspicious of Japanese Intentions.

Chinese officials in Swatow are suspicious of

Japanese

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Japanese intentions in Eastern Kwangtung because of surveys made by Japanese men-of-war at Swatow and along the coast, because of the belief that Japanese smugglers are selling arms and munitions to Communist-bandit groups operating along the Kwangtung-Fukien border, and because of the number of Japanese official visitors to Swatow who frequently make the trip to Chaochowfu. The Chinese doubt whether these Japanese officials are attracted to Chaochowfu by the few Japanese residents or by the historical interest of the city, and suspect that the Japanese have other motives. I have recently been told by a responsible Chinese official in Swatow that his advice was sought by the Commanding Officer of the Ninth Independent Division Army with headquarters at Chaochowfu how to raid a house occupied by Japanese subjects suspected of having 1,000 rifles in their possession without creating a serious international incident.

Certainly, if the Japanese plan to expand their political or economic influence in this district, the Chaochowfu railway would be an essential element in their plans. Attention is also invited to the fact that since January 1, 1933, Japanese men-of-war have been stationed at Swatow with such regularity as to give rise to the belief that it is the deliberate policy of the Japanese Navy to base one or more destroyers on this port, and also that during the autumn of 1934, Japanese destroyers were engaged in a careful survey of Swatow Harbor.

Summary of Japanese 'Incidents'.

The following is a brief summary of 'incidents'

involving

-3-

involving Japanese interests with the local Chinese authorities during the past eighteen months:

1. On May 14, 1934, the Mayor's Office at Swatow notified foreign consular officers that all inward passengers and all inward and outward vessels would be inspected to prevent the entry of 'undesirable characters', i.e., Formosans and Japanese who might be agents provocateur. This naive scheme met with determined opposition from the British as well as the Japanese and was discreetly dropped.
2. In September, 1934, the KAIJO MARU, a Japanese motor launch carrying a fishing license was seized by the Chinese Maritime Customs for smuggling, two Customs guards being placed on the vessel. On October 18, while the master was ashore, the vessel secretly proceeded to Taiwan. The two Chinese Customs guards were returned to Swatow but efforts to persuade the Japanese to return the vessel and its crew to Chinese jurisdiction were futile. The vessel is suspected of being a survey ship for the Japanese Navy.
3. In September, 1934, the Bank of Taiwan accepted about \$100,000 in so-called 'merchants' certificates', the recognized local paper currency. These certificates seem to have been issued in excess of the number authorized by the Swatow Chamber of Commerce and were accepted by the public only at a heavy discount because they lacked the 'seals' of the Chamber of Commerce. Pressure was brought to bear on the Chamber by Japanese consular and naval authorities and the certificates were promptly 'chopped'.
4. In January, 1935, considerable agitation was caused by the construction of a small wooden jetty by the Japanese ice company without obtaining the permission of the Mayor's Office. The Chinese attempted to prevent completion of the jetty unsuccessfully. The jetty is now in almost daily use by Japanese destroyers in maintaining communications with the shore. The Japanese in a high-handed manner ignored Chinese representations, which was counter-balanced by Chinese refusal to recognize foreign riparian rights. It was erroneously reported in the United States and England that Japanese marines were landed on account of this case.
5. In January, 1935, the Japanese demanded that the Chinese authorities prevent local newspapers from using the terms "enemy consul", "enemy country" and "enemy gunboats" when referring to the Japanese Consulate, Japan or the Japanese Navy. This demand was fully complied with.

5. On

-9-

6. On June 16, 1933, a seaman from a Japanese destroyer on shore leave in Swatow disappeared. A very serious view was taken of the incident by the Japanese, but fortunately the man was found and turned over to the Japanese Navy by the Swatow Police within a few hours. The man is thought to have been temporarily deranged.

Although all of these cases have been more or less trivial in character, they have been taken seriously by both sides. Pressure has been promptly applied by the Japanese authorities in a few instances the Japanese Navy intervened, and the Japanese have been invariably successful in obtaining prompt and favorable settlements. On the other hand, the Commissioner of Public Safety at Swatow has received instructions, reportedly from Marshal Ch'en Chi F'ang himself, to report in detail to the Kwangtung Provincial authorities all cases of dispute involving Japanese.

The attitude of the Chairman of the Kwangtung Provincial Government, Mr. Lin Yuen kai, in respect to Sino-Japanese relations, is also significant. While on leave of absence in Canton in December, 1934, I called on Mr. Lin informally as a means of conserving the friendly personal acquaintance I have enjoyed with him for more than six years. To my very great surprise, Mr. Lin questioned me closely regarding the personality, character, ability and attitude toward the Chinese of the Japanese Consul at Swatow, Mr. C. Harada, who assumed charge of the Japanese Consulate at this port in May, 1934. On this delicate subject, I expressed the personal opinion that Mr. Harada appeared to be a capable consular officer, who, while carrying out the instructions of his Government,

would

-10-

would co-operate with the Chinese authorities at Swatow to prevent local disputes from reaching serious proportions. My personal judgment seems to have been borne out by the general trend of local Sino-Japanese relations during the past year.

Pressure has undoubtedly been applied by the Japanese in cases in which they considered it necessary, but thus far no impossible demands have been made at Swatow and both parties seem to have been intent on preventing local difficulties of minor consequence from growing to serious proportions. Undoubtedly, the Chinese authorities in Eastern Guangdong are fully aware of the risks involved in disputes of a serious character with the Japanese, and they are apprehensive of Japanese intentions in this region. With this in mind, they are evidently determined, if at all possible, to prevent giving the Japanese any pretext for violent action in defense of alleged Japanese rights in this district.

Respectfully yours,

800.

Frederick W. Hinkle,  
American Consul.

FWH

Copies sent:

- 3 to Legation, Peiping.
- 1 to Legation, Nanking.
- 1 to Canton.

1 to Confidential files.

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



No. 3755

LEGATION OF THE  
UNITED STATES OF AMERICA

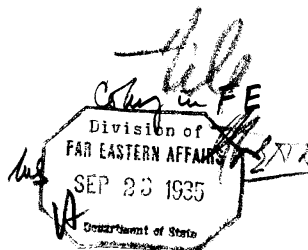
Peiping, August 19, 1935.

Subject: Japanese Inspection of Schools  
and Offices in Shantung.

793.94  
note  
893.42

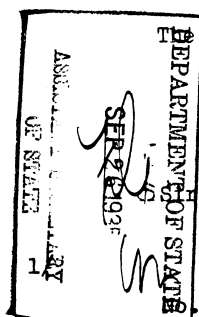
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1935 SEP 21 AM 11 27

U.S. OFFICE OF  
COMMUNICATIONS  
AND RECORDS



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793.94/7288



The Honorable

The Secretary of State,  
Washington, D. C.

I have the honor to forward a copy of despatch  
168 of August 16, 1935, addressed to the Legation  
by the Consul at Tsinan, with regard to reports of  
alleged intention of Japanese to inspect district,  
city, and Kuomintang offices and also schools in  
Shantung Province.

FILED  
SEP 30 1935

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

Enclosure:

F/G

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

- 2 -

Enclosure:

- 1/ Copy of despatch No. 168,  
August 15, 1935, from Tsinan  
to the Legation.

710

LES/rd

Original and 1 copy to the Department.  
Copy to American Embassy, Tokyo.



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. 168

3755

AMERICAN CONSULATE,  
Tainan, China, August 15, 1935.

Subject: Japanese Inspection of Kuomintang  
Offices and Shantung Schools.

The Honorable

Nelson Truener Johnson,  
American Minister,  
Peiping, China.

Sir:

I have the honor to refer to an article appearing in the August 12, 1935, issue of the "North China Daily News" which states that on the beginning of the autumn term of Chinese educational institutions, Japanese are expected to make tours of inspection of them with a view to inquiring into the sentiment and attitude of the Chinese people towards the Japanese. The article, entitled "Wanking Advises Political Organs to Exercise Care", further states that in the meantime offices of the Kuomintang, and City and Hsien Governments will be inspected, and that several Kuomintang offices and schools in Shantung are reported to have already been inspected.

On inquiry, this consulate was informed by officials of the Provincial and Municipal Governments at Tsinan that so far as they knew no such Japanese inspections of

Kuomintang

DECLASSIFIED: E.O. 11652, 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 -

Kuomintang offices or Chinese schools have been made. It is a fact, however, that on June 27, 1935, a "Director of the Bureau of Culture" of the Japanese Ministry of Foreign Affairs visited Tsinan and expressed a desire to visit one of the Chinese middle schools, but was dissuaded from doing so at a dinner given in his honor by the Japanese Consul General, to which a large number of Chinese guests, including the Shantung Chairman, were invited.

Unless some halt is called to the development of Japanese policy in North China, a prediction that there will be no Japanese inspection or supervision of Chinese institutions of the kind would hardly be warranted.

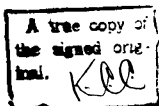
Respectfully yours,

H. E. Stevens,  
American Consul.

In quintuplicate.

Copies to Nanking,  
Tsingtao and Chefoo.

800  
HES:KCC



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



LEGATION OF THE  
UNITED STATES OF AMERICA

No. 3759

Peiping, August 20, 1935.

Subject: Attack on two Japanese Civilians  
by Chinese Soldiers at Tsinan.

793.94

Copy in FE  
FAR EASTERN AFFAIRS  
SEP 20 1935  
Department of State

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DEPARTMENT OF STATE

1935 SEP 21 AM 11 22

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

For Distribution-Check		Yes	No
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In U.S.A.			

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The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

1/ I have the honor to enclose a copy of despatch  
No. 169 of August 15, 1935, addressed to the Legation  
by the Consul at Tsinan, describing an attack made  
August 13 by some Chinese soldiers on two Japanese  
civilians.

SEP 27 1935

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

Enclosure:

1/ Copy of despatch No. 169,  
August 15, 1935, from  
Tsinan to the Legation.

710  
LES/rd  
Original and 1 copy to the Department.

F/FG.

No. 189

3759

AMERICAN CONSULATE,  
Tsinan, China, August 15, 1935.

Subject: Chinese Soldiers Assail  
Two Japanese.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping, China.

Sir:

I have the honor to inform the Legation of an incident which occurred at Tsinan on August 13, 1935, between soldiers of the Pistol Brigade of the Third Route Army and two Japanese civilians.

According to information received over the telephone from Mr. K. Nishida, the Japanese Consul General, later confirmed in Chinese official quarters, a group of between thirty and forty Chinese soldiers, under the command of Brigadier-General Wu Hua-wen (吴化文), were engaged in carrying sacks of flour in the eastern district near the banks of the Hsiao Ching River. At about 4:30 o'clock in the afternoon these soldiers came upon a dog belonging to two Japanese residents who had been fishing in the nearby stream. The dog, it is stated, annoyed the soldiers who after attacking the animal kicked

- 2 -

it into the water. The Japanese owner indignantly protested and an altercation followed which caused the soldiers to seize the two Japanese, bind them tightly with ropes and drag them bodily to a tree about thirty yards distant with the intention of tying them to the branches. An employee of the Provincial Bureau of Reconstruction who witnessed what had taken place called the Chinese police. On arrival the police released the Japanese but made no arrests, the soldiers having disappeared on their approach.

On being informed of the incident the Japanese Consulate General sent several of its consular police to take charge of the two men. They were handed over immediately and taken to a Japanese hospital for treatment.

Mr. Nishida states that the Chinese authorities have already effected the arrest of eight persons believed to be members of the group of offending soldiers and that appropriate punishment of the guilty has been promised. Also, that he demanded and received an official apology for the incident with the assurance that the Chinese authorities would pay all the necessary medical expenses of the injured men. Although the injuries sustained were not serious, the two Japanese are expected to be more or less disabled for two or three months. Mr. Nishida denied that he had made other demands in this connection but admitted that he may receive

instructions

DECLASSIFIED: E.O. 11652, 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 -

instructions to do so from higher authorities.

According to information received from a number of sources, the local Japanese population are much excited over the incident and have made representations to the Japanese Consul General for a stronger line of action than he has so far desired to take.

Respectfully yours,

H. E. Stevens,  
American Consul.

In quintuplicate.

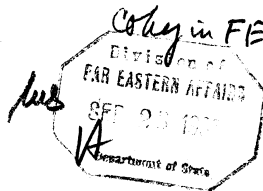
Copies to Nanking, Chefoo  
and Tsingtao.

800  
HES:KCG

A true copy of  
the signed original.  
KCG

DECLASSIFIED: E.O. 11652, 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. 11256



AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, August 22, 1935.

Subject: New Life Weekly Case: Mayor Wu  
Te-chen's Proclamation: Japanese  
Protest Against Article in CHINA  
WEEKLY REVIEW.

THE HONORABLE

THE SECRETARY OF STATE,  
WASHINGTON.

For Distribution Check		Yes	No
Grade	<i>M</i>		<input checked="" type="checkbox"/>
For	<i>Cunningham</i>	<input checked="" type="checkbox"/>	

*ONI, WID*

Sir:

I have the honor to enclose a copy of a self-explanatory despatch No. 8817 of this date, with enclosure, from this Consulate General to the American Legation at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate  
General despatch No. 8817  
with enclosure.

800  
ESC MB

In Quintuplicate.

OCT 3 - 1935

FILED

F/FG.

793.94/7290

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17 OCT 11 1935  
DEPT. OF STATE

RECEIVED  
OCT 11 1935  
DEPT. OF STATE

NO. 8817

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, August 22, 1935.

Subject: New Life Weekly Case: Mayor Wu  
Te-chen's Proclamation: Japanese  
Protest Against Article in CHINA  
WEEKLY REVIEW.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

- 1/ I have the honor to transmit an item appearing in THE NORTH CHINA DAILY NEWS (British) of today's date under the heading "Mr. Powell's Paper Rouses Japanese Ire", believing it will be of some interest to the Legation. The Rengo News Service reported a spokesman of the Japanese Military Attache's Shanghai Office as having stated that he believed the Japanese authorities would soon take serious action in connection with the article published by THE CHINA WEEKLY REVIEW (American and Chinese registered) of July 27, 1935, under the heading "Anti-Foreignism Prohibited: Editor's Appeal Denied." The comments of the NICHU-NICHU and the MAI-NICHU, both Japanese organs, and of Mr. Powell, in regard to the matter are exceedingly interesting, particularly the latter's statement that "I have no power to prevent the Japanese military making themselves ridiculous, either here or in any other part of the world." The article



-2-

article refers to the poster that Mayor Wu Te-chen had posted in and out of the International Settlement as a result of Japanese demands regarding the New Life Weekly article (see my despatch No. 10 223 of July 31, 1935, to Department).

The article in THE CHINA WEEKLY REVIEW does not seem to be objectionable, nor for that matter did the one in the New Life Weekly, merely referring to the Mayor's poster, rehashing all the "Gossip about Emperors" and the trial of the case. The only addition the article has made to that above indicated is the panultimate paragraph which reads as follows:

"It may be mentioned that this matter of the status of the Emperor has been a subject of fiery discussion in Japan for the past several months, and it is somewhat strange that action should be taken against a Chinese for stating not much more than Japanese liberals themselves have frequently stated of late. It is to be noted that this article in the New Life Magazine was published in the May issue and was entirely overlooked by the Japanese diplomatic and consular officials here. It was, however, 'picked up' by the General Staff in Tokyo, which maintains a translating bureau, particularly to watch comments in Chinese journals. The military clique in Japan saw in the article the very opportunity it was looking for, for it not only gave it an opportunity to take up a strong line in China, but it also gave it an opportunity to 'put one over' on the diplomatic branch of the government, by pointing out that the latter was not watching carefully the interests of Japan in China. Following pressure from the military clique in Tokyo, Ambassador Ariyoshi and diplomatic and consular officials in Shanghai got 'busy', but even at that the Japanese military clique published a long circular in which Ambassador Ariyoshi was attacked in a really vicious manner."

This office has received no inquiry, protest or communication

of

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

-3-

of any kind in regard to the article published in THE  
CHINA WEEKLY REVIEW from the Japanese Consul General.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

✓  
Enclosure:

1/- Copy of article from THE NORTH  
CHINA DAILY NEWS of August 22, 1935.

ESC MB  
800

In Single Copy

In Quintuplicate to Department  
by despatch No. 11256 of even date.

DECLASSIFIED: E.O. 11652, 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. 8817 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated August 22, 1935, on the subject: "New Life Weekly Case: Mayor Wu Te-chen's Proclamation: Japanese Protest Against Article in CHINA WEEKLY REVIEW."

Source: THE NORTH CHINA DAILY  
NEWS (BRITISH), August  
22, 1935.

## MR. POWELL'S PAPER ROUSES JAPANESE IRE

"Weekly Review" Subject  
of Consular Inquiry

### A "NEW LIFE" ECHO

#### A Revival of the "Most Objectionable Parts"

"I have no power to prevent the Japanese military officials making themselves ridiculous, either here or in any other part of the world," said Mr. J. B. Powell, editor and publisher of the "China Weekly Review," when questioned by a representative of the "North-China Daily News," yesterday, concerning the indignation of Japanese over an article published in the July 27 issue of his journal. The article, which was headed "Anti-Foreignism Prohibited: Editor's Appeal Denied," commented on the sentence imposed on the publisher of the "New Life" magazine for publishing an article over which the Japanese authorities took offence. The "China Weekly Review," in its comment, gave the general trend of the offending article, which, it said, had been received from Japanese sources.

"The 'China Weekly Review's' article," a spokesman for the Japanese Military Attaché's Shanghai office was quoted by all the local Japanese evening newspapers as stating, "has revived the parts which the Japanese held most objectionable in the 'New Life' editorial. The 'New Life' affair caused serious repercussions at the time and has not yet been completely settled. I am certain that everyone connected with the world of letters and among the educated classes in Shanghai has been aware of that fact."

#### S.M.C.'s Action

"Actually we have noted that the Shanghai Municipal Council has made an effort to curb such publications. It is also known that the Japanese Government has made a vigorous protest over the 'Vanity Fair' incident in the United States. We are at a loss to understand the motives of the persons responsible for this new problem, inasmuch as we can only believe that it was done with deliberate intent. Mr. Powell is the editor of the magazine, which is registered in the American Consulate-General, and it has a wide circulation among foreigners as well as among the educated class of Chinese. Consequently, the effect of the article will be felt more deeply."

"We believe that the Japanese authorities will soon take serious action in connection with the matter. This question is inseparable with that of the 'New Life' magazine and cannot be dealt with lightly."

#### Consul-General Investigating

Japanese diplomatic authorities declined to comment on the question, merely stating that the case was being investigated by the Consul-General.

The Shanghai "Nichi-Nichi" declared that the "Review" was "well-

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

"We believe that the Japanese authorities will soon take serious action in connection with the matter. This question is inseparable with that of the 'New Life' magazine and cannot be dealt with lightly."

**Consul-General Investigating**

Japanese diplomatic authorities declined to comment on the question, merely stating that the case was being investigated by the Consulate-General.

General. The Shanghai "Nichi-Nichi" declared that the "Review" was "well-known as a determined anti-Japanese publication," while the Shanghai "Mainichi" remarked that Mr. Powell, who claims he is an authority on Far Eastern affairs, is highly trusted by Gen. Chiang Kai-shek, and is said to hold a position equivalent to that of an advisor in Chinese internal affairs."

Mr. Powell is Shanghai correspondent for the "Chicago Tribune" and the "Manchester Guardian."

It is not possible to determine the exact date of the first appearance of the word "computer" in the English language. However, it is believed that the word was first used in the late 17th century. The word "computer" is derived from the Latin word "computare", which means "to calculate". The word "computer" was first used in the English language in the late 17th century. The word "computer" is derived from the Latin word "computare", which means "to calculate".

The great number of Chinese available are most remarkable for the fact that they so seldom meet with success as intelligently to present by Yang Chih-an and Li Hsien-shan in a thesis which they submitted last year in partial fulfillment of the requirements for the B.A. degree at the University of Shanghai. The record is of particular import due to the great scarcity of literature on the subject of Chinese suicide which has hitherto been very prevalent and is rapidly becoming more so. These students have made a laudably comprehensive study of their subject - a study of the psychology of the suicidal condition among the Chinese - considering the difficulty of gathering data.

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DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS  
October 1, 1935.

~~EHD:~~

~~RCM:~~

~~WAC:~~

Peiping's despatch No. 3774,  
August 30, 1935, entitled "Proposed Sino-  
Japanese Economic Cooperation in North  
China".

The despatch outlines briefly current newspaper reports, Japanese almost exclusively, in regard to the character of the proposed Sino-Japanese economic cooperation. The more important of these press reports are the following:

(1) Officials of the South-Manchuria Railway Company proceeded to north China in the first week of July for an inspection of economic and industrial conditions and at the same time there was reported from Hsinking the formation of a large development corporation for north China comprising Chinese, Japanese and "Manchukuo" interests.

(2) On July 24, it was reported that Okura Company had decided to establish a large scale enterprise in "Manchukuo" capitalized at Yuan 10,000,000 "to exploit the vast natural resources in Manchoukuo's hinterland, Hsingan

province,

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 2 -

province, Chahar province and Inner Mongolia."

(3) On July 29, it was reported "Ambassador Akira Ariyoshi is negotiating with the Nanking government at present on an outline plan for economic development of five North China provinces, based on the export of their raw cotton, wool and anthracite to Japan in exchange for Japan's structural steel and assorted goods."

(4) On August 1 was reported the establishment in Tokyo of the Hsinchung (Hsingchung) corporation, a north China industrial firm capitalized at 10,000,000 yen having as its object "the promotion of Sino-Japanese commercial and industrial enterprises." This firm, it was stated, is controlled by the South Manchuria Railway Company.

(5) On August 10, it was stated that Foreign Minister Hirota had communicated to the Chinese Ambassador prior to his departure for China a proposal for economic collaboration between China and Japan, negotiations in regard to which to include (a) improvement of the financial condition of the Chinese people, particular attention to be paid to Chinese agriculture, (b) development of Chinese industry with Japanese technical and financial cooperation;

(c)

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 3 -

(c) improvement of communications with Japanese assistance; (d) "collaboration" with regard to the spinning and related industries; (e) rapprochement between the two countries through the establishment of joint associations, and (f) "revision of the Chinese maritime customs and revival of customs rates between China and Japan which fell into disuse in May, 1935."

The despatch expresses the view that the question of the status of north China is one whose settlement cannot be long deferred and reports the belief held in some circles that the Japanese have presented to Chiang Kai-shek and the Nanking Government proposals covering at least three points, namely, (1) appointment of Japanese advisers to important positions in the Nanking Government and the Chinese army, (2) recognition of "Manchukuo"; and (3) demarcation of north China as a special area for joint development under Japanese direction.

The despatch concludes with a statement that the leaders of the Government are faced with the alternatives of surrender to Japan which might well lead to the downfall of the present régime and actual resistance which would probably bring down

upon

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

DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

- 4 -

upon the head of the National Government a  
far more bitter punishment from the Japanese  
than if the Chinese had elected to fight  
from the beginning.

*MSM*  
MSM/VDM



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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

Peiping, August 30, 1935.

No. 3774

Subject: Proposed Sino-Japanese Economic  
Cooperation in North China

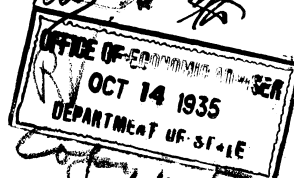


DEPARTMENT OF STATE

OCT 9 1935

DIVISION OF FOREIGN  
SERVICE ADMINISTRATION

Division of  
FAR EASTERN AFFAIRS  
SEP 24 1935



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1935 SEP 21 AM 11 26

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ONI 1X19

The Honorable

The Secretary of State,  
Washington, D. C.

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

Sir:

I have the honor to refer to the Legation's  
despatches No. 3744 of August 14 and No. 3748 of  
August 15, 1935, referring in part to the mooted  
development of the North China economy under joint  
Chinese and Japanese auspices, and to outline  
briefly below current newspaper reports regarding  
the character of the economic organization which,  
it is alleged, will be in control of that development.  
These reports have been taken almost exclusively  
from the Japanese press, and they may therefore  
perhaps be taken as representative nearly as much of

Japanese

FILED

OCT 15 1935

F/FG.

- 2 -

Japanese desires as of the actual facts of the matter. Nevertheless, it is apparent to observers that certain moves are being made to implement the Japanese program for the economic penetration of North China, and it is felt that a survey of the available news items has a degree of value for the indication it gives of the lines now being followed by Japanese thought, if for no other reason. The treatment given in the despatch is primarily chronological.

Dairen's despatches to Tokyo of July 9 and July 19, 1935, gave the information appearing in the press regarding the first steps taken by the Kwantung Army actually to put into effect the general program for Sino-Japanese "cooperation" in North China: officials of the South Manchuria Railway proceeded to the area in question in the first week in July for an inspection of prevailing economic and industrial conditions, at the same time that there was reported from Hsinking the formation of a large development corporation for North China comprising Chinese, Japanese, and "Manchukuo" interests; and, according to report, at a meeting of Kwantung Army officials and others in Hsinking beginning on July 15 agreement had been reached regarding the program to be followed. There was expressed the belief that General Shang Chen (Chairman of Hopei) and Wang K'e-min (Acting Chairman, Peiping Political Affairs Readjustment Committee) would probably be instrumental in forwarding the proposed Sino-Japanese economic rapprochement in North China.

Kwantung

- 3 -

Kwantung Army leaders in later interviews indicated that the conference did not touch upon questions concerning the economic development of North China, and that the situation in North China could not be considered a stable one,<sup>1)</sup> so that it would appear that no comprehensive and final scheme had been evolved, but that the general problem was considered seems likely. A KOKUTSU despatch from Tokyo under date of July 23 reported, in fact, that Colonel Seichi Kita and Lieutenant Colonel Okido, of the Imperial General Staff, who had recently returned from an extended tour of China, expressed themselves as being of the opinion that China was under the control of three separate regimes, established variously at Canton, Nanking, and Peiping, and that it would be "a great mistake" to deal with Chinese problems as if China were a single, unified country.<sup>2)</sup> This statement was possibly not unconnected with the decisions reached at the Hsinking conference.

The same news agency on July 24 reported that the Okura Company had decided to establish a large-scale enterprise in "Manchukuo", capitalized at Yuan \$10,000,000, "to exploit the vast natural resources in Manchoukuo's hinterland, Hsingan province, Chahar province and Inner Mongolia."<sup>3)</sup> From Tokyo, MANSHU NIPPO

reported

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- 1) MANCHURIA DAILY NEWS, July 20, 1935  
2) MANCHURIA DAILY NEWS, July 23, 1935.  
3) MANCHURIA DAILY NEWS, July 24, 1935.

- 4 -

reported on July 29 that bureau chiefs of the Japanese Ministries of Foreign Affairs, Finance, War, and Navy had met in conference on July 27 for discussion of a ten- to twenty-year plan for Sino-Japanese rapprochement and the economic development of North China; the report continued:

"Ambassador Akira Ariyoshi is negotiating with the Nanking government at present on an outline plan for economic development of five North China provinces, based on the export of their raw cotton, wool and anthracite to Japan in exchange for Japan's structural steel and assorted goods." 4)

Subsequent to the statement in mid-July of Mr. Hatta, Vice-President of the South Manchuria Railway Company, that the undertaking of any large-scale development enterprise in North China would require reorganization of the Railway Company's finances, it became evident that the Company was not prepared to embark upon so hazardous an undertaking as the Kwantung Army proposed, especially in view of its heavy commitments in "Manchukuo". On August 1 it was announced from Tokyo that the resignation of Count Hayashi, President of the South Manchuria Railway Company, had been accepted the day before; it was believed that his resignation had been forced by the Kwantung Army. On August 2, Mr. Yosuke Matsuoka, former Vice-President of the Railway Company and sometime representative of Japan at the League of Nations, was appointed to the post. This new move was, by report, with the approval of the Kwantung Army, but observers at the same time pointed out

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4) MANCHURIA DAILY NEWS, July 29, 1935.

- 5 -

out that Mr. Matsuoka was a very able person. The character of the task confronting him was indicated in editorial comment by the MANCHURIA DAILY NEWS:

"One of the most important tasks which will fall to the new president of the South Manchuria Railway Company, Mr. Yosuke Matsuoka, will lie in the economic and financial development of North China, through a subsidiary firm...

"In his position as chief of this great railway company he will need as high adviser a financial wizard as the huge development of North China which is planned by the projected Hsingchung Kungssu, the subsidiary of the SMR which will operate in that part of the Far East will need (as) its greatest requirement, colossal sums of money for the increase of capital which this plan will necessitate.

"In this connection it is reported that Mr. Matsuoka is considering Mr. Kojira Matsukata for the post. He is rated as one of the finest experts of international affairs in Japan and in addition is a noted businessman. He is also high in financial circles, which is a vital necessity for the man who will be named as assistant collaborator in the forthcoming scheme which the S.M.R. intends to launch in North China...

"With three powerful men at the head of the South Manchuria Railway Company the successful undertaking of the development which is planned in North China would seem assured but a combination of business, financial, economic and international knowledge is needed for success and the S.M.R. cannot be satisfied with anything less than the best. In its appointment of Mr. Matsuoka it could not have acted more wisely and if it continues with its other high posts in the same manner complete success should be its lot."#5)

The same issue of the MANCHURIA DAILY NEWS reported the establishment in Tokyo on August 1 of the Hsinchung Corporation, "A North China industrial firm", capitalized at ¥10,000,000, with Mr. Shinji Sagoh, a former  
director

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5) August 2, 1935.

- 6 -

director of the South Manchuria Railway, as its President. According to the news report, the establishment of the new organization had been arranged between the Japanese Ministry of Finance, the Ministry for Foreign Affairs, and the Bureau of Manchurian Affairs; the object of the Hsinchung Corporation was to be "the promotion of Sino-Japanese commercial and industrial enterprises," and the report stated that 40% of its capital had already been subscribed. A MANSU NIPPO news item under a Tokyo date-line reported that:

"Generalissimo Chiang Kai-shek may soon return to Nanking and convene a conclave of Kuomintang leaders, either at Nanking or Lushan (Kuling: EC), to plan Sino-Japanese economic collaboration, according to a report received by a certain agency here from a reliable source.

"The Nanking generalissimo is declared to be in sympathy with the recent tendency of the Nanking authorities for a Sino-Japanese rapprochement (sic)."<sup>6)</sup>

A Tokyo MANSU NICHINICHI report of August 10 stated that Foreign Minister Hirota had communicated to Ambassador Chiang Tso-pin, before the latter's departure for China some time previously, a proposal for economic collaboration between China and Japan, and that the Ambassador had subsequently communicated the proposal to Chiang Kai-shek and other prominent Kuomintang leaders, Chinese industrialists and financiers.<sup>7)</sup> Negotiations were to comprise the following matters: 1) improvement of the financial condition

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6) MANCHURIA DAILY NEWS, August 3, 1935.  
7) MANCHURIA DAILY NEWS, August 10, 1935.

- 7 -

condition of the Chinese people, with particular attention to be paid to Chinese agriculture; 2) the development of Chinese industry with Japanese technical and financial cooperation; 3) improvement of communications with Japanese assistance; 4) "Collaboration" as regards the spinning and related industries; 5) rapprochement between the two countries through the establishment of joint associations; and 6) "Revision of the Chinese maritime customs and revival of customs rates between China and Japan which fell into disuse in May, 1935."<sup>8)</sup>

The same news agency on August 12 reported from Peiping that the adherence of General Fu Tso-yi, Chairman of Suiyuan, to the projected North China bloc had been finally gained through the instrumentality of Yen Hsi-shan of Shansi, and that the formation of such a bloc, "pledged to economic collaboration with Japan", was thus assured.<sup>9)</sup> (Political observers agree that the trip of Lieutenant Colonel Takahashi, Assistant Military Attaché, to Taiyuan at the beginning of August for the purpose of seeing General Yen Hsi-shan probably had political significance.) Another newspaper report of about the same time was to the effect that draft plans for the economic rehabilitation of North China had already been drawn up by Chinese and Japanese representatives meeting in Peiping on

July 17

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8) MANCHURIA DAILY NEWS, August 10, 1935.  
9) MANCHURIA DAILY NEWS, August 12, 1935.

- 8 -

July 17, but that the plans had not yet received the  
sanction of the higher authorities.<sup>10)</sup> Shortly  
afterwards, however, the MANCHURIA DAILY NEWS carried  
the following report:

"The Hsingchun Kungssu, sponsored by  
the SMR company, has received the permission  
of the Board of Manchurian Affairs, Tokyo,  
for formal establishment.

"The new company is to be formed as a  
subsidiary organization of the SMR company  
and principally will be for a more rational  
development of financial conditions in North  
China.

"The new firm will also seek to develop  
in China a market for Manchurian products.

"The enterprise is capitalized at  
10,000,000 yen.

"It is fully expected that the Hsingchun  
Kungssu will absorb the Hsinghwashian, another  
company already existing and established for  
the same purposes as the new.

"Permission for the formation of the new  
company (was) granted in Tokyo last Saturday,  
according to word reaching Dairen."<sup>11)</sup>

The same issue of that newspaper stated that the  
Chairman of five North China provinces would meet on

August

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- 10) MANCHURIA DAILY NEWS, August 14, 1935; cf. also in  
this connection editorial "North China Bloc  
Materialising", *ibid.*, August 12, 1935.
- 11) MANCHURIA DAILY NEWS, August 20, 1935. It is thought  
that the so-called "Hsingchun Kungssu" (興中公司?)  
is the same as the "Sino-Japanese Development  
Corporation", of which latter organization one Mr.  
Takaki is the Tientsin head; Mr. Takaki, Colonel  
Sakai, Mr. Wakasugi of the Japanese Embassy, and  
other prominent Japanese were guests of honor at a  
reception given in Tientsin on July 25 by the managers  
of the four member banks (Chinese) of the "Joint  
Treasury". Incidentally, Mr. Takaki is said to have  
recently told Mr. S. G. Ch'ang, Special Inspector of  
Foreign Affairs in Peiping, that the budget of the  
Tokyo War Ministry provided ¥70,000,000 for certain  
unspecified purposes in North China.



- 9 -

August 25 in Peiping for the proposed conference, the agenda to comprise matters concerning 1) preservation of peace and order, 2) economic development, and 3) readjustment and definition of the relationship between North China and the Nanking Government. Such a conference was, in fact, scheduled to be held, but has been postponed because of Wang K'e-min's visit to Nanking. Whether, when held, it will possess the significance ascribed to it is open to doubt.

The question of the status of North China is evidently one whose settlement cannot be long deferred. Chiang Kai-shek arrived in Kuling from Szechwan on August 14 and proceeded to Nanking on August 19. It is believed in some circles that the Japanese have, probably through the agency of Ambassador Chiang Tso-pin, presented to Chiang Kai-shek and the Nanking Government proposals covering at least three points: 1) appointment of Japanese advisers to important positions in the National Government and the Chinese Army; 2) recognition of "Manchukuo"; and 3) demarcation of North China as a special area for joint development by Japanese and Chinese capital under a direction which would be primarily Japanese.<sup>12)</sup> Japan unquestionably views the conversations now in progress between the Chinese military and Party leaders at Nanking with undisguised interest. One "Manchukuo" editorial writer early professed to believe that Chiang Kai-shek

conveyed

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12) Cf., with respect to the second and third points, the editorial "North China Plans", MANCHURIA DAILY NEWS, August 13, 1935.

- 10 -

conveyed to Wang Ching-wei at Tsingtao by the hand of Chairman Chang Ch'ün of Hupeh his acceptance of Wang's alleged proposals "for the reform of the Nanking Government", and that Wang would therefore withdraw his resignation and return to his posts in the National Government for the formation of a "coalition cabinet of the Wang faction (by implication, the pro-Japanese faction: EC) and the European-American faction."<sup>13)</sup> The editorial includes the reported views of the Tokyo Foreign Office regarding the matter:

"It is impossible for China, while considering the international situation and Japan's special position in the Far East to alter Wang's policy as regards Japan. Moreover, there is no suitable man to replace Wang in the government. In addition the renewed activities of the European- American and South-Western factions, which have been gaining control, have shown Chiang that Wang must be supported and that this is the most advantageous manner in which the status quo can be maintained...

"Wang Ching-wei and many others in the Nanking government can see only too well that nothing can be accomplished without the assistance of Japan. Tokyo has already offered a ready-made scheme for North China in which these provinces stand to lose nothing. Japan, on the other hand, will be called upon to provide heavy capital and it will not be for many years that she will be in a position to receive any dividend from her investment...

"Chiang is evidently beginning to believe that real amity with Japan is vital. Otherwise the country goes under. Wang's move in resigning brought matters to a head and it is more than likely that there will now be a sound move in Nanking to see that everything goes as necessary for the improvement of relations with Japan and the inevitable result which will follow in a betterment of conditions throughout China."

The

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13) "Coalition Move", MANCHURIA DAILY NEWS, August 20, 1935.

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

- 11 -

The alternatives faced by the leaders of the Nanking Government offer at best no easy way out of national difficulties: surrender to Japan will mean an infringement of China's sovereign rights that might well compromise the Kuomintang irretrievably in the eyes of the Chinese population and lead to the downfall of the present regime; but actual resistance, at this late date, would probably bring down upon the head of the National Government a far more bitter punishment from the Japanese than if the Chinese had elected to fight from the beginning four years ago.

Respectfully yours,



Nelson Trusler Johnson.

710

EC/rd

Original and 4 copies to the Department.  
Copy to American Embassy, Tokyo.  
Copy to American Legation, Nanking.

X

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

~~SECRET~~  
DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

September 28, 1935.

~~MSM:~~  
~~ROM:~~  
~~WGH:~~  
~~SKH:~~

To note this brief despatch  
in regard to the possible send-  
ing by China of an economic  
mission to Japan.

793.94/7292

~~SECRET~~ DLY

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



EMBASSY OF THE  
UNITED STATES OF AMERICA  
Tokyo, September 5, 1935.

No. 1459.

SUBJECT: ANTICIPATED CHINESE ECONOMIC MISSION TO JAPAN

RECEIVED  
DEPARTMENT OF STATE

1935 SEP 21 AM 11 30

THE UNDER SECRETARY  
OCT 1 1935  
DEPARTMENT OF STATE

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*to Economic*  
*EXT*  
*AND*

DEC 3 - 1935

OFFICE OF ECONOMIC ADVISER  
OCT 7 1935  
DEPARTMENT OF STATE

The Honorable  
The Secretary of State,  
Washington.

Sir:

I have the honor to inform the Department that the Japanese press currently reports a Dentsu telegram from Shanghai stating that China will send an economic mission to Japan in the month of October 1935. This report has not been officially confirmed. The Japanese newspapers have recently published frequent reports of important conversations between the Minister for Foreign Affairs and the Chinese Ambassador on the subject of an understanding which would lead to the recognition of "Manchukuo" by China.

F/FG.

793.94/7292-J

DEC 6 - 1935

DEPARTMENT OF STATE  
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12-2

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

- 2 -

China, and the Chinese Ambassador's journeyings between Tokyo and Nanking have been interpreted as connected with instructions in this matter. A number of editorials have appeared, and there has been some discussion in the press of the possibility that China will offer recognition of "Manchukuo" in return for Japan's relinquishment of extraterritorial jurisdiction in China. The Embassy has no direct information to report regarding the actual grounds for expecting an understanding in the near future, and desires at the present time simply to call attention to the fact that the Japanese press is giving more space to the question of friendly exchanges with China, one evidence of which is the report of the above-mentioned economic mission.

Respectfully yours,

*Edwin L. Neville*

Edwin L. Neville  
Chargé d'Affaires ad interim.

030

CC:r

Copy to Legation, Peiping.

X

DECLASSIFIED: E.O. 11652, 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 893.102 S/1369 FOR Desp#10,273

FROM Shanghai ( Cunningham ) DATED Aug. 31, 1935.  
TO NAME 1-1127 ...

REGARDING: International Settlement of Shanghai: Japanese Encroachment:  
Japanese Demands Concerning-

FRG.

793.94/ 7293

7293

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. 10273

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, August 31, 1935.

Subject: International Settlement of Shanghai:  
Japanese Encroachment: Japanese  
Demands Concerning.

THE HONORABLE

THE SECRETARY OF STATE,  
WASHINGTON.

Sir:

- I have the honor to transmit a news item appearing
- 1/ in THE NORTH CHINA DAILY NEWS (British) of August 31, 1935, under the heading "Japanese Ask Publicity on S.M. C. Affairs," and a second article appearing in the same journal of today's date under the heading "Japanese Ask More School Subsidy," which it is believed will be of interest to the Department and the Legation.

The Japanese Residents' Corporation, as predicted in previous despatches, is taking more interest in International Settlement matters than formerly, as evidenced by the enclosures herewith. It is believed the Shanghai NIPPO and other local Japanese papers are but voicing the sentiments of the Japanese Residents' Corporation. The point that the Japanese press makes in the first enclosure is in regard to publicity and instances the Telephone Company's franchise and the franchise of the Shanghai Gas Company, negotiations for both of which were conducted within the last twelve months. The second item referred

to



-2-

to is that of salaries of the Shanghai Municipal Council employees, which the Japanese press claims are unusually high considering the population of the Settlement does not exceed one million people. In this statement the Japanese will find a great deal of sympathy because the salaries have long been considered by many, including the British, as being exorbitant, particularly when compared with salaries generally paid for similar work in other parts of the world. Ample provision is also made for retirement of employees. The Japanese have struck a chord which will receive considerable sympathetic response from smaller nations represented, since, as the NIPPO states, the declaration "is not an empty one asserting that Britons should be removed and some other nationals put in their place." The NIPPO gives due credit to the British, who have efficiently administered the International Settlement but,

"We also realize that its scope of activity gradually is reaching the end of the rope. Just as the size of various national populations in the Settlement has changed from ten and twenty years ago, so has the political and economic significance of the International Settlement been transformed. It naturally behooves the S.M.C., as the direct administrative machine of the Settlement, to make similar changes in its organization."

Of course the implication is that the Japanese should replace the British in the administration of the Settlement, though they put it on broader grounds in order that sympathy may be elicited from other nationals.

In the second enclosure the chief point emphasized is that the Shanghai Municipal Council should limit its new undertakings and should increase its subsidy to the

JAPANESE

-3-

Japanese schools. The school question has long been a difficult one in the International Settlement. In the early days provision was made for the education of British children, admitting such other foreigners as cared to study under British a curricula that might be adaptable to the particular case. Later, particularly since 1925, increased facilities were provided for Chinese children. The Japanese residents increased so greatly that a subsidy was provided for them. The question of making provision for other nationals has been presented to the Council at various times with more or less urgency but it is not believed other nationals have received subsidies.

Some days ago, through one of the Japanese newspapers, it was suggested that the Land Regulations had outlived their usefulness and it was urged that a Council be elected consisting of sixty foreigners and forty Chinese, who would in turn choose an executive group of six foreigners and four Chinese for the administration of the Settlement. The Japanese MAINICHI voices dissatisfaction with the present system of electing executive members "by the general meeting of taxpayers." It urges also that greater deliberation be given to the passing of the budget.

The Japanese Residents' Corporation is now preparing to pay its President and Secretary and perhaps other officials, such salaries, however, will be considerably less than those paid to employees of the International Settlement, but it is anticipated with considerable reason

that

-4-

that this corporation, endorsed by the Japanese Foreign Office, may furnish a skeleton for the administration of any municipal area that it might become necessary in carrying out their own interests to assist in controlling.

The Japanese press is, when discussing municipal affairs, becoming of increasing importance and should be read with a great deal more care than formerly.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosures:

- 1/- Copy of news item from THE NORTH CHINA DAILY NEWS of August 30, 1935.
- 2/- Copy of news item from THE NORTH CHINA DAILY NEWS of August 31, 1935.

800

ENC MB *g*

In Quintuplicate.

Copy to Legation, Peiping.

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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. 10273 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated August  
31, 1935, on the subject: "International Settlement of  
Shanghai: Japanese Encroachment: Japanese Demands Con-  
cerning:"

SOURCE: THE NORTH CHINA DAILY  
NEWS (British), August  
30, 1935.

**JAPANESE ASK  
PUBLICITY ON  
S.M.C. AFFAIRS**  
AUG 30 1935 *N.C.D.*  
Matters Affecting Residents  
Should Be Aired

**COMPLAINT OVER HIGH  
SALARIES**

More publicity on policy matters relating to the welfare of the residents of the Settlement and an increase in the efficiency of the Shanghai Municipal Council is being ardently sought by leaders of the Japanese community, the local Japanese press reported yesterday.

"Foreign residents of the Settlement have recently shown interest in the movement for the reform of S.M.C. administration methods and are discussing the matter on an independent basis," the "Shanghai Nippo" said.

"A certain publication has defended the Council, stating that since the establishment of a press department all events, big or small, are being made public and that a detailed report is made at the Ratepayers' Meeting," the journal continues. "However, in reality there are many cases that it is not so."

Stating that while the telephone question had been thoroughly aired, the 40-year franchise granted to the Shanghai Gas Company in April, 1935, with a provision that its stipulations were retroactive to January 1, 1934, had been barely mentioned at the Ratepayers' meeting, spokesmen for the Japanese community here were quoted as saying.

**Rates Not Mentioned**

"On matters of money, the only reference made was regarding royalties and nothing was said about the rates which have the most serious bearing on the life of the residents," they are reported as declaring.

"Even in the contract, indefinite terms are used, making the decision regarding rates rest solely with Britons."

"The criticism that S.M.C. employees are receiving excessive salaries, is being answered by the vague declaration that the general efficiency of the staff is being heightened."

"However, when one takes a correct view of the sufferings that are being endured by the majority of the residents, who are in the claws of the depression, it is only natural that the payment of annual salaries, ranging from \$20,000 to \$40,000 to S.M.C. executives should be regarded as excessive. For Shanghai, Shanghai was an international city with peculiar conditions. The Settlement's population was and is about 1,000,000."

"We believe that the rates should be cut so that the high rates could be reduced," the spokesmen are reported to have said.

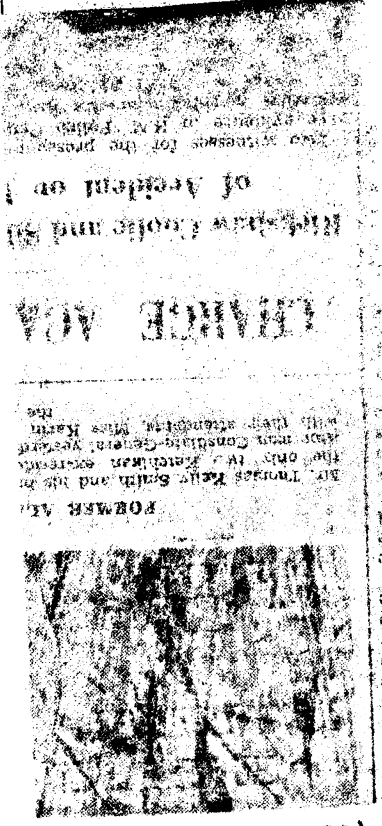
**Not Anti-British**

Declaring that its argument for reforms in the Shanghai Municipal Council was not "an empty one" and saying that Britons should be removed and some other nationals put in their place, the "Nippo" stated:

"The need for a basic readjustment in the tax rate has been increasingly discussed of late. Attention has been called to the fact that there is no firm basis for the taxation rates and that assessments are unjust. But taxation alone is not all that should be aired. Discussion should deal with plans for an ex-

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

**Not Anti-British**  
Declaring that its argument for reforms in the Shanghai Municipal Council was not "an empty one" asserting that Britons should be removed and some other nationals put in their place, the "Nippo" stated: "The need for a basic readjustment in the tax rate has been increasingly discussed of late. Attention has been called to the fact that there is no firm basis for the taxation rates and that assessments are unjust. But taxation alone is not all that should be aired. Discussion should deal with plans for an extensive reorganization of the S.M.C."  
"We do not deny that, in the past, the S.M.C., centred about Britons, has been efficient, or that it has achieved results, but we also realize that its scope of activity gradually is reaching the end of the rope. Just as the size of various national populations in the Settlement has changed from ten and twenty years ago, so has the political and economic significance of the International Settlement been transformed. It naturally behoves the S.M.C., as the direct administrative machine of the Settlement, to make similar changes in its organization."  
The publication referred to by the "Shanghai Nippo" is presumably the "North-China Daily News." If so, this journal's comments upon municipal publicity and retrenchment have not been properly understood by the "Nippo." What the "North-China Daily News" said was considerably different from what the "Nippo" has quoted.



20' 1832'  
MEMO (RECEIVED) 'YOUNG  
SOURCE: THE NORTH CHINA DAILY

SECRET:  
RECEIVED: Japanese Enclosure: Japanese Demands Con-  
21' 1832' on the subject: International Settlement of  
American Consul General at Shanghai, China, dated August  
Enclosure No. 1 to Embassy No. 1052 of Edwin S. Cummings

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

Enclosure No. 2 to despatch No. 10223 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated August  
31, 1935, on the subject: "International Settlement of  
Shanghai: Japanese Encroachment: Japanese Demands Con-  
cerning."

SOURCE: THE NORTH CHINA DAILY NEWS (British),  
August 31, 1935.

## JAPANESE ASK MORE SCHOOL SUBSIDY

To Request Council to Limit  
New Undertakings

### EDUCATIONAL REFORM NECESSARY

A decision to seek an increase in the subsidy allotted by the Shanghai Municipal Council to the Japanese Residents' Corporation for the maintenance and operation of schools was reached by the Foreign Relations Committee of the Corporation at a meeting at noon on Thursday, according to the Japanese press.

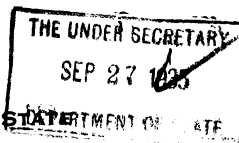
This increased support should be secured from the Council by recommending the latter to assist both building new schools or expanding existing ones.

"While the Corporation has not abandoned its position that a basic reform in the educational policy of the S.M.C. is necessary, members of the Committee agreed that a violent change at this time might run counter to the basic purpose of education, and have thus come to the conclusion that present projects should be continued provided no new schools are built or existing ones enlarged," the Shanghai "Nichi-Nichi" said.

According to the S.M.C.'s budget for the present year the settlement authorities intend to spend \$833,380 on about 1,200 foreign children and \$1,061,470 on approximately 5,800 Chinese. This, according to the newspaper, represents an expenditure of \$691 on every foreign child and \$183 on each Chinese.

Last year's subsidy to the Japanese Residents' Corporation, which takes care of 4,000 children in its institutions, was only \$125,000, according to the newspaper, which declares that there is "ample ground for an increase."

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

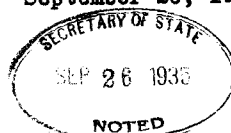


DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

September 26, 1935.

U:  
Mr. Phillips.  
S:  
Mr. Secretary.



Reference: Peiping's telegram No. 10,  
September 25, 5 p. m.

The statements attributed to Major General Tada, Commander of the Japanese garrison at Tientsin, indicate that influential Japanese Army officers in China are not satisfied with what the Japanese Army has already wrested from China. The verbal attack reported to have been made by General Tada upon Chiang Kai-shek and the personnel of the Chinese Government is particularly ominous.

The statements by General Tada may relate to the Ethiopian situation and may be a prelude to further Japanese aggression in China while Europe is occupied with the Ethiopian question. Tada's statements may have some bearing upon the presence in China of Leith-Ross.

In any event, the statements attributed to General Tada indicate that influential Japanese Army officers in China have not been "muzzled" by Tokyo and that these officers still feel free to threaten the Chinese Government and assume a leading part in

directing

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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

- 2 -

directing the course of Japan's relations  
with China.

SKH

WTT

mmh/REK



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

OFFICE OF ECONOMIC AFFAIRS  
SEP 26 1935  
DEPARTMENT OF STATE  
TELEGRAM RECEIVED

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

MJP

FROM

Peiping via N R

Dated September 25, 1935

Rec'd 11:25 a. m.

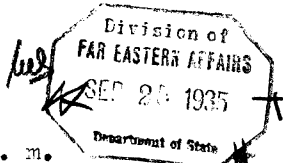
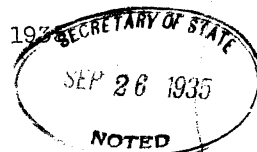
Secretary of State,  
Washington.

10, September 25, 5 p. m.

A local Japanese press correspondent has given the local United Press correspondent an account of a written interview given yesterday to Japanese pressmen by Major General Tada, Tientsin garrison commander, at a luncheon at Tientsin. Local Japanese pressmen were taken to and from Tientsin by Japanese military plane. In view of the probability that the American correspondent's account was censored at least in part his report is being telegraphed herewith.

Two. According to the Japanese press correspondent, General Tada characterized Chiang Kai Shek, his capitalistic group and the personnel of the National Government, as the common enemy of the Chinese people and declared the eradication of this evil as Japan's mission. He stated that Japan's mission is to maintain the eternal peace of the

Orient.



File  
E.G.C.

793.94/7294

SEP 28 1935

FILED

F/FG.

MJP -2- # 10, September 25, 5 p. m. from Peiping

Orient and to emancipate and protect Oriental nations from the oppression of the white races; that the distress of the Chinese people is the result of the political failure of Chiang and the National Government; that the latter's perfidy and immorality is illustrated by its forgetting Japan's past benefactions to China; that it has persisted in attempting to intrigue with foreign nations to effect Japan's destruction; that as long as Chiang and his clique are in power no Japanese policy toward Chinese can be successful. Tada went on to say that Japan's policy could best be effected by establishing a peaceful land where she could be free to act and thence extend that area through example and precept forcing the Chinese people to change their present attitude by demonstration. He said that at present North China is in a position to enable Japan to realize such a plan more easily, and quickly than any other section of China.

Three. Tada outlined the policy of the Japanese army in China as having eight points: (A) Japan's attitude toward Chinese must always be fair and impartial; (B) Japan's policy must be implemented by continual exercising of pressure on China; (C) commodities

AU #3- #10, September 25, 5 p.m. from Peiping

ities must be exchanged freely on a mutually profitable basis; (D) Japan must respect China's independence; (E) Japan must not trust personalities too implicitly; (F) All new and old military groups in North China and officials who extort money from the people must be eliminated; (G) Japan must work for the elimination of professional pro-Japanese politicians in China; (H) both sides must correct mistaken idea of superiority.

Four. Tada's statement would seem to indicate that those observers were mistaken who regarded his arrival in North China in August as an augury of a more milder Japanese policy. His statement may in short be connected with Leith-Ross' visit. His statement also indicates that the Japanese military may be abandoning General Sung Che Yuan as a means of gaining their ends in North China. When taken in conjunction with Isogai's statement reported in Shanghai's 520, September 10, 2 p.m., it may mean that the Japanese military as a whole have decided on single policy with regard to China as Isogai is understood to have represented the more reactionary military when he came to China and as Tada was understood to represent the viewpoint of the Japanese Minister of War.

Five. Doihara is reported to have gone from Manchuria

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

AU -4- #10, September 25, 5 p.m. from Peiping

Manchuria to Kalgan to discuss, after seeing local  
Assistant Japanese Military Attache, Chinese promises  
made with respect to Chahar presumably those made as  
a result of the Japanese demands of last June.

To Tokyo by mail.

LOCKHART

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

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AU

GRAY

1-1295

FROM Peiping via N.R.

Dated September 26, 1935

Rec'd 7:34 a.m.

Secretary of State

Washington

12, September 26, 3 p.m.

Embassy's 10, September 25, 5 p.m.

The Consulate General at Tientsin reports that the local Japanese Consulate-General is embarrassed by publication of General Tada's statement and claims that it does not represent the policy of the army or of the Government. It is understood that Japanese newspapers in Tientsin which published the statement in full were severely reprimanded. If the statement was given to the Japanese trade for background knowledge only, then a reasonable interpretation would seem to be that the action by the Japanese army forecast in the statement is not necessarily so imminent as it otherwise would seem. Japanese newspapers so far available to the Embassy contain only an expurgated summary of the statement. From the information available it appears that the United Press account is correct as far as it goes, but that it

FE

Division of  
Far Eastern Affairs  
SEP 28 1935  
Department of State

793.94/7295

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SEP. 28 1935

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

AU -2- #12, September 26, 3 p.m. from Peiping

it does not include all which Tada said. The story has not been denied by the Japanese Military and the Japanese correspondent who gave the story to the United Press representative now refuses to let him see the original statement.

To Tokyo by mail.

LOCKHART

WWC-HPD

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

DOCUMENT FILE

NOTE

SEE 893.515/764 FOR Tel#15, lpm.

FROM China (Nanking) (Johnson) DATED Sept. 26, 1935.  
TO NAME 1-1187 \*\*\*

REGARDING: Possibility of China, owing to continued pressure, making a forced decision, with regard to the Financial situation. Chances of obtaining financial aid as result of Leith-Ross mission conditioned upon China's making peace with Japan at Japan's terms. Comments of the Minister in connection with foregoing discussed in conversation with an emissary from a responsible official.

FRG.

793.94/7296

7296

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

FE

REP

SPECIAL GRAY

Nanking via N. R.

Dated September 26, 1935

Rec'd 11:45 p. m.

Secretary of State,  
Washington.

15, September 26, 1 p. m.

CONFIDENTIAL FOR THE SECRETARY.

An emissary came to me last evening at the instance of a responsible official and, describing his conversation as preliminary in character and the responsible official's (?) him as due to long friendship between me and the emissary, said that due to continued pressure (?) was faced with the probable early necessity of making decisions which would mark a definite turning point in the history of China and create complications involving all nations interested in the East. He implied that these decisions might conceivably result in the working out of an alliance between China and Japan. He suggested that Japan might extend to the whole of China the set up already established in Manchukuo, alliance and all, with Japan (?) and using China for aggressive carrying out of Japan's policies in the Philippines and in Siberia. The alternative,  
continued

note  
793.94

893.515-1964



DECLASSIFIED: E.O. 11652, 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-#15, From Nanking, Sept. 26, 1 p.m.

continued resistance to Japanese pressure, was mentioned but not discussed. (I think there is doubtless present in the responsible officials mind a realization that chances of Chinese obtaining financial aid as a result of Leith-Ross mission is conditioned upon China's making peace with Japan more or less at Japan's terms. In this connection one should recall Cadogan's message to the Chinese Government reported in the Legation's 106, March 4, 4 p. m. paragraph Nine.)

Admitting that the British Government could hardly be expected to make a specific reply to a more or less hypothetical question the emissary stated that the overrated official had asked him to inquire as to the probable attitude of the United States in the event of a decision by China such as that described above. (The emissary did not say but I feel that the responsible official may be preparing arguments to meet some such decision as that described above and which is being forced upon the government by leaders within the government who despair of any settlement problems raised by Japanese activities short of complete submission

REP

3-#15, From Nanking, Sept. 26, 1p.m.

submission entitled to a Japanese desire to destroy the political and economic destiny of China. The responsible official must in this connection be considered as one of several outstanding civilian leaders who have endeavored to introduce reforms and reconstruction in China with the aid of European and American advisers. They have also been prominent in acquiring and maintaining an active opposition to the Japanese. I, therefore, inferred that he was seeking some statement from me that might reenforce his argument.)

I told my visitor that he knew as well as I that I could hardly place such a question before the Department and expect a categorical reply. He could not tell me of any specifically increased pressure made by the Japanese that should bring on a crisis such as Kung seemed to fear. (Purchase perhaps is the one created by the resignation of Wang Ching Wei and his followers in the government and his return to office perhaps conditioned on (?) that at the forthcoming plenary session in December a decision will be made as to whether they will continue the policy of resistance or follow a policy of submission.) I said to him that

I

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

REP

4-#15, From Nanking, Sept. 26, 1p.m.

I was of course in no position to make any statement as to what the reaction of interceding to the Chinese Government's decision would be and I was thus (?) American Government would not care to influence that decision one forcing on the other not knowing the conditions prevalent within and without the government here that would in the end crown such a decision with success or failure. I said however that any one conversant with recent state papers and documents emanating from the American Government (?) conservatives such factors as calculated to influence shapes scrutinies with moderation American policy in the East and I cited the Department's letter to Senator Borah February 1932 granting (?) government status to the persons and the recently adopted new regulations(?).

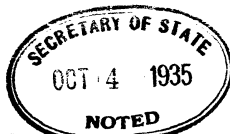
Copy by mail to Peiping and Tokyo.

JOHNSON

WWC

WSB

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



~~S:~~  
The attached paper is from

American Embassy at Peiping

It is submitted as of interest to the Secretary  
by the Division of Far Eastern Affairs

(Initials) SKH

Subject: Japanese Policy toward China.

Concise resumé of contents:

The attached telegram states that there is reason to believe that the Japanese civil and military authorities in Japan and in China have reached agreement with regard to Japan's policy toward China and that there are indications that the Japanese intend to take important action with regard to China in the near future.

Recommendation of action:

No action required.

Secretary's instruction:

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

MJP

CORRECTED PAGE

FE

GRAY AND SPECIAL GRAY  
**TELEGRAM RECEIVED**  
Helping via N R

Dated October 2, 1935

1-1226

FROM

Rec'd 11:08 a.m.

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

Secretary of State,  
Washington.

20, October 2, noon.

Division of  
FAR EASTERN AFFAIRS  
OCT - 3 1935  
Department of State

793.94/7297

There is reason to believe that the Japanese civil and military authorities at home and in China have reached agreement with regard to Japan's China policy to a degree not (repeat not) heretofore achieved. Recent Japanese press reports from Tokyo have stated that the chief authorities concerned have been working on the draft of such a policy and a Japanese official informed a member of the Embassy yesterday that the policy has been decided upon, that the policy has been communicated to the local Embassy but that its full purport is not clear. This last circumstance may have its explanation in a Tokyo press report which quoted a spokesman of one of the Ministries as saying if it were necessary to submit the policy to the Cabinet it would necessarily be abstract, moderate and lukewarm in tone and that although the policy will appear quite simple greater importance will be attached to its interpretation and practical application by the Ministries concerned.

Two. There are indications that the

Japanese

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MJP -2- No. 20, October 2, noon from Peiping

Japanese intend to take important action with regard to China in the near future. These indications are (1) the tenor of Japanese press reports from Tokyo with regard to the new policy; (2) the recent statements of Isogai and Tada (see Embassy's No. 10 and 12, September 25, 5 p.m. and September 26, 3 p. m. respectively) as well as comments made recently to American correspondents by Doihara and Minami; (3) the confidential statement of a responsible Japanese that he believed important action is imminent although he does not know what form it will take nor what extent; (4) statements of a leading Chinese civilian to the effect that this is the feeling of people in Peiping and that they believe the extent of action will depend on the Italo-Abyssinian situation; and (5) the expressed apprehension of an officer of the local Soviet Embassy of immediate <sup>important</sup> developments affecting the five northern provinces.

Three. Confidential and reliable information has been received that Sakai, Chief of Staff of Tientsin

MJP -3- No. 20, October 2, noon from Peiping

Tientsin Garrison, has been seriously ill for three or four days and that some Japanese suspect that he has been poisoned by Chinese. If they should decide that this is the case new developments may be expected as a result.

Four. A second of Sung's four divisions was transferred on September 29 from Chahar to the Peiping area. General Shang has not yet withdrawn his troops from Tientsin. Although this increases the possibility of trouble between Shang and Sung and although it is understood that the Japanese military anticipate such trouble and expect to make use of it it does not appear to be imminent. By mail ~~TO~~ <sup>TO</sup> TOKYO AND NANKING

\* LMD  
DCR

LOCKHART

WSB:CSB

(\*) Omission

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**TELEGRAM RECEIVED**

MJP

GRAY AND SPECIAL GRAY

Peiping via N R

FROM Dated October 2, 1936

Rec'd 11:08 a. m.

Secretary of State,  
Washington.

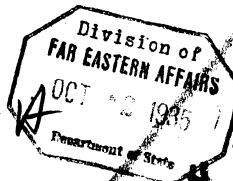
20, October 2, noon.

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Japanese civil and military authorities at home and in China have reached agreement with regard to Japan's China policy to a degree not (repeat not) heretofore achieved. Recent Japanese press reports from Tokyo have stated that the chief authorities concerned have been working on the draft of such a policy and a Japanese official informed a member of the Embassy yesterday that the policy has been decided upon, that the policy has been communicated to the local Embassy but that its full purport is not clear. This to the (?) it would necessarily be abstract, moderate and lukewarm in tone and that although the policy will appear quite simple greater importance will be attached to its interpretation and practical application by the Ministries concerned.

Two. There are indications that the

Japanese



*See corrects Page*

793.94/7297

F.



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

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

*With the compliments  
of the author*

SEP 2 1935  
THE SINO-JAPANESE CRISIS IN WORLD POLITICS:  
A RETROSPECT\*

With Particular Reference to the Attitudes  
of the Great Powers

BY YUEN-LI LIANG, LL.D. J.S.D.

PROFESSOR OF INTERNATIONAL LAW AT THE COMPARATIVE  
LAW SCHOOL OF CHINA, SHANGHAI; FORMERLY JUDGE OF  
THE COURT OF APPEALS AT SHANGHAI; LATELY OF THE  
CHINESE DIPLOMATIC SERVICE AND CHINESE TECHNICAL  
DELEGATE TO THE LEAGUE OF NATIONS ASSEMBLY AND THE  
HAGUE CONFERENCE FOR THE CODIFICATION OF INTER-  
NATIONAL LAW, ETC., ETC.

\*An address delivered before the Double-Ten National Anni-  
versary Day Meeting held under the auspices of the Chinese  
Community of Greater Boston, October 9, 1932.

793.94/7298

FILED  
SEP 23 1935

F.

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

The Sino-Japanese Crisis in World Politics: A Retrospect

(An address delivered before the Double-Ten National Anniversary Day Meeting held under the auspices of the Chinese community of Greater Boston, October 9, 1932.)

The Chinese have a classical saying, "No judgment can be passed on the merits of a person until his death." Rather than intended as a restraint on popular criticism of the doings of a public figure, it sounds a warning note against rash and hasty appraisal of personalities without awaiting the unfolding of their full possibilities. Unfortunately, the maxim cannot be applied with equal vigor to the judgment of human institutions and human affairs. If the caravan of civilization is to go on, break with the ever lengthening past is impossible: we are too much linked up with historical realities to wait for the day of judgment when everything can be viewed from a perspective that is not clouded by human prejudices. We have to cut short the stream of history at some point or other according to the purposes we have in view. It is very well for historians to prolong their perennial efforts to determine the responsibilities or Kriegsschuld for the great wars of the world and to modify from time to time their judgments simultaneously with the revelation of new documents and evidences. But people whose privilege and duty it is to participate actively in the realities of international life are impatient of the quest for belated historical though scientific verdicts. They have to face their problems pragmatically by taking stock of the recent past as best they can, just as the business man has to balance his accounts at the end of a fiscal period.

- 2 -

Probably no single event or course of events in the past decade has stirred the passions and anxieties of the world to the extent the Sino-Japanese crisis has done. It has been difficult even to give a proper description of the nature of the series of events. They were no mere incidents; they transcended the connotations of disputes or controversies; casuistic international lawyers deny to them the baptism of "war"; and the word "crisis" can be used justifiably only if it is admitted that, while we have weathered several storms, we are still threatened by a tempest which might even make our recent experience pale into insignificance. The writing on the wall had long ago stared us in the face. Unless we profit by the lesson this time, we might soon find ourselves in the middle of a hurricane.

Sufficient has been written pro and con on the events which have come to pass in the Far East, ~~since this very day exactly a year ago (September 18, 1931).~~ It is not the purpose of the present article to recapitulate all the occurrences and to assess the values of the polemic activities of Chinese and Japanese publicists as well as the opinions of writers of neutral nationalities. It is, however, the writer's aim to signalize certain phases of the situation the importance of which he deems deserving of more discussion than they have received. As a matter of fact, a few of these things have served as the very turning-points, for better or for worse, in the whole history of the Sino-Japanese crisis in particular and of contemporary international relations in general.

- 3 -

II

When the attack on the city of Mukden on the night of September 18, 1931, burst upon a startled and incredulous world, the League Assembly was in full session. No more auspicious occasion could be desired by the League to demonstrate a swift and effective handling of the international situation. As compared with its previous experience in dealing with the Italian-Greek incident of Corfu and the Greco-Bulgarian dispute, the League had the advantage of having gathered together in the Assembly not only the so-called Great Powers, who form the nucleus of the League Council, but also the so-called Small Powers, many of whom had suffered from the same oppressive experience under which China was groaning. A psychological moment seems to have presented itself for the Assembly to register its disapproval of actions, which casuistic arguments aside, clearly ran counter to the Covenant, and to call into operation the provisional measures which the League had once applied so effectively in the Greco-Bulgarian Dispute. It might be naively optimistic to expect that Japan would immediately desist and the whole controversy would be once for all settled. Such apparently would not have been the case even if the League had acted post-haste. But in international affairs as in every other phenomenon of life it is the extreme of short-sightedness to attempt to take a too far-sighted view with all its implications. Life is too much in a state of flux and involves so many chance elements that belief in an absolute certainty or efficacy as a basis for action is usually an illusion. Had the League acted speedily, whether by way of a definition, as a matter of law, of the reciprocal relation of Japan and China with reference to their

- 4 -

membership in the League, or by way of the application of provisional measures, world opinion would have been early crystalized in a much more potent form against wanton aggression.

Failing in the first instance to act quickly, the League next embarked on a procedure of diplomatic attrition. During the first two sessions of the Council, while deeply stirred and obviously non-plussed, the members of the Council seemed to adopt a policy embodied in the aphorism that nothing is safer than the reasons for doing nothing. Spurned by world criticism, pressed by Chinese entreaty, and moved by the supplications of the voice of justice and fair-play the Council decided upon and created a Commission of Enquiry. Strangely enough, instead of proceeding immediately as required by the Council resolution, to the scene of the controversy which its members could reach by way of Siberia in three weeks, the Commission delayed its departure, and, when it had summoned sufficient courage to set out, selected the most circuitous but probably the most comradious route to the Orient!

The charge has been made that one of the leading Powers represented on the Council, allegedly the closest to the League, namely, France, had secret understandings with Japan which had so tied its hands as to make it unable to place itself on record as against Japanese ventures in Manchuria. However, unless documents are uncovered, it might not be wise to reach an affirmative verdict, at least not by a historian. But from the ideological point of view, at least one thing is certain. Upon the inception of Japanese intervention in Manchuria, France found itself caught in an inextricable dilemma. Since the inauguration of the regime of the Versailles Treaty, it has held an ambivalent attitude in

- 5 -

regard to the question of intervention. One aspect of French nationalism deprecates aggression and armed intervention as a principle while another compels its adoption as an instrument of national policy. On the one hand, France stands in perpetual and perhaps hypochondriachal fear of "unprovoked attacks" or aggression from across the Rhine on the part of its traditional enemy, Germany; hence the repetitious insistence on Security in connection with Disarmament. This also explains the enthusiastic support in principle, on the part of France, of the collective system of coercion as envisaged by the League Covenant and its recent reiterated and strenuous proposal for an international police force. On the other hand, it had taken the enforcement of the Reparation Articles of the Versailles Treaty into its own hands, having embarked on armed campaigns such as the occupation of the Ruhr Valley. It was not sure whether such a drama ought not to be re-enacted in case of another German default in order at least to vindicate its prestige and honor acquired or enhanced after the World War. Because of this conflict of ideals, it naturally has to maintain a passive attitude when a situation arises necessitating its pronouncing a judgment as regards armed intervention and the unilateral use of forcible measures. If psychologists tell us aright, mental conflict usually results in a paralysis of the will. What is true of the individual mind is perhaps true of the national mind, if by the national mind is meant the consensus of ideals on the part of the dominant figures in the political make-up at a given period. When, therefore, France found itself beset by such an ideological conflict, what more could we expect from her as regards Japanese intervention in Manchuria than a non-committal attitude? And at a time when

- 6 -

unequivocal stand and energetic action were called for in dealing with an extremely dangerous international situation, could it occasion any surprise that a non-committal attitude should be construed as condonation? This interpretation is submitted with full knowledge and appreciation of the happy coincidence that M. Aristide Briand was President of the Council during its second and third meetings on the crisis, who, indeed more than any other Frenchman, believed in the League of Nations, and, notwithstanding the nationalistic aims of the French, did the best he could at the Council table to check Japanese activities. Nor did he mince words in pronouncing Japanese action as contrary to the spirit and letter of the Pact of Paris despite the arguments of many French publicists to the contrary.

The same interpretation could be applied with less force but with even more particularity as regards the attitude of Italy, another important member of the League Council. It will be remembered that the Corfu incident between Italy and Greece--if it could be called an incident, --furnished the first occasion in the history of the League on which the question was directly raised whether the use of force as a mode for the settlement of international disputes was still in consonance with the spirit and letter of the Covenant of the League. The Commission of Jurists, to which this question was referred for a juristic opinion, was not asked to apply its combined store of juridical knowledge and skill to the clarification of a concrete situation but was only empowered to answer a theoretical, academic, and hypothetical question. This piece of responsa prudentium, amounting to nothing more than saying, "It all depends," when



- 7 -

judged side by side with the gravity of the then prevailing situation, was ironically reminiscent of vague and equivocal replies to academic examinations. Although adopted subsequently by the Council, yet from the legal point of view, it hardly created a precedent binding upon the actions of the League in similar circumstances. As a matter of principle, the binding force of precedents in the whole system of the League has not been established. Specifically, even if the force of precedents is established, an opinion rendered in abstracto has no claim as a precedent. Besides, the Belgian member of the Commission, M. Charles de Visscher, while appending his name to the report, afterwards stated in no uncertain terms his conviction that armed operations were contrary to the intent and the letter of Article 12 of the Covenant, which prohibits resort to war by member states of the League without having first exhausted all the steps in the peaceful procedure as laid down in the League Covenant. So did M. Guani of Uruguay, then President of the Council, and M. Branting, the representative of Sweden, both of whom announced important qualifications, when the Council was to accept the report. However, as international vicissitudes would have it, Italy emerged triumphant. International lawyers had since nurtured a restrained sense of insecurity and a skeptical apprehension lest a similar and perhaps graver incident should resurrect and aggravate the whole question. At the same time they had been in hopes that time and experience would so gnaw into our international structure and a new spirit would so prevail in international life that the Corfu affair would be nothing more than a historical relic. Events belied their hopes.

- 8 -

Naturally, when, almost a decade later, history repeated itself in the intervention in Manchuria, the attitude and action of Italy correspondingly repeated themselves.

### III

The attitude of Great Britain toward Japanese intervention in Manchuria deserves close analysis in view both of the predominant part Great Britain plays in the League and of the historic importance of British relations with China. It has been remarked, and rightly, that what the League Council did was primarily the result of the attitude of Great Britain and France. In the first stage of the Sino-Japanese crisis, Great Britain had as its representative on the Council the veteran pacifist, Lord Cecil, who was probably instrumental in securing the passing of the resolution on September 30, 1931, requesting both parties to hasten the restoration of normal relations after noting that Japan had no territorial designs on China. Enthusiastic as Lord Cecil was in upholding the authority of the League, he was left with the melancholy task of making bricks without straw--that is, of trying to frame a League policy out of the British Government's decision to let the Covenant go by default. The latter situation was apparent as one observed the doings of Lord Reading and Sir John Simon in the subsequent meetings of the Council. Now what were the probable motives of the British Government in taking such an attitude?

Of course, the reply must emphasize the economic crisis and the Cabinet upheaval which faced Great Britain at the time of the Manchurian intervention. But there is something deeper, more apposite, though less ascertainable.

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Students of Far Eastern diplomacy will easily recall that Great Britain was the first Western Power which fought a modern and crushing war with China from 1839 to 1840, at the conclusion of which certain privileges were wrung by treaty from the latter and following which China was subject to a scramble among the Western Powers for privileges and concessions, territorial, jurisdictional and economic. In the parlance of the Chinese Nationalists, Great Britain was the embodiment of Western Imperialism in China. If one refers to the state papers issued by the Nationalist Government particularly during the years from 1925 to 1927, one will find that Great Britain was designated as the principal enemy, the incubus from which the Nationalists were determined to liberate their country. Naturally, their attitude produced its repercussion on the part of Great Britain: the latter was also determined to save at any cost its stronghold in the Far East. Unpleasant and unfortunate incidents signaling the clash between the two opposing forces multiplied with the increase, in every episode, of mutual antagonism. The Shanghai incident of May 30th, 1925, when Chinese students were shot down by British police in Chinese territory was immediately followed by similar occurrences in Hankow and in Canton. They were in turn aggravated by the Wanhsien incident of 1926 when the Chinese city was bombarded by British gunboats. The Chinese nation trembled with impotent indignation at the refusal of the British Government to settle these incidents diplomatically and resorted to the boycott of British goods as the only measure of retaliation. These worsened relations between the two countries reached their climax when the Nanking incident took place in the spring of 1927,

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an incident of most grave proportions, which, while its responsibility has never been juridically determined, has furnished an occasion for vehement political recriminations nationally and internationally. It is an open secret that Great Britain was most anxious to enforce a large-scale armed intervention in China with the United States, Japan, France, and Italy as joint feorsors. It is likewise well-known that only the sagacity and reasoned statesmanship of a Secretary of State of the United States saved at the eleventh hour the Powers from a most ill-advised venture with necessary far-reaching consequences.

It will be remembered also that, despite repeated assurances that the Nationalist Government would not use force to secure the revision of treaties, Great Britain, with a view to preserving its position in the International Settlement of Shanghai, sent there Punjabi troops from Hongkong, and ordered a brigade from Jhansi to embark at Calcutta, and landed marines from the war-ships concentrated in the Shanghai Harbor. It was only by sheer good fortune that no untoward incident of serious proportions occurred. A little spark might have set off the powder magazine the British Government installed in Shanghai.

Since 1927, however, domestic politics has deflected the attention of the Chinese from pressing diplomatic issues with Great Britain. The discussions on the so-called Unequal Treaties have pursued a course dilatory indeed, but irritating to Great Britain, holding as it does, the leading position among the Powers having special interests which are generally based on these Treaties.

Such are the relations of Great Britain with China under the Nationalist Government,--relations none too friendly. It should

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also be borne in mind that in the now defunct Anglo-Japanese Alliance, the "special interests of Japan" in China were expressly recognized by Great Britain in the first article of the treaty of alliance. At the time Great Britain was principally interested in strengthening its position along the Yangtse Valley and had neither time nor boldness to impinge upon Japanese activities in Manchuria, a region which had traditionally been known as the Japanese sphere of influence. The Anglo-Japanese Alliance was terminated only in form through the insistence of the United States at the Washington Conference: its spirit was not exorcised by the Four-Power Treaty intended to take its place. The signs of British-Japanese cooperation in regard to China since its termination as against the United States are unmistakable.

Moreover, Great Britain has been for years faced with many subject peoples throughout its domains of the seven seas struggling in varying degrees of brooding or active discontent for self-government or even for national independence. It has been the strenuous but almost futile effort of the British Government to try to preserve the unity of the Empire. It has itself employed methods of violence and force to cow into submission the so-called "backward" peoples in Egypt, India, and Palestine. Had the Tory majority persisted in all its strength unchecked by the Socialist and Labor movements and the sincerer type of Liberals, it would have seized many an opportunity to "teach the Chinese how to behave", when the latter boycotted British goods and agitated for the return of British Concessions and for the revision of Unequal Treaties. A perusal of the editorials of such a Tory paper as the Morning Post during the initial stage of Japanese intervention

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forces one to the irresistible conclusion that Japanese quixotism in taking upon itself the rigorous enforcement of the "rights" of which the great Powers thought themselves possessed in a "backward country," must have lent a peculiar sort of vicarious joy and gratification to the Tories of Great Britain. This is a case of one being delighted to see happening before one's very eyes the things which one likes to see accomplished but in the accomplishment of which for some reason or other one is unable to participate directly. What an example of seeking compensation for frustrated ideals and hankering after wish-fulfilment!

In the conception of the Tories, the League of Nations by its very structure is a rival institution of the British Empire. This has been pointed out by many a British publicist, including H. N. Brailsford. The various units of the British Dominions, formerly part and parcel of the Victorian edifice of British Imperialism, achieved separate membership in the League of Nations and for the first time were enabled thereby to give concrete expression to their aspirations to independent positions in the family of states. Separate representation <sup>on</sup> ~~at~~ a footing of equality with Great Britain for the assertion of their diversified interests is particularly facilitated in the Post-War international conferences held under the auspices of the League. Little was it realized when Lloyd George pressed for separate status for the Dominions, that instead of strengthening the unitary structure of British Imperialism, the Dominions should, by availing themselves of the organization and technique of the League, acquire international status of their own and, as it were, drift away from the Imperial center of gravity which is London. A consciously

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centripetal movement has by the irony of fate become an unconsciously centrifugal one. To the imperialists, the League of Nations has served as a disrupting wedge, or at least as a means by which incursions into the fabric of the British Empire have been insidiously brought about. This is, of course, extremely distasteful to the worthy successors of such Empire-builders as Disraeli, Rosebery, Sir Harry Johnston, and Joseph Chamberlain, successors who scrupulously carry on the tradition of reposing implicit confidence in the British Navy rather than in the new organizations and devices for the reasoned direction of international affairs, particularly when these organizations and devices happen to impinge, in effect indeed even if by sheer accident, upon what seems to the imperialists the sacrosanct unity of the Empire. Partly on this account, the British attitude toward the League except during the two Labor administrations, has been pre-eminently one of an opportunist and platonic character, to get out of the League all the prestige and benefit it could possibly get by virtue of its association with the League but to refuse to exert itself in the serious interest of the latter in case of a crisis and in the hour of fate. In the piping times of peace, when the League had principally technical and non-political problems to solve, Great Britain as the leading permanent member of the Council and with its nationals occupying the most important posts in the Secretariat, commands and relishes the respect and influence which are its due. Its contribution to the solution of these problems has indeed been of great importance to the world as a whole. But when the League is faced, as it must be in the course of human events, with a serious political or politico-juridical problem, such as the Geneva Protocol of 1924,

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that would require British acceptance in advance of a responsibility to enforce sanctions and British pledge of placing its Fleet at the beck and call of the League, one finds the British Government loses no time in keeping aloof. The rejection by Baldwin and Chamberlain of the Geneva Protocol, despite the previous efforts of MacDonald, is an illustration of the prevailing British indifference to the vital problems of the League when these problems involve a possible sacrifice of British military and material interests and constitute a brake on British liberty of action.

With the above interpretation in mind, it is easy to see how the British Government, as a writer in the Manchester Guardian puts it, inspired a scuttling of the Covenant, when faced by Japanese intransigence and insistence on having a free hand in Manchuria. The British Government, principally, and other members of the Council, began a game which was destined to interpret away the Covenant and explained to their own satisfaction why it was constitutionally impossible to curb Japanese aggression. In reply to the Chinese request for a Committee of Enquiry based on Article 5 of the Covenant, which categorically says that all matters of procedure, including the appointment of committees to investigate particular matters, may be decided by a majority vote, the objection was raised that a decision to appoint a committee required a unanimity including the parties to the dispute. The Chinese invocation of Article 15 was confronted by the argument that while under this article the Council could, it is true, appoint by a majority vote a Committee of Enquiry, it could not take general measures for preserving peace as it was empowered so



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to do under Article 11. When the Chinese invoked Article 11, they were told that as the measures for the implementation of the Article, such as the withdrawal of diplomatic representatives and boycott, could not be taken without the consent of both parties to the dispute, the Council could do nothing but talk. And the suggestion as to invoking Article 12 and 16, where the word "war" is used, was met by the argument that there was in Manchuria no state of war in the lawyer's--as distinguished from the layman's--sense of the word. Article 10 guaranteeing the states against external aggression in regard to territorial integrity and existing political independence was so construed as to exclude from its application the invasion of territory unaccompanied by a declaration of the intention to acquire territorial gains by conquest. Whether such a professedly legalistic interpretation of the word "war" as well as the interpretation of the unanimity rule as requiring the vote of the disputant parties, are creditable to the galaxy of jurists gathered at Geneva and whether in view of the social purpose of the Covenant reasonably construed, such interpretations are truly legalistic, it takes another article to inquire in detail. It suffices to indicate in this connection the extent to which the British Government and the other members of the Council would go in their effort to construct a subterfuge that would for a time justify to the uninformed and uninitiated their reluctance to live up to the pledges of the Covenant. The British condonation of Japanese aggression was never more patently demonstrated than when Downing Street refused to join in the policy of the United States not to recognize Japanese acquisitions, as expressed by Secretary Stimson in his note of January 7th, 1932.

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The other members of the League Council, apart from the French, the Italian, and the British, have indeed also to bear a share of the responsibility for the ineffectiveness of the League. True it is the so-called Great Powers, the Permanent Members of the Council, who would have to bear the brunt and assume the burden of enforcing sanctions, a duty which indeed they cannot with grace evade once it is admitted that the only case for disarmament is built on the thesis of cooperative guarantee--that an organized world will prevent any unilateral high-handed action and will not allow an innocent and weak state to suffer unhelpt. The so-called Small Powers, while physically unable to play a large part in the actual enforcement of sanctions, could do their share in registering an indignant disapproval of a course of conduct on the part of a single nation, a course of conduct that <sup>W</sup>ould cause this collective system to vanish amidst cynical laughter. At least they could contribute to the dispersing of some of the pseudo-legalistic smoke-screens. This during the initial stage of the crisis, the other members of the Council did not seem to do. It is on this account that one welcomes with enthusiasm the statements of M. de Madariaga, particularly those made on October 24, 1931, at the fifteenth meeting of the sixty-fifth Council. Throwing as they do a flood of light on the question of security which the eminent Spanish pacifist points out as "not a term which can be enlarged or restricted at the will of the country which says that security is threatened," and refuting the Japanese argument that amounts in effect to saying "evacuation depends on security, security depends on pacification, and pacification depends on the settlement of a number of questions which have nothing to do with

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either security or with evacuation," his utterances ring like a voice in the wilderness. Who indeed could deny that personalities rather than iron-clad injunctions and instructions from governments play in many cases a more important part in international affairs?

It is now in order to analyze the position of Soviet Russia toward Japanese intervention in Manchuria. While not a member of the League, the Soviet Union has an intimate interest, both historically and materially, in Manchuria on account of territorial propinquity. For several years, the Soviet Union and the Chinese Nationalist Government have been working hand in hand, and it is undeniable that Chinese nationalism owed a sizeable debt to Soviet inspiration and assistance during the reorganization days in Canton from 1924 to 1926 and in the course of the Northern Campaign against the Peking Government from 1925 to 1927. In 1927, however, domestic party politics of the Chinese Nationalists was entangled with the question of cooperation with Soviet Russia and a serious break came about in the summer of that year, which has not yet been at all healed. Diplomatic relations between the two countries were broken off in the winter of 1927 as the Soviets were charged with instigating a communist uprising in Canton. Even to this day no diplomatic relations exist between China and the Soviet Union. After the Canton rising, the Soviet Union, hitherto hailed as the only friend of Chinese nationalism, was regarded with indeed more antagonism and distrust than any other Western Power. This state of strained relations translated itself into one of open hostility when the difficulties in connection with the Chinese Eastern Railway arose in the summer of 1929.

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The Soviet Union resorted to armed intervention in Manchuria, precipitating a situation not dissimilar to the Japanese action last year in its inception. Virtual but undeclared war existed for more than six months. The Soviet occupation of Chinese territory, which the world did not fail to condemn as contrary to the Kellogg Pact and which formed the occasion of a belated reminder by Secretary Stimson as to Soviet obligations under the Kellogg Pact, is probably distinguishable from the Japanese intervention by the absence of a notoriously well-arranged and pre-conceived plan and principally by the lack of an intention to remain, or of an animus manendi, as the lawyers would put it. It is true, however, that having once before taken the law into its own hands, the Soviet Union perhaps had to be chary of censuring Japan, who could very well retort with specious plausibility that Japanese interests in Manchuria were paramount to those of the Soviets. This deterrent motive, coupled with Soviet hostility to the present Chinese regime--a regime anything but friendly and responsive to the Soviets--and the apprehension of a decisive war with Japan, for which the Soviets were as yet unprepared unless under grave and direct provocation, stayed the hand of Soviet protest. The fear of Japanese naval supremacy, on the Pacific in case of a real war was particularly overpowering. It has also to be remembered that domestic politics of the Soviet Union at this moment is not at all favorable to a final test of force. Consequently, the policy of the Soviet Union toward Japan in the Manchurian crisis had to be, and perhaps for some time yet will have to be, one that does not go beyond a veiled threat.

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IV

The Chinese Government has indeed to share a part of the responsibility for the aggravation of the crisis since the very beginning. When China was suddenly confronted with the Japanese occupation of Mukden on September 18, 1931, and when an urgent appeal was presented to the Council of the League of Nations, it awakened, to its discomfiture, to the fact that only one full-fledged diplomatic representation was available in Europe. And this diplomat had to be occupied strenuously with the pleading of its case before the League Council. It had no representative of Ministerial rank in France, in Germany, nor in the other European countries. There was no plenipotentiary in the United States nor in Soviet Russia. Thus handicapped, China found it difficult to arouse public opinion abroad or to inform the various governments of the designs of the aggressor and the painful patience with which it had awaited a peaceable settlement of the controversy.

Again, there was a turning-point in the whole crisis during the past year at which China committed an historical error. At the beginning of the year, when every hope of an international settlement was blasted, when despite every assurance of the aggressor Chinchow fell before the invading forces, China was faced with one of those supreme moments on which hangs the destiny of a nation. Party politics had made possible the inauguration of a new regime. There was decided upon a course of action that would put the whole issue squarely before the League--in a way as to make farther evasion a practical impossibility. This demarche was intended as a counter-action of the tendency in the League, as described by M. Andre Tardieu in realistic terms, "to interpret the Covenant along the line of least resistance" and to make the League nothing more than a forum of irresponsible debating. It was Mr. Eugene Chen, the Foreign Minister, who

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proposed as the basis of his policy the severance of diplomatic relations with Japan and the request for the immediate convocation of the League Assembly. Such a drastic step might have led to a declaration of war by Japan. But in this event, the League could no longer hide behind the fiction that so long as there was no declaration of war, Articles 13 and 16 could not be called into operation. It may be granted that Japan would put forward the argument that since China had resorted to the severance of diplomatic relations, China, and not Japan, was the aggressor. A strange change of roles might indeed be the result.

Politically, however, the Powers of the world<sup>would</sup> have to face a supreme decision. They would have either to abandon the policy of diplomatic attrition or to confess their utter impotence to check aggression. They might indeed blame China for her rashness in forcing the hand of the militaristic Japan. The world, however, would discount such apparent subterfuges. Particularly at this time when legal equivalents have not taken the place of what William James called "moral equivalents of war" and, as has been proved by the fact that the stern and courageous resistance of the Nineteenth Route Army last spring did win the admiration of the world, the strong determination on the part of the Chinese Government to force the issue could not but have influenced public opinion in the various countries to the extent that specious imputation of belligerent intent to China or bland indifference of the League to Japan's declaration of war could hardly be conceived with the slightest show of reason.

Moreover, weak as the League is, it has been the only concrete form in which moral and diplomatic pressure can be exerted on the aggressor. On the other hand, its indifference in the beginning of

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the dispute encouraged Japan in its depredations. Had the League Assembly been in session early in January, it would have been impossible for Japan to precipitate in Shanghai one provocative incident after another, which in turn led to open invasion and technical war. It is also plain that a severe censure of the aggressor and a speedy endorsement of the Stimson doctrine would have curbed Japanese ambition, which manifested itself, to a chimerical degree<sup>E</sup>, in such proposals as the neutralization of Chinese ports.

V

While the attitudes of all the other Great Powers were consistent from the beginning of the crisis up to the latest phase, that of the United States underwent several tactical changes. And this is not surprising in view of the traditional policy of the United States. The significant thing is, however, that the most professedly isolationist state in the world has assumed the role of the guardian of international peace. Secretary Stimson since the inception of the Manchurian intervention has entertained no doubt as to the violation by Japan of all the applicable international treaties for the preservation of world peace in general and the stability of the Far East in particular. He has been aware of the fact that the changing and the changed conception of international law has necessitated a re-evaluation of time-worn and weather-beaten concepts. An international conflict is no longer deemed the concern only of the parties to the conflict. "An act of war in any part of the world is an act that injures the interests of all the countries."

The authorization of Mr. Prentiss Gilbert by the American Government to sit at the Council table of the League last October was a remarkable departure from the American practice of the days when the

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Administration went so far as to refuse to have anything to do with the League. It was realized that the very existence of or the possibility of selfish motives among the Great Powers of the League made it all the more necessary that America should throw in its lot in order to inject fresh courage and sane advice into an organization of which America was an ardent supporter at its beginning. The much vaunted arguments that European statesmen and diplomats were of the type of Machiavelli and therefore unsafe to American cooperation were impliedly rejected as they envisaged the unreal conclusion that social control of international conflicts is possible only on the condition of the elimination of all human frailties.

The American support of international peace, although it met with a set-back on account of the non-participation of General Dawes in the Council Meeting of December, 1931, was revived with the note of Secretary Stimson on January 7th. In spite of its categorical language, registering American protest against actions in violation of the Pact of Paris and the Nine-Power Treaty, it did not stay the Japanese invasion of Shanghai.

The importance of the note is however distinct from its practical utility. In the first place, it was a definite and unequivocal challenge to the League Powers--a challenge to which unfortunately the latter failed to respond. In the second place, it served a notice to the aggressor that the organized society would refuse to recognize any gains acquired by illegal methods.

Comparison has been made between the so-called doctrine of Mr. Stimson with similar pronouncements of Mr. Bryan on the occasion of the forced acceptance by China of the Twenty One Demands in May, 1915. It must be emphasized that an important distinction has been over-



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looked by most commentators. The note of Mr. Bryan to the effect that America would not recognize any situation brought about in contravention of the open-door policy was nothing more than a unilateral declaration of policy. The doctrine as enunciated by Mr. Stimson is an interpretation of an existing international treaty, namely the Pact of Paris, an interpretation that flows logically from the treaty as a full-fledged legal instrument. While the Bryan Note was open to challenge by the other Powers just as the Monroe Doctrine has been challenged, the interpretation put on the Pact of Paris by Mr. Stimson carries with it such a trenchant signification that it would be nothing short of a defection from the cause of international cooperation if any nation--apart from the aggressor itself--dares put forward an open challenge. The binding force of law is not necessarily derived from the fear of forcible subjugation or the use of physical or military sanctions; on most occasions, it originates in, or acquires added obedience from, a fear of the stinging censure of the civilized world.

## VI

While I have to wait for another occasion to discuss the Lytton Report, which has just been published, I do wish to say a few words on the recognition of the "Manchukuo" by the Japanese Government on September the 15th.

In its moral and political aspects, the position of Japan is perfectly clear. It violates the principle of "live and let live," the basis of international morality, in employing devious means to break up the Chinese unity. Politically, the recognition of "Manchukuo" is a culmination of the Japanese imperialistic ambition to attempt to create a world empire. This is expressly stated by General Araki who says, "Our heaven sent mission in Manchuria has only begun." It is a flagrant disregard of the system of international cooperation

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built up after the World War.

In its legal aspects, the act of Japan creates certain interesting problems. First, does the act of recognition by Japan establish the state of "Manchukuo?" A state understood in international law means an organized body of people whose ability to govern themselves is such as to be entitled to a membership in the society of nations. The proof of such an ability is the recognition of it by the other states. In the first place, an organized body desiring for recognition must put forward such a claim. Then it is for the rest of the world to decide whether that body has achieved such ability and self-determination.

It is apparent that the puppet government in Manchuria has no ability to govern itself and, once the Japanese military support is removed, it will crumble like a house of cards. Next, it represents an infinitesimal part of the Chinese population in Manchuria, most of them are more crushed than the conquered in war time. To recognize as a state such an unrepresentative portion presuming to speak for 30,000,000 people is to negate the first principle of representative government.

Second, it is considered as essential to recognition by other states that the body desiring recognition should achieve a reasonable amount of stability of government. The argument against the recognition of Soviet Russia, for example, has been based by many governments, including the American, on the alleged ground, hardly supportable by facts, that the Russian Government was not stable enough. A newspaper reader these days can easily see that constant fighting rages in Manchuria between the invader and the Chinese who resist its invasion. The condition in Manchuria today is far more instable and the self-

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styled government far less competent than in the days before the Japanese invasion. Applying the test of stability, we find again that "Manchukuo" is lacking in one of the fundamental conditions for the claim of recognition.

Third, while recognition by the recognizing state is largely a matter of policy, that is to say, no state is obliged by international law to accord recognition to a body claiming recognition, international law does prohibit the premature recognition of an insurgent body, as this is a violation of the right of the state of which the insurgent body forms a part and to which the recognizing state owes the duty of non-interference in its domestic affairs. This principle accounts for the hesitancy of Great Britain and its subsequent refusal to recognize the Confederate States as against the United States in the Civil War. For by doing so Great Britain would have been considered as having violated its duties to the United States with which it was on terms of friendship. Even if Manchuria had broken away from China of its own accord without the military expedition of Japan as the precursor, it would have been illegal under the international law for Japan prematurely to recognize "Manchukuo." The illegality of the Japanese recognition is aggravated because Japan is itself responsible for the creation of the puppet government.

Fourth, before the regime of the League Covenant and the Kellogg-Briand Pact, war was considered as a legitimate means of redressing international wrongs. Thereafter, the forcible settlement of international disputes is no longer the source of rights and duties. The Japanese invasion of Manchuria and Shanghai was a flagrant breach of the principle of the pacific settlement of international disputes. Any action flowing from the invasion, therefore, is illegal not only under the general principle of international law but also under the

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specific treaties such as the League Covenant, the Kellogg-Briand Pact, and the Nine Power Treaty. Even if without Japanese support a territory broke away from China, Japan has to be responsible, for its invasion created a dislocation of government machinery in Manchuria which led to a rebellious movement. In recognizing the "Manchukuo" as Japan did, it violated not only the rights of China but those of the co-signatories of the League Covenant and the Kellogg-Briand Pact, because, by the terms of these treaties, these Powers have a right to insist that a signatory pursue only the pacific means of the settlement of disputes, and that a culprit cannot take advantage of his own wrong.

Fifth, a treaty presupposes a relation between two states: otherwise it is not a treaty. Since "Manchukuo" has never been recognized as a state by any other Power in the world, the "agreement" signed between it and Japan cannot be considered as a treaty in international law. Granting that recognition can be accorded by means of the negotiation of a treaty, this rule does not apply where there is no such treaty properly speaking.

Sixth, the Covenant of the League of Nations provided in Article 18 that all treaties must be registered in order to be effective. The so-called treaty between "Manchukuo" and Japan cannot be recorded since it is not a treaty as demonstrated in the above paragraph. It would be sheer mockery if the League Secretariat records the treaty in breach of the pledges given by the Powers gathered at the Special Assembly of the League last March not to recognize any situation brought about by illegal methods.

As the legal unsoundness of the Japanese position has been demonstrated, it now remains for us to inquire into the effects of that

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recognition upon other Powers. It has been said that the non-recognition by the other Powers of "Manchukuo" will put these Powers themselves in an inconvenient position as far as the interests of their citizens and property in Manchuria are concerned. There is some force in the argument. But we must remember that this question is comparatively insignificant as contrasted with the larger issues at stake. Even as regards this specific question, any violation of the guaranteed rights of the citizens of the other Powers in Manchuria by Japan can be dealt with by specific action in particular instances, and it is untenable that Japan can deny the rights of such citizens of foreign states on the ground that the other Powers do not recognize an illegal situation. The general rule of law must be upheld, leaving the particular circumstances to be dealt with as exigencies may require.

The refusal of other Powers to recognize "Manchukuo," as they are bound to refuse by their pledge before the League Assembly last March, will have the effect of making the puppet government so uncertain and tottering that its lease of life can hardly be perpetuated. The effectiveness of the weapon of non-recognition has been shown in the case of American refusal to recognize the regime of General Huerta in Mexico and in many other instances in Latin-America. The effectiveness must be increased if the whole world puts the impress of disapproval on the act of recognition by a state in violation of international law.

When we envisage the course of events in the Far East as a whole, and at this time when we are confronted with the imminent discussion of the Lytton Report by the League Assembly, it is wise that we do not lose our perspective. "Bismark's triumph in 1870 seemed to

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canonize the doctrine of force and fraud as the midwives of successful policy, but the fruit of Sedan was the recovery of Alsace-Lorraine and the annihilation of the Hohenzollern. To Filate, doubtless, Christ was an incident destructive of the peaceful process of administration; yet he proved that the authority of moral appeal is, in the long run, not less potent than the might of armed legions."

We may not be over-sanguine as to the outcome of the League Assembly, and it is mere speculation to expect a final assessment of responsibilities. Unpleasant realities may confront us at every turn. To the discerning eye, however, "every painful step and every world-shaking contest by which mankind has worked and fought its way from savage isolation to organic social life" are, in the long run, not necessarily impeded but rather quickened by flagrant violations of the principles of law. It is this conviction that should guide us in our judgment of one of the most momentous issues in international relations.

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

No. 10275

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Division of  
FAR EASTERN AFFAIRS  
Department of State

AMERICAN CONSULAR SERVICE

American Consulate General,  
Shanghai, China, September 4, 1935.

CONFIDENTIAL

Subject: Complaint Against the China  
Weekly Review.

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

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

*Cunningham*

Sir:

1/ I have the honor to enclose a copy of a self-explanatory despatch No. 8834 of this date, with enclosure, from this Consulate General to the American Legation at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

- 1/- Copy of Shanghai Consulate  
General despatch No. 8834  
with enclosure.

800  
ESC MB

*4* Carbon Copies  
Received

793.94/7299

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F/FG

No. 8854

AMERICAN CONSULAR SERVICE

American Consulate General,  
Shanghai, China, September 4, 1935.

CONFIDENTIAL

Subject: Complaint Against the CHINA WEEKLY  
REVIEW

The Honorable

Nelson Arusler Johnson,  
American Minister,  
Peiping.

Sir:

793.94/7264

1/

I have the honor to refer to my telegram of today's date, 5 p.m., and to enclose a copy of a Memorandum of Conversation with Consul General Ishii dated September 3, 1935.

The memorandum contains a full statement of Mr. Ishii's request. He stated that the typewritten statement was not in the form that his official despatch or memorandum would be if it became necessary to forward one to this Consulate General, as such a document would be in more delicate terms.

Consul General Ishii stated that the articles referred to had been forwarded by him to the Japanese Government, which then issued instructions to him to take the matter up locally, presenting the matter orally first and following this up with a written protest in

the



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

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the event that a satisfactory agreement was not reached orally.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosures:

- 1/- Memorandum of Conversation dated September 3, 1935, between Consul General Cunningham and Mr. Ishii, Japanese Consul General.

800  
SEC:JIC

In duplicate  
In quintuplicate to Department  
Copy to Legation, Nanking  
Copy to Embassy, Tokyo

A-100-100  
mm

Enclosure No. 1 to despatch No. 8834 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated September 4, 1935, on the subject: "Complaint Against the China Weekly Review."

Memorandum of Conversation

September 3, 1935

Consul General Cunningham  
Itaro Ishii, Japanese Consul General

Subject: Articles appearing in CHINA WEEKLY  
and CHINA DAILY (American registered, also Chinese registered).

Mr. Ishii stated that he had called in reference to a rather serious matter and was exceedingly sorry that he had to call in this connection. He said that the CHINA DAILY REVIEW in its issues of July 13 and 27 and August 24, 1935, made references to the Japanese Emperor and people, which were very objectionable. He then continued to speak of the articles appearing under the headings of, "The Japanese People and Their Emperor", "Anti-Foreignism Prohibited" and some impressions of the "New Life" magazine case, and at the conclusion of his representations he handed me a typewritten summary, "not as a note or a memorandum" but as a summary of what he endeavored to say in his conversation with me today. The typewritten statement is as follows:

"(1) Attention is called to the China Weekly Review's articles published in its issues of July 13 27 and August 24. The Journal, in the issue of July 13 under the caption "The Japanese People and Their Emperor", treated with a most ironical tone, of the reverential idea cherished by the Japanese people towards their Emperor. Again in its issue of July 27 there is printed under the caption "Anti-Foreignism Prohibited" gist of the article of the "New Life" to which the Japanese people had strongly objected, and thrice in its issue of August 24 the Review published an article titled "Some Impression of the New Life Magazine Case" written in the name of a certain Meng, in which the writer quotes a theory of legal experts that Emperors are figure head.

(2) That the Japanese people hold their Emperor and his royal family in the highest reverence is without doubt a common knowledge to those who possess international knowledge. We, Japanese people, however, have no intention of forcing upon other nations and nationals the same idea and feelings we have regarding our Emperor, but we strongly insist that the delicate reverential sentiments which the Japanese people cherish toward their Emperor should be recognized as the Japanese national feelings by other nations and nationals and that we have a right to demand from other nations and nationals propriety to such an extent as they do not impair these national susceptibilities.

-2-

susceptibilities of the Japanese nation. Accordingly, in the event of these national feelings being hurt by other nations or nationals we firmly believe that we have a right to demand them to repair it. Needless to say, the Japanese people are reciprocally placed under the same propriety towards the national feelings of other nations.

The China Weekly Review is always criticizing Japan's foreign policy. We do not mean to interfere with mere criticism of policy, but we cannot let go unobjected when our national susceptibilities are impaired in such a way as manifested in the above three articles of the said journal.

(3) Such attitude of the China Weekly Review is of extremely offensive nature towards the national feelings of the Japanese people. Much more so as it deliberately published the articles in question in the face of and immediately after the case of the "New Life", to the article of which the Japanese people had strongly objected. Moreover we cannot but consider that the attitude of the China Weekly Review constitutes a challenge to the dignity of Japan, as it challenges through the articles in question the idea of dignity the Japanese people attach to their emperor. All members of the family of nations have to one another a right to mutual respect to their national dignity and especially the right to demand that the dignity of their needs shall not be impaired.

With this end in view, we cannot but strongly object to the attitude of the China Weekly Review and at the same time we do not but bring the above matter to the attention of the American authorities.

We firmly believe that we have a right to ask the American authorities to take proper steps in order to repair the injury inflicted by the journal upon the dignity and national susceptibilities of Japan. We will feel the above injury remedied if the American authorities writes its regret to us for the attitude in question of the American journal and cause Mr. J. B. Lowell, publisher and editor of the China Weekly Review, to express to the Japanese Authorities as well as in his journal his regret together with the assurance that articles of similar nature shall never be printed in his magazine.

The articles appear in the China Weekly Review of July 13 on page 218, July 27 on page 230 and August 24 on page 440. Mr. Ishii had each of these magazines. I asked him if he would be good enough to specify that part of each article which he found objectionable, and, in reply, he stated that it was impossible since the tenor of each of the articles was critical of the Japanese Emperor and his people. He said that he did not object to

-3-

to the criticism of Japanese policy, but he did object to references which offend the national susceptibilities.

Mr. Ishii stated that there was a rule of international law that the susceptibilities of all nations should be considered by the nationals of other nations. He then proceeded to tell me that the Emperor was held in great reverence by the Japanese people and he paralleled that reverence with the statement that the Americans considered the flag as testifying American's pride, and any injury or denigration of the flag would be resented by us.

In support of his statement that there was an international law that protected the national susceptibilities of all parties, and that, when it was offended, the offended nation had a right to demand that the feelings of the offended nation should be repaired, he instanced the case which took place in Japan in 1924 when the Japanese invaded the American Embassy and tore down the flag. A complaint was made to the Japanese, and an apology (I believe he said apology, but he may have said regret) was made. The offending Japanese was sought for a very long time, and was eventually apprehended and punished. I inquired if he considered the Weekly Review case similar to that offense, and while he did not state definitely that it did, he left that impression. I pointed out, however, that in the case in 1924, that, although I had very hazy recollections of the incident, the case, as stated by him, was an invasion of the Embassy grounds and the physical removal of the flag from the grounds, which grounds the Japanese should have protected as they were occupied by the Ambassador of the American Government. I pointed out that there were two considerations in the incident: First, the invasion of the Embassy grounds; second, the physical removal of the American flag. Surely this was not a parallel case with the articles appearing in the Weekly Review, which he stated offended the susceptibilities of the Japanese nation.

I told Mr. Ishii that I was exceedingly sorry that anything should occur which would occasion misunderstanding between the Americans in Shanghai and the Japanese. I did not enter into the merits of his complaint, but did express sorrow that any incident should occur that would cause offense to our Japanese friends. In considering his complaint, however, I desired him to remember that I had no control over the press of the United States, which has extreme freedom, and I was unable to do as he had recently done in the case of a Japanese newspaper, suspend the publication, even if his complaint were regarded as justified. The press of the United States was free, and, although they might abuse this privilege, I had no control over it. He inquired if I could not deport Mr. Powell. I replied definitely that I could not.

Mr. Ishii then referred to the settlement of the VANCE case in the United States, and inquired whether I knew of the manner in which it was settled. I informed him that I knew something of the visit of the Japanese

-4-

Japanese Ambassador to our Secretary of State, but beyond that I had no knowledge. He said that the Secretary of State expressed regret concerning the publication in Vanity Fair. He corrected him and stated that, as I understood it, the Secretary of State had stated to the Japanese Ambassador that he was sorry when incidents occur or situations arise which are taken amiss and occasion misunderstandings between ~~ours~~ and any other country. I did not know whether the Vanity Fair Journal had taken any action or not.

He then desired to know whether I could not ask the Weekly Review to state that they had meant no offense to the Japanese Emperor or Japanese people in the publication of these articles. I informed him that I could not force the editor to make such a statement, however, I had no objections to submitting his memorandum to the American Government for such instructions as it considered appropriate. He stated that he desired that the latter be considered a local one, in which view I concurred, but stated that I was unable to take any steps of the character he had indicated with regard to the China Weekly Review without first taking it up with the American Government. He inquired whether I intended to take it up with the Minister or the Department of State, and I replied that I would address the Minister on the subject, forwarding his typewritten statement and asking for instructions. I again assured him that I was exceedingly sorry, without considering the merits of the case, that the Japanese nation and people should be grieved by anything said or done by the Americans in Shanghai.

Mr. Ishii then inquired whether I knew Mr. Lowell, and, having received an affirmative reply, stated, "Mr. Lowell is a very dangerous man, and he should not be allowed to stay in Shanghai." He said that Mr. Lowell's constant policy in his journal was to stir up trouble between the Japanese and Americans and to criticize Japan's policy in China. I told him that deportation was beyond my power to consider, and he seemed greatly surprised that I could not deport Mr. Lowell summarily. I took the liberty to refer again to the fact that American law was different to Japanese law, and asked if he would please keep this fact in mind. He asked me, in counter, to keep in mind that they revered their Emperor, all of which I told him I fully appreciated. I said that I had every hope that Americans would appreciate and respect the Japanese susceptibilities and their reverence for their Emperor, and when he again urged that I insist upon Mr. Lowell's apology and also his deportation, I stated that I had no authority to do so and he, Ishii, would fully appreciate, knowing American law, the difficult position he was placing me in. I said that if I should attempt to do anything such as he suggested I would be criticized severely by everyone, both in the United States and abroad, and he, Ishii, as a friend of mine, did not desire such public criticism as this would result in.

Before

DECLASSIFIED: E.O. 11652, 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-

Before Mr. Ishii left I informed him that I had heard from two newspaper men during that afternoon that he was calling on me to file a protest regarding the China Weekly Review. From this I was satisfied that his proposed action had been made known to certain journalistic people, and therefore I took the liberty of inquiring whether it was his intention to give out a statement to the press that he had filed a protest. He said that at the present time he would not do so. I said I was glad, as it would cause further trouble between Japanese and Americans, and, as both of us were responsible for the good feeling existing between the two nations, I hoped we could continue to operate to this end.

JLM

ENC

*my*

No. 26

COPY FOR DEPARTMENT.

AMERICAN CONSULATE GENERAL

*Policy in FE*  
Tientsin, China, September 6, 1935.

Division of

EASTERN AFFAIRS

RECORDS

Subject: Memorandum concerning Japanese  
Demands in regard to North China.

CONFIDENTIAL

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

The Honorable

Nelson Trusler Johnson,

American Minister,

Peiping.

Sir:

I have the honor to submit with this despatch  
a memorandum dated September 5, 1935, concerning a  
conversation between Vice Consul Hall and a Japa-  
nese Consular Officer in regard to the most recent  
demands presented by the local Japanese Consul  
General to the Chairman of the Hopei Provincial  
Government.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosure:

1. Memorandum as stated, with sub-enclosures -  
clippings from PEKING & TIENTSIN TIMES  
dated September 5, 1935, and from NORTH  
CHINA STAR dated September 5, 1935.

800  
MH:sfa

In duplicate to the Legation.  
Five copies to the Department.

A copy of  
the signed origi-  
nal. *sfa*

Received

793.94/7300

FILED

OCT 24 1935

F/EG

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

Enclosure No. .... in Despatch  
No. ...., Dated .....  
From the American Consulate General  
at Tientsin, China.

AMERICAN CONSULATE GENERAL

September 5, 1935.

MEMORANDUM

CONFIDENTIAL

Subject: Conversation with a Japanese Consular Officer concerning the reiteration of the Japanese demands in regard to North China.

In reply to my question a Japanese Consular Officer said this morning that the version published in the PEKING & TIENTSIN TIMES on September 3, of the memorandum issued by the local Japanese Consulate General on September 3, concerning the reiteration of some of the Japanese demands of May 29, 1935, in regard to North China, is correct. My informant stated that he had written the memorandum and that Colonel Giga had approved it. He then caught himself and with obvious embarrassment said that he meant that he had consulted with Colonel Giga but of course Colonel Giga had not been asked to approve the memorandum; that the Consulate General never asked the military for approval.

Continuing, he pointed out that the new demands are almost the same as those made on May 29, 1935, and that it had been necessary to reiterate them because secret societies, such as the blue shirts,

have



125

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

- 2 -

have not been eliminated, and unfortunate incidents may occur unless they are suppressed in the near future.

It is possible that these demands will be used as a pretext for further changes in this area. They may be considered in relation to the interview with Lieutenant-Colonel Takahashi quoted in today's NORTH CHINA STAR in which he is reported to have said that "Problems of economic development and economic cooperation with the Japanese in North China might be solved by the presence here of a 'strong man' with sufficient authority from the heads of the Nanking Government . . ."

It would not be surprising if the eventual outcome of the reiteration of the demands would be the establishment in power in North China of Sung Che-yuan (宋哲元), Yen Hsi-shan (閻錫山) or some other "strong man".

The two newspaper articles referred to are attached to this memorandum.

MEMORON HALL,  
American Vice 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

## JAPANESE REITERATE DEMANDS.

### UNSATISFACTORY SITUATION IN NORTH CHINA.

Secret Societies Said To Be Still Active.

#### CONSUL-GENERAL KAWAGOE SENDS NOTE TO SHANG CHEN AND TIENTSIN MAYOR.

The Japanese demands of May 31 for the complete cessation of all anti-Japanese activities conducted by subversive organs were yesterday reiterated by the Japanese Consul-General, Mr. S. Kawagoe, in a note despatched to the Chairman of the Hopei Provincial Government, General Shang Chen. Explaining certain points of the demands the Japanese Consular authorities state that although the offending organs have on the surface been disbanded, members of the organs are still active in various official departments in Tientsin, the Chinese Chamber of Commerce being mentioned, among others.

It was pointed out that no time limit for the carrying out of the demands has been set, but the Japanese authorities expect immediate action on the part of the Chinese to suppress the anti-Japanese influence. It was further made clear that the demands lodged yesterday have been approved by the military authorities.

In addition to the note sent to General Shang Chen, the Mayor of Tientsin, Mr. Cheng Keh, has been instructed to take immediate measures for the suppression of anti-Japanese elements in Tientsin.

The memorandum issued by the Japanese Consulate-General this morning reads as follows:

The Japanese Consul-General Mr. Kawagoe, to-day sent a despatch to General Shang Chen, Governor of the Hopei Province, reiterating his demand to stamp out all the terrorist organizations

and secret societies from North China, presented on May 31st last to General Yu Hsueh-chung, then Governor of the Province. The note states that several informations were received to the effect that members of such recalcitrant organizations and societies are, contrary to the Consul-General's expectations, still secretly engaged in all sorts of undesirable activities in this district. The Consul-General expresses his profound regret to know that such a state of affairs is still in existence, which he deems entirely due to the negligence on the part of the responsible authorities, and draws General Shang's serious attention.

The note further states that the purport of the Consul-General's demand to General Yu was not only to break up every terrorist organizations and secret society in North China but also to make their members, who are woven into the system of various organs in this district, to discontinue their secret activities. Unless adequate and decisive measures are taken by the authorities to eradicate all such evil activities, it will be extremely difficult to bring a really peaceful atmosphere in this part of the country and to restore quietude and normalcy in the relations between Japan and China.

The note concludes with the Consul-General's strong request to take efficient and appropriate measures in this connection in order to remove unrest and danger in the Sino-Japanese relations.

THURSDAY, SEPTEMBER 5, 1935.

## SINO-NIPPON ECONOMIC PROBLEMS IN NORTH CHINA MAY BE SOLVED BY SINGLE "STRONG MAN," IS TAKAHASHI'S OPINION

United Press

Peiping, Sept. 4.—Problems of economic development and economic cooperation with the Japanese in North China might be solved by the presence here of a single "strong man," with sufficient authority from the heads of the Nanking Government and with a thoroughgoing understanding of economic affairs and the political situation in the North.

Such was the opinion put forward by Lieutenant-Colonel Tan Takahashi, Japanese Military Attaché in Peiping, when questioned by foreign press correspondents yesterday afternoon on the growing interest in and importance of economic problems in this area. Colonel Takahashi emphasized that he was merely expressing his personal opinion in the matter, and that his views did not necessarily reflect Japanese official or military opinions.

The first requisite of such an individual must be that he have unquestioned and actual authority from the highest Nanking officials. He must be able to dictate loan and development policies to Chinese banks and industrialists throughout North China. He must even be in position to make requests of the provincial governments, as for instance, to tell the Hopei Provincial Government that such and such an area be set aside and developed as a cotton-growing area.

A complete and accurate knowledge of banking and industrial problems, particularly those of North China, is another prime necessity. It would also go without saying that such a man must be conversant with recent

political developments here, and must have a realistic appreciation of the relations of North China with Japan.

Asked whether he had any particular man in mind who would fit these specifications, Colonel Takahashi merely smiled and said that there were such men. Furthermore, it would not be necessary to establish an elaborate new council or other organization through which such a man would carry out his program. The man and his authority would be sufficient.

At this point the newly-organized North China Economic Association was mentioned. Colonel Takahashi indicated that he doubted whether such a body could carry out effectively a long-range, serious program of development. In the first place the organization is composed of a great number of interests, some of which clash, or are at least divergent, on given problems. To hope that so democratic a body would be able to agree upon and carry out plans which involved temporary losses or inconveniences to a large proportion of the members would be Utopian. While not in any way disparaging the purposes and aims of the Association, Colonel Takahashi let his interviewers infer that he doubted its efficacy in so large a problem as now faced North China.

In conclusion he stressed the point that his suggestion was but one of many toward a possible solution. To him it seems the best at present, but conditions may alter which would require an entirely different arrangement later.

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

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

TELEGRAM RECEIVED

MJP

1-2296

FROM

GRAY

Peiping via N R

Dated October 7, 1935

Rec'd a. m.

Secretary of State,  
Washington.

31, October 7, noon.

Ambassy's 10, September 25, 5 p. m. 7294

Consulate General at Tientsin is forwarding  
by mail translation of General Tada's statement.  
The translation sent by local NEW YORK TIMES  
correspondent by mail for publication is incom-  
plete containing only about three fifths of the  
full statement.

JOHNSON

RR:WNC



793.94/7301

FILED

OCT 9 - 1935

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

REP

TELEGRAM RECEIVED

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

GRAY

Shanghai via N. R.

Dated October 7, 1935

Rec'd 5:20 p. m.

1-1226  
Copies hereof to be sent to FROM  
Copy also to Secretary of State  
and Washington

DEPARTMENT OF STATE

OCT 9-1935

Secretary of State,  
Washington.

OCT 8 1935

OFFICE OF ECONOMIC AFFAIRS  
OCT 11 1935  
DEPARTMENT OF STATE

579, October 7, 5 p. m.

One. The Chinese economic inquiry group to  
which has been under discussion for some time  
finally sailed on October 6 for Nagasaki for the  
expressed purpose of investigating economic and  
trade development in Japan. On sailing, the group  
issued a statement expressing the hope that the  
result of their investigations may lead up to  
definite efforts on both sides for a real Sino-  
Japanese economic rapprochement. The group, which  
was feted by Shanghai Chinese and Japanese organiza-  
tions prior to departure and seen off by Minister  
Finance Kung and Administrative Vice Minister of Finance Hsu Kan, consists  
of very prominent Shanghai bankers, Yu Tso Ting,  
Chairman the General Chamber of Commerce of Shanghai  
and O. S. Lieu, General Manager of the China Merchants'  
Steam Navigation Company. Wu Ta Chuan, General Manager  
of

793.94/7302

FILED

OCT 14 1935

F/FG

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

REP

2-#579, From Shanghai, Oct. 7, 5p.m.

of the Yi Yieh Commercial Bank, Sung Han Chang, the  
Managing Director of the Bank of China and Tang Shou  
Min, General Manager of the Bank of Communications  
are among others of the group of which Wu is chairman.

Two. The Bank of China, the Bank of Communications  
and the China Merchants' Steam Navigation Company are  
Chinese Government controlled organizations. The  
latter company is apparently interested in the purchase  
of additional ships (see Department's instruction of  
August 26, file 893.852/17). O. S. Lieu has recently  
been active in the proposed formation of a sales  
monopoly for matches in Central and North China in-  
volving Japanese participation and is reported to be  
working on a similar proposal in regard to coal.

Repeated to Peiping and Nanking.

CUNNINGHAM

SMS

KLP

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 11, 1935

~~RCM~~  
~~RCM~~  
~~RCM~~

SKH

Yunnanfu's dispatch No. 106, August 31, 1935 transmitting copies of dispatch No. 92 to the Legation concerning "Subversive Activities by Japanese Political Agents in Yunnan".

The dispatch brings out the following points of interest:

(1) Five Japanese, presumably students from Shanghai, made contact with certain revolutionary elements in Indo-China and set forth the view that Japan was the natural friend and protector of the Annamites against the imperialistic domination of the French. The students entered Yunnan and spread Annamite revolutionist literature in that province and then went on to Kwangsi.

(2) An unknown Japanese military official had an interview with the personal representative of the Provincial Chairman, after that official had refused to see him, and urged that Yunnan renounce its allegiance to the Central Government and cast its lot with Kwangtung and Kwangsi whereupon it would obtain Japanese assistance. The suggestion was rejected as the Provincial Chairman is very definitely anti-Japanese.

UAFJ

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

No. 105

AMERICAN CONSULATE

Yunnanfu, China, August 31, 1935.

STRICTLY CONFIDENTIAL

SUBJECT: Transmitting Copies of Despatch No. 92  
to the Legation - "Subversive Activities  
by Japanese Political Agents in Yunnan".

The Honorable

The Secretary of State  
Washington.

Sir:

For Distribution-Check			
Grade	For	In U.S.A.	No
	<i>Ringwalt</i>	<i>ONE</i>	<i>10</i>

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

I have the honor to transmit herewith copies in  
quintuplicate of this Consulate's Strictly Confidential  
Despatch No. 92 to the Legation at Peiping, dated August  
31, 1935, in which are reported two recent instances of  
subversive activities by Japanese political agents in  
Yunnan. The first of these was the spreading of anti-  
French propaganda among the Annamite population. The  
second was an attempt by a recent Japanese military  
visitor to persuade Yunnan to promise closer cooperation  
with Kwangtung and Kwangsi, presumably against Nanking.

Respectfully yours,

*Arthur R. Ringwalt*  
Arthur R. Ringwalt,  
American Vice Consul.

✓  
Enclosure:

Copy of Strictly Confidential Despatch No. 92  
to the Legation, dated August 31, 1935.

In quintuplicate.

File No. 800  
ARR:JSS

4

FP

793.94/7303

FILED

F/FG.



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

No. 92

AMERICAN CONSULATE

Yunnanfu, China, August 31, 1935.

STRICTLY CONFIDENTIAL

SUBJECT: Subversive Political Activities in Yunnan  
on the Part of Japanese Political Agents.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

I have the honor to refer to the Legation's  
Strictly Confidential Instruction of July 8, 1935,  
indicating its desire to be kept currently informed  
concerning recent developments in Sino-Japanese  
relations, and to report on certain instances of  
recent attempts on the part of Japanese agents to fo-  
ment discord in this part of the world.

This Consulate, in its Confidential Despatch No.  
81, dated July 29, 1935, mentioned the visit of five  
Japanese, said to be students of the Tung Ya T'ung Wen  
School (东亚同文学院), of Shanghai. It was stated  
that these Japanese forcibly resisted the attempt on  
the part of the Chinese Customs officials at the border  
to examine their baggage.

It has recently come to light that these visitors  
were in reality members of a Japanese imperialist

society.

- 2 -

society, known in Chinese characters as Paohuangtang (保皇黨). While they were in Indo-China they availed themselves of the opportunity to communicate with certain subversive elements among the Annamite population there. They argued that Japan was the natural friend and protector of the Annamites and that the time would be forthcoming when they would be aligned with the Annamites against the imperialistic domination of the French. Before leaving Indo-China for Yunnan, they equipped themselves with propaganda literature issued by the Annamite revolutionist society for distribution among the Annamite population of Yunnan. It is probably for this reason that they refused to permit the Customs officials at the Yunnan border to search their baggage. Mr. A. Gandon, the French Consul at Yunnanfu, was enabled to obtain a copy of one of the handbills distributed by them. It was in the Annamite language, and mimeographed on rough paper. It purported to be a manifesto issued by the head of the Annamite Revolutionary Party, Couindé, exhorting all Annamites to resist to the death the French imperialists. The five Japanese are known to have taken twenty-four photographs of strategic places in the vicinity of Yunnanfu, and to have prepared three supplementary maps. While Chinese detectives shadowed their every move, the Japanese were in no way molested. Their departure for Kwangai was viewed with considerable relief.

Mr. Chang Pan-han (張邦翰), the Provincial

Commissioner

- 3 -

Commissioner of Reconstruction, recently informed this office of the visit to Yunnanfu of a Japanese military official, who attempted to obtain an audience with General Lung Yun (龍雲), the Provincial Chairman. The latter, although forced by pressure from Nanking to order all anti-Japanese activities stopped, is still as hostile as ever to things Japanese. He repeatedly refused to see the visiting official. Finally the visitor was informed that he might see the Chairman's personal representative and aide-de-camp, Ch'en Tzu-hsin (陳自新). In the course of the conversation which followed, the Japanese is reported to have urged that Yunnan renounce its allegiance to the Central Government, which would merely exploit this province to its own advantage. He argued that it would be much better for Yunnan to cast its lot definitely with Kwangtung and Kwangsi, and that should such a coalition materialize, it would not lack for assistance from Japan. According to Mr. Chang, the representative of the Chairman rejected the suggestion indignantly. Mr. Chang has promised to give the name and rank of the Japanese official to the undersigned, but subsequently, in spite of repeated promptings, has continued to withhold these details. Nevertheless, the significance of the information is believed to be not materially lessened by this discrepancy.

This Consulate will continue to report, from time to time, on any significant developments of

Sino-

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

- 4 -

Sino-Japanese relations in Yunnan.

Respectfully yours,

Arthur R. Ringwalt,  
American Vice Consul.

A true copy of  
the signed original.

In duplicate.  
Copies in quintuplicate set to the Department under  
cover of Despatch No. 108, dated August 31, 1938.

File No. 800  
ARR:JBS

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

793.94

## DOCUMENT FILE

### NOTE

SEE 894.00 P.R./93 FOR Desp#1475

FROM Japan ( Neville ) DATED Sept. 18, 1935.  
TO NAME 1-1127 o r o

REGARDING: North China Situation: Attitude of the Japanese public and press. Gives comments of the JAPAN ADVERTISER of August 19, stating that, unless China creates a truly pro-Japanese attitude in the district adjoining "Manchukuo", the relations among Japan, "Manchukuo" and China can not be placed on a satisfactory basis; and that China must recognize "Manchukuo" before any Sino-Japanese cooperation can be achieved.

FRG.

793.94/ 7304

7304

- 7 -

II. ANTI-JAPANESE FEELING IN NORTH CHINA.

(a) China.

793.94  
During August the Japanese public and press displayed less interest in North China affairs than during previous months, the situation having quieted down to some extent on the surface. However, two incidents occurred which were interpreted by some of the Japanese newspapers as evidence that anti-Japanese feeling in North China was still rampant. The first incident, which occurred at Lanchow, was the killing on August 4 of Li Tsao-chou, Commander of the Third Peace Preservation Corps of the demilitarized zone. He reportedly pro-Japanese in sympathy, and the assassin of a Japanese general at the same time by Chinese who were alleged to be members of the Blue Shirt Organization. The other occurrence was a raid by bandits on the Lushan-Haijing passenger train near Shanhaiwan on August 18, in which several Chinese and Koreans were killed and a number of passengers were wounded. According to a 1966 despatch from Chinking dated August 18, the Kwantung Army authorities believed that this bandit attack had been instigated by anti-Japanese groups.

According to the JAPAN ADVERTISER of August 19, the opening of the conference of Chinese Government officials at Lushan called forth from the Japanese Press Office a statement to the effect that similar conferences in the past have resulted only in empty gestures of friendship toward Japan; that despite the pledge of the Chinese authorities to control anti-Japanese actions in North China, "undesirable incidents are happening in quick succession;

DECLASSIFIED: E.O. 11652, 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 -

succession; that unless China creates a truly pro-Japanese attitude in the district adjoining "Manchukuo", the relations among Japan, "Manchukuo", and China can not be placed on a satisfactory basis; and that China must recognize "Manchukuo" before any Sino-Japanese cooperation can be achieved.

With regard to the Japanese economic penetration of North China desired by the Japanese Army\*, Major Tan Takemashi, Japanese resident officer at Peiping, was reported by a JIAH (JAPANESE) (news agency) despatch dated August 7, to have obtained the agreement of General Yen Hsi-shan, Governor of Shensi Province, to cooperate in creating Sino-Japanese economic entente in North China.\*\*

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

TELEGRAM RECEIVED

FS

1-1336

FROM GRAY

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

Tientsin via N. R.

Dated October 12, 1935

Rec'd 8 a. m.

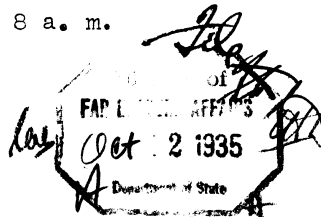
Secretary of State,  
Washington.

October 12, noon.

General Tada has left for conference of  
Japanese military officers in Dairen at which  
it is expected that decisions of much importance  
regarding North China will be made.

GN:WSB

CALDWELL



793.94/7305

OCT 14 1935  
FILED

F/G



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

DOCUMENT FILE

NOTE

SEE 893.512/1430 FOR Tel#55, Noon

FROM China ( Johnson ) DATED Oct. 14, 1935.  
TO NAME 1-1127

REGARDING: Difficulties at Swatow arising from the refusal of Japanese merchants to pay provincial tax on rice imported: Admiral Shimomura's demands to release seized goods, unheeded, Japanese threat to send marines to Kityang. Chinese preparing to block such move.

FRG.

793.94/ 7306

7306

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

FS

GRAY

Peiping via N. R.

Dated October 14, 1935

Rec'd 8:15 a. m.

Secretary of State,  
Washington.

55, October 14, noon.

Embassy's 44, October 10, noon and Swatow's  
October 12, noon.

I have telegraphed commander-in-chief as  
follows:

October 14, 11 a. m. The American Consul at  
Swatow telegraphs that the situation at Swatow is  
becoming critical, in view of the fact that the  
Chinese authorities are apparently not (repeat not)  
planning to comply with certain demands made by the  
Japanese Admiral at Swatow in connection with a dis-  
pute over taxation. The Chinese military authorities  
are reported to be preparing trenches to resist any  
Japanese landing forces. The Consul states that dras-  
tic action is not expected before Wednesday, October  
16. The American Consul requests that an American  
naval vessel be sent to Swatow not later than October  
16, to expedite communications and evacuation of Ameri-  
cans which, he states, will become necessary if the  
Japanese

NOTE  
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and  
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893.512

1430

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

FS 2-No. 55, October 14, noon from Peiping

Japanese place landing forces ashore. I concur in his request and will appreciate it if you will order a naval vessel to Swatow, to arrive there on or before October 16 and to remain until conditions no longer require its presence.

The American Consul reports that a British naval vessel will arrive at Swatow on October 16.

PEG:CSB

JOHNSON

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.512/1433 FOR Tel#62, 2pm.

FROM China ( Johnson ) DATED Oct. 15, 1935.  
TO NAME 1-1127 \*\*\*

REGARDING: Difficulties at Swatow arising from the refusal of Japanese merchants to pay provincial tax on rice imported: Development into Sino-Japanese conflict probable, with Japanese demands being met with Chinese preparations to block threatened moves.

FRG.

793.94/7307

7307

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

~~FE~~  
EA

JR

GRAY

Peiping via N.R.

Dated October 15, 1935

Rec'd 9:30 a.m.

Secretary of State,  
Washington.

62, October 15, 2 p.m.

Department's 22, October 14, 6 p.m.

Swatow's October 12, 12 p.m. reads as follows:

"October 12, 12 p.m. I have the honor to report that I was informed tonight that a British war ship is visiting Swatow from October 16th to 20th. Although this visit has not been planned on account of the Sino-Japanese it is most opportune. On October 11th (\*) Admiral Shimamura who expected that satisfactory settlement would be reached early this next week. Since there is a possibility his confidence is not justified I respectfully request reconsideration that  
✓ an American war ship be sent to Swatow not later than October 16th to extend communications and evacuation of Americans which will become necessary if the Japanese place landing forces ashore. No ultimatum except in regard to trade has been sent by the Japanese but the Admiral stated that if the Chinese fail to  
✓ comply with the demands already made further demands will be made next week and a time limit set. The Japanese Consul

893.512/1433

793.94  
~~843.512/1433~~

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

JR -2- 62, October 15, 2 p.m. from Peiping via N.R.

Consul confirmed the Admiral's statement to me in an interview with Hallet Abend of the NEW YORK TIMES yesterday. I do not expect the Japanese to take drastic action before Wednesday but believe they will do nothing more unless Cantonese attitude as reported by the Consul General categorically in his despatch October 18th is radically changed before the expiration of next week to comply fully with the Japanese Government's demands. The Chinese military authorities are reported to be preparing trenches from Swatow to ✓ Fukien border, and may be expected to resist Japanese landing forces in case amicable settlement is not (\*) at Canton in the near future. I am reliably informed Chinese authorities at Swatow do not expect to receive instructions to comply with the Japanese requirements.

Nanking and Department informed."

JOHNSON

\* omission

CSB

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

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

TELEGRAM RECEIVED

AU

1-1236

FROM GRAY AND SPECIAL GRAY  
Peiping

Dated October 17, 1935

Rec'd 12:10 p.m.

Secretary of State

Washington

71, October 17, 5 p.m.

Embassy's 31, October 7, noon.

Interest at the moment centers on the ~~decision~~ <sup>SCHEDULED MEETING</sup> ~~of~~

Japanese military and diplomatic officials in Shanghai on October 20 but current newspaper reports indicate that important decisions were reached at the present Dairen conference of October 13 - 14. The importance of the Dairen conference is demonstrated by the attendance of Major General Ikmura, Major General Tagana, Major General Isogai and Major General Itagaki, all of whom occupy important posts in the Japanese army organization in China. According to MANCHURIA DAILY NEWS of October 14, Okamura presented in detail to the others Japan's new Chinese policy alleged to have been formulated in Tokyo by the Ministries of War, Navy, Foreign Affairs, and Finance and received their full approval. A Reuter report of October 16 from Dairen states that it was decided at the conference to push forward plans for the conversion of North China into a field for Sino-Japanese cooperation and the Japanese army would regard the Nanking Government as the first party with

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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

AU -2- #71, October 17, 5 p.m. from Peiping

with which negotiations should be conducted. The report continued: "It was also decided to request the Chinese Government to root up all causes of trouble in North China failing which the Japanese army would insist on the divorcing of North China from Nanking's control including withdrawal of Central Government troops and complete severance of financial relations". Two opposing points of view appear to prevail in Chinese circles regarding Japanese program, one, that Chiang Kai Shek has already acquiesced in the Japanese program for North China and that in any event the Japanese proposals will in the end be accepted; that the Chinese will retreat no (repeat no) farther but will resist with military force if necessary. The supporters of the second view point out that the present disposition of troops in North China under the leadership of Sung Che Yuan and reorganized northwest China under Chiang Kai Shek is strategically favorable for the offering of resistance to an attack from beyond the Great Wall.

Colonel Takahashi, Military Attache of the Japanese Embassy, is alleged to have expressed concern over these concentrations of Chinese troops and to have said that the Japanese army would take steps to meet any menacing move emanating from that source. It is most likely that the concentration in the Northwest is due entirely to the  
communist



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

AU -3- #71, October 17, 5 p.m. from Peiping

communist shifting in that region and that the removal of Sung's troops to Peiping means only that General Sung desires to have his troops within his own jurisdiction. As the situation now stands it seems reasonable to infer that the Japanese plan will depend primarily upon Sino-Japanese economic cooperation for the extension of Japan's influence in North China.

Copy to Tokyo by mail.

LOCKHART

HPD

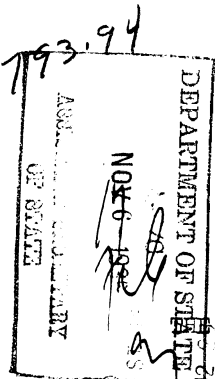
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

No. 10317



*FE*  
*A-CK*

AMERICAN CONSULAR SERVICE  
American Consulate General,  
Shanghai, China, September 21, 1935.



Subject: Sino-Japanese Relations: Anti-Japanese Activities: Anniversary of Occupation of Manchuria: Defense of Oil Legislation.

For Distribution Check			
Grade	For	Yes	No
	<i>M</i>		
	<i>Davis</i>		
		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

*ONI, MID*

HONORABLE  
THE SECRETARY OF STATE,  
WASHINGTON.

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

Sir:

1/ I have the honor to enclose a copy of a self-explanatory despatch No. 8879 of this date, with enclosure, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate General despatch No. 8879 with enclosure.

800  
MBD MB

In Quintuplicate.

NOV 8 1935  
FILED

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793.94/7309

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. 8879

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, September 21, 1935.

Subject: Sino-Japanese Relations: Anti-  
Japanese Activities: Anniversary  
of Occupation of Manchuria:  
Defense of Oil Legislation.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatch No. 8766 of July 22, 1935, concerning the reappearance in Shanghai of handbills directed against the Japanese, and to report that investigations made by the Shanghai Municipal Police in cooperation with officials of the Municipality of Greater Shanghai indicate that the movement in question was instigated by local communists, whose purpose was primarily to embarrass the Chinese Government. As the result of the extensive raids carried out in Shanghai (see my despatch No. 8771 of July 24, 1935), anti-Japanese propaganda in the form of leaflets and slogans has tended to diminish.

The degree to which the Settlement police have the situation under control is illustrated by the ease with which they broke up an attempted demonstration on the evening of September 18, 1935, when a group of about

-2-

about one hundred persons described as of the "student type" gathered on Sinza Road in observance of the anniversary of the occupation of Manchuria by the Japanese. Police reports on the subject state that aside from shouting anti-Kuomintang and anti-imperialistic slogans, the assemblage did nothing in opposition to the authorities.

On September 13, 1935, THE CHEN PAO (Morning Post, Chinese) published an editorial alluding to the Manchurian incident as a tragic lesson for China. It points out that those who say the warm blood of the people is sufficient for purposes of defense are unaware of the mightiness of science today, and that the Chinese are far behind Europeans, Americans and Japanese in so far as scientific attainments are concerned. It concludes that development of science and unity of public will are essential if China is to become strong, and that internal strife only invites aggression from abroad.

According to an item quoted in THE NORTH CHINA DAILY NEWS (British) of September 20, 1935, from the SHANGHAI MAINICHI (Japanese), various Korean revolutionary organizations, including the Korean Independence Party, the Korean Revolutionary Party, the Korean Gallantry Society, the new Korean Independent Party and the Great Korean Independent Party, are planning to form a single organization, whose purpose will be to press for the "emancipation of the oppressed Korean race."

1/ THE SHANGHAI TIMES (British) of September 11, 1935, discussed in its editorial columns concessions allegedly

made

-3-

made by Japan to foreign and domestic oil companies with regard to the recently enacted petroleum industry law, and explained at some length Japan's situation. After discussing the importance of oil as a fuel in the immediate future, it concludes that the Japanese Government has had to fall back on the expedient of controlling oil imports in order to safeguard her otherwise disadvantageous position. To quote:

"In this instance, as in so many others, Japan is feeling the handicap of exclusion from large natural sources of supply and she has every right, provided it is done with justice, to legislate for an improvement of her position so far as internal stocks and handling are concerned. The finding of oil in North Manchuria was, in view of the nearness of the oil fields on the Russian side of the river border, confidently looked for, and it has been a great disappointment that, up to the moment, nothing workable has been found."

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/4 Editorial from THE SHANGHAI  
TIMES of September 11, 1935.

800  
MBD:MB *[initials]*

In Quintuplicate to Department  
by despatch No. 10327 of even date.

Copy to Embassy, Nanking.

128

DECLASSIFIED: E.O. 11652, 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. 8879 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated September  
21, 1935, on the subject: "Sino-Japanese Relations: Anti-  
Japanese Activities: Anniversary of Occupation of Manchuria;  
Defense of Oil Legislation."

SOURCE: THE SHANGHAI TIMES (British)  
September 11, 1935.

Editorial.

Shanghai, Wednesday, September 11, 1935

**OIL CONCESSIONS MADE  
Times BY JAPAN**

The news from Tokyo that the Japanese Government has made concessions to the oil companies, both foreign and domestic, with regard to the provisions of the recently-passed Petroleum Industry Law, will have been learned with a good deal of interest by those who have been following the course of the controversy on that subject. Government permission has now been given for the companies to raise the price of the fuel, the object being to compensate them for the extra expenses which will be incurred by the provision of storage tanks for the compulsory maintenance of at least six months' supply of crude oil. An outright grant of half the cost of the increased storage facilities is also to be made, and the companies will be given until July 31, next year, to complete the necessary additional installations. The object of the Japanese Government in passing the law in March last was to ensure the accumulation in Japan of a big reserve of oil to meet any emergency situation, and to encourage the oil refining industry, but it was protested by the companies, both foreign and Japanese, that very heavy extra expense would be incurred in the construction of additional storage tanks and in keeping greatly increased stocks without any reciprocal security being given to them by the Government that they would be able to recoup themselves. Seeing that price control of both kerosene and gasoline is to be in the hands of the Government, and also the power to fix quotas, the companies argued that they were being exposed to the risk of being prevented from realizing legitimate profits from their investments and trade. That the Government has now recognized the force of these arguments to the extent, at least, of that recorded above, indicates that there is an official desire to be fair, although at the same time a determination to exert control over the oil industry in the interests of the national well-being. It remains to be seen whether the concessions now made will meet the objections of the companies, or whether there will be further negotiations for the additional modification of legal requirements.

Japan, of course, is one of the unfortunately placed countries as regards oil supplies. There are practically no local sources of supply, the hope that oil would be found in Manchuria has not yet been realized, and the small amount of oil which is derived from the shale plant at Fushun and that from coal is quite negligible to the nation's requirements. In recent copies of the London "Times" there were printed two special articles dealing with the oil industry, in which the international ramifications of oil were thoroughly

balance the world is greatly the gainer for the discovery and exploitation of petroleum.

Oil will be superseded only by exhaustion—and there need be no fear of exhaustion during the present century—or by the advent of some superior fuel. If the present progress with gas-driven vehicles continues, we may well come to a stage when most commercial vehicles, and many light cars, are driven by compressed gas. But, for the time being, oil holds the field, and this gives point to the attempts now being made to produce oil from coal. There are undoubtedly tremendous possibilities in the production of oil from coal, by low-temperature carbonization or hydrogenation or a combination of both methods. Even at the present time there are over 30,000,000 gallons of excellent motor spirit produced annually from coal derivatives in the form of benzol, and as processes become more perfected and less costly there will be a very large increase in the amount of liquid fuel derived from coal. Japan is, at the moment, not looming very large in furthering the science or technique of such processes, and she is falling back on the expedient of Government control over oil imports to safeguard her otherwise disadvantageous position. In this instance, as in so many others, Japan is feeling the handicap of exclusion from large natural sources of supply and she has every right, provided it is done with justice, to legislate for an improvement of her position so far as internal stocks and handling are concerned. The finding of oil in North Manchuria was, in view of the nearness of the oil fields on the Russian side of the river border, confidently looked for, and it has been a great disappointment that, up to the moment, nothing workable has been found. Being in such case as she is, and faced with all the modern manufacturing competition which has relationship to oil, plus her defensive needs, Japan is, but seeking to safeguard a vulnerable position and is entitled to co-operation from the industrial interests concerned.

Japan, of course, is one of the unfortunately placed countries as regards oil supplies. There are practically no local sources of supply, the hope that oil would be found in Manchuria has not yet been realized, and the small amount of oil which is derived from the shale plant at Fushun and that from coal is quite negligible to the nation's requirements. In recent copies of the London "Times" there were printed two special articles dealing with the oil industry, in which the international ramifications of oil were thoroughly discussed, and which were extremely interesting to read in view of the present problem in Japan. The writer, in effect, pointed out that the oil industry has too often been portrayed as the theatre of highly coloured drama and sinister international feeling, and the journal, in an editorial comment on the subject, pointed out that although there has been drama and romance in the industry, the drama is really one of man's ceaseless struggles to adapt Nature to his ends. The whole record of industrialism contains nothing to approach the swift rise of the oil industry to its present dominating position. It was as recently as 1859 that oil was first systematically produced, from a well in Pennsylvania, while the greater part of the industry's expansion falls in the present century, contemporaneously with the development of the internal combustion engine and the growing use of fuel oil. As the "Times" goes on to point out, it would be idle to pretend that the history of the industry in these seventy-six years satisfies every canon of ethics; in the early days the oil industry had more than the usual share of unprincipled adventurers. It would be foolish to ignore the fact that oil has caused many painful adjustments in the economic machine; every new discovery causes some dislocation, and the task of statesmen is to see that these adjustments are carried out as smoothly as possible. But, when all allowance is made for these and other disagreeable facts, there can be little doubt that on

1. Definition of the problem: The problem is to determine the conditions under which a system of linear equations has a unique solution.

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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 6

Peiping, September 27, 1935.

Subject: Memorandum on Possible Japanese  
Action at Amoy and in the Southwest.

793.94



RECEIVED  
DEPARTMENT OF STATE  
OCT 12 AM 11 40

For Distribution-Check		Yes	No
Grade	To field		
For	In U.S.A.		

The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

1/ I have the honor to forward a copy of despatch  
No. 46 of September 16, 1935, addressed to the Embassy  
by the Consul at Amoy, with which is enclosed a copy of  
a memorandum prepared by a British subject, Mr. Bass,  
who is Secretary of the Kulangsu Municipal Council and  
also Captain Superintendent of the K. M. C. Police.  
The memorandum, which was prepared for certain British  
officers stationed at Hong Kong, expresses the opinion

that

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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 -

that the Japanese will, in case Western powers have their attention engaged elsewhere, occupy Amoy and its immediate neighborhood for use as a naval base as a possible preliminary to action with respect to the Southwest. Consul Dick states that the views expressed in the memorandum represent local opinion.

Respectfully yours,

For the Ambassador:

  
F. P. Lockhart,  
Counselor of Embassy.

Enclosure:

1. Copy of despatch No. 46, September 16, 1935, from American Consul, Amoy, to Embassy (with original of despatch only).

710 Far East.

LES-SC

Original and one copy to Department.  
Copy to Embassy, Nanking.

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

1  
6  
FOCUS FILE No.  
TO DESPATCH No.

No. 46.

AMERICAN CONSULATE,

Amoy, China, September 16, 1935.

Subject: Memorandum Regarding Current  
Political Conditions.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping.

Sir:

I have the honor to report that Wing Commander Bishop and a Marine Captain Bramwell, British Officers, stationed at Hongkong, passed through Amoy September 15-16, 1935, on a round trip of the S. S. HAI TAN, from Hongkong to Foochow, ostensibly to visit South China Ports.

These officers, while in town, requested Captain Bass (British subject, Secretary of the Kulangsu Municipal Council, and concurrently Captain Superintendent of the K. M. C. Police during the past ten years) for an expression of opinion on the current political condition in connection with impending European developments.

The views of Captain Bass are enclosed in memorandum form and are considered confidential.

I believe that it is worthy of consideration as reflecting the consensus of local opinion in regard to the

possible

DECLASSIFIED: E.O. 11652, 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 -

possible trend of events in Amoy.

Respectfully yours,

H. H. Dick,  
American Consul.

800  
HHD/0

Transmitted in triplicate.

REC-6

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

C O P Y

I am aware of reports emanating from fairly reliable sources to the effect that, in the event of war between Italy and Abyssinia, Japan will launch an attack on the South-Eastern Provinces in general and on the Canton Government in particular, the attack being prepared in Formosa, and that Amoy will be the forward base of such military operations.

It is obvious that plans have been prepared for such an operation, and for other operations against Hongkong and the Philippine Islands, that operation orders are in existence and all necessary data made available. In this case, however, extensive Naval manoeuvres in Amoy and along the coast of South China show that the question has received more than serious thought. There is little doubt that the extent of such manoeuvres were the occupation of Amoy, the blockade of South China ports and the instant despatch of units from the Naval base to enforce the blockade with considerable blockade drill.

The effect of submarine action and other questions were tested as far as Amoy is concerned.

If there is a war in Europe, or alternatively if the interested Powers in general, and France and Britain in particular, have to withdraw their sea forces, or their main sea forces become unmobilized by the situation in the Mediterranean it would provide an opportunity for Japan which is worthy of her most careful consideration.

I am convinced that at the first opportunity Japan will occupy Amoy and its immediate neighborhood for use as a Naval base. This would be a local naval operation with landing parties.

In the near future the question of naval power in the Pacific will have to be faced and it is equally clear that Amoy would be a perfect and necessary naval base for Japan.

But a naval base cannot be occupied and be placed in service in a month or two, or a week or two as of old, but takes a year or two at least to build. In short the base must be taken as a preliminary to its eventual construction for its primary use and not when its need is most felt.

The

- 2 -

The occupation of Amoy could be undertaken by Japan without serious repercussions if France and Great Britain are otherwise occupied. It would be a small operation, and above all would test diplomatic reactions with a fair chance of success.

Japan could then note the reaction in Canton and of the foreign Powers and until she was sure just sit tight. She would defend the naval base and as long as Canton did not attack her she would face foreign opinion. If the foreign opinion could not be supported by concerted action Japan would give notice of blockade unless South China submitted to her terms and would obtain her terms by the occupation or blockade of all South China ports.

The elimination of the Canton faction would certainly and all anti-Japanese agitation or Chinese resistance and result in the complete hegemony over that country by Japan. Given political hegemony and economic control over China Japan is satisfied, as she cannot afford to place the country under military occupation.

In fact it would be very unwise for her to seriously consider any large military operation in South China.

The military occupation of South China would be fraught with diplomatic complications and dangerous from a military point of view for America and France, Britain and Holland prefer to see the expansion of the Japanese Empire to the North and West.

The test of strength between Russia and Japan will obviously be the test of their military forces which are consequently tied down to their mutual frontier. Japan is, however, left with her naval force the majority of which she can use without detriment to her existing frontiers or those of her vassal.

Further, a concentration of a military force of sufficient strength to invade South China and its dispatch with all equipment could not be kept secret and would raise a diplomatic furor before the fact. The naval occupation of Amoy would be undertaken overnight and needs no open preparation.

In any case no military operations against the South would be based on Amoy but rather from a point nearer or very near to Canton and would be conducted in conjunction with the blockade.

Preoccupation

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

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Preoccupation by the Powers will give Japan her great chance and she will first take it in regard to Amoy. If she sees the diplomatic field is still clear she will blockade South China and dictate and get her terms. That's all she wants or could manage at present.

---

G.R. Bass.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 29, 1935.

~~RHD:~~  
~~MSM:~~  
~~MMH:~~  
~~SKH:~~

Tokyo's 1499 of October 3, 1935, discusses Japanese policy in North China, with particular reference to the "Tada statement". The despatch is of interest as a background to Shanghai's telegram of October 25.

Since the appearance of the "Tada statement", the Japanese press has devoted considerable space to discussions of alleged new Japanese policies toward China. The ASAHI stated that, since the North China and Chahar incidents of last summer, the China policy of Japan has been altered to aim at "positive cooperation" between Japan, China and "Manchukuo", and that the Ministries of Foreign Affairs, Finance, War and Navy had therefore been studying the basic principles of the policy, holding weekly meetings for that purpose. The basic principles of this policy, as reported by the ASAHI, appear on pages 5 and 6 of the despatch. (Shanghai's telegram of October 25 mentions this new policy, and describes it as abstract and general. The ASAHI's version would appear to fit this description.)

The Embassy reports that out of the welter of conflicting stories in regard to Japanese policy in North China, the fact

emerges

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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

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emerges that a section of the Japanese army is in favor of disassociating the five provinces of North China from the Nanking Government and of establishing there an autonomous government, which, while not directly affiliated with the Japanese Government, will be friendly to that Government and will grant to Japanese the economic privileges which they wish in that region. One might go further and state that some of the Japanese army men in China are determined to follow this course with or without the consent of the home government.

The Embassy states further that it appears, from the tone of the pronouncements of the military and of the press, that the Japanese nation in general and the military in particular, are now regarding North China much as they regarded Manchuria before 1931 -- that is, as a sphere in which they have special interests which entitle the Japanese to a degree of political and economic control.

It appears that Japanese public opinion favors some such program as that outlined by the Tada statement. Note that Shanghai's telegram states that most Japanese sources expect a new regime in North China in the near future, of which the recent agrarian

uprisings



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 3 -

uprisings in Hopei may be the beginning.

The despatch contains much good material, some of which might well have been reported to the Department by telegraph, as, for example, the account of the joint meetings of the Ministries of Foreign Affairs, Finance, War and Navy to formulate policies toward China. Both Peiping (October 2) and Shanghai (October 25) have commented by telegraph on the agreement said to have been reached between military and civilian authorities in regard to China policies, whereas the brief mention made in this despatch is the only report on the subject received from Tokyo.

Arrangement of this material in more concise form would have greatly improved the despatch. In the present form the despatch makes difficult reading.

793.94/7311

WTT:DLY

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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, October 3, 1935.

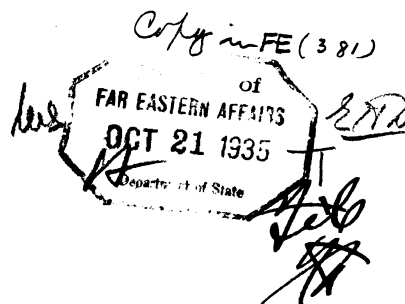
No. 1499.

SUBJECT: JAPANESE POLICY IN NORTH CHINA.

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1935 OCT 19 AM 11 36

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ONI  
MID

The Honorable

The Secretary of State,  
Washington.

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

Sir:

I have the honor to report that the question of the determination of Japanese policy in North China, following the acquisition of greater political control in that region by the Japanese Army since the so-called "North China Incident" of May and June of this year, has been attracting attention in Japan recently.

While there has been desultory discussion in the press for some time over the problems of Japanese economic penetration of North China, Sino-Japanese economic cooperation

in

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- 2 -

in North China, etc., no general policy in regard to the Japanese attitude toward North China problems appears to have been worked out by the authorities. On September 26, 1935, however, the HOCHI hinted that the Japanese Army was about to take positive steps in the five North China provinces (Hopei, Shantung, Shansi, Chahar and Suiyuan). On the same day the TOKYO NICHU-NICHU stated that the five North China provinces had desired to rid themselves of the control of the Nanking Government, but that the Nanking Government had taken steps to restrain any separatist movement, which had resulted in an aggravation of the atmosphere in North China. The newspaper then proceeded to give details of an interview given by Major-General Tada, Commander of the Tientsin Garrison of the Japanese Army, to Japanese newspaper correspondents on September 24, 1935. The Japanese Army's attitude toward North China, as stated by General Tada and published in the NICHU-NICHU, was as follows:

1. The Japanese Army would devise means of eliminating anti-Japanese and anti-"Manchukuo" elements in North China, even resorting to the Japanese Army's "power and authority", if necessary, to accomplish this end.

2. The five North China provinces might find it necessary, in order to accomplish the above, to rid themselves of political and financial relations with the Nanking Government.

3. In such case, the Japanese Army should guide the five provinces to form a united, self-governing  
body

- 3 -

body, in order to prevent the Sovietization of the region.

The NICHU-NICHU proceeded to state that the Army authorities in Tokyo were said to agree with General Tada and to approve of the formation of an autonomous government in the five provinces of North China in order to "clarify the situation".

The ASAHI of September 26, 1935, also reported the statement issued by General Tada. According to the ASAHI, General Tada declared that the just and fair policy of the Japanese Army, aiming at the salvation and the advancement of the welfare of the Chinese in North China, remains unchanged. The Japanese Army recognizes the necessity of using its force legally for the elimination of iniquities and injustices in that region. A friendly atmosphere, necessary for the common welfare of the Japanese, Chinese and Manchurians, must gradually be created through the efforts of the inhabitants of North China, and, if necessary, the Kuomintang and Chiang Kai-shek Administration, which obstruct the creation of such a friendly sentiment, must be expelled from North China. The ASAHI proceeded to state that, according to General Tada, the Japanese Army wanted (1) the elimination from North China of all elements opposed to Japan and to "Manchukuo", (2) the liberation of North China, economically and financially, from the control of the Nanking Government, for the sake of the salvation of the people of North China, and (3) the avoidance of the Sovietization of

North

- 4 -

North China through the military cooperation of the five provinces. For the attainment of this end, it would be necessary to revise the present political organization in North China and to form a self-governing body on the basis of a union of the five provinces.

The Embassy has been informed that in fact General Tada did not issue a formal or official statement to the newspapers. In the course of a visit to Peiping and Tientsin of a party of Japanese business and newspaper men, General Tada tendered the members of the party a luncheon, during which an informal discussion took place of various questions affecting Sino-Japanese relations in North China. After the lunch, the newspapermen consolidated the various informal remarks of General Tada into a so-called "statement", which was telegraphed to Japan and, according to the Embassy's informant (a Foreign Office official), created much surprise in Japanese officialdom. The Foreign Office official professed to have no knowledge of any new Japanese policy toward China, but the Japanese newspapers have, since the time of the Tada "statement", devoted considerable space to lengthy discussions of alleged new Japanese policies toward China, and, in the belief that where there is so much smoke there must be some fire, the Embassy considers it advisable to give below the principal points of the newspaper accounts of the development of the new policies.

The TOKYO ASAHI of September 28, 1935, stated that, since the North China and Chahar incidents of last summer, the China policy of Japan has been altered to

aim

- 5 -

aim at positive cooperation between Japan, China and "Manchukuo". The Ministries of Foreign Affairs, Finance, War and Navy had therefore been studying the basic principles of the policy, holding weekly meetings for the purpose, and had completed a draft, which Mr. Hirota, the Minister for Foreign Affairs, presented to the Premier and the War and Navy Ministers following the Cabinet meeting of September 27. Owing to the absence of the Finance Minister, Mr. Takahashi, however, no decision as to the policy could be reached at that time, and consequently Mr. Hirota could not present the policy to the entire Cabinet for approval until the meeting either of October 1 or October 4. The ASAHI then proceeded to state categorically that the basic principles of the policy for which Mr. Hirota sought approval were as follows:

1. In the fundamental readjustment of relations between China and Japan, the Japanese Government should aim primarily at the realization of positive political and economic cooperation between Japan, China and "Manchukuo".
2. Positive economic cooperation should be hastened in North China, which is contiguous to "Manchukuo", and coincidentally the three countries should exert themselves jointly to prevent the incursion of communistic principles, in order that the special position of North China might be firmly established.
3. All anti-Japanese activities should be eliminated in Central and South China and positive Sino-Japanese cooperation

- 6 -

cooperation be attained.

4. All schemes aiming at the disturbance of peace and order, in South and Central as well as in North China, and whether such schemes are of internal or external origin, should be eliminated with the cooperation of China, who must have the national conviction that Japan is a stabilizing influence in the Far East, thereby establishing lasting peace.

According to the ASAHI, when the draft policy is approved, Major-General Okamura will be despatched to China to explain the policy to the Japanese Army officers stationed in China, while Mr. Kuwashima or Mr. Morishima, both of the Bureau of Eastern Asiatic Affairs of the Foreign Office, will be despatched to China to acquaint the Foreign Office officials there with the fundamentals of the policy.

The JIJI SHIMPO of October 1, 1935, published a lengthy article purporting to contain the attitude of the Japanese Army, learned from a reliable source, toward China. This article states that the fundamental policy of the Army toward China is based on the conviction that efforts should be made to promote the development of Japanese interests and at the same time to emancipate and assist those races in the Orient who are now suffering from oppression, in order that they may attain a peaceful life and security of occupation; that the honor of these races should be upheld; that their independence should be respected; that friendly and harmonious cooperation should be maintained between Japan and these races; and that intimate and inseparable relations,

- 7 -

relations, political, economic and military, should be established between the two parties. The general attitude of the Japanese Army toward China is then given by the JIJI in eight points, briefly as follows:

1. Japan is always willing to act toward China in accordance with moral principles, to maintain a fair and upright attitude, and to refrain from actions likely to arouse suspicion at home and abroad. It may be necessary at times to use Japanese authority and military force, although such action will be avoided if possible.

2. It will be necessary to back up Japan's efforts to exterminate injustice and faithlessness and to punish the obstinacy of sections of the Chinese people by decisive force, but great caution must be exercised in the use of force.

3. The policy of exploitation, a relic of the capitalist policies of Europe and America, in China must be rejected and instead a policy of "giving" adopted, as accords with the magnanimity of a great people.

4. Japan should respect the independence of China and maintain the honor of the Chinese people.

5. Japan should pursue an unbiased policy toward China, and not support individual Chinese militarists.

6. Japan should not utilize military leaders of either the old or the new cliques, now that the Japanese military have secured the virtual right of control over North China.

7. Japan should not rely upon professional pro-

Japanese



- 8 -

Japanese Chinese, but instead should deal directly with the Chinese officials who are respectable and reliable.

8. The Japanese should cast aside their sense of superiority to the Chinese.

1/ There is enclosed a clipping from the JAPAN ADVERTISER of October 2, 1935, containing a complete translation of the JIJI article. This translation has been checked by the Embassy and found to convey a correct impression of the sense.

The JIJI stated that it had "reliably learned" that the policy of the Japanese Army in China was as described. It appears, however, from the remarkable similarity, that the article in question is in fact a partial transcription of a pamphlet issued in Tientsin, a part of which was translated in the MANCHURIA DAILY NEWS of September 26, 1935. The Embassy has learned, through a contact in the War Office, that the pamphlet issued in Tientsin was not authorized by the Japanese Army, or even by that part of the Army stationed in North China, although the MANCHURIA DAILY NEWS states that the pamphlet was released by the Tientsin Garrison Commander, i.e., Major General Tada. According to the War Office official, in interviewing some newspaper reporters in Tientsin recently, an officer of the Japanese Garrison consulted and read parts of a brief which he possessed. The newspaper men asked for the brief, and proceeded to publish it

in

- 9 -

in the form of a pamphlet. According to the War Office in Tokyo, therefore, it represents only the opinions of one officer.

The contact in the War Office, above referred to, informed the Military Attaché of the Embassy on October 2, 1935, that the Japanese Army is at present contemplating no further moves in China. He said that both the Tada statement and the pamphlet issued in Tientsin (of which the JIJI article appears to be a transcription) were not authorized by the War Office. He said that the Japanese Army wants economic rights for Japan in North China, but does not want political or military rights. He added, however, that the Japanese military would brook no disturbances by Chiang Kai-shek or the Kuomintang in North China. He said that events were progressing satisfactorily in North China for the Japanese, and intimated that the plans of Nanking to counteract the Japanese penetration by establishing the Hopei Economic Council were not disturbing the minds of the Japanese military, and that they were therefore not contemplating any further steps. He said, moreover, that the Chahar and Suiyuan questions were progressing satisfactorily and that no military steps would be taken in that quarter. In the course of the conversation he mentioned the fact that the Kwantung Army and the Japanese forces in North China were working in harmony with headquarters in Tokyo. He admitted that at one time this was not the case, but he asserted that now it was a fact.

Out of the welter of conflicting stories in regard to the Japanese policy in North China, the fact emerges that a section of opinion in the Japanese Army is in favor of

dissociating

- 10 -

dis<sup>se</sup>associating the five provinces of North China from the Nanking Government and of establishing there an autonomous government, which, while not directly affiliated with the Japanese Government, will be friendly to that Government and will grant to Japanese the economic privileges which they wish in that region. One might go further than to state that a section of military opinion is in favor of establishing an autonomous government in North China, and state that it appears, from utterances of the Japanese military in China, and from other indications, that some of the Japanese Army men in China are determined to follow this course, with the consent of the home government, if possible, and perhaps without such consent, if the home Government disapproves of the plan.

It also appears, from the general tone of the pronouncements of the military and of newspaper articles and editorials on the subject of North China, that the Japanese nation in general and the military in particular, are now regarding North China much as they regarded Manchuria before 1931 - that is, as a sphere in which they have special interests which entitle the Japanese to a degree of political and economic control over the region.

To what extent these ideas of the military in North China and Manchuria, and of their protagonists in Japan Proper, have the support of the great mass of the Japanese people and of the civil Government of Japan, it is impossible to judge as yet. From the tenor of the few newspaper editorials which have appeared on the subject of the recent developments in Japanese policy in North

China

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

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China, however, it appears that Japanese public opinion favors some such program as that outlined by the Tada statement.

Respectfully yours,

*Edwin L. Neville*

Edwin L. Neville  
Chargé d'Affaires ad interim.

Enclosure: Clipping from the JAPAN ADVERTISER,  
October 1, 1935.

800.

ERD:r

Copy to Embassy, Peiping.

4

FP

Enclosure No 1 to despatch  
THE JAPAN ADVERTISER N 1499 of Oct. 3, 1935 from the  
October 2, 1935. Embassy at Tokyo.

## CHINA'S HAPPINESS SAID AIM OF ARMY

Force Will Be Used Only to Ex-  
terminate Injustice and  
Punish Obstinacy

EXPLOITATION REJECTED

Japan Must Yield to Chiang  
Kai-shek and Kuomintang  
or Subjugate Them

Though armed force will be used when necessary, moral suasion will normally be relied on by the military authorities in carrying out their policy of helping the Chinese and effecting Sino-Japanese solidarity, the Jiji Shimpo claims in a lengthy analysis of the principles that will govern Japanese activities in North China. There is to be no exploitation. The people of China must be restored to economic health, and their welfare is to be Japan's primary consideration.

The main hindrance to such a policy, the paper continues, are the Kuomintang and the regime of General Chiang Kai-shek. They may say they have altered their attitude toward Japan, but they cannot be trusted. For there to be improvement of Sino-Japanese relations, Japan must yield to General Chiang or crush him. Presumably the second alternative is favored.

The application of the policy should start in North China, for it can be done there easily and quickly. Then the area should be extended little by little, compelling the Chinese authorities encountered to turn pro-Japanese or be removed.

### War Minister Explains

Attention has been given all over the world, says the Jiji, to the policy to be adopted by the Japanese Government in following up the settlement last summer of the adverse situation in North China. The War Minister, General Yoshiyuki Kawashima, explained the basic principles of the new policy to the Cabinet on Wednesday and Friday of last week, and Foreign Minister Koki Hirota expressed his opinion of them.

There has been some anxiety, the paper continues, regarding the attitude of the garrison in North China, but its commander, Major-General Hayao Tada, means to reject intrigue and enforce a fair and just policy. He is said to have sought an understanding on the matter with the Tokyo military authorities. Efforts will be made to permit reasonable development of Japan's interests in North China and to emancipate the oppressed peoples of the Far East, giving them peace and work. Their honor will thus be safeguarded and their independence guaranteed, with the result that they will become friendly toward Japan and their political, economic and military relations with this country will become closer.

Though the source is not given, the Jiji says it has reliably learned that the following are the fundamental principles of the policy:

1. It must be consistently fair and righteous. Relief for the Chinese and solidarity with China are the basic aims of Japan's policy, which is to be moral, fair and just. Any action tending to arouse suspicion must be carefully avoided. When necessity arises, force may have to be exercised, but that will not be the normal course. Moral concepts must be observed at all times for the eradication of undesirable conditions.

2. It must be backed up with an efficient force. It is only natural that the extermination of injustice and the punishment of obstinacy will require resort to armed force in a justifiable manner. In using armed force, however, special precautions must be taken.

### Exploitation Rejected

3. Exploitation must give way to the principle of give-and-take. Solidarity should be the basis of Sino-Japanese economic co-operation, and rejection of exploitation should be the basis of solidarity. As exploitation is a product of Western capitalism, it would be extremely absurd to stoop to it at a time when the material civilization of the West is at an impasse. Great multitudes of the Chinese people are utterly exhausted, and their economic life is in peril. They must be restored to economic soundness by means of medicine and nourishment. Japan must be magnanimous enough to give them what they need, and at the same time their personality must be duly respected. They must be befriended.

4. Independence and honor must be upheld. No longer is there any Japanese who dreams of annexing China. It must be remembered that the Chinese are especially susceptible where

their honor is concerned. This requires caution. The Chinese must be allowed to see clearly the real intentions of Japan toward them. It is essential to have them accept without equivocation Japan's fair and just right to exclude all enemies of human co-operation.

5. What is right must be right. When the warlords of China were very powerful, they had to be approached in the enforcement of Japan's China policy. What were the results? As Japan now aims at promotion of the welfare of the masses, it need no longer follow the old practice.

6. The old warlords in China exploited the masses of their country only to enrich themselves, giving no thought to the welfare of others. They were worse than users. They have been replaced for the most part by new warlords under the leadership of General Chiang Kai-shek. Great hopes are entertained of their united action, but their statesmanship is hopeless. The Japanese troops in North China need not make use of these new warlords.

### Must Be Cast Aside

7. Professional pro-Japanese Chinese must be repulsed. There are several groups in China of one-time students in Japan who profess to be pro-Japanese. Standing between Japan and the Nanking Government, they give the appearance of working in the interests of better Sino-Japanese relations, or they fawn upon the Japanese Government and wish to do whatever it bids. In reality, however, they are

hindrances to improvement of relations. They must be cast aside and replaced with reliable and respectable Chinese.

8. The feeling of superiority must be thrown aside. There are some Chinese who are displeased with the attitude of certain Japanese who dare to conduct themselves with a superior air. The personal worth of the Chinese must be given due recognition, and they must be looked up to with sincere respect.

There have been reports of late, continues the Jiji, that General Chiang has repented and changed his attitude toward Japan, but they cannot be believed. As the new warlords and the Chekiang financial clique, who are in close union, are exploiting the 400,000,000 people of China, it is clear that their policy is incompatible with that of Japan, which seeks to make the Chinese happy. The reported change of attitude is merely a trick to alleviate this country's stand. Given an opportunity, they would demand that Japan cancel the unequal treaties with China and restore their lost territory. It is fitting to realize that there can be no improvement in the relations between Japan and General Chiang's element unless Japan yields or deals a crushing blow.

### Administration Blamed

The existence of the Chinese Communist Party and especially of the Communist bandits must be attributed in large measure to the maladministration of the Kuomintang. This maladministration must be eliminated. Even if for no other purpose than relief of the people and prevention of sovietization of the country, Japan and China must both strive to reform the present administration of the latter. There are some Japanese who believe that when China is in trouble its leaders will turn friendly toward Japan, but they are more likely to turn to the Communist Party in the Soviet Union. Recent information reaching Tokyo makes it impossible to deny that this is not already taking place. There are many clear signs that General Chiang is plotting to interfere with Japan's policy by receiving assistance from the Soviet Union. Thus precautions are necessary.

Even though Japan deals with them fairly and justly, General Chiang and his followers at heart will never turn pro-Japanese. The nation must not be taken in, therefore, by the sham of their professed friendship. It should on its own initiative work for the creation of a paradise based on Sino-Japanese co-existence and co-prosperity, starting in the area where it can do so with most ease and expanding little by little, compelling the Chinese warlords it encounters to turn pro-Japanese or get out.

It is in North China that Japan's policy can be applied best. If that area is made safe for life and residence for both Japanese and Chinese and becomes a mart for the free exchange of the manufactured and natural products of Japan and China, the policy of this country to achieve lasting peace in the Far East through co-operation among Japan, China and Manchukuo will be advanced. The success of Japan's development on the Continent, concludes the Jiji, will depend greatly on the results of its policy in North China.

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

No. 9.



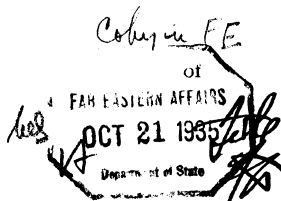
EMBASSY OF THE  
UNITED STATES OF AMERICA  
Nanking, September 25, 1935.

Subject: Japanese Tactics in China.

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1935 OCT 19 PM 12 44

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

The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

1/

I have the honor to enclose a memorandum of a conversation held by me with General Ho Ying-chin, Minister War, on September 25, 1935, on general subjects.

Interest attaches to the statement of General Ho that the relations between China and Japan are made more difficult by the difference of opinion and independence of action among various Japanese military individuals and units in China, not to mention lack of unity in the Government in

Tokyo.

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OCT 23 1935


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

Tokyo.

General Ho said that the Japanese accused the Chinese of not knowing their own mind and he observed that the Japanese themselves exhibited this characteristic.

Respectfully yours,

For the Ambassador:

  
George Atcheson, Jr.,  
Second Secretary of Embassy.

Enclosure:

1/ as stated

Five copies to the Department.  
Copy to Peiping.

WRP:HR

710

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

MEMORANDUM OF CONVERSATION

Nanking, China,  
September 25, 1935.

Subject: Japanese Tactics in China.

General Ho Ying-chin, Minister of War.

The American Ambassador.

Mr. Peck.

In the course of the conversation which took place during a purely social call Mr. Johnson inquired whether General Ho intended to return to Peiping and General Ho said that he thought not, since there would seem to be no necessity for him to do so.

Mr. Peck remarked that he had seen in the press the statement that General Ho would go to Japan to attend the autumn manoeuvres. General Ho said that the Japanese were urging him to go and that previous to the September 18, 1931, incident it had been the practice for high Chinese military officers to attend these annual manoeuvres, but that it would be necessary for him to give careful thought to the matter before deciding one way or the other.

In this connection the conversation turned to Sino-Japanese relations in general and General Ho Ying-chin remarked, inter alia, that the difficulty of these relations was increased by the fact that there was so much difference of opinion and such independence of action among different military individuals and military units in the Japanese army, such as the Kwantung Army, the Japanese Headquarters at Tientsin, et cetera, not to mention divisions of opinion within the

Japanese Government



-2-

Japanese Government itself, in Tokyo. He said that the Japanese accused the Chinese of not knowing their own mind and he observed that the Japanese themselves exhibited this characteristic.

Mr. Johnson said he felt that Japanese military officers in China lived in a world apart, maintaining too little contact with other categories of persons, with the result that they were not in touch with public opinion. General Ho agreed emphatically that this was so and said that the situation was even worse than had been described, because the Japanese officers maintained paid Chinese secret service agents, who, for various reasons, gave them information which was often absolutely false. For example, the Japanese had asserted that the two Chinese editors assassinated in the Japanese Concession in Tientsin in May, 1935, were killed by agents of the Chinese Government, acting under the Government's orders. This was not the case, General Ho said, and he observed that there was not the slightest logical reason even for entertaining such a suspicion, since the two victims were of not the slightest importance, having neither military nor political influence. General Ho also recalled the case of the assassination of Liu Tso-chou, who was killed at Lanchow on August 4, 1935. He said that the Japanese had accused the Chinese Government of instigating this killing, whereas it was afterwards proved and even admitted by the Japanese that it had been perpetrated by agents of Shih Yu-san.

Mr. Peck observed that the press had carried an interview with a Japanese officer in which the latter expressed the opinion that the appointment of Sung Che-yuan as Garrison Commander at Peiping would not be favorable to friendly Sino-Japanese relations, because Sung's attitude toward the Japan-

ese was not

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

-3-

ese was not satisfactory. General Ho had not heard of this particular interview, but he remarked that General Sung was, himself, a good man, although he was surrounded by an undesirable entourage.

Willys R. Peck,  
Counselor of the Embassy.

Five copies to the Department.

Copy to Peiping.

WRP:NR

A true copy of  
the signed orig-  
HR



EMBASSY OF THE  
UNITED STATES OF AMERICA

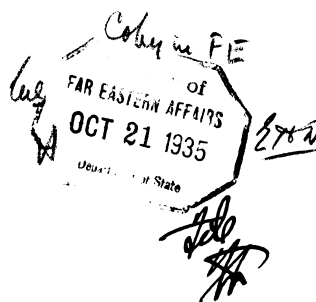
No. 9

Peiping, September 27, 1935.

Subject: Japanese airplanes visit Tsinan.

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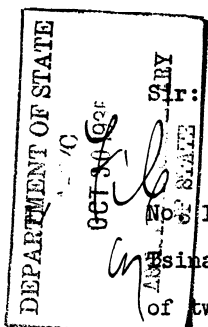


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The Honorable

The Secretary of State,  
Washington, D. C.

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



I have the honor to enclose a copy of despatch  
No. 177 of September 23, 1935, from the Consul at  
Tsinan, reporting the visit to Tsinan on September 23  
of two Japanese airplanes, one belonging to the Japa-  
nese squadron at Tientsin and the other to a squadron  
in Korea.

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*  
F. P. Lockhart,  
Counselor of Embassy.

Enclosure:

Copy of despatch, as stated.  
710 Sino-Jap.  
LES-SC  
Original and three copies to Department.  
Copy to Embassy, Nanking.

793.94/7313

OCT 31 1935

FILED

F/FG

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

No. 177

ENCLOSURE  
TO DEPARTMENT NO. 9

AMERICAN CONSULATE,  
Tsinan, China, September 23, 1935.

Subject: Japanese Aeroplanes Visit Tsinan.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

792.84/7179

I have the honor to refer to this consulate's despatch No. 151 of June 19, 1935, on the above subject, and to report that two other Japanese aeroplanes visited Tsinan yesterday morning, one, No. 128, belonging to the Japanese squadron at Tientsin, and the other belonging to a squadron in Korea.

On inquiry my Japanese colleague informed me that these planes came for the purpose of participating in a memorial ceremony held by local Japanese residents in honor of deceased Japanese soldiers to whose honor a tablet and shrine has been erected in this city. On arrival the planes flew over the Tsinan municipal area several times, afterwards landing at the Changchwang aviation field for the night. Early this morning plane No. 128 returned in the direction of Tientsin while the plane from Korea proceeded southward en route to Shanghai.

This

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

- 2 -

This is the second visit of Japanese army planes to this area during September. On September 1st, plane No. 127 of the Tientsin squadron arrived with two Japanese army officers and was met at the aviation field by the Japanese Consul General, a number of Japanese residents, and several Chinese officials. The announced object of this visit was to survey the flooded areas in southwestern Shantung. This was done the same day with the Chief-of-Staff of the Third Route Army, a representative of the Shantung Flood Relief Association, and two Chinese newspaper reporters carried along as passengers.

The consulate has been informed that these visits were made after notice had been given to the Shantung authorities, but it could not be ascertained what if any special political or military significance was attached to them. It is interesting to note, however, that the Shantung Chairman was present in person during the memorial ceremony mentioned above.

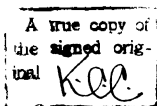
Respectfully yours,

H. E. Stevens,  
American Consul.

In quintuplicate.

Copy to Embassy at Nanking.

800  
HES:KCC



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 4, 1935.

~~WCM:~~  
~~RCM:~~  
LMH:

Peiping's No. 11, September 28, 1935,  
in regard to business conditions in  
southern Chekiang and Japanese smuggling.

Consul Stanton's memorandum enclosed with this despatch covers a motor trip which he took from Shanghai to Wenchow, on the southeast coast of Chekiang and return, and his comments relate principally to highway construction and maintenance, agricultural conditions and the general effects upon the economic structure of Chekiang of changing conditions of the foreign trade of this area as affected principally by Japan and especially smuggling of Japanese goods from Formosa. Comments on highway construction and maintenance are generally complimentary. The highways in the more level and thickly populated sections are good while in the mountainous sections the highways are only passable. (Due to the practice in China of giving bus companies franchises for the operation of passenger and freight-carrying vehicles over the highways, which franchises oblige the bus companies to maintain the roads, it is generally found that the roads in comparatively level and populous districts

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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

- 2 -

districts are in very good order while in mountainous and thinly populated sections, unless the roads connect important trading centers, they are usually in very poor repair. This situation is purely economic since the bus companies naturally do not wish to maintain roads and operate vehicles where they will receive very poor returns on their investments. DCB)

Crops along the route were reported to be very good. The principal crop in this area is rice, the quality of which the provincial authorities are endeavoring to improve by systematic grading and selection of seed. Tea and silk crops were reported to be fairly good but numerous comments were heard regarding the decline of these two formerly very important crops. The tendency among some merchants and officials is to blame this condition upon the world depression and the Japanese but it was also observed that an increasing number of the people are beginning to admit that Chinese producers and exporters are at fault through the use of poor methods of production and failure to maintain adequate standards. General trade conditions in the cities visited were reported to be poor. The export of oranges from Taichow and Huangyen, formerly considerable, has almost disappeared due to poor production methods.

Wenchow

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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

- 3 -

Wenchow formerly maintained a considerable export trade to Japan and the Dutch East Indies as well as to the United States and Great Britain. Changing conditions of supply and demand have practically eliminated this trade and the situation at present is that not only is it impossible to sell profitably in foreign markets but the Japanese are flooding the district with cheap products, thereby upsetting the domestic economic order.

Large quantities of Japanese goods, particularly sugar, silk and kerosene, are being smuggled into Chekiang, mainly from Formosa. These goods sell at prices from fifty to sixty per cent below prevailing quotations for goods on which duty has been paid. The suppression of this smuggling constitutes a very serious problem since the Japanese authorities are inclined to take forceful measures to prevent any interference by the Chinese Customs Preventive Service.

DCB/VDM



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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. //

Peiping, September 28, 1935.

Subject: Business conditions in southern  
Chekiang; Japanese smuggling.

793.94

Copy in R.

of  
FAR EASTERN AFFAIRS  
OCT 21 1935  
Department of State

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ASSISTANT SECRETARY  
OF STATE

CONSUL GENERAL  
AID RECORDS

For Distribution-Check		Yes	No
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In U.S.A.			

The Honorable  
The Secretary of State,  
Washington, D. C.

OFFICE OF ECONOMIC ADVISER  
NOV 5 1935  
DEPARTMENT OF STATE

793.94/7314

Sir:

1/  
I have the honor to forward a copy of despatch  
No. 8874 of September 24, 1935, addressed to the Em-  
bassy by the Consulate General at Shanghai, enclosing  
a copy of a memorandum prepared by Consul Edwin F.  
Stanton in regard to business conditions in southern  
Chekiang Province and Japanese smuggling activities.

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*  
F. P. Lockhart,  
Counselor of Embassy.

Enclosure:  
Copy of despatch, as stated.  
710 Sino-Japanese.  
LES-SC  
Original and one copy to Department.  
Copy to Embassy, Nanking.

NOV 8 1935  
FILED

F/FG

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

No. 8874

ENCLOSURE  
TO DESK

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, September 24, 1935.

Subject: Sino-Japanese Relations: Anti-  
Japanese Feeling in Chekiang  
Province: Smuggling of Goods from  
Formosa.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatch No. 8866 of September 20, 1935, transmitting a report prepared by Consul Edwin F. Stanton regarding his recent trip to Wenchow and Haimen, and to forward a  
1/ further memorandum from this officer setting forth certain matters of political and economic interest.

It will be noted that considerable resentment against Japan exists in Southern Chekiang Province for the reason that whereas Japan was formerly that region's best customer, it is now flooding the market with cheap goods which are popularly believed to have been smuggled into China. Officials, including the Acting Commissioner of Customs at Wenchow, corroborated reports that goods are being brought in chiefly from Formosa, and that

apprehension

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

-2-

apprehension is felt lest Japan seize upon such preventive measures as may be taken against smugglers as an excuse for acts of aggression in Chekiang.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Memorandum by Consul  
Edwin F. Stanton.

809  
MED MB

In Triplicate.

No Copy to Department.

Copy to Embassy, Nanking.

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

MEMORANDUM

Subject: Highway and General Economic  
 Notes Covering Trip from Shanghai  
 to Wenchow, Chekiang.

Highway Notes.

A motorist travelling, for the first time, over the system of motor highways which has been constructed in the Province of Chekiang cannot but be favorably impressed by the developments which have taken place, for on the whole these roads are creditable examples of highway engineering, particularly when such adverse factors as the mountainous and difficult terrain in the southern part of the province, the limited funds available for construction and maintenance work and the lack of road machinery are taken into consideration.

The road between Shanghai and Wenchow is too well known to need comment. From Wenchow the route followed, which in general paralleled the eastern coast of the Province, led across the Chientang River, past the old city of Shaoxing, famous throughout China for its mellow yellow wines, and through the city of Chenghsien to Tien Tai Shan, a beauty spot justly famed for its scenery and Buddhist temples some of which date back thirteen to fifteen hundred years. From Tien Tai Shan the road winds through mountains to the old city of Taichow, through orange groves encircling the city of Kwangyen and down the coast to Wenchow. Along this latter section occasional glimpses of the sea add to the variety and charm of the scenery.

- 2 -

The road from Nanchow to Tien Tai Shan was found to be in very good condition and along this section it is possible to maintain an average speed of from forty to forty-five miles an hour. The road is over flat country and is smooth, wide and well constructed. Bridges are numerous due to the many irrigation ditches which crisscross this section of the country. They were all found to be in good condition, many of them being well constructed concrete structures. Beyond Tien Tai Shan the road is not nearly so good while the stretches through the mountains were found to be very narrow, steeply graded and generally in poor condition. From Taichow to Hanchow the road becomes progressively worse although some sections of it were only completed in the spring of this year. The road appears to have been hurriedly and poorly laid and in consequence all top soil dressing has been washed off leaving miles of loose stones to be negotiated. Ferry services need definite improvement; the three between Tien Tai Shan and Hanchow consist of suspension barges which are not particularly easy for cars to negotiate and in wet weather are dangerous. Bus stations are numerous along the route and connected by telephone. However, in view of the narrowness of the roads through the mountains and the dangers attendant upon cars meeting, it would be a distinct improvement if either bus or telephone stations were established at the foot of the worst mountain stretches and a car permitted to go forward only if the road is clear.

The principal criticism of the highway system is

- that -

- 3 -

that there appears to be very little systematic maintenance work being undertaken. Road gangs were seen from time to time but their labors appeared to consist in throwing a few shovelfulls of dirt on the road in a very haphazard and listless manner. This was on the better sections of the road. On the really bad stretches, no repair or maintenance work appeared to have been undertaken for months. One or two graders and steam rollers would do much to keep these roads in good condition but lack of funds was said to prevent the purchase of such equipment.

General Economic Notes.

Crops in central and southern Chekiang, particularly rice which is the most important agricultural product both in volume and area, appeared to be very good. Rice was said to be a 80% to 90% crop. In the area around the city of Shaoxing it was noted that special attention is being given to the segregation and selection of the better grades of rice and I was informed that there is a systematic movement, which was instituted and is backed by the provincial authorities, to improve the quality of rice grown in the Province by careful selection and cultivation. Barley, wheat, broad beans and ground mits are also raised and are generally planted in the late fall following the harvesting of the rice crop.

The tea and silk crops were reported to be fairly good, but one heard much on every hand concerning the decline of these two important provincial industries. While there was a noticeable tendency among some merchants

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

- 4 -

and officials to attribute all the ills which have befallen these industries to the world depression and the machinations of the Japanese, it was encouraging to note that an increasing number are beginning to admit that the fault lies in no small measure with Chinese producers and exporters, methods of production and failure to maintain standards. In these quarters it is recognized that there must be improvement in growth, production, manufacture and export. One interesting suggestion heard in regard to the export of finished commodities was that with a view to preventing export malpractices and maintaining standards, Chinese Consuls abroad should be charged with the responsibility of checking up on the quality and prices of Chinese goods exported abroad and of rejecting and returning to the original shipper any goods not up to standard. Another suggestion was that American and other foreign Consulates in China be supplied with full data and information concerning prices, qualities and standards of Chinese products in order to facilitate replies to inquiries for Chinese goods from merchants in other countries.

Trade in general in the cities visited in southern Chekiang, namely Taichow, Hwangyen, Wenshow and Haimen appears to be at a low ebb. All these cities formerly enjoyed a certain export trade. For instance Taichow and Hwangyen formerly exported considerable quantities of oranges not only to markets in China but to Java and the Dutch East Indies but due to a continuation of old systems of grafting and cultivation the quality and taste of these oranges has deteriorated and as a result the market in Java has disappeared. Exports from the

- city -

- 5 -

city of Wenchow were at one time considerable and included timber, paper, eggs and umbrellas. As regards timber the story is that during the Great War a considerable percentage of Japanese requirements was met by exports from Wenchow and that as a result of the brisk demand and high prices, the mountains in the Wenchow area were quickly denuded of timber. This was confirmed by my own observations though it was encouraging to note that in some areas a certain amount of reforestation is taking place. It was said that Japanese requirements are now being filled largely by Manchurian timber. As regards paper, Japan formerly bought considerable quantities from the Wenchow area but the Japanese now not only manufacture sufficient for their own requirements but can sell paper in Wenchow of better quality than the local product at a substantially lower price. Eggs were formerly exported to England and the United States but the imposition of a high protective tariff by the United States and the purchase elsewhere by England of her requirements has completely killed this business. Wenchow umbrellas were formerly much in vogue in the Dutch East Indies and Java but due to the flooding of that market with cheaper Japanese umbrellas, the export of this article from Wenchow has declined very appreciably. It is not surprising, therefore, that there should be considerable feeling against the Japanese for Japan which was once southern Chekiang's best customer is now busily engaged in flooding that region with cheap goods which because of the fact that they have been smuggled in, considerably

- undersell -



- 3 -

undersell local native products.

Smuggling of Japanese Goods Into Southern Chekiang.

During the course of the trip much talk was heard of the constant flow of cheap Japanese goods into Chekiang, the great majority of such goods being smuggled into the Province. In Hangchow I was told by Chinese officials that about a month ago a Japanese vessel had anchored off the Chekiang coast and had attempted to smuggle her cargo ashore. However, the attempt was discovered and the goods confiscated by the Chinese authorities. It appears that this led to the intervention of the Japanese Consul at Hangchow who demanded the release of the goods. I was informed that the case had not yet been settled and that further protracted negotiations were anticipated the precise outcome of which was unpredictable. The incident has created a noticeable nervous tension in provincial government circles.

Smuggling of Japanese goods from the island of Formosa was generally reported to have assumed very large proportions. In discussing this matter with Mr. E. A. Macdonald (British), Acting Commissioner of Customs at Wenchow it was learned that nine tenths of the customs work in that port is of a preventive nature and that so great is the volume of this work that he has had to ask for additional staff to cope with the situation. Mr. Macdonald mentioned that he is receiving the active support of Commissioner Hsu Pan-yun in his efforts to stamp out this practice and that within the last month some slight improvement was noticeable. He informed me that the principal

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

- 7 -

articles smuggled in are sugar, silk and kerosene all of which are sold locally at prices from fifty to sixty percent under prevailing market quotations.

With respect to kerosene I learned that large quantities of crude oil are being partially refined in Formosa and smuggled into the Province along the southern coast and that most of this low grade kerosene is put up in tins and containers of the Standard Vacuum Oil Company and the Asiatic Petroleum Company.

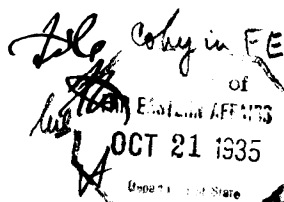
There was noticeable amongst Chinese officials and to some extent business men also, a strong feeling against the Japanese and resentment at the attempt being made to flood the province with smuggled goods. It was also remarked that this feeling is accompanied by considerable apprehension and the fear that strong, open opposition may result in some sort of action by the Japanese.

WFS/Th

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

No. 10,311



AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, September 18, 1935.

Subject: Dr. Bernadotte E. Schmitt  
Visits Shanghai.

THE HONORABLE

THE SECRETARY OF  
STATE  
WASHINGTON.

For Distribution Check		Yes	No
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For	<i>M</i>		
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COPIES SENT TO  
O.N.I. AND M.I.D.

Sir:

I have the honor to report that Dr. Bernadotte E. Schmitt, Professor of History at the University of Chicago, who is now on extended leave for the purpose of studying conditions in the Orient, arrived at Shanghai toward the end of July, and after spending some days here went on to other centers of interest including Hangchow, Nanking and Peiping. While Dr. Schmitt was in Shanghai, I took occasion to make arrangements for him to meet Mr. T. V. Soong, Dr. H. H. Kung, and other Chinese of prominence, and gave a luncheon to which were invited a number of Americans with whom he wished to talk.

In a personal letter written on the eve of his departure for Dairen, Dr. Schmitt gives expression to the following views which may be of interest to the Department. After saying that he has heard the usual condemnation of Japan and despair about China, he continues:

"Perhaps

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"Perhaps the one positive thing - if it is positive - relates to Chiang Kai Shek. At Nanking I was told that he was determined to fight if Japan advanced toward the Yangtse and that if he were allowed three years' respite, he would be able to fight seriously..... Generally speaking, I have found that Chiang is regarded as a genuine patriot; only one person expressed the fear that he had a secret deal with Japan. He seems really to enjoy the confidence of the country....."

"All Chinese with whom I have talked recognize that they can hope for little from America and that they have to depend on themselves. Some of them declare that so long as China will not or cannot fight herself, she can't expect any other nation to help her. On the whole I get the impression that the educated Chinese are preparing themselves mentally and wish to prepare the country materially for war with Japan. They are aware of their own defects and handicaps, know that the way will be long and hard, but are none the less determined to pursue it. My own feeling, after two months' observation, is that China is beginning to exhibit both capacity and discipline beyond what either she or other nations had believed possible. It is only a beginning and years must pass before the results can appear tangible on any large scale. Still the seed is there. The Japanese are afraid of it and Chiang has them guessing. Will they force a showdown before he is ready? That, it seems to me, is the crux of the situation."

While Dr. Schmitt was in Shanghai he was quoted in THE CHINA PRESS (American registered, Chinese owned) of August 3, 1935, as saying that sentiment favoring a policy of isolation and non-interference in foreign affairs is growing in America, and that in his opinion the United States would not take action even if Japan encroached further upon the rights of China. He explained that the depression had made fundamental changes in the economic and political outlook of the American people, and that the present administration does not

seem

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

-3-

seem to be inclined to back up with action the maintenance of the "open door" policy in China. He added, however, that any important event such as a war might produce significant changes in American policy.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

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MBD MB

In Quintuplicate.

Copy to Embassy, Peiping.

Copy to Embassy, Nanking.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 1, 1935.

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*NOTE last sentence of this digest*

Foochow's No. 615, September 21, 1935. 14

Foochow reports no important recent developments in Sino-Japanese relations in the district with no evidence of Japanese aggression such as has occurred in north China. Japan considers the present regime in Fukien friendly and subservient. It is generally believed locally that Japan expects a crisis in her foreign relations during 1936 and considers the control of Fukien's resources by Japan as necessary. A show of resistance by the Chinese to Japan's plans in Fukien would probably result in aggressive action by Japan. Enlightened Chinese believe Japan will, at an opportune time, extend her influence in Fukien but do not contemplate resistance thereto. The activities of the Kuomintang and the New Life Movement negligible with a growing disposition on the part of the Chinese to cooperate with the Japanese, especially through Formosa. General Ch'en Yi, the provincial chairman, believed to be loyal to Chiang Kai-shek but is also very friendly with Japanese and is favored by them. Economic development in the

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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

- 2 -

district at a standstill. A provincial bond issue authorized but difficulty encountered in marketing the bonds. Japanese reported to have offered a loan of ¥\$1,000,000 for construction work provided a previous Japanese loan is recognized. Formosans constitute a serious menace to Sino-Japanese relations but the Japanese authorities taking steps to keep them in hand and conditions in this regard have greatly improved recently. The Japanese Consul General has recently issued an order that Japanese subjects should obey Chinese laws forbidding the smuggling of silver out of China.

ECB/VDM

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

NO. 615

AMERICAN CONSULATE

Foochow, China, September 21, 1935.

793.94  
STRICTLY CONFIDENTIAL.

SUBJECT: Sino-Japanese Relations.

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

For Distribution-Check		Yes	No
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Sawyer		ONI	MID

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O.N.I. AND M.I.D.

I have the honor to enclose for the information

- 1/ of the Department a copy of this Consulate's despatch No. 384 of today's date, to the American Embassy at Peiping, China, on the above subject.

Respectfully yours,

*John B. Sawyer*  
John B. Sawyer,  
American Vice Consul.

Enclosure:

- 1/ Copy, To Embassy, No. 384, September 21, 1935,

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JBS/HCY

In quintuplicate.

793.94/7316

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

Enclosure No. 1 to despatch No. 615 dated September 21, 1935, from John B. Sawyer, American Vice Consul at Foochow, China, on the subject of "Sino-Japanese Relations."

No. 384

AMERICAN CONSULATE,

Foochow, China, September 21, 1935.

STRICTLY CONFIDENTIAL.

Subject: Sino-Japanese relations.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

I have the honor to refer to this Consulate's despatch No. 372, of July 16, 1935, in reply to the Legation's "strictly confidential" instruction of July 8, 1935, regarding the effects of recent developments in Sino-Japanese relations.

Observation and inquiry lead me to believe that there has been no important recent development in this consular district in this regard. The following comments relative to the general situation are offered.

Evidences of Japanese aggression such as have occurred in North China have been conspicuous by their absence here. So far as this office is able to learn, there has been no significant removal of Chinese officials, no extensive reduction of Chinese military forces, no suppression of party organizations,

no

-2-

no encouragement of military revolt.

It is understood that Japan insists upon having substantial control of financial and economic planning in the Province and upon the suppression of all unfriendly utterances in newspapers, textbooks, and party propaganda. Japan is apparently satisfied with the way these and other requirements are being observed and has no desire to disturb friendly relations. In other words, Japan finds the present regime in Fukien sufficiently friendly and subservient, so much so that there is no need for the appointment of Japanese advisers in the various departments of the Provincial Government.

There is a general belief that Japan expects a crisis in the nation's foreign relation in 1936, and considers the possession of Fukien's resources essential to the Empire's success; that a change to an unfriendly regime in Fukien or any resistance to Japan's major policies would therefore be a signal for further aggressive action in the Province. However, there is no apparent need of hurrying such action because Japan doubtless considers itself well able to take possession of the Province or at least of its coastal areas whenever the moment for such action arises. In this connection, it is believed that Japan would place great reliance on the ability of its air force in Formosa to make destructive raids on the coast cities and return to their base in Formosa in a very few hours.

The

-3-

The present Japanese Consul General, Mr. Toyochi Nakamura, was recently transferred to Foochow from Portland, Oregon. He gives every indication of holding an enlightened and sympathetic respect for western sentiment and a friendly attitude toward western nations. He appears to be very well suited for the task of maintaining peaceful and friendly relations here. He is hardly the type of man who would be chosen to carry out aggressive policies in violation of the treaty rights of western nations.

Enlightened Chinese have no doubt that Japan will at an opportune time pursue further aggression and exercise further control over the Province, but they feel that they cannot prevent it and cannot expect foreign help in the present state of world affairs. There is therefore a popular attitude of discouragement, with a disposition to maintain friendly relations with Japan at all costs while giving loyal support and cooperation to the National Government in its plans for national reconstruction and defense. Under such conditions, the activities of the Kuomintang and the New Life Movement in this consular district are growing more feeble and are almost dormant. The cultivation of friendly relations with Japan found expression in November, 1934, when a commission was sent to Formosa to study industrial development. A similar friendly gesture is found in the Provincial Government's present encouragement of Chinese participation in the Formosan Exposition, to be held in

November

-4-

November next in commemoration of the 40th anniversary of the Japanese occupation of Formosa. There is a general feeling that the present regime is capable of putting a damper on any anti-Japanese activity which might offer Japan an opportunity to renege its ambitions.

General CH'EN Yi, the Provincial Chairman, is believed to be entirely loyal to General Chiang Kai-shek and the National Government and to be in good favor with them, while at the same time he is believed to be very friendly toward the Japanese and in high favor with them. There was much speculation for a time regarding the likelihood of his being replaced, but such talk has now subsided. (See this Consulate's political report for July, 1935, page 6.)

Economic development in this consular district is at a virtual standstill. The Provincial Construction Bureau has big development plans but is hampered by lack of money. A bond issue of Yuan 40,000,000 has been authorized by the National Government for construction purposes but the marketing of the bonds is presenting a serious problem. (See this Consulate's political report for July, 1935, page 10.) It is reported that the Japanese Government has offered a loan of somewhat more than Yuan \$1,000,000 to the Fukien Provincial Government for construction work, provided that the Province will first repay a similar amount which was loaned to a former Military Governor of the Province by a wealthy Formosan. (See this Consulate's political report for July, 1935, page 8.)

It

-5-

It is understood that the Provincial authorities are seriously considering such an arrangement. There are occasional reports of Japanese being consulted or employed in connection with engineering surveys and the like, but these instances are less an indication of the granting of monopolistic privileges than they are a reflex of the cheapness of Japanese services and goods as compared with those of other nations.

The subject of Sino-Japanese relations is not complete without some reference to the unruly Formosans. Formosans constitute about 80% of the Japanese nationals in the Foochow area, who number roughly 2000. Constant reports are heard of their unlawful activities, such as the smuggling of Japanese goods from Formosa, the smuggling of silver out of China, the evasion of consumption taxes on goods marketed in the Province, the use of violence in resisting the Chinese authorities, the conducting of some 50 or 60 houses for narcotics and gambling, and occasional robbery and murder. It may be seriously questioned whether the Japanese authorities have busied themselves greatly to put a stop to certain forms of law-breaking which have brought large financial and economic benefit to their nationals. In this connection it is perhaps sufficient to point to the great increase in the Japanese importations of lubricating oil as a result of the non-payment of the consumption tax thereon. (See this Consulate's despatch No. 382, of September 16, 1935.) It is said, and perhaps truly, that the Japanese consular authorities have almost

absolute

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

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absolute control over the Formosans and can stop their law-breaking at will, that one man from the Japanese consular police force can accomplish more in this direction than 50 Chinese police or soldiers. It is said too that conditions in this respect have improved greatly during the past ten or twelve months under the present Japanese Consul General and his predecessor. It may be noted here that the Japanese Consulate General has just issued an order calling upon Japanese subjects to obey the Chinese laws forbidding the smuggling of silver.

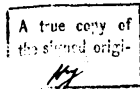
In conclusion, it may be stated that the situation in this district at the present time is decidedly undisturbed in comparison with much of the time in the past and in comparison also with recent happenings in other parts of China.

Respectfully yours,

John B. Sawyer,  
American Vice Consul.

700  
JBS/HCY

Five copies to the Department sent with despatch No. 615  
of September 21, 1935.  
Copy to Embassy, Nanking.



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

TELEGRAM RECEIVED

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JR

1-1234

FROM

GRAY

Peiping via N.R.

Dated October 22, 1935

Rec'd 10:35 a.m.

Secretary of State

Washington.

83, October 22, 4 p.m.

Embassy's 71, October 17, 5 p.m.

A Reuter telegram reports the inauguration on October 20 at Tientsin in the presence of "leading Japanese and Chinese" of what is described as the "Far Eastern Economic Union". The object of the union was stated to be the promotion of Far Eastern peace and economic conditions on a basis of reciprocity between China and Japan. There was an obscure reference to the fact that most of the fifteen directors of the new organization were former officials of "the ~~National~~ <sup>North</sup> Government".

By mail to Tokyo and Shanghai.

LOCKHART

WWC:CSB

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

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R.Shanghai/83 FOR Desp.#10294  
FROM Shanghai (Cunningham) DATED Sept.7, 1935  
NAME 1-1127 \*\*\*  
17911

REGARDING: Relations between China and Japan:Recounts various incidents having a bearing on -. NEW LIFE WEEKLY case;Japanese Influence in International Settlement; and Japanese Cotton Growing Program.

793.94/7318

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

793.94

New Life Weekly Case. J. B. Powell. A development  
in the New Life Weekly case (summarized on page 5 of the  
enclosure to despatch No. 3790 of August 2, 1955) toward  
the

-5-

end of last month affects American interests directly. Mr. J. B. Powell, the American editor and publisher of THE CHINA WEEKLY REVIEW (American and Chinese registered), reviewed in his magazine the article that gave offense because of its alleged uncomplimentary reference to the Emperor of Japan with the result that the Japanese Military Attache's office gave out a statement on August 21 to the local Japanese press expressing indignation over the matter and the Japanese Consulate General made it the subject of official report to the Foreign Office (see despatch 8317 of August 22 and page 7 of the enclosure to despatch No. 8331 of August 30, 1931).

79394  
Japanese Influence in International Settlement. It is becoming increasingly evident that Japan is demanding that her dominant position in the Far East be recognized in matters affecting the International Settlement, and it is freely predicted that within a comparatively short time the Japanese will endeavor to have a larger representation on the Shanghai Municipal Council and have advisers in the departments of finance and public works. This view is expressed by persons of high position and is supported by numerous events indicative of the increased interest of the Japanese Residents' Corporation of Shanghai in all matters pertaining to the International Settlement. The Japanese recently played an important part in securing the appointment of a committee of experts to study the local telephone rate situation and have raised questions with regard to the

franchises

-6-

franchise of the Shanghai Gas Company, have objected to the expenditures of the Shanghai Municipal Council for salaries, have agitated for an increase in the funds contributed toward the support of Japanese schools, have advocated the abolition of the Russian detachment of the Shanghai Volunteer Corps and the reduction of expenditures for other branches, and have been outspoken in their criticism of the British for monopolizing most of the executive posts in the Settlement (see despatch No. 3332 of August 31, 1935, and the enclosures to despatches Nos. 3323 and 3331 of August 28 and 30, 1935, respectively).

793.94  
Japanese Cotton Growing Program. Much has been said about plans of the Japanese to further cotton growing in China in order to have a source of raw cotton other than the United States. It is mentioned in this connection that despatches from Nanking indicate that measures have been taken by the Chinese Government to expand and improve cotton culture in Shensi, Shansi and Hopei Provinces, and Mr. Tatsuichiro Funatsu, Managing Director of the Japanese Cotton Spinners in China, is quoted as saying that changed political conditions in North China will make Peiping and Tientsin the future center of the cotton spinning industry of the Orient (see despatch No. 3793 of August 8, 1935).

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

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R.Tientsin/ 87 FOR Desp.#

FROM Tientsin (Hall) DATED Sept.11,1935.

//TP//

NAME

1-1127

...

REGARDING: Relations between China and Japan: Gives main  
developments in regard to -, during month of  
August, 1935.

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793.94/7319

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II. FOREIGN RELATIONS.

A. Relations with the United States.

Nothing to report.

B. Relations with Other Countries.

1. Japan.

a. General. Japanese activities in

7/13/94  
(44-3-10)

relation to North China continued in August to overshadow all other political developments. Outstanding rumors concerning these relations were:

- (1) that the outcome of the present situation would be the establishment under Japanese control of an autonomous or an independent regime in North China\*;
- (2) that Japan would purchase the British interest in the Peiping-Liaoning Railway and in the mines operated by the Keilan Mining Administration;
- (3) that Japan would develop and exploit the economic resources of North China.

Sung Che-yuan ( ), formerly Chairman of Chahar, and Marshal Yen Hsi-shan ( ) have been mentioned as possible heads of an autonomous or independent state which some observers think may be established before 1936. The territory attributed to the new regime by rumor varies from Hopei Province to all of North China north of the Yellow River including Chahar and Suiyuan. It is difficult to decide how much credence should be given to these rumors but it seems probable that a government divorced from Nanking and controlled by the

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\* Despatch No. 24 dated August 9, 1935.

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

- 4 -

the Japanese military will be established in Hopei Province.

An English official of the Peiping-Liaoning Railway told an officer of this Consulate General in confidence that he had heard and was inclined to believe that negotiations are being carried on in London between the British and Chinese Corporation, Limited, and Japanese interests with a view to the purchase by Japan of the British interest in the railway. It seems plausible that the British company would be willing to sell its interest not only for financial reasons but also to avoid friction with Japan.

In a letter dated August 24, 1935, to the editor of the PEKING AND TIENTSIN TIMES, an official of the Kailan Mining Administration branded as "incorrect and groundless" rumors that the company desires to sell the mines under its control to Japanese interests.

The available information concerning alleged plans for Sino-Japanese exploitation of North China is submitted in the Commercial, Economic and Financial section of this report.

b. Assassination of Liu Tso-chow.

Liu Tso-chow ( ), Commander of the Third Detachment of the Peace Preservation Corps in the Lwantung area of the demilitarized zone, was fatally wounded on August 4, as he was leaving the railway station at Lwanchow, by revolver shots fired by an unidentified person.\* One of the shots

struck

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\* Despatch No. 23, dated August 6, 1935.

- 5 -

struck a Japanese soldier who was on duty at the station and wounded him severely. Before the assassin escaped in the confusion he threatened a Japanese major who also was on the station platform. Liu was formerly an officer in Li Chi-ch'un's ( ) army. He is said to have been a Japanese tool and to have had a bad reputation among Chinese.

Wang Keh-min ( ), Acting Chairman of the Peiping Political Readjustment Council and Shang Chen ( ), Chairman of Hopei, expressed their regret over the wounding of the Japanese gendarme to General Umetsu and other Japanese officers. The Japanese military stated that if the Japanese officer and soldier were fired on intentionally it would be a very serious matter, but if that phase of the incident was accidental no extraordinary demands would be made.

Local Chinese officials endeavored to solve the crime. Three suspects were arrested on August 11, and on August 15 Shang Chen threatened to punish local officials at Tangshan and Lwanchow if the culprits were not caught within a week. Despite the arrest of more suspects, the magistrate of Lwanchow was subsequently relieved of his post.<sup>(1)</sup>

Li Chen-hua ( ), who was arrested on August 21, confessed that he committed the crime at the instigation of a Mr. Chang. Li

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(1) NORTH CHINA STAR, August 25, 1935.

- 6 -

is said to have been an officer in the "National Salvation Army" in Manchuria and later in the Pacantui of the demilitarized zone. He was weeded out of the latter service during a reorganization. At the end of August the Japanese military were said to be skeptical of Li's confession and consequently they were continuing a joint investigation of the crime with the Chinese authorities. This murder was featured in the local press. The consensus of opinion is that it was an incident in a gangster or personal feud and not of political significance.

c. Detention of Tao Shang-ming in the Japanese Embassy. An extraordinary incident connected with the murder of Liu Tao-chow was the detention in the Japanese Embassy at Peiping for twelve days of Tao Shang-ming ( ), Counselor of the Peiping Political Council, and formerly Administrative Inspector of the Lwantung Area of the demilitarized zone. On August 5 Tao received a telephone message saying that Colonel Sakai wanted to see him at the Japanese Embassy. Shortly after his arrival at the Embassy, Tao is reported to have been placed under detention by one of the military officers of the Japanese Embassy guard. It is believed that his imprisonment was embarrassing not only to the Japanese diplomatic mission but also to the senior army officers. It was not until

August



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

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August 11 that the Japanese Embassy admitted that Tao was being held. A secretary of the Embassy stated that he was detained on suspicion of complicity in the murder of Liu Tso-chow. It is believed that his statement is true and that there was no ulterior motive for this extraordinary act.

The Chinese Foreign Ministry in Nanking is reported by the press to have protested to the Japanese Embassy over Tao's detention. On August 17 Tao was released, but declined to discuss the affair with newspaper correspondents. On August 20 the PEKING AND TIENTSIN TIMES published a Reuter's report stating that before Tao left the Japanese Embassy he signed a paper stating that he would appear at the Embassy again if he was wanted in connection with the Liu Tso-chow case. According to a United Press report from Tokyo dated August 21, the spokesman of the Japanese Foreign Office made the incredible assertion that Tao "was never forcibly detained", but had stayed at the Embassy of his own free will. Other Japanese have stated that Tao stayed at the Embassy to avoid assassination by Liu Tso-chow's supporters.

d. Attack on Peiping-Liaoning Railway Train. About 11 p.m. on August 15, bandits, who apparently had boarded the Peiping bound Peiping-Liaoning through express at Shanhaikuan, attacked the Korean passengers in a third class car as the train was near the bridge over the Shih river

between

- 8 -

between Shanhaikuan and Chinwangtao. In the ensuing fighting the Chinese conductor, a train guard and a Korean were killed, four train guards and many Korean passengers were wounded. Two of the wounded Koreans died the next day. The bandits undoubtedly were aware that the Koreans in the car were silver smugglers returning to Tientsin with the banknotes they had received at Shanhaikuan in exchange for silver dollars. The bandits escaped with approximately Yuan \$35,000, taken from the Koreans.

The railway offered a reward of Yuan \$5,000 for the capture of the culprits. The not improbable theory has been advanced that the attack was made by "highjackers" employed by a rival gang of smugglers. Numerous suspects have been arrested but at the end of August the case had not been solved.

Because the Koreans concerned are Japanese subjects, the Japanese Consul General in Tientsin made a formal protest including five demands to Mr. Yin Tung ( ), the managing director of the railway. A copy of this protest was mailed to General Shang Chen, Chairman of the Hopei Provincial Government. In summary the demands are: (1) an expression of regret for the negligence of the railway police, (2) the arrest and punishment of the culprits, (3) a guarantee that concrete measures will be taken to assure adequate policing of

- 9 -

of trains and stations, (4) indemnity for the persons killed and compensation for the wounded, (5) restoration of the stolen goods consisting principally of Yuan \$35,000 in bank notes. At the end of August a formal reply had not been made to the Japanese demands. In all probability they will be accepted.

e. Denial of Rumor of a new Sino-Japanese Agreement. According to a press report a spokesman of the Japanese Ministry of War said that rumors that a Sino-Japanese agreement to supersede the Tangku Truce will be concluded in the immediate future are incorrect. (2) The spokesman stated that peace and order have not been established in North China, that bandits are rampant, and that the Chinese have not shown sufficient "sincerity" in regard to through air service and other questions. All such questions will have to be settled, he is reported to have said, before a political agreement to replace the Tangku Truce will be concluded.

f. Protest over Flights of Japanese Airplanes. During August Japanese airplanes continued to make flights over Tientsin and other parts of this district. The Nanking Government is reported to have protested to the Japanese Embassy over such flights being made without the permission of the Chinese authorities. (3)

g. Japanese Military Missions.  
Traveling by airplane or train Japanese military  
officers

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(2) PEKING AND TIENTSIN TIMES, September 3, 1935.  
(3) PEKING AND TIENTSIN TIMES, August 18, 1935.

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

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officers in August visited Taiyuanfu, Kueisui, and other cities in the interior of this consular district. The local press frequently reported that Japanese military missions would be established at Taiyuan and Kueisui. Requests for permission to establish such missions are said to have been addressed to the provincial authorities concerned who, in turn, referred them to the Nanking Government. (4)

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Department of State letter, August 17, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R./97 FOR Desp. #4

FROM China (Lockhart) DATED Sept. 27, 1935  
// // // // // NAME 1-1127 ...

REGARDING: Outstanding incidents in relations between  
China and Japan, during August, 1935: Sets forth --.

793.94/7320

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793.94  
(44-1-10)

1. Japan:

There took place in the latter part of August two events having significance for the future of North China; namely, (1) the abolition of the Peiping Political Affairs Readjustment Committee and (2) the appointment of General Sung Che-yuan to the post of Garrison Commander of Peiping and Tientsin.

a. The abolition of the Peiping Political Committee:<sup>1</sup>

A mandate was issued August 29 by the National Government for the abolition of the Peiping Political Affairs Readjustment Committee; and that organization came to an end August 31. According to reliable sources, this step was taken by the National Government without the knowledge of even its Acting Chairman, Mr. Wang K'e-min, and was brought about by General Huang Fu, substantive Chairman of the Committee, who had been absent from Peiping since January 18 of this year and who was opposed to permitting the financial resources of the Committee to come under the control of Mr. Wang K'e-min. (Friends of General Huang Fu estimated that he had made at least \$2,000,000 as Chairman of the Committee since its inauguration in June, 1933.) Some obser-

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1. Legation's telegram 447, August 30, 5 p.m.

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

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vers were of the opinion that Mr. Wang Ching-wei, President of the Executive Yuan, had caused the abolition of the Committee because he regarded it as having deteriorated into an organ for the payment of salaries to a large number of General Huang Fu's henchmen. It may be added that the unconvincing official reason was that the situation in North China had returned to normal. With regard to the possible relationship of the Japanese military with the abolition, it is believed that it was done without their knowledge, although the Chinese authorities were probably influenced by the knowledge that the Japanese military did not regard the Committee favorably.

The significance of the abolition was that there was thus removed the chief medium of the National Government for the direction of affairs in North China (the Peiping Branch Military Council being practically impotent), thereby making possible (1) an increasing centralization at Nanking of Sino-Japanese negotiations and (2) a more direct relationship between provincial governments of North China and the National Government. However, it also made possible the earlier establishment of a regime in North China less dependent on Nanking than theretofore.

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b. The appointment of General Sung Che-yuan:

The necessity of the National Government of finding a post for General Sung Che-yuan resulted in his appointment

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2. Legation's despatch 3785 of September 13.

- 3 -

ment on August 23 to the post of Garrison Commander of Peiping and Tientsin. (This necessity arose from the alleged error of the National Government in removing him on June 19 from the Chairmanship of the Chahar Provincial Administration in the mistaken belief that the Japanese military had demanded it.) On the day that General Sung was appointed, his principal adherent, General Ch'in Teh-ch'un, was made substantive Chairman of the Chahar Provincial Administration.

Although the post of Garrison Commander of Peiping and Tientsin was not important during the incumbency of General Sung's predecessor, General Chang Shu-ch'ang, a follower of Marshal Chang Hsueh-liang, it was evident that General Sung's appointment might be a step toward his becoming an influential figure in northern Hopei while at the same time retaining his control of the Chahar Provincial Administration.

His entry into the political situation in Hopei and the extension of his influence in the area contiguous to "Manchukuo" led observers to the conclusion that General Sung, notwithstanding his former allegedly anti-Japanese attitude, had perhaps come to some sort of an understanding with the Japanese military; and it was believed that the Japanese were contemplating or had decided to use him for the furtherance of their political, strategic, and economic aims in North China. This view was supported (1) by the probability that the National Government would not have dared appoint him unless it was confident of Japanese complaisance and (2) by expressions of important

Japanese



- 4 -

Japanese military officers of satisfaction with General Sung. It was anticipated that the appointment would result in an eventual decline in the importance of other Chinese leaders at present holding positions in Hopei Province. It remained open to question whether General Sung was acting under the impression that he could use Japanese influence to attain for himself a position of power and then cast the Japanese aside.

c. Incidents in North China:

A number of incidents involving Chinese and Japanese occurred during August in North China. Some of these aroused apprehension that they might be employed by the Japanese as the basis for action having serious consequences. However, the Japanese military remained comparatively passive, perhaps because of the effect of the policy of the Japanese Minister of War for the so-called unification of the Japanese Army under a central control, and perhaps because they thought it advisable (1) to watch developments among the Chinese themselves, including the course of General Sung Che-yuan, (2) to await the results of the Sixth Plenary Session of the Central Executive Committee of the Kuomintang, and (3) to observe developments in the European situation arising out of the Italo-Abyssinian question.

<sup>3</sup>  
The assassination of Colonel Liu Tso-chou:

The Japanese military were greatly exercised over the assassination on August 4 of Colonel Liu Tso-chou, a commander of a unit of special police in the demili-

tarized

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3. Legation's telegram 400, August 6, 4 p.m.

- 5 -

tarized area of northern Hopei Province, the incident taking place at Luanhsien, east of Tientsin on the Peiping-Mukden Railway. The reasons for the Japanese attitude were presumably (1) that Liu was "pro-Japanese" and in the pay of the Japanese, (2) that a Japanese guard was wounded and a Japanese major threatened with violence by the assassins, and (3) that it was possible that adherents of the Kuomintang were involved. A Chinese was arrested on August 21 who confessed to the crime, but his confession varied so greatly each time he made it that the Japanese were not satisfied and were understood to be insisting at the close of the month that "the principal murderer" be apprehended. The arrested man claimed variously that the motive had been revenge and had been for the purpose of making way for a subordinate to take the post of the deceased. However, there were probably a number of persons who might have wished to kill Liu as, in addition to being "pro-Japanese", he had allegedly been engaged in illicit trade in narcotics, had been connected with a bandit organization, and had been a henchman of the renegade leader, Li Chi-ch'un.

#### Detention of T'ao Shang-ming.<sup>4</sup>

An occurrence which aroused greater apprehension among Chinese than the assassination incident above-described and which arose out of that assassination was the detention of Mr. T'ao Shang-ming in the officers' quarters of the Guard of the Japanese Embassy at Peiping, a procedure new to the

#### Japanese

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4. Legation's telegrams 400, August 6, 4 p.m.; 402, August 7, 5 p.m.; 421, August 19, 4 p.m.

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

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Japanese in North China. (Mr. T'ao had been until July 27 the Special Administrative Inspector of the Luanhsien-Shanhaikwan area of the demilitarized zone, within which Liu had been killed, but had been removed from that post, allegedly because of having made excessive illegal demands on magistrates in that area, and had been appointed a Counselor of the Peiping Political Affairs Readjustment Committee through the influence of Mr. Wang K'e-min.) The Japanese military apparently believed that T'ao could clear up the mystery of the assassination if he would. That, at least, seemed to be the opinion of Colonel Takashi Sakai, Chief of Staff of the Japanese Garrison at Tientsin, who was understood to be responsible for the detention and who was said to have a personal grudge against T'ao. Several days passed before the Japanese admitted that T'ao was in their quarters, and then they stated that T'ao was there of his own free will. (This was a possibility, as responsible Chinese said that T'ao had been involved in illegal trade in narcotics in the Luanhsien area.) After T'ao's release, the Japanese claimed that his detention had been a measure of assistance to the Chinese police in solving the assassination case. Whatever the Japanese purpose, the action injured them further in Chinese eyes and may have impaired the reputation of Colonel Sakai with the Tokyo military, as his impending transfer from North China was shortly thereafter rumored. It was said that the Japanese military eventually regretted having detained T'ao.

Robbery

- 7 -

Robbery on a Peiping-Mukden train:<sup>5</sup>

Korean passengers in a third-class coach of a Peiping-Mukden train, bound for Peiping, were attacked by bandits on August 15 between Shanhaikwan and Chinwangtao, the bandits presumably being aware of the fact that the Koreans had in their possession large amounts of banknotes which they had supposedly received in exchange for silver smuggled out through Shanhaikwan. The bandits escaped with approximately ¥35,000 (Chinese currency). During the robbery one Chinese train guard and one Korean were killed, and subsequently two Koreans died of wounds. The Japanese Consul General at Tientsin presented five demands to the Managing Director of the railway, these demands being limited to the immediate incident and including one for the "restoration of the stolen goods, which consist principally of banknotes, to the value of ¥35,000; failing this, compensation to that value". The Chinese had made no formal reply by the end of August.

Other incidents:<sup>6</sup>

A number of lesser incidents occurred during the month under review. Two Koreans were alleged to have been murdered on August 8 in the demilitarized zone; Chinese police were said to have fired at two junks on August 13 just south of Hsifengk'ou, a pass in the Great Wall, while the two junks were flying Japanese flags and were carrying Japanese officials reputedly studying the

possibilities

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5. Legation's telegrams 421, August 19, 4 p.m.; 447, August 30, 5 p.m.; and 450, August 31, 12 noon.
  6. Legation's telegram 421, August 19, 4 p.m., second section.

DECLASSIFIED: E.O. 11652, 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 -

possibilities of making the Luan River an important trade outlet for Jehol to the sea; a Japanese was allegedly murdered on August 13 at Fengju, forty miles west of Luanhsien. Apparently the Japanese took no significant action in regard to these occurrences.

d. Negotiations over air-communication <sup>7</sup>  
between North China and "Manchukuo":

Negotiations at Tientsin looking toward the establishment of air communication between North China and "Manchukuo" came to a stop in August. Chinese officials alleged that Japanese desires in regard thereto were "excessive". A Chinese official was quoted in the press as having stated that 'the Japanese proposals were not commercial in nature and tended to threaten to impair China's right to her air territory'.

e. Two official Chinese protests to Japan: <sup>8</sup>

It was reported that the Chinese Ministry of Foreign Affairs had protested to the Japanese over (1) the detention of Mr. T'ao Shang-ming in the quarters of the Japanese Embassy Guard and (2) the unauthorized flights of Japanese airplanes over North China. (For some weeks there had been two or three Japanese planes at the Peiping airfield, and it was reliably reported that a weekly service was - and is - maintained by these planes between Peiping and Tientsin and "Manchukuo" for the use only of Japanese.) It was not thought that these protests indicated a strengthening of China's policy toward Japan but that, more probably, either they were made by

Dr. H. H. Kung

7. Paragraph 7 of Legation's telegram 447, August 30, 5 p.m.  
 8. Paragraph 3, Legation's telegram 421, August 19, 4 p.m.

- 9 -

Dr. H. H. Kung to demonstrate that, as Acting President of the Executive Yuan, he was assuming toward Japan a stronger attitude than had the substantive President, Mr. Tang Ching-wei, or they were forced through by one Chinese political faction for the purpose of embarrassing another faction.

9

f. Hopei Economic Association:

Although evidence was lacking during August that Sino-Japanese agreements with regard to economic cooperation had been reached, plans for the formation of an organization to be called the Hopei Economic Association indicated the trend of affairs in North China. Responsible Chinese officials claimed that the organization would have for its purpose Sino-Japanese economic cooperation, that only Chinese, principally bankers and members of Chambers of Commerce, would be members, and that its only association with governmental organs would be that of "consultation". Some observers believed that the Chinese concerned were primarily motivated by a desire to be assured that they would be the channel through which the Japanese would move in "cooperating" economically in North China. It was not announced who would be its head, but both Mr. Wang K'e-min and Mr. Chow Tso-min, President of the Kinsheng Banking Corporation, were mentioned in reports. A rumor that the association would be transformed into a north branch of the National Economic Council was denied.

There

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9. Legation's telegrams 447, August 30, 5 p.m., and 457, September 3, 3 p.m.

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

- 10 -

There was reason to believe that the Japanese military were not pleased with the organization, allegedly because they had learned that it owed its origin to instructions issued by General Chiang Kai-shek to Mr. Wang K'e-min and because they were apprehensive that the Chinese concerned intended to obtain more of a share in "cooperation" than the Japanese military considered equitable.

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

COPIES SENT TO  
O.N.I. AND M.I.D.  
**TELEGRAM RECEIVED**

MT

CORRECTED COPY

1-1236

FROM

GRAY

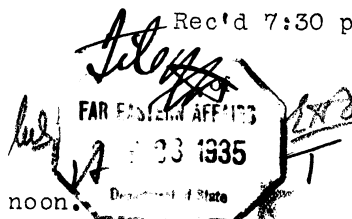
Nanking via N.R.

Dated October 25, 1935

Rec'd 7:30 p.m.

Secretary of State,  
Washington.

37, October 25, noon.



The following news release, bearing date line Shanghai, October 24, has been circulated by Reuter's Nanking Agency under heading "For your information only" which generally means that the Agency is prepared to deny responsibility for the truth of the report if circumstances require.

"The following is the latest version of alleged Japanese demands to China which are reported to have already been presented:

One. Discontinuance of negotiations with Sir Frederick Leith-Ross.

Two. Financial independence for the Provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan.

Three. China's resignation from the League of Nations.

Four. Recognition of Manchukuo.

Five. Cooperation between Japan, China, and Manchukuo in the creation of a Far Eastern political and

793.94/7321

FILED

OCT 29 1935



DECLASSIFIED: E.O. 11652, 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

2-#37 From Nanking, Oct. 25, noon  
(Corrected Copy)

and economic bloc.

Six. Demilitarization of the maritime provinces of Kwangtung, Fukien, Chekiang, Kiangsu, and Shantung.

Seven. Establishment of through railway service between Manchukuo and the Yangtze valley with the management of all Chinese railways in North China coordinated under the South Manchuria Railway.

Eight. Discontinuance of anti-Japanese activities throughout China.

Nine. Abolition of the office of Generalissimo with all military power centered in the Minister of War under General Ho Ying Ching.

Ten. Dismissal of General Chang Hsuih Liang and the withdrawal of his troops from the Northwest.

Eleven. Full Sino-Japanese cooperation in the suppression of communism in China.

Twelve. Japanese observers are to have the right of attending the Kuomintang Congress to see whether China is acting in good faith; and,

Thirteen. Complete abandonment of China's dependence on American or European support in politics, economics and government."

Repeated to Peiping and mailed to the Ambassador at Shanghai.

PECK

WSB

JS

GRAY  
**TELEGRAM RECEIVED**  
NANKING VIA N R

Dated October 25, 1935

FROM  
Rec'd 7:30 p.m.

Secretary of State,  
Washington, D.C.

37, October 25, noon

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One. Discontinuance of negotiations with Sir Frederick Leith-Ross.

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Six. Demilitarization of the maritime provinces of

See  
Corrected  
Copy

793.94/7321

F.

-3-  
From Nanking Oct 25, #37.

of Kwangtung, Fukien, <sup>Kiang</sup> Chemung, Kiangsu, and Shantung.

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Repeated to Peiping and mailed to the Ambassador at Shanghai.

PECK

JS

# --apparent omission

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

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

TELEGRAM RECEIVED

CORRECTED COPY

FS

1-1336

FROM

SPECIAL GRAY

Nanking via N. R.

Dated October 25, 1935

Rec'd 3:42 p. m.

Div. of

EASTERN AFFAIRS

OCT 29 1935

Department of State

Secretary of State,  
Washington.

38, October 25, 3 p. m.

My 37, October 25, noon.

One. Responsible official of the Chinese Foreign Office questioned by me this morning stated no demands of any sort had recently been made on China by the Japanese Foreign Office but he bitterly criticised the practice of the Japanese Army and its officers in China of presenting to individual high officials of the Chinese Government demands of the sort set forth in my telegram in reference. He said if Chinese-Japanese rapprochement were ever to be brought about, political matters of mutual interest must be handled exclusively by the two Governments through their Foreign Offices. While my informant was careful not to confirm or deny the textual accuracy of the demands reported in my October 25, noon, he accused the Japanese Army of trying to create an autonomous state in North China and of other schemes designed to prohibit China from growing in unity and strength. The reported demands may very well have

been

795.94/7322

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

FS 2-No. 38, October 25, 3 p. m. from Nanking

been advanced by Japanese military men to pro Japanese-Chinese officials and my informant may have been ignorant of them since he is not of the so called pro-Japanese group. I will seek further verification.

Repeated to Peiping and mailed to the Ambassador at Shanghai.

HPD

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

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

TELEGRAM RECEIVED

FE

FROM SPECIAL GRAY  
Nanking via N. R.  
Dated October 25, 1935  
Rec'd 3:42 p. m.

See  
corrected  
Copy  
TH

Secretary of State,  
Washington.

38, October 25, 3 p. m.

My 37, October 25, noon.

102  
FAR EAST  
OCT 23 1935  
U.S. DEPT. OF STATE

Responsible official of the Chinese Foreign  
Office questioned ~~by me~~ this morning stated no demands  
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prohibit

793.94/7322

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K

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

FS 2-No. 38, October 25, 3 p. m. from Nanking

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The reported demands may very well have been advanced

by Japanese military men to pro-Japanese-Chinese offi- ~~ce~~

cials and my informant ~~has~~ <sup>still</sup> have been ignorant and

since he is not of the so-called pro-Japanese group,

I will seek further verification.

Repeated to Peiping and mailed to the Ambassador  
at Shanghai.

KLP:SMS

PECK

NOTE: Message received very badly  
garbled. Garbled groups have  
been serviced.  
DCR.

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

TELEGRAM RECEIVED *of paraphrase*

1-1336

JR

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

FROM

COPIES SENT TO  
O.N.I. AND M.I.D. *2*

Shanghai

Dated October 25, 1935

Rec'd 7 a.m.

Secretary of State,  
Washington.

623, October 25, Noon.

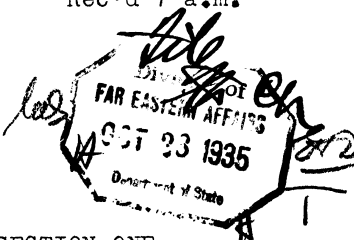
FROM THE AMBASSADOR. SECTION ONE.

793.94

According to the Japanese informant referred to in 793.94/7017 Shanghai's telegram 285 June 6, Noon, and according to an officer interrogator of the local Japanese Embassy whose information has been reliable in the past, (END OF SECTION ONE).

CUNNINGHAM

WWC:PEG



793.94/7323

FILED  
OCT 29 1935

F



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

REP **TELEGRAM RECEIVED**

SPECIAL GRAY

1-1536

FROM

Shanghai via N. R.

Dated October 25, 1935

Rec'd 6:47 a. m. 26th

Secretary of State,  
Washington.

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

623, October 25, noon. (SECTION TWO)

There have been no new demands made by Japanese to the Chinese authorities, press reports to the contrary notwithstanding. They state that recent conferences in Tokyo resulted in the Navy, Army, and Foreign Office arriving at a unified China policy and that representatives of those three Ministries came to Shanghai solely for the purpose of reporting this to their respective officers in China. They also say that the policy is abstract and general in its terminology. According to the second informant, the chief point of interest is agreement that there shall be an autonomous North China regime, which will not be detrimental to the interests of Manchukuo. He said that if the National Government opposes the establishment of this regime, however, an independent North China may result. In his opinion the significance of the unified policy is that the military and the diplomats

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

REP

2-#623, From Shanghai, Oct. 25, noon.  
(Sec. Two)

diplomats are again on friendly terms for the first time since the divergence which resulted from the military's dissatisfaction with Hirota's Diet speeches of last winter and from the raising of the Legation to an Embassy. He said that press reports that officials of the three services have held a joint conference here were incorrect but that there had been drinking parties after the separate conferences in order to cement their new friendly relations. The second informant said that the only basis for reports of such demands was a statement recently made by Hirota to the Chinese Ambassador at Tokyo to the effect that Sino-Japanese relations could only be solved if (one), anti-Japanese activities in China were eradicated, (two), "de facto" relations with Manchukuo were established (he interpreted this as meaning primarily normal communications), and (three), the Red menace to North China were averted.

Two. I am inclined toward the belief that the foregoing estimate of the situation is in general accurate. However, there is the possibility that the

Japanese

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

REP

3-#623, From Shanghai, Oct.25,noon  
(Sec. Two)

Japanese military officers in China will not be content to follow even so abstract a policy as that mentioned above. The struggle for the control of the Japanese Army in progress in Tokyo between the Araki immoderates and the Hayashi moderates, in which the latter are allegedly gaining ground gradually may cause the Japanese in China, who are chiefly immoderates, to take matters into their own hands before the position of their leaders in Tokyo is too greatly weakened by the opposing moderates. It is to be supposed that the military representative from Tokyo, Okamura, is not regarded very favorably by at least some of the Japanese military in China as he is allegedly one of Hayashi's moderates. It is extremely doubtful whether the unified policy will significantly affect the plans of the Japanese military with respect to China.

Three. Most Japanese sources expect a new regime in North China in the near future. The present agrarian uprising in Hopei, which is reported in the press may be the beginning of this. The two informants mentioned

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

REP

4-#623, From Shanghai, Oct. 25, noon  
(Sec. Two)

mentioned above claim that (#) are now leaving the details of the new regime more or less to the Chinese concerned. The first mentioned of them believes that lack of money for development in North China may informally delay formation of a new regime.

Four. These Japanese and a number of Chinese officials do not expect important developments in Central China during the next few months. However, the intentions of the Japanese military may still be regarded as an unknown quantity regardless of the unified policies.

Five. Chiang Kai Shek is at present at his native place Fenghua allegedly sulking. This may be due to a failure to impress on the rest of the government his views with regard to either his Japanese policy or his policy toward the Southwest.

(END OF MESSAGE) Johnson.

CUNNINGHAM

CSB

(#) 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

P A R A P H R A S E

Section one of a telegram (No. 623) of October 25, 1935, from the American Consul General at Shanghai, transmits a message from the American Ambassador which reads substantially as follows:

Information received from a reliable and well-informed Japanese and from an official of the Japanese Embassy in Shanghai, whose information in the past has been reliable, is to the effect that:

793.94/7323

896.  
 FE:EGC

FE

W. M. A

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

DOCUMENT FILE

NOTE

SEE 761.9515 Manchuria/20 FOR Tel. lpm #459  
FROM U.S.S.R. ( Bull 1144 ) DATED Oct. 25, 1935  
XKX

REGARDING: Probable pressure to be put on China by Japan, which the  
Chines Ambassador to U.S.S.R. thinks will not be serious.

de

733.94/7324

7324

DECLASSIFIED: E.O. 11652, 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 761.94/857 FOR Tel. #459, 1pm  
Confidential File

FROM U.S.S.R. (Bullitt) DATED Oct. 27, 1935  
~~XXXX~~ NAME 1-1127 ...

REGARDING: Sino-Japanese relations. Chinese Ambassador informs that Japan is bringing pressure to bear on China with a view to obtaining Chinese support for an attack on the Soviet Union.

dew

Confidential File

793.94 / 7325

7325

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

EE  
EE  
A-M

MP

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

Moscow

Dated October 27, 1935

Rec'd 4:53 a.m.

Secretary of State,  
Washington.

463, October 27, 9 a.m.

My telegram No. 459, October 25, 1 p.m.

Dr. Yen, Chinese Ambassador, last night informed  
me in the utmost confidence that he had just received  
a most secret communication from China saying that  
the Japanese Government was bringing pressure of most  
urgent nature on the Chinese Government with a view  
to obtaining support of the Chinese Government for  
an attack on the Soviet Union.

note  
793.94

761.94/856

BULLETT

WSB

Confidential File



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

TELEGRAM RECEIVED

SPECIAL GRAY

fs

1-1886

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

Nanking via W. R.

Dated October 29, 1935

Rec'd 1:45 p. m.

Secretary of State,  
Washington.

39, October 29, 4 p. m.  
October 25, 3 p.m.  
My ~~is~~. CONFIDENTIAL.

DIVISION OF  
FAR EASTERN AFFAIRS  
OCT 30 1935  
Department of State

One. On October 28, 4 p. m. Wang Ching Wei informed me confidentially in reply to my inquiry that the Chinese Government had no reason to expect an early crisis in relations with Japan but that it had no knowledge of the nature of the new joint policy recently adopted by the Japanese Ministries of Foreign Affairs, War, Navy and Finance and that independent action by one of them seemed to him still possible. He said the Chinese Government would continue to pursue the policy it had announced to the Japanese Government last February of conciliation in reference to all outstanding questions exclusive of Manchuria and not involving cession of territory.

Two. An official of the Foreign Office hitherto habitually reticent discussed with two American newspaper representatives on October 28 the possibility that China

1

might

793.94/7326

FILED

NOV 4 1935

F.

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

FS 2 No. 39, October 29, 4 p. m. from Nanking

might temporarily have to abandon the North and the whole coast to Japan.

Three. Although the Japanese question seems to create much foreboding in Chinese official circles the general <sup>ignorance</sup> (\*) of Japan's intentions makes crystalization of sentiment in regard to policy extremely difficult.

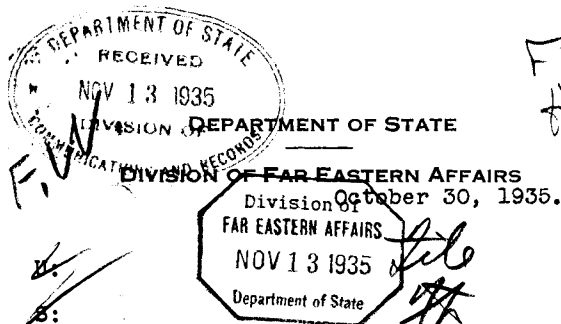
Repeated to Peiping and mailed to the Ambassador at Shanghai.

RPD

PECK

(\*) ~~Apparent omission.~~

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



Peiping's 105, October 30, noon, reports further developments in the Sino-Japanese situation in north China.

The telegram states that on October 29 the Commander of the Japanese troops in north China and the Japanese Consul General at Tientsin addressed a warning to the several local Chinese authorities reminding them of the promises made some time ago to eliminate all anti-Japanese and anti-"Manchukuo" organizations and charging that Japanese investigations reveal that such organizations still exist in disguised forms and are still continuing their activities. The warning demands the taking of prompt and vigorous measures for the elimination of all anti-Japanese and anti-"Manchukuo" organizations and the cessation of all their activities in north China.

This warning would seem to indicate that the Japanese intend further to strengthen their position in north China. Whether the aim is the implementation of the Sino-Japanese economic rapprochement

793.24/7327

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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

- 2 -

in that area or the initiation of an autonomous north China, or both, is not clear.

In any event, the proposed Japanese maneuvers between November 4 and 7 along the railway between Peiping and Tientsin mentioned in the penultimate paragraph brings to mind the carrying out of similar maneuvers around Mukden a few days prior to the incident of September 18, 1931.

The telegram also states that the peasant disorder in the district of Hsiangho, east of Peiping, is reported to have been amicably settled. This refers to the stories of so-called "revolts in north China" which appeared in the press a few days ago.

  
MSM/VDM

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

## TELEGRAM RECEIVED

1-1336  
MJP

FROM

GRAY

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

Peiping via N R

Dated October 30, 1935

Rec'd 9:30 a. m.

Secretary of State,  
Washington.

Division of  
EASTERN AFFAIRS

OCT 30 1935

Department of State

105, October 30, Noon.

793.94

A warning issued in the name of General Tada, Commander of Japanese troops in North China and the Japanese Consul General in Tientsin was communicated in writing to General Shang Chen, Chariman of the Hopei Provincial Government, General Sung Cheh Yuan, garrison commander of Tientsin and Peiping and the mayors of Tientsin and Peiping on yesterday. The warning emphatically reminds the Chinese authorities of promises made some time ago to eliminate all anti-Japanese and anti-Manchukuo organizations such as the Tangpu and Blue Shirt Societies from the Peiping and Tientsin districts. It is charged that investigations conducted by the Japanese reveal that such organizations still exist under different names and in disguised forms and that they are still

793.94/7327

NOV. 1 1935

FILED

F.

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

MJP -2- No. 105, October 30, noon from Peiping

still continuing their activities. The communication also charges the Chinese authorities with lack of sincerity and a failure to take adequate steps for the elimination of these organizations from North China. It is further alleged that the Chinese authorities seem to be encouraging these activities and that "such a state of affairs is contrary to the various agreements made in connection with North China and may bring about more complicated and difficult situation". The demand for prompt and vigorous measures for the elimination of all anti-Japanese and anti-Manchukuo organizations and the cessation of all their activities in North China is repeated.

893.00/13243

The situation at Hsiangho referred to in the Embassy's 98, October 28, 3 p. m. is reported to have been amicably settled but this awaits confirmation.

The North China garrison will carry out maneuvers between November 4 and 7 along the railway between Peiping and Tientsin with sham battles in the vicinity of Peiping and Tientsin. These apparently are the regular autumn maneuvers.

By

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

MJP -3- No. 105, October 30, noon from Peiping

By mail to Tokyo and Shanghai.

LOCKHART

WWC:HPD

DECLASSIFIED: E.O. 11652, 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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FE

TELEGRAM RECEIVED

REP

1-1236

FROM

GRAY

Shanghai via N. R.

Dated October 30, 1935

Rec'd 2:10 p. m.

Secretary of State,  
Washington.

October 30, 5 p. m.

/7323

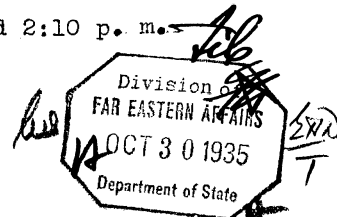
Reference Shanghai's 623, October 25, noon.

Warnings issued to Chinese authorities yesterday jointly by Major Tada and Consul General at Tientsin, as reported in press, appear to be an interesting indication of cooperation between the Japanese military and civil authorities.

JOHNSON

PEG

WWC



793.94/7328

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NOV 1 1935

F.



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

REP **TELEGRAM RECEIVED**  
PLAIN

30389

FE  
A/A

Shanghai via N. R.

Dated October 30, 1935

Rec'd 2:30 p. m.

1-1236  
Copies hereof to be sent to Secretary of State FROM

Copy also to \_\_\_\_\_

and \_\_\_\_\_  
Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
OCT 30 1935  
Department of State

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O.N.I. AND M.I.D.

793.94

615, October 30, 1 p. m. /7302

Referring to my 579, October 7, 5 p. m.

Main body of Chinese economic inquiry group re-  
turned to Shanghai yesterday when Yu Tso Ting chairman  
of General Chamber of Commerce of Shanghai told press  
Japan's lack of agricultural and natural resources and  
increasing industrialization may be taken into con-  
sideration as a prime basis for Sino-Japanese trade  
association. Will probably proceed along lines similar  
to Chinese-American Trade Council.

Repeated to Peiping, mailed to Nanking.

CUNNINGHAM

CSB

ASSISTANT SECRETARY  
OF STATE

DEPARTMENT OF STATE  
OCT 31 1935

793.94/7329

FILED  
NOV 8 1935

F/G

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

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FS

1-1336

FROM GRAY & SPECIAL GRAY

Nanking via N. R.

Dated October 30, 1935

Rec'd 2:20 p. m.

Secretary of State,  
Washington.

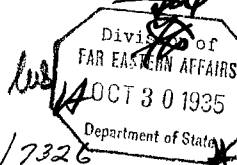
40, October 30, 3 p. m.

My 39, October 29, 4 p. m.

One. Among prominent leaders who have recently come to Nanking are Chiang Kai Shek; Chang Hsueh Li, Yen Hsi Shan; Chang Chun, Chairman of Hopei Province, and Shao Li Tze, Provincial Chairman of Shensi.

Two. Press despatches from Tientsin October 29 state that the Japanese Consul General there has written the Chinese local authorities alleging non-fulfillment of Chinese promises to suppress anti-Japanese and anti-Manchukuo organizations and reiterating Japanese demands for suppression and that the Japanese military have issued lengthy public statement in the same vein.

Three. Press despatches report that on the afternoon of October 28 (the moment Wang Ching Wei was telling me that the nature of the new Japanese policy toward China was unknown to the Chinese Government) the Japanese Minister for Foreign Affairs was dictating a "three point program"



793.94/7330

NOV 2 1935  
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F.

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

FS 2-No. 40, October 30, 3 p. m. from Nanking

program" to the Chinese Ambassador in Tokyo involving  
a genuine effort by the Chinese Government to improve  
relations and cooperation between Japan and Manchukuo  
in the economic development of North China and opposition  
to the Communists.

Four. Appearances indicate that the present assem-  
blage in Nanking will discuss whether the time has come  
to modify the policy of conciliation toward Japan or to ex-  
tend it to cooperation with Manchukuo with special ref-  
erence to North China problems.

Repeated to Peiping and mailed to Shanghai for the  
Ambassador.

KLP:WWC

PECK

DECLASSIFIED: E.O. 11652, 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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MJP

1-1336

FROM SPECIAL GRAY

Peiping via N R

Dated October 31, 1935

Rec'd 4:43 p. m.

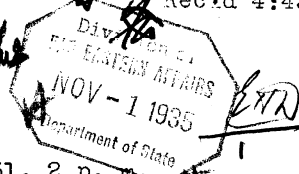
Secretary of State  
Washington.

108, October 31, 2 p. m.

Embassy's 105, October 30, noon.

Information obtained from various foreign and China sources appears to justify the following observations: the mooted Sino-Japanese economic-cooperation in North China, indubitably a Japanese desideratum, would be dependent for its success on financial and economic stability in the area involved. The weakness of the financial structure in China and the incursion of the Chinese Communists into the northwest constitute threats to that stability creating an extraordinary risk for any economic enterprise, and to achieve stability Japan may feel that it is necessary to change the political structure of the five North China Provinces. As intimated after the Dairen conference of mid-October, Japan would prefer to reach an arrangement satisfactory to itself by agreement with the constituted authorities at Nanking. This

may



793.94/7331

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NOV 5 1935

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

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CORRECTED COPY

O.N.I. AND M.I.D.

FS 2-No. 108, October 31, 2 p. m. from Peiping

may well mean that the demarche described in the Embassy's 105, October 30, noon, is probably intended to force a decision favorable to Japan at the forthcoming session of the Central Executive Committee. It is contended in some quarters that Chiang Kai Shek's policy, if he can enforce it upon the Nanking Government provides for a continuation of the present policy of conciliation towards Japan. It is further contended that this would lead ultimately to a severance of financial relations between North China and the rest of the country and would result in the end in Sino-Japanese military cooperation against the Communist forces in Northwest China. An unconfirmed report is now in circulation to the effect that the three chief figures of North China, <sup>Sung</sup> Che Yuan, Han Fu Chu and Yen Hsi Shan with the acquiescence of the Nanking Government have already practically come to an agreement with the Japanese which will result in the establishment of a semi-autonomous political regime in the North to implant the Japanese program. (3) the above is wholly lacking in confirmation

There are

773.94/7331

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

CORRECTED COPY

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

FS 3-No. 108, October 31, 2 p. m. from Peiping

There are political observers who profess to believe that a policy directly opposite to the above is now taking on a more definite form. This group holds that an important section of Chinese Government opinion both popular and official has hardened around the belief that the time has come when China must decide definitely between submission and armed resistance and that the latter is to be preferred even with defeat rather than the humiliation of the former. Whether this feeling will spread would seem to depend at least to some extent on the course of events at the forthcoming meeting of the Central Executive Committee.

The only certain development is that the Japanese military and civil officials are now working together as a unit as evidenced by the demands above mentioned. This undoubtedly is a part of the so-called new policy which the Japanese recently discussed at Dairen and Shanghai but whether the plan of concerted action will continue to be is somewhat problematical.

Repeated to Nanking. By mail to Tokyo and Shanghai

Note

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

MJP -4- No. 108, October 31, 2 p.m. from Peiping

(note; copies or paraphrases of all telegrams  
are sent to Nanking by mail unless otherwise  
indicated.)

LOCKHART

HPD

*see corrected copy  
Pg-2*

MJP -2- No. 108, October 31, 2 p. m. from Peiping  
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is



*See covered page 3*

MJP -3- No. 108, October 31, 2 p. m. from Peking *4/5*

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Repeated to Nanking. By mail to Tokyo and Shanghai.

(Note

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

TELEGRAM RECEIVED

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

7E

MJP

1-1336

FROM GRAY AND SPECIAL GRAY

Peiping

Dated October 31, 1935

Rec'd 5:05 p. m.

Secretary of State,  
Washington.

Division  
FAR EASTERN AFFAIRS  
NOV - 1 1935  
Department of State

793.94

109, October 31, 5 p. m.

Embassy's 108, October 31, 2 p. m.

A new statement issued yesterday by the Japanese military headquarters at Tientsin refers to the Luanchow incident (Legation's 400, August 6, 4 p. m.) and charges Peiping Branch Military Council, the Kuomintang and other National Government agencies with blame for the assassination of Liu Tso Chow and the wounding of the Japanese gendarme. The statement quotes the headquarters spokesman as asserting that the Luanchow incident was an infringement of the Tangku Truce, the North China Agreement, and the Boxer Protocol and was, moreover, a provocative act directed against the Japanese army. According to this version, the Japanese army cannot tolerate the present state of affairs where secret orders continue their activities in North China and is determined to put an end to those activities "for the welfare of the masses in North

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NOV 5 1935

793.94/7332

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

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(CORRECTED COPY)

FS 2 No. 109, October 31, 5 p. m. from Peiping

North China and for peace in East Asia". It charges that a plot exists against the lives of Japanese military officers in North China and against pro-Japanese Chinese.

An unconfirmed report of somewhat doubtful value is in circulation to the effect that six demands have been made or are prepared as follows: (one) Peiping Branch Military Council to be abolished within three days, (two) Mayor Yu Liang of Peiping to be dismissed, (three) Shang Cheng to apologize for the Luanchow affair and compensation from China for the wounding of the Japanese gendarme, (four) demilitarized zone to be extended to include the districts of Hsiangho, Changping, Wuching, Paotai and Ningho in order to check Blue Shirt activities, (five) Blue Shirt and others whose names are listed shall be arrested by the Chinese otherwise the Japanese will themselves make the arrests, (six) said to be an expression of general Japanese dissatisfaction with Shang Chen. The Japanese are said to have charged in addition that subversive movements in Manchukuo are receiving support from North China. Repeated to Nanking. To Tokyo and Tientsin by mail.

LOCKHART

WWC:CSB

*See corrected*

*Copy*

*pg 2*  
*88*

MJP -2- No. 109, October 31, 5 p. m. from Peiping

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LOCKHART

WWC:CSB

(\*) Omission

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

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REP

SPECIAL GRAY

1-1230

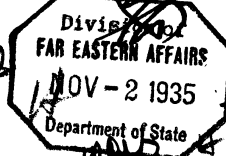
FROM

Nanking via N. R.

Dated November 1, 1935

Rec'd 2:15 p. m.

Secretary of State,  
Washington.



43, November 1, 10 a. m.

My 41, October 31, noon.

CONFIDENTIAL.

One. On October 31, 4 p. m. Counselor Peck

was told by one of the more practically minded responsible officials of the Chinese Government that although the government knows the general nature of the new "three point program" of the Japanese Government for the conduct of Chinese-Japanese relations details will not be known until the return in a few days of the Chinese Ambassador in Tokyo. The proposal as thus explained will be studied by a few of the most important leaders and the informant was sanguine that a middle course could be devised which would forestall both drastic action by Japan and political attacks on the government by its critics although admitting that if the

Japanese

793.94/7333

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NOV 5 1935

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REP

2-#43, From Nanking, Nov.1, 10a.m.

Japanese are too insistent this policy of evasion <sup>parenthetically</sup> ~~is~~ *sg*  
officially known as "conciliation" may not be  
successful. Informant was hopeful that a crisis  
in relations with Japan can be averted. As proof  
of this belief he said that there was talk of  
postponing the forthcoming Congress until November  
20 whereas if a crisis were thought to be impending  
the government would try to conclude these pro-  
ceedings as quickly as possible.

Two. Informant stigmatized the alleged Japanese  
idealistic desire to **rescue** the oppressed population  
of China as a mere political hoax although it might  
be believed in by some of the younger Japanese  
military attaches and he compared it with the  
announced ambition of Italy to civilize Ethiopia.

Three. Informant did not deny severe financial  
straits of the Chinese Government but thought that if an  
international crisis could be averted the government  
could tide over its difficulties. He did deny that  
conscious inflation of the currency had begun and  
attributed the fall in Chinese currency and bonds  
to other causes particularly use of threatened political  
crisis by interested manipulators.

Four.

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

REP

3-#43, From Nanking, Nov. 1, 10a.m.

Four. He said that relations with Canton would continue to be amicable since the party had decided not to insist on the abolition at this time of the boycott, political council and central executive committee.

To Tokyo by mail.

ATCHESON

CSB

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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 13

Peiping, October 3, 1935.

Subject: Japanese Complaint Against "Anti-  
Japanese Spirit" in Tsingtao.

*Handwritten:* 793.94  
*Handwritten:* copy by us  
*Handwritten:* 10/15/35  
*Stamp:* Division of FAR EASTERN AFFAIRS  
NOV - 4 1935  
Department of State  
*Handwritten:* 200

5  
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DEPARTMENT OF STATE

1935 NOV 2 AM 11 20

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COMMUNICATIONS  
AND RECORDS

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

793.94/7334

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

The Honorable

The Secretary of State,  
Washington, D. C.

DEPARTMENT OF STATE  
NOV 11 1935  
*Handwritten:* 1-3/4  
*Handwritten:* 1/

Sir:

I have the honor to forward a copy of despatch No. 54, dated September 23, 1935, from the Consulate at Tsingtao in regard to the Japanese complaint against "Anti-Japanese Spirit" in Tsingtao. Mr. Sokobin refers to a recent address of Mr. A. Tajiri, the newly arrived Acting Japanese Consul General at Tsingtao, in which he urged some nine hundred Japanese residents of that city to cooperate with him in his efforts to eradicate the anti-Japanese spirit. This speech is said to have

given

NOV 11 1935

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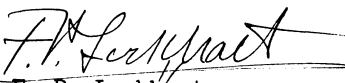
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Department of State letter, August 10, 1972  
By Milton D. Quisenberry NARS, Date 12-18-75

- 2 -

given rise to some uneasiness among the higher Chinese officials of Tsingtao. Mr. Sokobin also indicates that the methods employed by the officers of the Tsingtao-Tsinan Railway to evade making purchases from Japanese merchants obviously are distasteful to those merchants.

Respectfully yours,

For the Ambassador:

  
F. P. Lockhart,  
Counselor of Embassy.

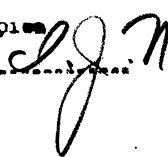
✓  
Enclosure:

- 1/ Copy of despatch No. 54,  
September 23, 1935, from  
Tsingtao to the Embassy.

710

CBL/rd

Original and 4 copies to the Department.  
Copy to American Embassy, Nanking, without enclosure.

4 Carbon / copies  
Received .....  


No. 54

Strictly confidential.

AMERICAN CONSULATE

Tsingtao, China, September 23, 1935.

Subject: Japanese Complaint Against "Anti-Japanese Spirit" in Tsingtao.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,

Peiping, China.

Sir:

Division of FAR EASTERN AFFAIRS		NOV - 5 1935		Department of State	
Grade		Distribution-Check		Yes No	
For		To field In U.S.A.			

I have the honor to refer to the Embassy's strictly confidential instruction of July 8, 1935, directing the submission of reports on Sino-Japanese relations, with particular reference to the acquisition by Japanese interests of special or exceptional economic privileges which will not be available to other foreign interests.

On September 11 the newly arrived Acting Japanese Consul General, Mr. A. Tajiri, formerly Chief of the Second Section of the Japanese Foreign Office, was guest of honor at a garden party given by local Japanese residents of whom some 900 were present. Mr. Tajiri made an address which has caused considerable comment in the Japanese community and which has given rise to some uneasiness among the higher Chinese officials here.

The Japanese

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DEPARTMENT OF STATE

1935 NOV 4 AM 10 54

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

793.94

F W 793.94/7334

NOV 21 1935

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- 2 -

The Japanese Acting Consul General first referred to the embarrassment case in which a Japanese Vice Consul was involved and which has greatly distressed the Japanese community. Mr. Tajiri then passed to the recent silver smuggling activities of Japanese; he made notice of rumors that a group in Japan intended to operate in Tsingtao and he indicated that he would take the necessary action to prevent smuggling, so that the Japanese community would not suffer any loss of the great dignified prestige which the Japanese nation has built up for itself.

Mr. Tajiri continued with a statement of some impressions made on him since his assumption of office in Tsingtao. He belabored the Japanese residents for their ignorance of the true position in which their home land now finds itself and for their ignorance of the international political and economic situation. The Japanese residents in Tsingtao did not appear to realize the apprehensiveness felt in Japan; they were not conscious of the desperate endeavor which prompted the steps taken in Manchuria. He felt that the residents here were inclined to indulge in sweet dreams of days gone by when they could rely on the support of a Japanese military administration. He exhorted them not to rely on government aid but on their own efforts for success; they could not expect the government to

save them

- 3 -

save them from the ordinary vicissitudes of business.  
A more open mode of life would be necessary.

The Acting Consul General then dwelt on the need for cooperation in removing obstacles whether from internal sources or from external sources; he accordingly took up in a spirited manner the need for cooperation in eradicating "the anti-Japanese spirit". He stated that reports of the comparative absence of this spirit in Tsingtao were superficial; in reality there existed a great deal of this spirit in this city. So long as it was present, friendly relations between Japan and China could not be attained nor could the peace of the Far East be preserved. As soon as the embezzlement case no longer engaged his attention he intended to devote his efforts to an eradication of the anti-Japanese spirit, toward which purpose he asked the Japanese residents to give their whole hearted cooperation.

THE ANTI-JAPANESE SPIRIT IN TSINGTAO .

Nothing in the report of Mr. Tajiri's speech indicates what form the "anti-Japanese spirit" takes in this city. Certainly the Chinese press gives no offense; an occasional and infrequent lapse is remedied by an apology, as in a recent instance; the once numerous posters with the characters for "Down with Japan"

( 打倒日本 ) are rarely seen; a

recent one

- 4 -

a recent one aroused some comment because of its very rarity.

However, it is not difficult to learn that what the Japanese now do mean by the "anti-Japanese spirit" has special reference to complaints by Japanese merchants that the Tsingtao-Tsinan Railway purchases Japanese materials in negligible quantities. These merchants complain that they do not in all cases receive invitations to tender on important railway requirements, and that American and Chinese and European firms are given private notice; that when they do have an opportunity to make an occasional tender, rejection follows on the ground that the specifications have not been met, and that when it is shown that the specifications have been met, the Japanese merchants are referred to another bureau and that responsibility is passed back and forth from a specifications commission to a purchasing bureau, and then possibly on to Hanking. This situation in the offices of the Tsingtao-Tsinan Railway is altogether unsatisfactory to the local Japanese traders.

This dissatisfaction, which is very real, indicates that the Japanese to this extent are far from having achieved any special economic or commercial privileges. It also reveals a sore spot which may fester and create serious difficulties in Sino-

Japanese relations

- 5 -

Japanese relations. The railway supplies business in China has always been understood to be marked by methods which do not characterize ordinary commercial practice, but discrimination, if it does exist, against the Japanese by an official Chinese institution may lead to serious consequences. "Economic rapprochement" is an antonym for "anti-Japanese spirit"; the forthright call to action by Mr. Tajiri against this spirit indicates that the Japanese are really vexed by the treatment accorded them by the Tsingtao-Tsinan Railway.

CHINESE OFFICIALS' IMPRESSION OF JAPANESE CONSUL GENERAL

From an authoritative source, information has come to the American Consulate that the Chinese officials feel that the Acting Japanese Consul General is sympathetic toward the policy of the Japanese military party and that he has the support of that party. The Chinese officials were quite satisfied with the moderate policy of Mr. Tajiri's predecessor but they now feel that the present incumbent will pursue a policy which will disturb the fairly amicable relations which have existed here for some years.

Respectfully yours,

A true copy of  
the signed original.  
lnak *SS*

Samuel Sokobin  
American Consul

800/877

<sup>SS</sup>  
Original to Embassy, Peiping.  
Copy-Nanking.  
Copy-Tsinan-Chefoo

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

len 6.35

~~to note~~

~~SK 17~~

To note  
short despatch  
from Vankov.

See M.

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. 16

EMBASSY OF THE  
UNITED STATES OF AMERICA

Nanking, October 4, 1935.

793.94  
Subject: Sino-Japanese Relations.

*Copy in FE*  
Division of  
FAR EASTERN AFFAIRS

NOV - 4 1935

Department of State

5  
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1935 NOV 2 AM 10 53

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The Honorable

The Secretary of State,  
Washington, D. C.

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

Sir:

I have the honor to state that a Chinese correspondent of a foreign news agency today informed me that a crisis in relations between China and Japan seemed approaching. In reply to a question from me, he denied that the present incident at Swatow arising from the attempted collection of a provincial tax from imported Japanese rice was of serious moment. He said that the Japanese are now strongly insisting on the termination of the Period of Tutelage, during which the National Government is under the control of the Nationalist Party (Kuomintang), the setting up of a constitutional government and the election of a president.

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- 2 -

He said that the Japanese want General Chiang Kai-shek to be this president.

The strong insistence of the Japanese on this change in political organization has given rise to a severe, though hidden, internal struggle. Since the removal of the Nationalist Party from its present dictatorship in the country would relegate a number of prominent leaders more or less to oblivion, the move is opposed by such prominent figures in the Nationalist Party as Dr. Wang Ching-wei and Dr. Ku Meng-yu, who, in addition to their positions in the Party, hold the political posts of President of the Executive Yuan and Minister of Railways, respectively.

On the other hand, it is understood that General Chiang Kai-shek would welcome the proposed change, even though it is strongly urged by the Japanese. The change is supported, likewise, by most of the military leaders in the Government, especially the immediate henchmen of General Chiang Kai-shek.

Besides those Chinese politicians who are recognized as being "pro-Japanese", there are others who favor the ending of the Party dictatorship, as being a comparatively easy way to placate the Japanese and relieve the present tension, to some extent, between the two countries.

I inquired of the informant whether pressure now being brought to bear on China by Japan included the threat of military measures. He replied that he did not think that new military measures were contemplated by the Japanese, but he felt that the position of the Chinese Government was becoming more difficult with respect to the Communist forces in the northwest, and this was providing a pretext for Japanese military expansion in that area. He did not

doubt

- 3 -

doubt that there was some truth in the published reports of victories of the Government's troops over the Communist forces in Kansu, but he was inclined to think, from what he had heard, that these Communist forces had not been annihilated, as claimed, but driven further to the northwest, in the direction of Sinkiang, where they would continue to constitute a menace. In order to oppose this threat, he said, the Japanese were establishing "military stations" along the Peiping-Suiyuan Railway and the general route to the northwest. Air fields have been established by the Japanese at Kalgan and Kweihua, while they are being sought at Sianfu, the capital of Shensi, and Lanchow, the capital of Kansu.

Respectfully yours,

For the Ambassador:

*Willys R. Peek*  
Willys R. Peek,  
Counselor of Embassy.

Original and four copies to the Department.  
Copy to Peiping.

710

WRP:HC

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



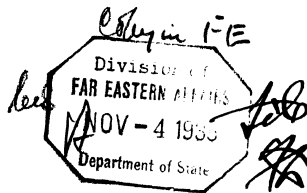
EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 15

Peiping, October 4, 1935.

Subject: Views of Japanese and Chinese  
Intellectuals.

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COPIES SENT TO  
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The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to report below the salient points of a conversation which recently took place between Mr. Hozumi Tanaka, the President of Waseda University at Tokyo, who has been visiting Peiping, and leading Chinese intellectuals of Peiping. Dr. Hu Shih was spokesman for the Chinese, and the statements of the Japanese and of Dr. Hu Shih may be taken

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- 2 -

as more or less typical of the attitude of Japanese and Chinese intellectuals toward Sino-Japanese cooperation.

Mr. Tanaka, the Japanese, made three points, as follows:

1. European civilization is declining and the civilization of the Orient will save the world.
2. Europe has gone insane.
3. China should not play one country against another but should make friends with one of them, preferably Japan.

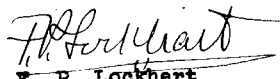
Dr. Hu Shih's replies to these three points were as follows:

1. European civilization is declining, but, on the other hand, little good can be said of Oriental civilization at the present time.
2. Europe is insane, but so is the Orient.
3. China is not worthy to be the friend of another country, but if it should become a friend, then China's national independence and civilization must be preserved.

The foregoing, as well as other conversations reported to the Embassy with regard to conversations between Chinese and Japanese intellectuals, reveals a gap in viewpoint which it would seem the Japanese will have difficulty in bridging.

Respectfully yours,

For the Ambassador:

  
F. P. Lockhart,  
Counselor of Embassy.

LES-SC  
710 Sino-Japanese  
Original and four copies to  
Department.  
Copy to Embassy, Tokyo and Nanking.

DECLASSIFIED: E.O. 11652, 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  
November 8, 1935.

MMH:

Shanghai's Nos. 10349 of October 5, 10353 of October 7, and 10364 of October 12, 1935, entitled "Sino-Japanese Relations: Series of Articles on Manchuria by Mr. R. T. Peyton-Griffin."

The enclosed despatches of October 5 and 7, addressed to the Embassy, briefly summarize the enclosed articles. The enclosed despatch of October 12 to the Embassy, forwards a clipping on the subject of smuggling from Dairen into China. The article states that smuggling on a large scale can be dealt with although it presents some difficulties which are not easily surmounted. It makes the points that the host of small smugglers who carry their goods as personal baggage presents a more difficult problem to the authorities and that this type of smuggling is having a depressing effect on business in north China in the lines in which smuggled goods are competitive. Among the various suggestions which were offered by business men of Dairen for improving this situation, the article states that the one that seems the most feasible is that more drastic search of passengers be made at points of entry into north China.

*MSM*  
MSM/VDM

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. 10349



*Handwritten initials: JE, AH*

*Handwritten: 793.94*

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 5, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by Mr.  
R. T. Peyton-Griffin.

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

I have the honor to enclose a copy of a self-explanatory despatch No. 8895 of this date, with enclosures, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

ASSISTANT  
SECRETARY  
OF STATE  
*Handwritten initials: JMK*

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

- 1/- Copy of Shanghai Consulate General despatch No. 8895 with enclosures.

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In Quintuplicate.

*Handwritten: cc to A-M*

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

... 8895

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 5, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by Mr. R.  
T. Peyton-Griffin.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatch No. 8881  
of September 26, 1935, transmitting the first of a  
series of articles on Manchuria by Mr. R. T. Peyton-  
Griffin, special correspondent of THE NORTH CHINA DAILY  
NEWS (British), and to enclose five additional clippings  
1/5/ from the issues of September 30, October 1, 2, 4 and  
5, 1935, respectively.

The article appearing on September 26 described  
an interview with the new Prime Minister of "Manchukuo",  
who is reported to attribute the reluctance of the  
Powers to recognize his Government to lack of under-  
standing of actual conditions in Manchuria, but to feel  
that non-recognition results in no great inconvenience  
1/ to his country. In the next Mr. Peyton-Griffin paints a  
dark picture of the future for Russian and other foreign  
interests in Manchuria. He reports an "intense Japonification"

of

-2-

- of Harbin, prophesies that virtually all trade will be in Japanese hands in a comparatively short time, and states that hopes entertained by White Russians of being given positions on the Chinese Eastern Railway vacated by citizens of Soviet Russia have not been realized. He enlarges on this theme in the third article, remarking that some twenty-two thousand Soviet employees, including about one thousand emigres, took advantage of the Government's offer to return them to Russia, and that the belief is gaining ground among Russians in Manchuria that their best refuge is their own country.
- 2/ There is little of interest in the fourth article, but the next outlines far-reaching changes that are being effected in Harbin, and expresses the view that the inhabitants recognize and appreciate the improvements made. He states further that "Russian and foreign interests are finished" in this city, but that it has nevertheless a great future. The most recent article discusses at some length what the author terms "the astonishing progress which is being made in the creation of Hsinking."
- 3/
- 4/
- 5/

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosures:



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

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✓  
Enclosures:

- 1/- Clipping from THE NORTH CHINA DAILY NEWS of September 30, 1935.
- 2/- Clipping from THE NORTH CHINA DAILY NEWS of October 1, 1935.
- 3/- Clipping from THE NORTH CHINA DAILY NEWS of October 2, 1935.
- 4/- Clipping from THE NORTH CHINA DAILY NEWS of October 4, 1935.
- 5/- Clipping from THE NORTH CHINA DAILY NEWS of October 5, 1935.

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In Quintuplicate to Department by  
despatch No. 10349 of even date.

Copy to Embassy at Nanking.

Copy to Consulate General, Harbin.

Copy to Consulate General, Mukden.

Enclosure No. 1 to despatch No. 8875 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated October  
5, 1935, on the subject: Sino-Japanese Relations; Series  
of Articles on Manchuria by Mr. R. T. Peyton-Griffin.

SOURCE: THE NORTH CHINA DAILY  
NEWS (British), September  
30, 1935.

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## HARBIN'S RISING SUN WIPES OUT RUSSIAN HOPES

### Rapid Advance of Japanese Trade and Influence

#### STARTLING CHANGES

#### Soviet Well-disposed To Emigres

BY R. T. PEYTON-GRIFFIN

What is to be the future of Harbin?  
The answer to one who has known  
the place at intervals during the past  
thirteen years is strikingly apparent  
during the first few hours of this  
latest visit. An intense Japonifica-  
tion has swept over the city. Where  
quietly painted signboards in Russian  
spoke of the trade of the shop before  
which they were displayed, there are  
now Japanese electric signs, making  
some of the streets look all the world  
like the various thoroughfares of  
Dairen, where though old Russian  
buildings bespeak of the city's origin,  
garish lighted signs and modernized  
shop fronts show the great metamor-  
phosis which has taken place since  
Dairen passed into Japanese hands  
after the Russo-Japanese war. The  
process has long been completed in  
Dairen, though the signs of the past  
are still there for those to see, as for  
example in the street planning which  
is obviously Russian in its origin  
and design.

In Harbin it is still very near the  
start of the change for the intense  
rush of Japanese to the place is only  
of some months' duration, though the  
manner in which the Japanese have  
assumed a predominant position in  
the commercial life of the city is  
now only too apparent. Japanese  
haunt the principal hotels, the  
cabarets, are familiar sights on the  
streets in approximately the propor-  
tion to be seen in Hongkew. They  
have their own places of entertain-  
ment and overflow into others in  
which they would not normally be  
seen in Shanghai. Japanese wares  
are prominently displayed in the  
shops, Japanese as well as Russian,  
and ronin, are in evidence in this  
northern city.

A long prelude to the reply to the  
question with which this article  
opens. Now the answer:—There is  
no future for the present Russian  
and foreign interests in Harbin. They  
must in a comparatively short long  
run be swamped by the Japanese, and  
the time is not far distant when the  
whole of the trade of Manchoukuo—  
with, perhaps, very meagre excep-  
tions, will be completely in Japanese  
hands.

What has happened in Japan since  
the abolition of extraterritoriality is  
happening in Manchoukuo, and as the  
volume of foreign interests in Japan  
was reduced by the competition 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

northern city.

A long prelude to the reply to the question with which this article opens. Now the answer:—There is no future for the present Russian and foreign interests in Harbin. They must in a comparatively short long run be swamped by the Japanese, and the time is not far distant when the whole of the trade of Manchoukuo—with, perhaps, very meagre exceptions, will be completely in Japanese hands.

What has happened in Japan since the abolition of extraterritoriality is happening in Manchoukuo, and as the volume of foreign interests in Japan was reduced by the competition of the Japanese so will it suffer a like fate through the same medium in the North.

#### The Setting Sun

The recent boom in business amongst the foreign houses, chiefly Russian, is but a flash in the pan, and to be wholly associated with the return of Soviet railway ex-officials, displaced by the sale of the Chinese Eastern Railway, to their own country. These with their families numbering some 22,000 souls bought largely prior to leaving of those things which are not so readily or so cheaply purchased in Soviet Russia, and the result has been that most houses have done remarkably well for a brief period. They have now to watch the setting sun.

Hopes that a large number of the positions left vacant by the departing Russian would be filled by White Russians living in Harbin have not been justified in the event. It is true that a few White Russians have been taken on by the railway but in subordinate positions for which the wages are extremely low, positions in which they have to meet the competition of the unskilled Japanese and Manchoukuoan. That this should be so is obvious on a little consideration. Engineering colleges in Japan are turning out graduated students for whom jobs have to be found, and where better than on the newly acquired railway? It is clear that Manchoukuo cannot provide the labour necessary from her own educated classes, and doubtful whether she would be allowed to do so where it possible, for, while the railway in theory belongs to the new state, existing facts indicate so great a proportion of Japanese control that whoever may be said to be the owners the masters are the Japanese. There is, then, very little hope for the re-engagement of White Russians on the Railway in numbers sufficient to save the Russian community from the ruin which ultimately faces them.

It has to be remembered that Harbin was called into being by the Chinese Eastern Railway and lived entirely upon it. Its industries arose from the railway, and the thousands of Russians living in Harbin derived their sustenance directly or indirectly from the pay sheets of that great undertaking. So long as there was Russian control of the railway so long could the Russian community in Harbin expect to live. That control having passed, the large number of Russians remaining in Harbin for the time being are deprived of their chief means of livelihood, and the end is not far away.

It is true that other undertakings, staffed by Russians may be expected to hang on for some time until Japanese competition has fully developed, and they eventually go under because of the cheapness of the labour which the Japanese can and will employ. But the end will be the same; the Japonification of Harbin means the ultimate complete elimination of the Russian community as an important factor in the corporate life of Harbin.

There is indeed no branch of trade or industry which is not threatened by the natural consequences of Japanese paramountcy in Manchoukuo. With regard to other foreign interests the operation of a partly closed "open door" will do little to hasten the inevitable process. It was

(Continued on page 10)

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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. 8895 of Mr. S. Cunningham,  
American Consul General at Shanghai, China, dated October  
5, 1935, on the subject: Sino-Japanese Relations; Series  
of articles on Manchuria by Mr. R. T. Peyton-Griffin.

(British), October 1, 1935.

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## HARBIN EMIGRES FIND REFUGE IN SOVIET RUSSIA

New Relations with Their  
Own People

## 1,000 CROSS FRONTIER

Favourable Reports on  
Experiences

BY R. T. PEYTON-GRIFFIN

There are certain aspects about the evacuation of the Soviet employees of the old Chinese Eastern Railway, following its handing over to the Manchoukuo government which are not without considerable interest, not only to Russians themselves, but also to those who are puzzled as to the future for so many who are being deprived of the means of livelihood as a result of recent developments. When it was announced that the Soviet Government would be ready to transport all their own citizens, employees of the railway back to Russia, it was confidently anticipated in some quarters, and indeed openly stated in a certain section of the local press that not more than five per cent. of the Soviet residents of Harbin would take advantage of the opportunity to return to Russia.

That opinion was not held by the Soviet authorities, who estimated that about 18,000 Soviet Russians would have to be returned to their native land. That figure was later increased to 20,000 and, when eventually final figures were arrived at, it was found that a total of something over 22,000 had taken advantage of the opportunity afforded them and had returned to Russia to continue their careers or seek their fortune anew.

Of those 22,000 approximately 1,000 were former *émigrés*. Now that the official evacuation has ended there is still a fair number of *émigrés* who are returning or seeking to return to Russia, and, according to one well informed Harbin Russian, between thirty and forty White Russians are applying each day for permission to go back to their homeland.

From inquiries made in authoritative quarters it appears that a definite policy has been adopted by the Moscow Government which does not preclude patriotic Russians from going back. There are naturally classes of White Russians which will never be granted permission. Such are those officers who during the fighting in the revolution are accused of atrocities, allegations concerning which were freely bandied from side to side at the time. Those accepted are those who since the revolution have refrained from activities subversive of the Soviet Government, and in short the policy seems to be that, where love of country surmounts political differences, there is an opportunity for *émigré* Russians to go back and take up their lives in the changed conditions which have been brought about by the revolution.

## Opportunity Widely Taken

The result has been that during the evacuation instead of the estimated five per cent. of Russians which it was thought would go back, ninety-

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

of atrocities, allegations concerning which were freely bandied from side to side at the time. Those accepted are those who since the revolution have refrained from activities subversive of the Soviet Government, and in short the policy seems to be that, where love of country surmounts political differences, there is an opportunity for *emigré* Russians to go back and take up their lives in the changed conditions which have been brought about by the revolution.

#### Opportunity Widely Taken

The result has been that during the evacuation instead of the estimated five per cent. of Russians which it was thought would go back, ninety-five per cent. have availed themselves of the opportunity, and it has to be emphasized that of these approximately 1,000 were *emigrés*.

From the source of this information it was also ascertained that in some cases the Russian authorities were actually willing to assist, and in some cases actually assisted in the transportation of their nationals back to Russia, while on occasion other forms of help were given.

On reaching their destinations in Russia no difficulty, it is stated, is found in placing them in positions. It is estimated that Russia at the moment could accommodate from the point of view of labour no fewer than an additional 20,000,000 hands, the backwardness in the matter of construction work, etc., being such that a certain amount of rural labour has to be drafted into urban districts in some degree to counter the prevailing shortage.

Your correspondent was informed, as proof of the easiness of the labour market that columns of advertisements calling for all sorts of labour appear daily in the Moscow newspapers, and that even if there were not enough posts to go round the returning *emigré* would be entitled to exactly the same assistance in the matter of lodging, etc., as that given to those who have consistently resided within the limits of the Soviet republic.

#### Hopes in Harbin Waning

It is expected that as conditions worsen in Manchoukuo there will be increasing numbers of Russians who will take the opportunity of going back to their native land. And that for a number of perfectly comprehensible reasons. There was a very large section of the Russian community which saw in the Japanese advance upon Harbin the dawn of a better day. Indeed much of the original enthusiastic support which they accorded the initiation of a new scheme of things in Manchuria arose from alleged promises that there would be a better time for the *emigré* who had not been doing so well since the Soviet had secured control of the Chinese Eastern Railway. Whether such promises were made or not, the fact stands out that they did not come to fruition and in the absence of complete or even substantially partial fulfilment the eyes of the *emigrés* have been turning elsewhere. It is gradually being borne in upon many living in Harbin, that whatever opportunities the bigger ports of China offered in the past, nothing or little is offering now. There is still a few who believe that, for the right people, the streets of such places as Tientsin and Shanghai are paved with gold, but the number of holiday makers in Harbin from those places each summer, with their stories of actual conditions, is slowly but surely bringing home to many

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(Continued from page 9)

### Reports from "Home"

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

Enclosure No. 3 to despatch No. 882 of Edwin S. Cunningham,  
 American Consul General at Shanghai, China, dated October  
 5, 1935, on the subject: "Sino-Japanese Relations; Series  
 of Articles on Manchuria by Mr. R. T. Peyton-Griffin."

SOURCE: THE NORTH CHINA DAILY NEWS  
 (British), October 2, 1935.

**THE MANCHOUKUO  
 NEEDLE  
 Hard Task for Camel  
 Journalist**

By R. T. PEYTON-GRIFFIN

We are going to like this visit to Manchoukuo. We believe it is to be a happier one than the others which we have paid to this part of the world. Of course, as early as yet to talk as we reached the place last night, we have not yet resumed our customary habiliments for emerging beyond bedroom, but if first impressions to be fresh they must not long main on the ice: hence the hurry writing this.

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Then on the steamer there was another sheet of paper to fill. The same information, questions in about the same order and a sigh of relief when all were answered and a "Well that's done." Yes, but that's all that was done. The official thirst for repeated knowledge passes all understanding, especially when it is about

same kind of welcome. unknown, but they all received the visitors, rich and poor, famous and During those years we had many The flat is only a memory. made no longer. or, "Who washes the dishes?" are morning?" or, "Who makes the beds?" "Who made the breakfast this The old jokes of our brother M.P.s of the three M.P.s. is empty. a smaller place, and the bachelor flat now Buchanan and I have moved to Maxton married and left us, and the House of Commons. the ten years we fought together in George Buchanan and myself during which had sheltered Jimmie Maxton, time on our old flat at Battersea. I have closed the door for the last sweet and alluring. in the language have a content more. It becomes home, and few words cupants. experiences and affections of its oc- but it seems to weave itself into the large or small, a mansion or a flat personality, he writes. It may be A dwelling house has almost a "Sunday Express" of "Our Old Flat." bell Stephen tells his story to the two moved last month. Mr. Campbell Mr. Maxton married, and the other Stephen lived together in Battersea Buchanan, and the Rev. Campbell years Mr. James Maxton, Mr. George Scottish M.P.s is empty. For ten The bachelor flat of the three determined that he will never visit the place again. As a matter of fact we were just running into Harbin when our mind was nearly made that we would turn round and straight back. A uniformed man brought us another form to fill and we have filled in so many forms that we have not only acquired a writer's cramp, but we have acquired such a knowledge of ourself that we are amazed with us. Possibly that is for our own good.

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Then we went to the hotel to fill in another form. Not a big one, but we had to disclose our age, nationality, etc., after which we were admitted as a guest.

**Heaven at Last**

Next day we caught the Asla express, and arrived in Harbin, late that night. Before reaching the place, a man came along, took our passport from us, and gave us a nice long sheet of questions to answer. By that time we knew them by heart, but the train rattled so terribly over the track that the handwriting in which the replies were given was a shocking mess approaching illegibility. But it passed muster; all our answers were correct, and our passport was

returned. Ultimately we arrived at the Hotel Moderne. There they gave us another form to fill in with two extra questions on the back. We went to bed firmly convinced that we knew exactly who we were. This morning the tinkling of the bells of the various Orthodox Churches has completely convinced us. We have beaten the camel at his own game and the rich man is a long way behind. We are in heaven!

**FLAT OF THE THREE  
 M.P.s EMPTY  
 Where the Guests Had to Help  
 With the Cooking**



1421

DECLASSIFIED: E.O. 11652, 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  
American Consul General at  
3, 1935, on the subject:  
of Articles on Manchuria by

THE MANCHOUKUO  
NEEDLE  
Hard Task for Camel or  
Journalist

By R. T. PEYTON-GRIFFIN

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the same facts. Of course when you are in an official capacity and you are asked to repeat yourself, you merely reply "Refer to my despatch, etc., No. so-and-so of such-and-such a date." But let a non-official try the same tactics. He not only gets it in the neck, but is promptly told where to get off.

A Narrow Escape

At Dairen two passport officials came aboard, and in front of a crowded saloon we were put through our paces. We were first on the list. The name was spelled wrong. Must have been one of those type-writers which has never learned English spelling. When we pointed out the error a succulent "Ah" was murmured and the emendation made in very capable small writing.

It was probably an error of tactics to refer to the matter at all, but on the face of it the entry did not agree with the name on the passport and it was in no spirit of captious criticism that the correction was suggested but in a desire to be helpful a speed matters up a little.

Now of the two passport officers one did the writing and spoke English, while the other gazed knowingly at the passport and in a terse Japanese majestically suggested further points for interrogation. He is to be suspected of knowing just as much English as the questioner, but not a word of it did he speak. After giving all the correct answers to the questions designed to know whether we were fully acquainted with the contents of our own passport, the pleasant little speaker of English branched off into a new line. How long had we been in Shanghai. We told him. How long had we been employed with our present firm. The answer being forthcoming, he remarked "Nearly all the time." Then had we travelled much in the East? We did not know whether to grab the lobe of our left ear with the right hand and leer knowingly or merely give the correct answer. We did the latter, which was probably just as well. Had we been to Manchoukuo before? No, but when it was Manchuria.

What did we propose writing upon? Now the correct answer to that question would naturally be "Any old thing we can get hold of that is news," but before the natural impulse got too strong the interrogator suggested the reply "Economics and politics." Whereupon we hastily agreed while our chest swelled some hundreds of inches to think that a great economic and political genius had been recognized just by the way he parted his hair. Smart fellows these passport officers: they know a good man when they see one.

But it went on for quite five minutes and just as we thought we were in for a discussion on the higher criticism the passport was stamped and handed back to us with a smile. The man behind us remarked afterwards, "Really, old man, I thought they were going to refuse to let you in," whereupon we smiled the smile of superior knowledge.

The Champion Stampers

It has taken nearly a column to tell of our arrival at Dairen, and one would naturally believe that the camel has passed through the needle's eye. Don't you believe it. The first port of call was the Dairen branch of the Manchoukuo Bureau for Foreign Affairs. And there they did themselves proud.

A questionnaire of two full foolscap sheets was given us to fill in, and no scribbling allowed, for they had already taken the passport. It was not so good a form as that in use for the United States. It was not nearly so searching or personal. Manchoukuo did not want to know whether we were in favour of the subversion of the government by forcible means, or whether we had ever been in prison, or in favour of polygamy, but by the time the form was filled in the only thing they did not know about us was whether or no all our teeth were our own. But we got through all right and a visa consisting of no fewer than eight impressions of rubber stamps placed on our passport. Manchoukuo as a passport stamper holds the world's record easily.

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NEWS  
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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 No. 589 of Edwin S. Cunningham,  
American Consul General at Shan hai, China, dated October  
5 1935, on the subject: "Sino-Japanese Relations: Series  
or Articles on Manchuria by Mr. R. T. Peyton-Griffin."

SOURCE: THE NORTH CHINA DAILY NEWS  
(British), October 4, 1935.

## JAPANESE PUSH RAPID CHANGES IN HARBIN CITY

Improvements Recognized  
By Inhabitants

GREAT FUTURE AHEAD

### Efficiency in Municipal Administration

By R. T. PEYTON-GRIFFIN

Undoubtedly enormous benefits have already been derived from the Japanese occupation of Harbin. That term is insisted upon. Whatever Manchoukuo might be in name the fact remains that Japanese control is complete. Manchoukuo officials in practically all branches are provided with a Japanese second in command and it is this latter who is responsible for the decisions of the former. That is all the more apparent in the railway zone, for as long as the arrangement exists whereby the old Chinese Eastern Railway is managed by the Japanese, it is obvious that Japanese supremacy in the zone must exist. If for no other reason much that is blameworthy and a great deal which has to be praised must be attributed to Japanese influence.

In the olden days the influence of the management of the Chinese Eastern Railway was paramount in the municipal affairs of Harbin. It was so prior to the assumption of management by the Bolshevik representation, and during their term of office which has so recently come to an end. It is equally true now the Japanese are in charge of the interests of the railway management that the same predominant part in the municipal affairs of the town has been taken over by them. In general control of the management of the city's affairs, with of course, their Manchoukuo colleagues, they are exhibiting all the good features of their characteristic efficiency. Consequently in the last few months since their influence has become more greatly felt there has been a different tempo introduced in municipal matters.

A parallel is to be found in the days of Mr. B. V. Ostroumoff, manager of the Chinese Eastern Railway who was displaced in 1924, and imprisoned for some considerable time, apparently for no reason whatever. During his tenure of office many improvements were secured in Harbin and also along the railway by reason of the man's force of character and his ability to get things done, just as he wanted and in the time he desired. His departure saw matters revert to their former easy mode of progression, but now that the Japanese have come an entirely new state has arisen. Improvements are being forced ahead in sympathy with Japanese municipal ideals.

#### Mostovaya Transformed

Thus amazing improvements have been effected in Mostovaya, a street running at right-angles from Kitaiskaya to Fuchiatien. A wide thoroughfare has been achieved flanked by good buildings on either side. To the left and right of the road runs a cobbled track for most heavy vehicular traffic while in the middle a wide asphalted space gives better driving comfort for the speedier motor cars and buses. At night

## JAPANESE PUSH RAPID CHANGES IN HARBIN CITY

(Continued from page 9)

decade ago is there with all its enormous possibilities.

Harbin's potentialities are the same to-day as they have ever been. The position of the city at the junction of a great river and the railway, centrally posed for the whole of Northern Manchoukuo, must assist it in remaining its feature as an entrepot for the collection of northern Manchoukuo products for eventual despatch through Dairen or the other southern ports which are being completed. The rural development of the vast territory which Harbin taps is still in its infancy. The complete devotion of the huge northern plains to the raising of cereals or the cattle industry has yet to come, and the possibility of the elevation of Harbin into something akin to the Chicago of northern Asia is not even now in any way to be discounted. It may, of course, be possible that the Japanese have entirely different ideas, though as matters stand it would seem that any other scheme would have about it a degree of artificiality leading to unnecessary expense and considerable delay before its fruits were brought to harvest.

#### Supplies for Japan

This may be cold comfort to those who see from recent developments the end and failure of their own projects in this part of the world. The Japanese military adventure into Manchoukuo has to be paid for, by the wresting of rich returns from the territory which has been gained. For even if the existence of Manchoukuo as a separate independent entity be conceded, economically Japan looks to this vast territory as the supplier of many of its national necessities. If the present political and military hegemony had not been established, Japan would look to this part of the world as essential for the maintenance of its staple supplies. It might be possible to cut Harbin out of any scheme of development towards that end, but it would seem to be an expensive undertaking, especially with all the machinery for the handling of goods traffic, which is already in existence, which in any such event would have to be scrapped.

The change of the railway gauge between Hsinking and Harbin, an engineering feat on which those in charge of the engineering side of the railway are to be heartily congratulated, opens up another aspect when considering the future of Harbin. It is probable that for the time being the change will not be extended to the eastern and western sections of the old Chinese Eastern Railway, though it is apparent that the standardization of the whole line will not be completed until this is done. It would appear to be necessary for military reasons, and there is reason to believe that it will not be too long delayed, for though other lines may afford easy access to the border along the Amur, the garrisoning of Harbin in the strength it is at present, taken with the possibilities of the future, suggests that the place may become an important position in the defence of northern Manchoukuo.

Detraining and entraining at Harbin would of necessity entail considerable loss of time when militarily that may be a most important factor, and it would seem that from a strategical point of view the quicker troops may be sent through to Manchuli on the one hand and Progranitchnaya on the other without the necessity of making a change, the earlier can reinforcements be sent to two places which may be of

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#### Mostovaya Transformed

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Compared with Shanghai the municipal rates are small. It has to be admitted that the municipal benefits received are proportionately less, but in a city where the subject of taxation must always be a burning one to the lower classes of traders and inhabitants, actual outgoings in cash to the municipality are more important than the benefits which such expenditure is supposed to procure. There are, however military taxes, land taxes and others which have still to be co-operated into one impost, but it is anticipated that when this has been done the ratepayer will still be better off so far as actual payment is concerned than in some other cities in the Far East.

#### Benefits Appreciated

Singularly enough with the dissatisfaction which prevails with some aspects of the Japanese control, the benefits which have been secured to the inhabitants of Harbin are thoroughly well recognized and appreciated. Russian and Chinese alike will readily admit the improvements which have been achieved all round. But there is a natural regret on their part that they cannot have their cake and eat it. The lowness of the taxation thoroughly appeals to them, but at the same time they deeply feel the passing of the old régime and sigh for its absence. Had it been possible in former days to combine the two ingredients, the passing of Russian control would have been even more regretted than it is at the present time.

It would be the acme of triteness to remark that the Japanese have come to stay. Yet it has to be remembered when considering the future of Harbin, especially in view of the accepted fact that the day of Russian and foreign interests is as finished in this city as it is in the rest of Manchoukuo. That does not in any way detract from the fact that Harbin has just as great a future ahead of it as was ever contemplated under any other former régime. But the future with all the benefits which can as easily be foreseen to-day as they could a

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#### Hotels Affected

In time of peace that may have a disastrous effect upon those hotels which cater largely for the transient traffic passing through from the south to catch the trans-Siberian Railway. At the present moment a stay in Harbin for a few hours to a day or so has meant a certain amount of support to the two principal hotels in the city, and the loss of that business, though it might not bankrupt them, would be a serious matter. The situation is all the more complicated by the intention of the South Manchurian Railway Co. to transform the railway building in Harbin New Town into another Yamato Hotel, adding to the imposing list of such undertakings which the Japanese so ably run throughout the state. To the hotels already in existence the new undertaking should represent severe competition, but the chief danger to be feared is that the reduction of the railway to a uniform gauge throughout would mean that it would be possible to run such an excellent train as the Asia express straight through to Manchouli or from that station to Dairen without any stop-over at Harbin, with consequent loss to the local hotel business.

There is plenty of ground for believing that Harbin will continue. To maintain and improve it seems to be the best means of securing as rapid a development of the area as

the state of Japanese finances will permit. That such rapidity could be accelerated by the co-operation of foreign capital is undeniable, but under present conditions unlikely, and the cheapest method of progress is not by the scrapping of existing means, but by accepting all that has been constructed and by proceeding from that basis avoiding the cost of the laying of new foundations. Thus while in this great city there is little future to be seen for existing foreign and Russian interests, there is undoubtedly a great future for Harbin, one which only the gravest mismanagement—and that is completely unthinkable—can possibly frustrate.

(Continued on page 16)

Enclosure No. 5 to despatch No. 8898 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated October  
5, 1935, on the subject: "Sino-Japanese Relations: Series  
of Articles on Manchuria by Mr. R. T. Peyton-Griffin."

SOURCE: THE NORTH CHINA DAILY NEWS  
(British), October 5, 1935.

## IMPOSING CITY BEING BUILT IN OLD CHANGCHUN

Hsinking Being Made a  
Worthy Capital

### AMAZING PROGRESS

Palace May Take Ten  
Years to Complete

By R. T. PEYTON-GRIFFIN

If the picture which was given of conditions in Harbin, in earlier articles, was painted in somewhat sombre colours, the same hues can by no means be used in depicting the astonishing progress which is being made in the creation of Hsinking. Five years ago the writer knew the city as Changchun, but the old order having changed, it was thought desirable to establish a new capital and Changchun in the bud is rapidly coming into blossom as Hsinking. Half a decade ago the place was a very inconvenient junction between the South Manchurian and the Chinese Eastern Railways, the broader gauge of the latter necessitating a change before the slow six-hour journey brought the traveller to his destination. The town was comparatively small, dingy and sleepy. There was in the open space before the station and the few streets leading from it the promise of ultimate spacious town planning which was a relic of Russian influence, but for the main part Changchun looked what it was—the mere hanger-on to a railway junction, without much of a present and less prospects for a future.

It seems somewhat of a pity that successful revolutionary changes create in the minds of their controllers a desire for minute changes which bear no reasonable proportion to the larger metamorphosis which has been achieved, such as the changing of place-names and the removal of capitals, but it is, perhaps, to be traced to a desire in the minds of the authors of such changes of a wish to secure a divorce *mensa et thoro* from the old order, and the establishment of a new with roots embedded in a new soil. A desire, it may be, to get completely away from the historic ideas associated with the old capital and to impress upon the people the creation of a new state far removed from the old conditions. That seems to be the only reason, for if there is to be no practical good to be derived from this culmination of change, and it is only in this direction that there appears to be a sufficient justification, then the vast sums of money which are being spent in the creation of a new government centre in Hsinking are without good reason. But if the creation of a new, modern state is to arise out of the ashes of the past, it seems reasonable to argue that either the old ashes must be swept away or a new hearth found for the burning of the new fire.

#### Experiment in Town-planning

A new hearth has been found, and beyond the old city of Changchun a vast area has been set aside on which an interesting experiment in town planning has been conceived and is being carried out. Immediate work is devoted to the creation of a new and completely modern governmental centre and during the past eighteen months, where there was once a

## IMPOSING CITY BEING BUILT IN OLD CHANGCHUN

(Continued from page 9)

of the road, near the improvised Altar of Heaven and the scene of the Emperor's enthronement, is the site of the new palace which is to be erected, and which, according to an informant, it will take at least ten years to construct. These various buildings and the completed Japanese embassy and ambassadorial residence all come within the area to which immediate attention is being devoted and the speed at which the work is being carried through suggests that, save for the palace, the other edifices will be finished and in use before another two years have passed. Communications, Education, the Central Bank of Manchoukuo, indeed all the various departments necessary in the organization of a state will be centred in this area first to be dealt with, all in modern buildings adequately fitted to meet the needs of the most critical authority on the subject of the centralization of a central government.

The section for the housing of the various officials in close vicinity to the scenes of their labours, is most intriguing. The style of architecture is absolutely occidental in outward appearance, giving the impression that somewhat choice residential areas from England or America have been suddenly transplanted by some genius who has known how effectively to rub Aladdin's lamp. Some, it is true, might be described by that dreadful term—"bijou residences," but for the most part they represent a good middle class design with sufficient variation to rob their serried rows of burdensome monotony. When it is remembered that two years ago all this was but a figment in the minds of its originators it is realized that Hsinking is being hustled into the robes befitting it as the capital of a new and progressive state.

#### Thoroughly Planned

But all that it was possible to see in the course of a morning's ride round in an automobile was but the minor part of the major scheme. Hsinking has been thoroughly planned. Immediate undertakings will doubtless cater for needs during the next few years, but as occasion arises in decades to come advantage will be taken of the spacious design on which the new city is to be built. Thus though a large area has already been set aside for the palace and grounds of the Emperor the possibility is foreseen that the time will come when a larger establishment will be necessary.

This has been provided for in the zone just outside that to which special attention is now being paid. A new railway station will be necessary to meet the requirements of the new city, golf links will provide recreation for the followers of the game, a race course will cater for the lovers of the noble sport, while the scheme embraces enough parks and open spaces to meet the most rigorous demands of the believer in fresh air in cities. Added to this is the fact that a couple of zones have been set aside for heavy and light industries, on the other side of old Changchun, conveniently near the railway and at the same time not close enough to the new capital to cause any inconvenience from the smoke and fumes of the expected factories.

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

government centre in Hsinking are without good reason. But if the creation of a new, modern state is to arise out of the ashes of the past, it seems reasonable to argue that either the old ashes must be swept away or a new hearth found for the burning of the new fire.

**Experiment in Town-planning**

A new hearth has been found, and beyond the old city of Changchun a vast area has been set aside on which an interesting experiment in town planning has been conceived and is being carried out. Immediate work is devoted to the creation of a new and completely modern governmental centre and during the past eighteen months, where there was once a wild open space, wide thoroughfares, which would be the envy of all those condemned to the narrow streets of Shanghai, are being cut away from the old haunts into the virgin country in which within a very few years an important well-planned metropolis may be confidently expected.

Standing on the steps of Hsinking railway station the visitor sees between the Yamato Hotel on the left and the new offices of the South Manchurian Railway Co. on the right the beginning of a thoroughfare which runs straight to the government centre which is being laid out on noble lines. Once the old street is left and the spaciousness of the ground which a few months ago was devoted to agriculture becomes available, a wide, three track road with two strips to be given over to flowers or greensward, sweeps onwards to a great circle of at present vacant land, which will eventually become a park around which will be situated the seats of the governmental activities of the state of Manchoukuo. That circular stretch of land gives the impression of being about half the area of the race course in Shanghai, and though, perhaps, that estimate is somewhat inaccurate for lack of an opportunity to view it from an elevation, it may serve as an indication of the grand dimensions which the general lay-out of the new plans convey.

**Offices Being Built**

The circular road around it is now in being, devoted to one-way traffic capable of rapidly serving the various government offices situated round it, some of which have already been completed while others are well on their way towards completion. At intervals other roads branch off into areas where still further important looking erections are fast arising, and to districts where provision is being made for the housing of the large number of officials necessary for the administration of the affairs of so large a country. There is the Foreign Office with a central tower, and green tiled roofs above a dignified facade in which the architect has sought to catch the spirit of the new age. In this case and in that of some of the other buildings the designer has successfully linked the genius of two styles of architecture, combining the utilitarian aspects of occidental designing with the beauties of the native form of building. A few of the structures have been completed and others are in such a state of progress that when work comes to be resumed after the advent of the cold weather which puts a stop to construction, their completion before the coming of another winter will be a matter of certainty.

**The State Building**

Quite near the State building is well advanced. On the opposite side

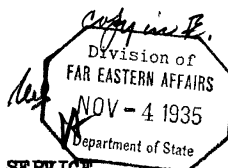
tion for the followers of the game; a race course will cater for the lovers of the noble sport, while the scheme embraces enough parks and open spaces to meet the most rigorous demands of the believer in fresh air in cities. Added to this is the fact that a couple of zones have been set aside for heavy and light industries, on the other side of old Changchun, conveniently near the railway and at the same time not close enough to the new capital to cause any inconvenience from the smoke and fumes of the expected factories.

(Continued on page 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

No. 10353



AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 7, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by R. T.  
Peyton-Griffin.

RECEIVED  
DEPARTMENT OF STATE

THE HONORABLE

NOV 11 11 50 AM

THE SECRETARY OF STATE,  
WASHINGTON.

Sir:

I have the honor to enclose a copy of a self-explanatory despatch No. 8900 of this date, with enclosures, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

- 1/- Copy of Shanghai Consulate General despatch No. 8900 with enclosures.

800  
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In Quintuplicate.

cc to PD-M

793.94/7338

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F/FG

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

No. 8900

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 7, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by R. T.  
Peyton-Griffin.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatches Nos. 8881 and 8895 of September 26 and October 5, 1935, respectively, transmitting articles on Manchuria by Mr. R. T. Peyton-Griffin appearing in THE NORTH CHINA DAILY NEWS (British), and to enclose further clippings comprising editorials from the issues of October 5 and 7, 1935, and an additional article published on October 7.

- 1/ The first editorial expresses the view that Harbin will inevitably lose its Sino-Russian complexion and become Japanese in character, and that its future, always promising, will most likely "benefit from the more rapid tempo which the Japanese bring to their affairs." The
- 2/ second, on the subject "Progress in Manchoukuo" speaks in glowing terms of the thorough manner in which the Japanese builders of the new state are doing their work, and continues that the advance of "Manchukuo" may prove of little benefit to the foreign trader but that it may reasonably



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

-2-

reasonably be that "the people who pay the piper have the right to call the tune."

- 3/ The article by Mr. R. T. Peyton-Griffin deals with the establishment of a unified currency in Manchuria, citing this as one of the improvements most appreciated by the people and concluding with the statement that although introduced in a country where "reform of currency was considered next to impossible" it has nonetheless been successful.

Considering that THE NORTH CHINA DAILY NEWS has usually dealt with Japanese policy in China in a satirical vein that clearly indicated disapproval, the frank admiration for Japan's accomplishments in Manchuria expressed in Mr. Peyton-Griffin's articles, and now in editorials, will be disappointing to many Chinese.

Respectfully yours,

Edwin S. Cunningham,  
 American Consul General.

Enclosures:

- 1/- Editorial from THE NORTH CHINA DAILY NEWS of October 5, 1935.
- 2/- Editorial from THE NORTH CHINA DAILY NEWS of October 7, 1935.
- 3/- Article from THE NORTH CHINA DAILY NEWS of October 7, 1935.

A true copy of  
 800 the signed pri.  
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In quintuplicate to Department by  
 despatch No. 10353 of even date.

Copy to Embassy, Peiping and Hankow.

Copy to Consulate General, Harbin.

Copy to Consulate General, Mukden.

DECLASSIFIED: E.O. 11652, 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. 8900 of Edwin S. Cunningham,  
 American Consul General at Shanghai, China, dated October  
 7, 1935, on the subject: "Sino-Japanese Relations:  
 Series of articles on Manchuria by Mr. R. T. Peyton-Griffin."

SOURCE: THE TIMES (British), October 5, 1935.

### Editorial.

#### CHANGING HARBIN

Articles concerning Harbin which have appeared recently in these columns have emphasized the manner in which that city formerly of a Sino-Russian complexion is becoming increasingly Japonified. It is a process which is entirely inevitable, owing to the peculiar position which Japan now holds in Manchoukuo as a result of its 1931 adventure. The future development of Manchoukuo will follow lines congruous with the Japanese genius for such matters. It will necessitate the incursion of large numbers of Japanese, perhaps not as colonizers, but in various administrative, industrial and business rôles and they will bring with them their own methods of living. That, it has been pointed out, is becoming increasingly manifest in Harbin, and in connection with their cities in Manchoukuo the same process will be found to obtain. Thus, while the substantial numbers of Japanese troops in Harbin would have the effect of transforming the city to some extent, the large increase in Japanese civilian residents is likely to make a profounder change. The outlook for other foreign communities, and more especially the Russians, is consequently gloomy in the extreme, for either they must come down to the comparatively lower wage standards of the Japanese, or they must go to the wall. But that economic factor is assisted by the closing of many positions on the old Chinese Eastern Railway which were formerly held by Russians. For the most part they will go to Japanese, if only because of the fact that they can thereby run the railway more cheaply than with occidental labour. It does not mean in any sense that the future of the city, which has always been promising will in any way suffer by the change. Most likely it will benefit from the more rapid tempo which the Japanese bring to their affairs and attain anticipated commercial and industrial eminence quicker under the new than under the old régime.

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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. 8900 of Edwin E. Cunningham,  
American Consul General at Shanghai, China, dated October  
7, 1935, on the subject: "Sino-Japanese Relations: Series  
of Articles on Manchuria by Mr. E. T. Peyton-Griffin."

2. 1935: 10/7/35 (British), October 7, 1935.

Editorial.

**PROGRESS IN MANCHOUKUO**

Remarkable evidence of rapid progress made in developing Hsinking—formerly Changchun—as the capital of Manchoukuo has been adduced by this journal's special correspondent who paid a visit to that country last month. The Japanese builders of the new state are doing their work thoroughly and Japanese capital is being provided in no niggardly spirit to make the best possible use of the programme framed by Japanese administrators. The reform of that currency—in itself a measure which has earned for the new regime the gratitude of the people—is being followed up by widespread developments. Agricultural resources are being fully explored in order to make the rich soil of Manchuria as productive as possible. Nor is this progress to be discerned along the beaten track through which the majority of travellers go. Visitors who have been carried into less accessible areas by the exigencies of their business report that on all sides there are signs of intelligent and efficient attention to the economic problems of the country. It is fitting to record these authoritative impressions, not merely in justice to the men responsible for such achievements but more practically in order to obtain an accurate assessment of the political issues likely to arise therefrom in due course. That the advance of Manchoukuo may prove of little benefit to the foreign trader—as distinct from the Japanese—is quite possible. But it will be not unreasonably argued that the people who pay the piper have the right to call the tune. That view is obviously prevailing in Manchoukuo to-day. Nor should it be forgotten that, in the prosperity now encouraged by these far-reaching activities the Manchurian farmer and peasant are bound to share. And they will not be backward in contrasting the advantages thus secured with the conditions obtaining five years ago.

Enclosure No. 3 to despatch 8900  
American Consul General in Shanghai, dated October 7,  
1935, on the subject: Sino-Japanese Relations. Series  
of articles on Manchuria by Dr. R. T. Peyton-Griffin.

(British), October 7, 1935.

TO-DAY'S ENTERTAINMENTS			
Alai, 8 p.m.			Tel.
Entertainment.		Grand: Bright Lights	32223
et.		Metropol: Welcome Home	93322
Richelieu	17100	Nanking: Sanders Of The River	84133
ng Saleslady	35553	Rialto: Air Hawks	94110
Her Man	73757	Ritz: Men Without Names	42202

### G CIVIL TS GIVEN HIGH WAGES

Pollock Attacks  
Government

### ARIES BEFORE SING TAXES

Hongkong, Oct. 3.  
Pollock, a veteran mem-  
gislative Council and  
nofficial members" of  
the Government to  
ng of the Council to-  
plating an increase in  
axes in the event of  
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failing in its duty if  
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No additional taxa-  
imposed.....but it is  
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object," Sir Henry  
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### MONEY IN NEW STATE NOW ON ORDERLY BASIS

Depreciated Note Issues  
Redeemed

### UNIFIED CURRENCY

### Big Financial Task Ends in Two Years

By R. T. PEYTON-GRIFFIN

A passage in an earlier article  
mentions the tribute which has been  
paid to the efficiency displayed by  
the new régime in Manchuria and  
some of the improvements which  
have been effected, including the  
reform of the currency, which has  
resulted in the wiping out of all  
subsidiary difficulties. The introduc-  
tion of a unified currency in China  
has always been a matter attended  
with considerable complications, and  
by reason of the immensity of the  
task has been considered to be well  
nigh an impossibility. Indeed fre-  
quent reforms carried out in the  
Chinese currency system have wholly  
failed. During the twenty year  
reign of the Changs in Manchuria  
there has been a sharp depreciation  
in the currency. For this there was  
a number of reasons, the chief of  
which was undoubtedly the unlimited  
over-issue of banknotes by the  
various provincial banks, and the  
Frontier Bank, all of which were  
manipulated by the old Government.

In addition to the Frontier Bank  
in Mukden, there were the Provin-  
cial Banks of Fengtien, Kirin, and  
Heliungkiang, all vested with the  
privilege of issuing notes as if they  
were the central banks of the  
provinces in which they were  
situated. These institutions besides  
doing the ordinary business of bank-  
ing followed various enterprises as  
sidelines, including the selling and  
exportation of beans, and various  
cereals produced in Manchuria, oil  
refinery products, flour milling,  
sugar manufacturing, brewing, marine  
transportation, electrical industry, tex-  
tile manufacture, forestry and mining.  
Indeed in a brochure dealing with  
the question of currency reform  
the Central Bank of Manchoukuo,  
entrusted with the reforms to which  
this article refers, alleges that at one  
time these other banks handled a  
volume of beans representing more  
than half of the total crop of Man-  
churia, with the result that these  
subsidiary enterprises far surpassed  
in amount the main banking business  
which they were originally formed to  
carry on.

### Depreciation

The excessive issue of banknotes  
had a vital bearing upon the econo-  
mics of Manchuria, paper currency  
overflowed all bounds, and a gradual  
depreciation set in. Because the

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

the question of currency reform the Central Bank of Manchoukuo, entrusted with the reforms to which this article refers, alleges that at one time these other banks handled a volume of beans representing more than half of the total crop of Manchuria, with the result that these subsidiary enterprises far surpassed in amount the main banking business which they were originally formed to carry on.

Depreciation

The excessive issue of banknotes had a vital bearing upon the economics of Manchuria, paper currency overflowed all bounds, and a gradual depreciation set in. Because the banks were accustomed to deal extensively in the bean trade they used to pay for their purchases in banknotes commanding the comparative confidence of the farmers in the various localities. The latter would obtain considerable sums of money in paper which, to their dismay, rapidly and severely depreciated, with the result that on occasion the farmers received almost nothing for their year's harvest, and the consequent misery at times baffled description.

The government made frantic efforts to prevent this rapid depreciation of note issues, going to the extent of inflicting capital punishment on those suspected of having acted against the currency, but all measures to bolster the falling medium of trade proved of no avail and the notes in circulation fell to between one-tenth and one-fiftieth of their respective face values. The notorious feng-piao, the Mukden notes, whose circulation it is alleged amounted in 1929 to the huge sum of Yuan 1,500,000,000, dropped to one-seventieth at one time. There were no fewer than 136 different notes in circulation. No uniform exchange rates existed even for notes issued by the same provincial banks, and since the total in circulation was a stupendous one the task of recovering them entailed great difficulties.

Figures are the best means of seeing how great the over-issue of notes had been and the consequent difficulty there had to be in their recovery and the issue of a standard currency in exchange:—

Old Notes	Value Converted into	
	Original Face Value	National Currency
	Yuan	Yuan
Big Money Notes	43,657,280	43,657,280
Harbin Big Money Notes ..	39,192,368	31,353,895
Fengtien Big Money Notes ..	949,673,135	18,993,462
Copper Money Notes .....	68,770,968	1,146,182
Kirin Official Notes .....	10,310,251,331	20,620,503
Kirin Big Money Notes .....	9,065,488	6,973,452
Kirin Small Money Notes ..	11,849,286	236,965
Heilungkiang Official Notes ....	8,176,574,895	4,867,008
Heilungkian Big Money Notes ..	16,680,485	11,914,632
Four Per Cent Bonds .....	34,600,673	2,471,476
Totals .....	19,660,315,909	142,234,881

A Financial Exploit

The position was, on July 1, 1932, when the regulations regarding the regulation of the old currency, and the rates at which it was to be redeemed were promulgated, that old notes to the stupendous face value of Yuan 19,660,315,909 had to be withdrawn from circulation within two years from date and that a new unified currency had to be established in its place. The rates of conversion while leading to the establishment of a wide difference between the old sums at par in circulation, and the new valuation, indicated not only the depths to which the currency of the new state had descended, but gave a useful indication of the actual amount of money it was necessary to meet the needs of the country. The difference between the two indicated not only the absurd manner in which over-issue had been allowed to grow,

(Continued on page 10)

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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

November 9, 1935.

MMH:

Tientsin's unnumbered despatch of October 9, 1935, to the Embassy, under subject "The Tada Statement".

This despatch encloses two versions of the Tada statement, the longer one being a translation from the KEISHIN NICHI NICHI version -- believed to be the better translation -- (enclosure No. 1) and the other a copy of the translation made for the NEW YORK TIMES correspondent (enclosure No. 2). Important passages of enclosure No. 1 have been marked.

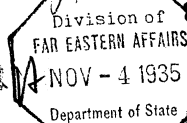
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

No.

AMERICAN CONSULATE GENERAL,

Tientsin, China, October 9, 1935.



Subject: The Tada Statement.

Mr. Tolson	Mr. E.A. Tamm	Mr. Clegg	Mr. Glavin	Mr. Ladd	Mr. Nichols	Mr. Rosen	Mr. Tracy	Mr. Carson	Mr. Egan	Mr. Gurnea	Mr. Harbo	Mr. Hendon	Mr. Jones	Mr. Mumford	Mr. Quinn	Mr. Nease	Mr. Pennington	Mr. Starnes	Mr. Tamm	Mr. Telford	Mr. Winterrowd

*Hall* *ICNI* *MW*

The Honorable

Nelson Krusler Johnson,  
American Ambassador,  
Peiping.

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

Sir:

I have the honor to submit with this despatch  
1/ a copy of an English translation of a Japanese  
newspaper version of the statement of policy regard-  
ing China that Major-General <sup>Hata</sup> Tada issued to Japanese  
newspaper correspondents on September 24, 1935.  
Versions of the statement, differing in detail but  
agreeing in import, appeared on September 25th in  
the NORTH CHINA STAR and the KEISHIN NICHI NICHI  
(a Japanese language newspaper published in Tientsin).  
The publication of the statement and the available  
information concerning it were reported to the  
Embassy by telephone on September 26, 1935. Addi-  
tional information was reported to the Embassy in  
subsequent telephone convergations, and in this  
office's monthly political report for September.

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In compliance with the Embassy's request a rough draft of the translation mentioned above was sent to the Embassy on October 4, 1935.

It is regretted that efforts to secure a copy of the original Japanese text of this important document have been unsuccessful. A well-informed observer told a member of the staff of this Consulate General that the version published in the KEISHIN NICHU NICHU on September 25th, which covered approximately one full page of the paper, was only a summary of a pamphlet of considerable length.

Foreign newspaper correspondents and other interested persons have also been unable to obtain copies of the original statement. On September 26th the Peiping correspondent of the NEW YORK TIMES asked General Tada for a copy and was told definitely that there was not one copy in the Japanese Military Headquarters in Tientsin.

The translation enclosed with this despatch was made for a local English newspaper from the KEISHIN NICHU NICHU version mentioned above, and, with the exception of the conclusion, is longer and seems to be a better translation than that made from the same source for the Peiping correspondent of the NEW YORK  
2/ TIMES, a copy of which is also enclosed for convenience of reference, although it is understood that the Embassy received a copy of the latter from the TIMES correspondent.

Respectfully



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

- 3 -

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosures:

- 1/ Translation of Tada statement made for local newspaper.
- 2/ Translation made for NEW YORK TIMES correspondent.

800  
MH:JB

Original to Embassy, Peiping.  
Copy to Embassy, Nanking.  
Copy to Consulate General, Mukden.  
Copy to Consulate General, Shanghai.  
In quintuplicate to Department, without covering despatch.

A true copy of  
the signed original.  
JTB

DECLASSIFIED: E.O. 11652, 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 in Despatch No. 49  
dated October 9, 1935, from the  
American Consul General, Tientsin,  
China, on the subject of the  
Tada statement.

Details of the alleged statement of policy, contained in a pamphlet passed to Japanese newspapermen at a reception by Major-General Hayao Tada, G.C.C. the Japanese Troops in North China, are given in the following summary. The statement, at first described as the "Fundamentals of Japan's policy in China", was published in the Japanese press at considerable length. It has caused much interest in Chinese circles where it is held to indicate the trend of future developments of the situation in North China.

The statement starts with a brief description of the policies of Western Powers in China as seen by Japan. It says that <sup>91</sup>based on the idea of dismemberment and international control of China the policies of the Western Powers in China have been an expansion of their spheres of influence, an extension of their rights and competition in the market. <sup>92</sup>The policy of Japan has, however, been based on the mutual interests of both China and Japan because the two countries are so closely related, geographically and culturally. Japan has throughout maintained a policy of protecting the territorial integrity of China, of promoting close friendly relationship between the two countries and of ensuring their mutual existence and prosperity.

<sup>93</sup>Certain Japanese quarters, on the other hand, are following the examples of the Far East policies of the European and American countries, and, apparently prompted by their own interests, are adopting the same attitude

as

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

- 2 -

as those of these countries. It is a fact that some young Japanese nationals have been influenced by talks of annexation of China, and public opinion in regard to China has therefore been divided. This unquestionably tends to create much ill-feeling among the Chinese.

The present world situation indicates the beginning of a new era when the situation created by the deadlock of European material civilisation should be overcome and when the coloured races are presented with an opportunity of emancipation and equality with all human beings. Only the spiritual civilisation of the Orient can correct the material civilisation of Europe, but this cannot be possible without the initiative of Japan, the only powerful nation of the coloured races--with whom the responsibility of carrying out the task of assuring the existence and revival of the coloured races rests. It is only natural that Japan should burden the heavy responsibility, and as a step forward in this direction she has founded Manchoukuo, evacuated the League of Nations and denounced the Washington Treaty. The time has now arrived when Japan cannot shirk the responsibility and therefore her policy towards China must be based on the idea of carrying out this important mission. Such policy should be entirely different from the methods she has resorted to. The trend of Japan's Continental policy in fulfilling her mission has been clearly shown in the founding of Manchoukuo, in that she has helped the people to emancipate from oppression, to live in peace and happiness, to maintain their racial position and at the same time to uphold their independence, while the inseparable work of

- 3 -

work of promoting close co-operation, politically and economically, between Manchoukuo and Japan is proceeding apace.

¶ Japan is inferior to none of the nations of the world in her civilisation and national strength. Elaborate preparations are being made for the realization of her mission. ¶ She believes in her ability to carry out this mission and her efforts must be made with determination, particularly in regard to Sino-Japanese problems. The efforts in these problems must be regarded as a test<sup>of</sup> how far the mission can be successful. The former methods of dealing with such problems must be abandoned and her policy must be on a fair and equitable basis that can convince all and can really relieve the 400,000,000 Chinese people. ¶ All those hindering Japan's task must be suppressed.

#### Japan's China Policy.

¶ As already pointed out, Japan policy in regard to China must be in such a form as<sup>is</sup> representative of the spirit of Oriental civilisation. While maintaining her own existence, her task of maintaining permanent peace in the Far East and of helping the oppressed peoples must be clearly indicated. ¶ The people of China have been subjected to extortion of politicians, landlords and capitalists for the past 6,000 years. Those in power have never thought of the welfare of the people and the latter in turn have never trusted officials, trying always to keep away from them in the hope that their means of living would not be affected by the administrators. ¶ Since the founding of the Republican regime the people have been suffering greatly at the hands of insatiable militarists

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militarists and the new militarist, Chiang Kai-shek, and his colleagues, particularly the Chekiang capitalists. Coupled with the effects of natural calamities, continued civil strife, rampant activities of bandits and consequently rural bankruptcy, the people have been driven to the crossroads of life and death, with the distinct danger of their becoming bandits or Communists. This is due to the policy of the Nanking regime controlled by Chiang Kai-shek. Internally their aim is extortion and destruction while in foreign affairs they have resorted to the old and deplorable method of using one foreign country against another. They are really hastening the end of their own existence. This is particularly true in the case of their attitude towards Japan. Notwithstanding the fact that Japan has advocated friendly relationship and co-operation with China, and even striving to protect the territorial integrity of China at the risk of her own fate, the Nanking officials have regarded Japan as the enemy of China. They have not only hindered the exercises of Japan's rights under the treaties but engaged in activities, together with other countries, detrimental to the interests of Japan at times of emergency. What is the result? The Chinese people and those in power are the victims of these methods. Such action of the present officials is not only intolerable to Japan but to any other country holding the position of a friendly and benevolent neighbour of China.

The Chinese officials do not realize that China cannot exist without the help of Japan. They know their own interests alone and treat the people as the helpless victims of their extortion. They are not only the enemy of Japan and the Chinese masses but, it is no exaggeration to say, the enemy

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the enemy of humanity. <sup>¶14</sup> It is true that the relief of the people cannot be trusted to these officials. Unless urgent measures are taken for the relief of the 400,000,000 people they will be forced to unprecedented dangerous circumstances, in which event the effect of a turmoil in China on Japan, as a close neighbour, would be great. The existing situation forms the root of trouble in the Far East and is regarded as unfortunate by both the Japanese and Chinese peoples. <sup>¶15</sup> It is, therefore, only right that one of the fundamental objects of Japan's policy towards China should be the extermination of this root of trouble, and with the object of relieving the Chinese people in view efforts should be made in the direction of mutual existence and prosperity of Japan and China. <sup>¶16</sup> Though Japan is also in a period of emergency and may not be able to devote her energy to a foreign country, the carrying out of her China policy will not require great sacrifices, and moreover the result of our action in Manchuria and China will have reflection in our own country.

<sup>¶17</sup> In executing her mission in China Japan must pay particular attention to the welfare of the Chinese people but <sup>¶18</sup> while working out her plans those Japanese and Koreans whose activities are considered inconsistent with the welfare of the Chinese people, such as drug manufacturers and traffickers as well as smugglers, must be suppressed. Their activities create bad impressions of Japan. <sup>¶19</sup> Those who are conducting their activities under the cover of the dignity of the Japanese Empire, including defiance of the authority of Chinese officials, should not be pardoned.

<sup>¶20</sup> If such situation is to be tolerated it will lead to the impression

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impression among the Chinese that their activities may form part of Japan's political intrigues, and thus affect their confidence in our country.

<sup>719</sup> There is no doubt that Japan's efforts to suppress the undesirable and stubborn elements should be backed by force, but <sup>719</sup> great caution should be exercised in the hope that this will not create discontent among the Chinese masses, thus avoiding the danger of an ultimate racial dispute between the Chinese and Japanese peoples.

<sup>720</sup> The slogans of the Chinese intelligentsia of "Abolishing Unequal Treaties" and of "Down with Imperialists" were to meet the wishes of those in power but were also due to the unreasonable oppression of other countries. Japan's aim is to achieve permanent peace in the world and her action is bound to have great influence on the oppressed races of whom Japan contemplates relief. <sup>721</sup> Force should not be resorted to unless it is deemed absolutely necessary.

<sup>722</sup> The object of Sino-Japanese economic co-operation is the mutual existence and prosperity of the two countries, but the requisite condition is the abolition of means of extortion. The continental policy of Japan is one of fairness and justice with the ultimate object of affording relief to all mankind of the world. <sup>723</sup> The best method in conformity to the spirit of this policy is mutual accommodation and forbearance. To help peoples on the verge of death it is necessary to give them medical aids and nourishment. <sup>724</sup> In the same way to relieve the Chinese masses it is necessary to give them capital, hand them technical assistance, enable them to live in peace and happiness and when they become prosperous their purchasing

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ing power will be increased. Thus China will have inseparable relations with Japan by spiritual and economic bounds. Japan will be able to depend on China as the market of her products and China will have Japan as the outlet of her raw materials. It is not impossible that the welfare of the two countries will thus be increased with the goal of mutual existence and prosperity attained.

<sup>735</sup> The changing conditions of the world should not be ignored or overlooked and the former methods should be improved or replaced. When the right and appropriate steps are taken and proceeded with by Japan she will naturally be respected and regarded as the guardian of the interests and welfare of all oppressed races of the world.

<sup>736</sup> All peoples in the world desire to maintain their own races. In other words they desire the independence of their own races. There is a tendency in the colonies administered by European countries that they are desirous of independence and <sup>737</sup> moreover the smaller European states, as the result of the Great war, which are effected by economic difficulties, are arranging to conclude alliances. It must also be taken into consideration that evil effects were produced when one race tried to exercise superiority over another because of the inevitable increase of political and economic burdens. It is apparent from the above that if the

continental



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continental policy of Japan simply aims at territorial expansion there will be danger of diminishing her own national strength. So the guiding principle in the founding of Manchoukuo is independence but not separation.

¶<sup>38</sup> Japanese officials and people, with a true sense of the present situation, realise that the talks of annexation and aggression of China have been past, but some people still advocate the annexation of Manchoukuo, regarding her as second Korea. ¶<sup>39</sup> This will arouse suspicion on the part of the people of Manchoukuo and thus affect Japan's prestige in that country. Chinese officials, too, spread propaganda to the above effect in an attempt to increase the people's hatred of Japan. ¶<sup>40</sup> The Japanese attitude towards the Chinese people must be plain and straightforward, always not to fail to explain them the real significance of her policy, which aims at the extermination of all enemies of mankind in the promotion of the welfare of the masses.

¶<sup>41</sup> In former days when the militarists were in power in China, the Japanese often found it convenient to deal with them for the realisation of Japan's plans. The result has, however, been very poor. The mistake is due to the fact that they have trusted the militarists too much, without sufficient attention being paid to the welfare of the Chinese people, and Japan has frequently been accused of helping the tyrannic administrators, resulting in the inevitable increased hatred of the Chinese people against Japan. ¶<sup>42</sup> The situation now is quite different and the past mistake should not be repeated. Her method should be directed towards the welfare of the masses and not individuals. Otherwise, the Japanese may find themselves easy victims of cheap propaganda against them.

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¶<sup>43</sup> The operation of her policy must be effected by the Japanese on the one hand and the Chinese people on the other.

¶<sup>44</sup> Due to their extortion of the people, their love of civil strife and their ignorance of the people's welfare, the old militarists (or militarists of the old clique) have either gone out of existence in the political field or are about to collapse. As time goes on these militarists are gradually losing their footing in Chinese society. The influence of the old militarists has been overcome and divided by the new militarist, Chiang Kai-shek. In North China the militarists are under the strict supervision of the Central Government and are simply trying to keep their positions well for the purpose of extorting as much from the people as possible in their last attempt to prolong their existence. They have no influence of their own. The time has past and never will repeat to see the independence of local officials from the Central Government as a protest against its maladministration.

¶<sup>45</sup> History teaches us that this is particularly true with the militarists. So, under the military pressure of Japan, they have shown gestures of snobbery in order to assure their continued political life. It must be noted that they have no principles, creeds or even enthusiasm in performing their work. ¶<sup>46</sup> In a word, the present militarists are of no use in our cause and their extermination should be effected gradually with the co-operation of the Chinese people. On the other hand, it is impossible to exterminate them at the same time and in the transition period they must be directed to follow Japan's guidance. ¶<sup>48</sup> If the present militarists can really realize Japan's fair and

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just attitude and abandon their former acts characteristic of Chinese militarists it will be good to the welfare not only of the 400,000,000 Chinese people but of mankind of the whole world. In that event, Japan will not hesitate to secure their co-operation in the work already mentioned, but the question is whether they can make a change of mind.

<sup>11.3</sup> ¶ In China there are people who are returned students from Japan, can speak fluent Japanese, know conditions in Japan very well and call themselves members of the pro-Japan clique. They are merely seeking their means of living. It is their profession. They work between the National Government and Japan. Ostensibly, they are working for the improvement of Sino-Japanese relations and co-operation, but in fact they can do nothing more than exercising their arts of speech in dealing with the Japanese, and acting as spies to secure Japanese views. <sup>11.50</sup> ¶ It will be a great mistake to rely upon them for the realization of Japan's plans. Their words and gestures are to hinder the progress of these plans, because they are working for China's and their own interests alone. Their continued existence is not to Japan's interests. <sup>11.51</sup> ¶ It is still ridiculous to see that Japanese officials in power or in retirement regard them as savburs in the solution of Sino-Japanese issues. The Chinese themselves distinguish their officials as to represent pro-Japan and pro-Europe and America factions. To the Japanese they are known as Chinese. The so-called pro-Japan elements are those who realize the necessity of co-operation with Japan. In general, they are no different from the so-called pro-Europe and America elements. Negotiations must be carried on based on facts alone and on her part Japan

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should not distinguish who are members of the pro-Japan faction or who are members of the pro-Europe and America elements. ¶<sup>52</sup> The so-called pro-Japan people are inferior to the pro-Europe and America people both in strength and in financial standing. Chiang Kai-shek is using them temporarily to hinder the advance of Japan's plans. ¶<sup>53</sup> It will be more convenient to establish contact with those in power and in responsible positions in order to get a true understanding of the Chinese stand than to rely on these professional pro-Japan Chinese in the work of promoting Sino-Japanese co-operation.

¶<sup>54</sup> The Chinese often complain that the Japanese look down upon them and that the Japanese seem to have the idea of superiority over the Chinese. The people of any country in the world are proud of their own country and inevitably boast of their superiority. Some Japanese of bad character are engaging in illegal activities, such as drug traffic or free ride on Chinese railways in violation of traffic regulations and all other activities tending to create bad impressions. This is not an attitude that should be assumed by the people of a great nation, and exaggerated superiority merely exposes their ignorance. China will have a great deal to learn from Japan. The strength of the two countries is different and China's dependence on Japan is bound to come in the end. ¶<sup>55</sup> Any show of superiority on our part will produce adverse result in China, for Japan's policy is based on the mission of the relief of mankind. ¶<sup>56</sup> Her action in China is based on the principle of relief of the Chinese people, mutual existence of Japan and China and maintenance of

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permanent peace in the Far East. All obstacles on her path should be overcome.

<sup>57</sup>In carrying out the above-mentioned policy in China there is a great force of obstruction. It is the force created by the Kuomintang headquarters and the regime of Chiang Kai-shek. <sup>58</sup>Their slogans of "Down with Imperialists" and "Abolishing Unequal Treaties" have met with a severe blow following the Manchurian affair. They have lost their "face" in view of Japan's action and consequently they greatly hate Japan. <sup>59</sup>The Kuomintang, after repeated party-purge movements, has become the party of Chiang Kai-shek. It is wrong to have the impression that Chiang and the Kuomintang are separated. <sup>60</sup>As already revealed, the new militarists associating with Chiang Kai-shek, the Kuomintang and the Chekiang capitalists have resorted to the worst extortion of the Chinese people ever experienced in China. Chiang Kai-shek, ever since the Tsinan incident, has conducted activities which run in counter with the aim of Japan. There are talks that there is possibility of a change of attitude on his part. This is sheer vagary. Chiang has temporarily submitted to the present conditions, but this surrender is a trick for preparing vengeance in future. Moreover, Chiang Kai-shek, T. V. Soong, H.H. Kung, Chen Li-fu and Chen Kuo-fu are loyal members of the Chiang-Soong clique. Their relations with the Chekiang capitalists and with British and American interests, as can be seen from their millions of fortune in British and American banks, are quite clear. It is not easy to see this clique shake hands with Japan, whose interests run in counter with

British

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British and American interests.

71 The Red menace in China began with the incorporation of the Communist elements in the Kuomintang. Chiang Kai-shek has repeatedly ordered party purge movements since 1927, but Communist thoughts still prevail among the lower ranks of the Kuomintang. The activities of the clique of Chiang Kai-shek are as bad as the ideas of Communism, so after years of the anti-Red campaign no definite result has been obtained. The Communist movement cannot be suppressed and in fact the Red menace will become more serious, with the possible threat of the realization of the north-western link of Szechwan, Tsinghai and Sinkiang, as desired by the Third international. The real significance of the anti-Red campaign has aroused general suspicion.

76 The Communist Party of China is quite different from that of the Communist organization in Russia. In China the Communists are really peasants who are tired of the maladministration of the Kuomintang. They are an organized force composed of the poor peasants and anti-Kuomintang elements. With the help of real Communists in China and abroad they are organizing themselves in order to find their means of living. The Third International are directing the movement with the object of extending the influence of the Soviet regime to China. It is obvious that the longer the period of the tyranny of the Kuomintang is allowed to continue, the poorer the peasants will be and the <sup>more</sup> widespread the Communist movement will become.

Whether

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Whether China should be bolshevized was the subject of much discussion at the time of the advent of the Kuomintang. Apart from the rebellions in the history of China, there is a general impression among the lower classes of the people that they are entitled to follow the troops in the division of the wealth of the rich in times of civil strife. This is tantamount to the initial idea of Communism. On the other hand, the Communist leaders, while directing their subordinates and the peasants on lines of Communism, are themselves enjoying the profits thus obtained and they are following the examples of the militarists too. Communism in Russia is only possible under the strict pressure of the OGPU and the Red Army. In China such controlling organs do not exist, the failure of the Blue Shirts of Chiang Kai-shek being an example. It is, therefore, doubtful whether Communism, in the real sense of the word, can be realized in China. Even if a Communist Party comes into existence, its life will be short, but the effect of a large-scale Communist movement on Japan is as serious as on the Chinese people. In that case Japan cannot remain inactive as if to "watch a fire on the opposite bank of a river." It is important to watch against the so-called Reds being used as tools by the Soviet in their plot against the interests of Japan. The rampancy of the Communist movement is the result of the tyranny of the Kuomintang, and the first task toward remedy is to remove the administrators, lighten the burdens of the people, save them from further oppression, and safeguard their means of living. It is the object of the efforts of both the Japanese and Chinese peoples to check Communist menace, relieve the masses of China and effect radical

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radical improvement of the existing administrative system. The organization of the Kuomintang is more or less similar to the Soviet system. China is, therefore, more likely to become pro-Russian than pro-Japan. Latest information indicates that this will become true in future. It is apparent that Chiang Kai-shek has concluded alliances with the Soviet, receiving the latter's assistance in an attempt to impair the interests of Japan. To minimize the possibility of the spreading of Communism, it is necessary to enable the Chinese peasants to live in better conditions, and the requisite condition of this is improvement of the administrative system.

*carefully*  
971  
In conclusion, the pamphlet says that a failure of the aims in the founding of Manchukuo and development in North China will mean the complete defeat of Japan on the continent, which will involve the fate of Japan and the Japanese people.



Enclosure No. 2 in Despatch No. 49  
dated October 9, 1935, from the  
American Consul General, Tientsin,  
China, on the subject of the  
Tada statement.

RESOLUTIONS ON HOW TO NEGOTIATE WITH CHINA

Present political situation in North China

By Major General Tada, Commander of H.I.J.M.'s  
Forces in North China.

I. Introduction.

<sup>91</sup>In the whole history of modern China, it has been the policy of Western Powers to divide China into different spheres of influence so as to increase their interests and welfare in that country. <sup>92</sup>At times Japan followed this line of thought also, but it has been their intention to give China prosperity, and make progress with them hand in hand. There have been some ignorant people in the past among the Japanese themselves who have advanced the idea that China should be conquered. This line of thought has given a wrong impression of the true ideals of Japan towards China, and it is necessary therefore for us to give a clear understanding of our principles. It is therefore necessary for the Japanese people at the present time to fully understand how the position stands, and also how to deal with China.

<sup>93</sup>In the near past, Manchukuo was established and in consequence of this Japan had to secede from the League of Nations, and this means that Japan will have to do their best to provide the Far Eastern nations with prosperity and welfare. <sup>94</sup>For this purpose, some amount of military power is needed as well as economic and financial backing.

II.

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II. Fundamental Principles vis-a-vis China.

<sup>913</sup> The fundamental principles vis-a-vis China is to keep the Orient in peace and give all the Oriental nations happiness and peacefulness, especially for the Chinese people who have been suffering from the oppression of militarists.

<sup>914</sup> Owing to the squeezing planned by Mr. Chiang Kai-shih who is tied up with the Shanghai financial circles, most of the Chinese people, especially the farmers have become so impoverished that they have no alternative but to turn to banditry or become beggars, which would be a most pitiful state of things.

<sup>915</sup> Such a policy of Mr. Chiang means the gradual destruction of China, so we must help China by giving them the necessary advice and support.

In spite of our good will the Chinese still have an anti-Japanese feeling, and they agitate against buying Japanese commodities. Such things are entirely against international usage, and are prompted by the age-long custom of the Chinese, of pitting one nation against another. We Japanese have tried to behave as fairly as possible and have done our best to prevent them from going to ruin. Such is our wish, but Mr. Chiang and his party are indulging in squeezing from the Chinese people in order to earn private money for themselves. <sup>918</sup> Therefore they are enemies, not only of Japan but of the Chinese nation.

<sup>919</sup> If we leave it as it is without doing anything there may come great confusion such as no help will avail.

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It will then give Japan much embarrassment and will be the cause of disaster against the peace of the Orient.

<sup>710</sup>In view of the above facts the fundamental policy of Japan is to remove the cause of such disaster and to give the Chinese people real prosterity and welfare. China and Japan should be the best friends as neighbors.

### III. Japanese Attitude towards China.

<sup>711</sup>1. To be always fair.  
<sup>712</sup>There is no reason to be ashamed in executing the Japanese fundamental policy towards China, as mentioned above. However, we must be careful not to cause any misunderstanding by other powers. <sup>713</sup>For that purpose, justice should be the motto of the Japanese people towards Chinese. Justice always wins, and will continue doing so for ever. <sup>714</sup>Whoever, whether Japanese, Chinese or foreigner, infringes on this attitude should be eliminated.

<sup>715</sup>These Japanese who indulge in illegitimate business, or conduct transactions based on bribes to Chinese officials, are not regarded as loyal Japanese subjects, and they should be severely punished. <sup>717</sup>Such misdeeds as those help to create a bad impression of Japan in the minds of both China and the other powers, and help to lose for Japan the justice of their cause, and it lowers the dignity of the mission of Japan.

### 2. Need of Strong Military Force.

<sup>716</sup>In order to correct current injustice some strong power is needed. However, to enforce such pressure we must be very careful. Most of the Chinese

intelligent

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intelligent class of people deteriorate in their character, and especially those who have been educated in foreign lands become demoralized and acquire low character, so that we must look into their attitude and in case they do some wrong deeds or non-permissible acts we must at all times be prepared to correct such wrongs.

3. Not only take but give.

<sup>32</sup>With regard to trade and commerce, Japan should institute a giving policy and not one of mere exploitation--commodities must be exchanged freely on a mutually profitable basis.

"Squeeze" is the product of old foreign capitalism and is not modern. <sup>33</sup>The Chinese people are having a hard time from it now, so we must give them medicine and food; in other words for Chinese people we have to give them first capital and next technical help, and then happy homes and happy occupation will result, thus giving the Chinese people substantial help and also moral support. <sup>34</sup>In this way mutual relations between China and Japan will be strengthened and improved with China as the land of raw materials and Japan as the manufacturer. <sup>35</sup>Therefore the people of Japan should have a great mind, giving up the idea of expecting large initial profits, but be prepared to give first. Such minds must be those of the people of great nations.

4. To Respect the Independence and Dignity of the Nation.

Every

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<sup>36</sup> Every nation of the world has its own pride. Everyone admires the independence of his own country. That is why the colonial zones of foreign countries try to become independent from their control, taking every opportunity to become free. <sup>37</sup> After the Great War many small countries were established, but they are now suffering from financial and economic conditions on one hand and on the other they find some difficulties because of different races gathered together to form the nation. Therefore the Japanese continental policy must not mean to expand in territory but to increase the financial and economic power of the Japanese nation. In this spirit we are helping the independence of Manchukuo, and we have the same feelings towards China.

<sup>38</sup> Some ignorant Japanese people have said that Manchukuo should be a second Korea in the future, but we despise such remarks. <sup>39</sup> Such sayings give officials the cause to aggravate their anti-Japanese propaganda, so you, the loyal Japanese, must be of correct manner and not say such mistaken things, and must understand what I am saying.

5. Not Insist on Personal Relations, but Decide Matters Impartially and without Bias.

<sup>41</sup> At the time when Chinese militarism was at the highest of its prosperity it was the most convenient way, to carry out the policy towards China, to approach the different militarists direct. This has led to no good results--and all of them failed, with the

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the result that they believed in personal power but gained the envy of the Chinese people. ¶<sup>42</sup> Therefore, as I have already spoken out, we Japanese must try to increase the mutual welfare and prosperity of the Sino-Japanese people, and to this end such a policy must be given up. ¶<sup>43</sup> A real point in Japanese character is to trust a friend even when that friend is wrong, and any wrong which that friend may do is overlooked. In future the object should be to be impartial and not to trust too much to such friendships, and rely more on correct and impartial relationships in business.

6. Referring Strictly to Chinese Military, and Therefore Omitted (in the paper).

7. Don't rely upon the Professional Pro-Japanese Politicians in China.

¶<sup>44</sup> There are many so-called pro-Japanese professional politicians who have graduated from the Japanese schools and who speak Japanese and deal in their pro-Japanese policies for the purpose of making money. These always exist between Japan and the National Government of China, and they act as if they are going to help the negotiations between the two countries, but they are really not pro-Japanese people. Most of the misunderstandings between the two countries come from their opinions. ¶<sup>45</sup> They say there are two parties, one pro-Japanese and other pro-American and pro-European, but as a matter of fact there is no second party, and there is only the Chinese party because ¶<sup>46</sup> we can find Chinese people who desire to have good contact

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contact with Japan even in the so-called pro-American and pro-European party. ¶<sup>153</sup> There is therefore no need to pay any attention to these pro-Japanese people, but we should approach the authorities concerned direct.

E. We Must Give Up Ideas of Superiority.

¶<sup>154</sup> Some of the Chinese complain that the Japanese always insult the Chinese as a low-class nation. Of course we Japanese may feel some superiority compared with the Chinese people according to the degree of our education, but the superiority of the nation does not bring us the respect which we wish. For example, some of the misled Japanese people who are trafficking in forbidden articles can never be expected to deserve the respect of the Chinese people. ¶<sup>155</sup> If you are the national of a great country you must keep your mind clean and open, and respect the other's dignity. ¶<sup>156</sup> In a word, we must resolutely go on removing all obstacles to the object of furthering the Japanese fundamental policy in China, such as helping Chinese people, and to increase mutual welfare and prosperity so as to keep the Orient peaceful and prosperous.

IV. The Kuomintang and Mr. Chiang Kai Shih.

¶<sup>157</sup> Although we intend to negotiate with China in the above mentioned policy of fairness, the existence of the Kuomintang and Mr. Chiang Kai Shih's double-crossing policies are preventing us from doing what we wish. It is said that recently, Mr. Chiang determined to turn pro-Japanese, so our policy seems to be fruitful, but as a matter of fact it cannot be relied upon.

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<sup>1168</sup>  
Since the establishment of the Kuomintang ten years or so since, they claim to revise the arrangements made between the foreign countries regarding the one sided treaties, and to eliminate Imperialism, and in this way they have tried to make the young Chinese people become patriotic. However, since the advent of Manchukuo they have lost face vis-a-vis the Chinese people. We can surmise how deep their regret is about this matter. <sup>1159</sup>Mr. Chiang himself is misrepresenting that since the Tsinan troubles he cannot go hand in hand with Japan unless Japan shows their sincerity.

The present Kuomintang has become Mr. Chiang's private party, through his endeavors to oust from it all anti-Chiang members. <sup>1160</sup>This party is tied up with the Shanghai commercial and financial circles consisting of the great militarists, who are squeezing from the Chinese masses. It is said that even Mr. Chiang will turn pro-Japanese when necessary, but this cannot be believed now because if he turns he will lose his reputation among the Chinese people.

Mr. Chiang Kai Shih, Mr. Soong Tzoo Wen, Mr. Kung Siang Hsi and Mr. Chen Kuo Fu are the mainstays of the Nanking Government, and they have the greatest influence with the Shanghai financial circles. And some of their private funds are deposited with the American and British banks. In view of this fact we, Japanese nationals, whose interests differ from those of the Western nationals, cannot believe that Mr. Chiang

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can sincerely turn pro-Japanese. <sup>b1</sup> As a matter of fact, since the North China trouble the Nanking Government issued instructions to the local officials to become pro-Japanese, but on the other hand there has been a secret organization called the "Blue Shirts" who are placed here to hinder the satisfactory working of such instructions, and who recently created the incidents such as the murder of the pro-Japanese newspaper editors, etc. <sup>2</sup> Of course, we suppose that it will take some considerable time before the clearing up of the anti-Japanese feeling carried on for so long under the instruction of the Nanking Government, but from the viewpoint of the positive action in North China in regard to the anti-Japanese movement we cannot find any sincerity in the Kuomintang's actions, so we must carefully look out how Mr. Chiang is going to act.

V. The Red Movement in China.

<sup>14</sup> Since 1927, the lower class of the Kuomintang has been colored red, and Mr. Chiang has since been trying to exterminate such parties, but his endeavors have been in vain. The Headquarters of the Kuomintang are tied up with the financial circles of Shanghai and consist of capitalistic militarists but the construction and actions of the militarists are similar to those of the Bolsheviks themselves. That is why Mr. Chiang is engaged in clearing up the red evil for several years, and is getting no good results.

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On the contrary the Third Internationale has been developing in Szechuen, Tsinghai and Sinkiang, which makes us wonder whether Mr. Chiang is earnestly pursuing the red bandits or not.

967 Moreover, the organization of the Kuomintang does not differ from those of Soviet Russia. Therefore it is likely to turn pro-Soviet, namely, we have already received some information that Mr. Chiang is going to ask the favor of Soviet Russia in order to avoid the Japanese policy, the avoidance of which is apparently clear.

968 In a word, we feel no fear for the Chinese Red Movement, but we must be careful about what is being done behind the Chinese Red Movement, and we must always be prepared for it.

969 The Chinese Reds differ quite from those of Russia, namely, that most of them are farmers who could not get along through the oppressive squeezing of the officials, and the rest of them are anti-Kuomintang people. And they asked Russia to give them support, and on the other hand Soviet Russia makes use of them to enlarge their power in the Orient.

970 The question of whether the Red Movement in China will last or not is problematical. In China, gains are immediately distributed after a deal or battle, and not controlled by a single factor such as the G.P.U. in Russia, and therefore, even if the Reds are successful in overrunning the whole of China, still it is a question whether it will survive, and

will

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will not in the end disappear. Yet, it is up to us in Japan, who have a deep concern in the situation, to take the greatest care in preventing the spread of the red movement.

VI - VII. Conclusion.

We must be fair and just with the Chinese, in accordance with what the first Emperor of Japan said to his people. The so-called Japanese spirit "Yamato Damashi", is to do justice and play fair in all dealings. We may trace our own development to the Continent from which our history began.

The battles at Tsingtao and the expeditions to Siberia have brought us no good, and we must be careful not to repeat such mistakes in connection with the establishment of Manchukuo and Japan's intentions of developing North China. For that purpose we must take up the following as our motto:

1. As an individual and as a nation we need to have a strong spirit. In justice we must not hesitate to fight for our rights.
  2. Endeavor to reflect on the justice of your cause.
  3. The life of the Japanese nation should run prosperously throughout all the years of the earth's time.
  4. Don't expect to have immediate success, but endeavor to succeed step by step.
-

0471

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

PREPARING OFFICE  
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED

CONFIDENTIAL CODE

NONCONFIDENTIAL CODE

PARTIAL

PLAIN

Collect

Charge Department

OR

Charge to

\$

Department of State

VIA NAVAL RADIO

Washington, Special Grey

1936 APR 15 PM 5 53

April 14, 1936.

AMEMBASSY, DIVISION OF  
COMMUNICATIONS  
PEIPING (China)

via N. R.

15

6 pm

91

Tientsin's unnumbered despatch to the Embassy of  
October 9, 1935. 793.94/7339

Please endeavor discreetly to obtain a copy of the  
September 25, 1935, issue of the KEISHIN NICHI NICHI,  
Tientsin Japanese newspaper, containing text of the statement  
reported on in the despatch under reference, and send to  
Tokyo and inform Embassy that Department requests that  
statement be translated and forwarded with translation to  
Department.

793.94/7339

Hull

FE:MMH:EJL

HKS  
FE

APR 15 1936

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

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

D. C. R.—No. 50

1-1402 U. S. GOVERNMENT PRINTING OFFICE

DECLASSIFIED: E.O. 11652, 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. 10363

AMERICAN CONSULATE GENERAL,

Shanghai, China, October 12, 1935.

SUBJECT:

General Tada's Statement: Policy  
of Japanese Army in China.

RECEIVED  
DEPARTMENT OF STATE  
SIR:

1935 NOV 2 AM 11 47

THE HONORABLE  
THE SECRETARY OF STATE

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

For Distribution-Check		Yes	No
Grade	M		
For			

WASHINGTON.

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

I have the honor to transmit a version of an inter-  
1/ view given by Major General Hayao Tada, commander of the  
Japanese forces in Tientsin, as published in the NORTH-  
CHINA DAILY NEWS (British) of October 4, 1935, under  
the heading "North China to be made an example to the  
rest." This statement of General Tada's has not  
previously appeared in the press and it is summarized  
in eight paragraphs as Japan's eight-point program.  
It is learned from the press that General Tada's  
statement was not approved by Japanese officials at  
Tokyo, but it is interesting as indicating the intentions  
of the militarists in reference to North China.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

F/Fg

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

-2-

Enclosure:

1/- News item from NORTH-CHINA  
DAILY NEWS of October 4, 1935.

In quintuplicate  
Copy to Embassy, Peiping  
Copy to Embassy, Nanking  
Copy to Embassy, Tokyo

800  
ESC:NHW

DECLASSIFIED: E.O. 11652, 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. 10363 from Edwin S. Cunningham, American Consul General at Shanghai, China, dated October 12, 1935, on the subject "General Tada's Statement: Policy of Japanese Army in China."

SOURCE: NORTH-CHINA DAILY NEWS  
of October 4, 1935  
(British daily newspaper)

NEWS ITEM

## NORTH CHINA TO BE MADE AN EXAMPLE TO THE REST

### Full Version of Interview Given by Major Gen. Tada in Tientsin: Independence Respected

The following is a fuller version of the interview given to Japanese newspaper correspondents by Major-General Hayao Tada, commander of the Japanese forces in Tientsin, which was reported in the "North-China Daily News" on September 26.

The guiding principles of the attitude of the Japanese Military towards China, the statement opened, are based on Japan's great mission of maintaining eternal peace in the Orient and of emancipating and protecting all Oriental nations from the oppression of the White races of the world.

Before venturing to treat China for her present maladies, he stated, we must first know the causes of the disease. The Chinese people to-day are a pitiable, cringing sacrifice to the relentless demands of hungry militarists and of Chiang Kai-shek, his Kuomintang and his own capitalistic group.

#### Political Failure

This distress of the Chinese populace is to be attributed directly to the political failure of Chiang Kai-shek and the Nanking Government. Their policy has been one of extortion from the people and internal destruction. Towards foreign powers, they have endeavoured to play one nation off against another to the eventual detriment of all.

The perfidiousness and immorality of the Chinese Government is illustrated by the fact that it has apparently forgotten all Japan's past benefactions towards China, benefactions which have saved China from dismemberment by foreign powers and ignominious colonial rule by foreign nations. To make matters worse, China to-day regards Japan as an enemy, ignoring Japanese rights and interests in the country. Furthermore, China has persisted in attempting to intrigue with foreign nations to effect the destruction of Japan, taking advantage of Japan's present extremely critical situation.

#### Japan's Eight Points

This being the present situation, General Tada's statement goes on to outline the policy of the Japanese Army in China, in an eight point programme:—

1. Japan's attitude towards China must always be fair and impartial.
2. Japan's policy must be supported and implemented by means of strong pressure continually exerted upon China.
3. With regard to trade and commerce, Japan must institute a "giving policy," not one of mere exploitation; commodities must be exchanged freely on a mutually profitable basis.
4. Japan must respect the independence of China and the maintenance of freedom of the Chinese people.
5. Japanese authorities must not trust too implicitly to personalities, as they can easily be led astray.

Chinese officials. "We must stand pat on our own independently conceived policy."

The best way to work out this policy will be for Japan to establish firmly a "peaceful land" where she is free to act, and then to extend this area through example and precept, forcing the Chinese people to change their present attitude in a better direction by demonstrating how successful and peaceful such an area can be made.

It is well known, the statement goes on, that at present North China is in a position to enable us to realize such a plan more easily and quickly than any other section of China. "I think it is necessary that we do realize this policy in North China."

General Tada emphasized that if North China could be made a region in which Chinese and Japanese people can live together peacefully, and could be made the mart where products and materials of both countries could be freely exchanged without any anxiety or worry, "then peace can be established in the Orient, through the co-operation of the three great Oriental nations, Japan, China, and Manchoukuo."

1 4 / 1  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

must always be fair and impartial.

2. Japan's policy must be supported and implemented by means of strong pressure continually exerted upon China.

3. With regard to trade and commerce, Japan must institute a "giving policy," not one of mere exploitation; commodities must be exchanged freely on a mutually profitable basis.

4. Japan must respect the independence of China and the maintenance of freedom of the Chinese people.

5. Japanese authorities must not trust too implicitly to personalities, as they can easily be led astray. Policies must be judged by actual results only.

6. All military groups, new and old, in North China, as well as officials who extort money unjustly from the people must be eliminated.

7. Japan must work for the elimination of "professional anti-Japanese politicians" in China.

8. Mistaken ideas of superiority, both on the Chinese and the Japanese sides, must be corrected.

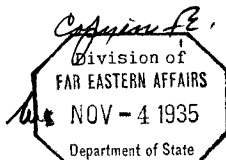
✓ **Attack on General Chiang**

General Tada added that as long as Chiang Kai-shek and his clique remain in power, no Japanese policy towards China can be successful. Even if Japan manifests a fair and impartial attitude, the Chinese people will not reciprocate with a truly pro-Japanese feeling if Chiang Kai-shek remains. Therefore the Japanese people must guard themselves against being deluded by a pretended attitude and false gestures on the part of



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

No. 10364



AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 12, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by R. T.  
Peyton-Griffin.

For Distribution Check		Yes	No
Grade	M		<input checked="" type="checkbox"/>
For	In C S A	<input checked="" type="checkbox"/>	

*Done* *ONI MID*

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

I have the honor to enclose a copy of a self-explanatory despatch No. 8912 of this date, with enclosure, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate  
General despatch No. 8912  
with enclosure.

800  
MBD MB

In Quintuplicate.

793.94/7341

FILED  
NOV 11 1935

F/FG

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

NO. 8912

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 12, 1935.

Subject: Sino-Japanese Relations: Series  
of Articles on Manchuria by R. T.  
Peyton-Griffin.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatch No.  
8900 of October 7, 1935, transmitting articles on  
Manchuria by Mr. R. T. Peyton-Griffin appearing in  
1/ THE NORTH CHINA DAILY NEWS (British), and to enclose  
a further clipping from the issue of October 8, 1935  
dealing with smuggling from Dairen into China.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Clipping from THE NORTH  
CHINA DAILY NEWS of October  
8, 1935.

800  
MBD MB

In Quintuplicate to Department by  
despatch No. 10364 of even date.

Copy to Embassy, Peiping and Nanking.

Copy to Consulate General, Harbin.

Copy to Consulate General, Mukden.

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 No. 1 to despatch No. 8912 of date October 12, 1935 on the subject: Sino-Japanese Relations: Series of Articles on Manchuria by R. T. Peyton-Griffin.

SOURCE: RE CHINESE LITERATURE  
(British), October 8, 1935.

## UNIQUE PUZZLE OF SMUGGLING IN MANCHURIA

Wholesale Evasion of  
Duties at Dairen

### TROUBLE IN SHANGHAI

Depressing Effect on  
Market Prices

By R. T. PEYTON-GRIFFIN

Practically every city in the north has its own peculiar difficulty, a local problem possibly to be solved by local methods, or at least capable of some domestic solution, but Dairen in the matter of smuggling presents a unique puzzle alike to the people who suffer from the practice and the authorities whose bounden duty it is in the interests of everyone concerned to put a stop to it. In Shanghai, it is customary to speak of some goods in the market sold at prices far below what appear to be normal as having been smuggled in from Dairen. Whenever they come they are wreaking considerable loss upon the law-abiding importer and doing his trade inestimable harm. The amount of such goods for sale in Shanghai would suggest that the attempt to evade the Chinese Customs tariff is being made successfully on a wholesale scale, and the employment of fast preventive craft indicates that this fact is recognized by the Customs authorities. Smuggling on those lines can be dealt with, though perhaps not quite so easily as some critics would contend, but even then it presents some difficulties which are not easily surmountable.

Whatever problem Dairen presents in this respect, there is another aspect which, taken by and large, is just as serious for the importer of foreign goods into North China, and infinitely more troublesome for the Customs authorities to deal with, and that is the small smuggler, who in his hosts is busy turning a profitable though not honest penny. It is very much like a couple of mosquitoes in a room, as one trader explained it. They can do just as much damage and create quite as much annoyance as a whole flock of them, and he just as awkward to deal with as a veritable host, because of their elusiveness.

#### A Profitable Game

Difference in exchange between north China ports and Dairen and the dimensions of the Chinese tariff make the game profitable for the small smuggler—not the man who handles goods in cases, but he who travels as a deck passenger for a very small sum, between Dairen and Tientsin, or Tsingtao, or, indeed, any port where small steamers can touch. The result is that small shops in Dairen are doing a roaring business with goods not destined for consumption in the port, but elsewhere in China.

Consequently, every night after dark—though why such secrecy is necessary it was impossible to discover—Chinese go to the shops and lay in small supplies of all sorts of proprietary articles, from tinned vegetables and fruits to chewing gum or whiskey. Small orders all of them. The goods are crammed into a sack and the buyer hurries off ultimately

7415  
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Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

handles goods in cases, but he who travels as a deck passenger for a very small sum, between Dairen and Tientsin, or Tsingtao, or, indeed, any port where small steamers can touch. The result is that small shops in Dairen are doing a roaring business with goods not destined for consumption in the port, but elsewhere in China.

Consequently, every night after dark—though why such secrecy is necessary it was impossible to discover—Chinese go to the shops and lay in small supplies of all sorts of proprietary articles, from tinned vegetables and fruits to chewing gum or whiskey. Small orders all of them. The goods are crammed into a sack and the buyer hurries off ultimately to catch a train or boat to take him to his profitable market. His goods travel as personal baggage and the only time to stop him is when he crosses the border into China or arrives at one of its ports.

#### Hosts of Small Smugglers

According to some informants there is not a Chinese boy employed on a ship and not a Chinese passenger who is not interested in making a little change out of a venture such as this, with the result that, while the individual does not carry much illicit goods himself, the sum total is such as to do very grievous harm to the importer, who, paying legal imposts, finds the ground cut from under his feet by the aggregate of goods which have escaped the payment of duty by such means.

This is not because the amount of goods surreptitiously smuggled into North China is sufficient to supply all demands, but because the bulk is sufficient to deter the normal dealer from laying in ordinary supplies, because of the depressing effect on prices the presence in the market of the smuggled goods must necessarily have. The underselling of duty-paid by smuggled goods is a common feature of the trade, and the honest dealer naturally is afraid of the effect which this underselling will have on any stocks he may care to lay in, not so much because the smuggler can fill all demands, but because of the psychological effect on the buyer of the fact that on occasion the goods can be purchased at much below normal market rates. Enough smuggled proprietary articles are thus taken into North China in quantities to ruin the market, though not to supply all demands.

#### Desperate Need of Solution

This is operating particularly hardly upon some foreigners having interests in North China, and some of them are desperately in need of some solution of the problem. Some have suggested withdrawing from the Dairen market, or endeavouring to prevent the sale of their goods for the purpose of smuggling, but the suggestion has only to be made to discover how difficult such a procedure would be of enforcement. Withdrawal from the market does not mend matters, for it might still be profitable to import from other adjacent markets and then divert the goods into their illicit channels. Nor does another suggestion—that agencies for the Far East in some goods should be centred solely in Shanghai—entirely meet the case. It is hardly within the province of a vendor to inquire of his customer whether or not the goods he wishes to buy are for ultimate smuggling into China. A smuggler would not tell the truth in any event, while a legitimate purchaser would regard the question as

(Continued on page 10)

*Over*

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

**TELEGRAM RECEIVED**

MJD

1-1388

GRAY

FROM

Peiping via N. R.

Dated November 1, 1935.

Rec'd. 7 a. m.

November 3.

Secretary of State,  
Washington.

114, November 1, 12 noon.

Embassy's 105, October 30, noon, and 113, November  
2, noon.

It is stated on seemingly good authority that  
General Shang Chen, General Sung Cheh Yuan and the  
Peiping branch of the Political Council have replied  
to the Japanese demarche, under instructions from Ho  
Ying Chin, with an assurance that the matter covered  
by the complaint would be satisfactorily adjusted.  
That the Council has caused the arrest of some suspects  
as stated in Embassy's 113, November 2, noon, and has  
issued strict instructions to suppress all anti-  
Japanese activities. Press reports betray that a con-  
siderable number of "Blue Shirts" actually left  
Peiping for the south within the last few days.

Repeated to Nanking by mail, to Tokyo and Tientsin.

LOCKHART

RR

Division of  
FAR EASTERN AFFAIRS  
NOV-4 1935  
Department of State

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

793.94/7342

FILED

NOV 5 1935

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

TELEGRAM RECEIVED

FS

SPECIAL GRAY

FROM Peiping via N. R.

Dated November 2, 1935

Secretary of State,  
Washington.

113, November 2, noon.

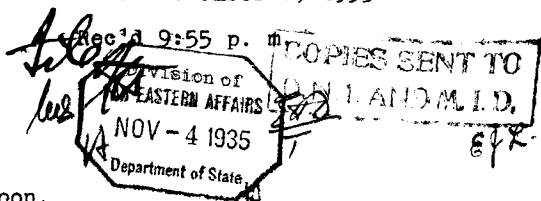
Embassy's 109, October 31, 5 p. m.

After the demarche of last June the Kuomintang

special training section to which the Japanese had objected was, by request, metamorphosed by the Chinese into the fourth section of the Bureau of Public Safety with personnel practically unchanged. The Embassy is confidentially and reliably informed that yesterday, in accordance with the Japanese demand that action be taken against secret anti-Japanese organizations, Sung Che Yuan caused the arrest of Wu Kuang Chun, chief of the aforementioned section, together with over ten others of the section. The names of the arrested are said to have been included in a letter furnished Sung by the Japanese. Japanese gendarmes in Tientsin are alleged to have recently made arrests on their own initiative.

Rengo reports "an ominous atmosphere presaging a political change in Peiping". Lieutenant Colonel

Ishii



793.94/7343

FILED  
NOV 5 1935

F/FG

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

FS 2-No. 113, November 2, noon from Peiping

Ishii of the Tientsin-Japanese garrison is reported in yesterday's NORTH CHINESE STAR to have expressed the fear that Tientsin may become "another Mukden" if present events in North China continue their present trend. It is claimed by the Japanese military that they have in their possession a large accumulation of documentary evidence proving existence of secret societies engaged in anti-Japanese activities. Rengo despatch of October 31 from Hsinking states that officials of the Kwantung Army have indicated that the Kwantung Army may be able to attempt a solution of North China questions "once and for all" in conjunction with the Japanese North China garrison.

The Hsiangho incident, mentioned in Embassy's 105, October 30, noon, has not been definitely settled but it is understood that Pao An Tui will, with the consent of the Japanese, enter the city and take over control. There has been no spread of the movement.

The Japanese North China garrison maneuvers, referred to in the Embassy's 105, October 30, noon will include Fengsy and Changsintien a town on the Peiping-Hankow Railway immediate south of Peiping.

Repeated to Nanking, to Tokyo and Tientsin by mail.

KLP

LOCKHART

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

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

JS

TELEGRAM RECEIVED

GRAY AND SPECIAL GREEK  
PEIPING Via N.R.

1-1236

FROM

Dated November 4, 1935

Rec'd 7:20 P.M.

Secretary of State,

Washington, D.C.

Division of  
FAR EASTERN AFFAIRS

NOV - 5 1935

Department of State

116, November 4, 3 p.m.

Embassy's 114, November 3, noon.

7342

The Executive Yuan yesterday accepted the resignation of Yuan Liang from the Peiping mayoralty and Sung Che Yuan has become acting mayor. This is almost certainly a direct result of the Japanese demarche described in the Embassy's 105 October 30, noon. Mayor Yuan has notified the Embassy that he is leaving Peiping on the 3:05 p.m. train today.

A report is now in circulation that the Hsiangho affair may possibly be maneuvered so as to discredit Shang Chen and enhance the prestige of Sung Che Yuan. If this line of action is followed Shang will probably be the next to go.

Repeated to Nanking, by mail to Tokyo and Tientsin

LOCKHART

SMS NPL

FILED  
NOV 6 1935

793.94/7344

793.94



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 18, 1935.

MSM:  
MMH:

Yunnanfu's despatch No. 116 of September 30, 1935, reports the official prohibition of the observance of National Humiliation Day (September 18) and, contrary to the events of 1934, the almost universal strict observance of this prohibition. The Mayor of Yunnanfu however failed to observe the prohibition and was immediately removed from office. Inter alia the Japanese Consul informed the American Vice Consul at Yunnanfu that Japanese goods are increasingly finding a ready sale throughout Yunnan.

No action required.

CSR  
CSR/VDM

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

No. 116.

AMERICAN CONSULATE

Yunnanfu, China, September 30, 1935.

SUBJECT: Transmitting Copies of Despatch No. 102  
to the Embassy - "Fourth Anniversary of  
Japanese Invasion of Manchuria - Dismissal  
of Mayor of Yunnanfu".

The Honorable

The Secretary of State

Washington.

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

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

Sir:

I have the honor to transmit herewith copies in  
quintuplicate of this Consulate's Despatch No. 102 to  
the Embassy at Peiping, dated September 30, 1935, re-  
porting on the observance of the National Humiliation  
Day, September 18th, the fourth anniversary of the in-  
vasion of Manchuria by the Japanese. The Mayor of  
Yunnanfu, when he disobeyed orders and gave a large  
dinner party on that evening, was summarily dismissed.

Respectfully yours,

*Arthur R. Ringwalt*  
Arthur R. Ringwalt,  
American Vice Consul.

Enclosure:  
Despatch No. 102 to the Embassy,  
dated September 30, 1935.

In quintuplicate.

File No. 800  
ARR:chs

793.94/7345

NOV 23 1935  
FILED

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

No. 102

AMERICAN CONSULATE

Yunnanfu, China, September 30, 1935.

SUBJECT: Fourth Anniversary of Japanese Invasion  
of Manchuria - Dismissal of Mayor of  
Yunnanfu.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to the embassy's  
Strictly Confidential Instruction of July 8, 1935,  
expressing its desire to be currently informed con-  
cerning the effects of recent developments in Sino-  
Japanese relations and to report on the incidents, or  
rather almost total lack thereof, which marked the  
fourth anniversary of the Japanese invasion of  
Manchuria.

Prior to September 18th, strict instructions were  
issued by the Provincial Government prohibiting all  
demonstrations or other expression of anti-Japanese  
sentiment. These instructions were very strictly  
enforced. The contrast with September 18, 1934, was  
very marked indeed. Last year handbills were distributed,  
posters were placed in prominent places, and a number of  
anti-Japanese meetings were held at various public centers  
throughout

- 2 -

throughout the city. The Kuomintang sponsored a monster mass meeting attended by 20,000 persons. This year the Kuomintang remained inactive and no public demonstration of any kind was held.

The local press was quite apparently told to tone down its comments. In fact only two newspapers made any mention of the humiliation day whatsoever, and then only in the mildest of terms. In the Min Kuo Jih Pao (民國日報), the organ of the Kuomintang, there appeared an editorial which began by summarizing the history of Sino-Japanese relations since the fatal evening of September 18th. It went on to say that it is not by holding demonstrations that one may eradicate national humiliation, but that everyone should do his duty earnestly and thus contribute his share to national recovery. Japanese aggression has, according to this paper, served as a stimulus toward national unity. The editorial in the Yunnan Jih Pao (雲南日報), the personal organ of the Provincial Chairman, General Lung Yun (龍雲), was very much in the same tenor. It went even further by recommending cooperation with Japan in the interest of world peace.

Nevertheless, the Chairman issued orders that the anniversary be strictly, if quietly, observed, and that under no circumstances should any official extend or accept invitations to any sort of entertainment. The

British

- 3 -

British Consul General, Mr. H. I. Harding, absent-mindedly gave a formal dinner that evening for Mr. S. Kawaminami, the newly arrived Japanese Consul. Not a single provincial official attended. Mr. Lu Ya-fu (陸亞夫), the Mayor of Yunnanfu, also gave a large dinner party on the evening of September 18th. The next day he was removed from office, and a diatribe against him, couched in the following terms, appeared in the Yunnan Jih Pao:

"It is on record that a circular instruction has been received from the Central Government prohibiting all amusements and entertainments and the displaying of the flag on September 18th. Even a child knows how to observe a humiliation day.

"Since Lu Ya-fu, the Mayor of Yunnanfu, assumed office he has brought to completion not one project assigned to him by the Provincial Government. Even while the question of his removal was being considered, the Provincial Government received information that on the 18th of September he had the audacity to give a large dinner party.

"A mayor being the chief of a municipality, he should set an example for the people by teaching them to love their country. But the said mayor does not do so. It is obvious that he does not know the meaning of patriotism. In order to serve as a warning to those who are slack in the execution of their duty and who ignore government instructions, he is hereby discharged. This order is to take effect immediately."

It would appear that the Chairman, at the time of drafting the above order, was suffering from one of his chronic tooth-aches.

Mr. Kawaminami, the Japanese Consul, who has given every indication of a desire to be on friendly terms with this office, states that Japanese goods are day by day finding a more ready sale. Apparently the Provincial Government, although such action is believed to be

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

- 4 -

very distasteful to it, is supporting him in his effort to overcome the prejudice existing here toward things Japanese. At his request, the Bureau of Public Safety immediately secured the removal of a book said to contain certain anti-Japanese sentiments from the display window of a prominent book shop here.

It is believed that the softening of the local attitude is due chiefly to the withdrawal of the support of the Provincial Kuomintang. The activities of this organization have been greatly curtailed as the result of the reduction of its subsidy from YP\$50,000 to YP\$30,000 (US\$2,000 to US\$1,200).

Respectfully yours,

Arthur R. Ringwalt,  
American Vice Consul.

In Duplicate to the Embassy.

Copies in Quintuplicate sent to the Department under cover of Despatch No. 116, dated September 30, 1935.

Copy to the Embassy, Nanking.

File No. 800  
ARR:chs

A true copy of  
the signed original  
*cc:chs*

TELEGRAM RECEIVED

COPIES SENT TO  
UNITED AND M.I.D.

MJP

SPECIAL GRAY

1-1886

FROM Nanking via N R

Dated November 5, 1935

Secretary of State,  
Washington.

Rec'd 9:35 a. m.

Division of  
FAR EASTERN AFFAIRS

NOV - 5 1935

Department of State

55, November 5, 9 a. m.

One. Suma of the Japanese Embassy who has just returned from Peiping and Tientsin stated to me yesterday afternoon that the wishes of the Japanese concerning North China are very simple and in accordance with the policy which Japan has long enunciated. "No one can deny", he said, "that a special administration must be set up" there because that area is contiguous to Manchukuo and has not recognized Manchukuo. What the Japanese want, he stated, is some kind of special administration which will not "necessarily" be independent or autonomous but which will give "material recognition" to Manchukuo by working with Manchukuo. He went on to say that Chiang Kai Shek exemplified the Chinese racial characteristic of evasiveness in dealing with Japan but other leaders including Wang Ching Wei and H. H. Kung realized the necessity

793.94/7346

FILED

NOV 6 1935

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

MJP -2- No. 55, November 5, 9 a. m. from Nanking

necessity for this development in the North.

They had admitted so to him but plead the difficulty, which was real, of justifying themselves in the eyes of the Chinese people if they should move at once as the Japanese desired. The problem of Japanese diplomacy is accordingly to effect a lessening of the gap between the large majority of the Chinese people and that <sup>of</sup> the ~~selected~~ intelligent Chinese officials. He added that the Japanese foreign and war offices and all departments of the Japanese Government are now showing a united front in the policy toward China. LfV

Two. While the Chinese Government appears to be fearful of further moves by the Japanese in connection with their recent demands in North China a certain apathy is noticeable among individual Chinese officials here. The only statement I have heard from the Foreign Office concerning the matter is that it is being handled by the local authorities in Peiping and Tientsin.

Three. Paraphrase to the Ambassador at Shanghai.

CSB

ATCHESON



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

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O.N.I. AND M.I.D.

FE

# TELEGRAM RECEIVED

MJP

1-1386

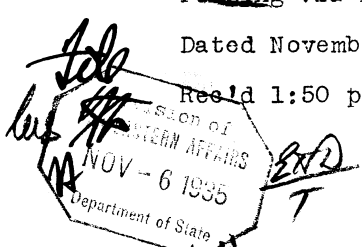
FROM GRAY

Peiping via N R

Dated November 6, 1935

Rec'd 1:50 p. m.

Secretary of State,  
Washington.



121, November 6, 5 p. m. 7344

Embassy's 116, November 4, 3 p. m.

Takahashi yesterday admitted to a local press representative that Japanese gendarmes have arrested various Chinese in Peiping because of alleged connection of the latter with the Blue Shirt Society. Takahashi also stated that these arrests were made not (repeat not) with the permission but "with the understanding of the Chinese authorities". The arrested persons are said to be under detention at the Japanese gendarmerie headquarters for examination. The Chinese authorities it is stated have also made some arrests. Among those arrested is a brother of ex-mayor Yuan according to today's press.

Takahashi further said that Yuan had not (repeat not) resigned in compliance with a Japanese demand but because of the Japanese attack on him

with

793.94/7347

NOV 8 1935

FILED

F/FG

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

MJP -2- No. 121, November 6, 5 p. m. from Peiping

with regard to Blue Shirts and Tangpu members  
under him and that there had been no (repeat no)  
demand for the abolition of the Branch Military  
Council but that he considered the Council a  
superfluous organ.

Repeated Nanking, by mail to Tokyo.

LOCKHART

CSB

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

STRICTLY CONFIDENTIAL



CABLE FROM PROFESSOR SUCK, SHANGHAI, CHINA

NOV 4 - 1935

DEPARTMENT OF STATE

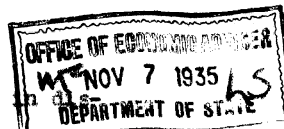
NOV 4 - 1935

Division of  
EAST ASIAN AFFAIRS

November 1, 1935

OFFICE OF THE SECRETARY

Gull, Secretary China Association London, in dis-



ussing political and economic situation China and Japan,  
told me last night a high Japanese official said General  
Chiang Kai Shek would have to come to terms or resign.  
Gull thinks Japanese will have General Chiang Kai Shek  
assassinated if he does not meet their demands.

793.94/7348

DECLASSIFIED  
E.O. 11652, Sec. 3(E) and 5(D)

Declassify Ref. Letter Feb 12, 1973  
By [signature] NARS Date 3/19/73

~~CONFIDENTIAL~~  
~~CONFIDENTIAL~~  
~~CONFIDENTIAL~~

NOV 8 1935  
AGN

F/FG

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

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TELEGRAM RECEIVED

BR

GRAY

1-1836

FROM

Peiping (via N R)

Dated November 7, 1935.

Rec'd. 6:50 a.m.

Secretary of State,  
Washington.

122, November 7, noon. / 734

Embassy's 121, November 6, 5 p. m.

Chin Teh Chun, acting chairman of Chahar, has  
been appointed Mayor of Peiping, and Hsiao Chen Ying  
has been given the Chairmanship of Chahar. Both are  
close followers of Sung Che Yuan.

Repeated to Nanking.

LOCKHART

HPD



793.94/7349

FILED  
NOV 8 1935

F

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

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## TELEGRAM RECEIVED

FS

1-1336

SPECIAL GRAY

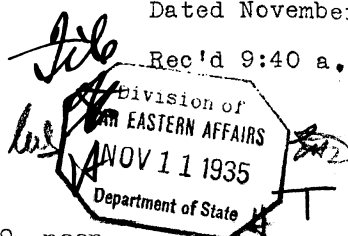
FROM

Peiping via N. R.

Dated November 9, 1935

Rec'd 9:40 a. m.

Secretary of State,  
Washington.



126, November 9, noon.

Embassy's 122, November 7, noon. / 7349

793.94

The Embassy has received information from a reliable Chinese official confirming the existence of the list of suspects mentioned in the Embassy's 113 / 7343 November 2, noon. The list is said to contain more than 130 names, including those of several outstanding figures in educational work and other important persons in North China. Many of the suspected persons have already left town, the Chinese have arrested a fairly large number and the Japanese themselves are reported to have arrested a considerable number. No (repeat no) person of outstanding importance has yet been arrested so far as known.

Various changes in personnel are expected to follow the induction of Chin Teh Chun as Mayor of Peiping. Chang Tzu Chung, one of Sung Che Yuan's divisional commanders, is to act as Chahar Chairman pending the formal induction

of

793.94/7350

FILED  
NOV 12 1935

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

FS 2-No. 126, November 9, noon from Peiping

of Hsiao Chen Ying; it is suggested that Hsiao probably will not (repeat not) enter upon his duties by reason of the fact that he as a civil official would be unable to exercise control over Sung's troops in the Province.

Repeated to Nanking.

HPD

LOCKHART

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

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## TELEGRAM RECEIVED

MJP  
1-1826

PLAIN

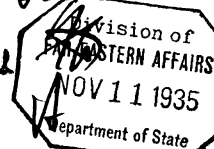
FROM

Shanghai via N R

Dated November 10, 1935

Rec'd 7:20 a. m.

Secretary of State,  
Washington.



662, November 10, noon.

793.94

A Japanese marine was fatally shot by an unidentified person last night at about nine o'clock on Darroch Road, an extra settlement road near the Japanese barracks on North Szechuen Road. A tense situation followed, squads of Japanese marines carrying rifles with fixed bayonets appeared on the scene, the naval landing party paraded before barracks shortly before midnight and in addition the Japanese Consular Police, the Russian contingent of the Shanghai volunteers corps, and the riot squad of the local station of the Municipal police were turned out.

Only witness found was Chinese coolie who said he heard a shot and saw a man in black clothing running away and another man in similar clothing lying in the road. The official statement of the Japanese landing party is reported in part

as

793.94/7351

FILED  
NOV 12 1935

F/G

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

MJP -2- No. 662, November 10, noon from Shanghai

as follows:

"While we have no clue regarding the assailant we consider this attack a provocation directed at the special naval landing party. Not only shall we demand a thorough investigation by the Bureau of Public Safety, but we shall demand that a complete enquiry be made by the Shanghai Municipal police."

The wounded man Hideio Nakayama, sailor first class, died at one ten o'clock this morning at the special naval landing party hospital.

CUNNINGHAM

HPD



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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TELEGRAM RECEIVED

MJP

1-1336

SPECIAL GRAY AND GRAY

Nanking via N R

Dated November 9, 1935

Rec'd 5:46 p. m.

Secretary of State

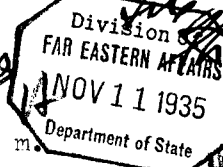
Washington.

70, November 9, 2 p. m.

793.94

The second informant, mentioned in my telegram No. 68, November 8, 10 a. m. who meets frequently with the Japanese military, states that Shang Chen will shortly be replaced by Sung Che Yuan as Chairman of Hopei; that Sung's troops which are still in Chahar will move to Hopei, leaving Chahar a vacuum; that Sung will have Japanese financial and military advisers; that the ~~answer~~ <sup>result of</sup> all this will be practically to sever Hopei (and Chahar and Suiyuan as well) from the National Government and to place these provinces under virtual Japanese control; that the Japanese wish also to extend a similar control over Shantung but are finding it more difficult; and that also the creation of a single regime to include all five northern provinces is proving to be very difficult.

This



FILED

NOV 13 1935

793 94/73520

7g

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

MJP -2- No. 70, November 9, 2 p. m. from Nanking

This informant views the present situation in Sino-Japanese relations as highly critical and is apprehensive that the Chinese authorities may refuse to accede to the next demands of the Japanese military. (Responsible Chinese are now saying that China must refuse to accept any further humiliating demands, as China has given in as long as it can, and that if the Japanese then, as a result, use force, the Chinese will have to resist. Although this viewpoint is gaining adherents rapidly, it is still difficult to believe that serious resistance will take place. )

By mail to Tokyo.

JOHNSON

KLP:EMB

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

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TELEGRAM RECEIVED  
SPECIAL GRAY

JS

1-1836

PEIPING Via N.R.

FROM

Dated November 10, 1935

Rec'd 9 a.m.

Secretary of State,  
Washington, D.C.

Division of  
FAR EASTERN AFFAIRS  
NOV 11 1935  
Department of State

128, November 10, 10 a.m.

A responsible and generally well-informed American closely associated with the Chinese has informed me that he has information from a reliable Chinese in a position to know indicating that the Japanese "are pressing the Chinese authorities at Nanking very hard" on the following four points:

One. Recognition of Manchukuo.

Two. Military cooperation to meet any aggression from a third power or to suppress communism.

Three. Extension of demilitarized zone to include Peiping, and Peiping and Tientsin areas.

Four. Dissolution of Kuomintang and all party organization. Informant states Chinese authorities are disposed to agree to three and four but the other two questions are presenting the greatest possible difficulties with extremely uncertain results for Nanking whatever may be the decision.

Informant stated that an element in the Government now strongly favored resistance to the Japanese and on

my

793.94/7353

F/A

-2-

From Peiping, November 10, #128.

my inquiring what form this resistance, if made, would take, he stated that it contemplated large concentration of Government troops at Chengchow, Honan and Hsuehowfu, Kiangsu and that any encroachment by the Japanese below the Yellow River would be stubbornly resisted by these forces which meant, he said, that the plan of resistance, as he understood it, did not contemplate any aggressive or defensive in the Tientsin-Peiping area but only if the Japanese or some independent regime sponsored by the Japanese should attempt to go below the Yellow River. He said that there were already large concentrations of Chinese troops at Chengchow and Hsuehowfu. This plan of resistance, if followed, would merely mean abandonment of North China.

My informant also stated that six Chinese connected with local telephone exchange have been arrested, together with a large number of other persons (as previously reported) suspected of anti-Japanese political ~~(are)~~ activities. My informant ventured the opinion that the trend is distinctly toward the formation of an independent government in the North under the aegis of the Japanese with Sung Cho Yuan at the head, and he expressed the opinion, in response to my inquiry that the Japanese have no intention whatsoever

of

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

-3-

From Peiping, Nov. 10, #128.

of attempting to extend the Manchukuo boundaries south of the Great Wall.

My informant, with most foreigners and Chinese in North China, takes a very pessimistic view of the future.

Chin Teh Chun assumed his position as mayor yesterday.

Repeated to Nanking. By mail to Tokyo.

LOCKHART

KLP

DECLASSIFIED: E.O. 11652, 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  
SPECIAL GRAY

JS

PEIPING, Via. N.R.

1-1826

FROM  
Dated November 10, 1935

Rec'd 10:15 a.m.

Secretary of State,

Washington, D.C.

129, November 10, noon.

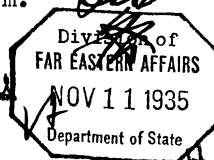
My 128, November 10, 10 a.m. / 7353

An unconfirmed report is in circulation that ~~Dai-Hara~~ <sup>Doi-hara</sup> and Sung Che Yuan are in negotiation at Tientsin looking to the early establishment of an independent government in the North and that Sung, who is stated to have agreed in principle, is insisting that the move be not (repeat not) made until after the meeting of the fifth Kuomintang Congress at Nanking. Sung is said to be contending that there might then exist a better excuse for the establishment of an independent government in the North. General Hsiung Pin, who negotiated the Tangku truce, has arrived Tientsin from Nanking and is believed to be connected with the negotiations in some way.

Repeated to Nanking, by mail to Tokyo.

LOCKHART

KLP



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

*of Paraphrase*  
**COPIES SENT TO**  
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*in Confidence*

**TELEGRAM RECEIVED**

REP

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

NANKING

Dated November 11, 1935

Rec'd 11:10 a. m.

Secretary of State,  
Washington.

72, November 11, 2 p. m.

Peiping's 128, November 10, 9 a. m. / 7353

Before departure *from* Tokyo Hirota had a long conversation with Chiang Tso Pin in the course of which he outlined Japan's policy toward China as covering three points.

One. Sino-Japanese alliance against spread of communism.

Two. Abandonment by China of policy of playing one barbarian tribe against another.

Three. De facto recognition of Manchukuo, immediate settlement outstanding issues between Manchukuo and China and establishment of economic cooperation between Manchukuo *Japan* and China. *flv*

I am informed Japanese Ambassador is pressing for Chinese consent to these three desiderata.

Locally, Japanese demanded resignation Mayor Yuan Liang at Peiping, the abolishment of the Branch

Military

793.94

793.94/7355

FILED  
NOV 19 1935

F/G

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-#72, From Nanking, Nov. 11, 2 p. m.

Military Council at Peiping, and the immediate dissolution in North China of so-called Blue Shirt activities.

Desire for alliance is aimed at Russia with particular reference to Inner Mongolia and if accomplished would give Chinese consent to use of Japanese forces in that area in cooperation with Chinese anti-Communist forces. Point number two is intended to place China completely under <sup>domination of</sup> Japan in all matters relating to foreign policy and finances.

Point number three if accomplished would I understand open China by way of the North for Japanese economic and commercial penetration on a preferred basis.

With reference to local demands, Yuan Liang took the hint and resigned. With reference to Blue Shirt activities, Japanese military informed Sung Che Yuan that if he did not carry out arrests they would act on their own. Japanese have begun arrests of persons on proscribed list. With reference to abolishment of Branch Military Council, Sung Che Yuan is reported to have informed the Japanese that as the Branch Military Council



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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, Nov. 11, 2 p.m.

Council is under National Government he is without power in the matter and that he must protect it by force if the Japanese attack it.

Chinese attitude toward above subject of discussion here. There is prevalent a feeling of discouragement and desperation which may lead to armed resistance. Chinese have been told, however, that the Japanese do not intend to take drastic action but if desiderata not conceded the Chinese may expect difficulties such as autonomous movements fostered by the Japanese which would lead to ultimate breakdown of National Government's power to collect revenues in areas affected.

Repeated to Peiping; to Tokyo by mail.

JOHNSON

HPD

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 72) of November 11, 1935, from the American Ambassador at Nanking reads substantially as follows:

During the course of a long conversation which the Japanese Minister for Foreign Affairs (Hirota) had with Chiang Tso-pin before the latter's departure from Tokyo, Hirota outlined the Japanese Government's policy toward China under three points as follows:

- (a) An alliance between Japan and China to prevent the spread of communism;
- (b) De facto recognition by China of "Manchukuo", establishment of economic cooperation between China and "Manchukuo", and settlement at once of issues outstanding between China and "Manchukuo";
- (c) Relinquishment by China of her policy of playing one barbarian tribe against another.

The American Ambassador has received information to the effect that Ariyoshi (Japanese Ambassador) is pressing the Chinese to agree to the above mentioned points.

The Japanese demanded locally that Mayor Yuan Liang at Peiping resign, that the Branch Military Council at Peiping be abolished, and that the activities in North China of the so-called Blue Shirt organization be discontinued immediately.

Japan's wish for an alliance with China is aimed at the Soviet Union with particular reference to Inner Mongolia and if consummated would give China's consent to the use in that

area

DECLASSIFIED: E.O. 11652, 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 -

area of Japanese troops in cooperation with Chinese anti-communist troops. The Japanese intend by means of the third point to place China entirely under Japan's domination in everything which pertains to foreign finances and policy.

It is the American Ambassador's understanding that if the Japanese accomplish their second point China will be opened on the north for preferential Japanese commercial and economic penetration.

The Ambassador remarks that as regards local demands Yuan Liang took the hint and resigned; that as regards the abolishment of the Branch Military Council Sung Che-yuan is said to have told the Japanese that, as the Council is under the Nanking Government, he (Sung) is powerless in the matter and must protest the Council by force if it is attacked by the Japanese; and that as regards Blue Shirt activities Sung Che-yuan was informed by the Japanese that unless he made arrests they (the Japanese) would act on their own.

In Nanking China's attitude toward the above matters is a subject of conversation. A feeling of discouragement and desperation which may result in armed resistance is prevalent. The Chinese have been informed, however, that it is not Japan's intention to act drastically but that if Japanese wishes are not met China may look forward to difficulties such as Japanese abetted movements which would lead ultimately to a breakdown of the Nanking Government's ability to collect revenues in the affected areas.

793.94/7355  
 FE:EGG C.

FE

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

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# TELEGRAM RECEIVED

MJP

1-1538

SPECIAL GRAY

FROM Nanking via N R

Dated November 11, 1935

Rec'd 1:50 p. m.

Secretary of State,  
Washington.



73, November 11, 3 p. m.

(One) A responsible official of the Foreign Office who has just returned from Shanghai and who while there investigated the murder of a Japanese marine which occurred November 9, told a foreign news correspondent this morning that there was no indication that this was an incident staged by the Japanese for ulterior purposes or that the Japanese intended to employ it as a pretext for furthering at this time any such purposes. He pointed to the withdrawal of Japanese military units from adjacent sections in order to allay the fears of the populace and inclined to the opinion that the murderer may have been a Korean.

Two. An officer of this Embassy has been informed by Japanese Embassy officials that the matter is being handled with the Shanghai authorities by the Japanese Consul General at that place

793.94/7356

FILED

NOV 18 1935

F/G

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

MJP -2- No. 73, November 11, 3 p. m. from Nanking

place and these informants intimated that the  
creation of an issue was <sup>not</sup> probable unless the ~~SS~~  
Chinese authorities should adopt an unsatisfactory  
attitude.

Three. To Tokyo and Shanghai by mail.

JOHNSON

KLP:CSB

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

TELEGRAM RECEIVED

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O.N.I. AND M.I.D.

1-1236

FROM GRAY

Shanghai via N R

Dated November 12, 1935

Rec'd 12:40 p. m.

Secretary of State, FAR EASTERN AFFAIRS  
Washington. NOV 12 1935  
Division of  
Department of State

669, November 12, 4 p. m. / 7351

Referring to telegram No. 662, November 10, noon regarding killing of Japanese sailor. There had been very little progress made in finding the assassin. Two witnesses of the shooting have been found but these have contributed very little in the way of identification. There have been an unusual coordination between the settlement police and the police of greater Shanghai in this investigation. Japanese consular police and marines have been conspicuous in the district where the crime was committed. The Japanese special naval landing party has remained mobilized and this force issued on November 10th a statement to the effect that the attack was directed against the special naval landing party and it demanded a thorough investigation by the Bureau of Public Safety and that a complete inquiry be made by the Shanghai municipal police.

793.94/7357

NOV 14 1935

FILED

F/FG

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

MJP -2- No. 669, November 12, 4 p. m. from Shanghai

police. This latter statement has caused a considerable number of Chinese to remove from the Chapei district into the International Settlement. The fear of the Chinese that there will be a recurrence of the 1932 incident was increased by this statement issued by the landing party.

Two. This incident in itself is not of any great importance. Similar incidents have happened with other nationalities without anxiety such as has been caused by the assassination of this Japanese sailor. I believe the incident is serious as it indicates that the Japanese do not leave the investigation to the responsible police of the International Settlement but inject themselves into the investigation and state that a complete inquiry must be made by the Shanghai municipal police. I believe that such proclamations and statements are issued by Japanese naval authorities without reference to the civil authorities but each has a similar motive in carrying on the investigation and that is of injecting their own forces into the inquiry and not assisting in any way the municipal authorities in their investigation. Repeated to Embassy at Peiping and mail to Nanking.

CSB

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

TELEGRAM RECEIVED

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

FS

1-1338

FROM GRAY

Peiping via N. R.

Dated November 12, 1935

Rec'd 12:25 p. m.

Secretary of State,  
Washington.



133, November 12, 5 p. m. /7354  
Embassy's 129, November 10, noon.

Cne. It is authoritatively stated that arrests by Japanese military authorities of anti-Japan agitators have now ceased.

Two. According to a Reuter's report Sung Cheh Yuan has sent an urgent telegram to fifth Kuomintang Congress strongly recommending immediate ending of period of political tutelage. He urges that the people be permitted to participate in the government and closes his appeal with the following: "I urge the Congress to make a courageous decision in this matter and to liquidate the period of political tutelage immediately and initiate preparations for the establishment of a constitutional government".

Three. General Ishime Matsui, described as the China expert on the Japanese Supreme War Council, arrived in Tientsin yesterday. General Doihara is still at Tientsin where it is stated conferences are continuing. According reports

793.94/7358

FILED

F/FG



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

FS 2-No. 133, November 12, 5 p. m. from Peiping

reports from Tientsin General Sunga and other important Japanese officials are expected to go to Tsinanfu in a day or two to visit General Han Fu Chu.

Four. Reports are current that General Sung Cheh Yuan will shortly be offered the post of Pacification Commissioner for Hopei and Chahar with greatly enlarged powers.

Repeated to Nanking. By mail to Tokyo.

CSB

LOCKHART

DECLASSIFIED: E.O. 11652, 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 *of paraphrase*

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O.N.I. AND M.I.D. *FE*

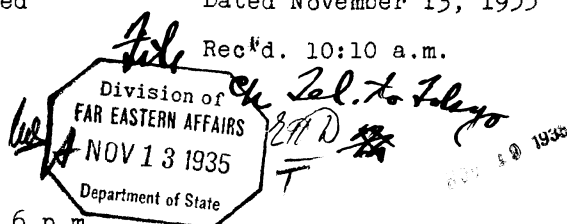
JR 1-1236

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

Dated November 13, 1935

Rec'd. 10:10 a.m.

Secretary of State,  
Washington.



209, November 13, 6 p.m.

One. With reference to the recent anti-Japanese incidents in Shanghai, the Director of the Bureau of Eastern Asiatic Affairs of the Foreign Office stated today to a member of the staff of the Embassy that:

(A) He believed the incidents were due to communistic influences working on anti-Japanese sentiment.

(B) The Foreign Office had made representations only requesting that the culprits be found and punished but reserving the right to make suitable representations when the background of the incidents becomes clear.

(C) If the Chinese authorities do not take adequate action Japan will have to take steps to insure tranquility in Shanghai which is Japan's principal aim.

(D) He did not however take any very serious view of the incidents and did not believe that they would result in military steps by the Japanese.

Two. Questioned in regard to the Nippon Dempo report  
to

793.94/7359

F/G

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

JR -2- 209, November 13, 6 p.m., from Tokyo.

to the effect that the Kwantung army has decided to perform "a certain duty" as a result of the Shanghai incidents the director stated that this report was issued only to frighten the Nanking Government.

Three. A spokesman for the navy today informed the Naval Attache of the Embassy that:

(a) The Navy regards the killing of one of its sailors seriously but has no present plans and is watching developments.

(b) There is no landing party in Shanghai outside the usual naval garrison.

(c) If the situation in Shanghai goes beyond "reasonableness" the Navy will be obliged to take steps to protect Japanese nationals.

*Referred to Peking*

NEVILLE

*Sjv*  
CSB

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 209) of November 13, 1935, from the American Chargé d'Affaires at Tokyo reads substantially as follows:

On November 13, in connection with the recent anti-Japanese incidents in Shanghai, the Director of the Bureau of Eastern Asiatic Affairs of the Japanese Foreign Office made statements to a member of the staff of the American Embassy to the following effect:

(a) The Director was of the opinion that communistic influences working on anti-Japanese sentiment were responsible for the incidents;

(b) The Japanese Foreign Office had made representations only looking to the discovery and punishment of the culprits but had reserved the right to make appropriate representations when further information in regard to the background of the incidents had been obtained;

(c) If adequate action is not taken by the Chinese authorities, the Japanese will have to take measures to insure peace in Shanghai which is the chief aim of Japan;

(d) The Director did not view the incidents very seriously, however, and he did not believe that Japan would take military steps as a result of the incidents.

With regard to the Nippon Dempo report to the effect that the Kwantung army has decided, as a result of the incidents at Shanghai, to perform "a certain duty", the

Director

0520

DECLASSIFIED: E.O. 11652, 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 -

Director stated, in reply to questions, that this report was published only for the purpose of frightening the Chinese Government.

On November 13, the American Naval Attaché was informed by a spokesman for the Japanese Navy that:

(a) Aside from the usual naval garrison there is no Japanese landing party in Shanghai;

(b) The Japanese Navy looks upon the killing of a Japanese sailor as a serious matter but at the present time has no plans and is watching developments;

(c) The Japanese Navy will be forced to take measures to protect Japanese subjects if the Shanghai situation goes beyond "reasonableness".

793.94/7359

FE:EGC <sup>EGC</sup>

FE

XI-14-35

*m.m.h*

DECLASSIFIED: E.O. 11652, 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  
\$

# TELEGRAM SENT

Department of State  
DEPARTMENT OF STATE

1-138 TO BE TRANSMITTED  
CONFIDENTIAL CODE  
NONCONFIDENTIAL CODE

1935 NOV 19 PM 4 34

Washington,

November 18, 1935.

AMEMBASSY,

TOKYO (Japan) DIVISION OF  
COMMUNICATIONS  
AND RECORDS

This cable was sent in confidence. It should be carefully paraphrased before being communicated to anyone. A

177

Your 209, November 13, 6 p.m., has been helpful to the Department in making estimate of the situation in Shanghai.

The Department desires that you keep it fully and currently informed in regard to all important developments affecting relations between China and Japan, including Embassy's comment on and analysis of such developments.

*Shue*  
*W*

793.94/7359

793.94/7359

Nov. 18 1935 PM

FD/END/DLY

FE  
m.m.W

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 O. Gustafson NARS, Date 12-18-75

793.94

## DOCUMENT FILE

### NOTE

SEE 893.6362/67 FOR Despatch #16

FROM China ( Lockhart ) DATED Oct. 4, 1935  
TO NAME 1-1187 ...

REGARDING: The Chungho Coal Mine and Sino-Japanese cooperation: Progress  
in reported negotiations for the establishment of a company to  
operate the coal mine.

FRG.

793.94/7360

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Shanghai/84 FOR Desp#10,357

FROM Shanghai ( Cunningham ) DATED Oct 7, 1935  
TO NAME 1-1137 \*\*\*

REGARDING: Sino-Japanese relations: Criticism of Shanghai Municipal Council; Kumabe Case; Smuggling into Southern Chekiang; Statement of General Isogai regarding anti-Red measures and conditions in Northern China.

FRG.

793.94/7361



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

b. Relations with Other Countries. Japan.

Criticism of Shanghai Municipal Council. The Japanese

793.94  
have continued to attack the administration of the International Settlement, apparently with a view to serving notice that they will no longer be satisfied with the minor role to which they have been relegated in the past. They have criticized the Shanghai Municipal Council for its handling of questions relating to telephone and gas rates, and its distribution of appropriations for schools, defense units and salaries. A local Japanese daily intimated that failure on the part of the administration

to

-5-

to reform might lead to the abolition of the International Settlement and the establishment of a municipality under a special arrangement with the Chinese authorities. A more outspoken threat in this vein was brought forth by the following incident, which took place on September 11, 1935.

Kumabe Case. On the date specified representatives from the police of the French Concession and the International Settlement were in search of kidnappers and allegedly through a mistake due to a recent change in house numbers presented themselves at the residence of Mr. Genzo Kumabe, who explained that he was a Japanese subject, but who was nevertheless obliged to submit to search. The local Japanese community became violently incensed over the incident, which the SHANGHAI MAINICHI (Japanese) termed a provocative insult against the Japanese Empire, and stated that unless a satisfactory settlement is achieved it might cause Japan to demand a separate concession protected by its own troops. It referred with patent ill humor to the arrogance of Europeans and Americans towards Asiatics and the apparent predilection of the Chinese for Westerners. The Secretary General of the Shanghai Municipal Council sent a formal letter of apology to the Japanese Consul General, and the latter announced on September 18, 1935, that the case was considered closed. While responsible Japanese no doubt wish to see the International Settlement continued with such modifications in its administration as will satisfy what they look on as their rights, there is some talk of a separate concession as an alternative (see enclosures to despatches

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

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despatches Nos. 9958 and 8872 of September 16 and 23, 1935, respectively).

Smuggling into Southern Chekiang. According to statements made to a representative of this Consulate General who recently made a trip through Chekiang, there is considerable feeling against Japan in that Province arising from the fact that whereas that country was formerly a large buyer of Chekiang products it now floods local markets with cheap goods popularly believed to have been smuggled into China from Formosa. Customs officials expressed the opinion that smuggling was going forward on a considerable scale and that many are apprehensive lest Japan seize upon incidents resulting from preventive measures against smugglers as an excuse for acts of aggression (see despatch No. 8874 of September 24, 1935).

Statement of General Isogai. In an interview with the NEW YORK TIMES correspondent here, Major General Gensuke Isogai, Japanese Military Attache, said among other things that General Chiang Kai-shek had been refused aid in putting down the Reds, but that Japan will act independently to prevent the establishment of a Communist Government anywhere in eastern Asia. He expressed great dissatisfaction with conditions in the North, saying that pledges have not been kept, that the proposed economic cooperation has resulted in nothing but talk, and that the populace is terribly impoverished, giving rise to conditions that Japan cannot tolerate (see telegram of September 10, 2 p.m., 1935).

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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./98 FOR Desp.#20

FROM China ( Johnson ) DATED Oct. 11, 1935.  
79/// NAME 1-1137 ...

REGARDING: Relations between China and Japan: Reports  
developments in -, during the month of  
September, 1935.

793.94/ 7362

fps

B. Relations with other countries:

1. Japan:

74396  
H-2-71

Following the abolition near the end of August of the Peiping Political Affairs Readjustment Committee, interest in respect to Sino-Japanese affairs was concerned primarily with two questions: (1) the future career of General Sung Che-yuan and (2) the intentions of the Japanese with regard to China either in part or in entirety.

a. Conflict of interests of Generals Sung and Chang:

Appointed August 28 to the post of Garrison Commander of Peiping and Tientsin, General Sung Che-yuan did not assume office until September 21. This delay caused apprehension that rivalry existing between General Sung and General Chang Chen, the Hopei Provincial Chairman, as a result of General Sung's growing influence, might possibly bring about a clash between them. There was also a possibility that their ambitious Chinese, taking advantage of the unsettled situation to advance their selfish interests, might add to the dangers inherent in the uncertain political and military conditions of North China. However, the month ended without disturbance of the peace by others than bandits.

The questions under negotiation in connection with General Sung's assumption of office and the expansion of

his

2. Embassy's telegram 3, Sept. 21, 11 a.m.

- 3 -

his sphere of power were believed to include: (1) the transfer of additional troops from Chahar to Hebei; (2) the replacement of General Sheng's troops in the Tientsin area by troops of General Sung; (3) increased appropriations of the National Government for the Peiping-Tientsin Garrison Headquarters; and (4) the appointment of followers of General Sung to certain important positions such as the mayoralty of Peiping and the Managing Directorship of the Peiping-Suiyuan Railway. That settlement, if any, with respect to these questions may have been reached was unknown. The only known development in this regard was the transfer on September 20 of the second of General Sung's four divisions from Chahar Province to the Peiping area and the establishment at Peiping of his military headquarters. It was thought that this transfer indicated perhaps that Chahar Province would before long be completely demilitarized, thereby facilitating Japanese plans in regard to that province and Suiyuan.

General Sheng's position was regarded by observers with some sympathy. He had been brought out of his comparative obscurity as the Commander of the 32nd Army by his appointment June 4, 1936, to the post of Garrison Commander of Tientsin, which was followed by his appointment June 18 as acting mayor of Tientsin. (He was mayor for only a few days, and his position as Garrison Commander was soon changed to that of Commander of the Tientsin-Tangku Peace Preservation Force.) Then, on June 25, he was made Chairman of the Hebei Provincial Government. It appeared that he was well regarded both

by

- 4 -

by the National Government and by the Japanese military. However, with the growth of General Sung's influence during the past three months, there have been indications that General Chang has steadily lost favor. The National Government, for example, has shown little inclination to assist him in coping with the financial difficulties of the Hopei Provincial Administration, and, according to one Japanese official, the Japanese military anticipate complacently a conflict between him and General Sung as an outcome of General Chang's decline. General Chang's assumption on September 16 of the post of Commander of the Peace Preservation Corps of Hopei Province was not considered significant.

Meanwhile, definite information with regard to the degree of understanding which General Sung might have reached with the Japanese was lacking. In this connection, a brief visit on September 25 and 26 to Kalgan by General Doihara was regarded with interest. It was understood that he discussed with Chahar leaders their unfulfilled promises made after the Japanese demands of June of this year and it was presumed that he was bent on furthering Japanese interests in territory adjacent to "Manchukuo".

b. Japanese intentions toward China:

There was increasing apprehension on the part of Chinese and foreign observers as September progressed that the

JAPANESE

3. Embassy's telegram 2, Oct. 2, 12 noon.

- 5 -

Japanese civil and military authorities at home and in China had reached or were on the point of reaching an agreement with regard to Japan's China policy to a degree not previously achieved and that new action of a decisive character by the Japanese was drawing near. Japanese press reports stated that the chief Japanese authorities concerned were working on the draft of such a policy. Meanwhile, Japanese military officers in China and Manchuria made statements (statements of Generals Isogai<sup>4</sup> and Iida<sup>5</sup> were exceptionally menacing) indicating that developments of importance might occur in the near future, although it was impossible to discover whether they would be confined to machinations in North China or might include demands at Hankow and action in other parts of the country. However, notwithstanding disquieting reports from Japanese sources, the Japanese took no overt action.

c. Incidents:

In North China:

No new incidents of importance occurred in North China during September, but some progress was made in negotiations over incidents which had taken place in August. (a) The case of the assassination on August 4 of Colonel Liu Tao-chou at Luanhsien was not concluded, although a high Chinese official stated in confidence that the Japanese had finally admitted, after first ac-

quising

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4. Shanghai's telegram to Dept. 520, Sept. 10, 2 p.m.
  5. Embassy's telegrams 10 and 12, Sept. 25, 5 p.m., and Sept. 26, 3 p.m.



- 6 -

causing the Chinese Government of instigating the murder, that it had been perpetrated by agents of the renegade Shih Yu-san. (b) With regard to the robbery committed August 15 on a train of the Peiping-Kundan Railway, the Managing Director of that line acceded to the demands which the Japanese authorities had made on behalf of Japanese nationals who had suffered losses.

At Swatow:

Uneasiness was aroused by the presence from September 10 at Swatow, Kwangtung Province, of six Japanese destroyers, commanded by Rear Admiral Shimomura, and one light cruiser. The most plausible explanation of their presence was the difficulties which had arisen from the refusal of Japanese merchants to pay the provincial tax on rice which they had imported and from the failure of the Chinese authorities to apprehend certain Chinese wholesalers who had disappeared with proceeds obtained from the sale of this rice. However, there were vague but persistent rumors to the effect that the Japanese vessels were being used to support possible Japanese demands for a concession at Swatow.

#### 4. Economic cooperation:

The Hopei Economic Association, described in the monthly report for August, was formally inaugurated September 21; a Hopei Provincial Cotton Improvement Committee was inaugurated at Peiping which would pre-

sumably

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6. Hanking's despatch to Dept. 9, Sept. 25.  
7. Embassy's telegram 19, Oct. 1, 5 p.m.

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

- 7 -

possibly have relationship with Japanese interested in growing cotton in Kopei; groups of Japanese continued to travel over North China for purposes of investigation; and groups of Chinese business men and bankers visited Japan in the hopes of being among the first to enjoy the fruits of Sino-Japanese "economic cooperation". However, information with regard to possible concrete developments in the form of agreements and investments of capital continued lacking. Of interest in this connection, was the report that the Managing Director of the Peiping-Tientsin Railway had signed a contract in the latter part of September for the purchase from the South Manchuria Railway Company of 24 streamlined railway cars to be constructed within one year at Dairen for Yen 1,400,000.

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

## DOCUMENT FILE

### NOTE

SEE 747.94/17 FOR #26

FROM Sydney ( Moffat ) DATED Oct 12, 1935.  
TO NAME 1-1127 \*\*\*

#### REGARDING:

Relations between China and Japan.

Australia believes that Japan must expand in some direction  
and rejoices every time Japan becomes involved in China  
and not in a southerly direction.

793.94/7363

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

## DOCUMENT FILE

### NOTE

SEE 894.00 PR/94 FOR despatch #1515

FROM Japan ( Neville ) DATED October 18, 1935  
TO \_\_\_\_\_ NAME \_\_\_\_\_ 1-1137 \*\*\*

REGARDING: Sino-Japanese relations.

793.94/7364

(a) China.

(1) Reported New Japanese Policy in North China.

793.94  
(18 4-7)

Further evidence appeared during the month that the Japanese Government was formulating a definite policy for North China.\* As reported by the TOKYO NICHU NICHU of September 26, Major General Tada, the Commander of the Tientsin Garrison of the Japanese Army, outlined the Japanese Army's attitude toward North China as follows in statements made to Japanese newspapermen on September 24: the Japanese Army would find means of eliminating anti-Japanese and anti-"Manchukuo" elements in North China, if necessary even resorting to the Army's "power and authority"; the five North China provinces "might find it necessary" to rid themselves of political and financial relations with the Nanking Government in order to eliminate such anti-Japanese and anti-"Manchukuo" elements; and in such case the Japanese Army would guide the five provinces to form a united self-governing body to the end that the Sovietization of the region might be prevented. Whether

or

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\* See Embassy's Monthly Report for July, 1935, Section II (a).

- 5 -

or not Major General Tada's statements were authorized by the Japanese Ministry of War, it became apparent during the month that a section of opinion in the Japanese Army was in favor of dissociating the five provinces of North China from the Nanking Government and of establishing there an autonomous government friendly to Japan and willing to grant to the Japanese the economic privileges desired by them.\* Furthermore, it appeared that some of the Japanese Army officers in North China were determined to follow this course, preferably with the consent of the Japanese Government but perhaps even without such consent if the plan should not meet with the approval of the home Government. Although the Japanese Foreign Office professed to have no knowledge of any new Japanese policy toward China, the newspapers discussed at length the alleged new policy, reporting that the Ministries of Foreign Affairs, Finance, War, and Navy had been holding meetings to study the basic principles of this policy. Japanese public opinion seemed to favor a course of action similar to that advocated by Major General Tada. Moreover, it appeared from the general tone of the pronouncements of the military and of newspaper articles and editorials that the Japanese nation in general had now a point of view toward North China similar to the attitude toward Manchuria which prevailed before 1931, looking upon that region as a sphere in which the Japanese have special interests and over which Japan is entitled to a degree of political and economic control.\*

(2)

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\* Embassy's despatch No. 1499 of October 3, 1935.

- 6 -

(2) Reported Tension between Japanese and Chinese in South China.

Reports reached Japan on September 29 that a tense situation had arisen between Japanese consular officials and the Chinese authorities in Kwangtung Province, South China, over alleged mistreatment of Japanese residents by provincial officials and over the enforcement of "illegal" surtaxes on Japanese imports. According to a Rengo (news agency) despatch from Hong Kong dated September 29, the Japanese Consul General at Canton filed a vigorous protest in this matter with General Chen Chintang, commander of the Kwangtung provincial forces, while Rear Admiral Shimomura despatched a cruiser and seven destroyers to Swatow as a precaution against an outbreak of untoward incidents. However, on September 30 Mr. Amau, the Foreign Office spokesman, made light of such reports, stating that the Foreign Office had not received any official communication from Canton concerning the alleged tension, that the question of illegal taxes on Japanese imports was an old issue, that he did not think that Japanese lives were in danger, and that he had not been informed of any particular purpose for the sending of the Japanese warships to Swatow.

(3) The Projected Chinese Economic Mission to Japan.

A Rengo despatch from Shanghai dated September 19 reported that the Chinese Economic Mission, which was scheduled to sail for Japan on September 25, had decided to postpone its departure until early October in order to enable the members of the Mission to meet Sir Frederick Leith-Ross, Economic Adviser to the British Government.

According

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

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According to some of the Japanese newspapers, the Foreign Office was suspicious of the true motives of the coming Chinese Economic Mission, whose avowed objective was to lay the foundations for a Sino-Japanese rapprochement. It was said that the authorities of the Foreign Office believed that the true aim of the Mission was to prevent Japanese economic advances in North China, that the Nanking Government and Chinese businessmen were secretly desirous of obtaining Great Britain's financial aid for the curbing of Japan's economic projects, and that the real purpose of the Mission was to seek to convince Great Britain of the Chinese Government's friendly feeling for Japan, since Great Britain was unwilling to extend financial aid to China until Sino-Japanese relations improved.



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

## DOCUMENT FILE

### NOTE

SEE 893.00/13246 FOR Tel.#41-noon

FROM China(Nanking) ( Peck ) DATED Oct.31,1935  
//\*\*// NAME 1-1157 \*\*\*

REGARDING: Relations between China and Japan:Discussion of -,  
by an official of Ministry of Finance,in a state-  
ment given as his personal views.He thinks the  
existing financial and political situation in  
China may force the abandonment of conciliatory  
policy toward Japan.He discussed the three-point  
program recently outlined by Japanese Foreign  
Minister to Chinese Ambassador in Tokyo.

fpg

793.94/7365

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

## DOCUMENT FILE

### NOTE

SEE 893.00/13249 FOR Tel. #112-4pm.

FROM China ( Lockhart ) DATED Nov. 1, 1955  
H/// NAME 1-1127 \*\*\*

REGARDING: Sino-Japanese relations, as affected by the  
attempt to assassinate Wang Ching Wei: Reports  
regarding -. The new "demands" now described as  
"new aspirations" said to have been communi-  
cated to Chinese authorities.

fpg

793.94/7366

DECLASSIFIED: E.O. 11652, 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

JR

GRAY & SPECIAL GRAY

Peiping via N.R.

Dated November 1, 1935

Rec'd 2 p.m.

NOTE  
893.002  
793.94

Secretary of State,  
Washington.

112, November 1, 4 p.m.

Report of the shooting of Wang Ching Wei at Nanking today created a profound sensation in Peiping. Situation was much confused by many false rumors as to the perpetrators of the crime. First report was that Wang Ching Wei had been killed. It is possible that it may have repercussions in North China but so far no untoward events have occurred.

Takahashi, Assistant Military Attache here, is authority for the statement that it is too early to determine whether matter is concerned primarily with domestic politics or whether it is related to Sino-Japanese affairs. Embassy's first (\*) is that the immediate effect will be to influence the course of events at plenary session of Executive Committee.

The belief is growing that the "demands" or as now described "new aspirations" mentioned in the Embassy's No. 109, <sup>793.94/7332</sup> October 31, 5 p.m., have been communicated in some form to the local authorities but this cannot be confirmed.

Suma,

893.002/13249

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

JR -2- 112, November 1, 4 p.m., from Peiping via N.R.

Suma, who was then in Peiping, and Takahashi are reliably reported to have "exchanged views" with local Chinese authorities day before yesterday. It is asserted that it was at this interview that the so called "new aspirations" were brought up. Local Chinese authorities for the last two days actually reflected a very disturbed state of mind and unusual reticence in discussing political matters.

Repeated to Nanking and Shanghai, by mail to Tokyo.

LOCKHART

(\*) omission

HPD

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

79394

# DOCUMENT FILE

## NOTE

SEE 893.00 Outer Mongolia/33 FOR Tel#472, 6pm.

FROM U.S.S.R. ( Bullitt ) DATED Nov. 2, 1935  
TO NAME 1-1127

REGARDING: Domination of North and Central China: Litvinov asserted,  
as his belief, that the Japanese will make every effort to  
gain-,

FRG.

793.94/ 7367

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

E E  
F E  
N E  
A-M

MJD  
This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (8)

Moscow

Dated November 2, 1935.

Rec'd. 3:15 p. m.

Secretary of State,  
Washington.

472, November 2, 6 p. m.

In the course of a brief conversation today  
Litvinov said that he was absolutely certain that the  
Japanese were not contemplating any immediate advance  
against Outer Mongolia. He asserted that he believed  
the Japanese intended now to make every effort to  
dominate North and Central China. He said that he  
believed China would be compelled to fight in the near  
future or be extinguished as an independent nation.

With regard to the visit of Titulescu which has  
been scheduled for November 15, Litvinov was evasive.  
He stated flatly that he had not discussed a pact of  
mutual assistance with Titulescu and that no such pact  
would be signed if Titulescu should visit Moscow. He  
went on to say that he personally believed that Titu-  
lescu was unlikely to come to Moscow because he was  
"afraid of the cold". I said to Litvinov that I had  
heard that he had produced an additional drop in the  
temperature by refusing to sign a treaty of mutual  
assistance

893.01-Outer  
Mongolia

793.94

7111  
744

893.01-Outer Mongolia/33

DECLASSIFIED: E.O. 11652, 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. 472, November 2, 6 p. m. from Moscow

assistance with Rumania until the French Parliament had ratified the Franco-Soviet treaty. He reiterated his denial that the question had been discussed by him and Titulescu.

He did not mention Soviet American relations now.  
did I.

BULLITT

RR

DECLASSIFIED: E.O. 11652, 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 893.515/835 FOR Tel#123, 2pm.

FROM China ( Lockhart ) DATED Nov 8, 1935  
TO NAME 1-1197 ...

REGARDING: New monetary policy of the Chinese Government: Attitude of Japanese military in North China still undefined; believed that they continue to be greatly displeased because they were taken by surprise. Grave doubts exists regarding conformity of Japanese banks to new regulations.

FRG.

793.94/7368



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

72

MJP

SPECIAL CRAW

Peiping via N R

Dated November 8, 1935

Rec'd 9:35 a. m.

note  
793.94

Secretary of State,  
Washington.

123, November 8, 2 p.m.

Attitude of Japanese military in North China towards new Chinese monetary measures is still undefined. Believed that they continue to be greatly displeased because they were taken by surprise. There still exists a grave doubt that Japanese banks will conform to the new regulations. There also exists doubt in local banking circles whether the French banks will conform at least to the extent of turning over their silver to the Chinese. National City Bank has been under orders from its Shanghai headquarters not (repeat not) to pay out any silver but it has received no (repeat no) orders to turn over its silver to Chinese Government. There have been practically no (repeat no) silver exchange transactions in Peiping this week according to a local foreign banker and trade is practically at a standstill awaiting developments regarding Government's ability

893.515/831

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

MJP -2- No. 123, November 8, 2 p. m. from Peiping

ability to enforce its new monetary measures.

In an interview with local foreign banker this morning I was informed, on the understanding that I could communicate it to the Department for its confidential information, that the Chinese Government as long ago as July 9 had made plans to effectuate during the latter part of October the monetary steps taken on November 3. This came to the bank's attention by an exchange trader by which sterling was purchased through the local bank for the account of a foreign resident of Nanking who had been told in confidence by a responsible person closely affiliated with a leading Chinese financier that the change would take place during the latter part of October. This information was imparted to the local banker on or about July 10. Foreigner concerned profited handsomely by the inside information. It will be observed that July 10 long antedates Leith-Ross' arrival in Shanghai.

Repeated to Nanking.

LOCKHART

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

## DOCUMENT FILE

### NOTE

SEE 711.61/573 FOR Tel. #478, 10pm  
Confidential File

FROM U.S.S.R. (Bullitt) DATED Nov. 9, 1935  
~~XXXX~~ NAME 1-1127 \*\*\*

REGARDING: statement by Litvinov that the Japanese were only intent  
on dominating China.

793.94/7369

dew

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

*of paraphrase* **FE**  
COPIES SENT TO  
O.N.I. AND M.I.D.

## TELEGRAM RECEIVED

AU  
This telegram must be  
carefully paraphrased ~~FROM~~  
before being communicated  
to anyone. (A)

Peiping

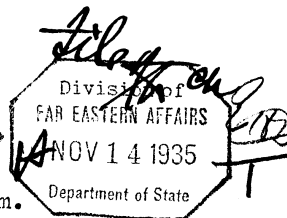
Dated November 14, 1935

Rec'd 9:25 a.m.

Secretary of State  
Washington

142, November 14, 6 p.m.

Embassy's 137, November 13, 5 p.m.



Information received from an official closely associated with Sung Che Yuan indicates that the movement toward the establishment of an autonomous regime in North China is reaching an important stage. Hsiung Pin, Nanking's delegate, is stated to have come north with the proposition that Shang Chen should be permitted to continue as Hopei Chairman and Sung Che Yuan should be made Pacification Commissioner for Hopei, Chahar and Suiyuan (where Fu Tso Yi is now said to be acting in accord with Sung's orders). Doihara is alleged to have refused to see Hsiung or consider the proposition insisting that the autonomous region should include the five Northern Provinces under Sung. At this point Han Fu Chu is stated to have offered his services as leader of the five provinces regime whereupon Tada proceeded to Tsinan yesterday to consult with Han presumably to discuss establishment of new regime.

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793.94/7370

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793.94  
note  
893.00

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

AU -2- #142, November 14, 6 p.m. from Peiping

A party of thirteen Japanese staff officers left Tientsin this morning for Tsinan by train. Sung is today entertaining Matsui, Doihara, Hsiao Chen Ying, Chin Teh Chung, Nakasugi and others at a dinner where it is stated details of the plan will be discussed. The Embassy's informant stated that measures would possibly be instituted to get the movement under way by November 20 (approximate date of the closing of the Kuomintang Congress). An important factor obviously is the attitude which will be adopted by National Government toward such a move.

Han Fu Chu on November 12 sent a telegram to Kuomintang Congress substantially in accord with Sung's (see Embassy's 133, <sup>17358</sup> November 12, 5 p.m.) thus apparently aligning himself with the latter but his position in the Northern autonomy movement remains to be worked out, it is alleged, in the conference with Tada.

Repeated to Nanking, paraphrase by mail to Tokyo.

LOCKHART

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 142) of November 14, 1935, from the American Embassy at Peiping reads substantially as follows:

It has been learned from an official who is associated closely with Sung Che-yuan that the movement looking toward the setting up in North China of an autonomous régime is showing important developments. It is said that Nanking's delegate, Hsiung Pin, has come to North China with the proposal that Shang Chen be allowed to remain as Chairman of Hopei Province and Sung Che-yuan be made Pacification Commissioner for Hopei, Chahar, and Suiyuan where Fu Tso-yi is said now to be acting in accordance with orders from Sung. It is alleged that Doihara, insisting that the five northern provinces under Sung should be included in the autonomous region, has refused to consider the proposal or to see Hsiung Pin. It is said that at this juncture Han Fu-chu offered to serve as leader of the five-provinces régime with the result that on November 13 Tada went to Tsinan to see Han Fu-chu, presumably for the purpose of talking over the matter of the establishment of the new régime. On the morning of November 14 thirteen Japanese staff officers left Tientsin by train for Tsinan. It was understood that details of the plan were to be discussed at a dinner on November 14 at which Sung was entertaining Doihara, Matsui, Chin Teh-chung, Nakasugi, Ksiao-Chen-ying, and

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

- 2 -

and others. According to the Embassy's informant, steps will possibly be taken to launch the movement by November 20 which is approximately the date of the closing of the Kuomintang Congress. Obviously the attitude which the Nanking Government will take toward such a movement is an important factor.

On November 12 Han Fu-chu sent to the Kuomintang Congress a telegram substantially in accord with a telegram which Sung had sent, thereby seemingly aligning himself with Sung. However, Han's position in the movement for a northern autonomous régime is yet to be worked out in conference with Tada, it is alleged.

793.94/7370

*E.G.C.*  
 FE:EGC

FE

*m.m.H*

XI-15-35

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

TELEGRAM RECEIVED

COPIES SENT TO

O.N.I. AND M.I.D.

FS

1-1236

FROM

GRAY

Peiping via N. R.

Dated November 15, 1935

Rec'd 9:45 a. m.

Secretary of State,  
Washington.



148, November 15, 5 p. m.

The situation in North China remains substantially the same as described in the Embassy's 142, November 14, 6 p. m., with Japanese and Chinese evidently expecting the organization of a new regime within the next few days.

Two. Hsiang Pin, Nanking's delegate, left Peiping for Nanking November 13, reputedly having failed in his mission.

Three. With reference to Embassy's 113, November 2, noon, paragraph three, the peasant disorder at Hsiangho is reported on seemingly good authority to have been settled with the flight of the leader of the uprising and the entry into Hsiangho of Provincial Peace Preservation Corps forces. This incident further illustrates the difficulties experienced by the Chinese authorities in attempting to settle disturbances in or near the demilitarized area.

Repeated to Nanking. By mail to Tokyo.

PEG:WWC

LOCKHART

793.94/7371

F/FG



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

TELEGRAM RECEIVED

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

MJP

GRAY

1-1236

FROM Peiping via N R

Dated November 13, 1935

Rec'd 11:20 p.m. 14th.

Secretary of State, FAR EASTERN AFFAIRS  
Washington.

NOV 15 1935  
Department of State

137, November 13, 5 p.m.

Embassy's 133, November 12, 5 p.m., paragraph  
three.

In an interview printed in today's press General Matsui (now described as a former member of the Japanese Supreme War Council) is quoted as expressing the belief that there will be no (repeat no) completely independent state in North China and that "the new Northern autonomous government" will probably be similar to that of Kwangtung. He expressed the view that it would enact and administer its own laws, employ its revenue for local developments, maintain its own army, have its own foreign affairs department and be otherwise self-sustaining while maintaining its connection with Nanking. The autonomous area would probably consist of Hopei and Chahar in the beginning, to be extended later to the other three Northern provinces. Regarding the

793.94/7372

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NOV 18 1935

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

MJP -2- No. 137, November 13, 5 p. m. from Peiping

the currency to be used Matsui gave it as his opinion that the legal tender of China would be the currency of the North China autonomous government although it might be discovered necessary to issue a new currency paralleling that of the National Government banks. He further states that China under present conditions would better be divided under several autonomous governments as a "federation of Chinese states" under a national regime to facilitate regional development until such time as the Central Government is better organized. Matsui also said that Japan would be forced to use its armed forces to meet any Communist advance either down from Monastir or from Northwest China into North China proper. He expressed opposition to the giving of Japanese military assistance to stabilize the situation in China or to aid the establishment of autonomous government and stated Japan should in a dignified manner take any action necessary to accomplish the general end of liberating the Chinese people from oppression.

General Matsui emphasized that he spoke as a private citizen (he has retired from the army and is said to be travelling in a private capacity).

General

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

MJP -3- No. 137, November 13, 5 p. m. from Peiping

General Matsui and Doihara are expected in  
Peiping today.

Repeated to Nanking and mail to Tokyo.

LOCKHART

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

*of Paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

FS

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

TELEGRAM RECEIVED

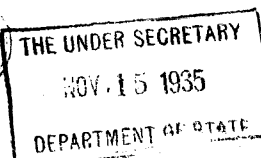
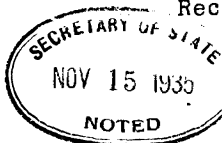
Nanking Department of State

Dated November 15, 1935

FROM

Rec'd 9:15 a. m.

Secretary of State,  
Washington.



77, November 15, 9 a. m.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

792.94

Suma came to see me last evening. He expressed himself as very pessimistic about the situation in China especially in regard to Sino-Japanese relations. He referred to recent Shanghai incidents as being part of a considered plan to annoy the Japanese. He stated that Sino-Japanese diplomatic discussions were at stand-still saying that Hirota had had a discussion with Chiang Tso-Pin in Tokyo regarding fundamental principles of Sino-Japanese relations but that Chinese in effect were refusing to see Ariyoshi as they had requested him to postpone his visit to Nanking. He spoke of his belief an agreement between Canton and Nanking to eliminate Wang Ching-Wei from the Government in consideration of Canton's participation in party affairs and referred to recent arrival of Canton delegates and stated that all this indicated a probable stiffening of Chinese attitude toward Japan.

To Tokyo by mail, repeated to Peiping.

HPD

JOHNSON

793.94/7373

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NOV 15 1935

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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

(STRICTLY CONFIDENTIAL)

PARAPHRASE

A strictly confidential telegram (No. 77) of November 15, 1935, from the American Ambassador at Nanking, reads substantially as follows:

On November 14 the Secretary of the Japanese Embassy (Suma) called on the American Ambassador and expressed very pessimistic opinions with regard to the Chinese situation, particularly in connection with relations between Japan and China. Suma spoke of recent incidents at Shanghai as forming part of a deliberate plan to irritate the Japanese. He said that diplomatic conversations between the Chinese and Japanese were at a standstill and that the Japanese Minister for Foreign Affairs (Hirota) had had a conversation in Tokyo with Chiang Tso-pin in regard to basic principles of Sino-Japanese relations but that in effect the Chinese were refusing to see the Japanese Ambassador (Ariyoshi) as they had asked that he delay his visit to Nanking. Suma expressed his belief in an agreement between Nanking and Canton which would remove Wang Ching-wei from the Government in return for participation by Canton in party affairs, mentioned the arrival recently of delegates from Canton, and remarked that a probable stiffening of China's attitude toward the Japanese was indicated by all of this.

793.94/7373

EGC.  
 FE:EGC

XI-16-35

RD  
 FE

79.11.14

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

TELEGRAM RECEIVED

FS

SPECIAL GRAY

Nanking via N. R.

FROM

Dated November 14, 1935

Rec'd 6:53 a. m. 15th

Secretary of State,  
Washington.

75, November 14, noon.

My 73, November 11, 3 p. m.

One. I am informed by the correspondent of the Associated Press that yesterday the Japanese Embassy orally asked the Foreign Office to cause the issuance of instructions to the appropriate authorities looking to the cessation of anti-Japanese activities and the suppression of anti-Japanese organizations. The recent murder of a Japanese Marine in Shanghai and the subsequent attack upon a Japanese shop in the International Settlement were not mentioned according to my informant, ~~and~~ <sup>and</sup> care was taken to emphasize that no protests or demands were being lodged and that the representations were purely in the nature of a request.

Two. To Shanghai and Tokyo by mail.

GW:RR

JOHNSON

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O.N.I. AND M.I.D.

Division  
FAR EASTERN AFFAIRS  
NOV 15 1935  
Department of State

793.94/7374

F/G

DECLASSIFIED: E.O. 11652, 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

MJP

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SPECIAL GRAY

1-1836

Shanghai via N R

FROM Dated November 14, 1935

Rec'd 9:30 p. m.

Secretary of State  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 15 1935  
Department of State

674, November 14, 4 p. m.

My 669, November 12, 4 p. m. /7357

One. Conditions remain tense, the Japanese press stress numerous anti-Japanese incidents, some very insignificant. At 7 p. m. on November 11 at corner Nanking and Fukien Roads unknown persons smashed window of a Japanese shop and distributed anti-Japanese and anti-Kuomintang hand bills; this was most serious of incidents that have happened. Secretary General of Shanghai Municipal Council yesterday reported an interview with Japanese Consul General the preceding day wherein the Consul General stated that culprits who killed Nakayama and are ~~maintaining~~ <sup>CARRYING ON</sup> anti-Japanese campaign must be found. Secretary General regards conditions as exceedingly serious and inquired whether American military forces could protect the International Settlement against invasion by

Japanese

793.94/7375

FILED  
NOV 18 1935

# LMD  
D-C-R

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

MJP -2- No. 674, November 14, 4 p. m. from Shanghai

Japanese; he was informed emphatically that this would not be possible. He also inquires whether Shanghai Municipal Council should resist by military force any attempt by Japanese to oust functionings of Shanghai Municipal Council from the Hongkew district and was informed that my personal (repeat personal) view was that the Municipal Council should do all within its power to maintain its functionings short of actual aggression. He approved my informing the Department and the Ambassador of his inquiry and my reply.

Two. This morning the British Consul General and the Chairman and Secretary General of Shanghai Municipal Council called to discuss the situation. The Chairman stated he desired that Mr. <sup>Fessenden</sup> ~~Ferry~~ report to both Sir John Brennan and me his interview with the Japanese Consul General on November 12. There were no new statements made but it was apparent that both the Chairman and Secretary General were more concerned in regard to local conditions that he was led to believe yesterday. They regard conditions as exceedingly serious. They feel that a continuance of anti-Japanese demonstrations might easily lead to the Japanese usurping the Municipal Council's functionings



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

MJP -3- No. 674, November 14, 4 p. m. from Shanghai

functionings in Hongkew district as was done in 1932. Japanese police authorities have refused to give any information regarding the action of Nakayama prior to assault. His movements prior to assault are regarded as important by municipal police. Considerable exodus from Chapei to Settlement on 10th, some on the 11th, but discontinued on 12th. Personally visited the streets leading into the Settlement from the affected area at noon on 13th and considered conditions practically normal. Late afternoon exodus was resumed and during last night from 1500 to 2000 entered the Settlement from Chapei. The reasons for the renewal of this exodus are not apparent but are not surprising since Japanese are more numerous in Hongkew and bordering districts than previously and bear arms with fixed bayonets.

Three. STRICTLY CONFIDENTIAL. Well informed Japanese believe that the Japanese are no longer primarily interested in North China, but regard Central China as exceedingly important and believe that anti-Japanese acts are numerous and may lead to outbreak at any time. One such well known to

Secretary

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

MJP -4- No. 674, November 14, 4 p. m. from Shanghai

Secretary General of Shanghai Municipal Council  
has informed him that conditions are so serious  
that an outbreak may occur at any time. Repeated  
to Embassy, Peiping and Nanking.

CUNNINGHAM

CSB

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



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

NOV 11 1935

October 30, 1935.

1935 NOV 12 AM 10 40

Department of State

Reference, my memorandum of October 28 with regard to  
DIVISION OF COMMUNICATIONS AND RECORDS  
News from China and related matters.

793.94  
Yesterday's and today's news items from the Far East give additional ground for apprehension and add to the uncertainty in regard to possibly imminent developments in and around China. The Peiping Embassy gives us a lengthy account of a warning issued by the commander of the Japanese troops in North China and the Japanese Consul General at Tientsin to the (Chinese) Chairman of the Hopei Provincial Government, the garrison commander at Tientsin and the Mayors of Tientsin and Peiping. In this, the Japanese make various demands of a broad character which obviously cannot be complied with. Moreover, the Japanese North China garrison intends to carry out "maneuvers" along the railway line between Peiping and Tientsin, "with sham battles in the vicinity of Peiping and Tientsin".  
(NOTE: This railway is the main line of communication between Peiping and the sea and is supposed to be guarded by foreign military forces, under the Boxer Protocol, in order to keep that line of communication open, especially to ensure free passage for diplomatic and other foreign personnel at Peiping.)

Nanking

793.94/7376

FILED

NOV 16 1935

F/FG

- 2 -

Nanking reports that:

"An official of the (Chinese) Foreign Office hitherto habitually reticent discussed with two American newspaper representatives on October 28 the possibility that China might temporarily have to abandon the North and the whole coast to Japan."

A United Press news despatch from Moscow states that:

"Russo-Japanese relations again were strained tonight when it was announced that negotiations between Manchukuo and Mongolia regarding the general relations of the two neighboring states had broken down";

and concludes with the statements:

"Manchukuo already is controlled by the Japanese, as Russia views the scene and North China threatens to pass under equally complete Japanese domination. To round out the great north Asiatic economic empire Mongolia must be added and this, the Russians fear, may be done soon while the attention of the world is centered on the Italo-Ethiopian struggle, and the British fleet is concentrated in the far-away Mediterranean."

The Associated Press sends from Tientsin, October 29, a long story giving an account of Japanese demands and threats, the announced soon-to-begin "sham battles", the natural confusion, bewilderment and dismay of the threatened Chinese officials, etc. (NOTE: It is suggested that this story, copy attached, be read in toto.) The American headline writer features this story under the caption "Tokio Demands China Put Down Revolt in North". But, at the same moment our Peiping Embassy gives information which indicates that "the peasant uprising" which has been referred to as

"revolts

- 3 -

"revolts in North China" is reported to have been amicably settled.

The Japanese statements, activities, announcements and threats, at and in relation to Tientsin, Peiping and vicinity, are highly reminiscent of similar developments four years ago in Manchuria, especially around Mukden, immediately before the Japanese military drive which began on the night of September 18, 1931, and which led to the complete occupation by the Japanese Army of Manchuria. Perhaps most significant of all the items reported in regard to the present situation is the announcement of the proposed Japanese maneuvers and sham battles to begin along the line of the railway between Peiping and Tientsin on November 4.

Comment:

If the Japanese begin a new military drive, in North China, and if the Chinese do not resist with military force, the major portion of five Chinese provinces south of the Wall will speedily come under Japanese military control. If the local Chinese military forces resist, there may be severe fighting. If, resisting, the local Chinese military forces are given the support and reenforcement of the Nanking Government, there will be "war" in a more vividly realistic sense than there has as yet been <sup>in the</sup> ~~since the beginning of~~ hostilities

DECLASSIFIED: E.O. 11652, 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 -

hostilities between Italy and Ethiopia in Ethiopia. The Chinese high officials are saying that whether China will or will not resist depends on the decision of Chiang Kai-shek. What that decision may be, none of us here can at this moment know, but the statement quoted above as emanating from an official of the Foreign Office at Nanking, to the effect that it is possible that the Chinese may have to abandon the North and the whole coast to Japan, suggests the possibility that Chiang Kai-shek may be contemplating non-resistance. In addition, we know that he has for some time been making arrangements in advance for a possible withdrawal of National Government activities to the far west.

If the Japanese seize North China, with or without resistance by the Chinese military, the situation will at once become one affording greater reason for real concern to the rest of the world, and especially to Great Britain and the United States, than did the Japanese seizure of Manchuria. The powers collectively have special rights, a special position and special obligations in the Peiping-Tientsin area. Foreign trade in connection with that area is considerable. Many of the arguments advanced by the Japanese in justification of their action in regard to Manchuria were such as cannot be advanced in justification, by them, of similar action in regard to North China. Most

of

- 5 -

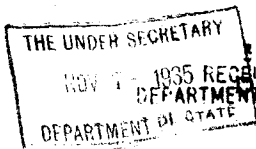
of the arguments advanced by those who objected to the Japanese seizure of Manchuria and who declared it unwarranted could be advanced with greater assurance in support of opposition and objection to similar Japanese action in reference to North China. The questions of rights, obligations, etc., of the other powers inherent in and flowing from the China treaties, bilateral and multilateral, the Covenant of the League, the Pact of Paris, etc. would arise with greater imperativeness than that with which they arose in 1931. The implications, in regard to the peace machinery, the cause of peace, the collective and the individual interests of the world's major states would be as grave as or graver than the implications which have been pressing upon the world in connection with the Italian-Ethiopian imbroglio.

Yet all of this is something which may be upon us within a very short time.

It is believed that we should begin thinking seriously of our responsibility both in relation to the question of preventing this development and in relation to the question of the course which should be ours if threatened hostilities in North China begin.

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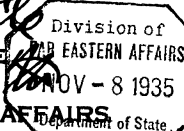
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Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 1, 1935.



NOV 12 AM 10 40

Reference my memoranda of October 30 and October 28  
with <sup>DIVISION OF</sup> ~~legations~~ news from China and related matters.

Today's and yesterday's telegrams, especially those  
relating to the attempt upon the lives of high Chinese  
officials at Nanking and repercussions thereto, throw the  
balance of conjecture toward the expectation that Japanese  
pressure in the immediate future will be intensified in  
relation to China rather than directed toward controversy  
with or assault upon the Soviet Union.

There is available as yet no substantial evidence as  
to the ultimate inspiration of the attack upon Wang Ching-wei.  
We have known all along that Wang is one of the most  
intelligent and persuasive of the high Chinese officials and  
that he has favored a policy of making compromises with Japan  
rather than making armed resistance which he estimates would  
be foredoomed to failure and to bringing upon China con-  
sequences worse than those of compromise. The attack upon  
him may have come from misguided Chinese "patriots", or it  
may have originated elsewhere. If he lives, it will enhance  
his prestige and may influence his thought and course of  
action. If he dies, different factions will capitalize his  
death for different political purposes. Meanwhile, the  
whole

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

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whole affair will probably add to the confusion and comparative impotence of the deliberations of the Chinese leaders in the face of Japanese pressure.

Surely there is very little that the Japanese may need to regard as seriously standing in the way of bold action on their part. The likelihood of armed resistance on the part of the Chinese apparently decreases. Should the Chinese give armed resistance, many Japanese would probably welcome their doing so. What the Japanese need most to guard against is the danger that they may over-reach.

With regard to the possibility of exercise <sup>by</sup> foreign powers of a restraining influence upon Japan, --

The United States and the Soviet Union are the only powers that could do anything calculated to be effective. Great Britain is so fully preoccupied with the European-African situation as to be practically "out of it" as regards the Far East. The Japanese know that full well. The United States is "out of it", or at least the Japanese may so assume, because of the "pacifist" sentiment in this country and the popular demand that this country "keep out of war".

There come to mind a number of questions:

Do the Japanese expect that, in case of there breaking out open hostilities between Japan and China, this country will apply its "Neutrality Act"? Probably they do.

What will be our action? What are our obligations and our interests?

To

- 3 -

To begin with, we are interested in peace and we have a commitment under the Kellogg Pact. According to the interpretation of ex-Secretary Stimson, that Pact gives us both obligations and rights: it is our obligation to others to keep the peace, their obligation to us to keep the peace, and therefore our right that the peace be kept. Also, Mr. Stimson contends that, the Pact being one of universal obligation, and the facts of world interdependence being what they are, both the rights and the general interests together with particular or material interests of every nation are adversely affected by war; and that, therefore, considerations both of law and of interest call for action against a state which breaks the peace.

Next, we have various obligations under and from and in relation to the Washington Treaties (of 1922), especially -- in relation to China -- the Nine Power Treaty. These obligations are ours equally with thirteen other nations, among them Japan. But we have also a special and peculiar responsibility in relation to the Nine Power Treaty, in that, not only was it concluded at Washington but it is devoted to the precisioning (a coined word) under American leadership of principles for the adoption of which the United States had for a long time been the foremost advocate.

The Soviet Union is not a party to that Treaty.

For those countries which are parties, except Japan, it is a matter of common interest and concern that the provisions

of

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of that Treaty be observed.

But, among those countries, the United States is far and away the strongest and, among those that "count" in world affairs, the one least preoccupied with situations in other parts of the world. True, Great Britain has greater material interests in China (and in the Far East generally, except the Philippines) than has the United States, but, the United States is more truly a Pacific (ocean) and ~~the~~ Far Eastern power than is Great Britain. A Japanese advance in North China is from the short swing point of view more of a menace to British interests than to American interests; But it is from a long swing point of view more of a menace to the United States than to Great Britain. The United States is a neighbor to Japan; Great Britain is not. The growth of a Japanese-directed military and economic hegemony of the Far East will in course of time be a far greater threat -- military, political, economic and social -- to the United States than to Great Britain. Even though that be not granted, and though it be contended that it is British interests rather than ours that are menaced and that, therefore, it should be the British and not we who take the first steps, if any, toward placing obstacles in Japan's way, the simple fact is: Great Britain is not in position to take any such steps, and if it be left to the British to take them, those steps will probably not be taken.

The question, then, which will be likely to confront us

is:

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

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is: Shall we take a position, shall we give some kind of a lead, toward restraining the Japanese, or shall we act on an assumption, an affirmation or a plea that our interest and concern and responsibility are in no way different from or greater than are those of other powers?

Japan is no longer a member of the League of Nations; but China is a member and China can appeal to the League and the League can take action under the provisions of article 17 of the Covenant. What would be the attitude and what the capacity of the League, given new Chinese-Japanese hostilities and an appeal by China?

Should or should not the powers act toward dissuading Japan from carrying her pressure to the point of use of armed force? Should or should not the American Government consider the possibility of initiating an inquiry with regard to the ~~powers~~<sup>attitude</sup> of other governments?

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

~~CONFIDENTIAL~~  
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 11, 1935.

Mr. Secretary:

In continuation of my memoranda of recent dates with regard to news from China and related matters, --

Herewith a memorandum written by Mr. Hamilton reviewing news of developments over the last week-end and pointing out that our attitude and possible course of action in relation to the Far Eastern situation need constantly to be correlated with those which we take in regard to situations in other parts of the world.

SKH

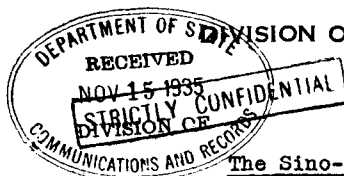
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Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

November 11, 1935

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The Sino-Japanese Situation.

793.94  
Reports (press and official) from China over the week-end indicate vividly Japan's objectives and tactics in and with regard to China.

One report states that Japan is probably pressing the Chinese Government at Nanking to accept a Japanese program of four points which, if accepted, would mean a substantial yielding by China to Japan. Another report is to the effect that the Japanese are urging and manipulating toward the early setting up of an "autonomous" regime in North China. A third report tells of menacing Japanese military action at Shanghai because a Japanese marine was shot by an unknown assailant. A fourth report states that the Japanese military are incensed at China's action in nationalizing silver and at Japanese diplomats for being "caught napping".

It appears clear that the Japanese military (at least the military in China and Manchuria) are determined to control and direct the course of Japan's relations with China; also, that the Japanese military are determined to coerce the Chinese Government and Chinese authorities, and even to cause the separation of another large area of China from the control of the Chinese Government. The Japanese military have demonstrated that they are ready to threaten, terrorize

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- 2 -

terrorize and to fight to attain their objectives.

The record of Japanese action in and with regard to China since 1931 is a record of militarism run rampant. Events have now developed to such a point that it would be extremely difficult -- if not impossible -- for any element in the Japanese Government to check or circumscribe Japanese military activities in China. In the situation now existing, "incidents" can be manufactured at the will of the Japanese military for the purpose of furnishing pretext for further ~~aggression~~ <sup>aggression</sup>. An even more serious element in the situation is that the Japanese military in China seem to have worked themselves up to such a state of truculence and oversensitiveness that they would find it difficult to view with reasonableness such anti-Japanese incidents in China as are almost certain to occur. For at least a few of China's four hundred millions may be expected to display violently their resentment at Japan.

The tactics used by the Japanese military and the attainment of the objectives of the military are both contrary to treaties to which China, Japan, the United States and other countries are party. Japan is using force to adjust international differences. Japan is not showing respect for the sovereignty or for the administrative and territorial integrity of China.

Principles in which the United States believes and to which it is committed by treaty have been and are being violated. The action of the Japanese military during recent weeks

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

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weeks has as yet caused little if any injury to American trade or to American lives and property. But the example of Manchuria and the teaching of history indicate plainly that if Japan gains control of and dominates China, American interests in China will suffer.

Japan's imperialistic program in China can be checked <sup>or the other</sup> or stopped in only one of two ways: (a) a change within Japan whereby the military would become subservient to liberal, civilian elements; or (b) the utilization of military force by the interested and affected powers.

There is no warrant for believing that the military in Japan will lose its present dominating position within the foreseeable future. As for the utilization of military force by interested and affected powers, China may be driven in desperation to defend itself. But China is not capable of offering effective military resistance. No other power appears ready, at least as yet, to use armed force to oppose Japan. It seems clear that the great majority of the American people are averse to the American Government using military force for that purpose.

What, then, should be the attitude and course of action of the American Government?

Certain factors are more or less constant and should be kept constantly in mind. The present situation in China is likely to be a recurring one. Similar situations will probably develop from month to month as Japan moves forward

in



- 4 -

in its program of endeavoring to dominate China. Moreover, diplomatic protest and remonstrance to Japan by the United States or by other foreign powers have been proven more likely to accelerate Japanese military action in China than to retard it.

The American Government is faced in the Far East with a situation that holds to the United States serious danger of war. In regard to the Italian-Ethiopian situation, the American Government has been in position to make statements and take some action with only a remote chance that those statements and those actions would force a war upon the United States. In regard to the situation in the Far East, Japan looks upon the United States as a principal opponent (second perhaps only to Soviet Russia), and statements and actions by the American Government condemnatory of and in opposition to Japan's actions in China might cause Japan to embark on a war against this country.

The present situation in the Far East is an outgrowth of the Manchuria situation of 1931-33. In regard to that situation, the American Government adopted an attitude and a course of action much stronger than the attitude and course of action so far adopted by the American Government in regard to the Italian-Ethiopian situation. Should the American Government now take in reference to the situation in the Far East a position stronger than the position taken with regard to hostilities between Italy and Ethiopia, the American

Government

- 5 -

Government would lay itself open to the charge that its professed interest in peace is not sincere and applicable equally to all parts of the world; to the charge -- so frequently made by Japan -- that the American Government behind the cloak of a declared interest in peace is really interested in thwarting Japan.

In the light of the foregoing it would seem advisable that the American Government in determining upon its attitude and course of action in relation to the Far Eastern situation endeavor to keep its attitude and course of action in line with, and not in advance of, the attitude and course of action followed by this Government in regard to situations in other parts of the world.

It may well be that the more rapidly Japan's military machine advances in China the greater is the chance that that machine will overextend itself and bring about ultimate failure of its endeavors.

MMH/REK

SKH

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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

REF

GRAY

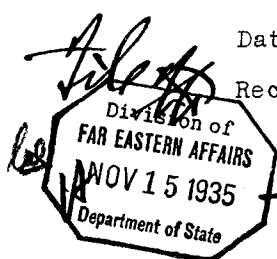
FROM

Peiping via N. R.

Dated November 15, 1935

Rec'd 1:30 p. m.

793.94  
Secretary of State,  
Washington.



150, November 15, 9 p. m.

According to two sources considerable number of Japanese forces are arriving at Shanhaikwan. According to one these forces consist of two infantry regiments two artillery battalions one cavalry squadron and twenty cavalry tucks. Efforts are being made to confirm these reports. Repeated to Nanking, by mail to Tokyo.

LOCKHART

CSB

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NOV 18 1935

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

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BR

1-1836

FROM

SPECIAL GRAY

Shanghai via N.R.

Dated November 15, 1935.

Rec'd 2 pm.

Secretary of State  
Washington.



file  
E.G.C.

677, November 15, 6 pm.

Referring to my telegram No. 674, November 14,  
4 pm.

One. Chinese continue exodus from Chapei to  
foreign settlements. Police estimate ten thousand came  
in\* yesterday, I have never known so many indefinite  
rumors of an alarming character as have reached this  
office during last three days. The Mayor of Greater  
Shanghai has issued statements that should reassure  
the Chinese residents. The Japanese Consul General  
has issued statement requesting calmness. It is true  
that the Japanese naval landing party are out in  
greater numbers and also the Japanese Consul General's  
police are more noticeable than at any time previously  
other than during hostilities. There is nothing further  
of local importance to report.

Two. There are an unusual number of Chinese who  
express the view privately that any Japanese military  
activity

\*LMD  
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NOV 19 1935

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

BR 2-No. 677, November 15, 6 pm from Shanghai

activity in the Yangtze Valley will be resisted. It is preposterous to believe the Japanese intend any military operations in this section when they only have some 2300 men slightly over 500 of whom are alleged replacements of the naval landing forces which arrived on the 11th. It is fairly certain that ~~they~~ <sup>THEY WERE</sup> intended to be replacements as they were embarked before the Nakayama murder but it is not believed that a number have been reembarked as yet for Japan. Repeated to Embassy at Peiping, mail copy Nanking and Tokyo.

CUNNINGHAM

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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AU

Nanking

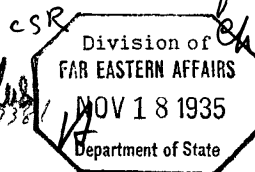
This telegram must be  
closely paraphrased **FROM**  
before being communicated  
to anyone. (A)

Dated November 15, 1935

Rec'd 1 p.m.

Secretary of State

Washington



80, November 15, 3 p.m.

One. In a careful and frank statement today Vice  
Minister for Foreign Affairs, Tang Yu Jen, informed  
me that the rumors that the Japanese Government has  
presented numerous demands to the Chinese Government  
are incorrect but that the whole matter of Sino-  
Japanese relations has now reached a critical stage  
because of insistence by the Japanese Government  
that the Chinese Government agree to implement three  
policies: (1) to cease relying upon support from  
nations other than Japan; (2) to remove all obstacles  
to free intercourse between the people of Manchukuo  
and China; and (3) to take joint action with Japanese  
to combat the communistic menace in North China.

Two. Tang explained that Japan's suspicions in  
connection with policy (1) have been acutely aroused  
by the monetary measures promulgated on November 3.

The Japanese argue that the Chinese would not have

embarked

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NOV 19 1935

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

AU -2- No. 80, November 15, 3 p.m. from Nanking

embarked on the nationalization of silver without having first received a promise of a loan because they believe the measure can not be carried out without such loan and the Japanese suspect the British of having promised this assistance. Chinese and British denials that such a loan has been arranged do not convince the Japanese and the latter, according to Mr. Tang, now believes that they must, in their own protection, set to work to eradicate British influence in East Asia. Tang expressed the fear that Japanese suspicions aroused by the monetary measures of November 3 contained seeds of serious future international trouble.

Three. Tang said that the Japanese are not asking that China officially recognize Manchukuo and that the Chinese Government will probably be able to reach an understanding with Japanese providing for resumption of communications and other normal relations between the people of Manchuria and China.

Four. Consent by the Chinese Government to Japanese military operations in North China against the communistic forces, according to Tang, offers serious problems because it would involve that presence of large Japanese forces there. He said incidentally that  
the

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

AU -3- No. 80, November 15, 3 p.m. from Nanking

the Japanese Government had not officially broached the subject of an autonomous state in North China and there is no danger of Japanese official action in that connection but that Japanese are constantly intriguing with individual Chinese in North China and the latter may become tools of the Japanese in the autonomous movement. On this point Tang expressed great anxiety. Tang said that the Japanese have a deep suspicion that the Chinese Government has a military understanding with the Soviet Government and although the Chinese Government has categorically denied this the Japanese are insisting that direct proof be given in the form of military cooperation with Japan against the Communist forces.

Five. Tang said that the Chinese Government was insisting first that Japan treat it as a sovereign state and that whereas China might agree to the principles underlying these three policies without some concrete proposals as to how these principles might be carried out the Chinese Government could do nothing. The Japanese, he said, had presented no concrete proposals because although the several departments of the Japanese Government might be agreed on the principles themselves there was a divergence of views among the Japanese



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

AU -4- No. 80, November 15, 3 p.m. from Nanking

Japanese as to the way in which the principles themselves should be interpreted. He said the forthcoming election of new party and Government leaders will not affect the Japanese issue since the Government's policy toward Japan has long been formulated and moreover the personnel of the Government will remain practically unchanged.

Paraphrase by mail to Peiping and Tokyo.

JOHNSON

HPD

## TELEGRAM RECEIVED

1-1886

FROM

10P

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

Nanking

Dated November 15, 1935

Rec'd 1 p. m.

Secretary of State,

Washington.

80, November 15, 3 p. m.



One. In a careful and frank statement today Vice Minister for Foreign Affairs, Tang Yu Jen, informed me that the rumors that the Japanese Government has presented numerous demands to the Chinese Government are incorrect but that the whole matter of Sino-Japanese relations has now reached a critical stage because of insistence by the Japanese Government that the Chinese Government agree to implement three policies: (1) to cease relying upon support from nations other than Japan; (2) to remove all obstacles to free intercourse between the people of Manchukuo and China; and (3) to take joint action with Japanese to combat the communistic menace in North China.

Two. Tang explained that Japan's suspicions in connection with policy (1) have been acutely aroused by the monetary measures promulgated on November 3.

The Japanese argue that the Chinese would not have

embarked

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be corrected  
Copy

MJP -2- No. 80, November 15, 3 p. m. from Nanking

embarked on the nationalization of silver without having first received a promise of a loan because they believe the measure can not be carried out without such loan and the Japanese suspect the British of having promised this assistance. Chinese and British denials that such a loan has been arranged do not convince the Japanese and the latter, according to Mr. Tang, now believes that they must, in their own protection, set to work to eradicate British influence in East Asia. Tang expressed the fear that Japanese openly announced the monetary measures of November 3 contained seeds of serious future international trouble.

Thres. Tang said that the Japanese are not asking that China officially recognize Manchukuo and that the Chinese Government will probably be able to reach an understanding with Japanese providing for resumption of communications and other normal relations between the people of Manchuria and China.

Four. Consent by the Chinese Government to Japanese military operations in North China against the communistic forces, according to Tang, offers serious problems because it would involve that aforementioned recognition of Japanese forces there. He said incidentally

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

MJP -3- No. 80, November 15, 3 p. m. from Nanking

dentally that (?) Japanese Government had not officially broached the subject of an autonomous state in North China and there is no danger of Japanese official action in that connection but that Japanese are constantly intriguing with individual Chinese in North China and the latter may become tools of the Japanese in the (?) movement the ir acceptance on this point for expressed (?). (?) said that as a result of the (?) suspicion (?) Chinese Government (?) military understanding with the Soviet Government and although the Chinese Government has categorically denied this the Japanese are insisting that direct proof be given in the form of military cooperation with Japan against the Communist forces.

Five. Tang said that the Chinese Government was insisting first that Japan treat it as a sovereign state and that whereas China might agree to the principles underlying these three policies without some concrete proposals as to how these principles might be carried out the Chinese Government could do nothing. The Japanese, he said, had presented no concrete proposals because although the several departments of the Japanese Government might be agreed on the principles themselves there was a divergence of views among the

Japanese

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

MJP -4- No. 80, November 15, 3 p. m. from Nanking

Japanese as to the way in which the principles themselves should be interpreted. He said the forthcoming election of new party and Government leaders will not affect the Japanese issue since the Government's policy toward Japan has long been formulated and moreover the personnel of the Government will remain practically unchanged.

Paraphrase by mail to Peiping and Tokyo.

JOHNSON

HPD

Above message has been serviced for garbled groups.

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram No. (80) of November 15, 1935, from the American Ambassador at Nanking, reads substantially as follows:

On November 15, Tang Yu-jen, Vice Minister for Foreign Affairs, informed the American Ambassador in a frank and careful statement that reports that Japan has presented a number of demands to the Nanking Government are not correct but that a critical stage has been reached in the entire question of relations between Japan and China on account of Japan's insistence that China agree (a) to act jointly with Japan to fight against the menace of communism in North China, (b) to give up relying upon help from nations other than Japan, and (c) to remove all impediments to free intercourse between China and "Manchukuo".

According to the Vice Minister, China's consent to Japanese military operations in North China against communistic forces presents serious problems because it would involve the presence in North China of a large number of Japanese troops. Tang remarked, incidentally, that the matter of an autonomous régime in North China has not been broached officially by the Japanese Government and there is no danger of Japan acting officially in that regard but that the Japanese are all the time plotting with individual Chinese in North China who may become the tools of Japan in a movement for autonomy. The Vice Minister showed great anxiety on this point, and he stated that, although the

Chinese

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

- 2 -

Chinese Government has denied categorically that it has a military understanding with the Soviet Government, Japan firmly suspects that such an understanding exists and is insisting that conclusive proof to the contrary be given in the form of military cooperation between Japan and China against Communist forces.

The Vice Minister remarked that the monetary measures promulgated on November 3 have acutely aroused Japanese suspicions in connection with policy (b). As the Japanese do not believe that nationalization of silver can be carried out without a loan, they argue that China must have received the promise of such a loan before undertaking such a policy and they suspect that the British have promised the loan. According to the Vice Minister, the Japanese are not convinced by British and Chinese denials that a loan of this kind has not been arranged and they (the Japanese) now feel that, for their own protection, they must try to uproot the influence of Great Britain in eastern Asia. The Vice Minister was fearful that the suspicions of Japan which have been aroused by the nationalization measures of November 3 may contain the germ of serious international trouble in the future.

The Vice Minister stated that Japan is not asking China to recognize "Manchukuo" officially and that it is likely that an understanding can be reached between China and Japan providing for the resumption of normal relations, including communications, between the people of China and Manchuria.

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

- 3 -

**Manchuria.**

According to the Vice Minister, China was first of all insisting that it be treated as a sovereign state by Japan and, whereas the Chinese Government might agree in principle to the three policies mentioned above, it could do nothing without some concrete proposals as to how they should be carried out. He (Tang) stated that no concrete proposals had been offered by Japan because, although there might be agreement among the various departments of the Japanese Government on the principles themselves, there was a difference of opinion among the Japanese as to the interpretation to be given the principles themselves. The Vice Minister added that the Japanese issue will not be affected by the forthcoming election of Government and party leaders as the Government personnel will remain practically the same and as the Chinese Government's policy toward Japan has been formulated for a long time.

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

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MJP

SPECIAL GRAY

1-1238

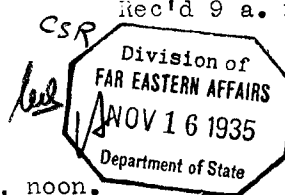
FROM

Peiping via R

Dated November 16, 1935

Rec'd 9 a. m.

Secretary of State,  
Washington.



151, November 16, noon.

Embassy's 150, November 15, 9 p. m.

793.94

Reports of fresh arrival of Japanese troops at  
Shanhaikwan are confirmed, the number being given as  
approximately three thousand. No (repeat no) troops  
have moved westward from Shanhaikwan and it may be  
of some significance that some of them have already  
been billeted, indicating that it is not their  
immediate intention of proceeding westward. However,  
an unconfirmed report has just been received that  
the Japanese have ordered in Manchukuo ten trains  
for movement of troops. Inquiry is being made of the  
Consulate General at Mukden.

Repeated to Nanking, Shanghai and Tokyo; by  
mail to Mukden.

PEG

LOCKHART

793.94/7382

FILED

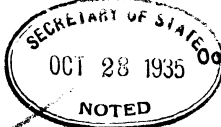
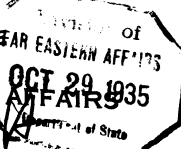
NOV 19 1935

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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



DEPARTMENT OF STATE



October 28, 1935.

DCR  
file  
m.m.A

Mr. Phillips:

Mr. Secretary:

The news from China over the week-end is cumulatively disquieting.

793.94

On the 25th, Mr. Bullitt reported from Moscow a statement by the Soviet Vice Commissar for Foreign Affairs in charge of Far Eastern relations of the Soviet Union that Japanese communications to the Soviet Foreign Office during the preceding week had been "couched in a tone of unusual reasonableness and friendliness". (Upon noting this, my mind immediately reverted to the period immediately preceding Japan's attack upon Russia in 1904, in which period the Japanese communications to the Russian Foreign Office had been "couched" in a similar tone, although there was great <sup>and war was in contemplation</sup> tension.) Bullitt's Soviet informant "attributed this to an alleged decision of the Japanese Government to cultivate -- momentarily -- friendly relations with the Soviet Union." He said that the Japanese Ministers of War, Navy, Foreign Affairs and Finance "had reached definite agreement . . . . that all possible pressure should be put upon China for the acceptance of certain demands"; that he believed that Chiang Kai-shek would be unable to meet these and "would be compelled to fight"; and that he "expected events of the greatest importance in China shortly".

Bullitt

793.94/7383

F/G

- 2 -

Bullitt discussed these statements with the Chinese Ambassador at Moscow, Dr. Yen. Yen did "not consider the situation nearly so critical," but he agreed with the Soviet informant "that Japanese activities during the next six months would be directed against China and not against the Soviet Union." On the same day, the 25th, Reuter's agency at Nanking published a news release giving "the latest version of alleged Japanese demands to China". This version is in line with, though somewhat more comprehensive than versions of such alleged demands which have been trickling through for some weeks past.

At the same time, a responsible official of the Chinese Foreign Office stated that "no demands of any sort had recently been made on China by the Japanese Foreign Office"; but this official "bitterly criticized the practice of the Japanese Army and its officers in China of presenting to individual high officials of the Chinese Government demands of the sort" indicated in the Reuter story, and he "accused the Japanese Army of trying to create an autonomous state in North China and of other schemes designed to prohibit China from growing in unity and strength."

Our Counselor of Embassy at Nanking, Peck, says, "The reported demands may very well have been advanced by Japanese military men to pro-Japanese Chinese officials".

The

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

- 3 -

The press this morning carries stories of "revolts" in North China. The United Press sends a story from Tientsin, dated October 27, which speaks of "the bloody separatist rebellion now sweeping a large area of North China" and says that this was "today laid squarely on Japanese agitators by General Shang Chen, Governor of Hopei Province." A UP despatch from Peiping, of October 27, says that "Widespread disorders and violent rioting were reported from many points in Hopei Province" and that adherents of the Nanking régime blame the uprising "on Japanese agitators associated with the Kwantung army, the Japanese army in North China and Manchuria."

Bullitt reports, on October 27, from Moscow, that Dr. Yen, the Chinese Ambassador, "last night informed me in the utmost confidence that he had just received a most secret communication from China saying that the Japanese Government was bringing pressure of most urgent nature on the Chinese Government with a view to obtaining support of the Chinese Government for an attack on the Soviet Union."

In the light of the above, it would be unwise to assume that the Japanese are not planning a drive against the Soviet Union. There can be no assurance on that point, either positive or negative. There is every reason to believe that they are at the bottom of the disturbances in North China. It may be that their real objective is northward or that it is southward or that, making feints/

northward

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

- 4 -

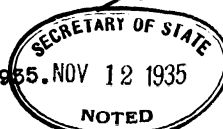
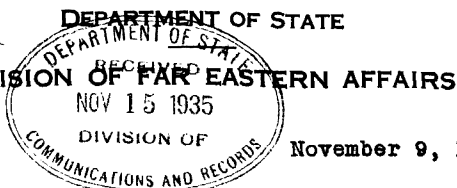
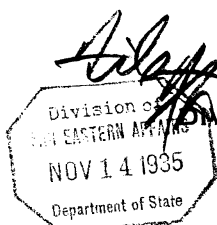
northward and southward, their real objective is westward --  
into Mongolia. But one thing is certain, the Japanese  
Army agents in China are becoming increasingly active.  
It may well be expected that if and as the situation in  
Europe (and Africa) become "thicker", Japan's advance in  
the Far East will become bolder.

*SKH*

FE:SKH/ZMK

FE

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



November 9, 1935

Reference, my memoranda of November 1, October 30 and October 28 with regard to news from China and related matters.

In connection with the matter of Japanese pressure upon Chinese officialdom in North China and/or the Nanking Government, there appears to have been since November 1 no new development of outstanding importance. The repercussions from the attempt on the life of Wang Ching-wei and from the announcement by the Nanking Government on November 4 of its new monetary policy appear to have created preoccupations sufficient to cause a temporary suspension of movements by the Japanese in connection with their North China program. Information comes today that the Japanese Foreign Office views with disapproval the Chinese Government's monetary program. How soon resumption of pressure by representatives of Japan in North China will begin it is impossible to predict.

*SKH*

793.94/7384

FE:SKH/ZMK

FE

F/G

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

## TELEGRAM RECEIVED

RJP

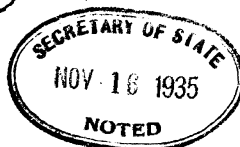
This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (B)

Nanking

Dated November 16, 1935.

Rec'd 11 a. m.

793.94  
CSR  
Division of  
EAS EASTERN AFFAIRS  
NOV 18 1935  
Secretary of State  
Washington  
Department of State



83, November 16, 3 p. m.

CONFIDENTIAL FOR THE SECRETARY.

Suma, who has apparently been watching the situation very closely, informed me today that the Fifth Kuomintang Congress is considering China's attitude toward Japan in connection with the election of the new Central Executive Committee and that the Congress thus far divides itself into about 70% hostile to Japan while 30% supports Wang Ching Wei and his group and Sun Fo and his group whom he describes as Japanophile. He states that Wang Ching Wei's group have lost heavily in prestige and that the Southwest group are opposing Wang Ching Wei's inclusion in the Cabinet and are supporting the candidacy of Yen Hsi Shan as a compromise between Wang Ching Wei and Hu Han Min.

Suma also stated that there was a concentration of eleven divisions of Chinese troops between

Nanking

793.94/7385

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NOV 20 1935

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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

M&P -2- No. 83, November 16, 3 p. m. from Nanking

Nanking and Shanghai, brought into this area from Kiangsi, and that there was a further concentration of Chinese troops on the Peiping-Hankow Railway in the direction of Hankow.

Repeated to Peiping. To Tokyo by mail.

JOHNSON

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 83, confidential) of November 16, 1935, from the American Ambassador at Nanking, reads substantially as follows:

On November 16, the American Ambassador was informed by the Secretary of the Japanese Embassy (Suma), who seemingly has been following very closely the situation in China, that, in connection with the election of the new Central Executive Committee, the Fifth Kuomintang Congress is considering China's attitude toward Japan and that so far the Congress is divided in about the proportion of seventy per cent hostile to Japan and thirty per cent favoring Sun Fo and his group and Wang Ching-wei and his group. Suma described Sun Fo as favorable to Japan and he stated that the Southwest group is opposing the inclusion in the Cabinet of Wang Ching-wei, whose group has lost greatly in prestige, and is favoring the candidacy of Yen Hsi-shan as a compromise between Hu Han-min and Wang Ching-wei.

The Japanese Secretary informed the American Ambassador also that eleven divisions of Chinese troops, brought from Kiangsi Province, were concentrated between Shanghai and Nanking and that other Chinese troops were concentrated in the direction of Hankow on the Peiping-Hankow Railway.

793.94/7385

28C. CSR  
 FE:EGC FE

FW 793.94/7385

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

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

**TELEGRAM RECEIVED**

AU

GRAY, SPECIAL GRAY, and PLAIN

1-1336

**FROM** Shanghai via N.R.

Dated November 16, 1935

Rec'd 11:10 p.m.

Secretary of State

Washington

681, November 16, Noon

(677?)

Referring to my 676, November 15, 5 p.m., paragraph

one :

(One) The exodus from Chapel continues, although there is apparently a slight abatement this morning, possibly due to unconfirmed statement that Bureau of Public Safety is now requiring persons leaving Chapel to have permits.

(Two) The NORTH CHINA DAILY NEWS this morning, carries an editorial as follows: "The exodus of refugees into the settlement has been one of most distressing features of the recent uneasiness. Its recrudescence, after a slight lull, occurred on Tuesday evening. On Thursday night the scenes were heartrending and eloquent of panic. Of the situation unscrupulous people have, undoubtedly, been taking advantage. Transport facilities have been required and profits have accrued therefrom. Desperate bargains have been struck

for

793.94/7386

## FIELD

NOV 19 1935

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

AU -2- #681, November 16, Noon from Shanghai

for accommodation and the ill wind has been fanned to benefit those who are prepared to exploit adversity. At the root of the trouble, however, is the apparent inability of responsible authorities to issue reassuring statements. Their task is admittedly difficult when conflicting opinions prevail regarding the technique of preserving calmness. It is hardly surprising that Chinese residents in Chapel find reassurances difficult to accept, when Japanese sailors in war kit parade the street of Hangkew, when the menacing tone of the local Japanese press shows little abatement and when, as a correspondent pointed out yesterday, the Japanese broadcast is used to create the impression that Japanese lives are in serious jeopardy. Memories of 1932 are not so faint that the cumulative effect of these tendencies can be ignored. In addition general uneasiness regarding the significance of events in the north has led to the dissemination of rumors which in themselves have accentuated anxiety. Is it not time that responsible authorities in this international community exerted themselves to obtain a common agreement with the view of giving such assurance that this pathetic disturbance in the lives of thousands of humble inhabitants may be stopped?"

(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

AU -3- #681, November 16, Noon from Shanghai

(Three). In this connection Shanghai TIMES in an editorial today reveals a decided pro-Japanese sentiment and places responsibility for disturbing rumors and exodus from Chapei upon inactivity of Chinese officials.

(Four). The Shanghai Municipal Council continues efforts to induce Japanese naval landing forces to issue some statement that will reassure Japanese residents. To date, Japanese landing forces have shown very little interest in this matter.

Repeated to Peiping, mail to Nanking and Tokyo.

CUNNINGHAM

CSB

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

## DOCUMENT FILE

### NOTE

SEE 856d.9411/5 FOR Disp.#251

FROM Batavia ( Foots ) DATED Oct.15,1935  
TO NAME 1-1127 \*\*\*

REGARDING: Presence of Japanese troops in Shanghai.

Statement by Mr. Debuchi that there had been no Japanese troops in Shanghai since the bombardment of the native section of that city. Dr. Hart, Director of Economic Affairs contradicted the statement saying that he was in Shanghai in February of this year and saw plenty of Japanese troops.

FU

793.94/7387

7387

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

## DOCUMENT FILE

### NOTE

SEE 893.00/13276 FOR Tel. #74-lpm.

FROM China (Nanking) (Johnson) DATED Nov. 13, 1935.  
H611 NAME 1-1127 ...

REGARDING: Recent Japanese activity in North China: Thought  
by some to be result of Japanese displeasure  
at progress in unification of various Chinese  
political factions.

fpq

793.94/7388

7388

DECLASSIFIED: E.O. 11652, 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

GRAY AND SPECIAL GRAY

Nanking via N. R.

Dated November 13, 1935

Rec'd 2:45 p. m. 14th.

Secretary of State,  
Washington.

74, November 13, 1 p. m.

One. Over 400 have gathered for the 5th Kuomintang Congress which opened yesterday morning. Among the leaders are Yen Hsi Shan and Feng Hsiang who have been selected by the Central Executive Committee to be members of the presidium together with Chiang Kai Shek, Wang Ching Wei (who is still in the hospital), other National Government figures and one Southwestern official -- Tsou Lu, president of the Sun Yat Sen University. From the Southwest have arrived: the chairman of Kwangtung and Kwangsi Provinces; Tsou Lu; Lin Chi Wen, Mayor of Canton; four other members of the Central Executive Committee; and three Cantonese delegates. A semi-official press organ states that Li Tsung Jen is leaving Canton for Nanking today but Chen Chi Tang will not (repeat not) come "owing to urgent military duties". The organ states that Hu Han Min will leave France for China November 15th.

Ma

note  
793.94

893.00/13276

FE

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

REP

2-#74, From Nanking, Nov. 13, 1 p.m.

Ma Chao Chun and Tai Chi Tao have returned and report that the results of their exchange of views with Southwest leaders are "very satisfactory".

Two. Several well-informed Chinese officials have predicted in conversation with officers of the Embassy that the draft constitution will probably be adopted by the Congress but will remain ineffective because it must be approved by the National People's Congress, the date of which they state will be postponed, and that consequently there is less likelihood that the period of tutelage will be terminated in the near future.

Three. No date has been announced for the selection of a National Government chairman. Rumors persist that Yen Hsi Shan will be given this post and his is the only name of which mention has been heard in this connection.

(SPECIAL GRAY) Four. A theory prevails among several Chinese informants that the recent recrudescence of Japanese activity in North China is a partial result of Japanese displeasure at the apparent progress in the unification of various Chinese political factions with the National Government: as evidenced by the coming here.

of



DECLASSIFIED: E.O. 11652, 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-#74, From Nanking, Nov.13,1p.m.

of Yen Hsi Shan and Peng Yu Hsiang and the prospects  
(which have now materialized) that the Southwest  
would send delegates.

Five. To Peiping and Tokyo by mail.

JOHNSON

WWC

RR

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

## TELEGRAM RECEIVED

MJP

This telegram must be  
closely paraphrased <sup>1-18-35</sup>  
before being communicated  
to anyone. (A)

Peiping

Dated November 18, 1935

Rec'd 6:32 a. m.

Secretary of State  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 18 1935  
Department of State

File  
29.C.

154, November 18, 2 p. m.

Embassy's 151, November 16, noon, /7382

Following telegram has been received from the  
Consul General at Mukden:

"November 17, 11 a. m. Embassy's telegram of  
November 16, 1 p. m. I am informed by reliable  
Chinese that night movements of troop trains through  
Mukden to Shanhaikwan have been occurring for last  
three nights and that as many as five thousand  
troops may be involved. He added that preparations  
are being made for the concentration at Chinchou  
by November 24 of 1000 railway operatives to take  
over Shanhaikwan-Peiping Railway in case of necessity.  
Japanese sources yield little specific information;  
all agree that the situation is grave and may lead  
to intervention. An official connected with mission  
told me that for some time troops have been held in  
readiness for emergencies."

Repeated to Nanking, Shanghai and Tokyo.

HPD

LOCKHART

793.94/7389

FILED

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793.94

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 154) of November 18, 1935, from the American Embassy at Peiping quotes a telegram of November 17 from the Consul General at Mukden which reads substantially as follows:

According to a reliable Chinese source there have been movements of troop trains for the last three nights through Mukden to Shanhaikwan and as many as 5000 troops may have been moved. The Chinese informant stated that <sup>arrangements</sup> are in progress looking to the concentration at Chinchow by November 24 of 1000 railway operatives for the purpose of taking over the Shanhaikwan-Peiping Railway if such action should be necessary. Little specific information is available from Japanese sources; all are of the opinion that conditions are serious and may result in intervention. The American Consul General was informed by an official connected with the mission that troops have been held in preparation for emergencies for some time.

797.94/7389  
 FE:EGC  
 XI-18-35

CSR  
 FE  
 797.94/7389

DECLASSIFIED: E.O. 11652, 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. 247

RECEIVED  
DEPARTMENT OF STATE  
AMERICAN CONSULATE GENERAL,

HARBIN, MANCHURIA, October 21, 1935.

1935 NOV 18 AM 10 46

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

CSR  
Division of  
FAR EASTERN AFFAIRS  
NOV 18 1935  
Department of State

SUBJECT: POSSIBLE TROOP MOVEMENTS FROM JAPAN TO  
MANCHURIA.

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THE HONORABLE

THE SECRETARY OF STATE, *Bureau 44*

WASHINGTON

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

I have the honor to enclose herewith a copy of my  
despatch No. 144, of October 21, 1935, to the American  
Embassy, Peiping, on the subject of possible troop move-  
ments from Japan to Manchuria.

Respectfully yours,

*Walter A. Adams*  
Walter A. Adams,  
American Consul General

800  
HMH:ne

793.94/7390

F 6

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

No.144

AMERICAN CONSULATE GENERAL,

HARBIN, MANCHURIA, October 21, 1935.

SUBJECT: POSSIBLE TROOP MOVEMENTS FROM  
JAPAN TO MANCHURIA.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

I have the honor to bring to the Embassy's attention an unverified report of movements of Japanese troops which, in the light of my telegram of October 21, 4 p.m., concerning the Manchuli Conference, is not without interest.

A package mailed by parcel post from Tokyo to a member of my staff on September 13 was received on October 16. The Japanese interpreter of the Consulate General went to the postal authorities and asked the reasons for the delay. He was informed by a "Manchu" official of the Harbin Central Post Office that all parcel post from Japan to Manchuria was delayed in August and September because ships and ship space were used by Japanese troops and their impediments coming to Manchuria.

The Consulate General has not noticed any recent reports in the press of the arrival of Japanese troops, and is unable to confirm the above information.

- During -

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

- 2 -

During September one reason given for the increase of bean and wheat prices was the commandeering of ships on the Sungari River by the military.

Respectfully yours

Walter A. Adams,  
American Consul General.

In duplicate

In quintuplicate to Department by  
despatch No. 247, October 21, 1935.  
Copy to Embassy, Tokyo,  
Copy to Consulate General, Mukden.

800  
HNB:me

True copy of  
the original.

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

*WJA*  
*WJA*  
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 25, 1935

*MSA*

*MSA*

Harbin's No. 248 of October 22, 1935, transmits translation from the Japanese press in Harbin about sanctions against Italy.

It is indicated that a section of the Japanese press is alive to the possibilities of future application to Japan. Japan will watch with interest the success or failure of sanctions against Italy, and upon success or failure will base future action in the Far East.

There is the possibility that Japan will act before the League's economic weapon obtains development and force.

CSR

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

NO. 248

RECEIVED  
AMERICAN CONSULATE GENERAL,  
DEPARTMENT OF STATE

HARBIN, MANCHURIA, October 22, 1935.

1935 NOV 18 AM 10 47

793.94  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS

SUBJECT: SANCTIONS

CSR  
Chin File  
Division of  
FAR EASTERN AFFAIRS  
NOV 18 1935  
Department of State  
DIVISION OF  
NEAR EASTERN AFFAIRS  
DEC 9 - 1935

DEPARTMENT OF STATE  
NOV 18 1935  
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SIR:  
ASSISTANT SECRETARY  
OF STATE

THE HONORABLE

THE SECRETARY OF STATE, Adams

WASHINGTON

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O.N.I. AND M.I.D.

I have the honor to attach to this despatch English translations of two newspaper items appearing in the HARBIN NICHINICHI, issue of October 19, 1935, on the subject of the possibility of the application to Japan of sanctions by the League of Nations.

It is idle to speculate upon the question of whether or not Europe would now be confronted with the Italian-Abyssinian crisis had the World Powers resolutely proceeded with the application of sanctions to Japan at the time of her seizure of Manchuria, but the attached translations indicate that at least a section of the Japanese press is alive to the possibilities of the future application to Japan of sanctions. It is altogether probable that Japan will watch with keen interest the outcome of the application of sanctions to Italy and that the success or failure of such pressure in accomplishing its purpose will materially

- influence -



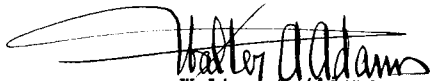
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Qualen NARS, Date 12-18-75

- 2 -

influence Japan's future action in the Far East.

There is also the possibility that apprehension on the part of Japan's military leaders of the development by the League of an effective economic weapon may hasten Japanese military action in north China or on the borders of Soviet Russia.

Respectfully yours,

  
Walter A. Adams,  
American Consul General.

✓  
Enclosures:

Copies of translations of two  
articles appearing in HARBIN  
NICHINICHI of October 19, 1935.

In quintuplicate.

Copy to Embassy, Peiping.  
Copy to Embassy, Tokyo.  
Copy to Consulate General, Shanghai.  
Copy to Consulate General, Tientsin.  
Copy to Consulate General, Mukden.  
Copy to Consulate, Dairen.

800  
WAA:ne:av

152

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

Enclosure No.1 to despatch No.248, dated  
October 22, 1935, from Walter A. Adams,  
American Consul General, Harbin, Manchuria,  
on the subject of "Sanctions".

SOURCE: HARBIN NICHINICHI,  
Japanese language  
daily, October 19,  
1935.

Translated by the  
American Consulate  
General, Harbin.

SOVIET STRONG OPINION IN REALITY  
DIRECTED AGAINST JAPAN.

(Tokyo, October 17, 1935, Kokutsu) Reports  
have been received in Tokyo that the Soviet dele-  
gate is assuming a very strong attitude at the  
League's Committee on sanctions on Italy, insisting  
upon enforcing the same sanctions not only on Italy  
but on all the nations which do not participate in  
the League decisions, for they are the League's  
enemies just as Italy is.

According to information just received in this  
connection, the Soviet Government has recently made  
an inquiry to the British Government asking whether  
the latter were ready to enforce the same strict  
sanctions on a certain nation which might in the  
future initiate an aggressive action in East Asia,  
particularly on the Japan-Manchu-Soviet border, in  
order to secure the maintenance of the present status  
there. The real Soviet aim is to let Britain check  
Japanese activities in the East in exchange for the  
Soviet support of British strong policy against Italy,  
thus to facilitate its communistic campaign in the  
Far East, it is believed.

-----

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

Enclosure No.2 to despatch No.248, dated  
October 22, 1935, from Walter A. Adams,  
American Consul General, Harbin, Manchuria,  
on the subject of "Sanctions".

SOURCE: HARBIN NICHINICHI,  
Japanese language  
daily, October 19,  
1935.

Translated by the  
American Consulate  
General, Harbin.

#### A DRUNKARD BABBLES.

Recent reports say that the Soviet Government made an inquiry to the British Government as to whether the latter were ready to enforce similar sanctions as on Italy on a certain nation which might in future initiate an aggressive campaign in East Asia, particularly on the Japan-Manchu-Soviet border.

When this inquiry is considered, as indeed it should be, in connection with the strong contention made by the Soviet delegate recently at the League Committee on sanctions on Italy, to the effect that nations which do not participate in the decisions of the League are the league's enemies who should be sanctioned just as Italy should, it is quite clear that the Soviets are demanding British payment in the Far East for the Soviet support of British policy against Italy.

Whatever policies are pursued by the Soviets, they are none of our business. But the clause "against a certain nation which may in future initiate an aggressive campaign in East Asia, particularly on the Japan-Manchu-Soviet border ----" cannot be passed unheeded, for Japan is meant by the "certain aggressive nation" here.

It is our belief that the Soviet Union itself is really an aggressive nation. The world knows what the Soviets have done in Outer Mongolia and Hsinking province. To say that Japan is an aggressive nation is simply laughable.

Ex-minister for War General Hayashi, after inspecting Soviet armaments on the Manchurian frontier, said that there were no problems at the time which might lead to war, but nobody could vouch that when and what incident would not break out. This was said because he perceived that the Soviets were ready to make war.

At the seventh communists' meeting held in August last, they passed a resolution in favor of a positive policy for Sovietization of China, Mongolia, Manchuria and Korea. Should they succeed in the campaign the whole East would be thrown into confusion and conflicts,

- peace -

162

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

- 2 -

peace in Asia would be disturbed and collision with Japan, whose mission is to maintain peace in East Asia, would be inevitable.

Under such circumstances, a clash between Japan and the Soviet Union cannot be said altogether impossible, even though the Japanese military object is confined to defend the Empire from outsiders' invasion, to smash an aggressive enemy, never to initiate war or invade others' territories. Japan is neither a militaristic nor an aggressive nation. There would or should be no war between Japan and the Soviet Union but by the latter's challenge.

The Anglo-Soviet rapprochement began when Captain Eden, the then British Lord Privy Seal, visited Moscow on March 28, 1935. Although no official information was given concerning the Eden-Litvinov conversations, we understand from a reliable source that the two, not forgetting the recommendations made by the German Premier Mr. Hitler for reinforcement of the Soviet troops on the Far East, agreed that the Far Eastern question had much to do with the European peace and exchanged candid views on ways and means for preservation of Far Eastern peace and security of Chinese territories.

But Britain knows only too well that she is unable to do anything towards China without Japanese cooperation. This fact is endorsed by the difficulties with which Sir Leith-Ross is encountering in his negotiations of a loan with China independent from Japan. The difficulties seem only to be serving to make him realize Japan's situation in the Far East.

Consequently, any attempts made by the Soviets to entice Britain deeper into the Eastern waters will prove a failure. Very probably the experienced British diplomacy will take as much as possible from the Soviet flirtations for its Italian policy and then give nothing. Such an observation is not a mere speculation.

In any case, Soviet's plots under the cloak of peace are discomfiting indeed. The drunk never says himself drunk. The Soviet peace policy is most untrustworthy. Above all, to say that Japan is an aggressive nation is more comical than the drunkard's babble.

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

TELEGRAM RECEIVED

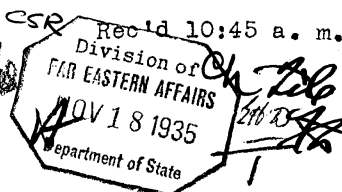
MJP

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

PEIPING

Dated November 18, 1935

Secretary of State,  
Washington.



157, November 18, 6 p. m.

Embassy's 148, November 15, 5 p. m.

7371

'Apparently the leaders of North China have  
not yet come to an agreement among themselves or  
with the Japanese in respect to Japanese plans  
for a new regime in North China. It would appear  
that the Japanese military have found the Chinese  
leaders less tractable than they had anticipated.  
Meanwhile the Japanese forces at Shanhaikwan are  
said to be increasing in number slowly. According  
to some official sources it now appears that the  
plan contemplates that for the time being Sung  
will control only Chahar and Hopei, that Han will  
control Shantung and that the relations of these  
Chinese will be less close with Nanking and more  
close with the Japanese than heretofore. It would  
seem that this arrangement might make it easier for  
the Nanking Government to reconcile themselves to  
changed conditions in North China.

Two.

793.94/7392

FILED  
NOV 20 1935

F.

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

MJP -2- No. 157, November 18, 6 p. m. from Peiping

Two. Yin Ju Keng special administrator of the demilitarized zone together with police commanders and magistrates of that area issued a joint circular telegram November 15 indorsing General Sung's telegram requesting the termination of the period of political tutelage. It is presumed that the purpose of Yin's telegram was to gain Japanese favor. According to a Chinese official Yin is working to have the demilitarized zone made into a special area perhaps a province completely divorced from Hopei, a course which might well please the Japanese.

Repeated to Nanking. By mail to Tokyo.

LOCKHART

CSB

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

CONFIDENTIAL

P A R A P H R A S E

A telegram (No. 157) of November 18, from the American Embassy at Peiping, reads substantially as follows:

It seems that as yet the leaders in North China have reached no agreement among themselves or with the Japanese concerning Japanese plans for a new régime in that area. Apparently the Chinese leaders have proven to be less tractable than the Japanese military had expected. It is said that in the meantime the number of Japanese troops at Shanhaikwan is slowly increasing. From information received from some official sources it seems now that it is the plan that for the time being Han will control Shantung Province. Sung will control Hopei and Chahar only and these officials will have less close relations with the Nanking Government and closer relations with the Japanese than has been the case in the past. This arrangement might make it easier, it would appear, for the Nanking Government to become reconciled to the change in conditions in the North. A joint circular telegram approving General Sung's telegram requesting that the period of political tutelage be ended was issued on November 15 by the Special Administrator (Yin Ju-ken) of the demilitarized zone and magistrates and police commanders of that area. It is assumed that the reason for this telegram was to gain the favor of the Japanese. Information received from

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

- 2 -

a Chinese official indicates that the Special Administrator is trying to have the demilitarized zone made into a special area, possibly a province entirely separated from Hopei Province, an arrangement which it is likely might be pleasing to Japan.

793.94/7392

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 FE:BGC:EJL

CSR  
 FE  
 m. m. 14



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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

November 23, 1935.

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

Shanghai's 10373 of October 15, 1935, deals with the CHINA WEEKLY REVIEW's continued anti-Japanese attitude and attacks on Japanese policy in China, which has however led to no further representations by the local Japanese Consul General.

The Japanese press in Shanghai continues to advocate the suppression of Mr. J. B. Powell's paper but in support of Mr. Powell and his publication the NORTH CHINA DAILY NEWS (British) states that, while it cannot always agree with the CHINA WEEKLY REVIEW, it does consider it a breach of the canons of journalism to invite the suppression of the journal on such grounds as the Japanese advance and continues that Mr. Powell cannot be denied competence and a definite standing in his profession.

CSR  
CSR/VDM

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

No. 10373

Confidential.

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 15, 1935.

Subject: Complaint Against the China  
Weekly Review.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

Sir:

I have the honor to enclose a copy of a self-explanatory despatch No. 8919 of this date, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate  
General despatch No. 8919.

800  
MBD MB

In Quintuplicate.

4  
Received *[Signature]*

FILED  
JAN 11 1936

F/G

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DEPARTMENT OF STATE

NOV 11 11 32 AM '35

DIVISION OF  
ADMINISTRATIVE  
AND FINANCIAL

Mr. Tolson	Mr. Clegg	Mr. Glavin	Mr. Ladd	Mr. Nichols	Mr. Rosen	Mr. Tracy	Mr. Carson	Mr. Egan	Mr. Gurnea	Mr. Hendon	Mr. Jones	Mr. Mumford	Mr. Quinn	Mr. Nease	Mr. Gandy

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DIVISION OF CURRENT  
INFORMATION  
DEC 24 1935  
Department of State

793.94/7393

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

... 8919

Confidential.

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 15, 1935.

Subject: Complaint Against the China  
Weekly Review.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

793.94/7299

I have the honor to refer to my despatch No. 9834 of September 4, 1935, and to report as of interest in connection with the Japanese complaint against Mr. J. B. Powell, editor and publisher of THE CHINA WEEKLY REVIEW (American and Chinese registered), that his publication has continued without abatement its forthright attacks on Japanese policy in China, which has led some elements in the local Japanese community to criticize their diplomatic representatives for failure to take a stronger stand in this matter.

The issue of October 12, 1935, for example contains a series of articles that contrast in tone with the reserved expressions of opinion appearing in the local Chinese press and the several English language dailies published in this center. Their tendency may be judged by such titles as "Ash Heaps of Manchuria - Where Japanese Dump their Chinese Dope Victims", "Calm Before the Storm

in

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

-2-

in North China - Japan Plans the Next Move", and "How the Japanese Intelligence Service Deadens Chinese Resistance." The only concession made to the Japanese appears to be the avoidance of the term "Jap", to which it is understood strong exception was taken.

Citing a recent editorial in THE SHANGHAI MAINICHI (Japanese), THE NORTH CHINA DAILY NEWS (British) of October 14, 1935, states that although it seldom finds itself in enthusiastic agreement with the editorial opinions of THE CHINA WEEKLY REVIEW and certainly considers it undesirable to exacerbate feeling, it does consider it a breach of the canons of journalism to invite the suppression of the journal on such grounds as the Japanese advance, namely, that the periodical in question entertains "coarse and wild anti-Japanese views." It continues that Mr. J. B. Powell cannot be denied competence and a definite standing in his profession, and that courage and sincerity are not monopolized by any one school of thought or any special nation.

No further representations in the premises have been made to this office by the local Japanese Consulate General.

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

800  
MBD MB

In Quintuplicate to Department  
by despatch No. 10373 of even date.

Copy to Embassy, Nanking.

Copy to Embassy, Tokyo.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 25, 1935

MS:1  
MTH:

Shanghai's No. 10393 of October 23, 1935, reports  
the protest of the Japanese Consul General at  
Shanghai (under instruction of his Government)  
against the CHINA WEEKLY REVIEW and request  
for formal apology and censure of Mr.  
J. D. Powell, editor of the Review.

Mr. Cunningham, while expressing regret  
for the offended susceptibilities of the Japanese,  
stated that he could not apologize without  
instructions and could not dictate to Mr. Powell  
as to the character of his writings.

The attached memorandum of Conversation  
between Mr. Cunningham and Mr. Olson is worth  
reading.

CSR

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

No. 10393

Confidential.

7E  
4910  
CSR C. H. in FIE  
Division of  
FAR EASTERN AFFAIRS  
NOV 18 1935  
Department of State

AMERICAN CONSULAR SERVICE: Edwin S. Cunningham  
American Consulate General, Shanghai, China, October 23, 1935.

793.94

Subject: Complaint Against the China  
Weekly Review.

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

793.94/7394  
CSR

5  
RECEIVED  
DEPARTMENT OF STATE

THE HONORABLE  
THE SECRETARY OF STATE,  
WASHINGTON.

Sir:

I have the honor to enclose a copy of a self-explanatory despatch No. 8936 of this date, with enclosure, from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

Respectfully yours,

Edwin S. Cunningham  
Edwin S. Cunningham,  
American Consul General.

RECEIVED  
DEPARTMENT OF STATE  
13  
✓

Enclosure:

1/- Copy of Shanghai Consulate  
General despatch No. 8936  
with enclosure.

800  
ESC MB

In Quintuplicate.

4 Carbon Copies  
Received S. J. N.

FILED  
DEC 6 1935

F/G

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

8936

Confidential.

AMERICAN CONSULAR SERVICE.

American Consulate General,  
Shanghai, China, October 23, 1935.

Subject: Complaint Against the China  
Weekly Review.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

793.94/7299

I have the honor to refer to this office's despatch  
No. 8834 of September 4, 1935 in which was reported  
the informal protest of Mr. Itaro Ishii, Japanese  
Consul General, in regard to articles published recently  
in THE CHINA WEEKLY REVIEW (American and Chinese reg-  
1/ istered), and to enclose a copy of a memorandum of  
conversation between Consul General Ishii and myself  
on October 18, 1935.

Consul General Ishii referred to his previous visit  
on September 3, 1935, and stated that it was more or  
less informal and unofficial but that since no relief  
had been obtained by his oral protest it would be nec-  
essary for him to make an official protest in writing  
against the publication in THE CHINA WEEKLY REVIEW of the  
articles mentioned in the enclosure to my despatch re-  
ferred to above. I informed Mr. Ishii that it would be  
impossible

DECLASSIFIED: E.O. 11652, 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-

impossible for me to comply with his request and  
apologize for the publication of the articles in THE  
CHINA WEEKLY REVIEW, nor would it be possible for me  
to censor Mr. Powell for publishing the articles

Respectfully yours,

Edwin S. Cunningham,  
American Consul General.

Enclosure:

1/- Copy of memorandum of  
conversation dated October  
18, 1935.

800  
ESC MB

In quintuplicate to Department  
by despatch No. 1039 of even date.

Copy to Embassy, Nanking.

Copy to Embassy, Tokyo.

A true copy of  
the signed original.  
inal.



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

Enclosure No. 1 to despatch No. 8936 of Edwin S. Cunningham,  
 American Consul General at Shanghai, China, dated October  
 23, 1935, on the subject: "Complaint Against The China  
 Weekly Review."

Memorandum of Conversation

October 18, 1935

Consul General Cunningham  
 Consul General Ishii

Subject: Protest against articles appearing  
 in the CHINA WEEKLY REVIEW

Mr. Ishii inquired whether I had received any instructions from the American Ambassador in regard to his protest against the CHINA WEEKLY REVIEW and I informed him that I was prepared, if he insisted upon it, to furnish a statement to the next reporter who came in similar to the statement made by Mr. Hull in regard to the VANITY FAIR case, changing it only to meet the local rather than the national condition. Mr. Ishii inquired if the Secretary of State did not direct the publishers of VANITY FAIR to publish an apology. I informed him that I had no information in regard to this point; that so far as I knew any statement that may have been made by VANITY FAIR in the way of apology or regret was made upon its own initiative; that if such statement was inspired by the Department of State I had no knowledge concerning it. Mr. Ishii did not press the point that it was made at the inspiration of the Department of State.

Mr. Ishii then stated that his former visit was more or less informal and unofficial, but now, in accordance with instructions from his home government, it would be necessary to write me officially concerning his protest, and asked if I would be able to reply to him in words of regret similar to those used by Mr. Hull in his statement to the press. I replied that I would not be able to do so. He asked if I would request the American Ambassador to so reply, and I informed him that I would not request it but if he urged I would transmit a copy of his letter to the Ambassador for such consideration as the Ambassador considered appropriate; that I could make no reply whatsoever except under instructions. He then inquired if I could not call Mr. Powell in and state that he should not publish anything that would offend the susceptibilities of the Japanese, and I pointed out to Mr. Ishii that if I did this, Mr. Powell, being well informed in regard to his rights, would certainly not modify his statements but would probably attack the American Consul General for presuming to dictate a policy to him and trying to suppress the freedom of the press. Mr. Ishii then asked if I recalled his statement in regard to an apology that was given by the Japanese Foreign Office in 1924 when a Japanese invaded the American Embassy at Tokyo, tore down and desecrated the American flag. I told him I had not heard of it though I recalled he referred to it on his previous visit. I expressed surprise that he should consider the two cases parallel, and he emphasized that he did, and that because the Japanese Government apologized for the desecration of the flag which was torn down in 1924 at the American Embassy the American Consul General in

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

-2-

Shanghai should apologize for the utterances appearing in the CHINA WEEKLY REVIEW. I endeavored without losing my temper (as I was tempted to do) to impress upon Mr. Ishii that I could not consider the cases were parallel. He then stated if a Japanese guest should go aboard an American man-of-war and tear down the flag while a guest on the man-of-war, that he, if it occurred in his district, would feel compelled to apologize on behalf of the Japanese Government to the Commander of the American vessel, using that as another parallel and reason for my apologizing on account of the utterances in the CHINA WEEKLY REVIEW.

Mr. Ishii was very earnest in his conversation and insisted that I should reply in writing to his protest. I reiterated that I could only reply in that sense after being instructed by my Ambassador to do so. He asked if I had discussed the matter with the American Ambassador and I replied only by correspondence. He asked if I would do so and while I expressed the view that this would be scarcely worth while, for the Ambassador would not be likely to instruct me to comply with the request contained in his informal protest, I would be most happy to talk it over with him. I repeated during the conversation many times my regret that any of our nationals should do anything to offend the susceptibilities of the Japanese people. I did not specifically express regret for expressions appearing in the CHINA WEEKLY REVIEW; my expressions of regret were of a general character only.

I informed Mr. Ishii that if he wrote a protest it would be necessary for him to be specific in the matter and article that had caused offense and a general reference to the criticism of the Japanese foreign policy would not be adequate. He stated that his complaint was in regard to the general tone of the articles, and I emphasized again and again that he must be specific as to the objectionable matter if he proposed filing a written protest, as the Department would expect me to point out not only the articles but the statements in each article which were giving offense to the Japanese.

As Mr. Ishii was leaving the room he stated that if I would not comply with his request the case would remain unsettled. Just what he meant by that I do not know. He repeatedly stated that he would have to make the protest an official one.

NHW

EGC

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 163) of June 16, 1935, from the Consulate General at Nanking, reads substantially as follows:

Although the reported alienation of the provinces of Kwangtung, Kwangsi, and Hunan is denied officially, Chinese officials admit privately that there is disaffection in those provinces and the official mentioned in a previous telegram (No. 162 of June 15) states that this disaffection is the result of intrigue by various Japanese, including Admiral Hyakutake and Doihara. There is also official denial that General Chiang Kai-shek received Admiral Hyakutake on June 7 at Chengtu but, according to persistent reports, Hyakutake did talk with General Chiang there and then flew to Changsha with the result that Hunan Province was brought into the movement for independence.

Although officially denied, it has been learned from an authoritative source that on June 13 an eight point memorandum relating to Sino-Japanese issues was handed to Wang Ching-wei by the Japanese Ambassador, Ariyoshi. It is understood that Hwang Fu arrived on June 16 to act in an advisory capacity and reiterated his determination to resign his post in the North. So far General Chiang has not come to Nanking. According to reliable reports, Ho Ying-chin has refused to return to Peiping to try to effect a settlement with the Japanese military and Chinese Government leaders fear that as a result there may be grave developments in North China.

793.94/7054

egc.  
 FE:EGC

FE

to m/n

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

DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

November 20, 1935.

~~ADM:~~  
~~ROM:~~  
~~MMT:~~

Peiping's despatch No. 45 of October 23, 1935, transmits a very lengthy article by the well-known German economist, Guenther Stein, entitled "Can Japan Pay the Bill?"

The tone of the article commends a great number of items of Japanese development of recent years but stresses that state finance has been so strained by reckless expenditures in industrial and military expansion as to warrant the answer to the question in the title, ~~to the question~~. Japan, the author believes, could not finance war of more than six months duration and then only by the issuance of "red figure bonds", the issuance of which to date has seriously affected the finances of the Empire.

The article is worth reading as a study of the internal economic situation of Japan viewed by an economist.

CSR  
CSR/VDM

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



No. 45

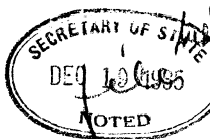
EMBASSY OF THE  
UNITED STATES OF AMERICA

Peiping, October 23, 1935.

OFFICE OF ECONOMIC ADVISER  
APR 30 1936  
DEPARTMENT OF STATE

Subject: Article entitled "Can Japan Pay the Bill?"  
by Guenther Stein.

793.94



CSR  
Division of  
FAR EASTERN AFFAIRS  
NOV 19 1935  
Department of State

For Distribution Check		Yes	No
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For			
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	MID		

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1935 NOV 18 PM 2 14

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

ASSISTANT SECRETARY  
OF STATE  
APR 29 1936  
DEPARTMENT OF STATE

Honorable  
The Secretary of State,  
Washington.

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

I have the honor to enclose, for the information  
of the Department only, a copy of an article entitled  
"Can Japan Pay the Bill?" by the well-known German  
economist, Dr. Guenther Stein. This article, in two  
sections, has been prepared by Dr. Stein for an Amer-  
ican magazine, but an advance copy has very kindly  
been furnished to the Embassy by a local newspaper cor-  
respondent.. The article presents a very vivid pic-  
ture of the economic situation in Japan at the present  
time, and should be of interest to the Department from  
that point of view.

Respectfully yours,

For the Ambassador:

F. P. Lockhart  
F. P. Lockhart,  
Counselor of Embassy.

Enclosure: Article, as stated.  
800/710  
In triplicate to Department; Copy to Nanking.  
FPL:EA

FILED  
NOV 2 1935

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(COPY)

From Guenther Stein  
P.O.B. 336  
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CAN JAPAN PAY THE BILL?

By Guenther Stein

I.

Japan today is girding her loins for the most dangerous test of strength that the Island Empire has been called upon to face in modern times. She is preparing herself in earnest for the achievement of undisputed political leadership in the East, on the Continent of Asia as well as in the Pacific, and, if need be, for a major war to assert and firmly to establish the principle of her supremacy. While still in the throes of a belated though vehement industrial revolution, at the same time she is reaching out to develop and exploit economically her growing sphere of political influence.

Unfortunately for Japan, such development can take place only at tremendous cost and with the odds strongly against early material success.

There is no doubt, of course, that in a general way the strength of the Japanese nation has been imposingly increased in recent years. Japan's army and navy (though not yet her air forces) have made great forward strides. During the four years following the "Manchurian Incident" and ending on March 31, 1936, Japan will have spent on her armaments as much as in the whole war and rearmament decade from 1913/14 to 1922/23, i.e. more than 3,500,000,000 yen. And this has meant at least two or three times as much in actual fighting value, for low domestic prices and wages benefit Japan's fighting forces just as much as they do her

export

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export trade. Behind that large, efficient, and newly equipped fighting force numbering about 400,000 men in the army and navy, there are millions of reservists and half-trained recruits with a huge supply of up-to-date arms waiting ready for them.

Japan's industrial production -- the second yardstick of national strength -- has shown surprising growth, in quantity as well as in quality, making her at last virtually independent of the technique of Western countries. From 1914 to 1934, industrial production increased more than six times, while the horse-power total of mechanical power in industry grew nine-fold, and her railway network doubled. At the same time, the three-fold increase in the quantity of her export trade, coupled as it was with a great extension of the variety of export goods, has enabled Japan to procure from abroad, especially for armament purposes, more and more of those raw materials in which she is so utterly deficient.

The patriotic impulse and the fighting spirit of Japan's people -- another major aspect of her national strength -- do not yet seem to have suffered much from the alternating growth and suppression of internal discord. In the opinion of her military leaders, there has even been a marked success in the enhancement of the nation's fighting spirit during this time of "National Emergency" -- at least if compared with the first decade after the World War.

In foreign politics -- the final touchstone of national force -- Japan's position has been strengthened to an undreamed of degree. This has come partly in consequence

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quence of her general progress, and partly by means of her conscious exploitation of the growing disequilibrium in world politics.

There is, however, one link of extreme weakness in that chain of powerful positions which Japan has succeeded in forging, and which her boundless ambitions are gradually putting to the supreme and apparently dangerous test. It is State Finance.

For all of this astonishing progress in other fields has been achieved at the cost of a tremendous financial strain. The solidity of Japanese state finance, which even in the past was never established beyond doubt, has been greatly endangered; the precariousness of Japan's financial position is becoming more obvious and more embarrassing as time goes on.

Armed to the teeth, possessing large and efficient industries of all kinds, providing a full tenth of the world's export trade in manufactured goods, retaining a great measure of her traditional fighting spirit, and enjoying a more powerful a position in the world than ever before -- Japan may yet be suddenly defeated by her own financial weakness. It threatens to sap her military, industrial and spiritual strength no less than it promises to undermine the nation's standing abroad.

For the increased strength of the army and navy is entirely borrowed. One might say that not a single cent of the 3,500,000,000 yen which Japan will have spent for armaments during the 5-year period from 1931 to 1936 originated from normal state revenues. At the same time, her national debt will have grown by about 4,000,000,000 yen, increasing by more than half, in that short period. If, from now on, the

Japanese



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Japanese Army and Navy had to be content with the balance left from the total state revenue after the deduction of all "civilian" State expenditure; their annual emolument would be hardly one fifth of what they now demand for 1936-37 and less than one-fourth of what they are actually spending in 1935-36. But, as it is, armament expenditure is the first charge on the national budget. If one looks at the figures from this point of view, armaments have entirely crowded out all normal administrative expenditure, making the latter entirely dependent on borrowing.

Japan's total State revenue in 1935-36 is estimated at roughly 1,440,000,000 yen. The combined expenditures of Army and Navy alone were fixed at somewhat more than 1,020,000,000 yen. To these official budget figures for armaments have to be added the indirect military expenses on "civilian" accounts -- subsidies to armament industries, charges for the building and upkeep of predominantly military railways, roads, and other defense undertakings, salaries and pensions for military officers who drill the schoolboys and adolescents at the expense of civilian authorities, and, finally, by far the greatest part of the service of the national debt (now amounting almost to 400,000,000 yen annually) which has been contracted mainly for (though not always with the professed purpose of) armament expenditure. Thus the upkeep of the growing fighting services, as well as funds for their projected extension, will have to be borrowed, just as hitherto. And for 1936-37, the fighting services are demanding already 1,300,000,000 yen, while total state revenue is not expected to exceed 1,500,000,000 yen.

Neither is the growth of Japan's industrial strength

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as natural and healthy as it may appear. These same armaments, on the continuance of which large sections of Japanese industry are dependent for future employment, have been the main impulse of Japan's industrial growth. To this extent, Japan's industrial strides have been paid out of state borrowings, and further employment of these industries can be sustained only by the same means. This creates an additional incentive for the continuance of huge armament expenditure.

The second driving force behind the breathless development of Japanese industry -- the phenomenal increase in exports -- has been financed largely out of national losses. For, beneficial though it may have proved for many individual enterprises and even for small groups of industrial workers, the export boom as a whole must have entailed a heavy national sacrifice. The terms of exchange of Japanese raw silk against the American cotton which makes up the bulk of the trade between the two countries will make this point clear. During the period 1921-27, Japan sold 1 lb. of raw silk against more than 30 lbs. of raw cotton, whereas recently she has had to content herself with getting merely 9 lbs. of raw cotton for 1 lb. of her raw silk.

This perhaps is an extreme example of the national losses in actual exchange values which are hidden behind the imposing figures of her increasing total export trade. But in whatever section of her foreign trade one checks her quantitative exchange of merchandise with foreign countries, leaving money out of consideration, one finds that Japan has had to provide more and more units of her goods for a certain unit of imported foreign raw materials, machinery, etc. The increasing need for such foreign supplies, however, especially

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pecially for armament purposes, is the driving power behind her export boom and its chief "raison d'etre". To export as much and, if necessary, as cheaply as humanly possible, has come to be regarded as a kind of patriotic service. But how was it made feasible? The rationalization of Japanese production, restricted as it is to a few branches of her industry, did not enable Japan to afford such tremendous sacrifices in price. Neither does the depreciation of the yen fully account for them.

It is mainly the continuous pressure on the standard of living of the farming, and at least of a great part of the industrial, communities which has made these sacrifices possible.

Just as in Soviet Russia, the peasants of Japan have been made to carry almost the full weight of the country's rapid industrialization. Population pressure in the villages, combined with deliberate economic policy, has obliged them to grow more and more rice and other foodstuffs with the result that, despite the sedulously propagated assertion to the contrary, Japan is virtually self-sufficient as regards food supply. As the traditional agricultural methods have hardly been improved except for the introduction of expensive artificial fertilizers, while more and more marginal land has had to be taken under the hand-drawn plough and high rents, taxes, and interest rates on their fast growing farm debts have had to be carried by the peasants, the cost of agricultural production has been vastly increased - even without taking into account the intense and prolonged labour of the farmers. Industry, however, needs low food prices in order to be able to pay low wages to the workers. Thus, prices are being kept down to such an extent that the average farmer keeps on work-

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ing at a deficit -- witness his huge average debt of about 1200 yen per family, totalling 6,000,000,000 yen for the whole of Japan. Thus, Japanese farms have been mortgaged to the utmost by the industrial, armament, and, more recently, the export progress of Japan.

On the other hand, a visit to a Japanese village will convince anybody that the peasant has not yet begun to share in the benefits flowing from the advance of his country to the "rank of a first-class nation". I once asked an octogenarian farmer who had seen the birth of modern Japan, about the changes which had taken place in his village since that time. Pointing to the one electric lamp in the house, and to the bicycle of his neighbor, he made a deprecatory remark about his cheap, factory-made cotton shirts and pants. As he patted a sack of artificial fertilizer, bought at the risk of increased hardship during the winter, the old man summed up the situation in these words: "Very little -- still less which means a real improvement. And since the 'Manchurian Incident', things have been getting worse".

Even in the industrial section of the population a depressed standard of living was the price which many had to pay for Japan's progress in other lines. It is true that since 1914, the average quota per head of the total national income has doubled but in itself this was a small rise compared with the huge increase in economic activity, the almost fourfold growth of total state expenditure, and the sixfold rise of armament cost. There were only few groups which had an equivalent benefit from the doubling of national income. "Independent" home and small-scale industries, based on the family system, which continue to be responsible for about half of Japan's export of manufactured goods, are working under conditions which approach

those

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those of the farmers as nearly their location in villages, small towns or big cities will allow.

In other sections of industry, money wages had made some headway since 1914, and real wages were always reinforced by the price sacrifices of the farmers, as well as the inexpensive style of traditional Japanese living. But since the "Manchurian Incident" and the abandonment of the gold standard at the end of 1931, i.e. since the beginning of the great armament, industrial, and export expansion, wages have been gradually falling, while the cost of living has been slowly but steadily rising, so that, since then, the workers' share of Japan's national sacrifice for her recent advance is an average decrease in <sup>real</sup> wages ranging from 20 to 25 per cent.

Together with the farmers, small industrialists and workers, the State is carrying the cost of industrial expansion as well as the losses of a predominantly illusory and sacrificial export boom. For it forgoes the balancing of its financial accounts by means of normal taxation, keeping the latter as low as possible in order to stimulate industry and export trade. The maintenance, and still more, the further expansion of Japanese export trade, and the maintenance of a fair level of employment, is thus dependent to a large degree on an economic policy which is both socially and financially unsound and may gradually become dangerous.

The effective restriction of domestic discord, furthermore, with the revival of some measure of patriotic fighting spirit as its by-product, can also be regarded as "borrowed". It has been based on this financial policy of liberal spending, of abstention from equivalent taxation, and consequently,

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of boosting the national debt. Thus, and only thus, was unemployment, latent and acute, prevented at least from rising to increasingly dangerous proportions. And, as both the armament and export activities of Japanese industry are being given the aspect of a sacred national struggle against envious foreign rivals, they have to a certain extent assisted the Government in deflecting the people's attention from conditions at home which in many respects are frankly unsatisfactory, and in agriculture might justly be described as miserable.

As the unconditional obedience and unquestioning loyalty traditionally given by the Japanese people to their military masters is gradually diminishing under the impact of the industrial revolution, the maintenance of the national spirit becomes more and more dependent on the degree to which sound social progress can be achieved. "National emergency" propaganda alone will not suffice much longer. The driving force of the idea that it is "just that oppressing poverty of the masses which makes armament increases necessary" and that "salvation can only be expected from expansion abroad, based on armed force" has already lost its power over a large part of the population. Manchukuo, which has proved an economic burden instead of the promised relief for Japan, has disillusioned the masses. The prospect of further expansion into North China leaves them at least cold and indifferent. What they want is, first of all, agricultural relief, by means of debt cancellation; cheap farm credits; public works for flood regulation and other improvements, which would greatly reduce the damages from frequently recurring natural calamities; the creation of work for surplus labour in the villages; and assistance for the suffering lower and middle classes in the towns.

All this could be made possible only by more "liberal  
spending

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spending" in favour of civilian interests on the part of the Treasury. The military, aware of the danger which threatens agriculture their domestic "first line of defense", and afraid of popular animosity arising out of their constant competition with agricultural demands for appropriations, are advocating such a policy -- not as an alternative but as a supplement to liberal spending for armaments, and in the long run it may really become necessary. But even if Japan takes the risk of straining the precarious reserves of popular patience and patriotism still further by withholding material assistance in the shape of adequate relief measures for agriculture and for petty industry and trade, at least she must go on creating as much employment as possible by means of high and higher expenditure on armaments. Sound finance is the one thing which the people of Japan cannot and will not stand at present, for it would bring about still greater latent and acute unemployment. Thus, the further prevention of social discord, too, seems to depend on the continuation of unsound financial policy.

Finally, the strong position which Japan enjoys in the arena of foreign politics is, again, to a large extent based on her borrowed armament, economic, and spiritual strength. Japanese prestige in China, i.e. Chinese fear of Japan, is bound to decrease with every new symptom of further weakening in the Japanese financial structure. China's only hope at present seems to lie in a possible collapse of Japan's political power from financial causes. And there are other countries, too, which may feel that only such an event might restore the old balance of power in the East.

The

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The armament race started by Japan in the Far East has developed into a financial race. In this contest China could be beaten as easily perhaps as in any other test of strength. But Russia seems, on the other hand, to be deriving more strength than weakness from this breathless exercise. And as Japan is apparently insisting on racing against the naval powers too, in the arena of finance at least, if not perhaps in that of armed strength, she has to stand up against the combined power of two or three huge empires. Actually she is "fighting the whole world", as her military people like to put it in their propaganda pamphlets.

Most of the non-military leaders of Japan, therefore, seem to be quite aware that in the long run Japan's army and navy, her industry and trade, and even her patriotic fighting spirit, as well as her prestige abroad, whatever their present merits at face value may be, will really be only as strong as the power of financial endurance behind them. This is why they are so much concerned about the growing financial crisis. And it is why Finance Minister Takahashi recently said (to the "Nichi Nichi", on August 13th, 1935): "There is no sense in having excellent equipment for defense if the country is too poor to support an actual war".

Today the crucial question regarding the future of the Far East and of the Pacific is: Can Japan pay the bill?

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( C O P Y )

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by

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No. 2.  
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Korekiyo Takahashi, Japan's octogenarian Finance Minister, today personifies the fiscal conscience of Japan. In the fierce struggle which is being waged for the "harmonization of armament and financial security", the Grand Old Man of Finance is undoubtedly the central figure--less because he just happens to be Minister of Finance than for a number of highly personal reasons.

First of all, Mr. Takahashi is the only really authoritative civilian left in the foreground of Japan's political scene, in which Cabinet ministers as well as party and business leaders are apt to be dwarfed by the increasingly powerful chorus of their army and navy partners. Yet, strong and unchallengeable though the fighting services are in the compact mass, they lack outstanding and undisputed leaders. Thus the personality of the lonely civilian statesman is thrown still more into relief.

Furthermore, Mr. Takahashi is the faithful ally and public exponent of the only other authoritative civilian, Prince Saionji, who, despite his 85 years, exercises, so dominating an influence from behind the scenes. The backing of this only surviving "Elder Statesman" with his silent mysterious way of influencing every crucial decision from his secluded country villa, means the backing of the Imperial Court and of Big Business for Mr.

Takahashi.

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Takahashi. Apart from the present disunity among army leaders, the co-operation between these two octogenarians seems to be the only influence restraining the military group in their progress towards unrestricted power and, possibly, a reckless inflationary policy.

Mr. Takahashi's great personal authority was founded long ago, in 1904/05, when by his daring and successful borrowing activities in London and New York, he helped Japan to win the war against Russia and her present place in the world just as much perhaps as did the heroes of the army and navy. The prestige so gloriously won, was tested and confirmed when he became, on six occasions previous to his present tenure of office, Minister of Finance, on five further occasions the holder of other portfolios, and once Prime Minister. Formerly an enthusiastic protagonist of modern party government and the forceful leader of the Seiyukai, his personal authority survived the early degeneration and general disrepute of the political parties. Always identified with Big Business, he lived to see, with a gain rather than a loss of personal prestige, even this powerful group being driven into the background of mere intrigue against, and occasional profitable compromise with the military element, which, once more, grew dominant in domestic as well as foreign politics.

Highly competent in finance, Mr. Takahashi is widely known and well trusted abroad. A diligent scholar of world economics and politics, he makes it his custom even in his very old age to read up on all important Japanese questions in the morning and on foreign topics in the afternoon. Hardly ever does he miss any important book or article. But Mr. Takahashi also has the great advantage of being a born psychologist. He knows his people, how to deal with them and how to impress them. He is regarded as "patriotic" enough, according to military standards (which means sufficiently fond of the principles of Japanese expansion abroad),

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to be beyond any real suspicion on the part of the military leaders, though not entirely persona grata perhaps with their radical and uninformed followers. Yet so careful, clever, and resourceful is he, and so much the traditional guardian of Big Business, that he always enjoys the full support of this still important group. And he is speculative and inflationist enough in his fundamental views (a real "New Dealer" who acted on such lines long before the theory was developed in America) to please a large section of a people in whose mental make-up speculation and easy spending is such an outstanding trait. Mr. Takahashi is a genius in the typically Japanese virtues of compromise and face-saving. He resembles George Bernard Shaw in his aggressive yet fascinating humour, which is so rare in Japanese public life and which, more than anything else, has won for him and his policy the support of many of Japan's semi-controlled newspapers.

The fact that Mr. Takahashi, in spite of his 81 years, is still as active, cheerful and sardonic as ever and that he still takes full responsibility for Japan's financial policy, dangerous though he himself regards its present course, is perhaps the greatest asset in a gradually deteriorating situation. For, if anybody is able to check the reckless demands of the fighting service and to prevent them from taking government and finance entirely into their own hands, it is this smiling, dignified and courageous veteran, with his firm grip of facts and men. In a country which is as open as Japan to emotional influence, the mere presence of this wizard-like financial genius in the Ministry makes things look better, makes them work somewhat smoother than they otherwise might do. His frequent retreats before the military onslaughts—executed in order to prevent what might be even worse—are still being received by the public as smilingly as he himself pretends to suffer them.

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There was a time last year when Mr. Takahashi thought he might retire, partly because he felt tired and disappointed and longed for more time to indulge his passion for gardening and partly, in line with good old Japanese tradition, because he wanted to make the country get used to his loss while he was still alive and able to direct his successor from behind the scene. Perhaps he may also have thought it advisable to let somebody else try the risky experiment of reversing the inflationary policy toward some measure of orthodoxy which he felt was becoming necessary. If the experiment should fail, it would not entail a loss of prestige for himself. He resigned, having chosen his young Vice-Minister, Mr. Fujii, just in time for the latter to deal with the crucial budget of 1935-36. Fujii, a sound, experienced bureaucrat, in his fierce struggle with the military, who objected to his cuts in their armament estimates, and with the capitalists, who resented higher taxation, literally worked and fought himself to death. Takahashi had a glorious return just before Fujii died. And--eloquent proof of the cash value of his trusted and inspiring personality--not only was the slump in State loans halted as the banks began once more to buy large blocks of new deficit bonds, but on a single day the stock exchange value of all Japanese securities soared by half a billion yen, or 8% of their former valuation.

The military men are Mr. Takahashi's main adversaries. He first gave in to them after the "Manchurian Incident", probably believing in General Araki's assurance that the huge military expenditure would be just a matter of one or two years and would speedily result in material gains. Mr. Takahashi embarked upon a policy of big loan issues to finance the military demands and to revive the languishing industries of the country. Since that time, he has found himself in the unyielding hands of the military group.

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The scholarly old man in ceremonial kimono may still, with the knowing smile of an old hand at propaganda, dismiss the elaborate strategic maps and secret dossiers about the Bolshevist danger which stout and glaringly energetic army officers seem never to weary of unfolding in front of him. He may deal in the same way with the suaver naval officers who carry to his office or to his summer villa similar proof regarding American and British dangers. And to both, he may again and again make it quite clear that for some time to come any further expansion by Japan will certainly overstrain her financial and economic strength; that the disappointment called "Manchoukuo" cannot be compensated for by pushing on still further; that new acquisitions would rather destroy than enlarge the power of Japan in the world, and increase rather than remove the danger of domestic unrest. They will not understand him, relying, as they do, on their newly acquired knowledge of economics, and on their own ideas about the necessary transformation of Japan into a "state socialist" country where no weak-kneed capitalists will be allowed to argue against an heroic straining of the country's resources.

But as soon as it comes to the question of what may become of Japanese industry without further great and growing armament expenditures Mr. Takahashi must feel inclined to yield again. He cannot deny that he himself has used armaments as the basis for the struggle to avert an economic crisis and that, under the prevailing circumstances, that basis cannot be lightly changed. This is especially the case as Mr. Takahashi appears to regard Japanese agriculture as being beyond real help, believing rather in the necessity of a one-sided industrialization on the English pattern.

If, finally, mention should be made of dangerous tendencies in ultra-patriotic and anti-capitalistic sections of army, navy and certain civilian associations in a time of much-advertised

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"national emergency" which might lead to dangerous consequences unless the most ambitious armament demands be satisfied, then Mr. Takahashi will be up against another sound argument. Not because he is Number Two (after Prince Saionji) on the black list of certain ultra-patriots, but because he recognizes the danger of grave unrest in a highly strained and "patriotically" excited country, the control of which is beyond the power of the civilian element. Some Japanese papers have already had the tact to remind Mr. Takahashi that Mr. Inouye, Japan's Minister of Finance at the time of the "Manchurian Incident", was murdered by idealistic patriots mainly because of his inglorious financial policy of retrenchment.

Up till now the military men have had to fight for every single budget. Until recently, they had even had to promise huge material profits in Manchoukuo and China in compensation for their growing expenditure. But they have had to discard this latter argument, at least in front of Mr. Takahashi. The contrary has too clearly been proved, or at least been forecast, during the last four years. However, their continuous success has made them bolder, and they have now presented Mr. Takahashi with a five-year-plan for further rearmament which entails five consecutive budgets of at least 600,000,000 yen annually for the army alone--almost three times the "pre-Incident" amount. Mechanization of the army, reconstruction of the backward air fleet, and military development of Manchoukuo are the main items in that plan. The navy, too, has left no doubt that roughly 700,000,000 yen a year will be the minimum needed for anything like preparation for a future naval race. Both indicate that this is "merely preparation for further plans". Yet 1,300,000,000 yen of armament expenditures would be but 200,000,000 yen short of the most optimistic estimate of Japan's total non-borrowed revenue in 1936/37.

Mr.

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Mr. Takahashi may still bargain with the service men and he does it as vigorously as ever but it is just as hard to believe that their yearly appropriations will cease in the near future to grow from year to year as it is to perceive any further possibility of large reductions in administrative state expenditure, which already has been trimmed down to an irreducible minimum. The interest burden of the growing debt is heavier in every new budget, and conversion into lower interest loans is apparently impossible, as this would make further borrowing more difficult. It is, therefore, almost certain that the upward trend of total state expenditure will continue.

Turning to the problem of an increase in ordinary revenue, to which the military like to deflect his attention, Mr. Takahashi finds his old friends, the bankers and industrialists, as stubborn as he found the army and navy officers in discussing a halting of expenditure. These gentlemen in Western suits, with semi-Western manners and with very definite ideas about the predominance of economic necessities over any others, come to him with graphs and tables of statistics, with balance sheets and profit and loss accounts. They are out to prove that higher taxation will certainly nip in the bud whatever promise of prosperity there may be in the long suffering country. Furthermore, they argue, it would immediately raise prices and wages and kill the export trade besides making for real inflation at home and for a further dangerous depreciation of the yen abroad. Thus higher taxation, they say, would make still more acute and still more general the creeping economic crisis.

The business men may even seek to disillusion Mr. Takahashi as to the much talked of "natural increase" in state revenue in recent times, which is not really a symptom of real prosperity at all. With some resentment they will tell him that most of this so-called natural increase has originated from the reckless policy

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of tax enforcement which Mr. Takahashi has recently ordered his sometimes easy-going tax collectors to adopt, but which could hardly be expected to squeeze out any more money in the future. Most likely they are right in most of their arguments. Mr. Takahashi has already given in to them, having promised, to the satisfaction of the Stock Exchange, that for the time being there will be no increase in taxation. He may well feel, moreover, that, whatever possibilities of effective increase in taxation there may be should be regarded as practically the only national reserve for the emergency of war which has still been left untouched. This reserve is very small. Direct taxes, which are the only taxes mainly effecting the well-to-do, and an increase of which might not make itself felt in rising prices, cover hardly 20% of present state expenditure. Any possible increase would not greatly improve the financial situation. Indirect taxes and customs duties together amount to just a little more.

Thus, the tax-paying capacity of the country is amazingly disproportionate to the expenditure to which the Japanese State has become habituated in recent times, yet the people as a whole are heavily taxed. According to the latest figures available, the total yearly tax payments, state and local taxes combined, average 22 yen per head of the population (against 9 yen in 1913/14) on a national income of about 163 yen per head, which in itself does not provide for more than bare subsistence for those who have actually to live on or below such a level.

The State's income from monopolies and state enterprises, finally, which about equals that of direct taxation, cannot be raised without upsetting the whole edifice of Japanese prices. Therefore, the creation of more and more new debts—which at present covers about 35% of the total expenditure—must be carried on.

Thus, Mr. Takahashi will have to rely on his last resort, the further



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further issue of "red figure bonds", in the years to come. Here it is from his own officials of the Ministry of Finance that he meets the greatest resistance. These scrupulous, conservative and in some cases scholarly men, who still aim at some measure of financial orthodoxy, have no axe of their own to grind. They see and frankly warn their chief of the approaching danger of inflation. The figures support their argument. The total national debt amounted to 2,500,000,000 yen in 1913/14, to 6,400,000,000 yen in 1931/32, and by the end of the financial year 1935/36 it will have risen to roughly 10,400,000,000 yen. If the increasing burden of Japan's foreign debt on account of the depreciation of the yen is taken into account, the total indebtedness of the State on March 31st, 1936, may amount to as much as 11,500,000,000 yen. To this figure has to be added the sum of more than 3,300,000,000 yen owed by provincial and local government authorities, whose indebtedness is rising just as constantly and has absorbed a great part of the nation's savings, thus the proper State debt has grown steadily until it now represents roughly one full year's national income.

But, to their great despair, the bureaucrats of the Finance Ministry find that in sounding their anxious warnings they stand very much alone. Everybody else seems to be bent on some measure of inflation. The military want it because they only care to get what they think they need. Most of the industrialists favor the step because they are afraid of a sudden end of the armament as well as the export boom--and that at a time when production capacity is still on the increase and when overproduction is threatening to become acute even while "beneficial inflation" is being kept up at the present rate. The bankers would welcome inflation because the 4% "red ink bonds" are almost the only available investment on which to make profits with some safety.

And

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And, finally support comes from the public at large because of the further stimulation of industry, trade and agriculture which is expected to result from liberal spending by the State, though most people would prefer to see the money being spent directly for other than armament purposes. And even Mr. Takahashi is being regarded by advocates of sound finance as too much inclined to yield to the temptations of "liberal spending".

With all these protagonists of "beneficial inflation" by means of more issues of deficit bonds, there is a growing tendency to wonder where lies the danger limit beyond which it might develop into "malignant inflation". So far, there has been no increase in the circulation of bank notes. The new deficit bonds, recently issued at a yearly rate of 700,000,000 to 800,000,000 yen, have been absorbed by the banks and savings institutions through what ill-informed optimists point to wrongly as "national savings".

In point of fact, however, the actual national savings, if on balance there have been any at all, were very small indeed. The funds which are mistakenly regarded as savings originate from different sources. Partly they represent idle money put into the trust of banks and savings banks by small, medium and even big business men who are suffering from the depression and cannot employ their funds for the time being. These investors may recall their money at any moment should it be needed to finance a revival of business or to cover the losses caused by intensified depression and make both ends meet. Partly, it is the interest on state bonds disbursed out of the unbalanced budget--a total of almost 400,000,000 yen a year at present--which goes to the bond-holding banks and is being passed on by them to the depositors, who have to be paid the very high average rate of almost 3%, which is being added to their accounts. This is money created by inflation, used to make possible further inflation.

All these savings of a doubtful character, however, do not

account

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account for much more than half of the new deficit bonds taken up by the country's credit institutions. The rest of the money demanded by the State has had to be procured by them through reductions of ordinary business investments and advances to customers. Two tendencies were helpful in this process. First, the boom in armament and export trades has made it possible for some bank customers to do some more self-financing, or even to pay back old debts to the banks. In the second place, the continuous depression in most of the other branches of business has made other customers or would-be borrowers ineligible for credit, or else has made the banks withdraw their former assistance in order to indulge in the safer business of hoarding 4% State loans.

In this way the banks and savings institutions have almost become holding companies for state and other public loans. From the end of 1924 to the middle of 1935, the percentage of deposits invested in such loans had increased in the case of ordinary banks from a rate of 13.9% to one of almost 25%, and in the case of savings institutions from about 30% to 52%, the average for all organizations being nearly 30%. The investments in, and advances to ordinary business have decreased accordingly.

The secret of Mr. Takahashi's success, based as it is on a mixture of resourceful policy and that element of accidental fortune which has always played such an important part in maneuvering Japanese State finance through dangerous straits, is thus revealed as a process of inflating the State's debts mainly by attracting the idle funds which are being set free by the depression prevailing in large sections of the country's industry and trade. In this way the armament inflation has been checked in its "malignant" effect by the counteracting influence of a natural deflation in other sections of industry.

AS

- 12 -

As deflation cannot go on much longer in these unfortunate sections of industry, inflation, if carried on, as apparently it must be, may sooner or later dominate and thus begin to produce its malignant effects. It is mainly the foreign exchange situation which makes Mr. Takahashi so afraid of them. And rightly so. For it is at least as precarious as the internal situation.

Despite the rising figures of her sacrificial export boom Japan has not even now succeeded in squaring her balance of trade. The argument needs for imports are too great. Her shipping income may be just sufficient to fill the gap. But so far as capital movements go, there seems to be a very great difficulty in maintaining an even balance. Japan's army expenditures and investments in Manchoukuo (totalling roughly 1,500,000,000 yen since the "Manchurian Incident") were a tremendous strain. Though the stability of the depreciated yen indicates that, after all, the total balance of payments so far must somehow have been brought into equilibrium, one wonders how it actually was done. Liquid Japanese investments in other parts of the world and emergency reserves of foreign exchange at home, restricted as both are, seem to have been used up to a large extent. Yet expenditure and investment by Japan are intended to be increased rather than restricted, and the possibility of a forward policy in North China looms in the background.

In foreign exchange, as with internal finance, reserves have been spent and assets mortgaged to such a degree in time of peace that very little seems to be left for use in the war for which the country is preparing itself. Borrowing at home will always be possible in such an emergency. But instead of starting with the employment of accumulated savings, the government would have to begin with the printing of new bank notes right away, with a degree of inflation that might menace the structure of the State

at

- 13 -

at the latest when the war was over, even if it ended in military victory. Borrowing abroad would prove much more difficult for very many reasons, if indeed it proved possible at all now. Political and trade antagonism on the part of the big lending powers, the experience that war debts are either not being paid at all or else by means of competitive export goods, the receipt of which does more harm than good to the creditor country, and the great risk involved in the first major war to be experienced by Japan in modern times--all these considerations would make it most difficult for Japan to procure the money she would need for necessary foreign raw materials.

Mr. Takahashi knows this problem well enough. He dealt with it under incomparably better auspices in 1904/05. He knows as well that in spite of his signal success at that time in London and New York, and in spite of all the great financial sacrifices at home during the Russo-Japanese War, it still was Japan's restricted financial strength which made it impossible to fight to the bitter end, and to take Vladivostok as well as the whole of Manchuria. And he remembers most vividly how the Peace of Portsmouth represented a defeat compared with what the Japanese arms had appeared to win for the country, because, as the Russian delegate Count Witte put it, "after all gold once more proved to be heavier than iron".

Mr. Takahashi recently said that the major war which Japan may have to face could not last longer than six months. For such a war, although he did not say so, Japan might be comparatively independent of foreign finance. But what if this prediction proved as wrong as similar ones did in 1914? The Grand Old Man of Finance is optimist enough and psychologist enough not to profess any belief in the likelihood of war at all. Recently, on the other hand, he broke all rules of Japanese foreign policy by receiving, and in the Ministry of Finance, the Soviet Ambassador for a very serious talk on that bugbear of Japanese diplomacy, a non-aggression pact

- 14 -

pact between the two countries.

As a realist Mr. Takahashi is much more afraid of further "semi-peaceful" military adventures on the Asiatic continent. On this subject he has uttered frequent warnings to the country and he has made abundantly clear his resolve to deny financial support to any such project. The Finance Minister is well aware that Japan could not foot the bills which a campaign of this kind would entail. Doubtless it must occur to him to speculate also as to how long Japan can go on financing her growing army and navy on borrowed money while at the same time she neglects her rural population and lower middle classes.

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(Copied by RD)

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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  
November 29, 1935

~~MR. S. H.~~  
~~MR. H.~~

Hankow's No. 168 of October 8, 1935,  
reports the rumored dismissal of the Wuhan  
area Garrison Commander, General Feh  
Peng, because of Japanese displeasure,  
and the possibility that General Chen  
Chin-chang will be named as successor.

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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

November 29, 1935

~~MS. 101~~  
~~MS. 101~~

Hankow's No. 168 of October 8, 1935,  
reports the rumored dismissal of the Wuhan  
area Garrison Commander, General Jiah  
Peng, because of Japanese displeasure,  
and the possibility that General Chen  
Chieh-chang will be named as successor.

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CSR





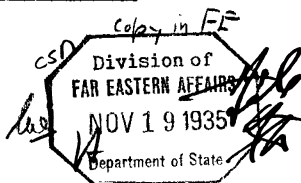
EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 34

Peiping, October 16, 1935.

Subject: Sino-Japanese Relations in  
Hupei Province.

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DEPARTMENT OF STATE  
A-0/J  
NOV 19 1935  
ASSISTANT SECRETARY

The Honorable  
The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to refer to the general sub-  
ject of contemporary Sino-Japanese relations, and  
to enclose for the information of the Department a  
copy of despatch No. 168 of October 8, 1935, from  
the American Consul General at Hankow reporting on  
the rumored impending dismissal of the Wuhan Garrison  
Commander by General Chiang Kai-shek as the result  
of Japanese pressure to that end.

1/

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*

F. P. Lockhart,  
Counselor of Embassy.

F/FG

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DEC 5 1935

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

- 2 -

✓  
| Enclosure:

1. Copy of despatch from  
American Consul General,  
Hankow, No. 168, October  
8, 1935.

EC-SC

710 Sino-Jap.

Original and three copies to Department.  
Copy to Embassy, Nanking.

No. 168

AMERICAN CONSULATE GENERAL,

Hankow, China, October 8, 1935.

Subject: Japanese Activities in Wuhan Area --  
Reported Dismissal of Garrison Commander.

The Honorable Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to report that I learn on reliable authority that orders have been issued by General Chiang Kai-shek relieving General Yeh Peng of his post as Garrison Commander of the Wuhan Area on account of Japanese pressure. No official mandate of dismissal has yet been issued, however. The facts, as I have learned them from the British Consul General, who in turn received the information from the Japanese Consul General, are that the Garrison Commander incurred the displeasure of the Japanese authorities owing to the fact that certain targets in use by the garrison troops were in the form of the Japanese flag. It is also reported in the press that anti-Japanese posters were displayed at the recent air exhibition held in Hankow. According to the Japanese Consul General, he visited the Garrison Commander and tried to get the latter to apologize and to promise to do away with the offending

targets

-2-

targets, basing his demand on an order issued in July last by General Chiang Kai-shek that all anti-Japanese activities should cease. General Yeh Peng, according to the Japanese Consul General, took the position that this was a matter which did not concern the Japanese. The case was then reported to Tokyo with the result that General Chiang issued orders for the dismissal of General Yeh Peng. Various Chinese reports, however, are that the Japanese Consul General gave no opportunity to General Yeh Peng to smooth the matter over locally.

It is rumored that General Chen Chi-cheng (陳繼承), who is now at Puchi, on the Hupeh-Hunan border, will succeed Yeh Peng as Garrison Commander here. General Chen has been in charge of the suppression of the bandits under Hsu Lien-kang in the Hunan-Hupeh-Kiangai area for sometime past.

General Yeh Peng has gained a good reputation in Wuhan, both for the efficient manner in which he has preserved order and discipline in this area, and also for the energetic way in which he assumed control of the Changkung Dyke at the time a break was threatened in July 1935. General Yeh Peng took control in a masterly way and it was undoubtedly largely due to his efforts that the slip which occurred in the dyke was so quickly repaired, thus saving the city from flooding.

Respectfully

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

-3-

Respectfully yours,

F. R. Josselyn,  
American Consul General.

In quintuplicate to Peiping.  
Copy to American Embassy, Nanking.

600

PRJ:EB

A true copy of  
the signed original.  
*[Signature]*

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 29, 1935

~~SECRET~~  
CONFIDENTIAL

Peiping's No 56 of October 25, 1935, describes peasant revolt and disorder in North Hopeh. The Japanese attribute the trouble to the oppressive rule of the Chinese military. The Embassy sees some danger in the dissatisfied peasantry allying itself with a Communist invasion.

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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 56

Peiping, October 25, 1935.

Subject: Peasant Disorder in North Hopeh.

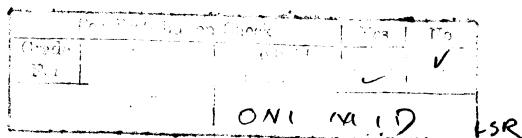
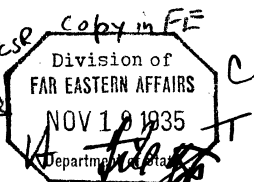
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The Honorable

The Secretary of State,  
Washington, D. C.

Sir:

I have the honor to refer to the Embassy's  
telegram No. 71, October 17, 5 p.m., and to report  
briefly on the outbreak of a peasant disorder on  
October 21 in the district of Hsiangho, bordering  
on the Demilitarized Zone and some 30 miles east  
of Peiping.

After the attempted imposition of an increased  
land-tax, a large number of unarmed peasants marched  
on the district town of Hsiangho on October 21 with  
the evident intention of forcing the abolition of the

tax

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- 2 -

tax. The district magistrate closed the city gates. After a short argument, the Peace Preservation Corps forces inside the walls opened fire on the peasants outside, inflicting several casualties, but after dispersing the peasants returned in larger numbers and a more threatening temper. The magistrate fled on the following day, and the city gates were opened to permit the peasants to enter. They took possession of the district government, installing one of their number, An Hou-chai (former head of the General Chamber of Commerce in Peiping), as magistrate. On October 23, the Provincial Government despatched an official to Hsiangho to take over the duties of magistrate until the matter should be straightened out, but An Hou-chai refused to hand over control.

Complications exist by reason of the fact that one Wu Yi-t'ing, alleged sworn brother of the notorious Pai Chien-wu who was involved in the attack on Peiping several months ago, appears to have been one of the prime movers in the affair; moreover, Shih Yu-san, prominent in the Tientsin disorders of four years ago, is believed in some quarters to be connected with the unrest. Several Japanese and Korean ronin were evidently busy behind the scenes, and 23 Japanese gendarmes were soon on the scene, arriving at Hsiangho on October 22. According to information received at the Japanese Embassy, one Korean and five Japanese have already been arrested by the Japanese gendarmes and are being held for examination. Chairman Shang Chen purports to view optimistically the prospects for an early settlement,

in



- 3 -

in spite of rumors that the trouble has spread to the neighboring districts of Wutsing and Sanho.

In a conversation with an officer of this Embassy, Mr. Shimizu (First Secretary-Interpreter of the Japanese Embassy) professed to hold pessimistic feelings regarding the possible outcome of the Hsiangho trouble. The attitude held in Chinese circles is one of minimizing the importance of the matter. According to Mr. Shimizu's interpretation, however, potential peasant unrest in North China is general under the oppressive rule of "soldier-bandits", and overt expression of that unrest is discovered in the activities of unruly peasant bands in various parts of the province. Particular reference was made to the situation prevailing around Taming (south Hopeh), in western Shantung where the Yellow Sand Society has been active, and in northern Honan where the Heavenly Gate Society has grown recently to new strength. Mr. Shimizu expressed apprehension regarding the possible consequences of the invasion of northwest China by the Communist forces, reckoned by him to number possibly 150,000 or 200,000 troops, and expressed the fear that the concatenation of circumstances might result in a general spreading of unrest in Hopeh and North China that would have far-reaching consequences. Communist organizers, he felt, were probably already at work among the Hopeh peasantry preparing the way for revolt. In discussing "the way out for China", Mr. Shimizu gave it as his opinion that the Chinese military forces which had brought the Chinese people to their present straits

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

- 4 -

ought to be eliminated from the scene.

As will be seen from the above, the unrest that has taken open form at Hsiangho derives from complicated factors. Independent advices indicate that the peasants in the present case are peaceably inclined, and the probability seems to be that the matter can be amicably settled. Nevertheless, that the Chinese peasants possess deep-seated grievances is undeniable. Moreover, social unrest and nationalistic feelings in China, arising respectively from domestic and foreign causes, provide stimuli for such events which under certain circumstances quickly result in their taking on important proportions. There are a sufficient number of uncertain factors in the North China situation to warrant giving close attention to incidents which would ordinarily be adjudged insignificant.

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*  
F. P. Lockhart,  
Counselor of Embassy.

4 *COPIES* *K.H.C.*  
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Original and 4 copies to the Department.  
Copy to American Embassy, Nanking.  
Copy to American Embassy, Tokyo.  
Copy to American Consulate General, Tientsin.

EC/rd

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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

November 20, 1935.

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

Peiping's No. 54 of October 25, 1935, outlines developments in Sino-Japanese relations between September 24 and October 14 and dwells upon the apparent conflict between the positive and truculent statements of the Japanese military and the opinion of certain responsible Chinese officials (given in memoranda attached to the despatch) that Japanese action in North China in the immediate future will be limited to the economic field.

It is pointed out that the outward aspects during the period under review would seem to indicate that extraordinary efforts were being made to come to a complete settlement of outstanding Sino-Japanese issues. However, the opinion of other Chinese officials (also given in memoranda attached to the despatch) is to the effect that grave decisions are being forced upon China by Japan and apprehension is expressed over developments of the future. The despatch concludes that the policy adopted by Nanking will determine the course of events. Acquiescence to Japanese desires will at least temporarily postpone active adverse developments while

resistance

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

DEPARTMENT OF STATE

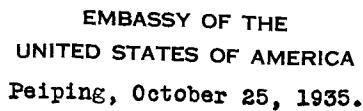
DIVISION OF FAR EASTERN AFFAIRS

- 2 -

resistance to these desires will inevitably lead to trouble. It was remarked that an outstanding characteristic of the present situation is the evident bewilderment at Nanking as to the policy to be pursued.

CSR  
CSR/VDM

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



No. 54

Subject: Sino-Japanese relations.

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The Honorable

The Secretary of State,  
Washington.

Sir:

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I have the honor to refer to the Embassy's telegram No. 71, October 17, 5 p.m.,<sup>7308</sup> regarding the conference of Japanese militarists held at Dairen on October 13-14, 1935, and to enclose, as pertinent to the subject of the present state of Sino-Japanese relations, copies of: 1) the Ambassador's memorandum of October 9 reporting a conversation with Dr. S. G. Ch'eng, Special Commissioner for Foreign Affairs at Peiping, in which the latter expressed the opinion that circumstances indicated a lessened likelihood of drastic action on the part of the Japanese military;

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- 2/ 2) the Ambassador's memorandum of the same date quoting Dr. Ch'eng as believing that Japanese policy in North China would probably follow economic rather than military lines; and 3) an editorial appearing in the PEKING & TIENTSIN TIMES of October 18 under the title "Separation of North Postponed?" regarding the implications of the existing circumstances.

It will be observed that Dr. Ch'eng tended to take an optimistic view of the present political situation, feeling that any Japanese action in North China in the immediate future would be limited to the economic field. The editor of the PEKING & TIENTSIN TIMES in his editorial also found occasion for bewilderment in the evident fact that the Japanese militarists attending the Dairen Conference on October 13-14 adopted a milder attitude than had been expected after Major General Tada's pronunciamiento of September 24 and Major General Doihara's announcement of September 28 (that the autonomy of North China was essential). As the editor remarked, a political transformation had been expected, and something else seems now to be proposed. His own analysis led him to believe that the remarkable development of sanctions as an instrument of international policy in the Italo-Abyssinian dispute had caused the Japanese leaders to take thought as to the possible consequences to themselves of Japanese aggression against China, and that possibly the Chinese Economic Mission had in Tokyo demonstrated a "sincerity" regarding the problem of Sino-Japanese cooperation that proved convincing to the Tokyo authorities.

It seems apparent that something happened behind

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- 3 -

the scenes between September 24, when Tada made his statement, and the opening of the Dairen Conference on October 13. A chronological review of certain events occurring between those two dates, as reported in the press, is not without interest. On the same day that Tada made his statement, the news came from Tokyo that Chiang Kai-shek was believed to be seeking a rapprochement with the Soviet Union and was thus jeopardizing the proposed Sino-Japanese "economic cooperation"; from the Japanese Garrison Headquarters in Tientsin it was announced in addition that the Generalissimo had sent more Blue Shirts to the North to carry on their nefarious activities. On September 25 Major General Doihara flew to Kalgan - on a "sight-seeing trip", according to General Sung Che-yuan. Two days later, on September 27, there was an important meeting in Tokyo of Prime Minister Okada, Foreign Minister Hirota, War Minister Kawashima, and Navy Minister Ohsumi, for a discussion of the Government's China policy, and this was followed the next day by a conference between Hirota and Finance Minister Takahashi, and - from Mukden - by Doihara's statement. On October 1, Okada, Hirota and Takahashi met again for a further discussion of the same subject.

Pressure had begun to be exerted by the Japanese Navy at Swatow and Hankow at the end of September on two different excuses, and on October 1 Chang Hsueh-liang, Vice-Commander-in-Chief of the Bandit-Suppression Campaign, flew to Chengtu for a conference with Chiang Kai-shek. General Banzai, Member of the House of Peers of the Japanese Imperial Diet, called on T. V. Soong at Shanghai on October 3, by report, for a discussion of

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- 4 -

the problem of Sino-Japanese cooperation. It was immediately after this, on October 6, that the Chinese Economic Mission sailed from Shanghai for Japan after one of the delegates had met Major General Isogai in what was apparently an important interview. On October 7, Chiang Tso-pin, Chinese Ambassador at Tokyo, received from Foreign Minister Hirota an unsatisfactory reply to his question regarding the significance of the Tada statement. In China, on the same day, Chang Hsueh-liang flew by plane to Taiyuan for a meeting with General Yen Hsi-shan, then returned to Sian, where he met Chiang Kai-shek. Major General Okamura, of the Tokyo General Staff, left Tokyo for Dairen on October 9 to attend the military conference there.

Wang Ching-wei, President of the Executive Yuan, in his message to the nation on the occasion of the anniversary of the founding of the Republic on October 10, stated that "if China is to survive the present national crisis her people must discard their negative attitude". That statement by itself is chiefly characterized by its ambiguity, but it was perhaps more important that, on the same day, the Chinese Economic Mission should have met with leading Japanese bankers in Tokyo and, according to report, come to an agreement regarding the establishment of organs to implement the mooted economic rapprochement. The essence of the agreement was said to be that organs shall be established in Tokyo and Shanghai, with one Japanese and one Chinese Chairman, to furnish direction for economic bodies "for the materialization of economic rapprochement". At the end of the period immediately preceding



- 5 -

ceding the opening of the Dairen Conference, Chiang Kai-shek made a trip that included stops at Loyang, Chengchow, Kaifeng and Taiyuan; on October 14 he flew to Nanking.

In brief, the outward aspects of the political events of that period of three weeks would seem to indicate that extraordinary efforts were being made at that time by both sides to come to a thorough-going settlement of outstanding Sino-Japanese issues. An editorial appearing in the MANCHURIA DAILY NEWS of October 15 implied that the Nanking Government had been given another chance to cooperate with Japan, but that neither a lukewarm attitude nor passive resistance on the part of the Chinese would be permitted by the Japanese Army. The editorial continued:

"If Nanking gives its word this time to assist Japan in her North China movements, it must see that nothing is allowed to stand in the way.

"While the Army is endeavoring to persuade the Nanking authorities to take measures for the regeneration of China through complete collaboration with Japan, it will also see that North China is thoroughly prepared for the economic advance which Japan is determined upon under the Tangku Truce and other Sino-Japanese agreements. Nanking will be asked to see that all such obstacles which have hindered events moving more easily in the past are removed. If Nanking fails to do this either through double dealing or inability to take command of the matter, then the Army must see that a new situation is created in which the north is independent of Nanking's hampering methods."

The first moves toward Sino-Japanese economic cooperation in North China were reported in the Embassy's despatch No. 3774 of August 30, 1935. Those preliminary moves have now apparently borne their first fruit in the formal establishment in Tientsin on October 20 of the "Far Eastern Economic Union".\* The plan for

the

\*Embassy's telegram No. 83, October 22, 4 p.m.

- 6 -

the extensive economic exploitation of North China under the direction of a corporation with the South Manchuria Railway as holding company is stated to be nearing completion. As reported in a Dairen item appearing in the PEKING & TIENTSIN TIMES of October 21 (copy enclosed), this project, and the organization to be set up for its implementation, appear to be essentially the same as already outlined in the Embassy's aforementioned despatch of August 30.

As the Embassy suggested in its aforementioned telegram of October 17, 5 p.m., the probability seems to be that the Japanese emphasis will be on economic cooperation in North China, at least so far as the immediate future is concerned. It is nevertheless possible, despite Wang Ching-wei's public denial of October 19, that the Japanese program comprehends even within the next few months developments other than those along economic lines. As indicative of this, there is enclosed a copy of the Ambassador's strictly confidential memorandum of September 25 reporting a conversation with Dr. Arthur Young in which the latter, purporting to give the views of Finance Minister K'ung, said that K'ung was very much concerned about the grave decisions that were being forced upon China by Japan. There are also enclosed, as indicative of the possibly precarious state of the Nanking Government's political control in North China, copies of the Ambassador's two memoranda of September 26, and October 4, reporting conversations regarding the subject with Sun Fo (President of the Legislative Yuan) and H. H. K'ung respectively. A reflection of General Ho Ying-chin's

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- 7 -

*Strictly Confidential*

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chin's point of view is found in the Ambassador's memorandum of September 25, a copy of which is enclosed.

That Japanese Ambassador Ariyoshi views the situation in China as more readily lending itself to settlement than the Chinese leaders appear to believe, is evidenced by his statements in conversation with the Ambassador on October 3, when he affirmed that the Tada statement was not to be accepted at its face value and that conditions in North China "were tending to settle down". Copies of two memoranda of that conversation are enclosed.

9/10

The course of events obviously depends somewhat on the policy of the National Government itself: any Japanese program, no matter what it might embrace, would be facilitated if the Nanking leaders were to decide to mould the Chinese policy to fit the Japanese desires; if the Chinese, contrariwise, were to choose to offer some form of resistance, the existing political tendencies in China's domestic and foreign affairs would naturally take very different directions. One of the outstanding characteristics of the actual situation is the evident bewilderment prevailing in Nanking as to best way out of the dilemma.

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*  
F. P. Lockhart,  
Counselor of Embassy.

✓ Enclosures:

1/2: Copies of memoranda of conversation with  
Dr. S. G. Ch'eng, October 9, 1935.

3:

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

- 8 -

3: Clipping from PEKING & TIENSIN TIMES, October 18,  
title "Separation of North postponed?".

4: Clipping from PEKING & TIENSIN TIMES, October 21,  
title "North China Economic Plan".

5/10: Memoranda of conversations, as follows:

5: With Dr. Arthur Young, September 25.

6: With Mr. Sun Fo, September 26.

7: With Dr. H. H. K'ung, October 4.

8: With General Ho Ying-chin, September 25.

9/10: With Mr. Ariyoshi, October 3.

710.

In quintuplicate to Department.

Copies to Tokyo and Nanking.

EC:EA

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

ENCLOSURE # 1  
TO DEPARTMENT 54

Japanese economic policy in North China.

Peiping, October 9, 1935.

Conversation with: Mr. S. G. Cheng, Special Commissioner for Foreign Affairs  
at Peiping.

In the course of conversation to-day Mr. Cheng referred to Japanese policy in North China; he stated that he thought it would follow economic rather than military lines. He said that one of the more recent developments in this matter was an evident hope on the part of the Japanese that they could obtain American funds and cooperation in developing their economic interests in North China. He referred to a company called the International Finance Syndicate, which he said was incorporated under the laws of Delaware and included Japanese participation. He believed that the Japanese hoped through this corporation to obtain American backing for their plans.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA

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

TO: [illegible] No. 2  
[illegible] 54

Situation in North China.

Peiping, October 9, 1935.

Conversation with: Mr. S. G. Cheng, Special Commissioner for Foreign Affairs at Peiping.

Mr. Cheng called, and in the course of a general conversation he stated that conditions were quiet here in North China. I gathered that he did not feel there was any immediate danger of drastic action by the Japanese in this area.

He was disposed to believe that reports recently published in the press, that a representative of the Japanese Government had been despatched to explain to Japanese in North China Japan's policy toward China, as recently adopted in Tokyo and approved by the Ministries of Foreign Affairs, Finance, War and Navy, indicated a lessened likelihood of drastic action by Japanese military, his reason being that any policy agreed to by the Japanese Ministries of Finance and Foreign Affairs (who are known to advocate a more moderate policy in regard to China) would be less drastic than that known to be favored by the Japanese military.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA

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PEKING & TIENTSIN TIMES, FRIDAY, OCTOBER 18, 1935.

### SEPARATION OF NORTH POSTPONED?

THE latest turn in the Sino-Japanese situation is frankly puzzling. So important an officer as Major-General Okamura does not engage in a grand tour or confer with so many Army officers on mere matters of detail. Nor would such assiduity be in the least necessary unless a marked change of some sort had been decided upon in the general course of events. Clearly all officers concerned had to be made personally familiar with Japan's present policy, and this implies a good deal. A mere tactical move would not require such extreme care and industry. It seems fairly clear, however, that the policy of separating the five provinces in the North from the Nanking regime is to be stopped for the present at any rate.

Reuter's Dairen correspondent says the Military Conference there ended with complete understanding and accord. It was decided to give undivided support to Tokio's policy towards China and it was agreed that "it was unnecessary at present to formulate a new policy but that it was essential to carry out wholeheartedly a fixed Japanese foreign policy, especially towards China." It may be recalled that this policy, whatever it may be, is a united one. It was not purely a decision of the War Office and General Staff, but was formulated in agreement by all the major departments of the State. This indicates that the civilian elements had something to say about it—especially the diplom-

ats and the financial and industrial circles. That may not involve the slightest difference in the two major concepts of policy: Sino-Japanese co-existence and elimination of the "enslaving oppression of the Whites." But it does indicate a difference in method less risky and audacious than the complete conquest of China by the Army in alliance with the peasant masses: a difference tantamount almost to a change in principle from the enforcement of Japan's will unilaterally to a consideration of that of equality.

The Dairen message added that the meagre information available indicated that the conference discussed plans for broad Sino-Japanese co-operation, firstly, by "converting North China as an example in co-operation," and from that point extending the scope elsewhere in China. The quoted phrase is ambiguous. We cannot be sure whether it implies the maintenance of the *status quo* and the operation of the machinery of economic co-operation without further political aid, or is a euphemism for the political transformation everybody had been expecting. At the moment the former seems to be the better guess. In this connection it is to be noted that the Foreign Office spokesman in Tokio on Monday was catechised by Pressmen on this subject. The spokesman's attention was drawn to the report that General Okamura, who represents the Imperial General Staff, had announced that the Japanese Government regarded the Central Government in Nanking as "the only legitimate administration in China, and that all negotiations with China would in future be conducted with the Foreign Office there." The comment was made, we have no doubt, with an air of excitement and perhaps bewilderment. Have we not been inundated with a flood of outcries against the Nanking regime?

The spokesman merely replied that General Okamura's statement was "nothing new." The Nanking Government, he added, was undoubtedly the Central Government. But there were many *de facto* authorities in China, he went on, with whom Japan was compelled to negotiate, as they were "not controlled by Nanking." He cited, as an instance, none of the Northern elements—a significant omission—but Canton, with whom Japan had car-

Chinese Economic Mission are under no misconception as to the need of Sino-Japanese co-operation. "If earnest efforts are not yet forthcoming from the Chinese side in this regard, it is probably because China has not restored absolute political security. And for the attainment of this absolute political security also, Sino-Japanese co-operation is necessary." Perhaps one method is to be found in the Swatow affair, which is certainly designed to keep Canton quiet and sober. But it is a very sudden turn in the situation, though not wholly out of keeping with the anti-Nanking propaganda that preceded it. We learn in earliest childhood that to say "we won't play with you any more" is to bring the other party round in double-quick time!

Another point of no small consequence is the effect of the extraordinary firmness of the new British policy in regard to the League of Nations on the general situation out here. There are some, perhaps, who regard the crisis over Abyssinia as merely a trial gallop for the greater test inevitable in the Far East sooner or later, and who realise that the "life-line" lead to Singapore and farther East as well as to India; and that a showdown on this issue might prevent a wider conflagration later on in the Pacific and give moderation a new chance in Japan. It is manifest that a League with such sharp teeth in it as is now being revealed is not a phenomenon to be sneered at or ignored. The present Government in Britain is manifestly tending toward a policy of general trade restoration and a saner economic order. It is obviously against the trend toward mutual exclusionism, and prefers a modified form of the open door principle everywhere, including the Empire, rather than accelerate the measures proceeding in the opposite direction. Measures for recovery are one thing, and for reconstruction another.

The distinction is vital, and is common to both Japan and the United States. The Fascist idea pursues self-sufficiency to its last letter, but we find now that instead of providing a satisfactory answer it impels policy toward Imperialist adventures in States which, like Italy and Japan, lack the possessions and resources which make such a policy of self-containment possible.

That the new international situation has had a profound

added, was undoubtedly the Central Government. But there were many *de facto* authorities in China, he went on, with whom Japan was compelled to negotiate, as they were "not controlled by Nanking." He cited, as an instance, none of the Northern elements—a significant omission—but Canton, with whom Japan had carried on direct negotiations for the past 20 years, and Mongolia, "which was Chinese territory." Nevertheless, he added, Manchoukuo had no option but to negotiate direct with Mongolia.

On the one hand, we have a statement in the *Tokio Jiji* that the chief Ministries are in accord (1) on regarding the Generalissimo as an enemy; (2) that certain anti-Japanese activities are still going on in North China; and (3) that the Hopei Economic Association is designed to place obstacles in the way of an economic rapprochement. On the other hand, we quoted the *Hochi* a few days ago as discrediting this view of the Hopei economic organ, and urging that political and strategical considerations should be held back as far as possible, in view of the "intense resentment and discontent which such a reckless step is sure to provoke among the Chinese."

Possibly the Chinese Economic Mission now visiting Japan has made an offer in regard to economic rapprochement which is regarded as worthy of consideration, at least for purposes of experiment and to tide over the period of uncertainty in the Mediterranean. The *Chugai Shugyo*, incidentally, expresses its conviction that the leading business men composing the

agency to its last letter, but find now that instead of providing a satisfactory answer it impels policy toward Imperialist adventures in States which, like Italy and Japan, lack the possessions and resources which make such a policy of self-containment possible.

That the new international situation has had a profound influence on the immediate development of the position out here is fairly evident from the fact that General Okamura has quite a lot to say to the other Generals on this matter. "Our Dairen contemporary tells us that he submitted a minute report on the latest European and American tendencies in connection with the Italo-Ethiopian hostilities, on the basis of information gathered by the General Staff, and clarified the Japanese Army's attitude towards the African imbroglio. He also spoke on the possible effects which the Italo-Ethiopian controversy might have on the diplomatic and political situation in the Far East. Nobody can read down the list of economic sanctions, described as being merely "mild", without a shudder as to the chaos into which the economy of any country to whom they might be applied would be plunged.

Finally, apart from the possibilities that the Chinese Economic Mission may have shown real "sincerity," *Rengo* informs us that the post of Foreign Minister has been offered to General Huang Fu. There are forces now at work making for moderation all round, in both East and West, and we can only hope that they will prevail and give us all another breathing-space to put the world in better shape.



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PEKING & TIENTSIN TIMES, MONDAY, OCTOBER 21, 1935.

## NORTH CHINA ECONOMIC PLAN.

### SPEEDILY TAKING SHAPE.

Vast Corporation With S.M.R. As Holding  
Company Will Be Formed.

### EXPLOITATION OF ALL NATURAL RESOURCES AVAILABLE.

Dairen, Oct. 16.

North China, for many years a region harried by multifarious, undisciplined Chinese mercenary troops, and in recent years the hotbed of subversive anti-Japanese agitation, has been reborn, so to speak. Particularly since the settlement of the dispute which suddenly cropped up between the Japanese and Chinese authorities last June, the situation in North China, political and otherwise, has become markedly stabilized.

The economic exploitation of this region chiefly through Sino-Japanese co-operation is now the absorbing topic of the day among all Japanese financiers and industrialists interested in the continent. More recently, Manchoukuo has manifested a willingness to participate actively in this peaceful undertaking.

The South Manchuria Railway Company, the artery of Japan's continental economic activities, is ready to expand its scope of business to this region as soon as the proper opportunity offers. That the Hsinking Government is keenly interested in the proposition may be inferred from the recent dispatch of Mr. Kamekichi Takahashi, noted Japanese financial expert on the nonofficial staff of the Manchoukuo treasury, to North China to survey the possibilities for Manchoukuo's participation.

On behalf of the Kwantung Army Major-General Kenji Doihara, Chief of the Special Military Mission in Mukden, made an extensive tour of inspection to North China and Outer Mongolia some time ago. Thus, the stage is deemed to be sufficiently clear for the rising of the curtain on the great act of this international undertaking in North China.

It then is pertinent to study in what manner Japan will invest capital in the exploitation of economic resources in that region and how Manchoukuo will co-operate with Japan and China in this. The upshot of a plan evolved some time ago after joint consultations among the Kwantung Army, the South Manchuria Railway Company, the Oriental Development Company and the Finance and Industry Ministries of Manchoukuo on the basis of factfinding reports submitted by their respective representatives in North China is the creation of a gigantic investment corporation involving the capital not only of Japan but of China and Manchoukuo. The salient features of this plan are:

#### Principal Features.

(1) Establishment of a vast corporation through which to invest capital in enterprise contributing to the exploitation of mineral, commercial, industrial and agricultural resources of North China. This corporation should be purely a credit organ, in which the S.M.R. and the Oriental Development Company will participate directly on behalf of Japan, General investments by the Japanese public will also be invited.

(2) With this corporation acting as what is generally termed a "holding company", lesser corporations should be organized in every line of production in North China in the form of sino-Japanese joint enterprises, Japan offering necessary funds and China investing capital in kind. Sino-Japanese joint enterprises already in operation must be re-organized on a larger scale to continue their production.

(3) In consideration of the *status quo* in regard to the econ-

omic resources and industries of North China, efforts must first be directed to the development of mining, communications, foreign trade and cotton-growing.

(4) Of the mineral resources to be exploited, particular attention must be directed to coal deposits in the north-eastern part of Shansi province where nearly 60 per cent of China's total output is produced even at present.

(5) As the first pre-requisite to the maintenance of peace and order, efforts should be made to develop and improve communication facilities throughout North China, especially in the Shansi and Charhar provinces. In this connection, a plan is under consideration to enlarge the field of activity for the Far Eastern Tourist Bureau, a Chinese organization created last year to supervise railway traffic between North China and Manchoukuo.

(6) As regards the growing of cotton in North China, the S.M.R. Co. should invest more capital in Shantung province so that the cotton output of North China may be increased to meet the entire Japanese demand in the future.

#### Establishment Approved.

The establishment of the investment corporation has already been approved by the Japanese Government, but this project has been shelved owing to the sudden change of presidents of the S.M.R. Co. which is to be the holding company of the investment corporation. It is understood, however, that Mr. Matsuoka after carefully studying the plan in detail has come to the conclusion that the advent of the corporation is a *sine qua non* for the economic development of North China.

Further when on October 13 he met Major-General Yasutsugu Okamura, formerly vice-Chief of the Kwantung Army and now Director of the Second Division of the Tokyo General Staff, who visited Dairen to attend the second Dairen Military Conference, Mr. Matsuoka is said to have declared that he had no objection to the establishment of the corporation and that all arrangements for its formation were being rapidly arranged by his company. Thus, the birth of the corporation which is called upon to play the main role in the exploitation of

Natural resources in the North China region is now considered a mere matter of time.

It then will be interesting to examine the structure of this corporation. According to the plan authorized by the Japanese Government, it will be established long the following lines:

a. The name of the corporation shall be the Hochu (Hsing-chung) Kungssu, a legal, corporate body. With its main office in Tokyo, there will be branches in Shanghai, Dairen, Tientsin, Canton, Osaka and other important cities.

b. The business of the corporation shall include the direct management of joint enterprises by Japan, China and Manchoukuo, investments therein, all matters incidental thereto, marketing of Manchurian coal, pig iron and beans and business transactions among the three countries.

c. The initial capitalization of the corporation shall be 10 million yen, one-fourth of which is to be paid up by the S.M.R. With the progress of enterprises in North China in which the corporation is interested, its capital shall be increased to between 30 and 50 million in the future.

d. The corporation shall have a directorate of seven (the term of office of each director being fixed at three years) in addition to three auditors (whose term of office is two years). The directors shall elect from among themselves one chairman and one managing-director.

#### Sogo for President.

Although several influential persons are slated for the chairmanship of the corporation, press reports state that the choice will probably fall upon Mr. Shinji Sogo, former Director of the S.M.R. who is widely recognized as a great expert on Manchuria and China. Before Mr. Matsuoka assumed the presidency of the S.M.R. Co., Japanese financial leaders, particularly those in Osaka, raised objections to the extension of the company's business to North China as involving certain danger, but through the new President's efforts, all such misapprehensions and misgivings have now been dispelled. All the Japanese financiers nowadays are acting on their own initiative to accelerate the establishment of the projected investment corporation through which the vast railway company is to have a hand in the economic development of North China.

Once the great North China international undertaking is commenced, it will be continued at any cost. In this connection, it is said that the Dairen Military Conference which opened on October 13 and ended the following day to determine the Army's fundamental moves in China, decided to convert North China into a region where Japan, China and Manchoukuo

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

through which the vast railway company is to have a hand in the economic development of North China. \*

Once the great North China international undertaking is commenced, it will be continued at any cost. In this connection, it is said that the Dairen Military Conference which opened on October 13 and ended the following day to determine the army's fundamental moves in China, decided to convert North China into a region where Japanese China and Manchoukuo cooperate closely. Should the Nanking Government try to undue pressure to hear the progress of such cooperation, the extrication of China from the yokes of Chiang Kai-shek's regime in the opinion of the Japanese Army, will become necessary for the mutual benefit of three nations. It is generally believed that the advent of projected Koochi (Hsing-Kungssu) will mark a chapter in the history of eastern economies. — *Manchurian Daily News*.

**Daily News**

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# EDITORIALS.

STRICTLY CONFIDENTIAL

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American policy in regard to the Far East.

Nanking, September 25, 1935.

Conversation with: Dr. Arthur Young, Adviser to the  
Minister of Finance.

Dr. Young came to see me this evening and stated that he had come from Dr. Kung, Minister of Finance. He said that the Minister of Finance was apparently very much concerned about the future and about the decisions which the Chinese Government was under the necessity of making very shortly under pressure from Japan.

I inferred that China must decide whether she would fight Japan or accept Japanese control. There seemed to be no middle path in Dr. Young's description of what was in Dr. Kung's mind. He said that Dr. Kung was impressed with the fact that such decisions were fraught with great importance to America, England and Europe; that Japan would use China for aggressive purposes in the Philippines or in the East Indies. He inquired what America's attitude would be.

I pointed out to Dr. Young that it was entirely beyond my ability to answer such a question or to forecast what might be the policy of the United States in  
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the face of such decisions. (It stuck in my mind throughout this conversation that possibly Dr. Kung was presenting some kind of an argument to be used in a meeting of the Government, to meet arguments for and against a decision such as that which Dr. Young described, and I had a feeling that he hoped that I might say something which could be used in the argument he was preparing.)

I said to Dr. Young that I thought any one interested in this subject might be able to surmise just what the Government of the United States might do, on the basis of documents issued fairly recently, and to this end I cited to him Stimpson's letter to Borah regarding the Nine-Power Treaty, the Act creating a Commonwealth Government in the Philippines preparatory to Philippine independence, and the recent Resolution of the Congress providing for neutrality in the event of war between two other nations.

Pursuing this subject a little further, I pointed out to Dr. Young that the people of the United States had suffered considerable disillusionment from the acts of our allies and associates in the World War in regard to the settlements which went to make up the Versailles Treaty, and more particularly from the way in which the Governments had by secret treaties bought the support of one another, and divided up by the peace conference the German colonies. We had taken our ideals with us into the War; we had left our dead on the battlefields of France; and we had come out of the war without profit to ourselves.

Nelson Trusler Johnson,  
American Ambassador.

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

ENCLOSURE No. 6  
TO DESPATCH No. 54

Conditions in North China.

Nanking, September 26, 1935.

Conversation with: Mr. Sun Fo, President of the  
Legislative Yuan.

Mr. Sun Fo stated in the course of a call that the situation in North China remained uncertain. He said that the Japanese have tried to get General Yen Hsi-shan and Mr. Hu Han-min to come forward and head a separatist government in the North, but that they have not met with success, as neither of these men wish to take the responsibility. He said that the Japanese were now looking for a civilian, but that they were also having difficulty here.

Mr. Sun Fo stated that Governor Yen Hsi-shan of Shansi had sent word to Dr. Kung at Nanking that he had received a call from a Japanese army officer who had with him maps showing that originally the Japanese plan had been to use China north of the Yellow River as a place for requisitioning supplies for troops in a war with Russia, but that now this plan had been changed to cover all of China north of the Yangtze.

Mr. Sun Fo stated that the Political Council had been abolished because the Nanking Government wanted to remove all elements that might be used independently of Nanking in North China. He thought that the Military Council would also be abolished for the same reason, thus forcing the Japanese to deal with Nanking rather than with the subordinate officers left in the North.

NTJ:EA

Nelson Trusler Johnson,  
American Ambassador.

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

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American policy.

Shanghai, October 4, 1935.

Conversation with: Dr. H.H. Kung, Minister of Finance.

In the course of a visit with I had with Dr. Kung to-day, he asked me what the policy of the United States would be in view of the uncertain situation in the Far East. He expressed himself as convinced that if a general war broke out in Europe we might all expect that Japan would move to obtain control in China. He wondered what American policy would be in this situation.

I told him that it was difficult for me to say what American policy would be, as we would have to meet the situation as it arose; but that he could perhaps forecast to a certain extent what our attitude would be from the Act establishing a Commonwealth Government in the Philippines, from the letter which Secretary Stimson had written to Senator Borah early in 1932, and from the recent Neutrality Act.

Dr. Kung referred to the fact that the United States had taken the lead in 1931, and that Great Britain was now taking the lead in the face of Italian encroachment

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

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encroachment upon Abyssinia. He thought perhaps Britain's policy was too late, and expressed the fear that a general war might result in Europe, in which case he felt sure that we could expect Japan to take positive action in China.

Dr. Kung referred to a statement made by General Isogai to the correspondent of the NEW YORK TIMES, and said that he thought such a statement - apparently confirming as it did the statement issued by General Tada in Tientsin, right after the authenticity of General Tada's statement had been denied - was in a sense intended as a challenge to the United States. I did not go into this matter with Dr. Kung.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA

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Situation in North China.

Nanking, September 25, 1935.

Conversation with: General Ho Ying-chin, Minister  
of War.

During a call upon General Ho Ying-chin, he expressed doubt as to whether he would return to Peiping, as he said there was little or nothing that he could do there.

(I inferred from what General Ho said and from what I heard in other quarters in Nanking that the Nanking Government had definitely decided to do away with all responsible Nanking organs in Peiping, for the purpose of transferring all questions between the Japanese and Chinese to Nanking. They will leave only the usual local authorities in North China, such as Provincial Governors, Mayors, et cetera.)

General Ho expressed himself as being of the opinion that General Sung Che-yuan, newly-appointed Garrison Commander in Peiping, is a very good, honest man, but that he has the misfortune to be surrounded by men of bad repute.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA



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

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Statement of General Tada.

Shanghai, October 3, 1935.

Conversation with: Mr. A. Ariyoshi, Japanese Ambassador.

In the course of a call upon Mr. Ariyoshi reference was made to the disturbed situation in North China, and I mentioned quite casually the statement of General Tada as having added somewhat to the disturbance. The Ambassador at once took up the matter and said that General Tada's statement had been a matter which the Foreign Office had instructed the Consul in Tientsin to inquire into. The Consul had reported that the pamphlet in question had been distributed to Japanese correspondents who had attended a luncheon given by General Tada; that the pamphlet was written by a younger officer; and that while in some parts it contained matter that was quite useful and good, in other parts it was very indiscreet, particularly where it directed an attack against General Chiang Kai-shek. He stated quite emphatically that the pamphlet did not express the views of General Tada nor of the Japanese Government. The Ambassador expressed himself as feeling that General Tada is an excellent officer, but he added that Colonel Sakai was a difficult person to deal with.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA

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

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Conditions in North China.

Shanghai, October 3, 1935.

Conversation with: Mr. Ariyoshi, Japanese Ambassador.

In the course of conversation with Mr. Ariyoshi he remarked that conditions in North China were tending to settle down. There were one or two small matters left to be settled, one relating to air transportation between "Manchukuo" and China, which was part of the Tangku Truce. He casually stated that it would all be so much simpler if China would recognize "Manchukuo", as this would help to settle many of the border questions. Japan, he said, was not interested in starting a separatist government in North China, although there were a great many Chinese officials who were out of jobs and were prepared to intrigue with the Japanese military.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:EA

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

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29. C. FE

# TELEGRAM RECEIVED

REP

GRAY

1-1888

FROM

Nanking via N. R.

Division of  
FAR EASTERN AFFAIRS

dated November 18, 1935

NOV 19 1935

Rec'd 4:07 p. m.

Department of State

Secretary of State,

Washington.

85, November 18, 2 p. m.

Reuter's has today distributed "for your information only" a news despatch with date line Peiping, November 17. Synopsis follows; the garrison commander Sung Che Yuan and the Mayor Chin are extremely anxious over threatened Japanese invasion and have asked Nanking for instructions but none have been received. According to informed sources Doihara has pressed both officials for a declaration of full or semi-independence. It is reported that this pressure has been resisted but that the Chinese officials obtained Doihara's consent that if such a declaration became inevitable they might consider it subject to the conditions that the wishes of the people should be followed and that the declaration should not lead to loss of Chinese territory. The news report continues that Doihara may consequently hold his hand temporarily in view of reports that Yen Hsi Shan is likely to

return

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

REP

2-#85, From Nanking, Nov. 18, 2 p.m.

return to Shansi disappointed in his projects but it is understood that Doihara has threatened that if independence is not declared the Japanese troops gathering at Shanhaikuan will come inside the Great Wall. The report concludes with the observation that Sung and Chin are faced with the dilemma of either consenting to political detachment of North China or seeing military occupation of Chinese territory.

Repeated to Peiping.

JOHNSON

KLP

CSB

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

TELEGRAM RECEIVED

*FE*  
*step*  
DIVISION OF  
FAR EASTERN AFFAIRS  
NOV 19 1935  
Department of State

FS

FROM

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

Nanking

Dated November 19, 1935

Rec'd 10:10 a. m.

Secretary of State,  
Washington.

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

90, November 19, 4 p. m.

CONFIDENTIAL. I have just been confidentially  
informed by a Departmental director of the Foreign  
Office that the situation in North China is expected  
to crystallize, if not tomorrow, then very shortly  
thereafter. He stated that the Kwantung Army has  
made preparations to take over the customs as well  
as the Shanhaikwan Peiping section of the railway in  
case Sung Che Yuan and other Chinese officials whom  
the Japanese military have been pressing do not take  
action to set up an autonomous five province regime  
or to separate North China into autonomous sectional  
regimes. He said that Japanese troops have been con-  
centrated at Chinchow and Shanhaikwan both as a threat  
to Sung and other North China officials and as a weapon  
to employ in case those officials do not comply with  
Japanese desires that North China undertake its own  
administration.

Two.

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

FS 2-No. 90, November 19, 4 p. m. from Nanking

Two. As the probable leaders of an autonomous movement in North China, he named the officials listed in my 89, November 19, 2 p. m. with the exception of Han Fu Chu whose refusal to capitulate to the Japanese he said was still hoped for. He excused Sung Che Yu and Shang Chen for any part ~~in~~ <sup>they may have</sup> to play in a new regime because "they have been between the devil and the sea" and said that Sung, whom he considers the most likely leader of a new regime, must either (one) conform to Japanese wishes; (two) resist the Japanese with force or, (three) resign. He did not think Sung or any other Chinese military official in the North would fight the Japanese "at this time" and added that Sung's resignation would not help the National Government because the Japanese would select some other official to replace him. SJO

Three. He said the Chinese Government was taking no action in the matter although several leaders were pressing Chiang Kai Shek to take a definite and open stand. He added that "every one knew" that war between China and Japan was inevitable but he doubted if Chiang (?) the issue now, and the officials in the North were being allowed to drift about in their own difficulties because

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

FS 3-No. 90, November 10, 4 p. m. from Nanking

because the Government's only policy, "if it could be called that", was to "play with the Japanese to gain time".

Four. To the Department, Shanghai for the Ambassador, and Peiping, summarized to Tokyo by mail.

HPD

ATCHESON

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

P A R A P H R A S E

A telegram (No. 90) of November 19, 1935, from the American Embassy at Nanking, reads substantially as follows:

On November 19 a director of one of the departments of the Chinese Foreign Office stated confidentially his expectation that the North China situation would come to a head within a very short time, possibly on the 20th. According to his understanding preparations have been completed by the Kwantung Army to seize the railway between Shanhaikwan and Peiping and also the customs in the event that those Chinese officials, including the head of the peace preservation forces of the Peiping-Tientsin area (Sung Che-yuan), who have been urged to do so by the Japanese military, do not act at once in the matter of dividing the North China section into separate autonomies or of creating a single autonomous unit of the five provinces. Continuing he added that the concentrations of Japanese troops at Shanhaikwan and Chinchow may serve as a force to be used against the Chinese officials, including Sung, if these do not at once install the North China independent administration desired by the Japanese, or at the very least as a force to intimidate these officials.

The possible leaders of the North China movement for autonomy were named, omitting the provincial chairman of Shantung (Han Fu-chu), previously named as a possible leader,



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

- 2 -

leader, who it was hoped would persist in his refusal to submit to the Japanese demands, and excusing the participation of the provincial chairman of Hopei (Shang Chen) and of Sung on the ground that they were "between the devil and the sea". He expressed the opinion that the latter, who very likely will lead the separation movement, must choose (1) to resign, (2) to actively resist the Japanese, or (3) to comply with the desires of the Japanese, not believing however that the resignation of Sung would materially aid the National Government, as a more complacent official will be picked by the Japanese, nor believing that any North China military official would at the present time contemplate fighting the Japanese.

Although Chiang Kai-shek was being urged by the various leaders to adopt a definite position, he stated that no positive action was being taken in regard to the present situation by the National Government of China, remarking that the inevitability of a Sino-Japanese war was recognized by everyone. He further expressed the doubt whether Chiang wanted to face the issue at present and stated his belief that the so-called policy of the Chinese Government vis-a-vis the Japanese was to play for time consequently leaving the North China officials to find a solution of their present difficulties.

CSR  
 FE:CSR/VDM FE  
 11-20-35 *mym*

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 21, 1935

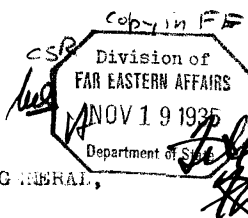
~~MEMO~~  
H.H.W.

Sientain's No. 55 of October 19, 1935, reports a conversation with Mr. J. A. Donnelly of the Taku Tug and Lighter Company in which he stated that the Japanese military had seized part of the property of that company at Taku, claiming that the company's title was invalid and that the Japanese had title from the fact that a Japanese officer was killed there during the Boxer trouble. The British Consulate General is considering the matter.

CSR

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

No. 55

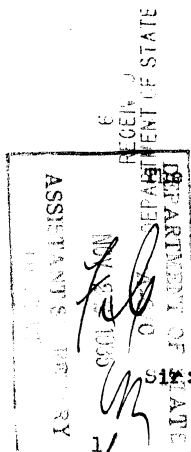


AMERICAN CONSULATE GENERAL,

Tientsin, China, October 19, 1935.

793.94

Subject: Activities of Japanese military  
at Taku.



NOV 18 PM 1 45

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

STATE  
Per

M

Caldwell

ONI  
MID

CSR

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.



793.94/7401

I have the honor to enclose a memorandum reporting a conversation of Mr. I. A. Donnelly, Secretary of the Taku Tug and Lighter Company, regarding difficulties experienced by that company with the Japanese military at Taku within the past week. Mr. Donnelly's statements were made in the presence of a number of other people and apparently need not be regarded as confidential.

I know Mr. Donnelly personally and cannot believe that he would have made voluntarily the statements reported in the memorandum unless they were at least substantially true. Discreet efforts will

NOV 23 1935

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

- 2 -

will be made to verify them and any additional  
information obtained will be reported promptly.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosure:

1/, Memorandum of a conversation of Mr. I. A.  
Donnelly, Secretary of the Taku Tug and  
Lighter Company, on October 18, 1935.

800

JKC:JB

Original to Embassy, Peiping.

Copy to Embassy, Nanking.

Five copies to the Department, without covering  
despatch.

A true copy of  
the signed origi-  
nal. *JTB*

DECLASSIFIED: E.O. 11652, 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. 55  
from the American Consul General,  
Tientsin, China, dated October 19,  
1935, on the subject of Japanese  
military activities at Taku.

AMERICAN CONSULATE GENERAL,

Tientsin, China, October 19, 1935.

MEMORANDUM

Subject: Conversation with Mr. I. A. Donnelly,  
Secretary of the Taku Tug and Lighter  
Company, on October 18, 1935.

Mr. Donnelly, in the course of an after dinner conversation, volunteered the following information regarding difficulties experienced by his company with the Japanese military at Taku within the past week.

On October 11th the Taku Tug and Lighter Company was notified by a Japanese military officer, whose name and rank Mr. Donnelly did not mention, that the lighters belonging to the Taku Tug and Lighter Company at the company's own wharf at Taku must be removed immediately, failing which they would be cut adrift. The matter was taken up with the British Consulate General in Tientsin, a representative of which called at the Japanese military headquarters in Tientsin but could find no officer who would admit any knowledge of or responsibility for the demands made by the Japanese military at Taku. A call was then made on the Japanese Consul, Mr. Kishi, who stated that the question was one affecting the Japanese military over which the Consulate General had no control. Believing that  
the

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

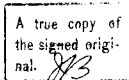
- 2 -

the threat to cut the lighters adrift might be carried out, the company removed them. Subsequently, representatives of the company from Tientsin went to Taku to investigate the matter and found that the Japanese military had staked off certain of the property of the Taku Tug and Lighter Company there. The representatives of the company were informed, according to Mr. Donnelly, that the Taku Tug and Lighter Company's title to the ground was invalid as that ground and considerable other ground, including the signal station, had been acquired by the Japanese by conquest owing to the fact that a Japanese officer had been killed on that spot during the Boxer trouble. Not only were the protests of the representatives of the company unavailing, but the representatives were forcibly driven off their own property by Japanese soldiers.

Mr. Donnelly further stated that the matter now rests in that state and that the British Consulate General is considering what further steps may be taken in the matter.

J. K. Caldwell,  
American Consul General.

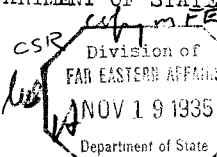
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JKC:JB



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

No. 58

FIVE COPIES FOR DEPARTMENT OF STATE



AMERICAN CONSULATE GENERAL

Tientsin, China, October 26, 1935.

793.94  
note  
393-4153

RECEIVED  
DEPARTMENT OF STATE

NOV 18 PM 2 01

Subject: Seizure by Japanese Military of  
Land owned by British Subjects.

The Honorable

Nelson Trusler Johnson,

American Ambassador

Peiping.

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

Sir:

1/ With reference to my despatch No. 55, October 19, 1935, "Activities of Japanese Military at Taku", I have the honor to submit herewith a memorandum of a conversation with Consul Herbert of the local British Consulate General, giving additional information regarding the seizure by the Japanese military of British-owned land at Tangku. There is also enclosed a report on the case from the October 25th edition of the NORTH CHINA STAR. The information in this newspaper article is believed to be substantially correct.

2/ Although the American Government is not directly concerned in this incident, the case is considered important as a precedent because it is not impossible that similar seizures might be made of

CSR  
793.94/7402

FILED

NOV 27 1935

- 2 -

of land in this district owned by American citizens. It has just been ascertained that there is American-owned property in close proximity to the land claimed by the Japanese military at Tangku, and inquiries are being made to ascertain whether or not this American property is likely to be affected by the Japanese claims.

So far as this office is aware no land was obtained in this area by "right of conquest" during the Boxer rebellion, nor is there provision in the Boxer protocol for land to be or to have been acquired in such a manner.

The legal rights of the British subjects concerned to the land appear to be valid. But whether the Japanese military will respect those legal rights is another question.

It is understood that the British nationals concerned purchased the land on speculation and do not intend to use it themselves.

The British Consulate General appears to be considerably exercised over the matter and is energetically endeavoring to have the rights of the nationals upheld. The British Consul General has informed the Japanese Consul General that if the case is not settled satisfactorily in the near future, he will request the British Ambassador to China to take the matter up with the Japanese Ambassador.



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

- 3 -

Ambassador.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosures:

1. Memorandum, as stated.
3. Clipping from NORTH CHINA STAR

800  
MH:sfa

Original to American Embassy, Peiping.  
Five copies to Department of State.  
Copy to American Embassy, Nanking.  
Copy to American Embassy, Tokyo.

A true copy of  
the signed original.  
sfa

DECLASSIFIED: E.O. 11652, 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. <sup>58</sup> dated October 26, 1935,  
from J. K. Caldwell, American Consul General, on the subject  
of "Seizure by Japanese Military of Land owned by British  
Subjects."

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AMERICAN CONSULATE GENERAL,  
Tientsin, China, October 23, 1935.

M E M O R A N D U M

Subject: Seizure of British-owned Land near Tangku  
by the Japanese Military.

Under instructions from the Consul General I went to the British Consulate General on October 23, 1935, to inquire informally about the reported occupation by the Japanese military of land near Tangku owned by British subjects. I explained to Consul Herbert that our interest in the case was academic but that any information he was willing to give us would be greatly appreciated. Consul Herbert permitted me to read the British Consulate General's file on the case and after I had done so he supplemented the file orally. The following is the information obtained from Consul Herbert:

The land seized by the Japanese military is roughly  $1\frac{1}{2}$  miles from the mouth of the Hai River on the north-west (Tangku) bank. Part of it adjoins the wharf of Butterfield and Swire, and is owned by a Mr. Morling (British) whose representative in Tientsin is a Mr. Payne. The other part adjoins Mr. Morling's on the side nearer the mouth of the river and belongs to Mr. R. A. Whitmore, a prominent British resident of Tientsin. On October 17th the British Consul General was informed that the Japanese military had

occupied

- 2 -

occupied the British-owned land described above and that on Mr. Whitamore's land excavations for building foundations had been made. Moreover, a monument has been erected on Mr. Morling's land in honor of a Japanese officer who, the Japanese allege, was killed on that spot during the Boxer Uprising in 1900. The Japanese military stated when they occupied the land that it belonged to Japan by "right of conquest" during the Boxer uprising.

On receipt of this information Consul Herbert, <sup>the</sup> accompanied by Mr. Payne mentioned above, visited the land in question. The Japanese Consul General in Tientsin and the headquarters of the Japanese Garrison on North were informed of Mr. Herbert's plans before he left Tientsin.

While he was inspecting the boundary stones on the British property a Japanese military officer approached Mr. Herbert and told him in a threatening and discourteous manner to go away. Mr. Herbert identified himself and obtained the Japanese Officer's card. As the officer continued to be discourteous, Mr. Herbert walked on and continued his investigation.

On the morning of October 18th, after Mr. Herbert's return to Tientsin, the British Consul General sent a despatch to the Japanese Consul General stating that the land in question belonged to British subjects, and that if he so desired the Japanese Consul General might inspect the duly registered triplicate deeds covering title to the land. Moreover he requested assurances  
that

- 3 -

that the Japanese military would stop construction work on the land and evacuate it. He pointed out that even if there had been acquisition of land by "right of conquest" at the time of the Boxer Uprising, it was hardly tenable for the Japanese to claim the land in question now after a lapse of thirty-five years during which they had not advanced their claim. He also stated that the original red deed by which his nationals acquired the property was dated 1902. He also informed the Japanese Consul General that estimates of the value of the land ranged from Yuan \$100,000 to Yuan \$300,000.

In the same despatch the British Consul General expressed his indignation at the "discourteous" treatment accorded Consul Herbert by the Japanese military officer and requested his Japanese colleague to bring the matter to the attention of General Tada for appropriate disciplinary action.

On the same afternoon (October 18th) the British Consul General, accompanied by Mr. Herbert, called on Mr. Kawagoe, the Japanese Consul General. He asked Mr. Kawagoe if he had had an opportunity to study the despatch sent to him that morning, and receiving a negative reply, handed him an aide memoire of what he intended to say during his call. In substance the aide memoire was similar to the British Consul General's despatch mentioned above.

In reply Mr. Kawagoe said that he could not assure the British Consul General that the land would be  
evacuated,

- 4 -

evacuated, adding that he would have to have the case investigated and stating that if the Japanese military acquired the land by "right of conquest" in 1900 their claim was prior to a deed executed in 1902. In connection with the discourteous treatment of Mr. Herbert, he said he would report the matter to General Tada.

On October 21st the British Consul General brought the matter to the attention of the Japanese Consul General again in another despatch, and also mentioned that Mr. Herbert intended to make another inspection of the land in a few days. Up to October 23rd the British Consul General has received no reply whatsoever to his despatches to Mr. Kawagoe.

On October 23rd the British Consul General intended to bring to the attention of Mr. Kawagoe a threat by the Japanese Military made on October 15th to employees of the Taku Tug and Lighter Company (British) to the effect that if the company's lighters (which have by a lease agreement the right to tie up alongside the disputed land mentioned in this memorandum) were <sup>not</sup> removed in ten days, the mooring stanchions on the land would be cut down.

Monroe Hall,  
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

Enclosure No. 2 to despatch No. 5-8  
dated October 26, 1935, from the  
American Consulate General, Tientsin,  
China, on subject of Seizure by  
Japanese Military of Land owned by  
British Subjects.

SOURCE: NORTH CHINA STAR  
Vol. 18, No. 75.  
October 25, 1935.  
Tientsin, Page 1

NORTH CHINA STAR  
Tientsin, China, Oct. 25, 1935.

### JAPANESE LAY CLAIM TO LAND AT TANGKU OWNED BY BRITISH

Seizure of vacant land on the river front at Tangku belonging to British subjects by the Japanese Military has led to representations made by the British Consul General to the Japanese Consul General. While these negotiations are still proceeding, reports from Tangku say that the Japanese Military are continuing work on a refrigerating plant being erected on the British-owned land despite the formal protest of the British owners who have already exhibited their duly registered title deeds to the property in question to the Japanese Military officers at Tangku.

Some days ago Mr. Howard Payne, who represents the interests here of Mr. C. R. Morling who is in England, received a report that Japanese soldiers at Tangku had occupied Mr. Morling's vacant property next to the Butterfield and Swire property at Tangku. Mr. Payne went to Tangku to investigate and, on finding the report true, protested to the Japanese soldiers there. He was informed that the land in question was claimed by the Japanese by right of conquest in 1900. At the same time he noticed that there was recently erected on Mr. Morling's land a memorial stone to a Japanese officer who is alleged to have lost his life in 1900 at this particular spot.

At about this time the Japanese Military in Tangku demanded of

Butterfield and Swire that that company remove its mooring masts on Mr. Morling's property which is leased to Butterfield and Swire. Next to Mr. Morling's property is vacant land owned by Mr. R. A. Whitamore, and the Japanese Military at Tangku are also claiming this piece of land on the waterfront.

After Mr. Payne made a report to the local British Consul General the Consul General sent Major Herbert to Tangku to investigate. The Japanese Military authorities at Tangku claimed to Major Herbert also that the land in question was Japanese by right of conquest made in 1900. They still persist in their demand and the dispute is now awaiting settlement by the Japanese and British Consular officials.

Mr. Morling acquired a red deed to this property in 1902 and the deed was duly registered with both the British and Chinese authorities. In 1928, Mr. Morling's red deed was exchanged for the regular triplicate title deeds. These triplicate deeds, as well as the deeds of Mr. Whitamore, which were obtained in 1929, are duly registered with both the Chinese authorities and local British Consulate General.

DECLASSIFIED: E.O. 11652, 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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O.N.I. AND M.I.D.

REP

TELEGRAM RECEIVED

GRAY & SPECIAL GRAY

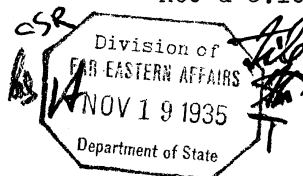
Nanking via N. R.

FROM

Dated November 19, 1935

Rec'd 3:10 p. m.

Secretary of State,  
Washington.



89, November 19, 2 p. m.

This Embassy's 85, November 18, 2 p. m. /7401

One. Reuter has distributed another news despatch  
"for information only" dated Shanghai November 18 stating  
that Rengo had received a despatch from Peiping to the  
effect that the five northern provinces are to declare  
autonomy November 20 and that the following had been  
named as members of the "Preparatory Committee" for the  
establishment of the new North China Administration:  
Sung Che Yuan; Han Fu Chu; Shang Chen; Chin Teh Chun;  
Hsiao Chen Ying Chahar chairman; Wan Fu Lin; Chang Keng  
and Yin Ju Keng administrative commissioner for the  
Lwantung area.

Two (SPECIAL GRAY) Suma stated this morning that he  
will be greatly surprised if an autonomous movement is  
announced tomorrow. He predicted that disorders in North  
China will increase.

Three. By mail to Shanghai for the Ambassador and to  
Tokyo.

RR-CSB

ATCHESON

793.94/7403

FILED

NOV 21 1935

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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

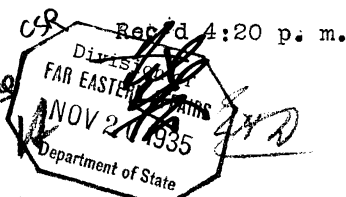
MJP

FROM GRAY AND SPECIAL GRAY

Peiping via N R

Dated November 19, 1935

Secretary of State,  
Washington.



161, November 19, 6 p. m.

Embassy's 157, November 18, 6 p. m. / 7392

Local United Press correspondent has reported information given him by Chinese press manager with regard to alleged interview of Hsiao Chen Ying yesterday with Chinese press during which Hsiao said that in his negotiations with Doihara the latter has insisted on the establishment of an autonomous government of North China functioning nominally under Nanking, Japan being prepared in return therefor:

(1) to recognize Chinese sovereignty over this Northern province; (2) to recognize China's territorial integrity and, (3) not (repeat not) to interfere with internal administration, Hsiao further said that the Japanese had agreed not (repeat not) to put into words agreement that Japanese advisers be employed; that Doihara had said that if the new regime were not declared by November 20,

Japanese

793.94/7404

FILED

NOV 22 1935

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

MJP -2- No. 161, November 19, 6 p. m. from Peiping

Japanese forces would enter Hopei and Shangtung to establish an independent North China under Pu Ying; and that Doihara threatened the use of force if the National Government should take military action against new regime.

Two. Hsiao yesterday informed a Chinese official well-known to the Embassy that the creation of a new organization had been decided upon by Northern leaders; that it will be called the anti-Communist autonomous Commission of North China; that announcement of organization will be made November 20; that it will be headed by Han Fu Chu (who, it is reported, is to arrive at Peiping within a day or two); that the name of the organization is a compromise measure to attempt to hide the reality of an autonomous North China and that the Japanese have agreed in return to respect Chinese territorial integrity with reference to administration and nominal allegiance to the National Government. The Embassy's informant, above mentioned, doubted that agreement on this had actually been reached among the Chinese especially on the part of Shansi and Sinyuan leaders.

Three. It is of interest that Hsiao's press  
interview

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

MJP -3- No. 161, November 19, 6 p. m. from Peiping  
interview was published in substance by the Japanese  
press in Shanghai before Hsiao gave the alleged  
interview thereby indicating perhaps that it was the  
intention of the Japanese to intimidate the Chinese  
into agreement.

Four. The Chinese press reports today concen-  
tration of Japanese forces at various passes of the  
Great Wall. However, the Chinese official in charge  
of customs offices along the Great Wall states that  
he has no information from those offices with regard  
to concentration (except at Shanhaikwan) ~~(2)~~-~~3~~-(2)  
~~and~~ *und doubts if it has taken place* — *Sj* ✓

Five. No information has as yet been obtained  
with regard to what the Japanese will desire ~~(2)~~ *of the*  
new regime if formed in respect to financial and  
military affairs.

Six. The situation continues to be somewhat  
obscure but the Embassy doubts that the North China  
leaders have yet come to an agreement although  
important conversations are understood still to be  
in progress.

Repeated to Nanking and Shanghai, by mail to  
Tokyo.

LOCKHART

HPD

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

*of Paraphrase*  
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O.N.I. AND M.I.D.

TELEGRAM RECEIVED

MJP

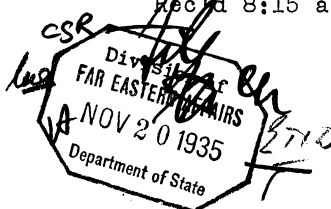
This telegram must be <sup>1-1935</sup>FROM  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

Tokyo

Dated November 20, 1935

Rec'd 8:15 a. m.

Secretary of State,  
Washington.



212, November 20, 4 p. m.

7382

Referring to Peiping's 151, November 16, noon  
and 154, 7389 November 18, 2 p. m. in regard to reports  
of Japanese troop movements toward North China.

One. The Military Attache of the Embassy has  
been informed by a liaison officer of the War Office  
that

(a) The prohibition of the movement of troops  
of the Kwantung army below the wall referred to  
in paragraph three of the Embassy's 128, June 11,  
6 p. m. is still in force.

(b) Should the Hanking troops attempt to  
move into Hopei, however, the Japanese army will be  
compelled to take action implying that in such  
case imperial sanction will be forthcoming.

(c) The Japanese garrison at Shanhaikwan  
has in fact been strengthened by some two thousand  
odd men drawn from other units in Manchuria.

(d)

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NOV 22 1935

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

MJP -2- No. 212, November 20, 4 p. m. from Tokyo

(d) The Japanese army authorities continue to be suspicious of Chiang Kai Shek and believe that he has come to some agreement with the Communist troops in Szechuan who are escaping to the Northern provinces of China.

Two. The Embassy has been unable to obtain further official information in regard to Japanese activities and intentions in North China but the vernacular newspapers reported that the Foreign Office instructions to Ariyoshi are to inform Chiang Kai Shek that Japan views the autonomy movement in North China as an affair concerning only the Chinese people but that Japan is interested because of the proximity of the region to Manchukuo and desires that the Nanking Government recognize the true nature of the autonomy movement.

Four. According to the YOMIURI the policy of the Japanese army toward the autonomy movement is:

(a) To give positive assistance to the movement as long as the new regime pursues a policy of combatting Communism and seeking friendship with Japan and Manchukuo.

(b) To prohibit the Nanking troops from entering Hopei and to use armed protection if

Japanese

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

MJP -3- No. 212, November 20, 4 p. m. from Tokyo

Japanese interests are endangered by movements of  
Nanking troops in other provinces of North China.

(c) To avoid suspicion that the Japanese army  
intends to create a second Manchukuo in North China.

Repeated to Peiping.

NEVILLE

WWC:GW

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 212) of November 20, 1935, from the American Embassy at Tokyo, reads substantially as follows:

In connection with reports of movements of Japanese troops to North China a liaison officer of the Japanese War Office has informed the American Military Attaché that

(a) the movement of troops of the Kwantung army south of the Great Wall is still prohibited without imperial sanction;

(b) however, in case Chinese Government troops should try to move into Hepei Province, the Japanese army will be forced to take action, implying that imperial sanction will be forthcoming in such a case;

(c) some two thousand odd troops drawn from units in Manchuria have been added to the Japanese garrison at Shan-haikwan;

(d) Japanese military authorities still suspect Chiang Kai-shek and are of the opinion that he has reached some agreement with the communist forces in Szechuan Province who are escaping to the provinces in the north.

It has not been possible for the Embassy to obtain further information officially with regard to the intentions and activities of Japan in North China but, according to the Japanese vernacular newspapers, the Japanese Foreign Office has instructed the Japanese Ambassador to China (Ariyoshi) to inform Chiang Kai-shek that Japan looks upon the autonomy movement in North China as a matter concerning the Chinese people

DECLASSIFIED: E.O. 11652, 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 -

people only but that on account of the propinquity of the area to "Manchukuo" Japan is interested and is desirous that the true nature of the autonomy movement be recognized by the Chinese Government.

The YOMIURI states that the Japanese army's policy toward the autonomy movement is:

(a) to keep the Nanking troops from entering Hopei Province and, if Japanese interests are imperiled by the movements of Nanking troops in other provinces of China, to give armed protection;

(b) to avoid the suspicion that it is the intention of the Japanese army to establish a second "Manchukuo" in North China;

(c) to afford positive assistance to the movement as long as the new régime follows a policy of seeking the friendship of Japan and "Manchukuo" and of combatting communism.

793.94/7405

FE:EGC

CSR  
FE

XI-20-35

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

TELEGRAM RECEIVED

FS

1-1836

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

FROM Peiping

Dated November 20, 1935

Rec'd 7:47 a. m.

Secretary of State,  
Washington.

162, November 20, 2 p.

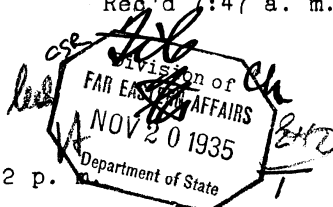
One. The American referred to in my No. 128, 7353

November 10, 10 a. m., whose information is often but not always correct, informs me that negotiations are continuing at Tientsin and that Doihara proceeded there today and that there is doubt that Han Fu Chu will come north to participate. There is some reason to believe that negotiations are not proceeding smoothly. Informant stated, however, that either independent or semi-independent government in the North would most likely be proclaimed soon; that certain officials at Nanking are in accord with part of the program but that another element composed largely of young officials strongly oppose the move; that if the movement succeeds Sung will be persuaded to head new regime.

Two. Informant stated recently appointed high official called representatives of important colleges and universities together yesterday and explained situation to them,

notified

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



793.94/7406

FILED

NOV 22 1935



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

FS 2-No. 162, November 20, 2 p. m. from Peiping

notified them of impending change and suggested that they seek instructions from Nanking as to course of action to be followed by them. It is known there is great unrest in schools and it is claimed that economic distress among poorer classes extraordinarily acute.

Three. Informant stated that on good authority he has learned present movement large bodies Chang Hsueh Liang's troops to Sian is not (repeat not) primarily to suppress Communists but to rescue Chang's army already in Kansu which has been surrounded by the Communists and cannot extricate itself. Movement troops northward from Hankow and westward on Lunghai said to be due solely to this. Chang recently established headquarters at Sian.

Four. Contrary to announced policy cooperation between Japanese diplomatic and consular authorities and military in dealing with China, only the military, (through?) largely thorough Doihara, seem to be concerned with the present negotiations in North China. Wakasugi, Counsellor of Embassy here, has been suddenly recalled to Tokyo and no replacement has been sent.

Repeated to Nanking and Shanghai, by mail to Tokyo.

HPD

LOCKHART

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (162) of November 20, 1935, from the American Embassy at Peiping, reads substantially as follows:

According to a responsible American closely associated with the Chinese whose information is frequently but not always accurate, negotiations are going on at Tientsin, Doihara went there on November 20, and it is doubtful whether Han Fu-chu will come north to take part. There are indications leading to the belief that the negotiations are not going forward smoothly. The informant declared, however, that either a semi-independent or an independent régime would quite likely be proclaimed in the North soon; that, if the movement is successful, Sung will be prevailed upon to head the new régime; and that certain Nanking officials are in agreement with a part of the program but that another group made up largely of young officials is greatly opposed to it.

According to the above mentioned American, a high official recently appointed called together on November 19 representatives of important universities and colleges, explained matters to them, informed them of the change which is about to take place, and suggested that they ask Nanking to instruct them with regard to the course of action which they are to follow. Great unrest is known to exist in the schools and economic distress is said to be extremely acute among the poorer classes.

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 -

The informant stated that he had been authoritatively informed that the movement now going on of a large number of Chang Hsueh-liang's soldiers to Sian is not primarily to put down the communists but to save Chang's troops who are in Kansu and who have been surrounded by communist forces and cannot free themselves. This is said to be the sole reason for the movement of troops westward on the Lunghai Line and northward from Hankow. Chang set up headquarters at Sian a short time ago.

It appears that only the Japanese military, principally through Doihara, is concerned with the present negotiations in the North, in spite of the announced policy of cooperation between the Japanese military and Japanese diplomatic and consular officers in dealing with Chinese affairs. The Counselor of the Japanese Embassy (Wakasugi) has been called to Tokyo suddenly and no one has been sent to take his place.

793.94/7406

EGC.  
 FE:ECC

CSR  
 FE

27.11.12

XI-20-35

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

TELEGRAM RECEIVED

*of paraphrase*  
COPIES SENT TO  
N.I. AND M.I. DES

MJP

This telegram must be  
closely paraphrased be- FROM  
fore being communicated  
to anyone. (A and Special  
Gray)

Nanking

Dated November 20, 1935

Rec'd 10:35 a. m.

Secretary of State,  
Washington.

94, November 20, 6 p. m.

STRICTLY CONFIDENTIAL.



*793.94*

One. I am informed by a responsible official  
who is confidential assistant to Kung, acting  
president of the Executive Yuan that : (SPECIAL  
GRAY) (1) the Chinese Minister of War today  
signed an agreement with Japanese representatives  
covering the demilitarization of Hopei and other  
parts of North China; (2) the Japanese Ambassador  
now in Nanking today gave assurances that no Japanese  
military action would be undertaken in China except  
defensive action; (3) the Japanese Emperor is  
understood to have issued a rescript to the army  
forbidding military action inside the Wall unless  
Japanese forces are threatened by Chinese military,  
the penetration of Central Government troops into  
certain areas to constitute such threat. (I have  
not been able to verify these statements from other  
sources).

793.94/7407

FILED  
NOV 23 1935

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

MJP -2- No. 94, November 20, 6 p. m. from Nanking  
sources).

Two. He stated that this meant the customs and salt revenues in the North and the Shanhaikwan-  
Peiping section of the railway would be saved, but it was nevertheless expected that an autonomous regime "having allegiance to the Government" would be established very soon. He stated to be correct reports that; (1) concerned officials in the North have not been able as yet to come to agreement regarding the leadership of such a regime; (2) former Anfu officials are intriguing in the matter, Wang I-t'ang being one; (3) Shang Chen is remaining in Paoting and Han Fu Chu for the time being in Tsinanfu; (4) General Tada found Han cold to his proposals.

Three. The Japanese Ambassador is said by an official of the Foreign Office to be conferring with Chiang Kai Shek at this hour.

Four. To the Consulate General Shanghai for the Ambassador, Peiping and Tokyo.

ATCHESON

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

(STRICTLY CONFIDENTIAL)

PARAPHRASE

A strictly confidential telegram (No. 94) of November 20, 1938, from the American Embassy at Nanking, reads substantially as follows:

Information received from a responsible Chinese official who is confidential assistant to the Acting President of the Executive Yuan (Kung) is to the effect that

(a) on November 20, Ariyoshi who is now in Nanking gave assurances that the Japanese army would undertake no action in China except action of a defensive nature;

(b) it is understood that the Japanese Emperor issued an order to the Japanese army forbidding military action south of the Great Wall unless Japanese troops should be threatened by Chinese troops, the penetration of Chinese Government troops into certain regions to be considered as such a threat.

(c) on November 20 an agreement with the Japanese covering the demilitarization of Hopei Province and other areas in the North was signed by the Chinese Minister of War. (The Embassy has not been able to verify from other sources the above statements.)

The informant stated that, although this meant that the Shanhaikwan-Feping sector of the railway and the salt and customs revenues in North China would be saved, it was expected, nevertheless, that very soon there would be set up an autonomous régime "having allegiance to the Government." The informant verified reports to the effect that

(a)

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

- 2 -

(a) Shang Chen is staying in Peoting and Han Fu-chu in Tainanfu for the time being;

(b) officials concerned in North China have as yet been unable to reach an agreement in regard to the leadership of the proposed regime;

(c) General Tada has found Han Fu-chu unresponsive to his proposals;

(d) former Anfu officials, including Wang I-t'ang, are intriguing in the matter.

According to an official of the Foreign Office, Ariyoshi was conferring with General Chiang Kai-shek at the time this message was sent.

793.94/7407

EGC.  
 FE:EGC

CSR  
 FE

m. m. d.

XI-21-35

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

CORRECTED COPY

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

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

Peiping

Dated November 20, 1935

Secretary of State,  
Washington.

163, November 20, 4 p. m.

Embassy's 162, November 20, 2 p. m.

Hsiao Chen Ying has informed local press correspondent that he received a peremptory order from Chiang Kai Shek last night to discontinue negotiations with Japanese. Hsiao and another Chinese official stated that negotiations have now been transferred to Nanking with Ariyoshi participating and that formation of a new regime in North China is postponed.

Two. According to the interpretation of one local Chinese official Chiang Kai Shek's speech of November 19 on foreign relations before the Kuomintang (presumably reported by Nanking) did not (repeat not) foreshadow surrender to Japanese demands but was a public notice of China's pacific intentions indicating that the National Government is prepared to discuss with Japan Sino-Japanese problems but that China will offer resistance and Japan will incur responsibility for overt aggression if Japan should

793.94/7408

F/G



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

FS 2- No. 163, November 20. 4 p. m. from Peiping

should attempt to force China to accept demands  
infringing territorial sovereignty or national  
authority.

Repeated to Nanking and Shanghai, by mail to Tokyo.

HPD

LOCKHART

TELEGRAM RECEIVED

FS

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

FROM Peiping

Dated November 20, 1935

Rec'd 10:42 a. m.

Secretary of State,  
Washington

Division of  
FAR EASTERN AFFAIRS

NOV 20 1935

Department of State

163, November 20, 4 p. m.

Embassy's 162, November 20, 2 p. m.

Hsiao Chen Ying has informed local press correspondent that he received a peremptory order from Chiang Kai Shek last night to discontinue negotiations with Japanese. Hsiao and another Chinese official stated that negotiations have now been transferred to Nanking with Ariyoshi participating and that formation of a new regime in North China is postponed.

Two. According to the position of the one local Chinese official Chiang Kai Shek's speech of November 19 on foreign relations before the Kuomintang (presumably reported by Nanking) did not (repeat not) foreshadow surrender to Japanese demands but was a public notice of China's pacific intentions indicating that the National Government is prepared to discuss with Japan Sino-Japanese problems but that China will offer resistance and Japan (?) (?) overt aggression if Japan should attempt to force

China

793.94/7408

F/FG

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

FS 2-No. 163, November 20, 4 p. m. from Peiping

China to accept demands infringing territorial  
sovereignty or national authority.

Repeated to Nanking and Shanghai, by mail to Tokyo.

HPD

LOCKHART

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 183) of November 20, 1935, from the American Embassy at Peiping, reads substantially as follows:

Press correspondents in Peiping have been informed by Hsiao Chen-ying that on November 19 he was ordered peremptorily by General Chiang Kai-shek to cease negotiations with the Japanese. According to statements made by Hsiao and another Chinese official, the formation of a new régime in North China is postponed and the negotiations have been transferred to Nanking, with the Japanese Ambassador (Ariyoshi) taking part in them.

One Chinese official in Peiping interprets Chiang Kai-shek's speech of November 19 before the Kuomintang on the subject of foreign relations as not foreshadowing surrender by China to the demands of Japan but as being a public notice of China's peaceful intentions, showing that the Nanking Government is ready to discuss Sino-Japanese matters with the Japanese but that, if Japan should try to force the acceptance of demands which infringe the national authority and territorial integrity of China, the Chinese will resist and the responsibility for overt aggression will be on Japan.

793.94/7408

EGC.  
 FE:EGC

CSR  
 FE

XI-21-35

m m H

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

Division of  
FAR EASTERN AFFAIRS  
NOV 19 1935  
Department of State

STRICTLY CONFIDENTIAL

RECEIVED  
FACSIMILE IS CABLE RECEIVED FROM PROFESSOR DUCK, SHANGHAI, CHINA

1935 NOV 20 AM

NOV 19 1935

NOTED

November 18, 1935

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

793.94  
Postponement of ball scheduled for November 19th  
was announced by the Chinese President of American  
University Club and Vice-Minister Foreign Affairs, who  
presided at Rotary meeting held Nanking today. Present  
tense situation with Japan privately stated reason.  
Attitude of determination to resist Japan revealed by  
other important official of Foreign Office. Attitude  
of Chinese indicates has reached breaking point of  
patience.

793.94/7409

DECLASSIFIED  
E.O. 11652, Sec. 3(E) and 5(D)  
Treasury Dept. letter 2/12/73  
By JPC NARS Date 7/19/73

NOV 22 1935

FILED

F/FG

1740

DECLASSIFIED: E.O. 11652, 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

TELEGRAM SENT

1-138

*Gram*  
TO BE TRANSMITTED  
CONFIDENTIAL CODE  
NONCONFIDENTIAL CODE  
~~CONFIDENTIAL~~

Collect  
Charge Department **RECEIVED Department of State**  
OR DEPARTMENT OF STATE

Charge to  
\$

Washington,

1935 NOV 20 PM 4 02

November 20, 1935.

*4 m*

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

TOKYO (Japan).

*178*

Press, despatches, from Tokyo, state that, Foreign Office,  
has issued, denial that, QUOTE, the Japanese Government, was,  
in any way, responsible, for the autonomy, movement, UNQUOTE  
in North China.

Please cable text of such statement if issued, and, texts  
of other, official, Japanese statements, relative, to North  
China situation if and when made.

793.94/7409A

*Hue*  
*WJ*

793.94

OR  
Nov. 20 1935

*FD*  
FE/RND/DLY

FE  
*m.m.H.*

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

TELEGRAM RECEIVED

COPIES SENT TO

UNDER M.I.D.

REP

GRAY & SPECIAL GRAY

1-1336

FROM Nanking via N. R.

Dated November 20, 1935

Rec'd 4:40 p. m.

Secretary of State,  
Washington.

CSR  
Division of  
FAR EASTERN AFFAIRS  
NOV 21 1935  
Department of State

91, November 20, noon.

793.94

One. The semi-official Central News Agency this morning released in English a summary of an address on China's foreign relations made yesterday by Chiang Kai Shek before the Fifth Kuomintang Congress, the translation having been prepared by Madame Chiang. While cloaked in the ambiguities characteristic of Chinese political pronouncements, the address is of particular interest because of the revelation it makes concerning Chiang's official attitude toward the North China crisis and Sino-Japanese relations in general and it is therefore reproduced below with little contraction in its essentials

Two. He said that the people should not place undue emphasis upon either external or internal affairs to the neglect of the other; that in formulating foreign policy the "permanent interests" of the nation should be considered and responsible <sup>statements</sup> ~~states~~ should not be unduly influenced by "personal sentiment and temporary circumstances". He said that "the rise or decline of China as a sovereign power will

793.94/7410

FILED

NOV 22 1935

F

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

REP

2-#91, From Nanking, Nov.20,noon.

will have an important bearing on world peace" and "particularly our neighbor, Japan, should be deeply concerned with the peace of the Orient and the common good of both China and Japan. What we seek is simply self-preservation and coexistence with other members of the family of nations".

Three. He went on to say: "If international developments do not block national regeneration, we should practice forbearance in facing issues not of a fundamental nature. We should seek harmonious relations among nations, provided there is no violation of our sovereignty. We should seek economic cooperation based upon equality and reciprocity. Otherwise, we should abide by the decision of the party and the nation. We shall not forsake peace until there is no hope for peace. We shall not talk lightly of sacrifice until we are driven to the last extremity which makes sacrifice inevitable. If, acting within the <sup>limit</sup> ~~interests~~ to conditions <sup>870</sup> for peace, and with a determination to sacrifice, we make our supreme efforts for the consolidation of the nation and the regeneration of the people, then the aim of our party to save the country will be attained.

Four. By mail to Shanghai for the Ambassador, Peiping, and Tokyo,

ATCHISON

KLP-SMS



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

TELEGRAM RECEIVED

JS

SPECIAL GRAY

NANKING

FROM

Dated November 21, 1935

Rec'd 6:48 a.m.

Secretary of State,

Washington, D.C.

96, November 21, 10 a.m.

This office's 94, November 20, 6 p.m.

One. Ariyoshi and Chiang conferred for over three

hours last evening after which the former told an American news correspondent that Chiang had given him assurances that no untoward anti-Japanese incidents would occur in North China. Chinese Foreign Office spokesman told the same correspondent that Chiang said he was in constant communication with Chinese officials in the North, all of whom were loyal, and that if any unfortunate situation should threaten he personally would attend to it. The correspondent said both Japanese and Chinese officials seemed pleased over results of the conference and he gained impression that some compromise had been achieved which had averted the crisis for the time being.

Two. Repeated to the Department, Shanghai for the Ambassador, Peiping and Tokyo.

PECK

JS

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

CSO  
Division  
FAR EASTERN AFFAIRS  
NOV 21 1935  
Department of State

793.94/7411

FILED

NOV 22 1935

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

CA **TELEGRAM RECEIVED** Day

TOKIO

1-1286

FROM

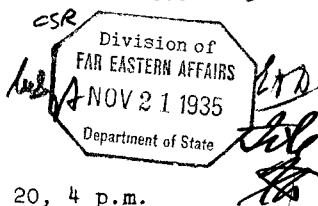
Dated Nov. 21, 1935.

Recd 1:05 a.m.

Secretary of State,  
Washington.

213, Nov. 21, Noon.

Departments ~~178~~ Nov. 20, 4 p.m.



793.94

So far as the embassy has been able to learn no such statement has been issued by the Foreign Office nor have there been official pronouncements of a like nature. It has been the practice of the Foreign Office spokesman to respect foreign correspondents and answer or parry their questions. Yesterday he seems to have been in a communicative mood and told the assembled newspaper men on his own responsibility that the new regime in North China would probably resemble the Canton government in being a sort of autonomous government but that of course the whole matter was a domestic Chinese question. The fact of Japanese "assistance" was not denied.

Differing versions of this interview have appeared in the local press and were cabled to the United States. None of the correspondents recall having cabled the wording quoted by the Department but it is possible that the expression crept in during the course of distribution.

NEVILLE.

CA

793.94/7412

NOV 22 1935

FILED

F.

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

## TELEGRAM RECEIVED

MJP 1-1836

FROM

GRAY

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

Peiping via N R

Dated November 21, 1935

Rec'd 6:45 a. m.

Secretary of State,  
Washington.

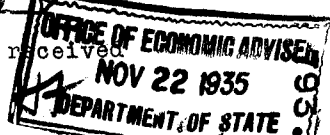
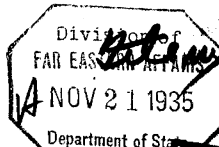
164, November 21, 11 a. m.

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

"CONFIDENTIAL. November 20, 2 p. m.

Embassy's telegram November 20, 10 a. m. Please  
see my despatch 186, November 19th. During an  
interview yesterday afternoon Han indicated that  
he had made no plans to leave Shantung in the  
immediate future but he was so noncommittal on  
reports of his support of the rumored autonomy  
movement as to lead me to believe he might have  
to support something of the kind unless the  
National Government replies to his request for  
unambiguous instructions on how to meet recent  
Japanese pressure, the exact nature of which has  
not been disclosed to me.

Han also said that the new monetary decrees  
may be considered sound in principle but that the  
country



FILED  
NOV 25 1935

193.94

note  
193.515

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

MJP -2- No. 164, November 21, 11 a. m. from Peiping

country as a whole was not prepared to receive  
them".

Repeated to Nanking and Shanghai. By mail  
to Tokyo.

LOCKHART

CSB

FE

TELEGRAM RECEIVED

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

HJP 1-1236

FROM SPECIAL GRANT

Nanking

Dated November 21, 1935

Secretary of State,  
Washington.

CSF Rec'd 10:30 a.m.  
Division of  
EASTERN AFFAIRS  
NOV 21 1935  
Department of State

793.94

97, November 21, 2 p. m. 7407

Our 94, November 20, 6 p. m. and 96 November 21, 10 a. m. 7411

One. Foreign Office spokesman who was apparently under instructions to give out only official versions, this morning described the Ariyoshi-Chiang conference to an officer of the Embassy in terms of Reuter's despatch which is similar to telegram No. 96 under reference. While avoiding categorical affirmation or denial of report mentioned in our 94 the above mentioned Japanese Ambassador gave Chiang assurance that no Japanese military action would be undertaken in China except defensive action, he said that the Japanese were restrained from pressing with force for the creation of an autonomous North China by reason of a newly published profession of dis-association from the autonomy movement. He denied that

793.94/7414

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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. Quastgen NARS, Date 12-18-75

MJP -2- No.97, November 21, 2 p. m. from Nanking

that the Chinese on their part had made the reported agreement to demilitarize Hopel ~~and and other party~~ <sup>and other parts</sup> of the North as a quid pro quo to a cessation of Japanese military pressure and said that at no time had the Japanese military in the North delivered any ultimatum concerning their autonomy scheme.

Two. He said Sung Che Yuan as well as Han Fu Chu and ~~Shang~~ <sup>Shang</sup> Chen had declined ~~protectorate~~ <sup>to participate</sup> in the scheme but doubted whether the scheme had actually collapsed. He avoided comment on report that Sung (see Peiping's 163 <sup>17408</sup> November 20, 4 p. m.) had been ordered by Chiang to cease negotiations with the Japanese in the North.

Three. He confirmed as true Rengo's despatch from Tokyo November 19 to the effect that the Chinese Charge d'Affaires had indicated to the Foreign Office the Chinese Government's willingness to discuss Hirota's three point program. He said these matters had been under discussion between the two Governments for some time and this report did not mean that China is prepared to give them favorable consideration.

Four. Repeated to Department, Peiping and Tokyo, By mail to Shanghai for the Ambassador.

PECK

CSB

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

TELEGRAM RECEIVED

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

AU

This telegram must be carefully paraphrased before being communicated to anyone. (A)

Peiping

Dated November 21, 1935

FROM Rec'd 10:45 a.m.

Secretary of State

Washington

Division of  
FAR EASTERN AFFAIRS

NOV 21 1935

Department of State

166, November 21, 5 p.m.

Embassy's 163, November 20, 4 p.m.

793.94

Activities in North China with regard to the intended regime appear to have been suspended presumably awaiting outcome of conversations at Nanking. Doihara and Sung are understood to be in Tientsin the latter in seclusion while Han is still at Tsinan and Shang Chen at Paoting. The opinion gaining ground that Doihara perhaps went further in the North China question than the officers to whom he is supposed to be responsible intended or desired; that he was misled by Hsiao Chen Ying and other ambitious representatives of North China leaders with regard to the degree of agreement to which the latter could be brought; that their negotiations went considerably further than these leaders would accept unless forced to and that Sung welcomed Chiang Kai Shek's orders to abandon negotiations. What influence Tokyo may have had in the recent change in the situation is still unknown as are the next measures which Doihara and officers of his type may take to separate North China from Nanking.

Repeated to Nankin, and Shanghai, by mail to Tokyo.

CSB

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793.94/7415

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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. Shusterman NARS, Date 12-18-75

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 166) of November 21, 193., from the American Embassy at Peiping, reads substantially as follows:

It seems that activities in North China in connection with the proposed régime have been suspended, probably awaiting the result of conversations at Nanking. It is understood that Sung and Doihara are in Tientsin, Sung in seclusion, while Shang Chen is at Peoting and Han Fuchu at Tainan. There is a growing belief that perhaps Doihara went further in the North China matter than was desired or intended by those officers to whom he is supposed to be responsible; that ambitious representatives of North China leaders, including Hsiao Chen-ying, misled Doihara concerning the degree of agreement to which the leaders could be brought; that the negotiations went quite a bit further than the leaders in North China would agree to unless they were forced to do so; and that Chiang Kai-shek's orders to discontinue negotiations were welcomed by Sung. What steps Doihara and officers of his type may take next to sever North China from Nanking and what Tokyo's influence may have been in the recent change in the situation are as yet unknown.

793.94/7415

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m. m. k.



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

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R.Tientsin/88 FOR Desp.#48 to Embassy

FROM Tientsin ( Caldwell ) DATED Oct.4,1935.  
#6111 NAME 1-1127 ...

REGARDING: Relations between China and Japan:General Tada's  
statement of his NorthChina policy:Gives summary  
of press comment in regard to this statement.

fpg

793.94/ 7416

7416

1. Japan.

a. General Tada's Statement.

793.94  
44-3-12 )

The outstanding event in September was the statement of his North China policy that General Tada issued to Japanese newspaper correspondents. This statement was published in the KEISHIN NICHU NICHU (a Tientsin Japanese language newspaper) on September 15th, and another version appeared in the NORTH CHINA STAR on the same day. Its publication embarrassed the local Japanese authorities. On September 25th a Japanese Consular officer told a member of the staff of this Consulate General that the KEISHIN NICHU NICHU had been severely reprimanded for publishing the statement. He added that it represented merely the personal opinion of General Tada and that it was not an official statement of the policy of the Japanese Army or any other branch of the Japanese Government. There are reasons for believing that General Tada intended the statement to be used by Japanese newspaper correspondents as confidential background for guidance in preparing editorials and articles, and that he did not wish it to be attributed to him or published.\*

Although

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\* Repeated to the Embassy by telephone on September 25th.

- 4 -

Although there are differences between the HONG KONG P.R. and the KAI-THAN I HONG versions, both state that conditions in China are very unsatisfactory, and indicate that in order for Japan to carry out its policy, Chiang Kai-shek, the Kuomintang, and all anti-Japanese secret societies such as the "Blue Birds" must be eliminated. Both versions accuse Chiang Kai-shek of "squeezing" the Chinese people and of being responsible for their impoverished condition. Both state that the independence of China must be respected. But the following quotation from a translation of the Japanese version clarifies the meaning of "independence": "Therefore the Japanese continental policy must not mean to expand in territory but to increase the financial and economic power of the Japanese nation. In this spirit we are helping the independence (sic) of Manchukuo, and we have the same feelings toward China".

The Japanese newspaper version states that the policy of the Western Powers is to divide China into spheres of influence. It alleges that Chiang Kai-shek's policy will lead to the destruction of China and that consequently Japan must help the Chinese people. It states that the Chinese are still anti-Japanese and that there still is agitation against the purchase of Japanese goods. It also states that "strong power" is needed to correct the current injustices in China.

This

- 5 -

This version insinuates that Chiang Kai-shek is not sincere in his efforts to suppress the Chinese Communists and alleges that he may seek aid from the Soviet Union in order to avoid compliance with Japan's policy.

The language of the article in the NORTH CHINA STAR is more violent than that of the available translations from the HUI-SHIN NICHU NICHU. This may be due to the United Press correspondent in Peking, who wrote the story, having colored it somewhat as he revised a hastily prepared translation. The NORTH CHINA STAR article alleges that in the statement Chiang Kai-shek and the National Government are branded as "the common enemy of the 400,000,000 Chinese people", that the Chinese Government is perfidious and immoral, and that China regards Japan as an enemy and ignores Japanese rights and interests.

For convenient reference General Tada's eight point program as given in this newspaper article is quoted in full. The second and sixth points are considered especially important.

Eight Point Program

1. Japan's attitude toward China must always be fair and impartial.
2. Japan's policy must be supported and implemented by means of strong pressure continually exerted upon China.
3. With regard to trade and commerce, Japan must institute a "giving policy", not one of mere exploitation--commodities must be exchanged freely on a mutually profitable basis.

4.

- 6 -

4. Japan must respect the independence of China and the maintenance of the freedom of the Chinese people.
5. Japanese authorities must not trust too implicitly to personalities, as they can easily be led astray. Policies must be judged by actual results only.
6. All military groups, new and old, in North China, as well as officials who extort money unjustly from the people must be eliminated.
7. Japan must work for the elimination of "professional pro-Japanese politicians" in China.
8. Mistaken ideas of superiority, both on the Chinese and the Japanese sides, must be corrected.

The views expressed in the Tada statement are similar to the views recently expressed by General Isogai in an interview granted in Shanghai to the correspondent of the New YORK TIMES. From the above and other less important indications, it is clear that the Japanese military are very dissatisfied with present conditions in North China and that they may take drastic action if alleged anti-Japanese activities continue. It may be noted in this connection that according to press reports the Japanese military in Tokyo fully approve General Tada's statement.

The desire of the Japanese military to have China recognize "Manchukuo", although not mentioned in the Tada statement, is believed to be as important a factor in the situation as the alleged anti-Japanese activities.

**b. Activities of General Doihara.**

According to a Rengo despatch from Mukden dated September 30th, the famous General Doihara stated in an interview on his return from a  
trip

- 7 -

trip to Inner Mongolia that: "In view of the existence of various influences in North China it is essential to guide them for the founding of a five provinces autonomous government for the stabilization of the political situation in the region". This statement is of especial importance because of the prestige of General Doihara.

In the latter part of September General Doihara made an airplane trip from Chengteh, Jehol Province, to Kalgan. On the way he inspected conditions at various points in Chahar. He was entertained by General Ch'in Teh-ch'un (

), Chairman of Chahar, and conferred with Prince Teh ( ), Secretary General, District Autonomous Political Council for Mongolia, General Fu Tso-yi ( ), Chairman of Suiyuen Province, and others. After his trip the General is reported, by the press, to have stated that he had urged General Ch'in Teh-ch'un to execute unfulfilled promises, including the disposal in Chahar of the newly organized Inner Mongolian Peace Maintenance Corps, provided for in the Sino-Japanese agreement that settled the "Chahar Incident". He is also reported to have discussed with various leaders the problem of checking the advance of "red influence" in northwestern China. The press reported him as having said as a result of these conferences, "I realized the necessity of guiding the uncivilized Inner Mongolian race. This statement is of interest

in

- 3 -

in connection with the present dissension in Inner Mongolia mentioned in a succeeding section of this report.

c. Interview of General Tada with  
the New YORK TIMES Correspondent.

On September 26th the NEW YORK TIMES correspondent at Peiping interviewed General Tada at Tientsin, and submitted to him parts of the report of Hallett Abend's interview at Shanghai with Major-General Isogai, Japanese Military Attache, in the course of which the latter stated that the entire political and military situation in North China was unsatisfactory, and that if it did not improve soon in accordance with the pledges made by the Chinese authorities last June, the Japanese army must take appropriate action. General Tada said he agreed with General Isogai's statement. In reply to the correspondent's question as to when such action would be taken, General Tada replied that he could not say definitely, but the sooner it occurred, the better for all concerned.

d. Japanese Reports concerning  
Anti-Japanese Activities.

Several reports from Japanese sources have appeared in the press concerning the increase of anti-Japanese activities by "Blue Shirts" and other Chinese organizations. An example is a report said to have been circulated from General Tada's headquarters that 800 "Blue Shirts"

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Shirts" who have secretly joined various Chinese military organizations in North China are endeavoring to destroy the amicable relations of these units with the Japanese military, and that they are using their military positions to intimidate local pro-Japanese Chinese officials.

c. Japanese Demands Similar to Those of May 29th, 1935.

On September 2nd, the Japanese Consul General in Tientsin in a note addressed to General Zhang Chen ( ), Chairman of Hopei Province, made demands similar, except that no resignations were demanded, to those of May 29th, 1935, which caused the resignation of Yu Hsueh-chung and a complete change in the political situation in North China.\* The new demands call for the elimination of all terrorist organizations and secret societies in North China "which, contrary to the Consul General's expectations, are still engaged in various undesirable activities in this area". (The quotation is from a memorandum prepared for the press by a Japanese Consular official.) The note states further that the Consul General considers the continued existence of such a state of affairs entirely due to the negligence of the responsible authorities. In conclusion he requests that efficient measures be taken in response to the demands, in order that the unrest and danger in Sino-Japanese relations may be removed.

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\* Despatch No. 36, September 6, 1935.



- 10 -

A Japanese Consular officer told a member of the staff of this Consulate General that General Jiang Chon had assured the Japanese Consul General that the demands would be complied with, and in evidence of his good faith enclosed with his reply copies of the orders he had issued to his subordinate officials. On being asked whether the Japanese Consul General was satisfied with the reply, the Japanese Consular officer stated that the Japanese would wait and see if the demands were complied with in fact as well as in words. It seems probable that two of the reasons for the presentation of these demands were: (1) to keep pressure on the Chinese authorities, and (2) to keep the question open in order that an alleged failure to meet these repeated demands may be used as a pretext if Japan decides to take drastic action.

f. Reply to the Japanese Demands  
Concerning the Attack on a Peiping-Liaoning Railway  
Train.

In a letter addressed to the Japanese Consul General at Tientsin, Mr. Yin T'ung ( ), Managing-Director of the Peiping-Liaoning Railway, accepted the five demands made by the Japanese as a result of the losses of their nationals during the bandit attack on the Peiping-Liaoning Railway's through express on August 15th.\*

g. Protest over Flights of Japanese  
Airplanes.

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\* Political Report for August, 1935.

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Airplanes.

It will be recalled that in this Consulate General's political report for August, 1935, mention was made of the protest of the Chinese authorities to the Japanese Embassy because of the repeated flights of Japanese airplanes over Tientsin and Peiping. Colonel Takahashi, assistant Japanese military attache, is reported to have said in a press conference that the protest was groundless and would be ignored as the Kwantung Army maintains that the flight of Japanese military airplanes over North China is provided for under the terms of the "Tangku Truce". He is reported to have stated also that the negotiations for the establishment of a commercial air service between North China and Manchuria remain at a standstill.

h. Occupation of Chinese College at Peiping by Japanese Gendarmes.

According to press reports Japanese gendarmes occupied by force the Min Kuo Hsueh Yuan ( ) at Peiping. Newspaper reports state that the university is Yuan \$27,000 in arrears on its rent. In August a Japanese demanded payment of the rent. Later he informed the authorities of the university that the mortgage on the property was held by a bank which had authorized two of its officers to live in the premises now occupied by the institution. On September 22nd, the Japanese accompanied by two  
of

- 12 -

of his compatriots demanded that the property be turned over to him. Since that time two Japanese have been living in the President's office, according to Chinese press reports. The Peiping Municipal Government is said to be investigating this incident.

1. Temporary Refusal of Admission of Chinese to Manchuria.

From September 15th to the 19th Chinese coolies and some other Chinese were refused admission to Manchuria at Shanhaikwan. This development caused great congestion as approximately 1,000 Chinese railway passengers were stranded in the town. The ban was lifted on the 19th and it was then explained that this severe step had been taken in order to prevent disturbances in Manchuria on September 18th, the fourth anniversary of the "Manchurian Incident". Incidentally, the anniversary passed quietly in Tientsin. At the end of September there were again reports that Chinese coolies were being refused admission to "Manchukuo" at Shanhaikwan.

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

## DOCUMENT FILE

### NOTE

SEE 693.9417/13 FOR # 121

FROM Tsinan (Stevens) DATED October 15, 1935.  
TO NAME 1-1127 ...

REGARDING: Visit of the Japanese Economic Mission to Tsinan, may have  
as much to do with political aspirations of the Japanese  
Government in China as economic developments beneficial  
to both countries. (Copy of #181 to Embassy at Peiping)

793.94/7417

7417

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R. Nanking/92 FOR #10

FROM China (Nanking) (Peck) DATED Oct 1, 1935  
TO NAME 1-1127

REGARDING: Sino-Japanese relations: Japanese activities general; economic cooperation; Japanese interest in a British Coal Mining Loan; Rumored visit of General Ho Ying-chin, Minister of Military Administration, to Japan; Japanese reports of a secret understanding between Chiang and the Communists; "New Life Weekly"; Visit of Li Ti-tsun, Director of the Department of Information and Publicity of the Foreign Office.

FRG.

793.94/ 7418

Japan

Japanese Activities

General

793.94  
(19 6.8)

The prediction put forth by Chinese sources that the abolition of the Siping Political Affairs Readjustment Committee at the end of August would result in the centering of Japanese diplomatic activities in Nanking, was not borne out during September either by Japanese military officials in the north or by the Japanese Embassy in the capital. The Japanese Embassy in Nanking was unobtrusive as regards Sino-Japanese affairs whereas Japanese military officials in North China continue to concern themselves with current matters and plans for economic development in Hopei were discussed locally or in "Manchukuo", Dairen, or Japan without apparent reference to Nanking.

Sino-Japanese Economic Cooperation

Early in the month the Administrative Vice Minister for Foreign Affairs, Mr. Tang Ju-jen, who has been the most active protagonist of the Foreign Office in discussions of issues with the Japanese, announced to the vernacular press that the Chinese Government is prepared to enter into negotiations with the Japanese Government

for

for Sino-Japanese economic cooperation "if the principle of reciprocity is upheld". He qualified this statement by adding that the date for the realization of such cooperation seemed remote and he professed ignorance as to the nature of the Hopen Economic Association which was reportedly being established in Tientsin.

Japanese Interest in a British Coal Mining Loan.

(5)

The press reported that the Japanese Embassy at Hanking had protested against a coal mining loan, arranged by British interests in Shanghai with the Ministry of Industries, which was said to contemplate the supply from time to time of sums amounting to ¥10,000,000 to Chinese coal mining interests sponsored by the Ministry. A spokesman of the Japanese Embassy at Hanking denied that protest against the loan had been lodged but stated that his Government could not remain complacent if that sum should flow into China for the development of coal mining in any way which might impinge upon Japanese "right".

Unscored Visit of Ho Ying-chin to Japan.

Rumors that General Ho Ying-chin, Minister of Military Administration, would visit Japan in November, ostensibly to attend military maneuvers but actually to reach an understanding with Japanese Government officials on various issues, were categorically denied by General Ho toward the end of the month.

Japanese Reports of a Secret Understanding Between Chiang and the Communists.

The Central News Agency at Hanking, an organ of the Foreign Office, on September 23 denied reports

circulated

- 8 -

circulated by Kengo at Tokyo that General Chiang Kai-shek had reached a secret understanding with the communist bandits in Szechuan, that some National Government leaders had advocated alliance with Soviet Russia to counteract Japanese influence, and that China originally intended to follow the footsteps of the United States and Japan in lodging protests with the U.N. .H. against the activities of the recent Comintern congress. The denials were reported as coming from official circles.

"New Life Weekly"

Fu Chung-yuan, Editor of the "New Life" magazine, (6)  
sentenced in July to 14 months imprisonment on account of the publication of an article which the Japanese professed to be derogatory to the Emperor of Japan, was at the end of September granted by the Supreme Court at Nanking the right to appeal the original judgment.

Visit of Li Yi-tsun to Japan.

Mr. Li Yi-tsun, Director of the Department of Information and Publicity of the Foreign Office, spent most of September in Japan professedly to investigate methods of news distribution in that country.



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

793.94

# DOCUMENT FILE

## NOTE

SEE 893.00 P.R. Tsinan/89 FOR #120

FROM Tsinan ( Stevens ) DATED Oct 7, 1935  
TO NAME 1-1127

REGARDING: Sino-Japanese relations: Tada's remarks resented; More Japanese  
army planes visit Tsinan.

FRG.

793.94/7419

793.94  
Tada's Remarks Resented

Commenting on the interview granted to some twenty Japanese press representatives on September 24th by General Hayao Tada, Commander of Japanese forces in North China, an official of the Shantung Provincial Government Committee is credited with the statement that General Tada was taking too much for granted if he thought that Shantung would fall in with this Tokio scheme for the political and economic separation of five North China provinces. This official further stated it to be his belief that not only would the Shantung authorities hold aloof but, if necessary, they would meet force with force when any Japanese attempt is made to force a separation. Be that as it may, General Tada's remarks have unquestionably added to the general uneasiness here. The bogey of this Japanese aim is hurting many lines of business, particularly real estate and investment. Bankers with large note issues complain of their difficulty in reassuring depositors.

More Japanese Army Planes Visit Taiwan

The visit to this district in September of three more Japanese army aeroplanes was reported to the Legation in despatch No. 177 of September 23, 1935. Altogether,

four

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

- 2 -

four such planes have visited Tainan and southwestern Shantung since the overflow of the Yellow River last July.

The consulate has endeavored without success to ascertain whether any motives sponsored these visits other than the two given by the Japanese Consul General; namely, to survey the inundated areas and to participate in a celebration at the Tainan shrine to Japanese war heroes. Needless to say, few people here have been taken in by these excuses, neither of which in itself would serve any practicable purpose of the Japanese army. The desire for inland exercises, for aerial photographs, for viewing Chinese military dispositions, and, perhaps, for the establishment of a precedent for future visits of the kind may be nearer the truth.

Although General Han Fu-shu was notified in advance of the Japanese intention to send these planes to Shantung, his consent thereto was not given prior to their arrival.

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

DEPARTMENT OF STATE

FE: THE SECRETARY

Dr. Hornbeck

What do you think  
about this?

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

THE UNIVERSITY OF NORTH CAROLINA  
DEPARTMENT OF STATE  
OFFICE OF THE PRESIDENT  
RECEIVED  
NOV 11 1935

OFFICE OF THE SECRETARY

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

My dear Mr. Secretary:

We have in the University of North Carolina for this year an exchange professor from the National University at Nanking. He made a fine record as a student in American institutions, and has made a most favorable impression here in our University community. He is in the English Department for this year and is also giving a course in Chinese Civilization.

He desires to have a conversation with you with regard to the far Eastern situation. I am sending you the correspondence so that you may judge first hand with regard to his request. He is a man of such high character, distinguished scholarship, and fine spirit that I am sure a conversation with him would be constructive in its nature. I submit this material for your own good judgment.

With high regards and best wishes, I am

Faithfully yours,

*Frank P. Graham*

Frank P. Graham  
President

Enc.  
FG/KL



November 8, 1935



793.94/7422

793.94

F/G

THE SUN, BALTIMORE, WEDNESDAY MORNING, OCTOBER 16, 1935

## AY' SEES POSSIBLE UNION OF CHINA AND JAPAN

Feeling Of "Being Left Stranded" By Europe And  
America Is "Uncomfortable One," Says  
Nanking Educator

[The writer of this article, a Chinese citizen, is professor of English literature  
in the National Central University at Nanking]

By ROSALYNDE H. CHANG  
Manchester Guardian Correspondence.  
[All Rights in the United States Reserved by The Sun]

ONE FACT of enormous significance has emerged from the latest installment of Japanese aggression toward China since it began toward the end of May. Public opinion both in England and elsewhere has been ominously apathetic. I wonder to what extent does the world realize that every advance Japan makes is not only an advance against China but also against the world itself.

Sir John Simon thought otherwise. It was part of his wisdom to consider the issue as a distant, local affair. That wisdom has up to the present closed the Manchurian market to the British oil companies and to other British industries. Another dose of that wisdom will, I am afraid, not only drown the whole of the British interests in the Far East, but will also create an ugly situation which the world soon or late will be called upon to face.

The Japanese no longer disguise their policy: the conquest of the Asiatic continent and the creation of the mightiest empire the world has ever known. The whole of the national energy has been concentrated on the realization of this supreme object. There will be no turning back from this path or all would be irretrievably lost.

ONE HEARS so much of confusion and disorder in China, all of which is true enough, but by now it should be clear that this confusion is an integral part in the Japanese scheme of things and is willfully cultivated by the Japanese. Japanese intrigue, Japanese finance and Japanese exploitation of the human weaknesses of Chinese politicians have played an important part in China's checkered history since the founding of the republic.

Within the last four years, under the constructive statesmanship of men like Gen. Chiang Kai-shek, Mr. Wang Ching-wei and Mr. T. V. Soong, the country has been unified as it never was before, but Japanese anxiety grows with Chinese strength. Before that strength can be consolidated, the Japanese must give it a setback. The latest episode in North China is, from the Japanese expansionist point of view, a necessary measure to weaken Chinese national unity. Japan will exert all her energy to defeat that unity, even to the extent of conquering all China.

THE LAST four years have seen enormous progress in national reconstruction in China. There is a real regeneration of an ancient people from both the physical and moral standpoint. General Chiang's military prowess has been uncontested, and he has succeeded in bringing the greater portion of an extensive and populous country under his sway.

Having done this, he has proceeded, in the spirit of China's early dynastic rulers, to lay a new foundation for the

assistance would be forthcoming, because Japanese aggression obviously was as harmful to the enormous interests of Great Britain and America as to China. Moreover, it violated so many of the treaties upon which the post-war world had attempted to construct a new order of things.

But disillusion came quickly enough. China soon realized that she must face the issue by herself. But she remains convinced that while she is the immediate victim of Japanese aggression, Europe and America will soon or late be called upon to pursue a positive policy, involving greater sacrifices the longer they delay.

THE LAST AND only practicable alternative for China is, therefore, to submit to the invaders. How far the Japanese will go is an interesting speculation. The Japanese believe that there is no reason why they should not assume the rôle of the Mongol Tartars in the thirteenth century or their Manchu successors in the seventeenth. The only difference is that the Japanese think they can extend their conquest much further.

I do not think that the enlightened European or American today feels this Japanese dream is fantastic or unrealizable. Not so long ago the world seemed destined to see white supremacy, but Europe and America have painfully learned that it is not. No wonder thinking men like M. André Siegfried are beginning to speak of a European crisis, because white supremacy has never been so successfully challenged as it is today.

The Japanese feel that they in turn have now found the key to power which gave Europe and America such a privileged position in the past century. The fact that Europe and America are now suffering from economic pains through the loss of their past scientific advantages is not likely to deter the Japanese from pursuing the same course, and what it will mean to the future of the world if Japan succeeds in bringing within her orbit 400,000,000 of the same race who are as capable of absorbing science as any people in the world I leave Europe and America to ponder.

THE AMALGAMATION of the Chinese and Japanese, it has been said, is impossible. This is true, because there are enormous differences in their temperament and character, and the Chinese certainly do not desire such union. But the feeling of being left stranded by Europe and America is an uncomfortable one, and, once they can no longer ward off the Japanese invasion, it will not be illogical if there comes a complete mental volte-face, so that the Chinese may even welcome the Japanese as being of their own kind—as they are.

THE WHOLE of the mental and spiritual equipment of the Japanese

## PREMIER WANG-OF CHINA SHOT DOWN

Pro-Japanese Official Re-  
ported In Serious Condition  
—Three Others Shot

Nanking, China, Nov. 1.—(Friday) —(AP)—A Chinese assassin shot the pro-Japanese Premier Wang Ching Wei and three other officials today and was shot and killed a few moments later in resulting confusion. The 50-year-old premier and his right hand man, Tseng Chun Min, vice-minister for railways, were seriously wounded.

The other two men wounded were Chang Chi, former president of the judicial yuan, and Kan Hai Kuang, chief of the political bureau of Generalissimo Chiang Kai-Shek's headquarters and vice-minister of the interior.

(A Rengo (Japanese) news agency dispatch said martial law had been proclaimed in the city, and identified the assailant as a member of the central executive committee of the Kuomintang Nationalist party.

There were reports that in the confusion following the shooting, a group of civilians engaged in a gunfight with police.

Shot At "Crisis" Meeting  
The attempted assassinations took place as the executive committee assembled for a momentous meeting, in which some observers believed China's attitude toward Japanese demands for elimination of anti-Japanese elements in North China would be formulated.

Premier Wang was removed immediately after the shooting to the Central hospital, where attendants said he was "resting easily."

The condition of the other two officials was not made known immediately. As conflicting rumors as to the assassin's identity circulated through the city, Chinese sources asserted he was a citizen of "a foreign power."

The attempted assassination of the premier cast a dark pall over the future of Sino-Japanese relations.

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that strength can be consolidated, the Japanese must give it a setback. The latest episode in North China is, from the Japanese expansionist point of view, a necessary measure to weaken Chinese national unity. Japan will exert all her energy to defeat that unity, even to the extent of conquering all China.

THE LAST four years have seen enormous progress in national reconstruction in China. There is a real regeneration of an ancient people from both the physical and moral standpoint. General Chiang's military prowess has been uncontested, and he has succeeded in bringing the greater portion of an extensive and populous country under his sway.

Having done this, he has proceeded, in the spirit of China's early dynastic rulers, to lay a new foundation for the country. He has shown relentless energy in uprooting all the social evils. His determination to stamp out opium-smoking, for instance, has produced astonishing results, and the nation is acquiring a new physique with a deepened interest in athletic sports and open-air life.

General Chiang has instilled into the minds of the people a sense of civic responsibility, a devotion to the national cause, which is destined to grow. This sense is being fortified by the program of national reconstruction which has been set in motion under Mr. Soong.

One can now travel from Shanghai to Changsha, some 800 miles, in a motor car. In the one province of Kiangsi there have been built some 5,000 miles of motor roads in two years, and eight of the central provinces have been knit together by a network of such roads. In other fields there has been steady progress. In irrigation, river conservancy, dike construction, in railways, telephones, wireless and airplanes the achievements have been remarkable, especially if we remember what serious obstacles the Government has to face at every turn.

UNDER THE circumstances it is obvious that in the face of Japan China has only three alternatives before her.

The first is to counter the threat to her growing unity by taking active military operations against the Japanese. But for these the country is not prepared. In her present state China stands no chance against the Japanese, and it is because the Chinese have a sense of reality that they have continued to retreat. There are moments when the necessity for resistance is strongly felt, but resistance means further disorder and disruption. For the present, therefore, this first alternative must be dismissed.

The second alternative is to offer resistance with such help as China is able to derive from Europe and America. It was at first thought that this

400,000,000 of the same race who are as capable of absorbing science as any people in the world I leave Europe and America to ponder.

THE AMALGAMATION of the Chinese and Japanese, it has been said, is impossible. This is true, because there are enormous differences in their temperament and character, and the Chinese certainly do not desire such union. But the feeling of being left stranded by Europe and America is an uncomfortable one, and, once they can no longer ward off the Japanese invasion, it will not be illogical if there comes a complete mental volte-face, so that the Chinese may even welcome the Japanese as being of their own kind—as they are.

THE WHOLE of the mental and spiritual equipment of the Japanese is of Chinese origin. The Mongols and Manchus had to go through a mental process before they became Chinese. For the Japanese all this would be unnecessary because they are Chinese already. Even in the mind of the average Chinese the Japanese has not been a foreigner. It is the European and American, with his blue eyes and yellow hair, who is a foreigner.

Thus, if driven to desperation, the Chinese may well accept the inevitable and even welcome the Japanese as their own. But in such a contingency, the Japanese expansionist psychology will prevail over the Chinese, whom the Japanese will mold according to their own formulas. And there is no reason to believe that the Chinese, having been left in the lurch by Europe and America, will be fretful under the new dispensation.

Rather than see that day, however, the Chinese in their present mood infinitely prefer to live their own independent life. The texture of their mind is different from that of the Japanese. Expansion in the European and Japanese sense is alien to their thoughts. The Japanese love to speak of "Asia for the Asiatics," but the slogan has no charm for the ears of the Chinese.

IS THE WORLD prepared to face an enormously enlarged Japan, with all that Japanese expansionist policy implies, or does it desire to see a strong and powerful China living at peace with the rest of the world and acting as the only effective bulwark against Japanese expansion?

"To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government" is one of the articles of the Nine-Power Treaty signed in 1922. It will go down in history as one of the finest expressions of the constructive statesmanship of the twentieth century. Is the world prepared to give it the fullest realization?

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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

COPY

407B E. Rosemary St.  
Chapel Hill, N. C.  
November 3, 1935.

President Frank P. Graham,  
University of North Carolina.

My dear President Graham:

I really have no right to bring up a matter that is strictly outside the province of a professor. For that reason, I have hesitated to write this letter for so long. About a fortnight ago, a colleague in Chapel Hill kindly brought to my attention an article in the Baltimore Sun of October 16. I take the liberty of forwarding it to you for your perusal; though with your statesman-like interest in peace and international relations, it is hardly likely to have escaped your attention.

The writer of the article, though also named Chang and teaching in Nanking, is only a namesake whom I had not met before. But the significance of his article is clear. Alliance with Japan means a heavy share in Japan's future wars, both military and economic, against Russia, England, and the United States. But refusal is becoming increasingly difficult. The article in question is a final bid for help against Japanese pressure; it is also a warning and anticipatory justification of the disagreeable action she may take in desperation, namely, compliance to Japan's desire and joining force with her in her struggle against the western Powers. Such a step will destroy all hopes of peace and lead directly to another world war, to begin most probably on Chinese soil.

It happened that before I left Nanking, I had occasion to discuss current events with men who occupy key positions in the government. They are all agreed upon the necessity of dispelling war-clouds on the Pacific by the closer cooperation of peace-loving America and China. They are all agreed that a satisfactory arrangement, acceptable to all parties and encroaching upon none, is possible. Under the present circumstances, the sensitivity of the military clique in Tokyo and espionage activities render it impossible to conduct a successful negotiation in this through the regular diplomatic channels. Upon my departure from Nanking, an official passport was sent to me by the Ministry of Foreign Affairs through the Ministry of Education. It has evidently devolved upon me to try and pave the way for such an undertaking. Still, I fully intended to keep out of such complications. But last week, another letter came from Nanking about it; and two days ago, came the news of the attempt on the life of Premier Wang in Nanking. It will be possible for me to secure an introduction from the Chinese Embassy to some official of the State Department. But the caution of a subordinate official and his desire to play safe through inactivity render the chance of success doubtful; and the possibility of a premature leak of information makes failure almost certain.

A scholar as well as a statesman, you are, Dr. Graham, highly esteemed in Washington. If my purpose, one that really is against my wish to keep clear of such matters, wins your approval; and



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

through your help, a private interview with either President Roosevelt, Secretary Hull, or some one else who has courage and is interested in such a not ignoble project to preserve peace, can be arranged for me as a private person, I shall be very happy to pay my respects and discuss the matter with him.

Pressure upon China being very strong, the Open Door is fast closing. The Far East is a veritable powder keg with its fuse ignited; and the explosion, if and when it comes, may prove disastrous to more than one nation, because the rapid development of aviation is taking away the safety that the vast distances of the Pacific and Siberia once offered. I am overawed by the gravity of the situation and can only pray that if my feeble attempt should fail, it may please God to give success to other attempts.

Apologizing for this imposition upon you and hoping for the best.

Very respectfully yours,

(Signed) Y. Z. CHANG

P.S. Mr. Ericson, letters from the National Central University indicate, is doing very well. He lives now with Mr. Vaughn, also an American, near the Drum Tower. I believe he is enjoying his visit to Nanking.

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

November 11, 1935.

My dear Mr. Graham:

I have received your letter of November 8, 1935, with its enclosure, in regard to the desire of Mr. Y. Z. Chang to have a conversation with me on the situation in the Far East.

I appreciate your interest and thoughtfulness in bringing this matter to my attention and I should enjoy meeting Mr. Chang. I fear, however, that the heavy demands on my time due to the pressure of work are likely to make it impracticable for me to make an appointment to see him. I would suggest that, should Mr. Chang be in Washington at any time, he get in touch with the Chief or one of the Assistant Chiefs of the Division of Far Eastern Affairs of this Department who, I am sure, would be glad to talk with him and also to arrange if practicable for him to see me.

I

President Frank P. Graham,

The University of North Carolina,  
 Chapel Hill, North Carolina.

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

- 2 -

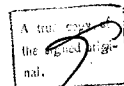
I am returning Mr. Chang's letter to you of  
November 3, having taken the liberty of having had made  
a copy for my files.

Reciprocating your good wishes, I am,

Sincerely yours,

Gordell Hull

Enclosure:  
Letter from Mr. Chang,  
dated November 3, 1935.



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NOV 14 1935

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

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THIS MESSAGE IS CONFIDENTIAL  
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AMEMBASSY,

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TOKYO (Japan).

5 p.m.

179

Department's 177, November 19, 5 p.m., second paragraph.

Press despatch from Tokyo report at considerable length in regard to recent developments affecting North China. Please realize that, although press despatches are helpful, the Department in making estimate of the situation must rely for information and comment in regard to events and occurrences in Japan primarily on the Embassy. The Department would appreciate receiving from you at your earliest practical convenience a telegram setting forth such reliable information as you may be able to obtain in regard to the North China situation, your analysis of that situation, and your estimate of probable future developments.

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 [Signature]

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

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

TELEGRAM RECEIVED

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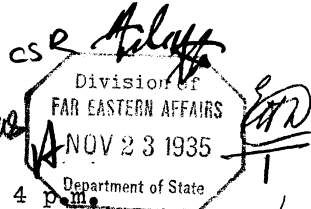
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GRAY

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FROM Peiping via N. R.  
Dated November 22, 1935.  
Rec'd. 7:50 p.m.

Secretary of State,  
Washington.



169, November 22, 4 p.m.  
Embassy's 164, November 21, 11 a.m. /7413

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

"November 21, 4 p.m. Local situation substantially  
same as yesterday. Han has not left Tsinanfu. I have  
been informed that he has now received instructions  
from Generalissimo Chiang and Minister of War Ho not  
to support autonomy movement; also that Japanese  
Ambassador has disapproved plan Kwangtung army to use  
Japanese forces in support of this movement. Japanese  
Consul General confirms that General Ta *da* has not yet  
arrived at Tsinanfu. General Matsui scheduled to  
arrive here this afternoon by plane from Tientsin en  
route to Tsingtau".

Repeated to Nanking and Shanghai, by mail to  
Tokyo.

LOCKHART

KLP:SMS

793.94/7421

FILED  
NOV 25 1935

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

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1-1886

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

FROM

Tokyo

Dated November 23, 1935

Rec'd 6:54 a. m.

Secretary of State,

Washington.

214, November 23, 4 p. m.

Department's 179, November 22, 5 p. m.

During the past few weeks it has been extremely difficult to obtain information from the Japanese authorities. Persons in responsible positions have been either uncommunicative or difficult of access. Foreign Office officials have consistently stated that there has been no new policy in China or have turned aside inquiries in regard to the situation in North China by the bland remark that the movements there represented the will of the people which the Japanese should respect. There has been much discussion of giving "aid to the struggling masses of North China" but little or no information as to the concrete steps to be taken. The Embassy has also tried to obtain information through the Japanese Army and navy who have proved rather reticent.

Certain factors seem clear but they are largely inference and judgment. As the Department is aware the

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*of Paraphrase*  
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CSR  
DIVISION OF  
FAR EASTERN AFFAIRS  
NOV 23 1935  
Department of State  
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

FS 2-No. 214, November 23, 4 p. m. from Tokyo

Kwantung Army has been forbidden to go south of the wall without express imperial order and the Japanese garrison in the Tientsin Peiping region is not large enough to make a military movement. In the absence of military activity by the Nanking forces towards the North there is <sup>NO</sup> reason to believe that the Japanese will initiate military action. The reason for this appears to be largely financial. The Finance Minister and the business community do not want to spend any more money in China just now. This feeling is shared to some extent by the army authorities here in Japan whose interest in China is conditioned somewhat by their fears of Russian activity.

Still despite the fact that an autonomous government in North China has not yet been organized it seems premature to assume that the Japanese are reconciled to the continued authority of Nanking in North China. They probably wish for some regime with which they can treat without continual reference to Chiang. It is difficult to estimate here just what they will do to bring this about but in the absence of some incident it seems unlikely that they will take military action at this juncture. In any event, there is no prospect of the Japanese getting out of North China and we must expect a series

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

FS 23-No. 214, November 23, 4 p. m. from Tokyo

series of incidents there and elsewhere on the mainland until they meet some force that will stop them. The government here seems helpless at times in the face of situations that arise or are created by Japanese military, economic or political interests in China.

I shall endeavor to obtain more information and to report more fully later.

Repeated to Peiping.

CSB

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 214) of November 23, 1935, from the American Embassy at Tokyo, reads substantially as follows:

Information has been difficult to obtain from the Japanese authorities during the past few weeks. It has been difficult to see persons holding responsible offices or they have been uncommunicative. Officials of the Japanese Foreign Office have answered inquiries concerning the conditions in North China by remarking that the movements in that area indicated the will of the Chinese people which Japan should respect or have stated that Japan has no new policy with regard to China. Although there has been much talk of affording "aid to the struggling masses of North China", little information is to be had as to the concrete steps toward this end. The Japanese army and navy have also proved rather uncommunicative in response to the Embassy's efforts to obtain information.

Although they are to a great extent matters of judgment and inference, certain factors appear clear. The Japanese garrison in the Peiping-Tientsin area is not large enough to make a military movement and the Kwantung army has been forbidden to proceed south of the Great Wall without an express order from the Japanese Emperor. If the Nanking troops do not engage in military action toward North China there is no reason to suppose that the Japanese will begin military activities. This seems to be principally on account of financial matters as the Minister of Finance and the business

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

- 2 -

ness people do not desire at this time to spend any more money in China, a feeling which is shared in to some degree by the military authorities in Japan whose fears of Russian activity influence to some extent their interest in China.

It is probable that the Japanese desire the establishment of a régime with which they can treat without constant reference to General Chiang. It is hard to judge in Japan just what the Japanese will do to bring this about but, unless there is some incident, it appears unlikely that they will take military measures at this time. It is too early to take for granted that Japan is reconciled to a continuance of Nanking's authority in North China in spite of the fact that an autonomous government has not as yet been organized there. In any case, there is no likelihood that the Japanese will leave North China and, unless the Japanese meet some force that will stop them, a series of incidents in North China and elsewhere on the mainland must be expected. At times, in the face of conditions that come up or are brought about by Japanese economic, political or military interests in China, the Japanese Government appears to be helpless.

The Embassy will try later to make a fuller report.

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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. Chastain NARS, Date 12-18-75

(CONFIDENTIAL)

PARAPHRASE

Section 2 of a telegram (No. 185) of November 28, 1935, from the American Embassy at Peiping, reads substantially as follows:

The purposes of the Japanese troop movements, it would now seem, have been (a) to frighten the leaders in Nanking and/or North China into acquiescing with Japanese desires and (b) to prevent the Chinese from moving railway rolling stock southward as rumored.

It is said by responsible Japanese and Chinese that Sung has refused Hau's appointment as Pacification Commissioner of Hopei and Chahar Provinces. In conformity with Chinese courtesy this may be the case but it appears more probable that Sung is dissatisfied with the recent effort of the Nanking Government to bring about a solution of the situation in North China. According to an official of the now dead Military Council, Sung is waiting until Shang Chen is out of office before accepting. It is understood that as Provincial Chairman Shang's resignation has been submitted already and a member of the Chahar clique is expected to replace him. It is said that Sung's invitation to confer with him at Peiping has been declined by Han and Yen. There are indications that Sung and Yin Ju-keng have an understanding and it appears probable that before long Sung will announce his own regime. After less than a year at Peiping, Takahashi (Japanese Assistant Military Attaché) has been ordered home, the reason being, according to Chinese sources, that the Kwantung army is dissatisfied with this appointee of Tokyo.

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

*of paraphrase*  
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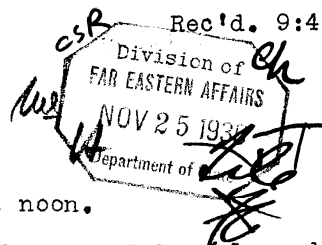
This telegram must be <sup>FROM</sup> closely paraphrased before being communicated to anyone. (A)

Peiping

Dated November 23, 1935

Rec'd. 9:45 a.m.

Secretary of State,  
Washington.



172, November 23, noon.

793.94  
Without knowing what has taken place during the past few days at Nanking it would seem that Chiang Kai Shek has four courses to choose from, (one) a compromise over the North China situation <sup>by the</sup> based upon creation by the National Government of an anti-communist commission of North China whose members would be appointed by Nanking which would include the leaders of North China and which would not (repeat not) have an autonomous character in both economic and financial aspects which the commission would have had if Doihara's recent activities had been completely successful; (two) capitulation by Chiang to Japanese desire for an antonomous North China; (three) refusal by Chiang to compromise coupled with intention to resist with force if aggression should extend to Central China and (four) resistance with force to Japanese aggression, this resistance to include North China in the sphere of resistance.

Two. The first course might be a compromise

sufficient

*Correction made*  
*3/2/36 N.E.B.*

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

MJP -2- No. 172, November 23, noon, from Peiping

sufficient to save the face of the Japanese military and the North China leaders and the Japanese would perhaps agree to it as they would presumably regard it a makeshift arrangement preliminary to a real **autonomy**. A serious question appears to be whether this course (or the second) would not so seriously affect the prestige of Chiang Kai Shek and the Kuomintang that their continued existence in power would be threatened by disaffected elements within China united by such a course. The questions raised by the third and fourth courses are how long and how effective could Chinese resistance be maintained and whether a resistance that did not include North China would not perilously injure Chiang's prestige.

Three. Rumors from Nanking that some sort of a military agreement has been made between Chinese and Japanese authorities (rumors which are credited but not confirmed by local Chinese observers) would indicate if true that conciliations is to continue. On the other hand Chiang's sudden and temporarily effective interference in Doihara's activities and Chiang's alleged military preparations are indications that resistance in some form is being considered.

Four.

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

MJP -3- No. 172, November 23, noon, from Peiping

Four. The attitude of Tokyo and the compliance of the Kwantung army to Tokyo direction are of major importance. It is impossible to judge here whether the Japanese military will agree to any course which will not (repeat not) be humiliating to China if he accepts it. An abortive attempt to demonstrate in favor of an autonomous movement allegedly occurred at Tientsin on November 21. There are reports that some Japanese military may make use of plain-clothes men in Tientsin or of such discontented elements as those led by Liu Kwei Tang and Shih Yu Shan to create a situation leading to autonomy.

Repeated to Nanking and Shanghai, by mail to Tokyo.

LOCKHART

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 172) of November 23, from the American Embassy at Peiping, reads substantially as follows:

It would appear, without knowledge of what has taken place at Nanking during the few days just passed, that there are four courses from which General Chiang Kai-shek may choose, namely,

(a) surrender by General Chiang to the desire of Japan for an autonomous government in North China;

(b) armed resistance to Japanese aggression, with North China included in the sphere of this resistance;

(c) a compromise based on the establishment by the Nanking Government of an anti-communist commission of North China which would have members appointed by the Nanking Government, including the leaders of North China, and which would not be autonomous in both its economic and financial aspects as the commission would have been if Doihara had been entirely successful in his recent activities;

(d) refusal by General Chiang to compromise coupled with an intention to resist by force of arms if Japanese aggression should extend to Central China.

The questions raised by the second and fourth courses are how effective Chinese resistance could be, how long it could be maintained, and whether General Chiang's prestige would not be dangerously injured by a resistance which did not include North China. The third course might be enough of a compromise to save the face of the North China leaders and

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

- 2 -

and Japan and perhaps the Japanese would agree to such a compromise which they would presumably look upon as a makeshift arrangement preliminary to a real autonomous government. It seems to be a serious question whether the prestige of the Kuomintang and General Chiang would not be so seriously affected by this course (or the first) that their continued existence in power would be endangered by disaffected groups in China who would be united by such a course.

If rumors from Nanking, which are credited but not confirmed by Chinese observers in Peiping, are true, it would seem that conciliation is to continue and that some kind of a military agreement has been made between the Japanese and Chinese authorities. On the other hand, Chiang's reported military preparations and his sudden and temporarily effective interference in the activities of Doihara indicate that some form of resistance is under consideration.

Matters of major importance are the attitude of Tokyo and the Kwantung army's compliance to direction from Tokyo. It is impossible in Peiping to estimate whether Japanese military authorities will agree to any course which will not humiliate Chiang Kai-shek if he accepts it. It is reported that on November 21 an abortive effort to demonstrate in favor of an autonomy movement took place at Tientsin. It is reported that, <sup>in</sup> order to bring about a situation leading to autonomy, some Japanese military may make use of plain-clothes men in Tientsin or of disaffected groups such as those led by Shih Yu-shan and Liu Kwei-tang.

793.51/7423

FE:EGC

FE:W, W, V

XI-25-35



DECLASSIFIED: E.O. 11652, 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

BR

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

Moscow

Dated November 23, 1935.

Rec'd. 12:25 p.m.

Secretary of State,  
Washington;

505, November 23, 2 P.M.

Dr. Yen, Chinese Ambassador, last night stated to me that he had just received a telegram from his government informing him in strictest confidence that Chiang Kai Shek had let the Japanese Government know that he would not tolerate, without recourse to arms, the separation of North China from the body of the Chinese state or any great diminution of the authority of the Nanking Government in the Northern provinces. Dr. Yen added that he believed Chiang Kai Shek was sincere in this statement.

Dr. Yen said that the telegram he had just received stated that the Japanese Government had been ~~expressed~~ <sup>impressed</sup> by Chiang Kai Shek's declaration to such an extent that it had moderated greatly its demands with respect to Northern provinces. Dr. Yen expressed the opinion that the Japanese "had been bluffing, and had had their bluff called"; he added that both he and his Government

felt

793.94/7424

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

BR

2- No. 505, November 23, 2 p.m. from Moscow

felt now that the situation was much less serious than they had feared.

Dr. Yen then said that he could give me a bit of information which was absolutely authoritative but must be kept entirely secret for the moment: Wang Ching Wei is to resign soon and C. T. Wang is to become Minister of Foreign Affairs.

BULLITT

KLP

note  
893.00

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

December 2 1935  
Copies sent to Tokyo, Peiping & Nanking  
F. E.  
DEPARTMENT OF STATE  
Division of FAR EASTERN AFFAIRS  
RECEIVED  
NOV 21 1935  
NOV 21 1935  
NOV 22 PM 1 52  
Department of State  
Telegram to London  
NOV 20, 1935.

MEMORANDUM OF CONVERSATION WITH THE BRITISH AMBASSADOR.  
AND RECORDS

793.94  
The British Ambassador called late this afternoon to inquire what decision, if any, had been arrived at with regard to the new state of North China. It was evident that he had come under instructions.

I replied that events had not progressed far enough for us to reach any decision as to precisely what was taking place in North China and that, therefore, we had not arrived at the point of determining what action, if any, should be taken. I said that the reports coming in today from Nanking, Peiping and Tokyo were somewhat conflicting. For instance, a bulletin in the afternoon press was headed that "Chiang Kai Shek bows to the Japanese", whereas a telegram today from Nanking stated that Chiang Kai Shek had sent preemptory orders last night to discontinue negotiations with the Japanese; it was evident that events were moving fast, but up to this evening, at least, they were not clarified.

I then read to the Ambassador extracts from Nanking's 94 and Peiping's 162 and 163 and Tokyo's 213, all of today's date. The Ambassador said that it was quite clear that there was no finality, as yet, to the movements

793.94/7425

FILED  
DEC 6 1935

F/FG

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

-3-

movements in North China and he thanked me very much for the information which I had given him.

I expressed my anxiety in regard to the whole outlook, and having showed him the latest reports indicated that I was glad to keep in touch with him.



William Phillips.

U:WP:AB

1806

DECLASSIFIED: E.O. 11652, 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

# TELEGRAM SENT

1-138

TO BE TRANSMITTED  
☒ CONFIDENTIAL CODE  
☐ NONCONFIDENTIAL CODE  
☐ PARTIAL  
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Department of State

DEPARTMENT OF STATE  
 NOV 22 PM 1 19  
 DIVISION OF  
 COMMUNICATIONS  
 AND RECORDS

Washington,  
 November 22, 1935.

AMEMBASSY,

LONDON (England).

351 Confidential

One. On November 20 the British Ambassador called, evidently under instruction, on the Under Secretary and inquired what decision, if any, we had arrived at in regard to the new regime in North China. The Under Secretary replied that our reports from the Far East did not repeat not as yet give a clear picture as to whether the new regime would be set up or what form it would take and that therefore we had not repeat not arrived at the point of determining what action, if any, should be taken. The Under Secretary read to the British Ambassador excerpts from our telegraphic reports from the Far East and the Ambassador stated that it was clear that there was no repeat no finality, as yet, to the movement in North China. The Under Secretary expressed to the British Ambassador our anxiety in regard to the whole outlook and indicated that he was glad to keep in touch with the Ambassador.

Two. Associated Press report from London states that informed sources QUOTE hinted that Great Britain had played a strong diplomatic hand both in Tokyo and in Nanking to check the move for an autonomous North China UNQUOTE. The report

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

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

793.94/7425

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

1-128  
PREPARING OFFICE  
WILL INDICATE WHETHER

TELEGRAM SENT

1-128  
TO BE TRANSMITTED  
CONFIDENTIAL CODE  
NONCONFIDENTIAL CODE  
PARTAIR  
PLAIN

Department of State

Collect  
Charge Department  
OR  
Charge to  
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Washington,

- 2 -

indicates that the British may have used their influence to stiffen the stand of Chiang Kai-shek and that the British exerted diplomatic action in Tokyo to check the handling of the situation by Japanese army leaders in China. Please endeavor to ascertain informally and discreetly whether there is any basis in fact for this report.

*Hull*  
*WJ*

FE:MMH:REK

*WJ*

*WJ*  
FE  
*WJ*

*WJ*  
1935

Enciphered by .....

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

7802

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

CONFIDENTIAL - STAFF USE ONLY.

No. 892

Edwin L. Neville, Esquire,  
American Chargé d'Affaires ad interim,  
Tokyo, Japan.

Sir:

There is enclosed for your confidential information a copy of a memorandum of a conversation of November 20, 1935, between the Under Secretary of State and the British Ambassador in regard to the situation in China.

Copies of this memorandum have been sent also to Peking and Nanking.

Very truly yours,

For the Secretary of State:

Sumner Welles

Enclosure:

Copy of memorandum.

793.94/7425

FE:ECG

FE

LII-2-36

DEC 2 1935



DECLASSIFIED: E.O. 11652, 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. 43

CONFIDENTIAL - STAFF USE ONLY.

The Honorable

Nelson T. Johnson,

American Ambassador,

Peiping.

Sir:

There is enclosed for your confidential information a copy of a memorandum of a conversation of November 20, 1935, between the Under Secretary of State and the British Ambassador in regard to the situation in China.

A copy of this memorandum has been sent also to the Embassy at Tokyo.

Very truly yours,

For the Secretary of State:

Sumner Welles

79394/7425

Enclosure:

Copy of memorandum.

Copy to Nanking.

793.94/7425

FE:EGC

XII-2-35

DEC 2 1935  
 FE  
 P.W.M./d

A true copy of the signed original.



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

1  
**TELEGRAM RECEIVED**

1-1236

FROM

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

MJP

PLAIN

Peiping via N R

Dated November 24, 1935

Rec'd 2:15 p. m.

Secretary of State,  
Washington,

173, November 24, 11 p. m.

793.94  
Reports apparently well-founded are in circulation that Yin Yu Keng, special administrator of the demilitarized zone, will declare tonight the autonomy or independence of the demilitarized zone with a governing council composed of nine members to be known by some such name as Eastern Hopei Anti-Communist Preventive Autonomous Council.

Repeated to Nanking and Shanghai, by mail to Tokyo.

LOCKHART

WWC

793.94/7426

FILED

NOV 26 1935

F/G

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

TELEGRAM RECEIVED

MJP

1-1228

FROM

GRAY

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

Tientsin

Dated November 25, 1935

Rec'd 7:30 a. m.

Secretary of State,  
Washington.

November 25, noon.

This morning about 100 fully armed uniformed soldiers arrived in trucks at a lecture hall on main street in native city which is serving as the headquarters of the so called autonomy movement in this city. The trucks bore banners marked "The death defying army for the self-defense of the masses of North China" and large signs over the door of the hall named it the headquarters of the army. At the same time a parade of about 50 Chinese carrying banners urging autonomy for Hupei passed toward the hall. Handbills of the movement are being widely distributed and posters urging autonomy for North China have been posted on walls throughout Chinese city and Japanese concession.

Chinese policy apparently are making no effort to interfere.

Two. Armored cars were seen in front of the  
peace

793.94/7427

NOV. 27 1935

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

MJP 2 November 25, noon, from Tientsin

peace preservation corps in Tientsin which is heavily guarded. Growing tension is evident. True reading to the Embassy.

CALDWELL

CSB

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.515/890 FOR Tel #103, 10am

FROM China (Nanking) (Peck) DATED Nov. 22, 1935  
TO \_\_\_\_\_ NAME \_\_\_\_\_ 1-1127 \*\*\*

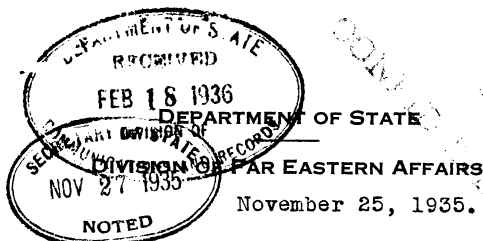
REGARDING: Confused administrative situation in North China: Conference of Nov. 20, a discussion of-, by Ariyoshi and Suma with Chiang Kai Shek. Suma, in conversation with Peck, spoke of this conference and pointed out that although these (North China) affairs are of course matters of domestic interest to China, the proximity of North China to Japan makes disorderly conditions there a subject of legitimate concern to Japan.

FRG.

793.94/7428

7428

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



November 25, 1935.

My conjecture with regard to what is happening is that: (1) the Japanese military in China, especially General Doihara, are inciting certain Chinese in North China to acts approaching violence in order to influence in a manner favorable to the Japanese objectives the negotiations between Japanese representatives and the Chinese authorities at Nanking, prominent among the objectives being to obtain definite commitment by Chiang Kai-shek to agreements which the Japanese propose; and (2) a see-saw between the Japanese military in China and the Japanese War Department on the one hand and on the other hand the Japanese Foreign Office and conservative elements around the Emperor (among whom there may be a few of the more conservatively minded of the Japanese army and/or navy officers). Whatever delays may occur, we should expect that in the long run the Japanese Army will either obtain from Nanking a considerable portion of what it asks or will obtain from the Japanese Emperor assent to its military program in North China (or will again go ahead "on its own" as in 1931).

793.94/74281/2

793.94/7428 1  
2

SKH/REX

FILED  
MAR 9 1936

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

FE

NOTE  
793.94

MJP

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

Nanking

Dated November 22, 1935

Rec'd 10 a. m.

Secretary of State,  
Washington.

103, November 22, 10 a. m.

One. In conversation yesterday afternoon

Suma informed me that during the conference with  
Chiang Kai Shek on November 20 Ariyoshi and Suma  
dwelt at length on the Chinese monetary decree of  
November 3. They told Chiang they did not think  
the scheme would succeed and asked the opinion of  
Chiang who disclaimed expert knowledge. They said  
that Japanese suspicions were aroused by the prior  
notification given another power and pointed out  
that Japan was always ready to discuss such matters  
with China with a view to individual action by  
Japan or joint action with other nations. (Suma  
reiterated to me his own belief that the scheme  
could not succeed without a loan to maintain  
currency reserves and while he was confident that  
the international loan for which he said the British  
were working would not eventuate mainly because of  
the reported inability of France to participate,

he

893.515/890

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

MJP -2- No. 103, November 22, 10 a. m. from Nanking

he thought it probable that the Chinese are trying to obtain from some source funds to support note issues. Replying to his question regarding the probable attitude of the American Government toward the international loan project I replied "I thought the American Government would be interested if the other three governments supported the idea but I did not know whether Chinese bonds would find market in the United States."

Two. Suma said that the attention of Chiang was called to the confused administrative situation in North China where at least four all-Government organs function without a guiding superior organ and numerous Chinese ex-leaders are plotting for personal advantage and it was suggested to Chiang that some sort of special administration for that area would be advantageous. He said that the replies of Chiang to the observations made by Arikoshi and himself on all subjects were evasive as they always are. (Suma remarked to me that these affairs are of course matters of domestic interest to China but the proximity of North China to Japan makes disorderly conditions there a subject of legitimate

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

MJP -3- No. 103, November 22, 10 a. m. from Nanking

logitimate concern to Japan).

Three. To Tokyo by mail. Repeated to the  
Department, Peiping and the Ambassador.

PECK

CSB



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

TELEGRAM RECEIVED *of paraphrase*

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

MJP

1-1234

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

FROM Tokyo

Dated November 25, 1935

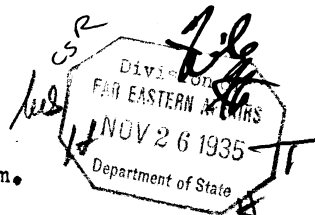
Rec'd 10:15 a. m.

Secretary of State,

Washington.

216, November 25, 6<sup>00</sup> p. m.

(SECTION ONE)



In conversation with the Vice Minister for Foreign Affairs today he made the following oral statement.

One. The present negotiations with Nanking are the result of conversations which the Minister for Foreign Affairs had with the Chinese Ambassador before the latter returned to China to attend the meeting of the Kuomintang. The Ambassador wished to improve relations between Japan and China a project with which the Minister for Foreign Affairs is in hearty approval. The Ambassador then returned to Nanking and discussed the matter with the officials of the Chinese Government with the result that there were discussions between Japanese and Chinese officials in Nanking and finally Ariyoshi began his conversations with Chiang Kai Shek. The basis of the discussions is three sided. First,

the

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

MJP -2- No. 216, November 25, 6 p. m. from Tokyo

the suppression of anti-Japanese propaganda which stirs up the populace to no good purpose; second, the acceptance of the fact of Manchukuo which may not necessarily mean diplomatic relations; and finally, means of controlling Communist or Red propaganda which is becoming a serious question both in China and in Manchuria. These Sino-Japanese discussions were interfered with by the attempted assassination of Wang Ching Wei, the murder of a Japanese sailor and the wrecking of a Japanese shop in Shanghai all of which the Japanese have reason to believe are connected. Their reasons are that they know that the comintern meeting in Moscow, to whose activities both the Japanese and American Governments took exception, considered the question of the Red armies in China and decided to support in every way possible the anti-Japanese movements in China in addition to furthering communistic movements there because they consider the Japanese the greatest menace to Red action in the Far East. However, the Japanese were determined to treat the Shanghai affairs as purely local matters and the conversations continued. They were again disturbed by the Chinese announcement of the nationalization of silver. ~~and~~ *ffv*

(END SECTION ONE)

NEVILLE

CSB

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

## TELEGRAM RECEIVED

FS

1-1230

FROM

Tokyo

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

Dated November 25, 1935

Rec'd 2:55 p. m.

Secretary of State,

Washington.

216, November 25, 8 p. m. (SECTION TWO)

This had a most unfortunate effect because it put the North China leaders in a panic and some of them went to the Japanese military for advice. It put new life into the autonomy movement which has long existed in a dormant condition.

The North China autonomy movement is a matter with which the Japanese Government does not wish to be concerned but it has placed the Japanese in an embarrassing position because the Chinese leaders in the North have represented to Nanking that the Japanese are urging them to declare autonomy while at the same time these same leaders assure the Japanese that they would declare autonomy over night if it were not for the negotiations that the Japanese are carrying on at Nanking with Chiang Kai Shek which give added strength to the objection of the Central Government. Still the Japanese Government will continue to negotiate with Chiang and will not

allow

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

FS 2-No. 216, Nov. 25, 8 pm from Tokyo SECTION TWO

allow local issues to obscure their object which is to come to a settlement with the Chinese Government along the lines indicated above. At the same time he remarked parenthetically the Japanese feel that any domestic settlement which Chiang may come to in the matter of North China autonomy must take account of (1) the general sentiment in that region which is decidedly opposed to direct Nanking Government, (2) the propinquity of Manchukuo and its border problems, (3) the large Japanese interests in the North China area although the latter is a contributing rather than a deciding factor in the situation. He believed that a China <sup>entirely</sup> ~~adequately~~ governed like Japan or France was an impossibility. The Vice Minister said that he felt hopeful rather than discouraged because he felt that the Chinese now realize the need for an understanding with Japan, an attitude they have not taken hitherto. He said that at no time in the recent discussion has the Japanese Government contemplated the use of armed force although they might be compelled to do so if the Chinese troops moved North. The wild speeches attributed to military officers were largely fictitious he said although he would have to admit that

there

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

FS 3-No. 216, Nov. 25, 8 pm from Tokyo SECTION TWO

there are some officers with very little discretion. More than that, there is a large element of troublesome Japanese who stir up issues that have no legitimate place in the purposes of the Japanese Government. He said that Chiang was the strongest man in China and that they would continue to work with him. Still he has many enemies and is frequently driven to rather questionable expedients like every man in high political office except that conditions in China are worse than in other countries.

Two. The foregoing is the first statement I have been able to obtain from a Japanese official. The Vice Minister had obviously thought the matter over carefully and gave every evidence of speaking frankly. The Department will note that there is no sign of easing the Japanese demands but on the other hand the general attitude is not as uncompromising and threatening as was indicated by the reported statements of Japanese Army officers in China.

Repeated to Peiping. End message.

HPD

NEVILLE

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 216) of November 25, 1935, from the American Chargé d'Affaires at Tokyo, reads substantially as follows:

Mr. Shigemitsu, Vice Minister for Foreign Affairs, made the following statements to me today in the course of a conversation. These statements are the first that I have been able to obtain from a Japanese official. It is obvious that the Vice Minister had given the matter careful consideration and as far as I could judge he spoke most frankly. It will be noted from his statements that there is no evidence that the Japanese demands are to be eased. However, the Japanese attitude is not as uncompromising and threatening as the reported statements of Japanese army officers in China would indicate.

Before the Chinese Ambassador returned to China to attend the meeting of the Kuomintang he had some conversations with the Minister for Foreign Affairs. From these conversations have resulted the present negotiations with Nanking. The Chinese Ambassador wished to improve relations between Japan and China, and the Minister for Foreign Affairs is in hearty approval with a project of this kind.

Upon his return to Nanking, the Ambassador took up this matter with officials of the Nanking Government. There resulted discussions between Japanese and Chinese officials  
 in

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

- 2 -

in Nanking and later conversations between Chiang Kai Shek and Ariyoshi.

Three matters were discussed in these conversations. These were: one, the suppression of anti-Japanese propaganda which stirs up the populace to no good purpose; two, the acceptance by China of the fact of "Manchukuo" which may not necessarily mean diplomatic recognition; and three, means of controlling Red or Communist propaganda which is becoming a serious problem both in China and Manchuria.

These discussions between Chinese and Japanese officials were interfered with by the attempted assassination of Wang Ching Wei, the murder in Shanghai of a Japanese blue-jacket, and the wrecking of a Japanese store in Shanghai. The Japanese believe that all of these incidents are connected. Their reasons are that the Comintern, at its recent meeting in Moscow, discussed the question of the Red armies in China in addition to fostering communistic movements in that country. The Comintern, of course, regards Japan as the greatest menace to Red action in the Orient.

Despite the occurrence of the disturbing incidents, which the Japanese were determined to treat as purely local matters, the conversations were continued. They were again disturbed by the announcement by China of the nationalization of silver. This move was most unfortunate because

DECLASSIFIED: E.O. 11652, 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 -

because it put the North China leaders in a panic and some of them went to the Japanese military for advice. It caused resurgence of the movement toward autonomy which had long lain dormant.

The movement toward autonomy in North China is a matter with which the Japanese Government does not wish to be concerned. It has placed the Japanese in an embarrassing position because the Chinese leaders in the North have reported to the Nanking Government that the Japanese are pressing them to declare autonomy while at the same time these same leaders assure the Japanese that they would declare autonomy at once were it not for the negotiations at Nanking between the Japanese and Chiang Kai Shek which give added weight to the objection of the Nanking Government. Despite these difficulties, the Japanese will continue to negotiate with Chiang and will not allow local issues to obscure their object which is to come to an agreement with the Nanking Government along the lines indicated above. The Vice Minister remarked parenthetically that the Japanese feel that any domestic settlement which Chiang may make in regard to autonomy in North China must take account of (1) the propinquity of "Manchukuo" and its border problems; (2) the general sentiment in North China which is decidedly opposed to direct government by Nanking; and (3) the importance of Japanese interests in North China, although this latter

is



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

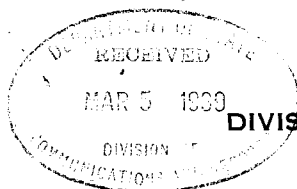
- 4 -

is a contributing rather than a deciding factor in the situation. He believed that a China governed like Western Powers by a strong central government was an impossibility. He said that he felt rather encouraged because he felt that the Chinese now realized the need for an understanding with Japan, in contrast to their previous attitude. He stated that at no time during recent discussions has the Japanese Government contemplated taking military action, although if the Chinese troops move North such action might have to be taken. He stated that the bellicose utterances attributed to Japanese military officers were largely fictitious, but admitted that some officers show very little discretion. He stated that, moreover, there is a large element of trouble making Japanese who stir up issues that have no legitimate place in the purposes of the Japanese Government. He said that Chiang was the strongest man in China and that the Japanese intended to continue to work with him, despite the fact that Chiang has many enemies and is frequently driven to rather questionable expedients, as might be expected in any country, particularly one in which conditions are as bad as they are in China.

WTF  
 FE:WTF/DLY

m.m.v

DECLASSIFIED: E.O. 11652, 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

**CONFIDENTIAL**

DIVISION OF FAR EASTERN AFFAIRS

November 25, 1935.

Subject: The North China Situation.

Division of  
FAR EASTERN AFFAIRS  
NOV 27 1935  
Department of State

S:

Mr. Secretary.

The situation in North China <sup>continues</sup> is not clear.

The Department has as yet received no confirmation from the Embassy at Peiping of press reports of the declaration on the night of November 24 of autonomy or independence of the "demilitarized zone." This zone comprises the northeastern part of Hopei Province which was "demilitarized" by the Tangku Truce of May 31, 1933. It extends south from the Great Wall to a line running north and east of Peiping and Tientsin which line roughly parallels the Peiping-Tientsin Railway. According to the press reports the special administrator of that area, Yin Yu-keng (who is reported to have a Japanese wife and to have been suggested for the post of special administrator by the Japanese), is the head of the new régime. Tientsin reports the occurrence there this morning of some minor disturbances in connection with the so-called autonomy movement. A "flash" (UP) from London gives an unconfirmed press report to the effect that the autonomy movement in Tientsin has collapsed because of Sino-Japanese negotiations resulting in a decision on the part of the Japanese "to halt the movement in the interests of peace and order."

Moscow

793.94/7429

1

FILED F/FG

MAR 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

- 2 -

Moscow reports information received in strictest confidence from the Chinese Ambassador to the effect that Chiang Kai-shek had made known to the Japanese Government that he would oppose with military force any movement to separate North China from China or to reduce materially Nanking's authority in that area.

It would appear from available information that Sino-Japanese negotiations looking toward a settlement of the North China situation are taking place but that the Japanese military in China are still manifesting an interest in the establishment of a new régime in North China.

*ledm*  
FE:MSM/VDM

*m. m. d.*

*SKA*

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

TELEGRAM RECEIVED

1-1236

MJP

FROM  
CORRECTED COPY

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

GRAY AND SPECIAL GRAY

Peiping via N R

Dated November 25, 1935

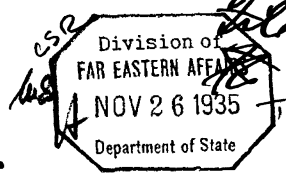
Rec'd 2:20 p. m.

Secretary of State,  
Washington.

175, November 25, noon.

Embassy's 173, November 24, 11 a. m.

Yin Ju Keng and other officials of the demilitarized zone issued an announcement last night of the establishment of the Eastern Hopei Communist Northern Autonomous Council to govern the 22 hsien of the demilitarized zone by means of a commission of nine members including the commanders of five detachments of the Peace Preservation Corps of the zone. A circular telegram to the same effect was simultaneously sent to the leading officials of North China. The announcement contained a strong denunciation of the Kuomintang for its (one) maladministration, (two) assisting class conflict and bringing on the terrors of communism, (three) destruction of the ancient Confucian musts, (four) responsibility for famines, (five) blundering foreign policies and (six)



793.94/7430

NOV 29 1935

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

CORRECTED COPY

MJP -2- No. 175, November 25, noon, from Peiping.

(six) financial errors. The announcement states that from today the demilitarized zone will be separated from the Central Government and will be the beginning of a federation of the (Northern ?) provinces.

Two. It is presumed that Yin Ju Keng is making this move not only because he is exceptionally pro-Japanese allegedly but because his telegram of November 15 (Embassy's 57, November 18, 6 p. m.) which criticised the Kuomintang probably ended his chances of getting any job under the Kuomintang in the future.

Three. According to reliable informants the situation in Tientsin is tense. It is expected that a subversive movement may develop there shortly looking toward creation of autonomy in North China. A meeting was reputedly held November 23 at Shih Yu San's house in this connection and handbills were distributed yesterday denouncing the Kuomintang. There were seen this morning several trucks containing armed soldiers with inscriptions on the trucks to the effect that they belonged to "the death defying army" of an autonomous government.

Four.

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

CORRECTED COPY

MJP -3- No. 175, November 25, noon, from Peiping.

Four. From all information obtainable by the Embassy it appears that autonomy is desired only by certain Japanese and a few self interested Chinese. However as Chinese troops can not enter the demilitarized zone or Tientsin the present situation will presumably be difficult for the Chinese authorities to deal with.

, Repeated to Nanking and Shanghai by mail to Tokyo.

LOCKHART

CSB

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

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

TELEGRAM RECEIVED

JR 1-1836

FROM

GRAY & SPECIAL GRAY

Peiping via N.R.

Dated November 25, 1935

Rec'd. 2:20 p.m.

Secretary of State  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 26 1935  
Department of State

175, November 25, Noon.

Embassy's 173, November 24, 11 a.m.

Yin Ju Keng and other officials of the demilitarized zone issued an announcement last night of the establishment of the Eastern Hopei communist (?) autonomous council to govern the 22 hsien of the demilitarized zone by means of a commission of nine members including the commanders of five detachments of the Peace Preservation Corps of the zone. A circular telegram to the same effect was simultaneously sent to the leading officials of North China. The announcement contained a strong denunciation of the Kuomentang for its (one) maladministration, (two) assisting class conflict and bringing on the terrors of communism, (three) destruction of the ancient confucian trusts, (four) responsibility for faminers, (five) blundering foreign policies and (six) financial errors. The announcement states that from today the demilitarized zone will be separated from the Central Government and will

be

See  
Corrected  
Copy  
/ 7426

793.94/7430

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

JR 42- 175, November 25, Noon from Peiping via N.R.

be the beginning of a federation of the (Northern ? )  
provinces.

Two. It is presumed that Yin Ju Keng is making this  
move not only because he is exceptionally pro-Japanese  
allegedly but because his telegram of November 15 (Embassy's  
57, November 18, 6 p.m.) which criticised the Kuomintang  
probably ended his chances of getting any job under the  
Kuomintang in the future.

Three. According to reliable informants the  
situation in Tientsin is tense. It is expected that a  
subversive movement may develop there shortly looking  
toward creation of autonomy in North China. A meeting  
was reportedly held November 23 at Shih Yu San's house in  
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denouncing the Kuomintang. There were seen this morning  
several trucks containing armed soldiers with inscriptions  
on the trucks to the effect that they belonged to "the death  
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Four. From all information obtainable by the Embassy  
it appears that autonomy is desired only by certain  
Japanese and a few self interested Chinese. However as  
Chinese troops can not enter the demilitarized zone or  
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for



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

JR -3- 175, November 25, Noon from Peiping via N.R.

for the Chinese authorities to deal with. Repeated to  
Nanking and Shanghai by mail to Tokyo.

LOCKHART

CSB

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

JS

TELEGRAM RECEIVED  
PEIPING VIA N.R.

Dated November 25, 1935

FROM

Rec'd 7:50 p.m.

Secretary of State,  
Washington, D.C.

176, November 25, 4 p.m.

Embassy 175, November 25, noon.

The new regime was inaugurated this morning. The participants passed four resolutions as follows: (one) to organize the new administration; (two) to free the area under the present regime from the Kuomintang; (three) to maintain peace and order; and (four) to protect the lives and property of foreigners. Yin Ju Keng informed a local foreign press correspondent that his regime will collect all taxes except salt and customs, that a committee is being organized to administer the railways. (Probably this means control of revenues primarily), that there will be no interference with the Kailan mines, that he has no (repeat no) Japanese advisers as yet, and that he has at his command 100,000 rifles (mostly irregulars) to defend the area.

Two. This correspondent said that Tungchow, near Peiping where the inauguration took place was quiet, with the people seemingly uninterested, that Yin and his Chinese colleagues seemed not (repeat not) very

sure

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O.N. AND M.I.D.

PEIPING VIA N.R.

1-1886

Division  
FAR EASTERN AFFAIRS  
NOV 26 1935  
Department of State

793.94

793.94/7431

NOV 29 1935

F

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

-2-

From Peiping, Nov. 25, #176.

sure of themselves and that a number of Japanese  
in ordinary clothes were in evidence assisting Yin.

Three. Doihara returned to Peiping from Tientsin  
this morning. Subversive handbills were distributed  
this morning in Peiping.

Repeated to Nanking and Shanghai; by mail to  
Tokyo.

LOCKHART

SMS NPL

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

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ON LAND M.I.D.  
TELEGRAM RECEIVED

MJP 1-1836

FROM

GRAY AND SPECIAL GRAY

Nanking

Dated November 26, 1935

793.94  
Secretary of State,  
Washington.

Rec'd 9:10 a. m.

Division of  
FAR EASTERN AFFAIRS  
NOV 26 1935  
Department of State

111, November 26, 3 p. m.

One. According to information received from the Foreign Office the Chinese Government, following a special meeting of the Executive Yuan today, has (1) ordered local authorities in the North to arrest Yin Ju Keng as a rebel, (2) abolished the Peiping Branch Military Council, (3) appointed Ho Ying as its resident representative in Peiping and, (4) Sung Che Yuan as Pacification Commissioner for Hopei and Chahar. The warrant for Yuan's<sup>2</sup> arrest, it is stated, will be issued tomorrow morning.

Two. Last three steps have the appearance of <sup>compliance with the</sup> being a form of ~~clamorous~~ suggestion made to Chiang by the Japanese as reported in my November 22, 10 a. m., paragraph two, first sentence.

Three. Repeated to Department and Peiping.

CSB

PECK

793.94/7432

NOV 29 1935

F.

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

TELEGRAM RECEIVED

MJP

FROM

GRAY

Tientsin via N R

Dated November 26, 1935

Rec'd 10:25 a. m.

Secretary of State,  
Washington.

November 26, 10 a. m.

Chinese officer here states that General Sung Che Yuan will set up an autonomous administration for the provinces of Hopei and Chahar within three days. It is his opinion that this step will result in elimination of Yin Ju Keng who has established autonomy in the demilitarized zone. He corroborates press report of effort by Yin to take over railroad from Hsinho to Shanhaikuan..

Same information states that he received information from Nanking yesterday that if Sung agrees to autonomy Chiang Kai Shek may use armed force to suppress him and his government.

Tientsin autonomy corps were withdrawn at 6 p.m. yesterday from their headquarters on main street in Chinese city. It is reported on good authority that General Shih Yu San distributed rifles and swords to mob of 300 in Japanese concession at 6:30

p.m.

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O.N.I. AND M.I.D.

Division of  
FAR EASTERN AFFAIRS  
NOV 26 1935  
Department of State

FILED  
NOV 29 1935

793.94/7433

E.

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

MJP -2- November 26, 10 a. m. from Tientsin

p. m. yesterday.

Very strict martial law enforced in Chinese  
controlled areas of Tientsin last night. City  
heavily policed. True reading to the Embassy.

CALDWELL

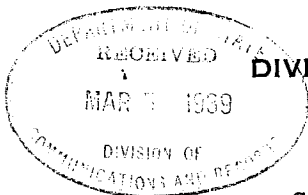
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 26, 1935.

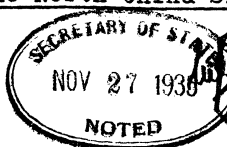


Subject: The North China Situation.

CONFIDENTIAL

S:

Mr. Secretary.



Reports received today from the Embassy at Peiping indicate that efforts at Tientsin to bring about a movement for autonomy have failed; that according to a reliable informant no responsible Japanese were behind the recent disturbances there.

The Embassy at Nanking reports as a plausible explanation of the temporary collapse of the autonomy movement on November 19 and 20 confidential information (received from a well-informed official) to the effect that Chiang Kai-shek, influenced by reports of indecision within the Japanese Cabinet and of a movement among Sung Che-yuan's subordinates to defeat efforts to influence Sung to fall in with Doihara's plans, ordered Sung to discontinue negotiations with the Japanese with <sup>the</sup> result that the Japanese Government repudiated Doihara's threat of invasion. (It will be recalled that Tokyo has reported that the prohibition of the movement south of the Great Wall of the troops of the Kwantung Army without imperial sanction is

still

793.94/7433

1-2

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FILED  
NOV 9 1935

DECLASSIFIED: E.O. 11652, 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 -

still in force.)

Nanking also reported confidential information to the effect that the Central Government would take no action against the new régime in the "demilitarized" zone; that it has made preparations to resist any interference with Chinese administration south of Hopei Province; that it expects ~~the~~ expansion of the autonomy movement and ~~the~~ capitulation of Sung Che-yuan to the Japanese; and that Sino-Japanese discussions at Nanking are still proceeding but with little prospect of success.

The situation does not appear to have changed materially since yesterday. However, there is evidence that the Japanese military may be expected within the next few days to gain their objective with regard to the autonomy movement in North China.

*hjm*  
FE:MSM/VDM



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

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TELEGRAM RECEIVED

REP

1-1336

FROM

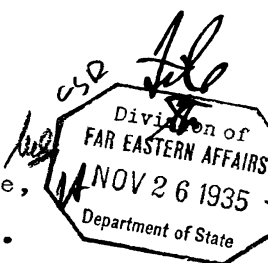
SPECIAL GRAY

Nanking via N. R.

Dated November 26, 1935

Rec'd 10:40 a. m.

Secretary of State,  
Washington.



108, November 26, 10 a. m.

One. It is understood that discussions of Sino-Japanese issues are proceeding between Tang Yu Jen and Suma. Both Foreign Office and Japanese Embassy officials are reticent concerning these discussions and the general impression is that they are an attempt on the part of the Japanese to bring the Chinese to a definite commitment, the Chiang-Ariyoshi conversation of November 20 having been unsatisfactory. Developments in Hopei seem so far to have been officially ignored and there is no indication that the Chinese Government has decided what action if any should be taken. According to one well informed Chinese source, neither the Chinese nor the Japanese are yet certain of the intentions of Sung Che Yuan and difficulty is anticipated with Hsiao Chen Ying, chairman of Chahar, who is considered the chief Chinese conspirator for autonomy in the north.

Two.

793.94/7434

NOV 30 1935

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E.

DECLASSIFIED: E.O. 11652, 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-#108, From Nanking, Nov. 26, 10a.m.

Two. A plausible explanation of the autonomy movement's temporary collapse on November 19-20 given confidentially by a well-informed Chinese official is as follows: Reports to Chiang by his intelligence service of indecision within the Japanese Cabinet which happened to coincide with a movement by Sung's subordinate officers to defeat Hsiao's efforts to persuade Sung to fall in with Doihara's schemes, influenced Chiang Kai Shek to hazard "calling Doihara's bluff" by ordering Sung to discontinue negotiations with the Japanese officer. Doihara's threat of military invasion was thereupon repudiated by the Japanese Government because it realized that he was failing to persuade the North China leaders to go forward with his scheme. The Government's reasons for its about face, the informant conjectured, was (1) a desire to disassociate itself from the conspiracy because of possible action by the League similar to the application of sanctions against Italy and (2) probable adverse effects at the forthcoming Naval Conference at which Japan desires to press successfully its demand for parity. According to the official quoted in my 94, November 20, 6 p. m., orders to the Japanese troops not to proceed

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

REP

3-#108, From Nanking, Nov.26,10a.m.

proceed beyond Shanhaikwan were limited in time until after the Naval Conference and included also a restriction against military action (except defense action) in the Shanghai area.

Three. Paraphrase by air mail to Peiping, ordinary mail to Tokyo.

PECK

CSB

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

FE

TELEGRAM RECEIVED

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

REP

1-1336

FROM

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

PEIPING

Dated November 26, 1935

Rec'd 12:25 p. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 26 1935  
Department of State

177, November 26, 4 p. m.

Referring to the Embassy's No. 176, November 25, 4 p.m.

It is reliably reported that attempts in Tientsin to create a movement toward autonomy have failed. Some opposition to the attempts was shown by Chinese and no (repeat no) desire for autonomy on the part of the Chinese people was evident. The active participants were apparently low class Chinese who were paid by self-interested persons. Presumably some Chinese ex-officials and unemployed militarists had hoped to profit from the situation. Tientsin is understood to be quiet today.

Two. Sung, Hsiao, and Chin arrived in Peiping from Tientsin yesterday. Doihara is still here. The city is quiet. Unsubstantial rumors have revived to the effect that Sung will declare autonomy of Chahar and Hopei which would then absorb the autonomous regime of the demilitarized zone. There are no (repeat no) new known developments

with

793.94/7435

NOV 29 1935  
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11

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

REP

2-#177, From Peiping, Nov.26,4p.m.

with regard to the activities of Yin Ju Keng.

Three. A Chinese official well known to the Embassy and regarded as reliable returned today from a four day visit to Tientsin. He states that there were no (repeat no) responsible Japanese behind the recent disturbances in Tientsin although irresponsible Japanese may have been connected with them; that Sung will not (repeat not) declare autonomy but that the National Government will form some sort of a commission for North China; that Sung was ordered last night by Nanking to send some troops to Tungchow to watch the situation there, the troops having gone this morning; that in his opinion Yin Ju Keng's purpose is to make some money and then retire; that Yin's control of the railways will be purely nominal, an arrangement having already been reached with the managing director of the Peiping-Mukden line whereby an office will be established at Tangshan as a face saving device for Yin and that the Japanese are not supporting Yin as yet.

Repeated to Nanking and Tokyo.

LOCKHART

CSB

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

## CONFIDENTIAL

### P A R A P H R A S E

A telegram(No. 177) dated November 26, 1935, from the American Embassy at Peiping, reads substantially as follows:

According to reliable reports the autonomous movement attempted in Tientsin has failed and on the 26th Tientsin was understood to be quiet. It was apparent that the Chinese people did not desire autonomy and there was some opposition by the Chinese to the attempt. It is presumed that unattached Chinese militarists and ex-officials and other self-interested persons sought profit from the situation and paid for the active participation of ostensibly low class Chinese. Peiping remains quiet although unconfirmed rumors circulate to the effect that autonomy in Hopei and Chahar will be announced by Sung and that the autonomy movement in the demilitarized zone will then be incorporated with the new régime. Doihara is still in Peiping and Chin, Hsiao and Sung arrived in Peiping on the 25th but there are no recent authentic reports as to Yin Ju-keng's activities. A statement was made to the Embassy by a reliable Chinese official, who returned on the 26th from a visit of four days in Tientsin, to the effect that (1) the National Government will name a North China Commission and autonomy will not be declared by Sung,

(2)

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

- 2 -

(2) although irresponsible Japanese were perhaps connected with the Tientsin disturbances, no responsible Japanese were implicated therein, (3) Yin Ju-keng desires to make some money before retiring, (4) to save Yin's "face" an agreement has been arrived at with the managing director of the Mukden-Peiping Railway under which an office will be set up at Tangshan but that his control of the railways will be only nominal, (5) Yin has not as yet received Japanese support, and (6) on the evening of the 25th Nanking ordered Sung to despatch troops to Tungchow to follow developments in the situation and these troops departed for this purpose on the morning of the 26th.

CSR  
FE:CSR/VDM

77, M, N

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 10, 1935.

Mr. Secretary:

This despatch is of unusual interest. It deals with the thought and the psychology of the Japanese people in connection with the question of Japan's imperialism. It is written by Consul General Joseph Ballantine, at Mukden. Ballantine is a career officer of twenty-six years' experience. He was born in India of American parents; he entered our Service as a "student interpreter" (language officer) in Japan in 1909. He served in Japan and in Manchuria until 1928; attended the London Naval Conference in 1930; was sent to Canton in 1930 and thence to Mukden in 1934. He has an unusually good knowledge both of the Japanese and of the Chinese.

SKH

FE:SKH/ZMK



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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 5, 1935.

~~CC~~  
~~RET~~  
~~MSM:~~  
~~WTT:~~  
~~MMH:~~  
~~SKH:~~

by  
 Radcliffe  
 at  
 Mukden.

Mukden's No. 167 of October 28, 1935, sets forth observations on Japan's continental policy, which observations are induced by an article in the Japanese language weekly entitled "Fundamental Considerations on China and the North China Question".

The article develops the thesis that the North China question is the application of Japan's fundamental continental policy which in essence (1) states the duty devolving upon Japan of liberating and assisting the oppressed people of the Far East and (2) concludes that this duty can be fulfilled by Sino-Japanese cooperation under the guidance of the Japanese (Japan will use its efforts to make common cause with the Chinese people first in North China and successively in all China).

Mukden's observations are (1) the Japanese hold the view that it is their duty to deliver the Chinese from the oppression of warlords, communism, et cetera; (2) they are fanatical in

their

7 8 4

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

- 2 -

their desire to fulfill this duty and look upon Chinese resistance to the Japanese creed as a state of ignorance from which they must be delivered; (3) the Japanese handling of the situation in "Manchukuo" and North China tends to defeat their purpose and the breach between the Japanese and Chinese is widening as a result of close contact; (4) until the Japanese realize that they must include the Chinese in a partnership of full equality they can never achieve their purpose; and (5) the Chinese should, however, realize that their hope of national salvation lies only in their own efforts.

A very interesting psychological study of factors operating in "Manchukuo" and remotely in North China.

*The despatch is worth reading in its entirety.*

CSR  
CSR/VDM

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

NO. ....

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 28, 1935.

CONFIDENTIAL - For Staff Use Only.

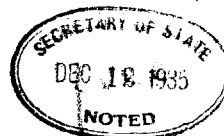
SUBJECT: Observations on Japan's Continental Policy.

1-1403 ...

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THE HONORABLE  
THE SECRETARY OF STATE  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS  
1935 NOV 26 PM 2 42  
SIR:

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	In U.S.A.	<input checked="" type="checkbox"/>	
	<u>Ballantine</u>	<u>ONI</u>	<u>MID</u>

WASHINGTON.



DEPARTMENT OF STATE  
RECEIVED  
DEC 22 1935  
BY  
ASSISTANT SECRETARY OF STATE

I have the honor to enclose a copy of my

despatch No. 167 to the American Embassy, Peiping,  
China, dated October 28, 1935, entitled "Observa-  
tions on Japan's Continental Policy".

Respectfully yours,

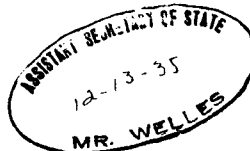
*J. W. Ballantine*  
J. W. Ballantine,  
American Consul General.

Enclosure:

Copy of despatch No. 167

to the American Embassy, Peiping.

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

No. 167.

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 28, 1935.

CONFIDENTIAL - For Staff Use Only.

SUBJECT: Observations on Japan's Continental Policy.

The Honorable

Nelson Trusler Johnson,  
 American Ambassador,  
 Peiping, China.

Sir:

I have the honor to refer to a leading article in the October 19 issue of the MANMO HYOKON (Manchuria Mongolia Review), a Japanese language weekly, entitled "Fundamental Considerations on China and the North China Question", which deals with the recent Tada interview and the pamphlet which appeared on that occasion.

The belief is expressed that the North China question is not merely a matter of "securing the life line of Japan's national defense"; it represents the application of Japan's fundamental continental policy, which

- (1) provides for the expansion (not necessarily in a territorial sense) of Japan
- (2) and for the liberation of oppressed peoples,
- (3) accords them security of livelihood,
- (4) maintains the self-respect of all peoples and their independence
- (5) which will enable them to cooperate in

attaining

- 2 -

attaining friendly relations with Japan,

(6) and render possible the establishment of political, economic and even military relations of inseparability with the Empire.

The article concludes from its examination of the Tada pamphlet that Japan will use its efforts to make common cause with the Chinese people, first in North China, to promote the security and peace of Japanese residents and the Chinese people. The view is expressed that conditions in North China are favorable to a speedy realization of this aim and that this movement, which had its beginnings with the "Manchuria Incident" of 1931, will be gradually extended from North China southwards eventually to include all China, and it is anticipated that if the people of North China make a beginning of considering the North China question sympathetically they may bring it to the fore at the plenary session of the Central Executive and Supervisory Committees in Nanking next month.

Those who do not appreciate how one-sided and even naive the Japanese can sometimes be in their outlook on foreign affairs and who are unfamiliar with current Japanese comment may not be inclined to take the foregoing observations seriously, but it is believed that they must be taken into account in any appraisal of the moral support which the Empire's present so-called "Continental Policy" enjoys among the Japanese public.

In many of its aspects the present period in Japan has its counterpart in moments in the history of other peoples

- 3 -

peoples when a consciousness of national destiny or religious fervor or both spurred them on to a career of conquest and colonization. Although the Japanese have never manifested as a people a zeal for religious proselytizing, there is in their nature a strong vein of idealism or sentimentalism, and they are capable of concentrating collectively upon a given objective with an intensity of purpose which produces the same effect as religious fanaticism. It is not to be doubted that a large number among the articulate elements are now sincerely convinced that it is their mission as a nation to deliver the Chinese people from the tyranny of warlords, and the menace of communism, and that freed from these the Chinese will eventually see the advantage of joining hands with Japan in an economic alliance which would establish the mutual prosperity of the two nations on a permanent basis.

The Japanese attitude towards any disposition on the part of Chinese to reject this creed is not dissimilar to that which used generally to prevail in the Occident on religious questions before the advent of the present era of tolerance. So convinced are the Japanese that theirs is the true faith (they that) ascribe the perversity of Chinese to ignorance, to their being misled by their leaders, and to the malign influence of Western powers. It matters not therefore if the Chinese as yet refuse to cooperate, the end seems so desirable to the Japanese that they are determined to go ahead, and they justify any means they may be called upon to employ.

There are not a few Japanese who have made sacrifices to come to Manchuria for the purpose of serving the

ideal

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ideal of bringing about a new order here. Unfortunately, among the idealists in positions to influence governmental policy and action are many fanatics - men with fixed ideas and narrow vision who insist upon cutting the Manchurian cloth to fit the Japanese pattern, and who, oblivious to the differences in racial temperament, conceive of what is good for the Chinese in terms of what has been found good for Japanese. They are impatient at the non-cooperative attitude of the Chinese, are disposed to adopt inquisitorial methods in seeking out suspects of heresy against the doctrine of the "Kingly Way" and are responsible for a policy of ruthless suppression of the slightest opposition to the present regime.

Another detriment to conciliation with the native population, which must be the basis of any real and permanent stability and progress, is the host of Japanese petty officials, chiefly among the gendarmerie and civilian police, who in their contacts with the Chinese are generally unsympathetic, arrogant, arbitrary and even brutal. Then too, among the civilian Japanese community, there is an undue proportion of the most lawless elements in Japan: professional thugs, petty swindlers, narcotic peddlers and other adventurers, who do much to discredit the Empire with the Chinese. Furthermore, there is a disposition among Japanese residents as a whole to regard Manchuria as theirs, having bought it at a heavy sacrifice of blood and treasure, and to expect that their interests must be given preferment over those of the Chinese. The more liberal and fair minded among the Japanese leaders themselves recognize and deplore the attitude and actions of so many of their countrymen

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

- 5 -

countrymen, but so far they have been powerless to counteract it effectively.

It is galling to Chinese pride to witness the rapid tightening by the Japanese of their control over the country, but the sensible ones consider it wise to hold their peace over the facetious Japanese assertion that "Manchukuo" was created by the spontaneous will of thirty million people, for fear is the dominating note in the Chinese feeling towards the Japanese. Thus the breach between the two peoples arising from natural antipathies is widening in Manchuria as a result of closer contact.

The thought envisaged by some alarmists that Japan will some day lead the Orient to challenge the supremacy of the Occident is no more than a chimera. It takes more than the possession of a common script and racial similarity to make for mutual understanding and sympathy. The Japanese have so far failed to reveal the moral qualities which are likely to gain the respect of the Chinese people; their methods have rather aroused to the full the remarkable Chinese capacity for opposition through passive non-cooperation and obstructionary tactics.

The prophets of the Japanese "Continental Policy" disclaim any desire for conquest, but it is difficult to conceive of its making headway on account of Chinese opposition except through the gaining by Japan of control of the political machinery in China. The relationship of "inseparability" between "Manchukuo" and Japan exists only through the presence here of the Kwantung Army. Another "Manchukuo" may be created in North China or one embracing all China, and the application of force may not be necessary for this purpose so long as there is a presence



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

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presence of force with a will to apply it. In any event, any regime that may be set up in China having relations of "inseparability" with Japan will be established and maintained by the will of Japan and not of the Chinese people.

While a temporary military domination of a part or the whole of China by Japan is by no means a remote possibility, unless in the meantime external factors intervene or the force of the Japanese thrust exhausts itself against the solid wall of Chinese passive resistance, it is unlikely that such an occupation would last long. Even in Manchuria, even apart from its relations with China Proper and possible complications with Soviet Russia, it is difficult to conceive of 30,000,000 Chinese remaining permanently under the subjection of another race no more virile and possessing no greater inherent capacity either mental or moral. There have been many instances in history where a people having a temporary advantage because of superior political cohesion or of better preparedness for war have been able to gain for a time ascendancy over others, but only races which are weak in numbers or inferior in stamina or intellect have been held permanently in subjection. Many observers agree that man to man the Chinese is at least the equal of the Japanese in inherent intelligence and decidedly superior in self-reliance. The capacity which the Japanese have developed for organized and coordinated activity has given them a temporary advantage. If they are successful in implanting their organization in Manchuria, there is no reason why the Chinese

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

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Chinese who form a part of it will not eventually be able to take a lesson from the Japanese book. While the Chinese are undoubtedly more easy going and less resolute than the Japanese, their desire to rid themselves of Japanese domination may furnish them with the determination to learn their lesson well and put it into practice.

Were it not for the blundering methods adopted by the Japanese in their march of progress, arising from a blind disregard of the point of view of others and a disposition to take themselves too seriously, there is no apparent reason why the two peoples should not live side by side harmoniously; in fact, they have much to gain by a closer partnership, but what the Japanese fail to appreciate is that to be successful the partnership must be on a basis of equality. Admittedly the Chinese can gain much from emulating the innate orderliness and intensity of purpose of the Japanese; this would enable them to put their national house in order. On the other hand, the Japanese would do well to temper their dourness of character with the urbanity of the Chinese and develop their personality with some of the Chinese individuality.

A harmonious fusion is not likely to result under Japanese hegemony; but dark as the picture now looks for the stability and peace of the Far East, the temporary political domination of Chinese populations by Japan may result in their being able subsequently to assert their self-determination more effectively, and when they succeed in doing this it will mean the discrediting in Japan of its military clique. In this

way

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

- 8 -

way the emancipation of both peoples may be brought about.

The eventual adjustment of the two races to one another must inevitably be a long process, which, however, can only be retarded or temporarily suspended by the intervention of third parties. In relation to Japan such intervention, not necessarily in a military sense, would only serve to stiffen the resolve to go ahead, since the Japanese have a tendency when confronted with foreign opposition to sink their internal differences and present a united front. In relation to China intervention would serve only to confirm the Chinese in their belief in the efficacy of their traditional policy of "controlling barbarians with barbarians". Not until the Chinese realize that their hope of national salvation lies only in their own efforts and that national destruction will be the inevitable result of their continuin to shirk their responsibility towards the maintenance of political integrity will it be possible to expect their regeneration.

Respectfully yours,

J. W. Ballantine,  
 American Consul General.

One copy to American Embassy, Nanking.  
 Five copies sent to Department by despatch No. ---  
 dated October 28, 1935.  
 One copy to American Embassy, Tokyo.  
 One copy to Consulate General, Harbin.

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A true copy of  
 the signed orig-  
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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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 29, 1935

~~MSM:~~  
~~MFM:~~

Mukden's No. 168 of October 30, 1935, transmits a summarized translation of an article in a Japanese weekly review discusses generally Sino-Japanese cooperation, developing no new ideas, and the request by China that the abrogation of the unequal treaties be considered before discussion of economic cooperation, which abrogation is not considered as likely or possible.

CSR

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

No. ---.

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 30, 1935.

SUBJECT: Observations on Sino-Japanese Cooperation and the  
question of unequal Treaties.

THE HONORABLE  
THE SECRETARY OF STATE  
WASHINGTON.  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS  
1935 NOV 26  
DEPARTMENT OF STATE  
RECEIVED  
SIR:

For Distribution-Check		Yes	No
Grade	M		
For	Ballentine		
To file in U.S.A.			✓

I have the honor to enclose a copy of my despatch to the American Embassy, Peiping, no. 168 dated October 30, 1935, entitled "Observations on Sino-Japanese Cooperation and the Question of Unequal Treaties."

respectfully yours,

J. W. Ballentine  
J. W. Ballentine,  
American Consul General.

Enclosure:

Copy of despatch No. 168  
to the American Embassy, reiping.

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JWB:mhp

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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. Qualeff NARS, Date 12-18-75

No. 168.

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 30, 1935.

SUBJECT: Observations on Sino-Japanese Cooperation  
and the Question of Unequal Treaties.

The Honorable

Nelson Trusler Johnson,  
American Minister,  
Peiping, China.

Sir:

1/- I have the honor to enclose, as of interest to the  
Embassy, a summarized translation made in this office  
of a leading article in the MANMO HYORON (Manchuria-  
Mongolia Review), a Japanese weekly organ, entitled  
"Sino-Japanese Cooperation and the Question of the  
Unequal Treaties."

The article, after referring to press reports to  
the effect that the Chinese Ambassador after consulta-  
tion at Hanking requested the Japanese Government to  
consider the abrogation of the unequal treaties as a  
condition precedent to discussing measures for economic  
cooperation, expresses doubt whether any serious atten-  
tion has been given by the Chinese Government to such  
measures. It expresses the view that the issue of the  
unequal treaties is raised for the purpose of temporiz-  
ing on Japan's demands, since China is in no position  
today to insist upon political equality, and since China  
has brought up "the settlement of fundamental questions"  
on all kinds of occasions as a means of not submitting  
to

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

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to Japan. The article is therefore very pessimistic about the prospects of making a beginning of cooperation along concrete lines.

It is noteworthy that the article does not speculate on the causes behind the Chinese reluctance to accept Japan's proffered economic partnership.

Respectfully yours,

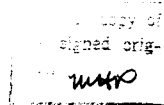
J. W. Ballantine,  
American Consul General.

Enclosure:

1/- Translation of the article "Sino-Japanese Cooperation and the question of the Unequal Treaties" appearing in the MANMO HYORON of October 26.

Copy to American Embassy, Nanking.  
Copy to American Embassy, Tokyo.  
Five copies sent to Department by despatch No. ---  
dated October 30, 1935.  
Copy to Consulate General, Harbin.

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JWB:mhp



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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 to despatch No. 168 of J. W. Ballantine, American Consul General, Mukden, Manchuria, dated October 30, 1935, to the American Embassy, Peiping, China on the subject "Observations on Sino-Japanese Cooperation and the Question of Unequal Treaties."

SOURCE: MANMO HYORON  
October 26, 1935

(TRANSLATION)

SINO-JAPANESE COOPERATION AND THE QUESTION OF  
THE UNEQUAL TREATIES

Much has been said since January of this year regarding Sino-Japanese cooperation without any concrete results having been achieved. Latterly, however, the Japanese Foreign Office, War Office, and Treasury after several conferences decided upon a concrete policy, and there have been indications that following the return of Ambassador Chiang Tso-pin to Japan from participation in the Sixth Plenary Session that the situation would assume a new phase.

(At this point are reproduced two news items both of which are to the effect that the Chinese Ambassador requested the Japanese Government to consider as a condition precedent to discussing measures of cooperation the abrogation of the unequal treaties.)

It is difficult to say how true these reports are, but there are points which are curious. Many times have conferences been held by the Chinese Government to discuss policy towards Japan, but the Chinese press reports in regard to them are rather vague, and fail to reveal that any definite decisions were taken. It is quite natural that the Chinese Government on account of its unstable position should be unable to arrive at any speedy decisions, but it is a question whether any real earnestness was displayed by the Chinese to reach concrete decisions. The reasons which prompt the Chinese to adopt such a negative policy towards Japan seems quite clear. This shilly-shallying and temporizing policy has been long pursued by China, but we think there is something curious in the question of unequal treaties being brought up to be made a condition in exchange for Sino-Japanese cooperation.

When Japan brought up the doctrine of Sino-Japanese cooperation at the beginning of this year, the Chinese flashed back with "the principle of equality", and public opinion demanded as a condition the settlement of the questions which obstruct Sino-Japanese cooperation, namely the Manchurian question. The "principle of equality" strictly interpreted means mutual assistance, et cetera, on a basis of equality in economic matters; broadly interpreted it may be extended to political equality in international relations. It is quite clear,

however



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

- 2 -

however, from the attitude of the Chinese at the time that the narrow interpretation of mutual assistance was meant. Of course some may say that it should be interpreted to mean equality in all spheres, but it is clear that political equality is something that cannot be attained in a short time. The roots of the Chinese demand for equality go very deep and are nothing new. Since this question was brought up at the beginning of this year, the Japanese Legation was raised to the grade of an Embassy in order to promote friendship, but this does not mean that Japan has accepted the Chinese demands for equality. Subsequently the North China affair occurred and incidents in other places so that the situation today is very different to what it was at the beginning of the year, and China is not now in a position to raise the question of unequal treaties. Even if she does raise it there is a question of how seriously she can insist upon it as the "subject of the day".

When C. T. Wang became Minister for Foreign Affairs, negotiations were entered into with foreign countries in regard to the abrogation of extraterritoriality; Great Britain informally agreed to give it up, reserving, however, Shanghai and two or three other places where extraterritorial courts would be retained. The United States showed a similar attitude, and Shigemitsu initialed an agreement with C. T. Wang, in the course of negotiations for the abrogation of extraterritoriality, for the transfer of telegraphs to China. Then the Manchuria incident occurred, followed by various internal and external troubles. With the advent of an acute financial crisis of "Save the Country" were heard everywhere, and no one knew what was to be done. Chiang Kai-shek, who had no leisure to consider all things, failed to take heed of Japan and tried to pacify the country internally. In this he had some measure of success, although tranquillity has not been restored. The situation has become much worse since the Manchuria incident in respect to the outbreak of affairs affecting foreigners. Under these circumstances it is clear whether China can seriously discuss the question of the abolition of extraterritoriality at this time.

It is natural, however, that Japan which itself has tasted the bitterness of unequal treaties should consider helping China by abrogating them, but this is a question for the future. The raising of this question at the present time as a condition for Sino-Japanese economic cooperation is meaningless. China has brought up "the settlement of fundamental questions" in all kinds of circumstances as a means of not submitting to Japan, and the raising of the question of the unequal treaties at this time arises from the same attitude. It means that no beginning can ever be made of cooperation. Neither Chiang Kai-shek or Wang Ching-wei have any definite policy towards Japan. So long as the Chinese try to deal with each situation as it arises by temporizing tactics, and bring up the question of equality, matters will continue to drift.

DECLASSIFIED: E.O. 11652, 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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lies not in general principles and in the abstract but in their agreement with the Central Government in concrete and individual cases. According to press reports the conference discussed vis a vis China in two stages. The first was vis a vis the Nanking Government, which principally belongs within the sphere of the Foreign Office. If the Nanking authorities fail to meet Japan's expectations in (1) considering measures for cooperation with Japan without camouflage and (2) recognizing and making efforts to promote Sino-Japanese military agreements and Japan's special economic and political relationship, Japan would proceed to the next step, the military and financial relations between Nanking and North China would be severed, and in this way a new situation in North China would be brought about. The occurrence of the circumstances which would create a new situation would, of course, be left to the natural development of things, and positive action would await the ripening of opportunity. Such was the new course of policy to be carried out towards China decided upon at the Dairen conference (according to Kokutsu of the 14th). In accordance therewith the Foreign Office would be able to take the initiative only in respect to the first stage. In the second stage, particularly in respect to North China, the administrative power would yield to the military authorities, since the legal basis of Japan's actions in the second stage are "Sino-Japanese Military Agreements, et cetera." Japanese action in China, which is the practical application of Japan's continental policy, involves the dualism of the administrative power and the military power. The application of the continental policy has as its objective the expulsion of the order, based on the Occidental international system long implanted in Eastern Asia, and is therefore one form of revolutionary action. There is inherent in this dualism a conflict which serves as the mainspring for urging revolutionary action. A conflict is a conflict, but in peace times everything possible should be done to soften it. If we review the Dairen conference in this light, we may see the possibility of an effective adjustment of the conflict through the mediation of the Ministers of War and Marine which has arisen or may arise between the Government and the Army. This conflict exists not only between the Administrative Power and the Army, but is also a possibility between the Central Army authorities and those in the field. I should like to make myself clear in order to avoid misunderstandings. I refer to potential rather than actual conflicts. General Okamura, who was formerly Vice Chief of Staff of the Kwantung Army and is now Chief of the Second Section of the General Staff and who represents the Central Administrative and Military, has tried to prevent in advance conflicts that might arise between the General Staff and the army officers in the field by communicating to them the Government's new China policy. In this way the Government's purpose in respect to the Dairen conference was accomplished. These conflicts, however, will by no means disappear while the continental policy is being pursued. We may interpret the possibility of conflicts which may arise between the Central authorities and those in the field as representing one of the great motive forces in our continental policy. Japan's actions in pursuing her extension in China are of great interest from this 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. ---.

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AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 31, 1935.

SUBJECT: Observations on the Dairen Conference.

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DEPARTMENT OF STATE  
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NOV 26 1935  
THE HONORABLE  
THE SECRETARY OF STATE  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS

For Distribution Check		Yes	No
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For			
Ballantine		ON	MI

CSR

WASHINGTON.

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

I have the honor to enclose a copy of my  
despatch no. 169 to the American Embassy, Peiping,  
China, dated October 31, 1935, entitled "Observa-  
tions on the Dairen Conference."

Respectfully yours,

*J. W. Ballantine*  
J. W. Ballantine,  
American Consul General.

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DEPARTMENT OF STATE  
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NOV 26 1935  
ASSISTANT SECRETARY  
OF STATE

Enclosure:

Copy of despatch no. 169  
to the American Embassy, Peiping.

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

No. 169.

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, October 31, 1935.

SUBJECT: Observations on the Dairen Conference.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

1/-

I have the honor to enclose an abridged translation made in this office of a leading article which appeared in the October 26 issue of the MANBU MYORON, a Japanese language weekly review devoted to Manchuria and Mongolia, entitled "The Significance of the Dairen Conference."

The author has apparently been under some strain to keep his comments within the censorship, as he has here and there adopted allusive methods which result in some obscurities of meaning. This has occasioned difficulties in translation, although it is believed that the English rendering given here is substantially faithful to the author's thought.

The author, after outlining the developments of the last year which led to the holding of the Dairen conference, refers to General Okamura's statement that "as a result of the frank interchange of views a complete unity of views was reached; we expect to be able to proceed with our future work, the men in the field

and

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

- 2 -

and the Central authorities in perfect unison."

Kokusei (the "Manchukuo" semi-official news agency) is quoted as authority for stating that the Dairen conference decided that if the Nanking Government failed to meet Japan's expectations in measures for cooperation and recognition of Japan's special position in North China, Japan would proceed with the second stage of her operations, which would be the bringing about of a new situation there. It is explained that the occurrence of the circumstances which would create a new situation would be left to the natural development of things, and positive action would await the ripening of opportunity. The initiative in the second stage of Japanese action would pass from the Foreign Office to the army.

The author explains that there is inherent in the dualism of the Administrative Power and the Military Power a conflict which serves as the mainspring for urging revolutionary action, such as is involved in the execution of Japan's continental policy. The Government's purpose in holding the Dairen conference, the author avers, was for the purpose of averting possible conflicts between the civil and military authorities and between the General Staff and the officers in the field in the execution of Japan's China policy. Nevertheless, he believes, that the possibility of such conflicts arising in the future will remain during the course of the execution of continental policy.

In some places the argument of the author is somewhat hard to follow, but none the less the article throws an interesting light upon the apparent necessity

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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. Blumstein NARS, Date 12-18-75

- 3 -

in Japanese Government circles of maintaining unity of policy and action vis a vis China and upon the possible future course that the execution of the continental policy will take.

In further reference to the policy of awaiting "the ripening of opportunity" it would appear from the following translation of an item in the DAI NIPPON SHIMBUN of today that the ripening process may not be long delayed:

(Tokyo, special despatch, 30th) According to a bulletin received in a certain quarter the populace all over North China has started a movement for self-government in order to obtain relief from economic distress and the oppression of the Nanking Government, while the anti-Japanese and anti-"Manchukuo" campaign of the blue shirts and the Panpu are disturbing public peace. It is noteworthy that those in political control are watching the situation tensely and there is a trend gradually developing for separation from the Nanking Government while Sun Che-yuan appears to be starting out to take the situation in hand. The Chang Chen (商震) forces, 30,000 strong, are charged with maintaining order in Hopei, Sun Tien-yuan's forces, 70,000 strong, are being disposed so as to police the entire area, so that there are indications of a situation being brought about wherein Han Yu-chu of Chantung and the Chahar and Suiyuan authorities may act together in a league of the provinces for autonomy. Even if Yen Hsi-shan of Shensi throws in his lot with Nanking, it will have no effect on the general situation. It is therefore said that the autonomy movement of North China with Sun Tien-yuan as its center is gradually taking shape.

Respectfully yours,

J. W. Ballentine,  
American Consul General.

A true copy of  
the signed original  
JWB:nhp

Enclosures:

1/- bridged translation of the article "The significance of the Dairen Conference".

Five copies sent to Department by despatch No. --- dated October 31, 1935.

Copies to Embassies at Nanking and Tokyo.  
Copy to Consulate General, Harbin.

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JWB:nhp

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

Enclosure to despatch No. 169 of J. T. Ballantine,  
 American Consul General, Mukden, Manchuria, to the  
 American Embassy, Peiping, dated October 31, 1935,  
 entitled "Observations on the Dairen Conference."

SOURCE: MEMO HYORON  
 October 26, 1935

(Summarized Translation)

#### THE SIGNIFICANCE OF THE DAIREN CONFERENCE

The conference held at Dairen for four days beginning with October 13 was attended by General Okamura, representing the General Staff, General Itagaki, Vice Chief of Staff of the Kwantung Army and Isaya Military Attaché in China, and was taken up with a discussion of Japan's future policy in China and the scope and methods of future action by Japan's military forces in China. I should like to explain, as much as free discussion is permitted, what this conference means in relation to Japan's future policies and actions in China.

The conference was held as a result of causes which have been developing for the last year in approximately the following order:

1. Since last autumn efforts have been made to bring about a closer rapprochement between the Foreign Office and the Nanking Government. These efforts resulted in a conference of the various ministries concerned in December which reached a decision on policy vis a vis China. That conference, notwithstanding the participation of the Ministers of War and Marine, had a conspicuously liberal trend, in marked contrast to the conference of military officers held in Shanghai on November 7 and 8 last year.
2. On January 4 and 5 of this year military officers had another conference at Dairen, the tone of which was somewhat more moderate than at the Shanghai conference, although there were indications of the same anti-Nanking attitude and of non reconciliation with the new policy of the Central Government which characterized the former one.
3. In the same month Foreign Minister Hirota in his address to the Diet announced the new China policy based on the resolutions adopted in December. This policy was acclaimed by the capit lists.
4. In June there occurred in succession the Hopei and Chahar affairs; the former was settled by the Japanese garrison in China, the latter by the Kwantung Army. The result was the expulsion of Nanking's political and military establishment from North China. Since this business concerned military operations by our forces in the field, which are charged with the defense of "Manchukuo", the Foreign Office had nothing to do with it; nevertheless it had the

inevitable

DECLASSIFIED: E.O. 11652, 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 -

inevitable effect of lessening China's reliance on the Hirota diplomacy. It is reported that this had a depressing effect upon the Foreign Minister.

5. Up to the time of the North China affair unity was lacking between the China garrison and the Kwantung Army owing to the difference in their duties, but with the appointment as commander of the garrison General Tada, who had been an adviser to the "Manchukuo" Department of Defense, he was able to fulfill a double function. Observers believe that in the future also means will continue to be adopted to close gaps through personnel measures. Under such a background the Tada statement (of September 24) was issued, and it is therefore clear that it represents the views not merely of the China Garrison at ff. The statement advocated that the Nanking Government be entirely disregarded, and in reference to the kind of regime it was expected would succeed Nanking the statement said, "Since it is impossible to destroy at one stroke the militarists that remain in this transitional period, there is no other course than to let them remain for the time being after being rendered submissive to the Empire's guidance." It is observed from subsequent issues of the weekly memoranda on China questions of the Military Attache's office at Chungking that one further step is advocated "we learn that in Kwangsi Province, under enlightened leadership there is an awakening, and earnest efforts are being made to bring about a regeneration." In these words a tribute is paid to the real force of Li Tsung-jen's anti-Chiang influence. At this juncture this is a very significant statement, since it supplements the gaps in General Tada's statement in relation to new political forces to arise in China.

6. Moved by General Tada's statement the Central Government held a second conference of Four Ministries on October 6, which decided upon the following new policies: (1) the recognition of Nanking's sovereignty and (2) the adoption of special measures for dealing with North China. By disposing in this way of the policies advocated by the military officers in the field, an effort was made to maintain unity in policy which seemed likely to be split.

Such are the circumstances leading to the holding of the Dairen conference. Was this conference a success from the viewpoint of the Central Government and the General Staff? According to the statement issued by General Okamura on the fourteenth, "as a result of the frank interchange of opinions a complete unity of views was reached; we expect to be able to proceed with our future work, the men in the field and the Central authorities in complete unison."

In my personal opinion these words report at least a one-sided truth. There is no room for doubting that those who were present accepted in principle the Government's new policy in respect to the essential point (2) above. The kernel of the matter, however,

lies



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

TELEGRAM RECEIVED *of Paraphrase*

REP

1-1226

FROM

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

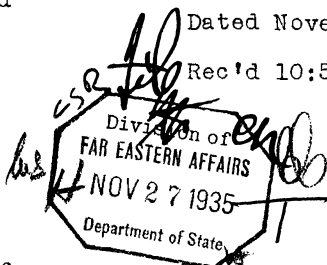
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

NANKING

Dated November 26, 1935

Rec'd 10:55 a. m.

Secretary of State,  
Washington.



109, November 26, noon.

STRICTLY CONFIDENTIAL. (SECTION ONE)

One. An officer of the Embassy was confidentially  
informed this morning by the official quoted in our 94,  
November 20, 6 p. m. that: (one) the Chinese Government  
will not take any overt action against Yin Ju Keng's  
"autonomous government" in East Hopei because it does  
not wish to be in the position of violating the Tangku  
truce; two, it is fully prepared, however, to resist  
by arms any interference with Chinese administration  
south of Hopei; three, for this purpose the Government has  
(a) secretly placed Han Fu Chu in charge of military  
affairs for Shantung, Honan and Anhui, (b) has delivered  
to him ten million dollars and ten million rounds of  
ammunition and (c) has continued quietly to place troops  
at strategic points for his disposal in case of necessity,  
there being now almost two hundred fifty thousand men  
in

793.94/7439

FILED  
DEC 4 1935

DECLASSIFIED: E.O. 11652, 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-#109, From Nanking, Nov. 26, noon

in the three provinces of Anhui, Chekiang and Kiangsu, about 90,000 in the "Nanking area" some 30,000 square kilometers in size, and over 50,000 along the Lunghai Railway. The informant stated that the Government would hold to the agreement made about November 19 between Ho Ying Chin and Japanese representatives (see our 94) that no central government troops would be sent north into Hopei providing the Japanese made no intramural invasion and he emphasized that none but defensive action was contemplated and then only in case of necessity.

Two. He stated that the Government expected an expansion of the autonomy movement in North China, both Hsiao Chen Ying, Chahar chairman, and Chin Te Chun, Peiping mayor, were known to be furthering Japanese plans in this respect, and that the return of Sung Che Yuan and Doihara to Peiping reported in the press indicated that Sung was capitulating to the Japanese, there being nothing else that he could do.

Three. The informant stated that the Ariyoshi Chiang conversation of November 20 had been very unsatisfactory; that Suma was now pressing Hirota's three point program and was asking for "concrete proposals" from the Chinese

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

REP

3-#109, From Nanking, Nov. 26, noon

Chinese Foreign Office to carry the program into effect.  
He said that the Chinese were giving non-committal  
replies because they were not prepared to make any such  
proposals or to accept the program. (Section Two follows  
by radio).

PECK

CSB

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

REP

**TELEGRAM RECEIVED**

1-1336

FROM

SPECIAL GRAY

Nanking via N. R.

Dated November 26, 1935

Rec'd 4:05 p. m.

Secretary of State,  
Washington.

109, November 26, noon (SECTION TWO)

Four. He stated that Ariyoshi and Suma had protested strongly to Chiang against the nationalization of silver, accusing the Chinese of conspiring with the British; that while the monetary program was in general progressing favorably, the Japanese had succeeded in preventing the transfer of silver from North China; and that while Yin Ju Keng had announced he would not interfere with customs and salt revenues, it was anticipated that with the expansion of the "autonomy movement" the revenues from North China amounting to 22% of the national revenue would be lost to the government.

Five. To Tokyo by mail.

PECK

CSB

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

(STRICTLY CONFIDENTIAL)

P A R A P H R A S E

A strictly confidential telegram (No. 109) of November 26, 1936, from the American Embassy at Nanking, reads substantially as follows:

On November 26, a responsible Chinese official who is confidential assistant to the Acting President of the Executive Yuan (Kung) informed an officer of the Embassy that, as the Chinese Government does not want to be in the position of violating the Tangku, it will take no overt action against the "autonomous government" of Yin Ju-kang in East Hopei but is quite ready to offer armed resistance to any interference with Chinese administration south of Hopei Province and in order to be ready to offer this resistance has (a) given ten million dollars and ten million rounds of ammunition to Han Fu-chu, (b) has secretly put him (Han) in charge of military matters in Honan, Anhui, and Shantung, <sup>and</sup> (c) has been quietly placing soldiers at strategic points for Han's use in case of necessity, there now being almost 250,000 troops in Anhui, Kiangsu, and Chekiang Provinces, more than 30,000 along the Lunghai Railway, and about 90,000 in the "Nanking area" which comprises some 30,000 square kilometers. According to this informant, the Chinese Government would abide by the agreement made about November 19 between Japanese representatives and Ho Ying-chin to the effect that no Nanking troops would be sent north into Hopei Province if the Japanese made no invasion within the Great Wall, and

no

DECLASSIFIED: E.O. 11652, 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 action other than defensive action was planned and that would be only in case it was necessary.

According to this informant, an extension of the autonomy movement in North China is expected by the Chinese Government as both Chin Te-chun (Mayor of Peiping) and Hsiao Chen-ying (Chairman of Chahar Province) were known to be abetting Japan's plans in this regard and the reported return to Peiping of Doihara and Sung Che-yuan indicated that the latter was surrendering to the Japanese, there being no other course for him to take.

According to the informant, the conversation on November 20 between Chiang Kai-shek and the Japanese Ambassador (Ariyoshi) had been very unsatisfactory and now the Secretary of the Japanese Embassy (Suma) was urging Hirota's three point program and was asking the Chinese Foreign Office for "concrete proposals" to put the program into effect. The informant declared that, as the Chinese Government was not prepared to accept the program or to make any "concrete proposals", they were giving non-committal replies to Suma's requests. (End of Section one.)

793.94/7439

FE:EGC

CSR  
 FE

XI-27-35

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

FE

TELEGRAM RECEIVED

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O.N.I. AND M.I.

MJP

GRAY

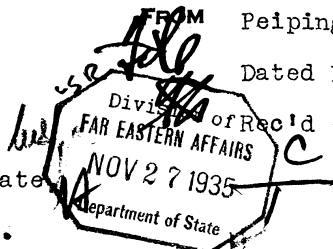
1-1836

Peiping via N R

Dated November 27, 1935

Rec'd 6:30 a. m.

Secretary of State  
Washington.



179, November 27, 10 a. m.

Three hundred and fifteen Japanese infantry troops have arrived in Peiping during the past two days and are billeted at the Japanese Club which is in the city outside of the Legation quarter. (The regular Japanese garrison numbers 321 and is billeted in the Japanese Embassy guard). The new arrivals are without special equipment.

Two. Reliable information has just been received that a Japanese troop train of seventeen cars passed through Shanhaikwan this morning from the north, destination at present unknown.

Repeated to Nanking and Tokyo.

LOCKHART

WWC

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893.0146  
894.23

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FILED

NOV 4 1935

F.

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

TELEGRAM RECEIVED

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

JR 1-1886

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

FROM

Tokyo

Dated November 27, 1935

Rec'd. 7:50 a.m.

Secretary of State  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 27 1935

219, November 27, 1935

One. The announcement of the creation of the  
autonomous state in the demilitarized zone has not aroused  
much attention or enthusiasm in Japan. Some observers  
believe that the autonomous state was created on the  
insistence of the Japanese military partly because they  
hope that the autonomy movement will spread to other parts  
of North China and partly to save face with the Japanese  
people after they had been outmaneuvered by Chiang Kai  
Shek in their attempts to create the five province  
autonomous state.

Two. The vernacular newspapers state that the Foreign  
Office does not welcome the forthcoming visit of C. T.  
Wang to Japan and report the Foreign Office attitude as  
follows:

(a) The appropriate authorities are already  
negotiating in Nanking and Tokyo in regard to Sino-  
Japanese relations and therefore Wang's visit will be of  
little avail in adjusting such relations.

(b) Wang is considered to be very anti-Japanese  
and

793.94/7441

DEC 4 - 1935



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

JR -2- 219, November 27, 1 p.m., from Tokyo

and consequently he is the worst person next to Chang Hsueh Liang to send to Japan on such a mission.

(c) The fact that Wang <sup>is</sup> traveling to Japan on the ship with Vice President Garner and the Congressional party inclines the Foreign Office to believe that his real purpose may be to endeavor to enlist American aid against Japanese pressure in China.

(d) Therefore the Foreign Office cannot respond to any proposals which Wang may make.

Three. While the above may contain some newspaper embellishment it is believed to reflect to a certain extent the views of the Foreign Office at least as expressed by Amau.

Repeated to Peiping.

NEVILLE

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 219) of November 27, 1935, from the American Embassy at Tokyo, reads substantially as follows:

Little enthusiasm or attention has been aroused in Japan by the announcement of the establishment of an autonomous state in the demilitarized zone. It is thought by some observers that the autonomous state was established as a result of insistence of the Japanese military, partly to save face with the Japanese people after Chiang Kai-shek had outmaneuvered the Japanese military in their efforts to make an autonomous state from the five provinces and partly because they (the Japanese military) are hopeful that the autonomy movement will extend to other parts of China.

According to the vernacular newspapers, the forthcoming visit to Japan of C. T. Wang is not welcome to the Japanese Foreign Office whose attitude is reported to be as follows:

(a) Wang, who is regarded as very anti-Japanese, is the worst person, next to Chang Haueh-liang, to send on such a mission to Japan;

(b) as Wang is going to Japan on the boat with the Vice President and the Congressional party, the Japanese Foreign Office is inclined to believe that his trip is really for the purpose of trying to obtain American assistance against Japanese pressure in China;

(c) as Sino-Japanese relations are already the subject of negotiation by the appropriate authorities in Nanking

and

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

- 2 -

and Tokyo, Wang's visit will be of little use in adjusting these relations;

(d) the Japanese Foreign Office, therefore, cannot respond to any proposals which may be made by Wang.

Although the above statements may be somewhat embellished by the newspapers, it is believed that the attitude of the Japanese Foreign Office, at least as expressed by Amano, are reflected to a certain extent.

793.94/7441

FE:EGC

FE

XI-29-35

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

7E  
~~WE~~

TELEGRAM RECEIVED

MJP 1-1236

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

FROM London

Dated November 27, 1935

Rec'd 10:35 a. m.

Secretary of State,  
Washington.

DIVISION OF  
FAR EASTERN AFFAIRS  
NOV 27 1935  
Department of State

*Telegram to Tokyo and to Peking*

RUSH

595, November 27, 1 p. m.

CONFIDENTIAL.

793.94

793.94/7442

Foreign Office informed me today that they had sent a telegram to the British Charge d'Affaires at Tokyo yesterday instructing him to request an interview with the Japanese Minister for Foreign Affairs and to point out to him that the British Government is greatly concerned at the conflicting and disturbing reports reaching London of Japanese activities aiming at administrative separation of North China. The British Government would welcome a frank statement of Japanese policy and assurances "that no action is being taken or intended at variance with the principles laid down in the Nine Power Treaty".

595, 8:30  
L. L. HILL

I have talked with the Associated Press reporter, referred to in paragraph two of your 351, November 22, 2 p. m., and consider his story based more on inference than actual statements. There is however, some

7425

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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

MJP -2- No. 595, November 27, 1 p. m. from London

some foundation for belief here that Sir Frederick  
Leith-Ross may have on his own initiative used his  
influence in conversation with Chiang Kai Shek.

BINGHAM

CSB

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

1-138  
 PREPARING OFFICE  
 WILL INDICATE WHETHER

TELEGRAM SENT

1-138 TO BE TRANSMITTED  
 CONFIDENTIAL CODE  
 NONCONFIDENTIAL CODE  
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Collect  
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 OR  
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Department of State  
 DEPARTMENT OF STATE

Washington,  
 November 29, 1935.

1935 NOV 29 PM 2 27

AMEMBASSY,

TOKYO (Japan) DIVISION OF  
 COMMUNICATIONS  
 AND RECORDS

B-1  
 GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION  
 DATE 06-01-2000 BY 60322 UCBAW/BJS

CONFIDENTIAL.

Under date November 27 the American Embassy at London telegraphed as follows:

QUOTE Foreign Office informed me today that they had sent a telegram to the British Charge d'Affaires at Tokyo yesterday instructing him to request an interview with the Japanese Minister for Foreign Affairs and to point out to him that the British Government is greatly concerned at the conflicting and disturbing reports reaching London of Japanese activities aiming at administrative separation of North China. The British Government would welcome a frank statement of Japanese policy and assurances SUBQUOTE that no action is being taken or intended at variance with the principles laid down in the Nine Power Treaty END SUBQUOTE UNQUOTE.

793.94/7442

This morning the British Ambassador here gave us the same information.

In neither case was any suggestion made that this Government take similar or any action.

Department would welcome any comments which you may feel moved to make.

793.94/7442  
 Enciphered by

Sent by operator M., 19

D. C. R.—No. 50.  
 FE:SKH:REK

FE

*Handwritten signature*

0882

DECLASSIFIED: E.O. 11652, 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

TELEGRAM SENT

1-138

TO BE TRANSMITTED  
CONFIDENTIAL CODE ☒  
NONCONFIDENTIAL CODE  
PARTIAL  
PLAIN

Collect

Charge Department

Department of State

Charge to

\$

DEPARTMENT OF STATE Washington,

It should be carefully paraphrased before

being communicated to anyone 1935 NOV 29 PM 1 14

November 29, 1935.

AMEMBASSY,

PEIPING (China).

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

CONFIDENTIAL.

Under date November 27 the American Embassy at London telegraphed as follows:

QUOTE Foreign Office informed me today that they had sent a telegram to the British Charge d'Affaires at Tokyo yesterday instructing him to request an interview with the Japanese Minister for Foreign Affairs and to point out to him that the British Government is greatly concerned at the conflicting and disturbing reports reaching London of Japanese activities aiming at administrative separation of North China. The British Government would welcome a frank statement of Japanese policy and assurances SUBQUOTE that no action is being taken or intended at variance with the principles laid down in the Nine Power Treaty END SUBQUOTE UNQUOTE.

Department would welcome any comments which you may feel moved to make.

This morning the British Ambassador here gave us substantially the same information.

In neither case was any suggestion made that this Government take similar or any action.

FE:MMH:REK

FE

Enciphered by

Sent by operator M., 19

D. C. R., No. 50.

1-138 U. S. GOVERNMENT PRINTING OFF. E-1334

793.94/7442

Hull

Sick

DECLASSIFIED: E.O. 11652, 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.  
CONFIDENTIAL - STAFF USE ONLY.

December 16 1935

1049

To the American Ambassador,  
 London.

The Secretary of State refers to the American Ambassador's telegram (No. 595) of November 27, 1935, with regard to action taken by the British Government in reference to Japanese activities in North China and encloses for the confidential information of the Ambassador a copy of a statement on this subject, in the form of an oral communication, which was spoken and handed on December 5 to the British Ambassador by an officer of the Department.

793.94/7442

Enclosure:

As stated.

793.94/

FE:EGC

FE

XII-13-35

DEC 15 1935

*[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.  
CONFIDENTIAL - STAFF USE ONLY.

December 16 1935

900

To the American Chargé d'Affaires ad interim,  
 Tokyo.

The Secretary of State refers to his telegram  
 (No. 185) of November 29, 1935, with regard to action  
 taken by the British Government in reference to Japanese  
 activities in North China and encloses for the confiden-  
 tial information of the American Chargé d'Affaires a  
 copy of a statement on this subject, in the form of an  
 oral communication, which was spoken and handed on  
 December 5 to the British Ambassador by an officer of  
 the Department.

793.94/7442

Enclosure:

As stated.

793.94/

FE:500

XII-13-36

DEC 16 1935

*Handwritten signature*

0885

DECLASSIFIED: E.O. 11652, 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.  
CONFIDENTIAL - STAFF USE ONLY.

December 16 1935

56

To the American Ambassador,  
Peiping.

The Secretary of State refers to his telegram  
(No. 63) of November 29, 1935, with regard to action  
taken by the British Government in reference to Japanese  
activities in North China and encloses for the confidential  
information of the American Ambassador a copy of a  
statement on this subject, in the form of an oral communication,  
which was spoken and handed on December 5 to  
the British Ambassador by an officer of the Department.

793.94/7442

Enclosure:

As stated.

793.94/

Copy to Nanking.

29C.  
FE:EGC

6/2/36  
FE  
m.m./H

XII-13-35

DEC 13 1935

*[Handwritten signature]*

0886

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

CONFIDENTIAL

*Copies sent to London, Tokyo, Ch. Peking, and Beijing*

DIVISION OF  
 FAR EASTERN AFFAIRS  
 DEC 7 - 1935  
 Department of State

Oral Communication

*Specimen  
 and  
 Handed by  
 Mr. Hornbeck to  
 British Ambassador  
 XII - 500 35  
 12-18-35*

143

Referring to the conversation between the British Ambassador and Mr. Hornbeck, of November 29, at which time the Ambassador informed Mr. Hornbeck that the British Chargé d'Affaires in Tokyo had been instructed to say to the Japanese Minister for Foreign Affairs that the British Government was greatly concerned over the conflicting and disturbing reports which had been reaching London of Japanese action directed toward administrative separation of North China and that the British Government would welcome a frank statement of Japanese policy and assurance that there was being taken or was intended no action at variance with the principles of the Nine Power Treaty, --

The Department wishes to inform the Ambassador that it appreciates the helpful spirit of cooperation manifested by the British Foreign Office in giving us this information and that, there being involved common rights and obligations and interests, it shares the British Government's solicitude with regard to developments in North China.

On the basis of reports in the press and of a report from the American Embassy in Tokyo, the Department is compelled to assume, with regret, that the reply made to the British Chargé d'Affaires in Tokyo was by no means completely responsive to the message conveyed by the Chargé.

The

0887

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

- 2 -

The Department further wishes to inform the Ambassador and the British Foreign Office that, having given very careful consideration to the question of the course which should be pursued by the American Government in regard to the developments in China and in Japan under reference, the Department is of the opinion that the most practicable method by which it can at this time signify its interest and concern will be that of the making by the Secretary of State of a statement for publication. We have canvassed the possibilities of each of several other methods of procedure and we find each open to one or more of a number of potential disadvantages outweighing in our estimation any advantage which might reasonably be expected to accrue from its adoption.

It therefore is our expectation that our action for the present will take the form of a statement by the Secretary of State to the press the substance of which statement will be made public. We shall, however, continue carefully to observe developments in North China and shall expect if and when occasion warrants to take further action as may seem appropriate. We hope that as the situation under reference unfolds there may continue to be between the British and the American Governments free and frank exchanges of information and of views.

December 5, 1935.

FE:SKH/ZMK

*[Handwritten signatures and initials]*  
 FE/KH

7888

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

TELEGRAM RECEIVED

MJP

FROM

GRAY

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

Tientsin via N R

Dated November 27, 1935

Rec'd 10:15 a. m.

Secretary of State,  
Washington.

November 27, 11 a. m.

According to a reliable report Japanese troop  
train of 17 cars containing probably 2000 men passed  
through Chinwangtao at 7 a. m. ~~November 28~~ en route  
to Tientsin.

Japanese troops in Peiping and Tientsin and at  
railway stations between Shanhaikwan and Peiping  
have been gradually increased within the past week,  
200 having arrived yesterday in Peiping, and 400 in  
Tientsin.

International race course here is being leveled  
for use as Japanese military aviation field. Japanese  
army plane yesterday landed crew who measured field  
and are superintending work of Chinese laborers.  
It is reported that 40 or more Japanese aircraft  
will arrive there within a few days.

Strict martial law enforced in Chinese controlled  
areas again last night. City quiet but very tense  
feeling

793.94/7443

FILED

DEC 4 1935

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

MJP -2- No. -- November 27, 11 a. m. from Tientsin

feeling prevails among Chinese.

True reading to the Embassy.

CALDWELL

WWC:CSB

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

TELEGRAM RECEIVED

1-1236

JR

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

FROM

Nanking

Dated November 27, 1935

Rec'd. 1:00 p.m.

Secretary of State,

Washington.

113, November 27, 2 p.m.

My 111, November 26, 6 p.m.

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

Division of  
FAR EASTERN AFFAIRS  
NOV 27 1935  
Department of State

One. I asked Suma this morning what results he thought would follow steps taken by the Government on November 26. Brief summary of his comments follows: The measures in question are a "unilateral solution" of the problem presented by the Japanese Ambassador to Chiang Kai Shek on November 20 (see my 103, November 21, 10 a.m., paragraph two) and are not calculated to obviate future difficulties in Sino-Japanese relations. The appointment of Sung as Pacification Commissioner for Hopei and Chahar will not meet with acquiescence of Chahar chairman Hsiao. While abolition of the Branch Military Council simplifies the situation somewhat the appointment of General Ho as Executive Yuan representative will merely restore <sup>anxiety</sup> ~~the~~ unsatisfactory features of the regime of Hwang Fu since Ho will have to appeal constantly to Nanking for instructions and the appointment does not meet the need for a special form of administration for the Peiping area as represented

to

793.94/7444

FILED

DEC 4 1935

189

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

JR -2- 113, November 27, 2 p.m., from Nanking.

to Chiang Kai Shek by the Japanese Ambassador on November 20; moreover judging from the refusal of Ho to return to his Branch Military Council post in Peiping during the last three months it is doubtful whether he will accept this new appointment. The demand for autonomy in the Peiping area is upheaving and wide spread and the Yin Ju Keng and Tientsin movements of November 24-25 were genuine manifestations of the popular desire for autonomy. Any attempt by Nanking to arrest Yin in order to succeed must involve force and although Suma has been earnestly endeavoring to ward off trouble, nevertheless, if these autonomy movements are suppressed by force serious trouble cannot but follow. The Government's measures of November 26 ignored financial maladministration in the Peiping area for example the use of Hopei provincial funds for the support of the forces of Marshal Chang Hsueh Liang.

Two. Suma observed somewhat sarcastically that Leith-Ross happens to be in North China and is exhibiting great curiosity regarding events..

Three. Repeated to the Department and Peiping, by mail to Tokyo.

PECK

CSB



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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 113) of November 27, 1935, from the American Embassy at Nanking, reads substantially as follows:

On November 27, in reply to an inquiry from the Counselor of the American Embassy as to what might be expected to result from the steps taken on November 26 by the Government, the Secretary of the Japanese Embassy (Suma) commented as follows:

The steps in question are not intended to do away with future difficulties in relations between China and Japan but are a "unilateral solution" of the problem presented to General Chiang Kai-shek on November 20 by the Japanese Ambassador. The Chairman of Chahar (Hsiao) will not be agreeable to the appointment of Sung as Pacification Commissioner for Chahar and Hopei Provinces. Although the situation is simplified somewhat by the abolishment of the Branch Military Council, General Ho's appointment as representative of the Executive Yuan merely brings back unsatisfactory features of Hwang Fu's regime as it will be necessary for General Ho continually to ask Nanking for instructions and the appointment does not fill the need for a particular form of administration for the region around Peiping as pointed out on November 20 to General Chiang by Ariyoshi (the Japanese Ambassador). It is doubtful, also, whether Ho will accept his new appointment, in view of his refusal during the last three months to re-

turn

DECLASSIFIED: E.O. 11652, 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 -

turn to his post in the Branch Military Council. The Yin Ju-keng and Tientsin movements of November 24-25 were real demonstrations of the popular desire for autonomy which is upheaving and widespread in the Peiping area. In order to be successful, the Nanking Government must use force in any effort to arrest Yin Ju-keng and if the autonomy movements are put down by force serious trouble will be sure to follow, although Suna has been earnestly trying to avert trouble. Financial administration in the Peiping area, as for instance the use of Hopei provincial funds for the upkeep of Marshal Chang Hsueh-liang's troops, was ignored by the Government's measures of November 26.

The Japanese Secretary (Suna) remarked rather sarcastically that Sir Frederick Leith-Ross happens to be in North China and is showing much curiosity with regard to events there.

793.94/7444

E.J.C.  
 FE:HCC

CSR  
 FE  
 M.H.

XI-29-35

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

TELEGRAM RECEIVED

MJD 1-1236

FROM

GRAY

Tokyo

Dated November 28, 1935.

Rec'd. 4:32 a. m.  
November 28.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 29 1935  
Department of State

223, November 28, 1 p. m. Peiping's 182, November  
27, 5 p. m. / 7446

Army authorities here inform Military Attache that  
no additional Japanese troops have moved into North  
China nor do the Japanese anticipate the necessity for  
sending any in the immediate future. The military  
authorities stated also that the Kwangtung army has  
authority to move into the demilitarized zone without  
special orders from Tokyo but that movements beyond  
that zone require Imperial sanction.

Troop movements in North China are stated to be  
units of the North China garrison moving in connection  
with annual inspection.

The army did not expect the independence move by  
five provinces but anticipated that move by Hopai,  
Chahar and possibly Shantung. The delay in the inde-  
pendence announcement by General Sung for Hopei and

Chahar

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793.94/7445

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DEC 4 1935

E

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

-2- No. 223, November 28, 1 p. m. from Tokyo.

Chahar surprised the army which is now confident that the announcement will be made soon. The delay in the independence announcement, the recent movements of Sung's troops into the demilitarized zone and their withdrawal on Sung's own initiative, are gestures for the benefit of the Nanking Government and can be accounted for by Sung's delicate position.

Repeated to Peiping.

NEVILLE

JS

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

TELEGRAM RECEIVED

MET

1-1836

FROM

GRAY

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

Peiping via NR

Dated November 27, 1935

Rec'd 4:45 p.m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 29 1935  
Department of State

182, November 27, 5 p.m.

Embassy's 179, November 27, 10 a.m.

Japanese soldiers have gone to the strategic railway junction at Fengtai. They are said by the local Japanese Military Attache to number less than one company and to be protecting communications to prevent removal of Peinine rolling stock by way of the Pinghan Railway. Some Chinese claim that the Chinese railway officials at Fengtai have been driven out. According to reports from Tientsin some four hundred Japanese troops arrived there yesterday and new detachments have arrived at various railway stations between Tientsin and Shanhaikwan. Two hundred Japanese troops arrived at Tientsin at 3 p.m. today and two hundred more are now on their way from Tientsin in the direction of Peiping. These are regarded as part of those

793.94/7446

FILED

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189

DECLASSIFIED: E.O. 11652, 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

2-#182 from Peiping via NR,  
Nov. 27, 5 p.m.

those troops which left Shanhaikwan this morning.  
The Japanese military took over yesterday the international race track at Tientsin and are today rapidly making it into an air field. Reliable information about Japanese troop movements in the vicinity of Koupeikou is unobtainable.

Two. Doihara is said to be still negotiating here with the Chahar clique. Sung's position has been strengthened by the abolition from (\*) today of the Tientsin-Tangku Peace Preservation headquarters formerly under Shang Chen's control by the withdrawal of Shang's troops from Northern to Southern Hopei already begun and by the taking over of the Tientsin and Tangku garrison by Sung's men.

End section one.

LOCKHART

SMS-KLP

(\*) apparent omission.

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

MJP

# TELEGRAM RECEIVED

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

Undated

FROM

Red'd 11:10 a.m. November

27, 1935

Secretary of State,  
Washington.

182

(SECTION TWO)

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

the situation would be difficult to evaluate. This may be another demonstration of Japanese military force to induce the Chinese authorities to come to terms desired by the Japanese. However, the action at Fengtai and the making of an air field at Tientsin seem to point perhaps to more than this. Another possibility is that stern military on the mainland have broken loose again as a result of exasperation engendered by such factors as (a) their failure to evoke an autonomous state in North China, (b) Nanking's stiffened attitude as indicated by the new monetary policy and perhaps indicated by Nanking's decisions reported in Nanking's 111, November 26, 6 p. m. (c) Nanking's alleged continued evasiveness and, (d) reports of intended Chinese resistance. Another possibility notwithstanding its seeming improbability

is

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

MJP -2- No. 182, Undated, from Peiping

is that an understanding has already been reached between the Japanese and the National Government under which the Japanese troop movements would be permissible as means of meeting alleged communist threat from the northwest.

Repeated to Nanking and Tokyo.

End Message.

LOCKHART

CSB



0900

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

(CONFIDENTIAL)

P A R A P H R A S E

Section 2 of a telegram (No. 182) of November 27, 1935, from the American Embassy at Peiping, reads substantially as follows:

It would be difficult to evaluate the situation. It may be that the Japanese military is making another demonstration for the purpose of forcing the Chinese authorities to agree to the terms desired by Japan. The making of an air field at Tientsin and the action at Fengtai seem perhaps to point, however, to more than a demonstration. It is possible that the Japanese military on the mainland have again broken bounds on account of exasperation caused by such factors as (a) the stiffened attitude of the Chinese Government as shown by the recent monetary policy and other decisions of that Government, (b) the reported continued evasiveness of Nanking, (c) the failure to bring about an autonomous state in North China and, (d) reports that resistance is contemplated by the Chinese. In spite of its seeming improbability, it is also possible that the Japanese and Chinese Governments have already reached an understanding by virtue of which, as a means of combatting the reported communist threat from the northwest, movements of Japanese troops would be permissible.

793.94/7446

FE:EGC

CSR  
FE

XI-29-35

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

TELEGRAM RECEIVED

MJD  
1-1396

FROM

GRAY

Peiping via N. R.

Dated November 28, 1935.

Rec'd. 1 p. m.

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

Secretary of State,  
Washington.

185, November 28, 4 p. m.

Embassy's 182, November 27, 5 p. m.

Two hundred more Japanese troops arrived at  
Tientsin later yesterday afternoon. It is not (repeat  
not) believed that these units are replacements.  
There are a few Japanese soldiers still at Fongtai.  
However, there are no reports today of further Japanese  
military movements. Passenger trains at least are  
running on schedule, although it is understood that  
care is being taken to prevent unusual removal of  
rolling stock southward from the Peiping-Mukden line.

(End of Section One.)

JOHNSON

DEC 3  
FILED

793.94/7447

F

K

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

JS

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

TELEGRAM RECEIVED

PEIPING

Dated November 28, 1935

Rec'd 12:05 p.m.

<sup>1-1336</sup>  
Secretary of State, FROM  
Washington, D.C.

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

185, November 28, 4 p.m. (SECTION TWO).

Two. It would now appear that the purposes of the Japanese troop movements have been, (one), to prevent rumored removal southward by Chinese of railway rolling stock and: (two), to frighten Nanking and /or North China leaders into agreement with Japanese wishes.

Three. Responsible Chinese and Japanese say that <sup>[the]</sup> Sung has declined Hsu's appointment as Pacification Commissioner of Chahar and Hopei. This is possible in conformity with Chinese courtesy but it seems more likely that he is dissatisfied with Nanking's recent effort to solve the North China situation. An official of the now defunct Military Council states that Sung is delaying acceptance until Shang Chen is out of office. Shang is understood to have already submitted his resignation as Provincial Chairman and it is expected that a member of the Chahar clique will take his place. Han and Yen are reported to have declined Sung's invitation to confer with him at Peiping. There is good reason to believe that Sung has an understanding with Yin Ju Keng. It seems improbable that Sung will delay much longer in declaring a regime of his own.

Four. The Assistant Military Attache Takahashi,  
has

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

-2-

From Peiping, Nov. 28, #185.

has been ordered home after less than a year at this post. Chinese sources claim the reason is that the Kwangtung army is dissatisfied with this Tokyo appointee Repeated to Nanking and Tokyo.

JOHNSON

HPD

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

*Paraphrase*  
**COPIES SENT TO**  
**TELEGRAM RECEIVED**  
*EE*

MJD

Nanking

<sup>1-1336</sup>  
This telegram must be **FROM**  
closely paraphrased  
before being communi-  
cated to anyone. (A)

Dated November 28, 1935.

Rec'd. 10:05 a. m.

Secretary of State,  
Washington.

114, November 28, 5 p. m.

CONFIDENTIAL.

One. The Embassy has just been informed confi-  
dentially by an authoritative source in the Foreign  
Office that the Chinese Ambassador at Washington will  
probably be instructed to call on the Secretary in  
connection with the North China situation.

Two. The informant stated that the temporary  
occupation of the Feng Tai and the Peiping-Changyimon  
Railway stations by Japanese troops had been in the  
nature of a gesture on the part of the Japanese  
military, possibly by way of answering the Chinese  
Government for the latter's order for the arrest of  
Yin Ju Kong and the creation of the new post of  
Peiping officer of the Executive Yuan with Ho Yin-  
Chin as its head, steps constituting an announcement  
by the Chinese Government that it repudiated the  
Japanese thesis that some kind of semi-independent  
administration must be set up in the North. He said

that

*Telegram to Peiping*  
*793.94/7448*  
Division of  
FAR EASTERN AFFAIRS  
NOV 29 1935  
Department of State

793.94/7448

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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

-2- No. 114, November 28, 5 p. m. from Nanking

that although Sung Che Yuan was refusing to accept the new appointment as pacification commissioner for Hopoi and Chahar made November 26 and Shang Chen had (Provincial?) tendered his resignation as Hopoi Provisional chairman, the Foreign Office did not believe that the withdrawal of Japanese troops from the railway stations meant that any demands had been made and accepted in the north or that Sung had acceded to Japanese pressure that he head the "autonomy" movement. The Chinese Government, the informant stated, was continuing to urge Sung to take up the new appointment. He added that it was not known whether Ho would proceed to Peiping and pointed out that the post was a very unhappy one particularly since Ho was not liked by the Japanese.

Three. He states that the status of the discussions between the Japanese and Chinese Governments had not changed since the Ariyoshi-Chiang conference of November 20; Chang Chun was now in Shanghai as Chiang's personal representative having further conversations with the Japanese Ambassador who would probably return soon to Nanking but no clear cut results could yet be envisaged. The informant discounted rumors that Hirota would come to Nanking. Repeated to Peiping and Tokyo.

PECK

WVC

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

(CONFIDENTIAL)

PARAPHRASE

A confidential telegram (No. 114) of November 28, 1935, from the American Embassy at Nanking, reads substantially as follows:

According to an authoritative source in the Chinese Foreign Office, the occupation by Japanese forces of the Feng Tai and the Peiping-Changyimen railway stations was a gesture by the Japanese military, possibly as a means of answering the Nanking Government for its order for Yin Ju-keng's arrest and its creation of the new post of Peiping officer of the Executive Yuan with Ho Ying-chin in charge, measures amounting to an announcement that the Chinese Government repudiated Japan's contention that there must be established in North China some kind of a semi-independent administration. According to the informant, although Shang Chen had offered his resignation as Chairman of Hopei and Sung Che-yuan was declining the new appointment as Pacification Commissioner for Hopei and Chahar, the Chinese Foreign Office did not believe that the withdrawal from the railway stations of Japanese troops indicated that any demands had been made and agreed to in North China or that Sung acquiesced in the Japanese desire that he head the "autonomy" movement. The informant declared that the Nanking Government was still urging Sung to accept the new post. The informant pointed out that the post given to Ho Ying-chen was a very unhappy one, especially as the Japanese did not like him, and added that it was not known whether Ho would go to Peiping.

The informant discounted reports to the effect that

the

1907

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

- 2 -

the Japanese Minister for Foreign Affairs (Hirota) would come to Nanking and he stated that there had been no change in the status of discussions between the Chinese and Japanese Governments since the conference of November 20 between Chiang and Ariyoshi and that at the present time Chang Chun as Chiang's personal representative is in Shanghai having further conversations with Ariyoshi who will probably soon return to Nanking but that as yet no clear cut results could be seen.

793.94/7448

EGC,  
FE:EGC

CSR  
FE  
m m h

XI-29-35



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

*of paraphrase*  
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O.N.I. AND M.I.D.

# TELEGRAM RECEIVED

MJP 1-1236

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

Dated November 29, 1935

Rec'd 10:15 a. m.

Secretary of State, *W*  
Washington.



116, November 29, 5 p. m.

In response to my request that he clarify  
newspaper reports regarding recent occurrences in  
North China Vice Minister Tang Yu Jen this afternoon  
commented briefly as follows:

The Chinese Government has confidence in the  
loyalty of Sung Che Yuan and Han Fu Chu and is in  
constant confidential communication with them. Sung  
has not taken up his new appointment and probably  
fears that if ~~he~~ *he* does the Japanese will redouble  
their efforts to induce him to declare autonomy of  
Hopei and Chahar provinces. The Chinese Government  
has filed written protest with the Japanese Embassy  
against the recent military occupation of railway  
stations at Fengtai and Tientsin but contemplates no  
other immediate action towards Japan. The Government  
knows, however, that energetic efforts are being made  
to promote autonomy movements and that the Japanese  
militarists

793.94/7449

DEC 4 1935

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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

MJP -2- No. 116, November 29, 5 p. m. from Nanking  
militarists are deeply chagrined at failures hitherto.  
It is said that Doihara has vowed to commit harakiri  
if these efforts completely fail.

When China consented to withdraw two divisions  
from Hopei in June no undertaking was given not to  
send further troops into Hopei, but if the suppression  
of autonomy movements were to be attempted by force  
Sung's troops naturally would be used. Conversations  
are proceeding with the Japanese Ambassador in Shanghai  
and with Suma in Nanking. No early adjustment of  
Sino-Japanese controversies can be expected. Repeated  
to Department and Peiping.

PECK

CSB

*Correction made  
3/31/36  
H. E. J.*

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 116) of November 29, 1936, from the American Embassy at Nanking, reads substantially as follows:

On November 29, in reply to a request from the Counselor of the American Embassy that he make clear press reports in regard to recent happenings in North China, Vice Minister for Foreign Affairs Tang Fu-jen made brief comments as follows:

The Nanking Government is constantly in confidential communication with Sung Che-yuan and Han Fu-chu and is confident of their loyalty. Sung has not assumed his new post and it is likely that he fears that if he should do so the Japanese will increase their efforts to persuade him to declare the autonomy of Chahar and Hopei. The Nanking Government plans no immediate action toward Japan other than the written protest against the recent military occupation by Japanese troops of the railway stations at Tientsin and Fengtai which it has filed with the Japanese Embassy. However, the Chinese Government is aware that there are energetic efforts being made to foster autonomy movements and that the failures so far in this regard are a matter of deep chagrin to the Japanese militarists. It is reported that, if these efforts fail entirely, Doihara has sworn to commit harakiri.

At the time in June when the Chinese agreed to withdraw two divisions of troops from Hopei Province, no promise was made not to send other troops into Hopei, but if there were made an attempt/to put down the autonomy movements by force

naturally

DECLASSIFIED: E.O. 11652, 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 -

naturally Sung's troops would be used. Discussions are going on with Suma in Nanking and with the Japanese Ambassador in Shanghai. It cannot be expected that there will be an adjustment of Sino-Japanese controversies in the near future.

793.94/449

*EGC*  
FE:EGC

CSR  
FE

XI-30-35

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

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TELEGRAM RECEIVED

REP

1-1236

FROM

GRAY

Peiping via N. R.

Dated November 29, 1935

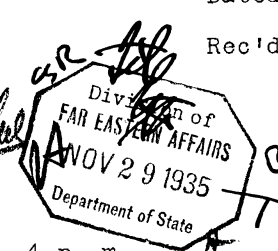
Rec'd 10:55 a. m.

Secretary of State,  
Washington.

186, November 29, 4 p. m.

There have occurred no (repeat no) important developments since the Embassy's telegram 185, November 28, 4 p. m. With reference to Tokyo's 223, November 28, 1 p. m., the office of the Military Attache states definitely that the Japanese troops recently arrived at Peiping belonged to the Kwantung army. According to the NEW YORK TIMES correspondent who saw them detrain, at least a part of the troops recently arrived at Tientsin also belong to the Kwangtung army. And in today's NORTH CHINA STAR, the Japanese military headquarters spokesman at Tientsin is reported as referring to the newly arrived troops as belonging to the Kwantung army. These new troops are evidently a part of those troops which were reported in the Embassy's 151, November 16, noon, as arriving at Shanhaikwan from the north. The spokesman is further reported as saying that "there is

no



793.94/7450

DEC 3  
FILED

7382

DECLASSIFIED: E.O. 11652, 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-#186, From Peiping, Nov. 29, 4p.m.

no treaty restriction on the number of Japanese troops or troops of any other nation in North China". The Embassy believes that at least the major part of the troops which have arrived in North China during the last few days belong (repeat belong) to the Kwantung army. Japanese military are reliably reported to be interfering with southbound freight traffic on Peiping-Hankow Railway at Fengtai Junction.

Japanese Assistant Military Attache stated today that Doihara is seeing Sung frequently. It is reliably reported that Japanese pressure on Sung is severe.

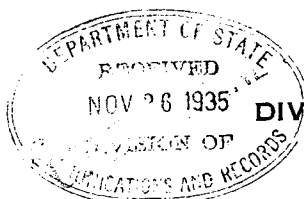
Repeated to Nanking and Tokyo.

JOHNSON

WWC

GW

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



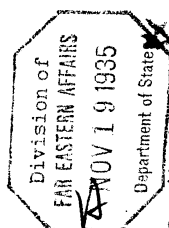
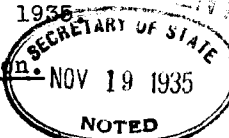
DEPARTMENT OF STATE NOV 15 1935

DIVISION OF FAR EASTERN AFFAIRS

November 16, 1935

Subject: The China Situation

S:  
Mr. Secretary:



793.94

The news from China continues to be disquieting.

In regard to the situation in North China, the Peiping Embassy reports that Japanese and Chinese expect a new regime to be organized in North China within the next few days. General Matsui (described as a former member of the Japanese Supreme War Council) who is now in China is quoted in the press in China as expressing the belief that "the new northern autonomous government" will probably be similar to that of Kwangtung. (For a number of years the southwestern provinces of Kwangtung and Kwansi have functioned with a large degree of independence, although continuing to recognize the authority of the Nanking Government in matters relating to foreign affairs, customs and postal services and certain forms of national taxation. During recent weeks the relationship between Nanking and Kwangtung has appeared to become more cordial.) There is reported to be some concentration of Japanese troops at Shanhaikwan on the "Manchukuo"-North China border. You will recall that as a result of the Japanese demands presented in last May-June, Chinese authority in North China was weakened and Japanese authority in that area was strengthened. The trend of events since last June has pointed toward the extension of Japan's

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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 -

Japan's authority in North China by the setting up there of a regime which would function wholly or partially independent of the Chinese Government at Nanking and on a cooperative and friendly basis with Japan and "Manchukuo".

In connection with the setting up in North China of a new regime, it is doubted whether that development will be attended by fighting.

The question, what should be the attitude and position of this Government in regard to the setting up of a new regime in North China, would have to be determined in the light of a number of circumstances. If continued recognition is given to the sovereignty of China over the area under the control of the new regime, and if such regime retains certain definite connections with the Chinese Government at Nanking, representations to Japan by the American Government and by other interested governments to the effect that the setting up of the new regime is irreconcilable with the obligations of Japan to respect the sovereignty and the administrative and territorial integrity of China would undoubtedly elicit the rejoinder of Japan that the new regime differs in no important respect from the Kwangtung and other similar regimes in China; that the new regime continues to recognize the general authority of the Nanking Government; and that Japan continues to recognize China's sovereignty over the North China region. On the other hand, if the new regime should not give allegiance to the Central Government of China, the situation



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

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situation would become more clear-cut.

With regard to the situation at Shanghai, the immediate antecedents of which were the shooting of a Japanese marine by an unknown assailant and subsequent anti-Japanese demonstrations of an isolated and minor character, the Consul General at Shanghai reports that conditions at Shanghai remain tense. The Secretary General of the Municipal Council of the International Settlement at Shanghai (in the administration of which the American Government is interested), apparently disturbed by the possibility that the Japanese might take over the administration of the Hongkew District of the International Settlement, inquired of the American Consul General whether American military forces could be used to protect the International Settlement against invasion by the Japanese. The Consul General replied emphatically that this could not be done. Ever since the Shanghai fighting of 1932 between Japanese and Chinese forces, the Japanese have shown an increasing tendency to usurp the authority of the International Settlement administration in the Hongkew District. This District is a center of Japanese interests. It originally formed the old American Settlement at Shanghai, which Settlement was later merged with the British Settlement to form the International Settlement. In the Hongkew District there is located on the waterfront the  
site

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site owned by the American Government whereon it is expected to erect a new American Government building.

As you know, Shanghai is the most important port in China, in 1934 accounting for 58% of China's imports and 51% of China's exports. There are some 400 American firms and 3600 American citizens located at Shanghai. American investments at Shanghai are estimated at \$90,000,000.00.

The number of foreign armed forces ashore at Shanghai is as follows:

American -----	1087
British -----	949
French -----	841
Japanese -----	1790
Shanghai Volunteer Corps	2000

As you know, the American Government and other governments have maintained forces ashore at Shanghai since 1927 to assist when necessary in according protection to the lives and property of foreign nationals. There is in existence at Shanghai for the protection of the International Settlement a "Defense Scheme". The Defense Scheme does not come into operation normally until after the Municipal Council of the International Settlement has declared that there exists a "state of emergency". Although the American Government has approved the Defense Scheme and participation of American forces thereunder, the competent American

authorities

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

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authorities have given notice that their assent to the application of the Defense Scheme and their participation thereunder are contingent upon the decision of the competent <sup>American</sup> authorities at the particular time when the Defense Scheme is put into operation.

At Shanghai the American Government is fortunate in having as Consul General an officer of long experience who has been in charge at Shanghai during many crises. His seasoned judgment, coupled with that of the American Ambassador and that of the Commanding Officer of the American forces, may be counted upon toward insuring against embroilment of American armed forces at Shanghai in avoidable incidents. It is believed also that the British Consul General and the Commander of the British forces at Shanghai will exercise a restraining influence in the situation.

On the basis of present reports the probabilities are against there being staged at Shanghai a repetition of any large-scale hostilities such as ensued at that place in 1932.

The pressure being directed by Japan upon the Chinese in North China, at Shanghai and at Nanking may represent a coordinated effort to force the Chinese to agree to fundamental adjustment in their relations with Japan. The Japanese seem insistent that the Chinese agree (a) to cease relying upon support from nations other than Japan; (b) to remove all obstacles to free intercourse between "Manchukuo" and

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

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and China; and (c) to take joint action with Japan to combat the communistic menace in North China.

There seems no doubt that Japan's suspicions and resentment have been increased by the Chinese Government's action in nationalizing silver without prior consultation with and without obtaining the assent thereto of Japan.

*m. m. /*

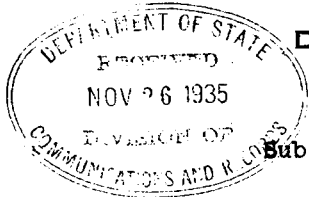
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Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

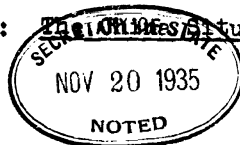
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 18, 1935.



Subject: ~~The Chinese Situation.~~



CONFIDENTIAL



S:

Mr. Secretary.

793.94

The news from China does not signify any marked change in the situation.

On November 16 the Consulate General at Shanghai reported that the exodus of Chinese from Chapel (contiguous to the Hongkew section of the International Settlement) has abated somewhat but that the continued efforts of the Shanghai Municipal Council to induce the Japanese landing forces to issue a statement reassuring Japanese residents have met with no response. The situation at Shanghai continues to be a possible source of serious trouble.

In north China reports from Peiping and Mukden indicate that the Japanese have moved to Shanhaikwan troops of the Kwantung Garrison (stationed in Manchuria) to the number of between three and five thousand men. These troops apparently have not yet entered intramural China. Mukden reports as information obtained from a reliable source that one thousand railway operatives are being concentrated at Chinchow (about 100 miles north of Shanhaikwan) for the operation

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operation in case of necessity of the Peiping-Shanhaikwan Railway. This concentration of troops is no doubt designed to further the establishment of a new régime in north China -- it may be expected to intimidate opponents of the new régime and embolden those who are willing to cooperate with the Japanese; it may also be designed to bring pressure on the Nanking Government and the Fifth Kuomintang Congress now in session. In this connection, a press report dated Nanking, November 17, gives a report from Peiping to the effect that Major General Doihara, head of the Japanese military mission at Mukden, has asked Sung Che-yuan, Commander of the Peiping-Tientsin Garrison, Shang Chen, the Hopei Provincial Governor, and Han Fu-chu, the Shantung Provincial Governor, to confer with him at Peiping before November 20 in regard to north China's political future.

The setting up of a new régime in north China under the aegis of the Japanese was foreshadowed by events of last summer. Its accomplishment now appears imminent. According to the latest report from Peiping, it is possible that instead of a régime involving the five provinces of Hopei, Shantung, Shansi, Chahar, and Suiyuan, a temporary arrangement may be reached whereby the three provinces of Chahar, Hopei and Shantung will continue to be controlled by their present administrators (Chahar and Hopei by Sung Che-yuan and

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and Shantung by Han Fu-chu) but that they will work more closely with the Japanese than heretofore and maintain less close relations with Nanking.

There is, of course, the possibility that China may offer resistance. The press has reported the concentration of Chinese troops in Honan Province (just south of Hopei Province). Too, Nanking reports Japanese concern over the complexion of the Fifth Kuomintang Congress (about 70 per cent of whose members, according to Suma of the Japanese Embassy at Nanking, are hostile to Japan and the remaining 30 per cent are made up of supporters of a conciliatory policy toward Japan. This report also refers to a statement by Suma that Chinese troops have been concentrated between Nanking and Shanghai. In case China does resist Japanese aggression, it would seem logical for China to revivify her appeal to the League of Nations, made in connection with the Manchuria incident, for the application of League measures against Japan.

*m. m. h.*

*Luby*  
FE:MSM/VDM

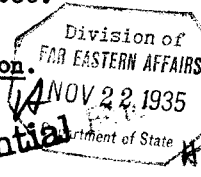
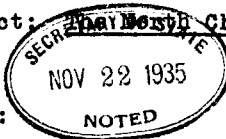
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

November 19, 1935.



Subject: Shanghai China Situation



Mr. Secretary:

For ready reference there are given below certain data in regard to that part of North China which, according to reports, will comprise the territory of the new régime.

	<u>Area</u> (sq. miles)	<u>Population</u> (estimated in millions)
Shantung	59,348	28,672,000
Hopei	54,257	31,232,000
Shansi	62,487	12,228,000
Suiyuan	117,396	2,124,000
Chahar	99,928	1,997,000
Total	393,416	76,253,000

The total area of China (including Manchuria\*, Mongolia and Tibet) is 4,278,352 square miles and its estimated population is 475,000,000. The above five provinces account for nine per cent of China's total area and 16 per cent of China's total population. These five provinces have a territory approximating

13 per cent

\* The figures for the area of Manchuria, including Jehol, contained in the above total are 496,000 square miles and for its population 29,606,000.

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NOV 26 1935



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13 per cent of that of continental United States (excluding Alaska) and a population approximately 63 per cent of that of the United States.

There are some 2300 Americans in this area, by far the greater number of whom reside in Peiping and Tientsin (728 in Peiping and 588 in Tientsin). This total does not include the American armed forces at Peiping and Tientsin.

The foreign armed forces maintained at Peiping and Tientsin and at various points along the railway between Peiping and Shanhaikwan under the provisions of the Boxer Protocol are as follows:

United States	1334
Great Britain	1005
France	1729
Italy	391
Japan	<u>1831</u>
Total	6290

In the event that there should be created a new régime in the five northern provinces of China, it would seem likely that most, if not all, of those revenues derived from such area which in the past have accrued to the Central Government at Nanking would be withheld. In this connection, customs revenues for the leading ports of the area (Tientsin, Chinwangtao, Lungkow, Chefoo, Weihaiwei and Kiaochow) approximate 20 per cent of the total customs revenues of China. In addition to this probable

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probable curtailment, drastic cuts would, in all probability, also be experienced in Salt revenues and in Consolidated taxes, which revenues, together with customs revenues, account for over 90 per cent of China's total revenues. (For the fiscal year ending June 30, 1934, China's total revenues amounted to approximately \$690,000,000 Chinese currency).

The loss in revenues which the Central Government would probably experience would in a measure likely be offset by a cessation of appropriations by the Central Government for administrative control over the area. The net result, however, would probably represent a substantial loss to the Central Government at Nanking. It would also, in all probability, affect adversely the ability of the Chinese Government to make payment of its outstanding accounts with American creditors, which accounts now total many millions of dollars.

American investments in the North China area under discussion, which total in the neighborhood of U.S.\$30,000,000 and which are divided about equally between business investments and philanthropic and mission investments, probably exceed French investments. However, British investments, and, in all probability, Japanese investments, are materially greater in the area under consideration than are American investments.

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

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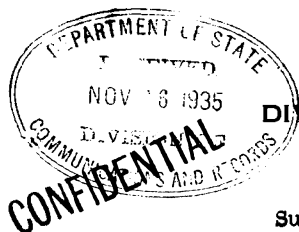
investments. According to the Department's records, there are registered in the four consular districts which fall within the area under discussion 44 American firms.

It is not possible to estimate accurately the extent of American trade with the five northern provinces in China. Such trade is, however, substantial in amount and, in the event that there is established a new régime under Japanese control, it may be expected that, with the exception of such commodities as the Japanese are not in position to supply or deal in, American trade with that area will suffer the same sharp curtailment as that experienced by American trade in Manchuria following Japanese domination of that area.

*M. M. A.*

*turn roll*  
FE:MSM:RCM/VDM

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

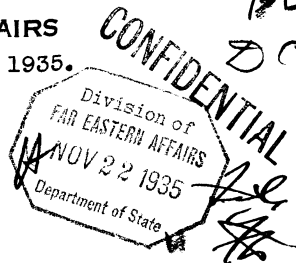
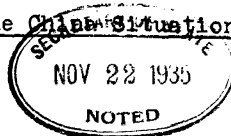


DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 21, 1935.

Subject: The Chinese Situation.



S:

Mr. Secretary.

793.94

News from China during the past two days indicates that the autonomy movement has suffered a temporary check. It is not clear what has caused this delay. From Peiping it has been reported that the negotiations at Tientsin between the Japanese military and the Chinese are not proceeding smoothly. Nanking's information is that no agreement has as yet been reached in regard to the leadership of the new régime and that former Anfu officials (the old Anfu group was notoriously pro-Japanese) are intriguing in the matter -- presumably with a view to participating in the new régime. As possibly having some bearing on the situation was the long conference yesterday at Nanking between the Japanese Ambassador and Chiang Kai-shek, at the conclusion of which the former told an American correspondent (reported by Nanking) that Chiang had assured him that no untoward anti-Japanese incidents would occur in North China; the correspondent gained the impression, according to the telegram, that some compromise had been reached which had averted a crisis

for

NOV 26 1935

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

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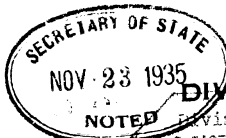
for the time being. A telegram just received from Nanking reports information to the effect that the Japanese Ambassador gave Chiang assurance that there would be no Japanese military action in China except defensive action. The fact that the Fifth Kuomintang Congress is still in session and that its adjournment is not expected before November 23 may be a factor in delaying the establishment of a new régime. In connection with the North China situation, Tokyo has reported that the prohibition of the movement south of the Great Wall of the troops of the Kwantung Army without imperial sanction is still in force but that should Nanking troops make a movement into Hopei Province the necessary imperial sanction would be forthcoming.

Press reports from Tokyo indicate that the Japanese are closely following the reactions in the United States and Great Britain to their China policy and it is possible that press reports of the call of the British Ambassador on Mr. Phillips and press comment have had their influence.

The factors responsible for the delay in setting up a new régime in North China appear to be complicated and are largely a matter of speculation; they are not definitely known. In the opinion of FE, present information does not afford warrant for the belief that a new régime of some kind favorable to the Japanese will not eventuate in the near future.

FE:MSM/WDM FE

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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

November 22, 1935.

Subject: The North China Situation.



Mr. Secretary:

NOV 26 1935

While there are a number of possible explanations of the check which has occurred in the movement to set up a new regime in North China, we do not know the true explanation.

793.94

In view of the fact that press reports indicate that internal developments in Japan may have been an important factor in causing a slowing up of the movement, it seems to us highly important that we give to the press no evidence of our satisfaction. Any statement by us which might be construed in Japan as interference by the United States is likely to make more difficult the efforts which may be put forth by moderate elements in Japan.

With regard to press reports to the effect that the delay in setting up a new regime in North China has been caused by British pressure exerted at Tokyo and Nanking, we have no official information in support of such a report. In the event that you should be questioned at the press conference on this matter, it is suggested that you reply that the Department has no information.

MMH/REK

NOV 26 1935

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793.94/7455

DECLASSIFIED: E.O. 11652, 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

# TELEGRAM RECEIVED

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O.N.I. AND M.I.D.

1-1230

FROM

GRAY

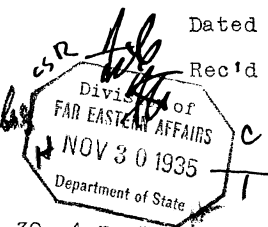
MJP

Peiping via N R

Dated November 30, 1935

Rec'd 6:51 a. m.

Secretary of State  
Washington.



189, November 30, 4 p. m.

According to American military authorities ten  
trains of Japanese troops arrived at Shanhaikwan  
this morning from the north.

H'D

JOHNSON

793.94/7456

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DEC 3

F/FG

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note  
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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

TELEGRAM RECEIVED *of paraphrase*

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

MJP

1-1336

FROM

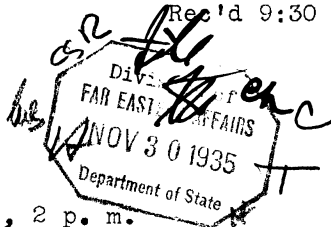
Peiping

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

Dated November 30, 1935

Rec'd 9:30 a. m.

Secretary of State,  
Washington.



189, November 30, 2 p. m.

The Embassy is reliably informed that Doihara informed Japanese pressmen last night at midnight that the Chahar clique decided yesterday to telegraph Nanking today that it has decided to declare autonomy of Chahar, Hopei, Peiping and Tientsin unless Nanking arrives at a complete understanding and unless Ho Ying Chin comes north. Doihara stated that the real meaning of the telegram is that autonomy will be declared. At 2 a. m. a Counsellor of Sung informed American press correspondent that Sung proposed a press conference that he telegraph today to Chiang Kai Shek, H H Kung and Ho Ying Chin to explain that the North China situation is growing graver daily and that sentiment for autonomy is almost overwhelming and to ask for definite instructions how to deal with the situation. The Counsellor denies that this means that autonomy will be declared. However, as the statement about

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

MJP -2- No. 188, November 30, 2 p. m. from Peiping

about sentiment for autonomy appears to the Embassy to have no (repeat no) basis in fact the Embassy is inclined to believe that Sung now intends shortly to break with Nanking. This is also the opinion of local leading educators who a few days ago issued a statement denouncing autonomy. Apparently the Kwantung army's show of force has had its desired effect on Sung and his followers.

Repeated to Nanking and Tokyo.

JOHNSON

WWC:EPD

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 188) of November 30, 1935, from the American Ambassador at Peiping, reads substantially as follows:

According to reliable information, Doihara informed Japanese press correspondents at midnight on November 29 that on that day the Chahar group had decided to inform Nanking by telegraph that, unless Ho Ying-chin comes north and Nanking comes to a complete understanding, the autonomy of Chahar, Hopei, Peiping, and Tientsin would be declared. That autonomy will be declared is the real meaning of the telegram Doihara said. A short time later (about 2 a.m.) an American press correspondent was informed by an adviser of Sung that Sung planned to telegraph to General Chiang, H. H. Kung, and Ho Ying-chin explaining that the situation in North China is daily becoming more serious and the sentiment for autonomy almost overwhelming and asking to be instructed definitely what to do under the circumstances. That this means that autonomy will be declared was denied by Sung's adviser. The Embassy is inclined to believe, however, that, as the statement in regard to a sentiment for autonomy seems to the Embassy to be without basis in fact, it is Sung's intention to break with the Nanking Government shortly. Leading educators in Peiping who recently issued a statement denouncing autonomy are also of this opinion. It would appear that the show of force made by the Kwantung army has had the effect on Sung and his followers which was desired.

293.94/7457

293.94/7457  
 FE:ECC

CSR  
 FE  
 21.11.11

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

TELEGRAM RECEIVED

MJP

1-1336

FROM

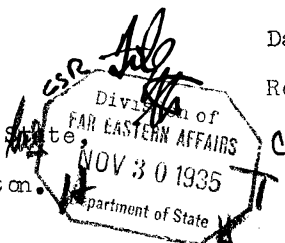
SPECIAL GRAY

Nanking

Dated November 30, 1935

Rec'd 6:24a.m.

Secretary of State  
Washington.



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

119, November 30, 11 a. m.

My 116, November 29, 5 p. m. / 7449

One. An officer of the Embassy was informed by a responsible official of the Foreign Office this morning that in addition to protesting against Japanese military occupation of certain North China railway stations, the Foreign Office yesterday also lodged with the Japanese Embassy here a written protest against Japanese instigation of the so-called autonomy movement in the North. The official stated that this protest cited special instances of Japanese instigation, one being the visit to Paotingfu of three Japanese army officers who, it is claimed, insisted upon talking with Shang Chen although Shang was ill in hospital, told him that both Sung Che Yuan and Han Fu Chu had agreed to the establishment of an autonomous five province regime and said that Shang was the only Chinese leader concerned who was withholding

793.94/7458

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

MJP -2- No. 119, November 30, 11 a. m. from Nanking

withholding his cooperation from the scheme, these  
statements being entirely false.

Two. Repeated to Department, Peiping and Tokyo.

PECK

GW

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

*of paraphrase*  
**COPIES SENT TO**  
**TELEGRAM RECEIVED AND M.I.D.**

AU \_\_\_\_\_ Nanking  
This telegram must be  
carefully paraphrased **FROM** Dated November 30, 1935  
before being communicated  
to anyone. (A) Rec'd 10:00 a.m.

Secretary of State  
Washington

120, November 30, 6 p.m.

My November 30, 11 a.m.

CONFIDENTIAL.

793.94

In answer to my request for information, Hsu Mo told me this afternoon that for the moment everything depends on the ability of Sung Che Yuan to resist the intrigues of Japanese military officers to promote a declaration of an autonomous state and that while the Government is encouraging him to continue such resistance it is frankly not confident how long he will hold out. More confidence seems to be felt in the stamina of Yen and Han Fu Chu and Shang. Hsu said that if an autonomous state is declared the authorities will endeavor to suppress it and if the Japanese inject troops into North China the Government will oppose them with armed force. He asserted that the protest sent to the Japanese Embassy a day or so ago against Japanese interference in domestic affairs of China mentioned

Doihara

*Chc*  
Division of  
FAR EASTERN AFFAIRS  
NOV 30 1935  
Department of State  
*7458*

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793.94/7459

DEC 4 1935

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

AU Page 2 No. 120, November 30, 6 p.m. from Nanking.

Doihara by name and the relations between Japan and China had reached a critical stage.

When I thanked Hsu for complying with my request for information he said that he was glad to inform me of the position of the Chinese Government but naturally he would like to receive whatever information I could give him concerning the attitude of the American Government toward the activities of the Japanese military in North China. I replied that I had seen no recent communications from Washington and I thought that the dominant purpose of the American Government at present, as partially evidenced by the neutrality legislation of last August, was to avoid danger of being involved in any war.

Repeated to Peiping and Tokyo.

PECK

HPD

0938

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

(CONFIDENTIAL)

P A R A P H R A S E

The pertinent portion of a confidential telegram (No. 120) of November 30, 1935, from the American Embassy at Nanking, reads substantially as follows:

On November 30, in reply to a request for information from the Counselor of the American Embassy, the Vice Minister for Foreign Affairs (Hsu Mo) stated that everything depends for the present on Sung Che-yuan's ability to withstand the schemes of Japanese army officers to bring about a declaration of an autonomous state and that frankly the Chinese Government is not sure how long Sung will hold out although it is encouraging him to resist. It appears that more confidence is felt in the powers of resistance of Shang, Yen, and Han Fu-chu. According to the Vice Minister, the Chinese authorities will try to suppress an autonomous state if one is formed and will oppose the Japanese with armed force if they send troops into North China. Hsu Mo declared that Sino-Japanese relations had reached a critical stage and that Doihara was mentioned by name in the recent protest sent to the Japanese Embassy against interference by Japan in domestic matters of China.

793.94/7459

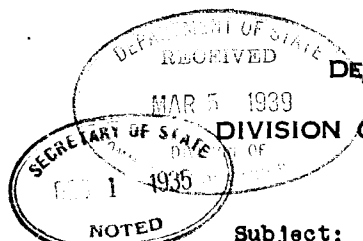
egc.  
FE:EGC

CSR  
FE

XII-2-35

m. m. d.

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



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 30, 1935.

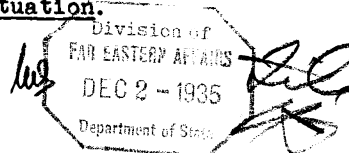
Subject: The North China Situation.

Mr. Secretary.

The situation in North China is clarifying.

The Japanese would appear to have taken a decisive step in the sending of reinforcements from Manchuria into North China. These troops or at least a large part of them, according to reports from the Embassy at Peiping, belong to the Kwantung Army. The strength of these reinforcements is not definitely known but Peiping reports would indicate that it exceeds 1,000. Both Peiping and the press report the concentration of additional Japanese troops at Shan-haikwan, the reports of the latter indicating that more troops are expected to move into North China during the next few days. Peiping expresses the view that Japanese troop movements were designed to prevent the removal southward of rolling stock of the Chinese and to bring pressure upon Nanking and/or North China leaders to agree to Japanese wishes.

Today the Embassy at Nanking reports information received from a responsible <sup>Chinese</sup> official to the effect that in addition to the protest made by the Chinese Government to the Japanese Embassy against the recent military occupation of certain railway



793.94/7459 - 1

F/FG



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

- 2 -

railway stations (Fengtai, just south of Peiping, and Tientsin), yesterday it filed a written protest with the Japanese Embassy against Japanese instigation of the so-called autonomy movement in the north.

Today Peiping reports that according to reliable information Doihara informed Japanese pressmen last night that the Chahar clique has decided to telegraph Nanking today that it has decided to declare the autonomy of Chahar, Hopei, Peiping and Tientsin unless Nanking reaches a complete understanding (presumably with the Japanese) and Mr. Ho Ying Chin (Minister of War) comes north, the real meaning of the message being that autonomy will be declared. Peiping's message also states that Sung proposes to report today to Nanking in regard to the increasing gravity of the situation in North China and to the "almost overwhelming sentiment for autonomy" -- *which* ~~the~~ sentiment for autonomy appears to the Embassy to have no basis in fact; *the* the Embassy interprets the sending of this message as indicating Sung's intention to break with Nanking.

The press reports that Japan has officially disavowed to Great Britain responsibility for the North China autonomy movement, the Vice Minister of Foreign Affairs having stated 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

- 3 -

to the British Chargé d'Affaires that Japan considered the movement wholly spontaneous and that Japan is watching developments as an interested spectator. This specious statement is in line with the attitude which the Japanese have followed since 1931 with regard to their aggressive activities on the Asiatic mainland. A reply of this character was, in the opinion of FE, to have been expected. ~~/It shows the futility of an approach to the Japanese based on international agreements which conflict with their plans for the domination of eastern Asia./~~

htu  
FE:MSM/VDM

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

TELEGRAM RECEIVED

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

RB

FROM

GRAY

Nanking via N. R.

Dated December 1, 1935

Rec'd 7 a.m.

Secretary of State  
Washington.

Division of  
FAR EASTERN AFFAIRS  
DEC 2 - 1935  
Department of State

121, December 1, 9 a. m.

Ho Ying Chin appointed Executive Yuan representative  
in Peiping accompanied by Chen Yi, Provincial Chairman  
Fukien and Hsiung Shih Hui, Provincial Chairman Kiangsi,  
left Nanking by special train November 30, 10 p.m. for  
Peiping to deal with sino-Japanese relations.

Repeated to Peiping.

PECK

CSB

DEC 3  
FILED

F/FG

793.94/7460

793.94

7E

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

## TELEGRAM RECEIVED

MJP

1-1886

FROM

This telegram must be  
closely paraphrased before  
being communicated to any-  
one. (B)

Tokyo

Dated December 2, 1935

Rec'd 6:42 a.m.

Secretary of State,  
Washington.

225, December 2, noon.

Department's 185.



CONFIDENTIAL. One. The British Charge d'Affaires  
told me yesterday that the Vice Minister for Foreign  
Affairs had given him substantially the same outline  
of Japanese policy as was given to me (Embassy's  
telegram No. 216, November 25, 6 p. m.) with the addition-  
al statement that in Japanese opinion Leith-Ross'  
presence in China was being used by Nanking officials  
as a cover for political intrigues that have little or  
nothing to do with government finance. The British  
Charge added that the Vice Minister made no reference  
to the Nine Power Treaty and although the Charge  
brought up the subject the Vice Minister ignored it.  
The Japanese press has carried a number of acrimonious  
accounts of their interview (which according to the  
Charge was cordial and pleasant) due to a rather pro-  
vocative

793.94/7461

FILED  
DEC 6 - 1935

F/FG

194

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

MJP -2- No. 225, December 2, noon, from Tokyo

vocative press message from London which stated that the British Embassy here had been instructed to take up the question of treaty violation and the protection of British interests.

Two. Some rather lurid accounts of events in China which apparently are believed by responsible government officers here are current in official Japanese circles. These boil down to the following:

(a) Chiang Kai Shek and his entourage have made enormous profits in recent weeks from transactions in silver and the announcement of the nationalization of silver was primarily a scheme to consolidate these gains.

(b) Hesitation in declaring autonomy in North China has been due largely to hopes of Northern leaders that Chiang would divide some of his profits with them. This factor has made much trouble for the Japanese in the North.

(c) The British through Leith-Ross have been giving support to these machinations perhaps unwittingly and without realizing the turpitude of the Nanking leaders.

(d) C T Wang was induced by Chiang to board the steamship PRESIDENT JEFFERSON in an effort to enlist the

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

MJP -3- No. 225, December 2, noon, from Tokyo

the sympathies of the Vice President and the congressional party on behalf of the so-called currency stabilization project and the general plans of the Nanking Government.

Three. The Embassy has no means of checking the truth of these reports but in any case it seems to the Embassy that while the Japanese are in their present frame of mind there is little that can be done by outside powers in North China. Assuming that there is a modicum of truth in the foregoing reports, it appears that the Japanese must be offering inducements to keep the North China autonomists in line.

Repeated to Peiping.

NEVILLE

CSB

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

## DOCUMENT FILE

### NOTE

SEE 893.014/200 FOR Desp.#-

FROM Mukden (Ballantine) DATED Nov. 4, 1935  
H6111 NAME 1-1127 ...

REGARDING: Map of North China: This Map is published in Japanese. Shows the five provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan are shown as a unit. The map is entitled: North China Present Situation.

fpg

793.94/ 7462

7462

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

*Return to YE*  
*LHS*

**TELEGRAM RECEIVED**

JR

1-1886

FROM

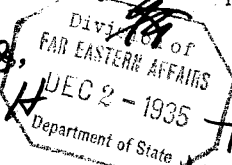
Peiping

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

Dated December 2, 1935

Rec'd. 11:49 a.m.

Secretary of State,  
Washington.



191, December 2, 3 p.m.

Confidential. Department's 63, November 29, 2 p.m.

793.94

One. Such an inquiry will probably produce either denial by the Japanese Foreign Office or a statement that autonomous movement in North China is spontaneous on part of local population. We would have to accept denial or statement and stand before the East as accepting something that is essentially untrue. I do not, therefore, see any value in such an inquiry.

Two. Please see my 72, November 11, 2 p.m., from Nanking. If any inquiry is to be made it would be more to the point, in my opinion, if all the powers party to the Nine Power Treaty could inquire of Japan as to the nature of the policy announced as having been accepted by the Japanese Ministries of Foreign Affairs, Finance, War and Navy and indicated in the Japanese press as being based on the three principles mentioned in my telegram above referred to and whether those principles are compatible with the respect for the sovereignty of

China

793.94/7463

FILED  
DEC 7 1935

7



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

JR -2- 191, December, 2, 3 p.m.

China covered by the Nine Power Treaty. But in this connection consideration must be given to the views which I expressed in my No. 288 of June 17, 8 p.m., which I still hold.

Three. This autonomous movement in North China is, in my opinion, being engineered by the Japanese who are supporting Doihara with the Kwantung army. Japanese soldiers using Boxer Protocol as authority are now stationed at railway junctions at Tientsin Central and at Fengtai where they interfere with freight traffic southward on the ~~Tientsin-Peking~~ <sup>Tientsin-Pukow</sup> and Peiping-Hankow Railways. Japanese military are thus in a position to control railway communication between Peiping and Tientsin and even to points south. These activities are in my opinion one phase of a vastly larger scheme having for its final aim the eradication of every vestige of European and American influence in China and ultimately Asia. This policy has been frankly outlined in the statements of ~~a man~~ <sup>Amari</sup> in Tokyo and General Tada more recently in Tientsin and I confidently believe that the Japanese military will consistently and persistently pursue this scheme until it has been attained or until they have exhausted themselves in the effort.

Four. Japanese activities here are in my  
opinion

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

FS 3-No. 191, December 2, 3 p. m. from Peiping

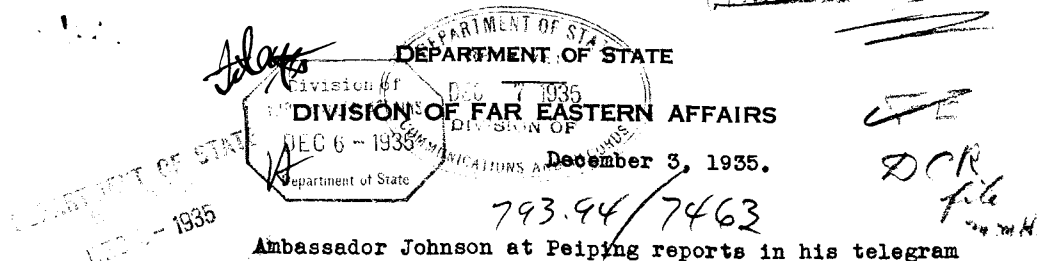
opinion directed to force China to accept the policy outlined in my telegram above referred to with all that it implies as to the future. Acceptance of the three principles therein set forth will place China almost completely under Japanese control; the presence of Japanese armies in China will have been legalized, China will have consented to Japan's supervision of her finances and of her relations with other countries. Reluctance to accept those principles will mean Japanese encouragement of autonomous movements such as the one now being witnessed in North China and later elsewhere accompanied by invitations on the part of such autonomous areas to Japan to send into such areas troops and advisers to combat communism and organize finances. Japan will in the end identify what is left of Nationalist China with communism and will include therein Chiang Kai Shek and the Kuomintang. No one is in a position to stop this scheme unless it be the Chinese and it is doubtful whether even they have achieved sufficient unity to present any effective resistance.

Repeated to Tokyo, paraphrase by mail to Nanking.

HPD

JOHNSON

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



Ambassador Johnson at Peiping reports in his telegram

191, December 2, 3 p. m., that he sees no value in the American Government making an inquiry of the Japanese Government along the lines of the inquiry made by the British Government.

Mr. Johnson suggests that if the American Government is to make inquiry of the Japanese Government, that inquiry might take the form of all the powers party to the Nine Power Treaty asking Japan to furnish information in regard to the nature of the policy\* announced as having been accepted by the Japanese Ministries of Foreign Affairs, Finance, War and Navy and to state whether the principles of this Japanese policy are compatible with the principle contained in the Nine Power Treaty relating to respect for the sovereignty of China. Mr. Johnson comments, however, that he is still of the opinion which he expressed last June that he doubts the value of inviting the attention of the Japanese Foreign Office to obvious contraventions of the Nine Power Treaty and that adverse comment by the United States would only result

F.W. 793.94/7463

\*NOTE: This policy is reported to cover three points as follows:

- (a) Sino-Japanese alliance against the spread of communism;
- (b) abandonment by China of the policy of playing one barbarian tribe against another; and
- (c) de facto recognition of "Manchukuo" and the establishing of economic cooperation between "Manchukuo" and 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

- 2 -

result in infuriating Japanese army leaders and probably in inciting them to further activities.

In his telegram under reference Mr. Johnson points out that Japanese activities in North China are one phase of a vastly larger scheme having for its final aim "the eradication of every vestige of European and American influence in China and ultimately Asia". Mr. Johnson expresses the view that no one is in a position to stop the Japanese scheme unless it be the Chinese and he doubts whether they could present effective resistance.

mmh/H.  
MMH/REK



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

TELEGRAM RECEIVED

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

JR

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

FROM Tokyo

Dated December 2, 1935

Rec'd. 10:39 a.m.

Secretary of State  
Washington.

226, December 2, 5 p.m.

Referring to Peiping's No. 189, November 30, 4 p.m., and previous in regard to Japanese troop movements in North China.

One. The Military Attache of the Embassy was today informed as follows by the liaison officer of the War Office.

(a) No troops of the Kwantung Army have been sent into North China. There has been no movement of large bodies of troops requiring a number of trains in North China. It is not anticipated that the necessity will arise for the employment of Japanese troops in North China as the Nanking Government will not oppose the independence movement in North China by sending troops into Hopei.

(b) Resident Japanese army officers in Nanking report that the Nanking Government's proposals in regard to the three principles of Japan's new China policy to be presented to Ariyoshi within a few days are satisfactory though not perfect. Ariyoshi's forthcoming visit to Nanking is to be for the purpose of receiving these proposals

793.94/7464

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

JR -2- 226, December 2, 5 p.m., from Tokyo.

proposals and is not directly concerned with the North China situation.

870 (c) The visit of General Ho Ying Ching and other important Nanking Government officials to Peiping has been postponed and will not be made until after General Sung ~~announces~~ announces the semi-independence of Hopei and Chahar. It is expected that this will be announced within one or two days. Shantung Province will probably join the independence movement at some later date.

(d) The Japanese Government suggested the postponement of General Ho's visit. The whole situation in North China is not as tense as indicated by the press which has been misinformed by ignorant correspondents. Total or complete independence is not involved in the independence movement but instead a semi-independent relationship to the Nanking Government is contemplated. This will be successful in view of the Nanking Government's attitude toward Japan's three principles.

Two. The Military Attache gained the impression during the conversation that some sort of agreement has been reached between the Japanese and the Nanking Government in regard to the independence movement in North China. No definite statement to that effect was elicited but the satisfaction

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

JR -3- 226, December 2, 5 p.m., from Tokyo.

satisfaction expressed over the Nanking Government's proposals and the postponement of the visit of General Ho until after semi-independence has been announced point to an understanding of some sort.

Repeated to Peiping.

NEVILLE

CSB

0955

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 226) of December 2, 1935, from the American Embassy at Tokyo, reads substantially as follows:

On December 2, the liaison officer of the Japanese War Office informed the Military Attaché of the Embassy with regard to Japanese troop movements in North China as follows:

(a) No movements of large numbers of troops necessitating a number of trains have taken place in North China. There have been no Kwantung Army troops sent into North China. As the Chinese National Government will not oppose the independence movement in the North by despatching troops into Hopei Province, it is not expected that there will be any necessity to use Japanese troops in North China.

(b) According to reports from Japanese army officers living in Nanking, the proposals of the Chinese Government to be presented soon to the Japanese Ambassador (Ariyoshi) in regard to the three principles of Japan's new China policy while not perfect are satisfactory. The forthcoming visit of Ariyoshi to Nanking is not related directly to the situation in North China but is for the purpose of receiving the Chinese proposals.

(c) The visit to Peiping of important Nanking Government officials, including General Ho Ying-chin, has been put off and will not take place until after Sung has declared the semi-independence of Hopei and Chahar Provinces which is

expected



0956

DECLASSIFIED: E.O. 11652, 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 -

expected within a couple of days. It is likely that at a later date Shantung Province will join the autonomy movement.

(4) The postponement of Ho Ying-chin's visit was suggested by Japan. The entire North China situation is not as tense as the misinformed press which has been misled by ignorant correspondents indicates. A semi-independent relationship to Nanking is planned rather than total independence which is not involved in the movement. In view of the Chinese Government's attitude toward Japan's three principles, the semi-independence movement will be successful.

During the course of the conversation with the Japanese liaison officer, the Military Attaché received the impression that the Chinese and Japanese Governments had reached an agreement of some kind with regard to the independence movement in the North of China. Although the liaison officer made no definite statement to that effect, an understanding of some kind is indicated by the postponement of General Ho's visit until after the announcement of semi-independence and by the satisfaction expressed in regard to Nanking's proposals.

793.94/7464  
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CSR  
 FE

XII-3-35

793.94/7464

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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

REP

GRAY

1-1236

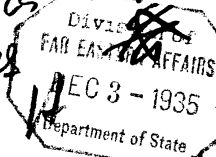
FROM

Peiping via N.R.

Dated December 2, 1935

Rec'd 4:03 p. m.

Secretary of State  
Washington.



192, December 2, 4 p. m.

Embassy's 186, November 29, 4 p. m. and 189,

November 30, 4 p. m.

The Japanese troops, <sup>in the</sup> ten trains which arrived at  
Shanhaikwan according to American military authorities  
yet trained there according to the same source and  
none have yet moved westward insofar as is known.  
They further report that the troops which recently  
arrived in the Tientsin area from Shanhaikwan have  
now been assigned to the Tientsin garrison although  
prior to this movement they belonged to the Kwantung  
army. The report that the Japanese military at  
Tientsin requested November 30 the Tientsin Bureau  
of Public Safety to prepare billets for three full  
divisions is believed to be correct but is not yet  
confirmed.

793.94/7465

FILED  
DEC 5 1935

Two. According to an official intimately concerned,  
the Japanese military at Tientsin have requested the  
Peinini

1

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

REP

2-#192, From Peiping, Dec. 2, 4p.m.

Peinini Railway officials to cease telegraphic communications to the National Government on political and technical phases of the North China situation.

Three. According to Chinese officials Ho Ying Chin is proceeding to Paoting prior to coming to Peiping and the Governor of Fukien and Yin Tung who were accompanying him have arrived at Tientsin.

Four. In the opinion of Chinese officials in Tientsin and Peiping, Sung will not (repeat not) give in to Japanese pressure prior to the arrival here of Ho.

Repeated to Nanking and Tokyo.

JOHNSON

CSB

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

TELEGRAM RECEIVED

1-1236

FS

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

FROM

*of Paraphrase*  
COPIES SENT TO  
O.N.I AND M.I.D.

Nanking

Dated December 3, 1935

Rec'd 7:35 a. m.

Secretary of State,  
Washington.

125, December 3, 3 p. m.

CONFIDENTIAL.

*use tele chc*  
Division of  
FAR EASTERN AFFAIRS  
DEC 3 - 1935  
Department of State

793.94  
The Embassy has been confidentially informed by an American connected with the Chinese Government that the latter talked with Li Tsung Jen in Shanghai November 30, that Li had come secretly intending to proceed to Nanking but had been warned not to do so by his Shanghai agent who feared he might be detained and that he and Pai Chung Hsi were determined that Chiang must either fight the Japanese or retire from the Government. Canton is being asked to investigate discreetly and report.

Repeated to Peiping.

CSB

PECK

793.94/7466

FILED

DEC 8 - 1935

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

(CONFIDENTIAL)

PARAPHRASE

A confidential telegram (No. 125) of December 3, 1935, from the American Embassy at Nanking, reads substantially as follows:

An American connected with the Nanking Government has informed the Embassy confidentially that on November 30 he talked with Li Tsung-jen in Shanghai and that Li had secretly come to Shanghai with the intention of going to Nanking but had been cautioned against doing this by his agent in Shanghai who was fearful that Li might be detained. According to the informant, Li and Pai Chung-hsi were determined that General Chiang must either retire from the Government or fight the Japanese. The Consul General at Canton has been asked discreetly to investigate and report in regard to the matter.

793.94/7466

egc.  
 FE:EGC

CSR  
 FE

m/m/4

XII-4-35

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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

REP

1-1236

GRAY & SPECIAL GRAY

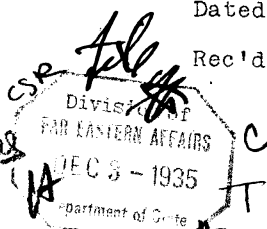
FROM

Peiping via N. R.

Dated December 3, 1935

Rec'd 2 p. m.

Secretary of State  
Washington.



193, December 3, 4 p. m. (GRAY)

Embassy's 192, December 2, 4 p. m. / 7465

An airplane, apparently the plane recently acquired by the new regime in the demilitarized zone and recently obtained from the Japanese, has flown over Peiping the past three days distributing propaganda pamphlets.

Japanese planes continue to fly over Peiping and Tientsin and other parts of North China. There is no (repeat no) new information with regard to looking for troop movements in Hopei.

Two. Ho Ying Chin's secretary at Peiping states that Ho left Paoting this afternoon for Peiping. Yin Tung is in Tientsin. Chen Yi is now in Peiping allegedly negotiating on behalf of Ho for a compromise which will be satisfactory to Nanking and the Japanese. Sung Che Yuan has sent a representative to Paoting. Nanking's compromise proposal is said to be some sort of a commission

for

793.94/7467

F/G

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

REF

2-#193, From Peiping, Dec.3,4p.m.

for administration of the five northern provinces which will nominally not (repeat not) be as autonomous in character as that originally desired by Doihara. (END GRAY)

Three. A representative of the Mayor of Tientsin stated yesterday in confidence that the Japanese are pressing the Mayor so hard for immediate announcement of an autonomous government in the Tientsin municipality that he will either have to accede to the Japanese demands within a day or two or permit the movement to come into being over his protests with consequent disorder.

By mail to Tokyo and Nanking.

JOHNSON

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 126) of December 4, 1935, from the American Embassy at Nanking, reads substantially as follows:

A responsible Chinese official who is confidential assistant to the Acting President of the Executive Yuan (Kung) states that Ho Ying-chin has instructions to negotiate with the Japanese with the idea, as a last resort, of setting up a special administration for Hopei Province and heading it himself, a measure which will not interfere with the sending of the customs and salt revenues to Nanking and which may be extended to cover Chahar later but not Shantung. According to this official, the Chinese Government anticipates that Ho Ying-chin will find it necessary <sup>within a few days</sup> to take this step and announce the new administration publicly. The informant adds that Ho's instructions are based upon the belief that it is more expedient for the new administration to be established by an official of high rank acting for Nanking rather than for the change to be made by officials in the North acting under pressure from Japan and against instructions from the Chinese Government.

793.94/7470

FE:EGG

FE

XII-5-35



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

*Copies sent to Peking & Tokyo*  
*Dec. 2*

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

CONVERSATION:

November 29, 1935.

The Secretary of State, and

The Chinese Ambassador.

Present, Mr. Hornbeck.

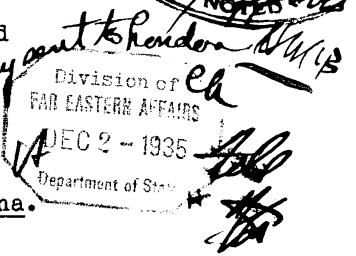
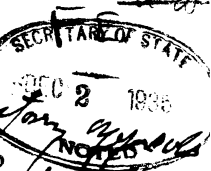
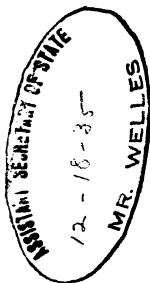
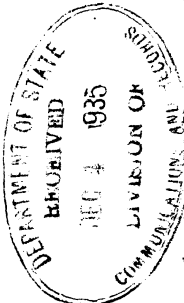
Subject:

The Situation in North China.

The Chinese Ambassador called on the Secretary of State by appointment and said that his Government had instructed him to call. He handed the Secretary a paper, a copy of which is here attached, which gives information with regard to recent developments in the Peiping-Tientsin area.

The Secretary read this paper, which the Ambassador stated was a telegram from his Government. The Secretary made the comment that the information was interesting and that he was glad to have it. The Ambassador then said that his Government expressed the hope that he could ascertain what was the American Government's reaction to the situation and what action this Government might be intending to take.

The Secretary said that the American Government was watching the situation closely and <sup>was</sup> carefully considering the question of the course which it should take. He pointed out that there are conflicting accounts of the facts. He said that the American Government wishes to step



793.94/7468

FILED

F/FG

- 2 -

step carefully in order to avoid proceeding on any mistaken assumptions and perhaps making matters worse rather than better<sup>\*</sup>; that he is closely observing every development and is constantly weighing possibilities. He asked what was the significance of the withdrawal of Japanese troops from points occupied on the railway. The Ambassador replied that it might mean that the Tokyo authorities were exerting a restraining influence. The Secretary said that he would continue to follow developments closely.

<sup>\*</sup>(Note: At this point the Secretary reminded the Ambassador, as something "off the record" and difficult of expression, that on several occasions interrogation by the American Government in regard to developments in the Far East has been made use of for the purpose of exciting public opinion and in support of courses of action which it is the desire of this Government to discourage rather than to accelerate.)

SMH/DLY

5144

DECLASSIFIED: E.O. 11652, 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

TRANSLATION

Very confidential

*copy  
The original was  
handed to the  
Secretary by the  
Chinese Ambassador  
on 12-29-35  
Sick*

During the recent months Japan has actively pushed forward her aggressive designs in North China using threats or enticements toward the local authorities in every conceivable way. Nagai, Chief of Staff of the Japanese army in Tientsin, and other Japanese, when they called upon General Shang (Chairman of the Hopei Provincial Government), openly stated that the (Japanese) Foreign Office and War Department had come to an agreement about the forming of an organization for local autonomy in North China. It can, thus, be seen what the background was of Yin Ju-keng's autonomy manifesto.

The local authorities not having been so moved, an outfit from the Japanese Concession at Tientsin, known as Volunteer Bands, equipped with fire-arms, recently created disturbances in the Chinese territory. Upon the failure of this scheme, (Japanese) troops were sent on the morning of November 27 to the Central Railway Station of Tientsin to supervise its traffic and occupied the Fengtai Junction thus interfering with the through passenger and freight traffic. The Ministry has lodged a protest demanding the cessation of such acts, but we fear that it will be of no avail. The situation in the Far East as judged from the present circumstances cannot but become very grave.

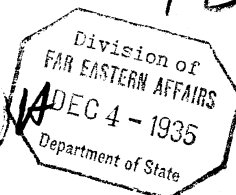
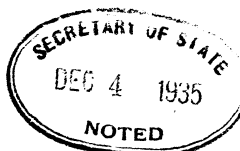
November 28, 1935.

DECLASSIFIED  
E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Date letter of 7-15-75  
By John S. Jones, Date 2-24-76

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

TRANSLATION

Very confidential



During the recent months Japan has actively pushed forward her aggressive designs in North China using threats or enticements toward the local authorities in every conceivable way. Nagai, Chief of Staff of the Japanese army in Tientsin, and other Japanese, when they called upon General Shang (Chairman of the Hopei Provincial Government), openly stated that the (Japanese) Foreign Office and War Department had come to an agreement about the forming of an organization for local autonomy in North China. It can, thus, be seen what the background was of Yin Ju-keng's autonomy manifesto.

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November 28, 1935.

1968

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

1-128  
PREPARING OFFICE  
WILL INDICATE WHETHER

TELEGRAM SENT

1-128  
TO BE TRANSMITTED  
✓ CONFIDENTIAL CODE ✓  
NONCONFIDENTIAL CODE  
PARTIAL  
PLAIN

Collect  
Charge Department

Department of State  
DEPARTMENT OF STATE

Washington,

Charge to  
\$  
03

B 1935 NOV 30 PM 1 08

November 30, 1935

2 pm

AMEMBASSY

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

PEIPING (China).

64  
~~CONFIDENTIAL~~

793.94/7478

Nanking's 114, November 28, 5 p. m., first paragraph.

The Chinese Ambassador called yesterday on the  
Secretary and communicated information with regard to  
recent developments in the North China situation.

The substance of the comment made by the Secretary  
to the Ambassador was that this Government was watching  
the situation closely and carefully considering the  
question of the course which it should take.

Repeat to Tokyo as Department's No. 18.7

Hull

Self

FE:MSM/REK

FE

DECLASSIFIED  
E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Date 11/7/75  
By hmg Date 2-24-76

793.94/7468

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

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

0969

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

December 2 1935

No. 44

~~STRICTLY CONFIDENTIAL~~

The Honorable

Nelson T. Johnson,  
American Ambassador,  
Peiping.

Sir:

Referring to the Department's telegram No. 64 of  
November 30, 1935, in regard to the North China situation,  
there is enclosed for your strictly confidential informa-  
tion a copy of the memorandum of the conversation which  
I had on November 29 with the Chinese Ambassador on this  
subject.

A similar instruction has been sent to the Embassy  
at Tokyo.

Very truly yours,

Cordell Hull

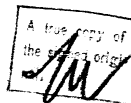
Enclosure:  
Memorandum of conversation,  
November 29, 1935.

Copy to Nanking.

CSR  
FE:CSR/VDM  
12-2-35

FE

DEC 9 1935



*Handwritten signature*

793.94/7468

0970

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

No. 891

~~STRICTLY CONFIDENTIAL~~

Edwin L. Neville, Esquire,  
American Chargé d'Affaires ad interim,  
Tokyo.

Sir:

Referring to the Department's telegram No. 137 of  
November 30, 1935, in regard to the North China situation,  
there is enclosed for your strictly confidential informa-  
tion a copy of the memorandum of the conversation which I  
had on November 29 with the Chinese Ambassador on this  
subject.

A similar instruction has been sent to the Embassy  
at Peiping.

Very truly yours,

Enclosure:  
Memorandum of conversation,  
November 29, 1935.

CSR  
FE:CSR/VDM  
12-2-35

FE

m.m. H.

DEC 2 1935

Handwritten signature and initials.

793.94/7468

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

No. 1054  
STRICTLY CONFIDENTIAL.

December 17 1935

The Honorable

Robert Worth Bingham,  
 American Ambassador,  
 London.

Sir:

Referring to recent correspondence in regard to  
 the North China situation, there is enclosed for your  
 strictly confidential information a copy of a memorandum  
 of a conversation which I had on November 29 with the  
 Chinese Ambassador on this subject.

Very truly yours,

Cordell Hull

793.94/7468

Enclosure:

Memorandum of conversation  
 of November 29, 1935, with  
 accompaniment.

793.94/468

FE:K63

FE

XII-13-35

DEC 19 1935

*Handwritten signatures and initials*



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

## DOCUMENT FILE

### NOTE

SEE 033.1111b Congressional FOR Tel. #719 noon.  
Delegation/126

FROM Shanghai (Cunningham) DATED November 30, 1935.  
TO NAME 1-1127 \*\*\*

REGARDING: Speech of Senator William H. King reported in CHINA WEEKLY  
REVIEW regarding treatment of the Chinese-Japanese dispute  
by the League.

drp

793.94/7469

7469

DECLASSIFIED: E.O. 11652, 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  
NE

AU

PLAIN

Shanghai via N.R.

Dated November 30, 1935

Rec'd 11:30 a.m.

Secretary of State

Washington

719, November 30, noon

Referring to 710, November 27, 4 p.m., CHINA WEEKLY  
REVIEW today commenting on Senator King's speech says  
inter alia: "In an 'off the records' conversation  
following his speech the Senator ventured the opinion  
that one important reason why Ethiopia had been able to  
stimulate League action where China had failed was due  
to the fact that the Ethiopians were putting up such  
stubborn resistance whereas the impression prevails over  
the world that the Chinese people were not united on the  
question of opposing Japanese aggression. In other words  
China has not been able to inspire support as has been  
the experience with Ethiopia because Chinese resistance  
against external aggression was not unified. He expressed  
the hope that political unity might soon be achieved in  
order that China's rich heritage from the past might be  
preserved and that China's program of modernization of  
the past decade might be carried out".

76583  
79394

Repeated to Embassy; mail to Nanking.

HPD

CUNNINGHAM

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

MJP

**TELEGRAM RECEIVED**

This telegram must be \_\_\_\_\_ Nanking  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

Dated December 4, 1935

Rec'd 8:35 a. m.

Secretary of State, FAR EASTERN AFFAIRS  
Washington.

126, December 4, 2 p. m.

One. According to the official quoted in my  
94, November 29, 6 p. m., Ho Ying Chin is under  
instructions to negotiate with the Japanese with a  
view, as a last resort, to establishing a special  
administration for Hopei with himself as head which  
will not interfere with the remittance to the National  
Government of customs and salt revenues and which may  
later be extended to include Chahar but not Shantung.  
The official states the Government expects that Ho  
will find it necessary to make this move and publicly  
announce the new administration within a few days.  
He states that Ho's instructions are predicated upon  
the belief that it is more advisable for a high  
official acting for the Government to set up the new  
administration than for the change to be effected by  
local authorities acting contrary to the Government's  
instructions under pressure from the Japanese.

Repeated to Department and Peiping.

HPD

PECK

*of Paraphrase*  
**COPIES SENT TO  
O.N.I. AND M.I.D.**

793.94/7470

FILED

DEC 9 1935

F

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

NOV 23 1935  
DEPARTMENT OF STATE

RECEIVED  
NOV 17 1935  
DIVISION OF COMMUNICATIONS  
SECRETARY OF STATE  
NOV 20 1935  
NOTED

Division of  
EASTERN AFFAIRS

NOV 22 1925

November 19, 1935

793.94

ED, Mr. [illegible] and Mr. [illegible]  
 Mr. [illegible] Secretary Dept. of the Interior  
 NAS Date 3/6/73

FILED  
JUN 7 1934

F/G

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

**UNITED STATES DEPARTMENT OF COMMERCE**

-2-

Conference in February at which they hope to gain special advantages which will allow the forwarding of their plans. Other countries such as Russia, Great Britain, United States of America, and France, who are neighbors, have the right to question Japan on her intentions and actions. A firm attitude used at the time of such questioning will immediately stop Japan, which is like a burglar who will throw up his hands when confronted. Desire for advancement on the part of Japanese Army and Naval Junior Officers, and for soldiers from China is one of the large elements in the plan for aggression. My opinion is that we should fight. The attitude of General Chiang is in favor of cooperation as long as it can be done on the basis of equality or even at the expense of Japan having the best of any bargain, but when Japan begins consuming China to resist. Three demands are made by Japan: First: Friendship between China and Japan but not with other countries; Second: Cooperation of an economic character together with special privileges to Japan such as lower tariff, etc; Third: Unity of China and Japan against Communism, which means allowing Japanese officers in Chinese army. By this means Japan would assume control of our Army and eventually fighting for Russian ultimatum."

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

-3-

My own opinion to judge by previous actions on the part of Japan is that a firm attitude on the part of the United States of America and some other nations such as France, Russia, or England, will restrain Japan. For all other countries to stand aside and watch this thing committed seems all wrong. For the first time during the Republic all Chinese parties meeting together in the National Congress and are unified for the purpose of resisting aggression. China is trying very hard to help herself and deserves every possible outside assistance.

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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  
December 9, 1935

~~SECRET~~

~~SECRET~~

~~SECRET~~

The Embassy (Shanghai) dispatch of October 24, 1935, gives Dr. H. H. King's views expressed in conversation with Mr. Stern — (1) America's silver policy had hurt China and might have a continued adverse influence (2) the Japanese move in North China was but one step in the Japanese plan to dominate the Far East (3) public opinion in Japan was created by the military-controlled press (4) Japanese smuggling was adversely affecting the Chinese customs and Chinese trade and (5) the independence

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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

of the Philippine Islands will be  
of short duration.

Mr. Dean expressed no views  
but merely listened to Dr. King

CSR





EMBASSY OF THE  
UNITED STATES OF AMERICA

Shanghai, October 24, 1935.

CONFIDENTIAL.

Subject: Dr. H. H. Kung's Views on the  
Far Eastern Situation.

793.94  
note  
032.1190 Dern

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DEPARTMENT OF STATE

1935 DEC 4 AM 11 18

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

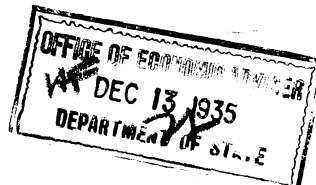
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O.N.I. AND M.I.D.

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Grade	To file		<input checked="" type="checkbox"/>
For	In U.S.A.	<input checked="" type="checkbox"/>	
	ONI, MID.		

Copy of memorandum  
of conversation in regard  
to "American Silver Policy"  
(see first and second  
sent to Treasury  
Dec. 11, '35. New)

The Honorable

The Secretary of State,  
Washington, D. C.



793.94/7472

Sir:

1/5

I have the honor to enclose memoranda of con-  
versations between the Secretary of War of the United  
States, Dr. H. H. Kung, Chinese Minister of Finance,  
and myself, which occurred on October 24, 1935, in  
my apartment at the Cathay Hotel, during the recent  
visit of Mr. Dern to China. As is evident, the  
statements of the Secretary of War were non-committal  
and he appeared to limit himself to questioning Dr.  
Kung. The latter, in talking of the silver policy  
of the United States, said that it had had a bad  
effect on China's financial situation. He also ex-

pressed

FILED  
DEC 19 1935

F/FG

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

-2-

pressed the belief that further advances by the Japanese in North China are steps in a major Japanese plan to dominate the whole of China, the Philippines, the Dutch East Indies and eventually the world. Public sentiment in Japan, he claims, is being educated to the military point of view by a press which is military-controlled and backed up by Army reservists carefully schooled for the purpose of indoctrinating the public with chauvinistic ideas. Dr. Kung also indicates the difficulties which the Chinese Maritime Customs are experiencing with Japanese smugglers. Finally, he expressed his belief that the Philippine independence would be short-lived.

Respectfully yours,

*Nelson Trusler Johnson*

NELSON TRUSLER JOHNSON.

Enclosures:

1/5 Memoranda of conversations,  
October 24, 1935, between the  
individuals stated and on the  
subjects summarized herein.

851.5/710/800/624.4/105

CBL:epg

Original and four copies to Department;  
Copy furnished Amembassy, Peiping;  
Copy furnished Amembassy, Nanking.

4

FP

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

CONFIDENTIAL.

Shanghai, October 24, 1935.

Memorandum of Conversation.

Secretary of War Dern  
Dr. H. H. Kung, Minister of Finance.

Present: The American Ambassador.  
Mr. James Dern.  
Mr. Cecil B. Lyon.

SUBJECT: American Silver Policy.

Dr. Kung referred to the silver purchasing policy of the United States and stated that this policy had had a bad effect on China's financial situation. He said that high silver had been advantageous to China but that the difficulty was due to the fluctuations in price; that these fluctuations and the uncertainty as regards the future made China's situation most difficult. As he put it, China received a blow on one cheek when silver began to rise and she is now faced with the possibility of another and even more disastrous blow on the other cheek as the price of silver tumbles.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:epg

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

CONFIDENTIAL.

Shanghai, October 24, 1935.

Memorandum of Conversation.

Secretary of War George H. Dern  
 Dr. H. K. Kung, Minister of Finance.

Present: The American Ambassador  
 Mr. James Dern  
 Mr. Cecil B. Lyon.

SUBJECT: Sino-Japanese Relations.

In a conversation with Secretary of War Dern today Dr. Kung expressed himself as believing that the establishment of an autonomous state in north China was a serious threat. In reply to a question, Dr. Kung insisted that the making of such a state was not being brought about by the assistance of others, it was being "made by others." He expressed the belief that further advances in north China were but steps in a major Japanese plan to dominate the whole of China and later the whole of the East, including the Dutch East Indies and the Philippines; that the Japanese felt themselves to be the chosen people and that their ambitions included the whole world.

Nelson Trusler Johnson,  
 American Ambassador.

NTJ:epg

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

CONFIDENTIAL.

Shanghai, October 24, 1935.

Memorandum of Conversation.

Secretary of War George H. Dern  
Dr. H. H. Kung, Minister of Finance.

Present: The American Ambassador  
Mr. James Dern  
Mr. Cecil B. Lyon.

SUBJECT: Public Sentiment in Japan.

In the course of a conversation today between Secretary of War Dern and Dr. H. H. Kung, Chinese Minister of Finance, the latter stated that public sentiment in Japan was created by a press controlled by the military and backed up by reservists from the Army who were carefully schooled in the course of army training and organized afterwards for the purpose of indoctrinating the public generally with the ideas currently held by military leaders.

Nelson Trusler Johnson,  
American Ambassador.

NTJ:epg

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

CONFIDENTIAL.

Shanghai, October 24, 1935.

Memorandum of Conversation.

Secretary of War George H. Dern  
 H. H. Kung, Minister of Finance.

Present: The American Ambassador  
 Mr. James Dern  
 Mr. Cecil B. Lyon.

SUBJECT: Smuggling.

In the course of conversation with Mr. Dern, Secretary of War, Dr. Kung stated that the situation in China was becoming increasingly difficult for honest Chinese merchants to compete with dishonest and unpatriotic Chinese merchants who sell smuggled Japanese merchandise. He stated that Japanese goods in large quantities are being smuggled into China, particularly at Shanhaikwan where the Japanese merchants were refusing to comply with the Chinese Customs regulations and where, in fact, the Chinese customs barrier had practically been removed. Smuggling is carried on by means of high-powered motor boats from Dairen and the Japanese were refusing to permit the Chinese Customs Preventive Service to pursue such boats on the high seas outside the three-mile limit, while the Japanese army would not let such boats operate within the three-mile limit, claiming it to be within the demilitarized zone.

Nelson Trusler Johnson,  
 American Ambassador.

NTJ:epg

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

CONFIDENTIAL.

Shanghai, October 24, 1935.

Memorandum of Conversation.

Secretary of War George H. Dern  
 Dr. H. H. Kung, Minister of Finance.

Present: The American Ambassador  
 Mr. James Dern  
 Mr. Cecil B. Lyon.

SUBJECT: Independence of the Philippines.

In the course of conversation today with the Secretary of War, Dr. H. H. Kung stated that he understood that the United States would remain for ten years to protect the independence of the Philippines. The Secretary of War confirmed his understanding. Dr. Kung remarked that, in that case, he did not think that the Philippines' independence would be long-lived.

Nelson Trusler Johnson,  
 American Ambassador.

NTJ:epg

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 6, 1935.

~~MEM:~~  
~~WTF:~~  
~~MMH:~~

S:

The Embassy's unnumbered despatch from Shanghai of November 6, 1935, transmits a summary of a conversation between a member of the Embassy and Dr. Hu Shih (a noted Chinese intellectual), Mr. Loy Chang (Chinese head of the Chinese Customs Administration) and Mr. Lin Yutang (a Chinese intellectual of increasing reputation) with regard to the probability of China taking military measures against the Japanese. Dr. Hu gives as his opinion that military measures will be undertaken within six months, stating as significant in this connection (1) the so-called Tada statement that Chiang Kai-shek and the Kuomintang must go if Japanese imperialism is not to fail and (2) the reports that Feng Yu-hsiang and one of the leaders of the Southwest faction are visiting or about to visit Nanking -- these two men being able to align certain forces with Nanking in a struggle against the Japanese. Loy and Lin concurred in Dr. Hu's opinion.

Dr.



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

- 2 -

Dr. Hu said further that although he had advocated pacific views in the past he now felt that there was no room for compromise with the Japanese and China must fight. He added that a Sino-Japanese war would eventually involve the other countries of the Pacific and that the Chinese would see to it that these countries did become involved. Dr. Hu and the others thought that China would be united by the struggle and would have a fair chance against the Japanese.

The Embassy comments that the above views are held by many thinking Chinese and states that there is reason to believe that Chiang Kai-shek is preparing in western China for eventual resistance against the Japanese.

CSR  
CSR/VDM

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

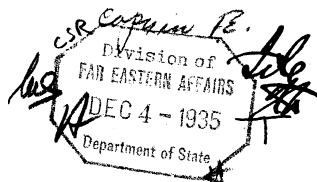


EMBASSY OF THE  
UNITED STATES OF AMERICA

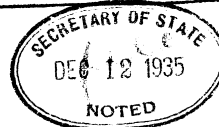
RECEIVED  
DEPARTMENT OF STATE Shanghai, November 6, 1935.

1935 DEC 4 AM 11 20

Subject: The Possibility of Armed Resistance by China against Japan.  
DIVISION OF COMMUNICATIONS AND RECORDS



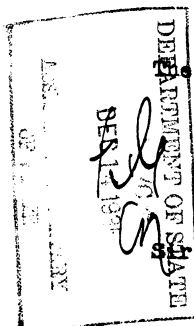
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	M.I.D.		



Honorable

The Secretary of State,  
Washington, D. C.

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O.N.I. AND M.I.D.



I have the honor to summarize comment made during a conversation between a member of the Embassy and Dr. Hu Shih, noted Chinese intellectual, Mr. Loy Chang, Chinese head of the Chinese Customs Administration, and Mr. Lin Yutang, an intellectual of rapidly increasing reputation, with regard to the "probability" that the Chinese will in the near future take active military measures against the Japanese.

Dr. Hu Shih led the conversation, saying that it was "almost a probability" that the Chinese would resort in the near future to military action against the

Japanese.

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DEC 17 1935

-2-

Japanese. (When he was asked to be more exact, he stated that in his opinion the chances were more than even that there would be warfare between the two countries within six months.) He regards as significant in this connection that part of the so-called Tada statement in which it is argued that General Chiang Kai-shek and the Kuomintang must go if Japanese Imperialism is not to fail. He also regards as significant the present visit of Marshal Feng Yu-hsiang from Shantung to Nanking and the allegedly impending visit of Marshal Li Tsung-jen from Kwangsi to Nanking for the reason that he believes that they would go to Nanking only if there were to be serious discussion of armed resistance against further Japanese aggression. Dr. Hu regards Marshal Feng as the man who could bring to a common line of action such northern generals as Han Fu-ch'ü, Yen Hsi-shan, Fu Tso-yi. The reason for the belief of these three gentlemen that the Chinese may fight is summed up in the phrase, quoted by Mr. Lin Yutang, "when a dog is driven to the end of a blind alley he will turn and fight".

Dr. Hu Shih evidently felt it was necessary to attempt to reconcile his present view that China ought to fight with his well-known pacifist views. He said that he has always been a pacifist, is still one, was one of the few who urged a direct settlement between Chinese and Japanese shortly after the Mukden incident, and was the only Chinese who expressed approval in print of the conclusion by the Chinese authorities

-3-

critics of the Tangku Truce of May 31, 1933. He feels now, however, that there is no hope of compromise with the Japanese and that the ambitions of the Japanese military leave for China no alternative but to fight for self-preservation. He added that heretofore he had felt that persons such as he, who would not be called upon to bear arms in case of a conflict with Japan, should not urge a course which would bring suffering to many Chinese but that now the situation was so serious that he no longer held this view.

When Mr. Lin and Mr. Loy Chang showed an inclination to belittle what the Japanese military might do in case of an armed conflict, Dr. Hu Shih deplored such a view, stating that he believed that a Sino-Japanese war would result in the worst war of history as it would involve eventually other countries of the Pacific, adding that it would be one of the intentions of the Chinese to see that those countries did become involved. He also said that it should be realized that for some time the Chinese would be fighting alone against the Japanese, with the result that there would be appalling destruction of Chinese life and property. He regards as the best strategy attack against the Japanese as widespread as possible for the reason that an extended front would necessitate mobilization by Japan of all its forces and a greatly accelerated expenditure of armaments and money.

It was Mr. Lin's opinion that if General Chiang Kai-shek were to begin hostilities he would become the hero of the Chinese people, as General Tsai Ting-k'ai

did

-4-

did when he led the Chinese forces which fought the Japanese in 1932 at Shanghai. The others also thought that China would be unified by armed resistance against the Japanese and that the Chinese would be good fighters because of their bitter hatred of the Japanese, a hatred made the more bitter because for so long they have had no outlet for expression of it.

These views, particularly those coming from Dr. Hu Shih, are interesting to me. Hu Shih is a leader of Chinese thought and has strong influence over many educated Chinese. I have noticed among other thinking Chinese a development of a similar viewpoint since the Japanese demands of May and June of this year with respect to Chahar and Hopei Provinces, which, together with subsequent activities of the Japanese military, have apparently convinced them of the futility of expecting any permanent relaxation of expansion by the Japanese military at the expense of China. There continues to be reason to believe that General Chiang Kai-shek is preparing in western China for eventual resistance against the Japanese, and I consider it a possibility that the Chinese may feel that there will soon be only two courses open to them: (1) complete submission to Japanese ambitions or (2) war. Before the Chinese could take any action, however, they might very probably be forestalled by some new measures on the part of the Japanese.

Respectfully yours,

*Nelson Trusler Johnson*

NELSON TRUSLER JOHNSON.

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

-5-

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LES/epg

Original and four copies to Department;  
Copy furnished Amembassy, Nanking.

DECLASSIFIED: E.O. 11652, 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

December 9, 1935

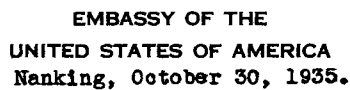
~~MS. 101~~  
~~10101~~

Nanking's No. 29 of October 20, 1935,  
transmits a memorandum of conversation  
between Mr. Peck and Wang Ching-wei  
in which Wang stated that no crisis  
was expected in the near future and  
that China would deal with Japan  
in a friendly manner in so far as  
the question of "Manchukuo" and cession  
of territory was not discussed.

The memorandum should be read.

CSR

*A*



**Subject: Sino-Japanese Relations.**

Handwritten notes and stamps on the document include:

- Handwritten:** "CSR" (top left), "12/16/82" (top center), "100" (top right), "100" (bottom left), "100" (bottom center), "100" (bottom right).
- Stamps:** "RECEIVED" (top center), "DEC 4 - 1982" (center), "100" (bottom center).

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CSR

793.94/7474

**Sir:**

I have the honor to enclose herewith a copy of a memorandum of a conversation held on October 28, 1935, by Mr. Peck, Counselor of the Embassy at Nanking, with Dr. Wang Ching-wei, President of the Executive Yuan and Acting Minister for Foreign Affairs, in relation to "Sino-Japanese Relations".

DEC 12 1935

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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 -

No. 39, of October 29, 4 p.m.

/7326

Respectfully yours,

For the Ambassador:

*Willys R. Peck*  
Willys R. Peck,  
Counselor of Embassy.

✓  
Enclosure:

1/ Memorandum of conversation,  
dated October 28, 1935.

Original and 4 copies to the Department  
Copy to Embassy, Peiping.

710.  
WRP/MM:T

DECLASSIFIED: E.O. 11652, 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.

Nanking, October 28, 1935.

Subject: Sino-Japanese Relations.

Dr. Wang Ching-wei, Acting Minister for Foreign  
Affairs.

Mr. Peck

Dr. Tan Shao-hwa, interpreting.

In the course of an informal conversation at the official residence of Dr. Wang, Mr. Peck inquired whether the Chinese Government anticipated anything in the nature of an immediate crisis in relations between China and Japan.

Dr. Wang said that they had no reason to expect such crisis in the immediate future. He recalled that in February the Foreign Office had told the Japanese Foreign Office that, excluding the question of Manchuria, and with the exception that the Chinese Government would not consent to any cession of territory, the Chinese Government would deal with the Japanese Government in a friendly manner in relation to all outstanding issues. He said that this policy had been consistently followed by the Chinese Government and would continue to be.

Dr. Wang drew attention to the recent news coming from Tokyo that the Ministries of Foreign Affairs, War, Navy and Finance had agreed upon a common policy with respect to China. He said that in spite of this news, the possibility must still be recognized that some step

might

- 2 -

might be taken by one of the parties to this agreement and that, of course, the Chinese Government did not know what this new policy which had been adopted was.

Mr. Peck said that he had heard the question asked at what point the Chinese Government would find forbearance no longer possible and resistance necessary. Dr. Wang said that it was well known that the Chinese Government would come to no agreement involving the loss of territory. Mr. Peck asked what the attitude of the Chinese Government would be if an autonomous state should be declared in North China.\* Dr. Wang said that if such an event should occur the Chinese Government would endeavor to ascertain whether it was a genuine and spontaneous movement or whether it had been instigated, and would be guided accordingly.

Mr. Peck asked whether the recent disturbance at Hsiangho was indicative of a move toward the creation of an autonomous government in North China. Dr. Wang said that this incident might be indicative of such a movement but he strongly insinuated that outside instigation was involved.

\* (Mr. Peck jokingly said that he should apologize, as an official of the Department of State, for putting this hypothetical question, since the State Department refused to foretell what the attitude of the American Government would be in hypothetical circumstances. Dr. Wang said that the rule was a good one.)

Willys R. Peck,  
Counselor of Embassy.

710.S-J  
WRP/MM:T

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 8, 1935.

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

Nanking's No. 38 of November 9, 1935, sets forth Dr. Chiang Monlin's views on resistance to Japan. Dr. Chiang is the Chancellor of the National Peking University and is in close touch with China's principal political leaders.

Dr. Chiang, a few hours after talking with Chiang Kai-shek, said that China had now given into the Japanese to the limit and would refuse to accede to any further Japanese demands (save minor ones) thus putting it up to the Japanese to fight or not. He expressed the view that the Chinese would fight well against the Japanese, stating that Feng Yu-hsiang and Yen Hsi-shan would remain in central China to participate in the fighting and that the pending arrival of Dr. Tsou Lu (President of Sun Yat-sen University at Canton) shows the probable uniting of the Southwest with Nanking in a fight against the Japanese.

This despatch supplements the Embassy's unnumbered despatch from Shanghai of November 6, 1935.

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CSR/VDM

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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 38

Nanking, November 9, 1935.

Subject: Dr. Chiang Monlin's views on  
Resistance to Japan.

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DEPARTMENT OF STATE

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DIVISION OF  
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AND TRANSPORTS

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CSR

The Honorable

The Secretary of State,

Washington, D. C.

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

Sir:

I have the honor to refer to my despatch of November 6, 1935, from Shanghai, reporting Dr. Hu Shih's views with regard to possible resistance to Japanese aggression, and to summarize comment on this subject made yesterday to a member of the Embassy by Dr. Chiang Monlin, Chancellor of the National Peking University, who is at present in Nanking and who is in close touch with China's principal political leaders.

(In this connection, it may be of interest first to report that Dr. Chiang stated that the Japanese

Assistant

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DEC 10 1935

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Assistant Military Attaché at Peiping, Major Takahashi, had included Dr. Chiang's name in the list of those Chinese which he had recently given to General Sung Che-yuan with the request that they be arrested, that General Sung had sent a private messenger to Dr. Chiang to warn him to leave before arrest, but that Dr. Chiang intends to return to Peiping within a few days and to remain there. He expressed the belief that he will not be arrested but that, if he is, it will injure the prestige of the Japanese military considerably in Tokyo and elsewhere. He said that Dr. Hu Shih's name was not on the list.)

In speaking of possible resistance to the Japanese, Dr. Chiang, who had an hour or two before been in conversation with General Chiang Kai-shek, said that China has now given in to the Japanese to the limit and has decided that it will refuse to accede to any Japanese demands which may be presented in the future (unless they are of a minor and unimportant nature), thereby putting the Japanese military in the position of having to decide whether they will fight or not. Dr. Chiang stated that the Chinese are preparing for resistance to the Japanese in case the Japanese force them to fight; for example, there are now 100,000 Chinese troops in Kiangsu and Chekiang Provinces. He expressed the opinion that the Chinese soldiers would fight well because of their

bitter

-3-

bitter hatred of Japan and that the Chinese are equal militarily to the Japanese except in airplanes and tanks. He stated that Generals Feng Yu-hsiang and Yen Hsi-shan, now in Nanking, will not return to the north but will stay in central China to participate in resistance and that the pending arrival of an important Southwestern leader (not General Li Tsung-jen but Dr. Taou Lu, President of the Sun Yat Sen University at Canton) shows that the Southwest will probably unite with General Chiang Kai-shek against the Japanese.

Respectfully yours,



NELSON TRUSLER JOHNSON.

710

LES:epg

Original and four copies to Department;  
Copy furnished Amembassy, Peiping.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 6, 1935.

MSM:  
WFF:  
MMH:

*SKH North glancing  
through. H*

Peiping's No. 72 of November 12, 1935, transmits a copy of Amoy's No. 49 of October 14, 1935, in regard to one aspect of anti-Japanese feeling in China. The Embassy discusses current political opinion in China regarding Sino-Japanese relations.

Amoy reports that leaflets entitled "Down with the Traitors to their Country" were surreptitiously distributed in Fukien and expresses the opinion that the diatribe against the Japanese encroachment in Fukien will lead to a Japanese protest.

The Embassy states that events throughout China lead to the inference that Japanese pressure has at last given rise to a situation wherein the several Chinese factions feel impelled to settle their differences for the purpose of presenting a united front to the opposition and concludes that Chinese public opinion is concerning itself more and more with the apparent necessity of self-salvation.

CSR  
CSR/VDM



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



EMBASSY OF THE  
UNITED STATES OF AMERICA

No. 72

Peiping, November 12, 1935.

Subject: Current Public Opinion in China

THE UNDER SECRETARY OF STATE Regarding Sino-Japanese Relations.

DEC 21 1935  
DEPARTMENT OF STATE

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Division of  
FAR EASTERN AFFAIRS  
DEC 5 - 1935  
Department of State

SECRETARY OF STATE  
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The Honorable

The Secretary of State

Washington, D. C.

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

ASSISTANT SECRETARY OF STATE  
12-16-35  
MR. WELLES

Sir:

I have the honor to refer to the Embassy's despatch No. 15/7236 of October 4, 1935, with reference to current Chinese and Japanese opinion regarding Sino-Japanese relations, and to enclose for the information of the Department a copy of despatch No. 49 of October 14, 1935, from the Amoy Consulate, reporting on one aspect of anti-Japanese feeling in China. The nationalistic manifesto forwarded with that despatch calls more particularly, it will be noticed,

for

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DEC 23 1935

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- 2 -

for resistance to the encroachment of "Japanese imperialism" on the province of Fukien.

It is generally agreed by observers that 1) the Japanese are pressing forward on various fronts for definitive settlements of outstanding Sino-Japanese problems, and 2) the National Government is extremely hard pressed to find a formula which will at one and the same time meet Japanese "aspirations" and leave the Government with sufficient prestige and power before the Chinese people for it to maintain its equilibrium. Feng Yu-hsiang, it is said, consented to go to Nanking to attend the Sixth Plenary Session of the Central Executive Committee and the Fifth National Kuomintang Congress only after having been pressed jointly to do so by Chiang Kai-shek, General Yen Hsi-shan of Shansi, and Chairman Han Fu-ch'u of Shantung, and only when he had received substantial assurances that there would actually be discussions initiated at those meetings for the purpose of evolving means of "protecting the country and the people". If the attendance of Feng Yu-hsiang and the Southwest delegates has any significance at all, it would seem to lie in the obvious inference that Japanese pressure has at last given rise to a situation wherein the several Chinese factions feel impelled to settle their differences for the purpose of presenting a united front to the opposition.

The necessity for the adoption of a common policy against foreign aggression must have become startlingly apparent to all Chinese groups in the period that had its beginning on September 24 of this year. Prior to

that

- 3 -

that time, certain pro-Japanese elements had been cherishing a hope that Japanese rule of North China and domination of the rest of the country would be exercised in a sympathetic way for the ultimate good of the Chinese people. "Economic cooperation" in the development of the five provinces of North China was to have been the starting point for this new relationship. But the Tada Statement of September 24, the subsequent force applied by the Japanese at Swatow and Hankow to effect their will as regards provincial taxation, and the dismissal of Garrison Commander Yeh P'eng, respectively, the Dairen Conference of October 13-14, the Shanghai Conference of October 20-21 and subsequent peregrinations and utterances by responsible Japanese officials, the demarches of the Japanese Garrison Headquarters in North China on October 29 and October 30 and the threatening attitude adopted toward the Chinese side, the arbitrary arrests of Chinese on the charge of their belonging to nationalistic organizations, and the belligerency displayed by Japan regarding the question of China's monetary measures of November 4, have apparently combined to remove from the mind of so-called pro-Japanese Chinese any last vestige of hope for prospective benefits to be derived from Japanese rule. The impatience of the Japanese Army with the characteristic Chinese procrastination has led the Army to show its hand. Chinese opinion in consequence is being disillusioned even where illusion continued to exist, and the problem confronting Chinese leadership is clearly seen to be one, not of evolving a scheme for political and economic cooperation within the

framework

- 4 -

framework of an equal partnership, but of deciding on the ways and means for resisting the continued advance of Japanese ambitions on the continent of Asia.

If there is agreement on that one point, Chinese councils are quite evidently divided on the question of where and when the resistance shall begin. It is probable that Chiang Kai-shek, who has consistently supported the policy of conciliation since the inception of the current phase of Sino-Japanese relations with the Tangku Truce of May 1933, labors under no misapprehensions regarding Japanese intentions towards him. It seems to have been a matter of common knowledge to Chinese and Japanese alike that the Generalissimo has been playing for time with the Japanese, hoping to be able to stave off a final settlement until he had built up a modern army whose power could be made manifest. A prominent economist and Kuomintang member stated in private conversation recently that Chiang Kai-shek's policy, as expressed in private military councils, was given almost verbatim recently in an article by Dr. V. K. Ting (Secretary General of the Academia Sinica) in the TU LI P'ING LUN (INDEPENDENT CRITIC, Peiping) of August 21, 1935. According to Dr. Ting, China now stands where Soviet Russia stood in 1918, and would be forced, "for the preservation of the revolution", to sign a treaty of surrender which would give the country a breathing-spell during which it could gather its scattered forces - in the mountainous West China if nowhere else - and grow to a new strength (and, by implication, a day of reckoning).

According to the analysis of the aforementioned economist, the primary interest of the Chinese State, as of any

State,

- 5 -

State, lies in its self-preservation. Its existence is closely linked with a financial structure which is bound indissolubly to foreign factors and rendered extraordinarily vulnerable by reason of this close relationship; as a result, the Chinese State would be endangered immediately by any strong action against its financial framework. The chief interest of the Chinese people, however, as distinguished from the State, lies not in the preservation of the existing political structure but in the maintenance of national sovereignty and popular liberties, with the result that the interests of the State and the people have become incompatible in so far as the State is prepared to surrender national sovereignty in return for its own existence. The people demand, he said, that they be armed for resistance to the national enemy regardless of consequences to the political structure; the State bargains for time in the hope that it will not be forced to renounce the stage.

The supine attitude of Chinese publicists, students and thinkers to date before the challenge offered by Japan's spirit of "manifest destiny" is a matter of public knowledge: it is but rarely that more than a feeble protest has come from the Chinese side under the repeated threats of the Japanese Army. Nevertheless, it is also to be admitted that the attitude is one which has been largely fostered by the National Government itself, which has taken drastic measures, in the pursuit of its policy of "conciliation", to suppress any movements of direct attack, economic boycott, or adverse

criticism

- 6 -

criticism against the Japanese that might have exacerbated the Sino-Japanese relations which such heroic efforts were being made to better. The Government's policy of suppression must be adjudged responsible in large part for the feeling of despair and lethargy which is so general in Chinese circles today. There are indications, however, that some Chinese elements, long repressed under the Government's restraints, in their desperation are developing a new courage. An example of the more radical type of manifestation is reported in the aforementioned despatch from Amoy. As an example of the indirect, more academic effort of a section of China's population to become articulate in the present crisis

2/ there is enclosed a copy (in English translation) of an express letter sent recently from North China by the "Students' Self-Government Association" to the Sixth Plenary Session of the CEC, and distributed besides to various publicity agencies and educational institutions. The express letter had its origin in Yenching University, but the other chief schools and colleges in North China participated, and the petition incorporated in that communication is said to represent the will of 40,000 students. As will be noted, the students make a passionate protest against the Government's methods of smothering the forces of public opinion, and call for certain democratic liberties laid down in the Provisional Constitution, specifically, 1) freedom from illegal arrest and detention, 2) exemption of civilians from arbitrary court-martial proceedings, 3) freedom of

assembly

- 7 -

assembly and of association, and 4) freedom of speech and of the press. The explanation given at the end for the petition is that, "as the general situation in the country is such, all citizens should share the responsibility and should burst forth to save the life of the country. The sooner the gyves and fetters are removed, the earlier we can perform our duties." (It will be observed that this petition is consonant with the fact that the Kuomintang "Period of Tutelage" is technically due to terminate.)

The inherent weakness of the policy of "conciliation" has been clearly demonstrated in the past few months, and is becoming generally discredited as both ineffective and humiliatingly feckless. An adverse criticism of Dr. V. K. Ting's particular argument was given by Dr. Hu Shih in the same issue of the TU LI P'ING LUN, where the latter opened his attack on Dr. Ting's Fabian thesis with the observation that the chief significance of the Treaty of Brest-Litovsk was to be discovered not in the signing of the treaty but in subsequent events: "the preservation of the (Russian) revolution" was achieved not by surrender to the German arms but by the three years of sanguinary fighting against domestic and foreign enemies that followed upon the Brest-Litovsk tableau. Dr. Hu agreed with Dr. Ting that China had valuable lessons to learn from the history of revolutionary Russia's foreign relations, but he could not agree that that history warranted counsels proposing further retreat "into the mountains of Kweichow and Yunnan".

Writing

- 8 -

Writing in the CHINA WEEKLY REVIEW for August 17, 1935, under the heading "The Future of China's Policy Toward Japan", C. Y. W. Meng summarized the opposing points of view regarding the foreign policy to be adopted by China in its present straits, and threw his support to Dr. Hu's thesis:

"By accepting the Japanese demands wholesale, by exerting more 'friendly gestures', such as the elevation of the status of legations to that of embassies, etc., by discussing with the 'invaders' the 'economic bloc', and lastly, by agreeing to the Japanese 'plans' to develop the Northern Provinces, which, as every observer knows, are nothing short of the domination of North China by Japan politically, economically and militarily, and the loss of North China to China, China 'hopes' to have a 'glorious armistice' or 'democratic peace' with Japan, so that China may go on with the task of 'pacifying first the conditions within' (the country). But the signing of the Peace Treaty of Brest-Litovsk should be a sufficient lesson to us that the aggressor would never let us have a glorious armistice or democratic peace, but would only force us to sign the most derogatory and humiliating treaty; and as soon as such treaty is signed, it is bound to stir up further internal political dissensions or (bring about) the downfall of the party in power, rather than 'to make the revolution secure!' ...

"We should never sign a 'peace treaty of Brest-Litovsk' with Japan. We should never prepare ourselves to flee to the 'Kamchatka of China', but we should change our past policy of 'non-resistance' and 'compliance' to a policy 'to defend every inch of our territory until every drop of our blood is exhausted'!"

The events of the period subsequent to Major General Tada's statement on September 24 have given the subject a new significance for the Chinese people. Whereas there are plenty of persons prepared to admit that cooperation and friendliness between China and Japan, if characterized by sincerity and a trustful spirit on both sides, would lead to obvious benefits for the peace and prosperity of the Far East, hope for such a happy eventuality has been

largely

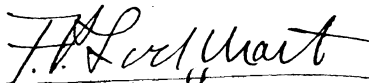


- 9 -


largely lost. The question of "who struck the first blow" is of only academic significance beside the fact that Sino-Japanese relations have reached a crucial stage - and possibly Chinese public temper a breaking point. There is evidently growing up a body of Chinese opinion that looks for its support to such factors as critical Japanese finances, the possible application of sanctions against an aggressor State, British intervention in the field of Chinese finance, and Soviet Russian sympathy, instead of depending hopefully but helplessly upon such bare comfort as may be derived from the vague promises of an "Asia for the Asiatics" - under Japanese hegemony. While the specific direction Chinese political thought will take depends upon developments directly ahead, and that thought may be subjected to pressure designed to shatter it completely, the present indications are that Chinese public opinion is entering new and deeper channels.

Respectfully yours,

For the Ambassador:

  
F. P. Lockhart,  
Counselor of Embassy.

✓  
Enclosures:

1. Copy of despatch No. 49, October 14, 1935, from American Consul, Amoy;
  2. Copy in translation of an express letter, as described.
4. 

710 Sino-Japanese

EC-SC

Original and four copies to Department.

Copy to American Embassy, Tokyo.

Copy to American Embassy, Nanking.

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

ENCLOSURE No. 1  
TO DESPATCH No. 72

No. 49.

AMERICAN CONSULATE,

Amoy, China, October 14, 1935.

Subject: Translation of Leaflet Distributed by  
"The Association of Anti-Japan and  
Country Saving of the People of Fukien".

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Beiping, China.

Sir:

I have the honor to enclose a translation of a  
leaflet entitled "Down with the Traitors to their Country"  
surreptitiously distributed by "The Association of Anti-  
Japan and Country Saving of the People of Fukien".

Inasmuch as the sentiments expressed in this leaf-  
let contravene the various proclamations issued by the  
Mayor of Amoy forbidding the Chinese to antagonize foreign  
countries by word or deed it is probable that the Japanese  
Consul will vigorously protest and urge the prosecution  
of the patriots.

Respectfully yours,

H. H. Diek,  
American Consul.

Enclosure:

Translation of Leaflet, as stated.

800  
HED/o

Transmitted in triplicate.  
Copy to Embassy, Nanking.

10 copies of  
leaflet  
ACB.

1 0 1 4

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

LEAFLET FROM "THE ASSOCIATION OF ANTI-JAPAN AND COUNTRY-SAVING  
OF THE PEOPLE OF FUKIEN", OF WHICH THE FREE TRANSLATION OF THE  
IMPORTANT POINTS ARE AS FOLLOWS:-

----- 00000 0 00000 -----

SUBJECT: "DOWN WITH THE TRAITORS TO THEIR COUNTRY".

Dear Brethren:

During these past four years our Chinese Military and Political Authorities submitted to the Imperialists, sacrificing 9 provinces unconditionally - The four provinces in the North-east have already been in the hands of the Foreigners (Reference, Case of Sept. 18/31) and the five provinces of North China, where although the 'Clear Sky and White Sun Flag' still flies, however, the political and financial powers are in the sleeves of the Japanese Imperialists.

Now the encroaching policy in the North China of the Japanese Imperialists has been successful, they step forward planning the aggression upon South China, especially the Fukien Province, which is now very dangerous, its people will not long in the future be perished just as the Formosans and Koreans.

During this year the servile dependents of the Japanese Imperialists, Li Tee Yi (李擇一) and Chen I (陳儀) hasten to plan means for the sale of Fukien Province. It is as dangerous as to lead the wolves into our residence. Now we try to disclose their means of selling Fukien as follows:-

- (a) Foochow is the most important political center of which the water works (on which several hundred thousand people live) is going to be ceded to San Ling Kaisha (三菱會社), a Japanese corporation.
- (b) To allow the Japanese to invest money for the establishment of the water electricity factory in Sien-yu (仙遊).
- (c) To allow the Japanese to invest money in the Chang-Lung Railroad which pass through the whole Fukien Province.
- (d) To allow the Japanese to solely invest money for opening the iron mines in Anchi (安溪).
- (e) The fishing rights along the sea coasts of Fukien Province will be ceded.

Besides this, the Provincial Government has approved the Japanese Imperialists to establish Japanese Consulates and Police Offices at Chuanchow and Changchow (both are under planning and preparing).

It is forty years since the Japanese Imperialists seized Formosa. As a mean of making threatening demonstration to the dearest and pitiful Formosan brethren as well as to show kindness

- 2 -

to the Fukien people to enable them to seize our province without the least trouble, they therefore carry out 40th Anniversary of the Seizure of Formosa to which our newspapers give a good name calling "The Exhibition of Formosa". How sorrowful we are and how shall we plan to devise some means of opposition. But in contrary, the servile dependents just do the other way round, the Provincial Government, instead of leading the people to devise means of opposition, by all means deceive and induce the people to participate in that insulting association. They (the Provincial Government), as to flatter the Japanese Imperialists, have organized the Visiting Corps of the Exhibition of Formosa. The important political and military officials and prominent elements of Foochow and Amoy are formally delegated as to take care of the corps to the exhibition, they are as follows:-

- (1) Li Tse It (李澤一), Representative of Central Government.
- (2) Chen Ti Cheng (陳體誠), Cheng Chen Wen (鄭貞文), and Lin Chih Yuan (林知淵), Representatives of Fukien Province.
- (3) Wang Ku P'an (王國磐), Chen Hung Sheng (陳宏聲) and Wang Cheng Chang (王成章), Representatives of Amoy.
- (4) Hung Shiao Chun (洪曉春), Lin Shao Chiu (林紹裘), etc. being the gentries and merchants of Foochow and Amoy.

It is understood that the Provincial Government has instructed the Bureau of Public Safety of Amoy to be engaged in the propaganda in this connection and to facilitate the tourists in every means possible. The Bureau of Public Safety of Amoy has been very busy in this kind of work in these few days.

NOW LET US SHOUT AS FOLLOWS:-

OPPOSE THE POLITICAL AUTHORITIES OF FUKIEN FOR THEIR SELLING FUKIEN!

OPPOSE THE JAPANESE IMPERIALISTS FOR THEIR CONTINUALLY ENCRDACHING UPON CHINA!

DOWN WITH THE TRAITORS AND THE CIVIL AND MILITARY OFFICIALS WHO SURRENDER THE IMPERIALISTS !

LONG LIVE THE REVOLUTION OF THE PEOPLE OF CHINA!

Published by  
The Association of Anti-Japan and  
Country-saving of the People of Fukien.

Translated by C. Chan

1 ( ) 1  
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Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

NO. 22  
PATCH NO. 72

TRANSLATION.

(Trans. CHT)

(Checked: PWM)

EXPRESS LETTER IN LIEU OF TELEGRAM.

SUBJECT: Requesting the Sixth Plenary Session  
of the Central Executive Committee  
to lift the ban on freedom of speech,  
assembly and association, and to  
prohibit illegal arrests of students.

To the various newspapers, news agencies, and magazines  
for transmission to the various organizations, legal  
bodies, schools, and student organizations.

Sirs:

Our Chinese people have been subject to hardships  
under despotic governments for a long time. With the  
establishment of the Republic, the form of government  
has been changed, and the sovereignty should belong to  
the people. Our people shouted "Long Life" in the belief that  
we would thereafter be emancipated. However, with the  
activities of the politicians and the confusing battles  
among the militarists and the instigations of the Imperialists,  
there has been no peaceful day during the past more than  
ten years of revolution, and the hardships suffered by  
the people have remained the same.

The National Government in the name of people's  
revolution launched a northern punitive campaign in the  
year 1926 and, after the north and the south were tranquilized,  
told our people in the Provisional Constitution as follows:

"Except in accordance with the laws, no citizens  
may be arrested, detained, interrogated, or fined.  
In case a citizen is arrested or detained due to  
his being suspected of having committed an offence,  
the organization conducting the apprehension or

detention

DECLASSIFIED: E.O. 11652, 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-

detention shall, within twenty-four hours, transfer him to the judiciary for interrogation. He or others may in accordance with the laws file an application for trial within twenty-four hours." (Article 8, Chapter II, Provisional Constitution promulgated on June 1, 1931)

"Except those engaged at present in military service, no citizen shall be subject to court-martial without due process of law." (Article 9)

"Citizens shall be entitled to enjoy freedom of assembly and association, which right shall not be suspended or restricted without due process of law." (Article 14)

"Citizens shall be entitled to enjoy freedom of speech and the press, which right shall not be suspended or restricted without due process of law." (Article 15)

On the occasion of the celebration of the stabilization of the political power of the Government, our people exchanged congratulations with each other for our good luck, and believed that the despotism which had existed for several thousand years could be actually brought to an end and that the National Government having close relations with the people would certainly be able to carry out the Provisional Constitution, thus enabling us to enjoy the minimum rights to which the people under a democratic government are entitled.

Unexpectedly, after the general situation quieted down, the gentlemen in the Government actually went back on their promises, and the so-called Provisional Constitution has become a slip of paper of empty words. According to newspaper records, the number of young people who have been slaughtered since the establishment of the Capital (Mt Nanking) is as great as three hundred thousand. The number of those persons missing and detained is even more difficult to calculate. <sup>(the officials)</sup> They did not feel satisfied with the slaughter, and have adopted the method of burying alive. They did not feel satisfied with the mere detention and have

also

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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

December 6, 1935.

~~MEM:~~  
~~WPT:~~  
~~MMH:~~

Shanghai's 10410 of October 29, 1935, discusses Sino-Japanese relations as expressed in the recent meetings of Japanese military, naval and consular officers in Shanghai (October 19-21).

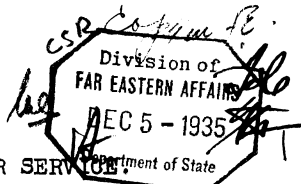
The keynote of the meetings was unity of policy, cooperation between the various branches of the Japanese Government represented. It is believed that the insistence upon a Sino-Japanese policy of (1) cessation of anti-Japanese activity, (2) united front against communism, and (3) economic cooperation under Japanese leadership was reiterated.

Major General Okamura is reported to have stated that there was a pressing need for the appointment of officials in North China who could negotiate matters without seeking instruction from Nanking, although Japan recognizes the Nanking administration as the central Government of China.

CSR  
CSR/VDM

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

No. 793.94



AMERICAN CONSULAR SERVICE

American Consulate General,  
Shanghai, China, October 29, 1935.

Subject: Sino-Japanese Relations: Meetings  
of Japanese Military, Naval and  
Consular Officers in Shanghai.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

For Distribution Check		Yes	No
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For	Davis		
	ONI	<input checked="" type="checkbox"/>	
	MD		

CSR

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

Sir:

I have the honor to report, with reference to the conferences of Japanese military, naval and consular officers in Shanghai on October 19, 20 and 21, 1935, that little information was divulged regarding the actual proceedings, but it is understood that their primary purpose was to place in effect decisions and agreements recently arrived at in Tokyo by the several Ministries concerned. As announced in the press the keynote was unity of policy. Confidential sources say Mr. Goro Morishima, Chief of the First Section of the Foreign Office Bureau of Oriental Affairs, and representatives of the Ministries of War and Navy came to deliver instructions designed to coordinate the activities and pronouncements of Japanese officials in China. It is reported further that in speaking of the conferences, Major General Rensuke Isogai, Military Attache, said that the diplomatic, military and naval representatives would act together. Moreover, his

manner

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

-2-

manner and the fact that he did not give expression to striking and independent statements as has been his wont were regarded as indications of a change resulting from instructions from superior authority.

Advantage was taken of the opportunity to discuss Japanese policy toward China in general, and receive reports from officers with regard to their respective areas. Spokesmen were consistent in their denials that the conference marked the initiation of any new policy, but the confidential sources referred to are of the opinion that the policy represents a compromise between the Ministries concerned and includes the familiar insistence upon the cessation of anti-Japanese activities, a united front against communism, and economic cooperation under Japanese leadership.

For the sake of record the following details regarding the conferences are submitted. The meetings of military officers took place on October 20 and 21 under the leadership of Major General Yasuji Okamura, Chief of the Second Department of the Army General Staff, and was attended by the following persons in addition to those just named:

Lieutenant Colonel Tan Takahashi, Assistant Military Attache in Peiping.  
Majors Jiro Ichida and Yoshie Ohki, Assistants to Major General Isogai.  
Major Sen Amemiya, resident officer in Nanking.  
Major Yoshio Ishino, resident officer in Tsinan.  
Major Matsutaro Nakai, from the Tientsin headquarters of the Japanese forces in North China.  
Major Sakon Watari, resident officer in Hankow.  
Major Kanzo Uguda, resident officer in Canton, and Lieutenant Colonel Takeshi Hattori, staff officer of the Formosan Garrison.

The naval conferences took place on the same days aboard the Japanese cruiser IWATE, the flagship of Vice

Admiral

-3-

Admiral Gengo Hyakutake, Commander of the Third Japanese Fleet. The representative of the Ministry was Captain Tadao Honda, Chief of the China section of the Naval General Staff. The following naval officers were present:

Rear-Admiral Osami Sato, Naval Attache.  
Rear-Admiral Masasuke Shimomura, Commander of the Fifth Torpedo Boat Flotilla.  
Rear-Admiral Teijiro Sugisaka, Commander of the Eleventh Destroyer Flotilla.  
Commander Mitsuru Nagai, resident officer in Hankow.  
Commander Toyoo Kitauro, resident officer in Nanking.  
Commander Tatsuhei Nakahara, resident officer in Canton.  
Captain Hikoji Suga, resident officer in Foochow.  
Rear-Admiral Sadoaki Araki, Commander of the Special Naval Landing Party, Shanghai, and  
Commander Tsuguo Okino and Commander Kenjyo Minato, Assistants to Rear-Admiral Sato.

The meetings of consular officers were held on October 19 and 20, 1935, at the Japanese Embassy. Those present were:

Ambassador Akira Ariyoshi.  
Mr. Morishima of the Foreign Office.  
Mr. H. Arino, Second Secretary in charge of information.  
Mr. M. Arino, Second Secretary.  
Consul General I. Ishii of Shanghai,  
T. Kawai of Canton,  
Y. Miura of Hankow, and Suma of Nanking.

Ambassador Akira Ariyoshi gave a dinner at the Rokusan Gardens on the evening of October 20 in honor of Messrs. Moroshima, Okamura and Honda, to which all of the officers in attendance were invited. Statements given out to the press were to the effect that complete unanimity of views was arrived at as a result of conversations at the Ambassador's dinner, thus obviating the necessity for any general meeting as had originally been contemplated.

Upon his arrival in Shanghai Major General Okamura gave out an interview in which he is reported to have stated:

"I

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

-4-

"I do not believe that Sino-Japanese relations can be improved under present conditions. However, the Japanese Government has always had a definite policy toward China and that is to seek the awakening of the nation."

He made a further statement at the close of the conferences to the effect that Japan recognizes the Nanking administration as the Central Government of China and will continue to deal with it exclusively in national affairs. He said, however, that there was a pressing need for the appointment of officials in North China who can negotiate on various matters without seeking instructions from Nanking. He terminated his interview with the statement that Japan would not pay the least attention to Chinese politicians and militarists having no official posts.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham  
American Consul General.

800  
MBD MB

In Quintuplicate.

Copy to Embassy, Peiping and Nanking.

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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

December 6, 1935.

~~MSM:~~

~~WTT:~~

~~MAH:~~

Peiping's No. 61 of October 30, 1935, transmits a copy of Hankow's No. 176 of October 25, reporting on current political developments in the central Yangtze Valley.

The numerous military changes in the central Yangtze area indicate a concentration of Chinese military and political leadership at Chungking, Sian and Ichang.

It is further reported that rumors are current as to additional Japanese demands, similar to the Japanese pressure which forced the dismissal of General Yeh P'eng from his post as Wuhan garrison commander, but Hankow can find no basis for these rumors.

CSR  
CSR/VDM

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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

Peiping, October 30, 1935.

No. 61

Subject: Sino-Japanese relations in Hupeh Province.

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DEPARTMENT OF STATE

1935 DEC 4 PM 2 22

DIVISION OF  
COMMUNICATIONS  
AND TRANSPORT



For Distribution-Check		Yes	No
Grade	G		✓
For	In U.S.A.	✓	
	O.N.I.		
	M.I.D.		

CSR

793.94/7478

The Honorable

The Secretary of State,  
Washington.

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

Sir:

793.94/7396

I have the honor to refer to the Embassy's despatch No. 34 of October 16, 1935, regarding the application of Japanese pressure to force the dismissal of General Yeh P'eng from his post of Wuhan Garrison Commander, and to enclose for the information of the Department a copy of despatch No. 176 of October 25, 1935, from the Hankow Consulate General, reporting on the official dismissal of General Yeh and current political developments in the Central Yangtze area.

Respectfully yours,

For the Ambassador:

*F. P. Lockhart*  
F. P. Lockhart,  
Counselor of Embassy.

Enclosure ✓

Copy of Hankow's 176, October 25.  
In quadruplicate to Department.  
710. EC.EA

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F/FG

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

ENCLOSURE No. 1  
TO DESPATCH No. 61

No. 178

AMERICAN CONSULATE GENERAL,

Hankow, China, October 25, 1935.

Subject: Political Affairs in Hupeh -  
Rumors of Japanese Demands.

The Honorable Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

With reference to my despatch No. 168 of October 8, reporting the dismissal of the Wuhan Garrison Commander, General Yeh Peng, at the insistence of the Japanese on account of anti-Japanese posters having been allegedly found in the Wuhan Garrison Headquarters, I have the honor to state that the dismissal of General Yeh Peng was officially announced on October 11. It is learned on reliable authority however that he will soon be given a post at least equal in importance to that from which he was dismissed, probably in the newly established Provisional Headquarters at either Chungking or Sian. His successor as Wuhan Garrison Commander, General Chen Chi-cheng (陳繼承), took office on October 18. General Chen is a native of Tsingkiang, Kiangsu Province. He graduated from the Paotingfu Military Academy and was a captain, and later a colonel, in the training regiment of the Whampoa Military Academy at Canton. As previously stated General Chen has been Commander for

Bandit

-2-

Bandit Suppression on the Hupeh-Hunan-Kiangsi border with headquarters at Puchi (蒲圻), Hupeh, and he is also Commander of the First National Army. He is retaining these posts concurrently.

The Mayor of Hankow, Dr. K. C. Wu, left Hankow on October 10 for Nanking. Since his departure there have been rumors that the Japanese had likewise demanded his removal and that he would not return. However, according to the best information obtainable, he will return to Hankow in the near future.

The Wuchang Provisional Headquarters were formally abolished by order of General Chiang Kai-shek on October 20. Marshal Chang Hsueh-liang returned to Hankow on October 16 to attend to the winding up of the affairs of the Headquarters and then flew to Sian on October 20. The members of the staff of the Wuchang Headquarters are being transferred to the Headquarters at Chungking and to the Northwest Bandit Suppression Headquarters at Sian. Marshal Chang Hsueh-liang will be in charge of the latter Headquarters. The Chungking Provisional General Headquarters will be established on the first of November and will be in charge of General Ku Tsu-tung (顧祝同), formerly Pacification Commissioner of Kiangsi and later of Kweichow. The General Staff Corps at Chengtu is to be abolished and General Ho Kuo-kwang (賀國光), formerly Chief of the Staff Corps, will be Chief of Staff of the Chungking General Headquarters. Yang Yung-tai (楊永泰)

will

-3-

will be Chief Secretary. Headquarters are also being established at Ichang to look after affairs on the Hupeh-Hunan-Szechuan borders. This will be in charge of General Chen Cheng (陳誠), formerly connected with the Wuhan Provisional Headquarters. Thus General Chiang Kai-shek will be able to direct Communist suppression operations from three main points: Szechuan, from Chungking; Shensi, Kansu and the Northwest from Sian, and Hupeh, Hunan and Eastern Szechuan from Ichang.

The opening of the 6th Plenary Session of the Central Executive Committee at Nanking, which is scheduled for November first, will be attended by several of the important officials in this area. General Chang Chun, Chairman of the Hupeh Government, left Hankow on October 24; Chien Ta-chun, former Chief of Staff of the Wuhan Headquarters, Hsia Tou-ying, former Chairman of Hupeh, also Ho Cheng-chun, Pacification Commissioner of Hupeh, and Yang Yung-tai, Chief Secretary of Chiang Kai-shek, are also scheduled to attend.

Following the dismissal of General Yeh Peng there have been numerous rumors in Hankow of further Japanese demands. These rumors are denied in Chinese official quarters and it is probable that they are without foundation. The most persistent of these rumors is that the Japanese have demanded air field facilities at Hankow to accommodate a large number of planes. The

arrival

C O N F I D E N T I A L



-4-

C O N F I D E N T I A L

arrival here of nine planes on the 21st, coupled with this rumor, gave rise to the report that they were Japanese planes. Investigation showed, however, that they were Chinese military planes returning from an air exhibition which had been held in Szechuan. Another rumor which, so far as can be learned, is without foundation is that the Japanese have demanded the withdrawal of Chinese troops from the Wuhan area for a distance of 20 li, and the incorporation in the Japanese Concession of the adjoining ex-German Concession.

The position of the Hupeh Chairman, General Chang Chun, is a difficult one. He is known on the one hand to be on terms of close relationship with General Chiang Kai-shek, and he is also known to have been educated in Japan and to speak Japanese fluently. Although he is not considered to be pro-Japanese, yet probably as a matter of policy, he has been at considerable pains lately to entertain Japanese of importance, both official and unofficial. A party of members of the Japanese Economic Mission arrived at Hankow on the evening of October 24 by train from the North and are, according to the press, to be entertained by the Hupeh Provincial Government.

Respectfully yours,

P. R. Josselyn,  
American Consul General.

In quintuplicate to American Embassy, Peiping.  
Copy to American Embassy, Nanking.

800  
PRJ:EB

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 6, 1935.

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

Shanghai's No. 10440 of November 14, 1935, discusses Sino-Japanese relations in the light of developments in the International Settlement.

Conversations with Messrs. Arnhold and Fessenden (Chairman and Secretary of the Shanghai Municipal Council, respectively) and the British Consul General, Sir John Brenan, disclose anxiety that the Japanese might, if provoked by further incidents or if the Japanese population of Shanghai get out of hand, take over administration of Hongkew. All were disposed to the view that the situation was most serious.

Mr. Cunningham, in replying to the direct question, said that he doubted whether the foreign military forces would be used to protect the Shanghai Municipal Council from a Japanese invasion of its authority. He did give his personal advice (concurred in by Sir John Brenan) that the Shanghai Municipal Council should do all in its power short of actual conflict to maintain its functioning in Hongkew.

CSR  
CSR/VDM

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

No. 10440

Confidential.

AMERICAN CONSULAR SERVICE

American Consulate General,  
Shanghai, China, November 14, 1935.

Subject: Sino-Japanese Relations: Developments  
In the International Settlement.

For Distribution-Check		Yes	No
Grade	M		✓
For	Davis		✓
	ONI		
	MRD		

THE HONORABLE  
THE SECRETARY OF STATE,  
WASHINGTON.

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

I have the honor to refer to my telegram No. 674

of November 14, 4 p.m., regarding relations between  
the Japanese and the authorities of the International  
Settlement, and to transmit herewith memoranda of my  
conversations with Mr. Stirling Fessenden, Secretary  
General of the Shanghai Municipal Council, yesterday  
and with Sir John Brennan, British Consul General, Mr.  
H. F. Arnhold, Chairman of the Shanghai Municipal Council,  
and Mr. Fessenden today on the same subject.

It will be noted from Mr. Fessenden's statements  
that the Japanese Consul General, Mr. Itaro Ishii, implied  
that further incidents of an anti-Japanese nature might  
lead to action he would be powerless to stop. A summary  
of Mr. Ishii's statement to the press referred to in the  
first memorandum is set forth in the enclosed clipping  
from THE CHINA PRESS (American registered, Chinese owned)  
of November 13, 1935. Mr. Fessenden was obviously con-  
vinced that the Japanese have a definite plan of action  
affecting

DEPARTMENT OF STATE  
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ASSISTANT SECRETARY

793.94/7479

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

-2-

the Hongkew section of the foreign settlement, and was disposed to regard the general situation as most serious.

- 4/ There is enclosed an editorial from today's CHINA PRESS terming the recent incidents in question "highly deplorable" but expressing complete disbelief in reports that they were the result of any deliberate Chinese policy.

Respectfully yours,

*Edwin S. Cunningham*  
Edwin S. Cunningham,  
American Consul General.

List of Enclosures:

- 1/- Copy of Memorandum of Conversation between Consul General Cunningham and Mr. Stirling Fessenden on November 13, 1935.
- 2/- Copy of Memorandum of Conversation Between Consul General Cunningham and Sir John Brennan, H. E. Arnhold and Mr. Stirling Fessenden on November 14, 1935.
- 3/- Clipping from THE CHINA PRESS of November 13, 1935.
- 4/- Editorial from THE CHINA PRESS of November 14, 1935.

800  
MBD MB

In Quintuplicate.

Copy to Embassy, Peiping and Nanking.

4 Carbon Copies

Received

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

Enclosure No. 1 to despatch No. 10440 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated November 14, 1935, on the subject: "Sino-Japanese Relations: Developments in the International Settlement."

CONFIDENTIAL

Memorandum of Conversation

November 13, 1935

Consul General Cunningham  
 Mr. Stirling Fessenden,  
 Secretary General, Shanghai Municipal  
 Council.

Subject: Japanese-Shanghai Municipal  
 Council Relations.

Mr. Fessenden stated that he had come to me for the purpose of consulting in regard to Japanese-Shanghai Municipal Council conditions and relations. He stated he presumed I had heard of Mr. Ishii's statement in the morning paper, to which I replied in the affirmative. He then said that Mr. Ishii had called on him and spent more than an hour talking with him, and he felt that there was an implied threat in Ishii's statement that the Shanghai Municipal Council should find out and prosecute the culprit who had killed Hideo Nakayama. Mr. Fessenden stated that he was cooperating so far as he could with the police authorities of Greater Shanghai and that every effort was being made to run down the culprit. He said that Mr. Ishii had informed him that he believed this thoroughly, but that he had a large Japanese community and they did not trust him as implicitly as they might, and that they would not listen to him (Ishii) in the event that further incidents occurred such as attacks upon Japanese shops and individuals; that they were restless and impatient and were not disposed to listen to his advice. Mr. Fessenden stated that as a result of the entire conversation he was convinced that the Japanese had a definite plan in regard to the taking over of functioning in Hongkew district as they had done in 1932. Mr. Fessenden inquired whether the military forces of the foreign powers could be called into action to protect the Shanghai Municipal Council from Japanese invasion of its authority. I replied that this was quite out of the question. He then requested my opinion as to how far the Shanghai Municipal Council should go towards asserting its right to function in Hongkew. Would the Shanghai Municipal Council be justified in placing a military force there in order to maintain its administration should the Japanese, as they did in 1932, endeavor to replace the functioning of the Shanghai Municipal Council? Should the Shanghai Municipal Council resist by military force any attempt by the Japanese to oust the Shanghai Municipal Council from the Hongkew District? He expressed the opinion that should the Japanese take military control again they would not surrender this control at a later date to the Shanghai Municipal Council.

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

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I informed Mr. Fessenden that any advice or any suggestions, as I would not endeavor to give advice, would be purely personal and would not be a suggestion of the American Government since I was not advised in this particular. However, my own personal opinion was that the Shanghai Municipal Council should do all short of actual conflict to maintain its functioning in various capacities within the district of Hongkew and all other parts of the Settlement against the usurpation of all nationalities. I inquired whether I might put his queries up to the Department of State and he replied in the affirmative, that he would be very glad if I would.

Mr. Fessenden said Mr. Ishii had made no demands but that he felt that there was a definite plan understood by the military and civil authorities, and that should the civil authorities' negotiations or endeavors to protect Japanese fall short, then the military would step in. I expressed the personal opinion that the two branches of the Japanese Government were working in as much accord as the surgeon and the anaesthetist; that the failure of the civil authorities to accomplish their purpose might result, after a nod of the head, a butt in the eye, the movement of an index finger, or in some other manner, in a movement of the military to take up the position where it had been left off by the civil authorities. Mr. Fessenden said that he had exactly the same view.

Mr. Fessenden mentioned a rather interesting incident of yesterday's interview with Mr. Ishii which might go towards supporting Mr. Ishii in his statement that the Japanese community would not listen to him. The incident was that after Mr. Ishii had been conversing with Mr. Fessenden for some time Mr. Fessenden's Chinese boy brought two cards in and instead of bringing them to Mr. Fessenden first took them directly to Mr. Ishii. Later on Mr. Ishii informed Mr. Fessenden that two photographers were waiting outside who desired to take a photograph of Mr. Fessenden and Mr. Ishii, and Mr. Ishii inquired if Mr. Fessenden had any objections to such a photograph being taken. Mr. Fessenden said he had no objection and as a result a photograph was taken of Mr. Fessenden and Mr. Ishii in conference in regard to the Hideo Nakayama incident. I suggested that it was the desire of Mr. Ishii to convince his own people that they had had a conference, or probably his Foreign Office.

NHW/HHW

ESC

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

Enclosure No. 2 to despatch No. <sup>10440</sup> of Edwin S. Cunningham,  
American Consul General at Shanghai, China, dated November  
14, 1935, on the subject: "Sino-Japanese Relations:  
Developments in the International Settlement."

COPY

Confidential

Memorandum of Conversation.

November 14, 1935.

Consul General Cunningham,  
Sir John Brenan, British Consul General,  
Mr. H. E. Arnhold, Chairman of  
Shanghai Municipal Council,  
Mr. Stirling Fessenden.

Subject: Japanese-Shanghai Municipal  
Council Relations.

At the suggestion of the Chairman of the Shanghai Municipal Council a conference was held this morning at 10 o'clock of the above. The purpose of the conference was to have Mr. Fessenden give a report of the interview on November 12 between himself and Mr. Ishii. There is nothing to add to the memorandum of conversation between Mr. Fessenden and myself of yesterday other than that Mr. Fessenden showed greater concern in regard to the interview than he had yesterday. He said that Mr. Ishii left him with the impression that the matter was exceedingly serious; that the Japanese had no confidence in the Shanghai Municipal Council police; and that if another incident occurred the matter would be taken up by the Japanese themselves. He said that Mr. Ishii had stated that neither the officials nor the Japanese community had any confidence in the Municipal Police. He went so far as to state that he (Mr. Fessenden) felt that conditions were even more serious than he had intimated the day before; that Mr. Ishii left that impression on him, that conditions were more serious and another incident would require them to take action of some sort, though just what it was he was not informed.

The important part of Mr. Fessenden's report this morning was in regard to an interview he had had with a Japanese acquaintance who has been intimately associated with him for a number of years. Mr. Fessenden said he could not divulge the name of this particular Japanese except to state that he regarded his information as exceedingly valuable and that his position in the community was such as to enable him to express an opinion founded upon quite reliable information. Mr. Fessenden stated that his informant was not a Japanese official, nor was he an employee of the Shanghai Municipal Council; other than that he would give no indication of his identity. In reply to my inquiry as to whether he gave credence to his statement, he said that he did definitely. The statement of this Japanese was to the effect that conditions were extremely serious; that the Japanese had a definite and well defined plan of future activities; and that the present was a particularly propitious time

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-2-

because of Japanese discontent with regard to the silver order of the Chinese Government, placing the responsibility largely on the British for this order. He said also that the conference in Nanking was important and the Japanese feared that it might have a large number of anti-Japanese members which might lead to anti-Japanese demonstrations. He stated also that there was absolutely no confidence felt in the Municipal Police by the Japanese. These are contributing causes which will do much towards bringing about disturbances should there be other incidents of an anti-Japanese character.

Mr. Fessenden stated that the Shanghai Municipal Police and the Police of the Municipality of Greater Shanghai were working in the greatest harmony and coordination. He said that the Chinese were considerably concerned. Because of this Mr. O. K. Yui had visited him yesterday to discuss the Japanese situation. In reply to an inquiry as to whether the exodus from Chapei was continuing Mr. Fessenden stated that it had subsided yesterday but during the night that from 1500 to 2000 entered the Settlement from Chapei. Judging from the accompanying household effects it was believed that these were refugees fleeing from anticipated dangers.

Sir John Brennan expressed the opinion that nothing could be done by the Shanghai Municipal Council in anticipation of the usurpation of the functioning of the Shanghai Municipal Council in Hongkew by the Japanese until something had actually occurred when a protest should be filed with the Consular Body and the acts of the Japanese in Hongkew could be made known to the capitals of the world. He stated, however, that he entirely agreed that the Shanghai Municipal police and other departments should continue their functioning until it was apparent that further continuance would lead to a display of force. He said that the Japanese must not be given an advantage which they would carry to the world but the Shanghai Municipal Council should maintain its functioning to the point just short of actual conflict with the Japanese forces.

Mr. Fessenden stated that Consul General Ishii confirmed that the Japanese Landing Force would not permit an investigation of the movements of Hideo Nakayama prior to his assassination on Darroch Road. It seems that the Shanghai Municipal police requested the assistance of the Naval Landing Force in ascertaining something of the movements of Nakayama before his being shot and the Naval Landing Force considered it highly insulting and impudent and refused to give any assistance whatsoever. Mr. Ishii practically confirmed this and added that the night club that was especially provided for the Japanese Naval Landing Force was not open to the public generally.

ESC

NHW

Copied by MB *MB*  
Compared with NHW *nmw*



DECLASSIFIED: E.O. 11652, 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. 10440 of Edwin S. Cunningham,  
American Consul General at Shanghai, China, on the subject:  
"Sino-Japanese Relations: Developments in the International  
Settlement."

SOURCE: THE CHINA PRESS (American  
registered, Chinese owned),  
of November 13, 1935.

## Ishii Calls On Japanese Here To Keep Calm

Recounts Reports In  
Darroch And Nanking  
Roads Affairs

**CALLS MADE ON  
YUI, FESSENDEN**

**Secretaries Said To Have  
Promised Fullest  
Co-operation**

Japanese residents of Shanghai were urged to remain calm in the face of recent events involving their co-nationals in a lengthy statement issued late last night by Mr. Itaro Ishii, Consul-General.

In an interview with the local Japanese press late last night, Rengo reports, Mr. Ishii reviewed at length the slaying of Warrant Officer Hideo Nakayama on Saturday night and the attack on Hibino Yoko, Japanese porcelain store on Nanking Road on Monday. Referring to his meeting yesterday morning with Mr. Stirling Fessenden, secretary general of the Shanghai Municipal Council, the Japanese official said he had conveyed his dissatisfaction with the failure of the Municipal police to arrest any of the demonstrators on Nanking Road.

Similarly, he said he had "pointed out that the statement secured by the S.M.P. from the Chinese witness of the Nakayama affair had been proved to be absolutely unworthy of belief as a result of the investigation on the spot night before last."

### **Might Be Very Serious**

Mr. Ishii said he had called on Mayor Wu Te-chen of Greater Shanghai on Monday to "make a request that adequate steps be taken" to secure the arrest of the slayer of Warrant Officer Nakayama, while on the same night he had made "a firm demand" upon the S.M.C. that the culprits in the Nanking Road affair be arrested.

Yesterday, the Consul-General continued, he had pointed out to Mr. O. K. Yui, Secretary-general of the Greater Shanghai Municipality, and to Mr. Fessenden that "regardless of whether they happen within the Settlement or outside, recurrent incidents of such a nature would lead to a situation warranting serious concern."

"I asked them earnestly that if they wished to maintain the peace in Shanghai, they should not only make the utmost efforts to locate the culprits but to take all necessary steps to prevent the recurrence of such incidents," Mr. Ishii asserted.

### **Sincere Efforts Promised**

"I also pointed out to Mr. Yui that despite the fact that the police power of the Greater Shanghai government did not apply to the Settlement, the creation of ill-feeling between Japanese and Chinese had an immediate effect on Sino-Japanese relations and urged upon him the need to take steps rigidly to curb, more than at present, upon toward acts by Chinese residents."

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

make the utmost efforts to locate the culprits but to take all necessary steps to prevent the recurrence of such incidents," Mr. Ishii asserted.

**Sincere Efforts Promised**

"I also pointed out to Mr. Yui that despite the fact that the police power of the Greater Shanghai government did not apply to the Settlement, the creation of ill-feeling between Japanese and Chinese had an immediate effect on Sino-Japanese relations and urged upon him the need to take steps rigidly to curb, more than at present, upward acts by Chinese residents of the Settlement."

Both Mr. Yui and Mr. Fessenden, the Consul-General said, had promised "to make sincere efforts, fully realizing the possibility of serious complications in the present situation."

"Aware that, for the sake of the peace of Shanghai, the activities of malcontent elements must be drastically curbed, I am devoting my best energies to that end," Mr. Ishii declared. "However in view of the fact that these incidents appear to have been carried out with a view to taking advantage of the irritation they would cause the Japanese, we should not show fear or excitement as this would fit in exactly with the scheme of the perpetrators."

"It is essential for our nationals to remain calm under the circumstances," he concluded.

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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 No. 10440 of Edwin S. Cunningham,  
 American Consul General at Shanghai, China, dated November  
 14, 1935, on the subject: "Sino-Japanese Relations:  
 Developments in the International Settlement:

SOURCE: THE CHINA PRESS (American  
 registered, Chinese owned),  
 November 14, 1935.

Editorial.

Shanghai, Thursday, Nov. 14, 1935

**FELLOWSHIP**

THE two recent incidents involving Japanese nationals in the International Settlement are highly deplorable. However one may feel personally about international events, any violence committed against Japanese subjects by way of retaliation is to be condemned. Law-abiding residents, perhaps more than the Japanese themselves, are grieved to learn of the fatal murder of Hideo Nakayama by an unknown assassin and the damage done to a Japanese porcelain store on Nanking Road.

The promptness with which both the Chinese and municipal authorities have shown in their attempt to track down the culprits has fortunately been recognized and appreciated by the responsible Japanese, and it is not a little gratifying to be assured by official circles that the incidents in question would not be capitalised for the purpose of embarrassing those within whose jurisdiction they occurred.

If the same calm attitude may be sustained in the days to come, the death of Hideo Nakayama will doubtless be avenged and the spirit of justice upheld. The question is not one of intention but one of time. The combined efforts of all the police force of the three municipalities and of the Japanese naval party should provide adequate guarantee that the guilty person will be ultimately brought to book. The good name of the Chinese Government and that of the Shanghai Municipal Council, even without constant reminders from the Japanese, will rightly demand their redemption at any cost.

At the moment of tension, the situation will not be eased but rather aggravated by mischievous or malicious statements in the press. The fullest exercise of discretion will not only assist in the notable endeavor to trace the criminals but also help prevent similar outrages. Any veiled threat of punitive measures will only create a panic with the consequent removal of Chinese residents from Hongkew and, as a result, arouse bitter feelings so inimical to the maintenance of peace and order.

Without incurring the risk of being impeached on the ground of "insincerity," one may confidently assert that the two incidents could not have been engineered by the Chinese. The

the offenders concerned, likewise no effort should be spared to put a stop to the spread of wild rumors among all nationals. The cause of Sino-Japanese rapprochement cannot be profitably served by insinuations and accusations; rather is it likely to be thereby hampered to mutual detriment.

This journal is duly sympathetic toward the country whose uniformed officer was murdered in cold blood, but it cannot pretend to be sympathetic toward any suggestion that responsible Chinese public bodies are determined to indulge in "anti-Japanese" activities here or anywhere. Even though fanatic individuals in China—as those in any other country—may cherish a sentiment of animosity at times, the best way to discredit them is through the display of magnanimity and not by a resort to threats.

It is indeed to be hoped that the report, circulated last night, of possible action against existing national organizations is incorrect and that the judicious attitude so far assumed by the Japanese in high office will be continued. Murders and violence are not a unique phenomenon in China; murder and violence do not command the sacrifice of the fellowship now being enjoyed by the two nations across the China Sea.

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Without incurring the risk of being impeached on the ground of "insincerity," one may confidently assert that the two incidents could not have been engineered by the Chinese. The course of Sino-Japanese relations within recent months has changed for the better, and no one is more anxious than the Chinese to see them improved with the passage of time. The Chinese do not want trouble with any friendly nation; and if the incidents were perpetrated in order to disturb the amicable sentiment between China and Japan, they must have been plotted by interests which will stand to gain by a rupture of Far Eastern peace.

It would be in the interest, both of China and of Japan, to refuse to be led into opposite camps by a ruse of a third party. Those of the Japanese who are inclined to seize the present occasion as one for a repetition of the events in 1932 are really playing into the hands of the ill-wishers of this country and theirs.

While no effort should be relaxed to apprehend and convict

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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

December 7, 1935.

~~MSM:~~  
~~WTF:~~  
~~MMH:~~

Mukden's No. 183 of November 15, 1935, reports the publication of a message purported to be a conversation between the Chinese Ambassador to Moscow and Litvinoff as to a tri-power military agreement (China, Soviet Russia and the United States).

The purported conversation concerning the tri-power alliance was given considerable publicity and illustrates the type of propaganda that this news agency (under control of the Japanese military) is disseminating as a means of justifying a positive policy vis-a-vis China.

CSR  
CSR/VDM

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

No. ....

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, November 15, 1935

SUBJECT: ... Hsinking Disclosure of Evidence of China's Attitude  
toward Japan

RECEIVED  
STATE  
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THE HONORABLE  
THE SECRETARY OF STATE  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS

Division of  
FAR EASTERN AFFAIRS  
DEC 5 - 1935  
Department of State

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

I have the honor to enclose a copy of my despatch No. 183 to the American Embassy, Peiping, China, dated November 15, 1935, entitled "Hsinking Disclosure of Evidence of China's Attitude toward Japan."

Respectfully yours,

J. W. Ballantine,  
American Consul General.

Enclosure:

Copy of despatch No. 183  
to the American Embassy, Peiping.

800  
JWB:mhp

793.94/7480

F/RG.

No. 163.

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, November 15, 1935.

SUBJECT: Reinking Disclosure of Evidence of China's  
Attitude towards Japan.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

1/-

I have the honor to enclose a copy of a Kokutsu press report, which has been widely published in the local press, containing a statement of the contents of an alleged telegram from Dr. W. W. Yen, Chinese Ambassador to Moscow, to the Chinese Foreign Office.

The alleged message purports to report conversations between the Ambassador and Litvinof in which the former explaining that China in order to expel foreign enemies had been obliged to conclude agreements with Japan and "Manchukuo" and setting forth proposals for negotiations on various pending matters, including a tri-power military agreement to which China, Soviet Russia and the United States would be a party.

The press report does not reveal how a telegram of such importance came into Kokutsu's hands, although a clue is ingeniously adumbrated in the last paragraph which states that Dr. Yen emphasized the necessity of establishing direct telegraph service between Soviet

Russia

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

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Russia and China in order to prevent the leakage of secrets. The report is important only as an example of the kind of propaganda that this semi-official news agency, under the control of the Japanese military, is disseminated as a means of justifying a forward policy vis a vis China.

Respectfully yours,

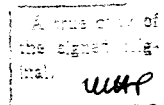
J. W. Ballantine,  
American Consul General.

Enclosure:

1/- Copy of press report from Kokutsu news agency.

Copy to American Embassy, Hanking.  
Five copies sent to Department by despatch No. ---,  
dated November 15, 1935.  
Copy to American Embassy, Tokyo.  
Copy to Consulate General, Harbin.

800  
JWB:mhp





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

Enclosure to despatch No. 183 of J. W. Ballantine,  
 American Consul General, mukden, Manchuria, to the  
 American Embassy, Feiping, dated November 15, 1935,  
 entitled "Hsinking Disclosure of Evidence of China's  
 Attitude towards Japan."

SOURCE: Kokutsu (Manchoukuo News Service)  
 Hsinking

(COPY)

ANOTHER EVIDENCE OF CHINA'S ATTITUDE TOWARD  
 JAPAN DISCLOSED

HSINKING, November 13. - (Kokutsu) -  
 That the Nanking Government although outwardly assuming  
 a pro-Japanese attitude is strongly anti-Japanese than  
 ever is revealed in an official telegram recently sent  
 by Dr. W. W. Yen, Chinese Ambassador to the Soviet Union,  
 to the Foreign Minister of the Chinese Government.

Although Sino-Soviet relations have become normal  
 since the resumption of diplomatic relations between the  
 two countries, Dr. Yen states in the telegram that Soviet  
 Russia still entertains doubts as to China's attitude  
 toward the Soviet Union owing to her misapprehension  
 that the Nanking Government is strictly pro-Japanese.

Since his reappointment as Ambassador to Moscow,  
 the telegram continues that Dr. Yen, in accordance with  
 instructions of the Foreign Minister, has held a series  
 of negotiations with Mr. Maxim Litvinov, the Soviet  
 Commissar for Foreign Affairs, in order to improve Sino-  
 Soviet relations and to promote mutual understanding  
 between the two countries. At the same time, he care-  
 fully explained to Mr. Litvinov that China in order to  
 put the country in order before driving foreign enemies  
 out of the country has been obliged to conclude agree-  
 ments with Japan and Manchoukuo regarding establishment  
 of through-railway service, through-postal service, reduc-  
 tion of import duties on Japanese goods, and also to  
 suppress anti-Japanese activities in North China, but  
 these are only temporary measures and are not the per-  
 manent fundamental policies of the Nanking Government.

Dr. Yen, according to the telegram, further stated  
 to the Soviet Foreign Commissar that the outrages of  
 Japan will be stopped after China has strengthened her  
 national power and military preparations have been com-  
 pleted by the countries bordering on the Pacific which  
 are friendly toward China.

"With your permission and assistance", the tele-  
 gram continues, "I shall hold concrete negotiations with  
 the Soviet authorities on the following questions -  
 conclusion of a military agreement between the United  
 States, China and the Soviet Union, a non-aggression  
 pact between the Soviet and China, a Sino-Soviet non-  
 aggression pact, a Sino-Soviet commercial agreement, Soviet  
 assistance to the Chinese Volunteer Army, Soviet support  
 to China in obtaining a seat in the Council of the League  
 of Nations, the sphere of influence in Sinkiang and

Mongolia

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mongolia, the establishment of direct communications between China and the Soviet Union, settlement of pending questions between the two countries, reform of the five northern hsien (prefectures) in Sinkiang Province, suspension of activities of the Chinese Communist Party, furnishing China with arms, ammunition and other military supplies and oil in time of war."

In conclusion, Dr. Yen emphasized the necessity of establishing direct telegraph service between Soviet Russia and China in order to prevent the leakage of secrets.

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



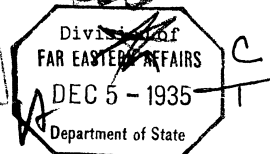
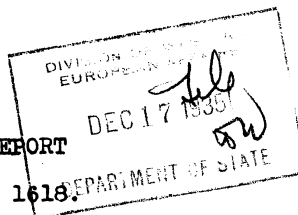
EMBASSY OF THE  
UNITED STATES OF AMERICA

Paris, November 20, 1935.

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SPECIAL REPORT

No. W. D. 1618



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DIVISION OF  
COMMUNICATIONS  
AND RECORDS

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To the Secretary of State,  
Washington, D. C.

The American Ambassador forwards herewith Mr.  
Warrington Dawson's Special Report No. W. D. 1618,  
dated November 20, 1935.

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W.D.

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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

Paris, November 20, 1935.

Serial No. W. D. 1618.

SPECIAL REPORT,

By Warrington Dawson,  
Special Assistant.

SUBJECT: Far Eastern Questions as Viewed  
in the French Magazines and Newspapers.

Developments in the Far East during the past few days have been viewed with concern in the French press, although, judging by what had been published previously, they have not taken completely by surprise the French writers who specialize upon such questions.

For material reasons it is impossible to do more than to give here brief indications as to these articles, the originals of which are enclosed.

Roland de Marès devoted his leading article in LE TEMPS which appeared on the evening of November 19, 1935, under date of the next day, November 20, to a discussion of "Japan and North China", declaring that the Japanese action in North China aims first of all to guarantee the security of Manchukuo and the Jehol, while extending the sphere of Japanese influence

in

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in regions where the ground has been prepared for a broad economic collaboration with the Japanese. He prophesied that there would probably be Japanese garrisons in the most sensitive regions of North China and that Japanese counselors would be placed behind the Chinese governors depending upon Nanking to make sure that the autonomous regime should work in the spirit desired by Japan.

LE MATIN on November 19, 1935, declared that the proclamation of autonomy in the five provinces of North China would probably be followed by "sharp reactions in Europe and in the United States." This paper attached particular significance to recent financial developments in China, stressing the pressure exercised by Japan.

In LE JOURNAL of the same date Saint-Brice remarked that the Japanese would certainly not miss the opportunity to turn the situation in China to the greatest possible advantage. He considered that the congress of the Chinese Nationalist Party which is now in session would certainly not facilitate matters.

In L'AMI DU PEUPLE of November 19 Robert Vallery-Radot wrote that it was perfectly natural that the present situation should serve the ambitions of Japan and that the latter country should have contributed greatly towards creating it, but it was equally natural to assume that the Soviets had worked to the same end. He concluded as follows:

"The modifications now occurring in China may not be in entire accord with the wishes of England. Japan, with its silent and terrible smile, allowed the League of Nations to involve itself in Ethiopian texts, but is assuming

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assuming on its own account the policing of China, of which it may make the great Asiatic power which will drive into the Pacific Ocean the Anglo-Saxon merchants of the two hemispheres."

The Far Eastern editor of LE TEMPS, André Dubosq wrote in the issue dated November 19, 1935, that numerous events in the Far East would certainly demand public attention at an ordinary period, although they have been passing almost unperceived because of other preoccupations. Concerning the United States and Great Britain he remarked, notably:

"It should not be forgotten that last year the United States did not view favorably the attempt at an Anglo-Japanese economic rapprochement which, it should be said, was never concluded. Washington is on the lookout for a propitious opportunity for an Anglo-American policy in the Far East. That is why the discontent which might result in Tokyo from the financial policy of England in China would be immediately exploited by the United States. We see there a potential policy of war which, as we have constantly repeated for the past fifteen years, is the supreme danger and constitutes the true problem of the Pacific. On last October 2 Brigadier General Mitchell said in Washington: 'Japan is our most dangerous enemy.

\* \* \* \*

"Many people feel similarly in the United States and those who believe that England would restore the balance by an alliance with Japan in the event of a Pacific conflict have forgotten the Washington Conference where some people were naive enough to imagine that the

Americans

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Americans and the English could be dissociated. The problem of the Pacific is the problem of China. But it is a fact that Japan intends to act in her own way in China."

Writing in LE FIGARO of November 20, 1935, Wladimir d'Ormesson remarked:

"Although Russia drew back a year ago, abandoning the Chinese Eastern Railway, she is observing with anxiety the development of Japanese influence in China, not so much owing to the anti-Communist attitude of the Japanese as for the sake of Vladivostok.

"It is even possible that present events may result in a rapprochement between the United States, Russia and Great Britain. Such a hypothesis may have a considerable influence on strictly European affairs."

Writing in L'ACTION FRANÇAISE of November 20, 1935, Jacques Bainville recalled that not long ago Great Britain had had to choose between the United States and Japan and had opted for the United States. Present circumstances are favorable for Japan in China since the British fleet is busy in the Mediterranean and the Soviets live in fear of Hitler, so that they do not wish to risk a war in the Far East. The way being consequently clear before Japan, the question is, where she will stop.

Certain articles dealing with the Far East which appeared prior to the present tension, noticeably during the vacation period, and which it has been impossible to forward since then owing to the pressure of work of a more urgent character, appear to deserve retrospective consideration as follows:

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In LA REVUE DES DEUX MONDES of August 1, 1935, N. de Rochefort discussed "The Destiny of China", taking up successively an examination of: (a) The Stages of Japanese Expansion on the Continent; (b) The Reactions of the Great Powers; (c) The Russian Policy in Asia; (d) the objectives of the Japano-Soviet Collaboration in China.

With reference to the United States, this writer remarked:

"We know that the United States is the commercial power which has suffered most from the Japanese activities in China. Furthermore, we need scarcely recall that the Philippine Islands, an American possession, are the first encountered on the road of the Japanese demographic expansion; their climate is furthermore eminently favorable to colonization by Japan. Japanese possessions surround them from Formosa to the Marshall Islands, so that American anxieties are amply justified.\*\*\*

"We believe that Japanese diplomacy and Soviet diplomacy have frequently acted in concert to present deliberately to the White nations the spectacle of their disagreement so that it should be thought that their expansionist designs neutralized each other reciprocally. Belief in such a conflict was reassuring for the United States while rendering the latter power more favorable to the U. S. S. R. That was one of the chief causes for the recognition of the Soviets by Mr. Roosevelt's Government.

"Simultaneously, Japan profited by the opportunity to secure sundry advantages from the Reich."

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In L'ACTION FRANÇAISE of August 22 J. Delebecque prophesied that Japan would soon astonish the world since she would know how to exploit all the passions which she had helped stir up.

In LE TEMPS of August 24, André Duboscq gave particulars of a conversation he had had in Tokyo with Count Makino, dwelling upon the economic conditions in the six prefectures of North China.

In LE TEMPS of September 10 André Duboscq discussed "Manchukuo, China and Southern Manchuria," declaring:

"The reorganization of Southern Manchuria is now certain. Next will come the participation of Southern Manchuria in the economic development of North China, which has already been decided upon in principle. Tomorrow Manchukuo, China, Japan and Southern Manchuria will form, on the economic plane, an ensemble from which all powers having a practical sense in business will dread being excluded."

In LE TEMPS of September 29 Duboscq disserted upon other questions relative to Manchukuo.

LE JOURNAL of October 15 discussed editorially the dangerous activity of the Soviets in the Far East, remarking that whenever matters seemed to be almost arranged between Japan and China the Soviets were bound to create incidents. The bases of the Japanese policy with reference to China were stated to be the recognition of Manchukuo by China, the economic cooperation of Japan and China and the united efforts of China, Manchuria and Japan to combat Communism.

The

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The originals of the articles mentioned in this  
Report are herewith enclosed.

Respectfully yours,

*Warrington Dawson*

Warrington Dawson,  
Special Assistant.

Enclosures:

Extracts from:

- 1) LE TEMPS of November 20, 1935;
- 2) LE MATIN of November 19, 1935;
- 3) LE JOURNAL of November 19;
- 4) L'AMI DU PEUPLE of November 19;
- 5) LE TEMPS of November 19, 1935;
- 6) LE FIGARO of November 20;
- 7) L'ACTION FRANCAISE of November 20;
- 8) LA REVUE DES DEUX MONDES of August 1;
- 9) L'ACTION FRANCAISE of August 22;
- 10) LE TEMPS of August 24;
- 11) LE TEMPS of September 10;
- 12) LE TEMPS of September 29;
- 13) LE JOURNAL of October 15, 1935.

In quintuplicate

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

Enclosure 1 to Special Report No. W. D. 1618  
 dated November 20, 1935, from American Embassy,  
 Paris, France.

Clipped from LE TEMPS of November 20, 1935.

Paris, le 19 novembre

## BULLETIN DU JOUR

### LE JAPON ET LA CHINE DU NORD

Le trouble apporté dans la situation internationale par la guerre italo-éthiopienne, le conflit entre l'Italie et la Société des Nations et la tension qui en est résultée dans les relations anglo-italiennes ne doit pas nous faire perdre de vue ce qui se passe en Extrême-Orient où le Japon s'apprête à donner de nouveaux développements à sa politique d'expansion. Prenant prétexte d'une reprise de la campagne antijaponaise dans certains centres chinois, de quelques incidents violents, dont le meurtre d'un marin nippon, et, enfin, du trouble monétaire provoqué par la décision du gouvernement de Nankin de « nationaliser » l'argent métal, ce qui a pour conséquence de rejeter la Chine dans le sillage financier de l'Angleterre, les Japonais ont recours, une fois de plus, aux moyens de pression dont ils usent volontiers à l'égard du gouvernement de Nankin quand il s'agit de faire reconnaître par celui-ci une situation de fait essentiellement favorable aux intérêts nippons.

On est à la veille de la mainmise du Japon sur le Hopeï, le Tchahar, le Chansi, le Suiyan et le Chantoung; non pas une mainmise directe, avec tout ce que peuvent comporter une occupation et une annexion de fait, mais par le moyen d'un régime autonome qui, tout en maintenant le principe de la souveraineté nominale de la République chinoise sur ces régions, soustrairait en fait la Chine du Nord à l'administration et au contrôle du pouvoir central de Nankin. La déclaration officielle de cette autonomie a été annoncée pour le 20 novembre. Sans confirmer catégoriquement cette initiative, le porte-parole du ministère des affaires étrangères à Tokio a laissé entendre que l'on envisageait ce qu'il appelle une « alliance interprovinciale autonome anticommuniste du nord de la Chine ». Le tout est de s'entendre sur la valeur des mots. Ce qu'il s'agit de réaliser, c'est un groupement étroit des provinces du Nord, dans le cadre d'un régime autonome, pour faire obstacle à toute pénétration dans ces régions des influences révolutionnaires et communistes qui, partout ailleurs, ont dangereusement compromis le relèvement politique et économique de la Chine. Le porte-parole du ministère des affaires étrangères du Japon a d'ailleurs ajouté, ce qui a la portée d'un avertissement dont on ne manquera pas de tenir compte à Nankin, qu'une attaque des armées du gouvernement chinois contre les populations de la Chine du Nord serait un fait des plus dangereux, ce qui signifie évidemment que les forces nippones y répondraient immédiatement.

Notre collaborateur, M. André Duboscq, a précisé pour nos lecteurs les problèmes qui se posent actuellement dans le vaste domaine de l'Orient lointain et il a montré comment l'acheminement vers l'autonomie de la Chine du Nord s'est poursuivi méthodiquement. On connaît, d'autre part, le télégramme de Tien-Tsin annonçant que le général Sung Tche Yuang a informé l'armée japonaise du Kouantoung qu'il avait l'intention de proclamer un gouvernement autonome des provinces du Hopeï et du Tchahar et qu'il se proposait de conclure une alliance militaire anticommuniste entre la Chine du Nord, le Mandchoukouo et le Japon. On voit par là que le mouvement autonomiste a été préparé de longue date et que la question semble arrivée à maturité. L'assassinat d'un marin japonais à Shanghai, la reprise des menées antinippones dans les principaux centres chinois, enfin la tentative de « nationalisation » des stocks d'argent métal ont fourni aux Nippons l'occasion de faire aboutir avec les meilleures chances de succès leur politique d'expansion dans la Chine du Nord, terre qui a toujours été travaillée par un certain esprit particulariste et qui a constamment réagi contre la politique du Sud.

Il ne s'agit pas pour le Japon de s'assurer, à proprement parler, des avantages territoriaux, ni même — du moins pour l'instant — de réaliser le grand projet de la fondation d'un vaste empire groupant le Mandchoukouo, le Jehol, la Mongolie intérieure et les provinces de la Chine du Nord, s'étendant ainsi jusqu'au fleuve Jaune, empire dont Pékin redeviendrait la capitale, que le Japon contrôlerait effectivement et par lequel il développerait sa politique d'organisation du monde jaune. Dans l'état actuel des choses, les Nippons se préoccupent surtout de consolider le Mandchoukouo, qui est la véritable terre de l'expansion nipponne sur le continent asiatique. La conquête du Jehol, la poussée dans le Tchahar, et, au sud, vers la Grande Muraille ont eu surtout pour objet de garantir le Mandchoukouo contre toute attaque des éléments révolutionnaires en contact avec Moscou ou avec les masses communistes qui continuent à s'agiter dans différents centres de l'immense territoire chinois.

L'action nipponne dans la Chine du Nord vise ainsi en premier lieu à garantir la sécurité du Mandchoukouo et du Jehol et, en même temps, à étendre le champ d'influence de l'expansion nipponne à des contrées préparées à une large collaboration économique avec les Japonais. Sans doute, il y aura des garnisons nippones dans les régions les plus sensibles de la Chine du Nord. Sans doute, il y aura derrière les gouverneurs chinois relevant en principe de Nankin des conseillers japonais qui veilleront à maintenir le régime autonome dans l'esprit où on croit devoir le créer; mais cette forme très large et très souple de la collaboration sur le

terrain politique, économique et social, à l'exclusion de toutes les influences relevant du Kuomintang, suffit pour l'instant à l'effort du Japon sur le continent asiatique.

L'affaire a été préparée de longue main, comme le prouve d'ailleurs le fait que les généraux chinois qui commandent dans les provinces du Nord agissent d'accord avec les Nippons, mais il est assez vraisemblable que la soudaine réforme monétaire chinoise décidée, assure-t-on, à l'inspiration de Sir Frederik Leith-Ross, conseiller financier du gouvernement britannique, a déterminé Tokio à précipiter les choses et à favoriser l'organisation autonome des provinces du Nord avant que le système de la « nationalisation » de l'argent métal et la substitution de billets avec cours forcé à la monnaie d'argent ait fait sentir ses effets sur l'économie de la Chine du Nord. Tout soutien financier à la Chine de la part de l'Angleterre préoccupe particulièrement les Nippons, qui savent fort bien que l'influence politique accompagne toujours l'aide financière et économique et qui veulent que le domaine chinois qu'ils ont choisi pour y déployer leur activité, comme étant le plus favorable à leur propre expansion, échappe du moins à cette emprise de l'Angleterre.

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

Enclosure 2 to Special Report No. W.D. 1618  
of November 20, 1935, from Embassy, Paris.

LE MATIN of November 19, 1935.

## Cinq provinces chinoises septentrionales décideraient de proclamer leur autonomie

### ON S'ATTEND A DE VIVES REACTIONS EN EUROPE ET AUX ETATS-UNIS

Les graves événements qui se déroulent actuellement en Extrême-Orient doivent retenir toute l'attention des puissances européennes qui ont des intérêts, soit politiques, soit économiques, sur le continent asiatique.

Mais la Chine est bien loin de l'Europe et il est fort probable que telles puissances qui bataillent pour la défense du droit des gens dans un certain périmètre autour de leur propre territoire, ne mettront pas tant de véhémence à appuyer une action quelconque en faveur du même droit des gens passé un certain méridien.

On assure du reste que les choses, cette fois, ne se situent pas de la même façon que le conflit italo-abyssin sur le plan international, étant donné que jamais la Chine n'a invoqué le bénéfice des articles du Covenant qui prévoient une action des puissances et que de crainte de représailles nippones elle n'aurait nullement l'intention de le faire. La philosophie avec laquelle le gouvernement de Nankin accepte la nouvelle situation créée semble le démontrer.

C'est à la suite de l'envoi en Chine d'une mission financière anglaise, de la modification du dollar chinois qui s'en est suivie et de la réquisition par Nankin de l'argent-métal qu'une crise monétaire s'est ouverte qui s'est rapidement transformée en crise politique.

Le Japon a voulu voir la main de Londres dans les affaires intérieures chinoises et ce point de vue s'est trouvé étayé par les conversations qu'a eues Sir Frederick Leith-Ross avec le gouvernement central.

Aussi Tokio est-il immédiatement passé à une double offensive. Les autorités nippones se sont fortement opposées à la centralisation à Nankin de l'argent-métal que possédaient les provinces du nord de la Chine en même temps que les troupes du Mikado franchissaient la Grande Muraille. Les cinq provinces proclament leur autonomie économique et financière et se séparent du pouvoir central.

Cependant le Japon, exerçant une pression financière, déprécie son yen, ce qui s'est immédiatement traduit hier, sur le marché de Londres, par une baisse de 13 pence sur la devise nipponne. Tokio annonce, de plus, une stabilisation de la monnaie mandchoue à la date du 1<sup>er</sup> décembre.

Donc, concurremment à sa pénétration militaire en Chine septentrionale, le Japon mène actuellement une action financière destinée à inféoder les provinces du nord de la Chine à un système monétaire lié à celui du Mantchéoukouo et basé sur le cours du yen.

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

Enclosure 3 to Special Report No. W.D. 1618  
 of November 20, 1935, from Embassy, Paris.

LE JOURNAL of November 19, 1935.

## L'indépendance de la Chine du Nord

### Le gouvernement de Nankin résistera-t-il à la pression japonaise?

Allons-nous voir une crise aiguë se développer en Extrême-Orient ? Toute la question est de savoir jusqu'à quel point le gouvernement de Nankin a la volonté et les moyens de résister à la pression japonaise.

Le fait certain est que les Nippons ne sont pas gens à laisser passer une occasion sans tâcher d'en tirer le plus grand parti possible. Ils n'avaient pas attendu le mécontentement causé par la réforme monétaire pour développer leur influence dans la Chine du Nord, mais ils étaient alors orientés dans le sens d'un rapprochement avec Chang Kai Chek et d'une politique conciliante. La situation a été modifiée, d'abord par le réveil nationaliste, dont l'attentat de Nankin a été le signal, puis par la manœuvre britannique qui vise à détacher l'économie chinoise de l'emprise japonaise.

On aurait voulu renforcer le parti militaire japonais, qui a toujours préconisé le renouvellement du coup de la Mandchourie, que l'on n'aurait pas agi autrement. D'autant que les Japonais ont un excellent argument pour favoriser un mouvement séparatiste. Ils n'ont qu'à exploiter la réforme monétaire.

Que cette réforme soulève une résistance, c'est très facile à comprendre. On oblige les banques et les particuliers

chinois, sous les peines les plus sévères, à livrer leur argent à un cours très sensiblement inférieur à celui du marché et on leur donne en échange du papier dont rien ne garantit la valeur. Les Japonais ont pris nettement position contre la mesure et ils offrent leur concours aux provinces du Nord pour leur faciliter l'organisation d'un régime autonome qui leur permettrait de garder leur argent.

Officiellement, on ne parle que d'autonomie et les négociations menées par le général Doihara admettent le respect de la souveraineté et de l'intégrité chinoises. Le mouvement des troupes japonaises, qui se concentrent à Pékin et Tien-Tsin, vise seulement à donner l'impression de la force, afin de faire pression pour arriver à un compromis toléré par le gouvernement de Nankin.

Celui-ci a d'autres préoccupations que de partir en guerre contre les Japonais. Il lutte contre le communisme, il prépare une nouvelle Constitution. Il a tout intérêt à gagner du temps, car l'avenir est à l'énorme puissance chinoise si seulement elle parvenait à s'organiser. Mais il faut compter avec la réaction des passions. Le congrès du parti nationaliste chinois, le Kuo Ming Tang, est en session, et cela ne facilite pas un règlement conciliant. — SAINT-BRICE.

DECLASSIFIED: E.O. 11652, 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 4 to Special Report No. W.D. 1618  
 of November 20, 1935, from Embassy, Paris.

L'AMI DU PEUPLE of November 19, 1935.

19 novembre 1935

## NOUVELLES DE L'ETRANGER

### LA CHINE ENTRE LE JAPON ET L'U.R.S.S.

Voici la substance des nouvelles que les dépêches de Tokio nous apportent : cinq provinces de la Chine du Nord, Hopei, Chantoung, Chansi, Tchahar et Suiyuan ont décidé de se détacher de Nankin et constitueraient un gouvernement autonome. Comme il a fait pour le Mandchoukouo, le Japon reconnaîtra ce gouvernement et considérera la pénétration éventuelle des troupes de Nankin dans le nord de la Chine comme une violation de l'armistice de Tang-Kou et de l'accord de Pékin de mai 1935.

Que cette situation serve les ambitions du Japon et même que l'Empire du Soleil Levant ait fortement aidé à la créer, c'est dans la nature des choses ; mais il est aussi dans la nature des choses que l'impérialisme soviétique dans ces régions ait amené fatalement cette situation.

L'U. R. S. S., de même qu'il est en train de créer en Europe un front fasciste à force de le dénoncer et de montrer la hideuse figure de ce qu'il appelle l'antifascisme (nous l'avons vu souiller de sa haine, de sa grossièreté, de son désordre et de son débraillé, les Champs-Élysées, le 11 novembre) ainsi, en Extrême-Orient, il jette dans les bras du Japon les fils de Han, sages et pacifiques, qui préfèrent encore le Nippon inflexible mais héroïque à la dictature sanglante des armées rouges sur un sixième de l'Empire du Milieu.

Le camarade Litvinof, qui parade à Genève, ne renseigne pas la S.D.N. sur la manière dont l'U. R. S. S. apporte la civilisation en Chine. Les armes à la main. D'ailleurs ses collègues sont bien trop discrets pour lui demander si ces agressions continues contre le gouvernement de Nankin sont bien conformes au Pacte. Il n'y a d'agression, on le sait, qu'en Abyssinie et d'agresseur que l'Italie. Même en Egypte, la répression d'un peuple libre par des mitrailleuses anglaises n'est plus qu'une opération de police...

Mais la Chine a fini par comprendre que la S. D. N. n'a servi jusqu'à présent que des intérêts ou des passions de nations puissantes. Le régime autonome des provinces du nord qui vont se détacher de Nankin le 20 novembre se nomme : « Allian-

ce interprovinciale autonome ANTI-COMMUNISTE du nord de la Chine ». Et le général Sung Tché Yuang informe l'armée japonaise du Kouang-Toung qu'il se propose de conclure une alliance militaire ANTI-COMMUNISTE entre la Chine du nord, le Mandchoukouo et le Japon.

Nous avions été frappés — et nous l'avions signalé en son temps — d'un passage du discours de M. Yen, représentant de la Chine, à la tribune de Genève, le 11 septembre : « Je ne saurais vous cacher cependant, disait avec tristesse M. Yen à ses collègues, que l'un des grands obstacles qui s'opposent à la stabilisation et à l'unification du pays en Chine est aujourd'hui la menace communiste qui a sapé une grande partie de la vigueur et de la vitalité de la nation et qui a abouti au sacrifice de plusieurs millions d'existences ; à la dévastation de milliers de kilomètres carrés de terres cultivées et à des dépenses de millions de dollars. »

Et ce Fils du Ciel croyait pouvoir affirmer « qu'il ne sera plus longtemps avant que la Chine soit entièrement débarrassée de tout le mouvement communiste ».

Chose remarquable, il ne se plaignait nullement du Japon. Mais il énonçait tranquillement ses doléances anticomunistes devant la massive camarade Kollontai qui le regardait, impassible, derrière son face-à-main. Et c'était d'un comique cruel et pathétique.

Ce fut à la même séance que sir Samuel Hoare, dans sa fameuse harangue sur la sécurité collective et le respect du Pacte, déclara : « Le monde n'est pas statique ; et il faudra de temps en temps procéder à des modifications ; le Pacte en reconnaît lui-même la possibilité. »

Les modifications qui se produisent en Chine ne sont peut-être pas tout à fait selon les désirs de l'Angleterre. Avec son terrible sourire silencieux, le Japon, laissant la S.D.N. s'empêtrer dans ses articles éthiopiens, se charge, tout seul, de la police de la Chine dont il va peut-être faire la grande puissance de l'Asie qui chassera du Pacifique les marchands anglo-saxons des Deux-Mondes...

ROBERT VALLERY-RADOT.

Enclosure 5 to Special Report No. W.D. 1618  
of November 20, 1935, from Embassy, Paris.

LE TEMPS of November 19, 1935.

— LE TEMPS — 19 novembre 1935

Questions extérieures

**EN EXTRÊME-ORIENT**

Il se passe en Extrême-Orient beaucoup de choses qui en temps normal retiendraient certainement notre attention, mais qui passent à peu près inaperçues en Europe à cause des événements que nous traversons nous-mêmes. Nous devons cependant à nos lecteurs les indications suffisantes pour se reconnaître parmi la complexité de ces choses, une sorte de récapitulation tout au moins des faits principaux d'Extrême-Orient au cours de ces derniers mois.

Nous commencerons par ce qui traîne depuis un certain temps déjà après s'être dessiné avec assez de relief pour faire croire à une réalisation plus rapide. Nous voulons parler d'une nouvelle poussée des Japonais vers l'ouest, c'est-à-dire en Mongolie intérieure et dans la Chine du Nord.

Revenant d'une tournée d'inspection au Tchahar, ancienne subdivision de la Mongolie intérieure qui a perdu son autonomie pour dépendre directement du gouvernement chinois, le général japonais Doihara déclarait le 29 septembre à un journaliste, à Moukden : « L'établissement d'un système administratif autonome, embrassant les cinq provinces Hopei, Chantoung, Chansi, Tchahar et Suiyuan, est une condition *sine qua non* de la stabilisation de la situation dans ces régions. » [Le Suiyuan est une subdivision de la Mongolie intérieure qui fait suite au Tchahar à l'ouest.] Et M. Eiji Amau, directeur du bureau des informations du ministère des affaires étrangères japonais, disait au directeur du *Journal de Shanghai*, de passage à Tokio : « La stabilisation des relations sino-japonaises et un ajustement satisfaisant des relations entre la Chine et le Mandchoukouo sont indispensables au maintien de la paix dans l'Asie orientale. Il est pour cela essentiel que toute activité antimandchoue cesse dans le nord de la Chine, cette région étant limitrophe du Mandchoukouo. »

Cependant, rien n'a encore été fait. L'armée japonaise du Kouang-Toung, qui s'est chargée de la réalisation de ce programme, s'en est tenue jusqu'ici à déclarer à plusieurs reprises qu'elle avait décidé d'intervenir dans le rétablissement de l'ordre et de la paix dans le nord de la Chine : 1° en réprimant les influences communistes venant de la Mongolie extérieure par une action commune du Japon, du Mandchoukouo et de la Chine; 2° en s'opposant à l'ingérence du Kouomintang dans l'administration du nord de la Chine; 3° en amenant par des mesures positives le gouvernement de Nankin à activer la suppression des mouvements antijaponais et la mise à exécution d'une politique japonophile. L'armée du Kouang-Toung estime que seule une coopération sincère sino-japonaise empêchera l'invasion des provinces du nord de la Chine par les armées rouges qui approchent des frontières du Chansi où l'agitation paysanne leur prépare une voie facile de pénétration.

Or, depuis quelques jours, des télégrammes insistent sur la menace d'une invasion imminente du Chansi et du Suiyuan par l'armée rouge, c'est-à-dire par des forces chinoises instruites, encadrées, commandées par des bolchevistes et des généraux chinois à la solde de ces derniers. Si ces informations sont exactes, le mouvement japonais se déclenchera tout naturellement. Des télégrammes le font du reste de plus en plus pressentir.

Deux incidents sont venus tout récemment se greffer sur cet état de choses : un attentat contre M. Ouang Tchun Wei, président du conseil et ministre des affaires étrangères du gouvernement de Nankin, et l'assassinat d'un marin japonais dans une rue de Shanghai. L'auteur de l'attentat et son principal complice ont expliqué leur acte criminel par leur désapprobation de la tendance de M. Ouang à s'entendre avec le Japon pour le développement de la Chine du nord.

Ces incidents ne changent rien au programme de l'armée du Kouang-Toung, qui trouve maintenant du côté chinois assez de compréhension pour pouvoir l'exécuter peut-être même sans rien brusquer.

Après cette question d'une collaboration des Chinois et des Japonais à l'ouest de la Mongolie intérieure et au nord de la Chine, une autre question asiatique mérite d'être signalée, celle de la pénétration de l'Union soviétique dans le Sin-Kiang ou Turkestan chinois.

Il est certain que l'action du Japon en Mandchourie a fortement incité d'autres puissances à se pousser en Extrême-Orient. Les Anglais ont affirmé leur situation au Thibet et les Russes ont essayé d'en faire autant au Sin-Kiang.

Les rares personnes qui sont au courant des affaires d'Asie centrale savent que depuis le milieu du siècle dernier la Russie se tourne avec de plus en plus d'insistance du côté du Sin-Kiang. Son commerce y a fait des progrès considérables. « N'en déplaise à quiconque, écrit M. Roger Lévy dans un livre récent, bien documenté, *Extrême-Orient et Pacifique* (Armand Colin), le Sin-Kiang pourrait devenir une seconde Mongolie extérieure. » En effet des difficultés se sont élevées l'année dernière entre Nankin et le gouverneur du Sin-Kiang au sujet de conseillers soviétiques engagés par celui-ci sans l'approbation du Kouomintang, et depuis cette époque, en dépit des représentations des Chinois, il n'est question que de transformer le Sin-Kiang en république indépendante. Jusqu'au dernier moment les Soviets se récrieront que pareil projet ne peut être réalisé dans une population qui compte 80 0/0 de musulmans, mais l'on sait qu'en 1928 et 1929 les Soviets ont fermé 1,500 mosquées dans le Turkestan, des milliers dans l'Oural et 2% à Kazan même, qu'ils se sont emparés des imprimeries qui publiaient annuellement des milliers de Corans et de brochures pieuses. Une dépêche de Moscou publiée ici même le 16 novembre annonçait qu'un propagandiste de l'Islam dans l'Ouzbékistan et le Tadjikistan avait été condamné à mort avec trois de ses disciples parce que les débats du procès avaient prouvé qu'ils étaient tous en liaison avec une organisation antisoviétique d'un pays voisin. Si l'on consulte une carte, on s'aperçoit que le pays voisin pourrait bien être l'Inde.

La querelle russo-anglaise en Asie centrale reprend de plus belle. A l'ouest du Turkestan chinois, en Kashgarie, les Anglais ont des positions commerciales acquises, et nous avons montré en 1934, dans cinq ou six articles, qu'ils n'entendaient pas en être dépossédés. Il est vrai qu'au centre et à l'est il y a assez de place pour contenter les Russes. Mais naturellement Nankin finit par s'émouvoir — un peu tard.

Tout compte fait, nous concluons avec le commandant Taillardat, auteur d'un remarquable article intitulé « La rivalité anglo-russe en Asie centrale », paru dans le *Bulletin de l'Asie française* du mois d'octobre : « C'est en tenant compte de la lutte entreprise contre la croyance islamique que nous pourrions juger des chances de succès des Soviets dans le Turkestan russe et chinois. »

Voici enfin un événement, la réforme monétaire chinoise, qui est d'hier ou plutôt qui est en pleine évolution, et que le *Temps*, par la plume de son rédacteur le mieux qualifié pour l'étudier, a exposé et commenté, dans sa page financière du 11 novembre, sous l'angle de la finance. Si l'on se demande maintenant ce qu'en politique cet événement signifie ou fait craindre, le moins qu'on en puisse dire c'est qu'il déplaît au Japon et qu'il n'est pas pour resserrer les liens d'amitié entre ce pays et l'Angleterre.

Nous ne nous risquons pas à dire la part qu'y a cette dernière puissance, mais des coïncidences trop marquées disent assez qu'elle n'y est pas totalement étrangère. Ce qui est sûr, c'est qu'à Tokio l'on ne se fait pas d'illusion sur la gravité de la situation politique qui peut découler de l'évolution du problème monétaire chinois.

Il ne faut pas oublier que les Etats-Unis n'ont pas vu d'un bon œil l'an dernier s'es-

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

Enclosure 5 to S.  
of November 20,

LE TEMPS of November 19, 1935.

2. — LE TEMPS. — 19 novembre 1935

### Questions extérieures

# EN EXTRÊME-ORIENT

Il se passe en Extrême-Orient beaucoup de choses qui en temps normal retiendraient certainement notre attention, mais qui passent à peu près inaperçues en Europe à cause des événements que nous traversons nous-mêmes. Nous devons cependant à nos lecteurs les indications suffisantes pour se reconnaître parmi la complexité de ces choses, une sorte de récapitulation tout au moins des faits principaux d'Extrême-Orient au cours de ces derniers mois.

Nous commencerons par ce qui traîne depuis un certain temps déjà après s'être dessiné avec assez de relief pour faire croire à une réalisation plus rapide. Nous voulons parler d'une nouvelle poussée des Japonais vers l'ouest, c'est-à-dire en Mongolie intérieure et dans la Chine du Nord.

Revenant d'une tournée d'inspection à Tchahar, ancienne subdivision de la Mongolie intérieure qui a perdu son autonomie pour dépendre directement du gouvernement chinois, le général japonais Doihara déclarait le 29 septembre à un journaliste, à Moukden : « L'établissement d'un système administratif autonome, embrassant les cinq provinces Hopei, Chantoung, Chansi, Tchahar et Suiyuan, est une condition *sine qua non* de la stabilisation de la situation dans ces régions. » [Le Suiyuan est une subdivision de la Mongolie intérieure qui fait suite au Tchahar à l'ouest.] Et M. Eiji Amau, directeur du bureau des informations du ministère des affaires étrangères japonais, disait au directeur du *Journal de Shanghai*, de passage à Tokio : « La stabilisation des relations sino-japonaises et un ajustement satisfaisant des relations entre la Chine et le Mandchoukouo sont indispensables au maintien de la paix dans l'Asie orientale. Il est pour cela essentiel que toute activité antimandchoue cesse dans le nord de la Chine, cette région étant limitrophe du Mandchoukouo. »

Pendant, rien n'a encore été fait. L'armée japonaise du Kouang-Toung, qui s'est chargée de la réalisation de ce programme, s'en est tenue jusqu'ici à déclarer à plusieurs reprises qu'elle avait décidé d'intervenir dans le rétablissement de l'ordre et de la paix dans le nord de la Chine : 1° en réprimant les influences communistes venant de la Mongolie extérieure par une action commune du Japon, du Mandchoukouo et de la Chine; 2° en s'opposant à l'ingérence du Kouomintang dans l'administration du nord de la Chine; 3° en amenant par des mesures positives le gouvernement de Nankin à activer la suppression des mouvements antijaponais et la mise à exécution d'une politique japonophile. L'armée du Kouang-Toung estime que seule une coopération sincère sino-japonaise empêchera l'invasion des provinces du nord de la Chine par les armées rouges qui approchent des frontières du Chansi et de la situation nationale.

## Soumission de moines

présence, de même qu'ils cachent soigneusement, sous des rideaux de feuillage, leurs campements. Mais en dépit de ces précautions, les Italiens ont, grâce à la photographie aérienne, identifié les emplacements de leurs postes avancés, qui ont été bombardés au moment où l'ennemi s'y alignait le moins.

quisser un rapprochement économique anglo-japonais, qui n'a d'ailleurs pas eu d'achèvement. Washington guette l'occasion propice à une politique anglo-américaine en Extrême-Orient. C'est pourquoi le mécontentement que pourrait causer à Tokio la politique financière de l'Angleterre en Chine serait immédiatement exploité par les Etats-Unis. Il y a là en puissance une politique de guerre qui constitue, nous ne cessons de le répéter depuis quinze ans, le suprême danger et par conséquent le véritable problème du Pacifique. « Le Japon est notre plus dangereux ennemi, déclarait le brigadier-général Mitchell à Washington, le 10 octobre dernier; lorsque nous étudions un type d'avion, nous devons le concevoir avec l'objectif d'aller attaquer le Japonais chez lui. Surtout, nous devrions construire une flotte de cinquante puissants dirigeables, laquelle, attaquant le Japon, ne laisserait plus rien en eux jours de ce pays. »

Bien des gens pensent ainsi aux Etats-Unis, et ceux qui croient que l'Angleterre rétablira l'équilibre en s'alliant au Japon dans un conflit du Pacifique ont oublié la conférence de Washington, où certains s'imaginaient naïvement pouvoir dissocier Américains et Anglais. Le problème du Pacifique, c'est le problème de la Chine. Or le Japon, c'est un fait, entend agir en Chine à sa manière. Il s'oppose à toute aide financière apportée à la Chine sans son assentiment, parce qu'il juge que cette aide se traduirait par un renforcement des armements chinois dirigés contre lui. Politique exclusive certes et farouche, mais vivante et réaliste. Nous allons voir comment elle évoluera dans les jours qui viennent.

Bien d'autres questions sont ouvertes en Extrême-Orient, mais les limites de cet article nous obligent à nous en tenir à celles qu'on vient d'entrevoir.

ANDRÉ DUBOSCO.

Une compagnie a envoyé d'Alexandrie à Suez,  
 par voie ferrée, afin d'éviter les droits de passage  
 du canal, 38,000 caisses de kérosène, 9,000 caisses  
 de benzine ont été expédiées à bord du navire  
*Ismaïl*.  
 Dans certaines circonstances de Suez, on travaille  
 sans interruption, au régime des trois équipes.  
 Une même, des centaines de camions, automobiles  
 par voie ferrée du Caïre à Suez, sont embarqués  
 dans ce dernier port à destination de l'Est afri-  
 cain.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

Quelques jours avant les hostilités, le régiment de Salabhadra se trouvait à Adil-Care, Salabhadra fut envoyé à Senaré à la tête de 50 hommes armés de quatre mitrailleuses et pourvus de 3,000 cartouches. Bientôt depuis longtemps à passer dans les rangs des Éthiopiens, il mit l'écrite de ses hommes au combat de ses intentions. Arrivé à Senaré, Salabhadra s'arrangea pour envoyer en patrouilles ses vingt autres hommes qui n'étaient pas armés de sa déception, puis, suivi de ses treize fidèles, passa à l'attaque avec armes et bagages au moment où éclataient les hostilités.

Il arriva à Adigrat où le dedjaz Gabriel Woode le reçut et l'envoya à Makasé se mettre à la disposition du chef de la région qui était alors le dedjaz Hatté Salassie Guxa qui devait, pour sa suite, passer aux Italiens.

Le dedjaz Guxa reçut Salabhadra et ses trente hommes, mais les desarmas sous un prétexte quelconque.

Quelques jours plus tard, d'ailleurs, le dedjaz Guxa quitta, sans rien dire, Makasé et se rendit à Adigrat où il fut entendu clairement à ses subordonnés qu'il était d'accord avec les Italiens. Aussitôt son tentative particulière le fit courir le long de l'ennemi Bissell et le dedjaz Gabriel Woode quittaient le dedjaz Guxa et retournaient à Makasé où ils retourneront Salabhadra et ses trente hommes, plus quinze autres Éthiopiens déserteurs récemment arrivés. Muni d'argent, Salabhadra, accompagné alors des quarante-cinq Éthiopiens se dirigea par petites étapes vers Jossim. En cours de route, il perdit sept de ses hommes. Le Dédjaz Salabhadra se rendit en action à Adils-Aleba où l'ennemi, pour lui prouver sa reconnaissance, l'appela à assister à ses côtés du haut du balcon du palais au dèlé des troupes du chef Bitouled Makonnen.



Enclosure 6 to Special Report No. W.D. 1618  
of November 20, 1935, from Embassy, Paris.

LE FIGARO of November 20, 1935.

## POLITIQUE EXTERIEURE

# Tandis qu'en Europe...

L'Europe, hypnotisée par le conflit italo-éthiopien, tourne en rond sur elle-même et s'agite. La Grande-Bretagne, alertée par la situation tendue qui s'est produite en Méditerranée, a concentré sa flotte entre Gibraltar et Alexandrie et même ceux de ses navires qui stationnaient en Extrême-Orient et à Singapour ont été ramenés dans le golfe d'Aden. Aussitôt le Japon profite de ces circonstances pour progresser en Chine. Depuis vingt ans, la même histoire se renouvelle. Les difficultés du vieux continent font le bonheur des Nippons. L'état chaotique de la Chine y aide encore davantage...

Le plan poursuivi par le Japon est parfaitement méthodique. Première étape : mainmise sur la Mandchourie, camouflée en « empire » allié du Japon. Deuxième étape (elle date de cet été) : « démilitarisation » des zones voisines du Mandchoukouo, c'est-à-dire des provinces de Chahar et de Hopeï — ce qui signifiait, en langage clair : substitution des forces japonaises aux forces chinoises et, par conséquent, établissement de l'autorité japonaise dans cette région. Troisième étape, enfin, celle que nous abordons aujourd'hui, et qui n'est pas sans envergure : mainmise du Japon sur les provinces du Hopeï, du Chahar, du Chansi, du Suiyuan et du Chantoung, cette mainmise étant effectuée par le moyen d'un « régime autonome d'alliance interprovinciale et anticommuniste » qui — tout en respectant la fiction de la souveraineté chinoise — ferait passer en fait l'administration du nord de la Chine sous le contrôle japonais.

Pour déclencher cette opération de grand style, les prétextes n'ont pas manqué. Prétexte d'ordre général : le « banditisme » qui règne dans ces territoires et que le gouvernement de Nankin est incapable de réprimer (c'est toujours, d'ailleurs, au nom de la civilisation que l'on s'approprie des régions fertiles !). Prétextes d'ordre particulier : l'attentat du 1<sup>er</sup> novembre contre le président du Yuan exécutif, qui était tout dévoué au Japon ; l'assassinat, le 10 novembre, d'un marin nippon à Changhaï (lequel a pris tout de suite figure de héros national), les incidents dont furent victimes, le 13 novembre, à Changhaï, cinq écoliers japonais molestés par des Chinois. Tout cela a permis alors aux généraux japonais de déclarer qu'il était temps de mettre les provinces du nord à l'abri de tels brigandages chroniques. Or, on le sait, la tradition s'est installée que ce sont les militaires nippons qui prennent toujours les initiatives, quitte au gouvernement de Tokio de les homologuer...

Mais une autre raison a sans doute déterminé le Japon à agir. Il s'agit de la mission financière que sir Frederick Leith-Ross, conseiller technique du gouvernement britannique, vient de remplir en Chine. Mission à double effet, semble-t-il. D'une part il s'est agi d'une réforme financière à réaliser en Chine, aux termes de laquelle le gouvernement de Nankin a décrété l'inconvertibilité des billets de banque, la transformation des dettes contractées en argent en dettes remboursables en billets, la création d'une banque

des îles Hawaï. Tout cela n'est pas sans les inquiéter. Les Anglais sont dans le même état d'esprit. L'expansion commerciale japonaise leur est un sujet d'angoisse. Au cours d'un séjour que je faisais il y a un an à Londres, j'avais été frappé d'entendre presque tous les Anglais me dire que le seul problème qui comptait pour eux était le problème japonais... La concurrence économique n'explique pas, d'ailleurs, à elle seule, de telles préoccupations. Ce n'est un secret pour personne que la Grande-Bretagne redoute le danger japonais pour certains de ses dominions, notamment pour l'Australie, où l'on est convaincu qu'un débarquement des forces japonaises n'est pas du domaine de la chimère... C'est pourquoi la flotte britannique reste le rempart des Australiens et garantit leur fidélité à la métropole. Enfin la Russie, bien qu'elle se soit repliée il y a un an en abandonnant le chemin de fer de l'Est chinois, suit aussi avec inquiétude le développement de l'influence japonaise en Chine, non pas tant en raison de l'attitude anticommuniste des Japonais qu'en raison de Vladivostock... Il est même possible que les événements actuels aient pour effet de rapprocher les Etats-Unis, la Russie et l'Angleterre. Une telle hypothèse ne laisserait pas que d'exercer alors une incidence considérable dans les affaires strictement européennes...

En attendant, ne pourrait-on retenir de cette « autonomie des provinces du nord de la Chine » sous la suzeraineté nominale de Nankin et sous le contrôle effectif du Japon, un précédent fort précieux pour trouver la solution du conflit italo-abyssin ?

Wladimir d'Ormesson.

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

Il s'agit de la mission financière que sir Frederick Leith-Ross, conseiller technique du gouvernement britannique, vient de remplir en Chine. Mission à double effet, semble-t-il. D'une part il s'est agi d'une réforme financière à réaliser en Chine, aux termes de laquelle le gouvernement de Nankin a décrété l'inconvertibilité des billets de banque, la transformation des dettes contractées en argent en dettes remboursables en billets, la création d'une banque centrale d'émission et, enfin, la fixation du dollar chinois à son niveau actuel — environ 4 fr. 30 — fixation provisoire, d'ailleurs, car si une parité définitive est adoptée ce sera vraisemblablement celle avec la livre sterling.

D'autre part, il semble que sir Frederick Leith-Ross ait offert au gouvernement de Nankin un emprunt de 50 millions de livres pour financer des « grands travaux d'utilité publique ». Or, bien que sir Frederick ait déclaré qu'il ne s'agissait nullement d'une entreprise purement britannique et que le Japon pourrait prendre sa part dans cette ouverture de crédit, Tokio, a aussitôt réagi avec vigueur. Le gouvernement japonais n'entend évidemment pas qu'aucune autre puissance, fût-ce l'Angleterre, s'intéresse au renflouement des finances et de l'économie chinoises...

Il y aurait fort à dire sur tout cela, mais la plus grande absurdité serait de raisonner sur ces affaires d'Extrême-Orient avec nos poids et nos mesures. Quiconque veut se mêler de ces problèmes orientaux y perd son grec et son latin. Le Japon, d'ailleurs, semble manœuvrer sur un terrain qu'il a parfaitement exploré et dont il est sûr. Si certains éléments nationalistes chinois résistent à la pénétration japonaise (d'où les attentats du 1<sup>er</sup> et du 10 novembre), d'autres, et non des moindres, y semblent beaucoup moins hostiles. Le maréchal Chang Kai Chek n'a-t-il pas même, récemment, déclaré qu'il était favorable à une étroite « entente sino-japonaise » ? Allez donc vous y reconnaître dans ces imbroglios ?...

Une chose est sûre, pourtant. C'est que cette pénétration méthodique du Japon en Chine, avec toutes les forces économiques que l'empire du Levant y recueillera, ne peut qu'exercer une influence considérable sur la politique des Etats-Unis, de la Grande-Bretagne et de la Russie.

Les Etats-Unis, en effet, sont déjà hantés par la menace que le Japon fait peser sur eux. Menace économique surtout. Ils voient l'activité nipponne se répandre au Mexique, en Amérique centrale, en Amérique du Sud. Ils voient même les Japonais s'infiltrer aux

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Enclosure 7 of Special Report No. W.D. 1618  
 dated November 20, 1935, from Embassy, Paris.

L'ACTION FRANÇAISE of November 20, 1935.

## **Un nouveau « lâchons l'Asie, gardons l'Afrique »**

L'Angleterre est un grand Empire. Elle a des intérêts sur presque tous les points du monde. Il lui est difficile d'être présente partout à la fois.

Pas davantage n'est-il possible d'être l'ami de tout le monde. Un jour est venu où l'Angleterre a dû choisir entre les Etats-Unis et le Japon. Elle a opté pour les Etats-Unis. Chacun des deux partis devait avoir ses inconvénients.

Pour leur compte, et librement, les Japonais ont fait et font leur politique en Chine. Il n'a pas été question d'appliquer à leur entreprise de Mandchourie les sanctions que l'on applique aux Italiens. Il ne s'agit pas de deux poids, de deux mesures ni de deux morales, mais de ce qui est praticable et de ce qui ne l'est pas.

Encore faudra-t-il connaître l'effet que les sanctions produiront à la longue, l'expérience n'étant commencée que d'hier. En Extrême-Orient, l'arme économique ne semble pas avoir eu des résultats fameux. En fait de secours, le cabinet de Londres avait envoyé au gouvernement de Nankin un agent financier qui, en manipulant la monnaie chinoise, se proposait de rendre la Chine indépendante à l'égard du Japon. Comment, je ne me charge pas de l'expliquer. Toujours est-il que le Japon a répondu par une nouvelle baisse de son yen, qu'il a depuis longtemps sacrifié, et surtout par ce qui a le dernier mot, c'est-à-dire par des soldats.

Toutes les circonstances sont en faveur des Japonais. Pour s'opposer à leurs projets sur la Chine, l'Angleterre était trop loin, même avant d'être occupée en Méditerranée. Les Soviets, de leur côté, depuis qu'ils redoutent Hitler, ne veulent plus s'exposer à un conflit en Extrême-Orient, et ils ont liquidé leurs intérêts en Mandchourie. La voie est libre pour le Japon. Où s'arrêtera-t-il?

On dit beaucoup que l'Angleterre, dans son attitude à l'égard de l'Italie, songe à ménager les peuples de couleur et sert les intérêts de tous les blancs, qu'ils aient des colonies ou qu'ils n'en aient pas. Nous restons persuadé que notre empire colonial tient avec celui de l'Angleterre. Que l'un tombe, l'autre tombera avec lui. Alors, il est des diversions qui ne sont pas tout à fait des signes de force et qui sont plutôt propres à donner des inquiétudes si, pour préserver l'Afrique, il faut commencer par laisser aller l'Asie.

Qui sait si ce n'est pas le premier symptôme d'un plus grand recul? — J. B.

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

Enclosure 8 to Special Report No. W.D. 1618  
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Article by N. de Rochefort, clipped from  
LA REVUE DES DEUX MONDES of August 1, 1935.

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## LE DESTIN DE LA CHINE

Combien de fois nous a-t-on annoncé l'imminence d'un conflit armé entre le Japon et l'U. R. S. S. ! Tantôt c'étaient des engagements sanglants sur la frontière russo-mandchoue, auxquels ne pouvait manquer de succéder une déclaration de guerre en bonne et due forme; tantôt cette guerre devait éclater par suite de la prétendue rupture des négociations au sujet du chemin de fer de l'Est Chinois. Tantôt c'était Tokio qui envoyait un ultimatum à Moscou; tantôt c'était Moscou qui en envoyait un à Tokio...

De mois en mois et d'année en année, les faits ont apporté leur démenti à ces rumeurs. Tandis que naissaient et s'évanouissaient d'innombrables incidents entre les autorités locales soviétiques et mandchoues, les négociations entre les gouvernements de Tokio et de Moscou aboutissaient à un accord en vertu duquel le chemin de fer de l'Est Chinois était définitivement cédé à la Mandchourie.

Or, des hostilités éclatèrent il y a peu de temps en Extrême-Orient. Mais elles ont pour théâtre des régions quelque peu différentes et sont orientées non pas d'est en ouest, mais du nord au sud.

En fait, la pénétration nippone sur le continent asiatique se poursuit méthodiquement, par étapes prudemment ménagées. Mais elle s'effectue dans la direction du sud, c'est-à-dire vers la Chine proprement dite, et non pas vers la Sibérie.

Le plan de Tokio porte une conquête progressive de la plus invétérée des Républiques. Dès maintenant, nous pouvons en rappeler les étapes. Il nous restera ensuite à nous efforcer d'en déterminer les raisons, en cherchant à prévoir les étapes qui suivront.

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## LES ÉTAPES DE L'EXPANSION NIPPONE SUR LE CONTINENT

Le Japon industriel manque de matières premières. Le Japon militaire manque d'une base et d'un dépôt d'approvisionnement continentaux pour ses opérations éventuelles contre les États-Unis ou contre une ou plusieurs Puissances européennes. Enfin, le Japon commercial manque de marchés, tandis que le Japon démographique manque de terrains propices à la colonisation. Tels sont les quatre problèmes qui se sont posés après la grande guerre pour l'Empire du Soleil Levant.

Le Japon industriel et le Japon militaire se sont trouvés satisfaits par l'établissement du protectorat nippon sur la Mandchourie, qui est une place d'armes et un réservoir inépuisable de matières premières. Mais la Mandchourie n'est pas, et ne sera pas de sitôt un débouché intéressant pour les produits manufacturés des Iles Fleuries; quant aux possibilités de colonisation de cette immense contrée par les Nippons, elles sont très limitées : le Japonais s'acclimate très difficilement, et le climat continental, avec de larges écarts de température, de la Mandchourie est mortel pour sa fragile constitution.

La conquête de la Mandchourie n'a donc résolu pour Tokio ni le problème commercial ni le problème démographique. Ceux-ci ne seraient pas davantage résolus par une extension de la puissance, ou simplement de l'influence nipponne vers l'ouest, c'est-à-dire en Mongolie extérieure et, éventuellement, en Sibérie : le pouvoir d'achat de ces régions n'est pas plus élevé, et leur climat est encore plus rude. Quant à la laine, matière première qui manque encore au Japon, même après la conquête de la Mandchourie, elle se trouve en abondance en Mongolie intérieure. Et lorsque, — très prochainement sans doute, — Tokio aura annexé cette contrée à l'Empire du Mandchoukouo, l'avance nipponne en direction de l'occident s'arrêtera.

En revanche, la Chine proprement dite constitue pour le commerce nippon un marché d'un attrait puissant. Se réserver un tel marché, ce serait, pour le Japon, résoudre le problème des débouchés commerciaux. Mais jusqu'à présent, le Traité des neuf Puissances et l'activité des Américains qui, à l'abri

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de ce traité, menaient et continuent de mener en Chine une persévérante campagne anti-japonaise, s'opposaient avec succès aux progrès du commerce nippon dans ce pays.

Dès lors, il est permis de supposer que, dès l'occupation de la Mandchourie, le gouvernement de Tokio avait déjà en vue, comme second objectif, l'extension de son influence directe, politique et non pas seulement commerciale, en Chine; et en effet (nous avons été seuls, croyons-nous, à le souligner dès cette époque), cette préoccupation était apparente dès les premiers actes du Protectorat japonais en Mandchourie.

Comprenant que des gestes trop précis feraient naître une inquiétude prématurée chez les peuples occidentaux, versatiles, mais ombrageux dans leur politique extérieure, le Japon commença par proclamer l'État libre du Mandchoukouo... Ensuite, nous apprîmes que M. Kou-Yi devenait le « chef » de cet État. Mais M. Kou-Yi fut, dans son berceau, le Divin Empereur de l'Empire du Milieu dont le trône était à Pékin, l'actuelle Pei-ping... Dès lors, le scénario devenait facile à prévoir. Ce ci-devant *souverain chinois de dynastie mandchoue* (ce qui faisait que, nationalisé en Mandchourie, il n'en restait pas moins aussi « nationalement » Chinois qu'auparavant) devint Empereur du Mandchoukouo... L'homme et le titre sont les mêmes que jadis à Pékin, comme le furent les cérémonies du couronnement.

N'est-il pas probable que, d'ici peu de temps, la Chine vouée à l'anarchie se souviendra (avec le concours, au besoin, d'agitateurs professionnels dont il serait facile d'imaginer la provenance) des jours heureux qu'elle coulait sous la Divine Dynastie, et qu'elle en rappellera le représentant, déjà souverain par ailleurs d'une ancienne province vassale de la Chine? La transition serait d'autant plus agréable pour les Chinois que, du même coup, la Chine récupérerait, en apparence du moins, cette province actuellement perdue. En tout cas, c'est bien ce qui se passe actuellement dans les « quatre provinces » de la Chine du Nord.

Ces évolutions hardies du Japon provoquèrent si peu de réactions chez les peuples blancs, que le gouvernement de Tokio n'hésita pas à brûler les étapes et que, avant même que l'État libre du Mandchoukouo se transformât en Empire, l'avance militaire du Japon reprenait en Chine : ce fut d'abord

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L'occupation du Jehol, puis la lente, mais inexorable infiltration des troupes nippon-mandchoues dans le Chahar. La grande muraille fut atteinte, et sur certains points franchie. Soyons assurés que, désormais, l'anarchie et le banditisme qui désolent présentement les environs de cette enceinte plus symbolique encore que matérielle, et qui justifient si opportunément les appels désespérés des populations rançonnées et opprimées à la protection de l'Empereur mandchou, s'étendront brusquement jusqu'aux environs de Pei-ping, et provoqueront des appels identiques de la part des populations pékinoises (1). Le souverain et ses alliés nippons ne pourront pas rester sourds à cette détresse et la secourront encore. Et Pei-ping, redevenue Pékin, retrouvera paix et prospérité sous le sceptre de son ancien souverain.

Seulement, les conseillers nippons, les ministres nippons, les généraux nippons n'abandonneront pas ce fidèle ami sur son nouveau trône, et les commerçants nippons n'auront plus désormais à craindre la concurrence européenne et américaine. Car il est à supposer que le Traité des neuf Puissances et le principe de la « porte ouverte » ne seront pas appliqués davantage dans toute la Chine qu'ils ne sont appliqués maintenant dans la seule Mandchourie.

Il nous suffira de citer l'exemple du monopole mandchou du pétrole, établi par le Japon et contre lequel protestent en vain Anglais et Américains : le gouvernement de Tokio réplique imperturbablement que ce monopole n'enfreint en rien le Traité des neuf Puissances, puisqu'il s'applique indistinctement à tous les pays étrangers. Il n'empêche que le Japon en profite, à l'exclusion de tous les autres pays.

Mais le gouvernement de Tokio n'a pas de préférence de principe pour la manière forte; il n'hésite pas à se servir de son armée lorsqu'il croit que la réalisation de ses desseins en dépend, mais il ne néglige rien pour parvenir à ses fins par des moyens moins bruyants, lorsqu'il le juge possible.

Ainsi, tout en se mettant en mesure de mettre peu à peu la main sur la Chine *manu militari*, sous le couvert de l'Empire mandchou, il n'a pas exclu l'éventualité de l'établissement

(1) Une bande armée de déserteurs chinois a attaqué récemment Pei-ping. L'attaque fut repoussée, les chefs de la bande saisis et exécutés.

ment de son protectorat sur la céleste République par le moyen de la persuasion. Alors même que des combats mettaient aux prises, dans le Chahar, les troupes chinoises et les troupes nippon-mandchoues, des déclarations d'amitié partaient de Tokio à l'adresse de Nankin. Des personnages officiels nippons, et notamment le ministre des Affaires étrangères du Mikado, proclamaient que le seul but de la politique nipponne était de libérer la Chine de l'emprise des pays européens (ou américains...)

Ensuite, des envoyés non moins officiels du gouvernement japonais se sont rendus à Nankin avec des propositions concrètes parfaitement précises : la Chine devait s'engager à se séparer de ses conseillers techniques, *civils et militaires*, étrangers et à les remplacer par des conseillers nippons; en échange, le cabinet de Tokio s'engagerait à lancer et à garantir un grand emprunt qui libérerait la Chine de sa sujétion financière envers les peuples blancs.

Ce qui est significatif, et ce qui donnerait beaucoup à penser, c'est que le gouvernement de Nankin, loin de repousser ces suggestions avec vigueur, comme ceux qui ne connaissent pas la Chine auraient pu s'y attendre après les événements de ces dernières années et la tension qui subsistait entre les deux pays, les a accueillies avec courtoisie et non sans faveur. Ce qui, ailleurs, eût été une gageure, ne doit pas surprendre en Extrême-Orient, et la possibilité n'est pas exclue de voir la Chine, qui, hier encore, semblait animée des sentiments les plus hostiles contre le Japon, accepter sans mot dire la tutelle de ce dernier; cette tutelle ne serait d'abord, dans ces conditions, que financière et économique, mais elle n'en serait pas moins aussi effective que celle des États-Unis sur certaines républiques de l'Amérique centrale.

Nous croyons pouvoir affirmer que même actuellement, tandis qu'un nouveau conflit aigu met aux prises le gouvernement chinois et le commandement militaire nippon-mandchou dans la Chine du Nord, et tandis que le gouvernement de Tokio exige et obtient par la menace d'une occupation militaire l'évacuation de la province de Ho-peï et de la ville de Pei-ping par les troupes chinoises, les négociations dont nous venons de parler n'ont pas été entièrement abandonnées. Le gouvernement de Tokio n'hésiterait donc pas à pratiquer,

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— et avec succès, — le paradoxe d'une action à la fois militaire, — par la force, et diplomatique, — par la persuasion.

Quoi qu'il en soit, par la persuasion ou par la violence, le Japon cherche à développer une influence exclusive sur la Chine; dans l'une comme dans l'autre hypothèse, ce qui lui importe, c'est la pénétration facile de ses produits sur le marché chinois. Si son but était atteint, le troisième des quatre problèmes que nous avons énumérés serait résolu pour le cabinet de Tokio. Et cela explique amplement la conversion vers le sud de la rapide pénétration nipponne sur le continent asiatique.

Reste le quatrième problème : celui de l'expansion démographique du Japon. Celui-ci, pour des raisons géographiques, ne pourra être sérieusement abordé, que lorsque la Chine sera tombée sous l'influence occulte ou avouée de l'Empire du Soleil Levant. La solution du problème commercial ouvrira la voie à celle du problème démographique. Mais, tout en poursuivant le premier, le Japon n'a pas manqué de poser des jalons pour le second.

Arrêtons-nous encore quelques instants à ce problème commercial et, plus spécialement, aux aspects politiques internationaux de celui-ci. Ce retour sur le passé est nécessaire pour bien comprendre le présent; il nous permettra, également, de situer le problème extrême-oriental par rapport aux grandes Puissances.

La Grande Guerre ne fut pour le Japon qu'une occasion de supplanter les nations blanches qui avaient pris pied en Chine et dans la partie centrale de l'Océan Pacifique. Le désir de s'emparer de Kiao-Tchéou et de la citadelle de Tsin-tao poussa le gouvernement de Tokio à intervenir dans le conflit aux côtés des Alliés. Cette possession eût procuré au Japon un excellent point de départ pour sa pénétration en Chine.

De même, la mainmise sur les colonies allemandes du Pacifique, les îles Mariannes, les îles Carolines et les îles Marshall, posait les premiers jalons de la route qui mène vers l'Insulinde et l'Australie, pays dont le climat est favorable à la colonisation nipponne.

Ce double plan ne fut déjoué qu'en partie par les peuples blancs; après maintes péripéties, qu'il serait vain d'évoquer maintenant, le Japon dut évacuer les anciennes possessions allemandes en Chine.

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Le traité sino-japonais de 1925 semblait éliminer pour longtemps tout risque de brutale ingérence nipponne dans les affaires de la République chinoise... Mais les Japonais ne restent jamais longtemps sur un échec : après avoir vainement tenté de la seule pénétration commerciale en Chine et s'y étant heurté à la tenace concurrence américaine qui n'hésitait pas à exciter la xénophobie des Chinois à l'encontre du Japon, le gouvernement de Tokio comprit que, sur ce terrain, l'action politique, et au besoin militaire, devait précéder l'action commerciale.

Les incidents de Changhaï lui en fournirent le prétexte, mais la résistance imprévue des théoriciens qui fit traîner en longueur une opération militaire hardie, laquelle n'aurait pu réussir politiquement que si son succès avait été foudroyant, mit fin à la seconde tentative sérieuse du Japon de prendre pied sur le territoire chinois. On se souviendra d'ailleurs que le boycottage des produits nippons par les Célestes fut à l'origine des incidents de Changhaï. On n'oubliera pas non plus que l'action militaire nipponne à Changhaï précéda la même action en Mandchourie : ayant échoué dans une attaque frontale, le gouvernement de Tokio, modifiant ses plans initiaux avec une souplesse et une rapidité qui font grandement honneur à son habileté, entreprit alors seulement le mouvement tournant par la Mandchourie.

LES RÉACTIONS DES GRANDES PUISSANCES

Or, toutes ces entreprises nipponnes portent atteinte de la façon la plus caractérisée au principe de la « porte ouverte » en Chine, dont les États-Unis, jadis principaux fournisseurs du marché chinois, ont été et restent les champions. Et cette lutte commerciale, dont semblaient jusqu'à présent se désintéresser la Grande-Bretagne et la France, est à la base du conflit armé qui risque d'éclater entre ces deux grandes Puissances riveraines du Pacifique.

Mais quelle que soit l'indifférence, ou du moins la mollesse des réactions française et anglaise devant la vigueur des entreprises japonaises en Chine et sur la Chine, les deux grandes nations occidentales commencent cependant à ouvrir l'œil; au delà de la Chine, se trouvent l'Indochine

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d'abord dont les ressources minières pourraient peut-être tenter le Japon; puis surtout l'Insulinde et l'Australie, terre favorable aux Nippons par le climat et la faible densité de la population.

Bien entendu, cette menace n'est encore que virtuelle. Le Japon mettra du temps à digérer d'abord la Chine qu'il convoite maintenant. Cependant, la rapidité de l'expansion japonaise en Mandchourie peut nous servir à cet égard d'exemple: le gouvernement de Tokio n'hésite pas, quand il croit pouvoir le faire, à brûler les étapes et il n'est jamais pris de court pour exploiter rapidement un succès, lorsque les résistances qu'il avait redoutées sont plus faibles qu'il ne pouvait s'y attendre.

La Grande-Bretagne fut d'abord alertée; elle est plus directement et plus immédiatement menacée: le commerce japonais conquiert dès maintenant une large part du marché hindou (comme, d'ailleurs, bien d'autres marchés coloniaux), où il n'a pas besoin, pour s'imposer, de recourir à des mesures politiques ou militaires.

Mais, en outre, la Grande-Bretagne est atteinte *dans son Empire* par l'expansion japonaise, dont la menace *directe* a déjà jeté une ombre sur Singapour.

Et nous abordons ainsi le quatrième problème qui conditionne la virulence de la politique internationale de l'Empire du Soleil Levant, le problème démographique.

La population japonaise se trouve à l'étroit dans les Iles Fleuries. Dès le début du siècle, le trop-plein de cette population active, entreprenante et prolifique a cherché à se déverser dans les contrées dont le climat était le plus favorable à la colonisation nipponne, c'est-à-dire la région de la Californie d'une part et, d'autre part, l'Australie du Nord, la Nouvelle-Zélande et l'Insulinde.

La réaction vigoureuse des États-Unis et des Dominions britanniques, qui, par différents moyens législatifs, limitèrent étroitement, et parfois interdirent complètement l'immigration japonaise, convainquit le gouvernement de Tokio qu'il lui faudrait, tôt ou tard, ouvrir ces terrains de peuplement les armes à la main. C'est en prévision de cette éventualité que le Japon s'assura des relais d'une importance stratégique inappréciable dans le Pacifique en obtenant le mandat sur les

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anciennes colonies allemandes situées dans cette partie du monde.

Assuré de ces relais, le Japon est immédiatement passé à la phase suivante de sa progression vers le sud en préparant ses bases d'opérations de telle sorte que, dès que son installation en Chine sera terminée, il puisse exécuter le bond suivant sans qu'une longue préparation soit nécessaire.

Nous savons bien peu de choses sur les troubles qui agitent depuis quelques années le royaume du Siam, et qui ont abouti récemment à l'abdication du souverain de cet État au profit de son fils, un enfant de dix ans. D'aucuns ont cherché à les expliquer par l'activité de Moscou. Explication passe-partout à l'appui de laquelle on n'a apporté aucune preuve.

Mais examinons la carte. Elle nous révèle que ce royaume, jouxtant les Indes au sud-est, s'allonge ensuite sur une mince bande de terre, un isthme, lequel s'élargit plus loin en la presqu'île de Malacca.

La partie méridionale de cette presqu'île est une possession britannique qui porte en sa pointe extrême la grande base navale anglaise de Singapour, et qui borde le détroit de Malacca face à l'île de Sumatra, colonie néerlandaise.

Ce détroit est la seule passe directe qui relie la mer de Chine et le golfe de Bengale. Singapour la commande, et tant qu'il la commandera, ce golfe immense restera une mer fermée britannique. On ne pourra y pénétrer de la mer de Chine qu'avec la permission de Singapour, par le détroit de Malacca, à moins de faire un long détour par l'Insulinde.

L'isthme de Krà, qui relie la presqu'île de Malacca au continent, n'a dans sa partie la plus étroite que 110 kilomètres de large. Et cette partie la plus étroite appartient en totalité au Siam, la possession britannique de Tenasserim s'arrêtant plus au nord. Ajoutons enfin que la hauteur moyenne de cet isthme n'est que de 75 mètres au-dessus du niveau de la mer.

Or, nous sommes en mesure de révéler que les Nippons manœuvrent actuellement, et non sans succès, pour obtenir du gouvernement siamois la concession de la construction d'un canal qui, coupant en deux l'isthme de Krà, relierait le golfe de Siam, c'est-à-dire la mer de Chine, au golfe de Peghou, c'est-à-dire au golfe de Bengale, mer intérieure de l'Inde.

Depuis quelques années déjà, de nombreuses missions



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« scientifiques » nippones parcouraient le Siam et spécialement l'isthme de Krâ et la presqu'île de Malacca; leurs recherches « géographiques », « entomologiques » et « naturalistes » n'ont jamais été que des prospections géodésiques poursuivies avec acharnement, dans le silence et le mystère, par les ingénieurs japonais. Et les troubles politiques qui ont lieu au Siam ne sont que les signes apparents du profond travail souterrain mené avec succès par le gouvernement de Tokio.

A qui douterait de la possibilité de cette intrigue internationale d'une certaine épave, nous rappellerions celles qui ont précédé et accompagné le percement du canal de Panama...

Cette manœuvre nipponne n'est que la riposte au non-renouvellement du traité d'alliance nippo-britannique, dénoncé par la Grande-Bretagne sous la pression de ses dominions australien et néo-zélandais, et aux récents travaux entrepris par le gouvernement de Londres pour renforcer sa base navale de Singapour. La puissante position britannique serait simplement tournée par le canal de Krâ, et perdrait les trois quarts de sa valeur stratégique.

Ces complications internationales qui surgiront dans un proche avenir ne permettront donc pas plus à la Grande-Bretagne qu'à la France, ou plus exactement, permettront moins encore à l'Empire britannique qu'à la France de rester indifférent à l'expansion nipponne.

D'autre part, nous savons que les États-Unis sont la Puissance commerciale la plus lésée par les agissements du Japon en Chine. Par ailleurs, nous avons à peine besoin de rappeler que les Iles Philippines, possession américaine, se trouvent les premières sur la route de l'expansion démographique japonaise; leur climat est d'ailleurs éminemment favorable à la colonisation nipponne. Et les possessions nippones, depuis Formose jusqu'aux Iles Marshall, les entourent d'un vaste arc de cercle. Les inquiétudes américaines sont ainsi amplement justifiées.

Nous avons peu de choses à dire des deux autres grandes Puissances européennes : l'Italie semble, pour le moment, se désintéresser des problèmes extrêmes-orientaux. Cependant, même ce pays risque de se heurter un jour à l'action du Japon.

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En ce qui concerne l'Allemagne, il n'est pas douteux que l'activité expansionniste et perturbatrice de Tokio soit vue à Berlin d'un œil bienveillant : il est d'un intérêt évident pour le Reich de voir la France, et même de voir la Grande-Bretagne s'empêtrer dans des difficultés en Asie. Leur vigilance sur le Rhin et en Europe centrale ne pourrait qu'en être affaiblie.

LA POLITIQUE RUSSE EN ASIE

Nous avons jusqu'à présent passé sous silence le rôle et l'attitude de l'U.R.S.S. dans le grand drame asiatique.

La politique moscovite en Asie est éminemment complexe. Ses buts secrets et souterrains nous paraissent sensiblement différents de ceux qui lui sont actuellement attribués, sur des apparences superficielles. Et le « complexe russe » de la situation en Extrême-Orient nous semble nécessiter une étude plus détaillée, que nous allons aborder maintenant.

Retenons pour le moment, — cette récapitulation sommaire permettra de mieux comprendre l'action réelle des Soviets en Extrême-Orient, — que l'expansion nipponne se développe sur l'axe nord-sud; que la mainmise sur la Chine en constitue désormais la première étape, dont la réalisation satisfera les besoins commerciaux du Japon; que le Japon passera ensuite à la seconde étape de sa marche vers le sud, laquelle visera l'Indochine, y compris le Siam, et l'Insulinde, y compris les Philippines, et dont la réalisation sera appelée à satisfaire les besoins démographiques de la grande Puissance jaune.

La politique extérieure de la Russie a toujours obéi à une règle stricte d'alternance : lorsqu'elle était active en Europe, elle était passive en Asie; lorsque (et ce dernier cas se présentait d'ailleurs le plus fréquemment) elle intensifiait son activité d'expansion, à l'est de ses frontières, elle adoptait en Europe une attitude passive.

Cette alternance se manifesta constamment au cours du XIX<sup>e</sup> siècle, avec cette caractéristique que les périodes « occidentales » de l'activité extérieure de la Russie étaient brèves, tandis que ses périodes « orientales » étaient plus longues; ce qui tend à démontrer que le véritable centre de gravité des

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intérêts internationaux de la Russie se trouve en Asie, et non en Europe.

Et en effet, l'expansion russe en Asie, avec pour objectif lointain les Indes, et pour objectif plus proche Constantinople et les Détroits, date de plusieurs siècles. Nous nous bornons à rappeler en quelques mots les principales étapes de cette expansion au cours du siècle précédent, puis nous examinerons ses progrès actuels, les Soviets continuant sur ce point la politique de l'Ancien Régime; progrès qui conditionnent et expliquent l'attitude défensive de l'U.R.S.S. en Europe.

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La prestigieuse épopée d'Alexandre sembla toujours exercer une attirance sur les souverains russes, en même temps que la richesse légendaire des Indes excitait l'esprit d'entreprise des commerçants et des aventuriers. Pierre le Grand, le premier souverain « européen » de la Russie, paya tribut à ce *Drang nach Osten*, par une expédition, d'ailleurs malheureuse, en Perse. Catherine II arrondit les possessions russes dans le sud-est en s'emparant du Khanat turco-tartare de Crimée et en amorçant la conquête du Caucase qui ne devait s'achever que sous Alexandre II. Son fils Paul I<sup>er</sup>, souverain exalté et romantique, conçut le plan d'un partage de l'Empire du monde... avec Bonaparte : Napoléon fut devenu empereur d'Occident, et lui-même, après une triomphale expédition aux Indes, se fut proclamé empereur d'Orient. Des pourparlers suffisamment poussés ont eu lieu, puisque Paul I<sup>er</sup> en est mort : on sait que l'ambassadeur de Sa Majesté Britannique à Saint-Petersbourg a participé au complot qui a abouti au meurtre de Paul Petrovitch, et on sait aussi combien jalousement le gouvernement de Londres a toujours veillé à son Empire des Indes...

Ainsi, au début du XIX<sup>e</sup> siècle, la Russie est entraînée, pendant trois lustres, dans une politique occidentale active; mais, dès le traité de Vienne, elle reprend son expansion à l'Est, qui se poursuit d'abord autour de la mer Noire et qui subit un premier arrêt du fait d'une coalition européenne qui s'y oppose : c'est la guerre de Crimée et c'est le traité de Paris. L'expansion russe change alors de direction, ou plutôt, étend son champ, sans diminuer d'intensité : la conquête du Caucase

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est poursuivie et achevée; et, par delà la Caspienne, la Russie s'établit solidement dans le Turkestan : l'investissement des Indes commence. Il se poursuivra désormais sans relâche, sur un arc de cercle de plus en plus étendu, par la Perse, où la pénétration russe n'est arrêtée que par le traité anglo-russe de 1907, par l'Afghanistan, par la Chine occidentale enfin.

Jusqu'à la grande guerre, la Russie manifeste une activité politique plus grande à l'est qu'à l'ouest. Et dès que la débâcle de 1917 balaye le régime impérial sous la réaction asiatique du bolchévisme, la Russie reprend avec une sorte de frénésie son *Drang nach Osten*.

Seulement, il est erroné de croire que cette nouvelle poussée s'exerce dans la direction générale ouest-est, et qu'elle amènera en conséquence un conflit entre l'U.R.S.S. et le Japon, qui de son côté s'établit de plus en plus solidement sur le continent asiatique.

L'objectif principal de l'expansion russe n'a pas changé, c'est l'Empire des Indes; il n'y a qu'à se rappeler la mainmise « amicale » des Soviets sur le gouvernement de Perse, ou bien le traité d'alliance signé avec eux par le roi Aman Oullah d'Afghanistan et suivi immédiatement par la réaction britannique, qui aboutit au remplacement d'Aman Oullah par Nadir Khan, homme-lige du gouvernement de Londres.

Maintenant, se sentant de nouveau bloqué en Perse et en Afghanistan par une contre-offensive diplomatique de la Grande-Bretagne, le gouvernement de Moscou cherche à élargir encore son mouvement tournant. C'est ainsi que, sans bruit et sans grandes difficultés, il vient de s'emparer d'une province chinoise trois fois grande comme la France, le Turkestan oriental.

Cette région est peuplée de tribus nomades de mêmes races, de mêmes langues et de mêmes religions que celles qui habitent le Turkestan russe, constitué en républiques soviétiques autonomes. La pénétration soviétique en Turkestan chinois en fut grandement facilitée. Les consuls russes, véritables chefs militaires, disposant chacun de forts contingents armés, que Moscou y envoyait, s'y présentaient non en conquérants étrangers : — les étrangers, c'étaient les mandarins chinois; — mais en alliés naturels, en frères de race, qui devaient aider les Turco-Tartares du Sin-Kiang à se libérer de la

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REVUE DES DEUX MONDES.

domination abhorrée du gouvernement étranger de Nankin.

Aussi, des révoltes éclatèrent-elles contre ce dernier. Un à un, les gouverneurs des provinces du Sin-Kiang (appellation chinoise du Turkestan) se ralliaient à la cause « nationale », sur l'instigation des Soviets qui fournissaient aux insurgés armes et chefs militaires; le généralissime nominal des armées régulières refusait l'aide que lui offrait le gouvernement de Nankin et emprisonnait les envoyés de ce gouvernement.

A l'heure actuelle, les Soviets sont les maîtres dans cette région: leurs consuls sont devenus les gouverneurs réels des différentes provinces du Turkestan chinois; le commerce extérieur de tout le Sin-Kiang, y compris même les exportations en Chine, est sous le contrôle de Moscou, et l'heure n'est probablement plus éloignée où nous verrons naître une nouvelle république populaire autonome, à l'instar de la Mongolie extérieure, qui demandera, — et naturellement obtiendra, — son affiliation à l'Union des républiques socialistes des Soviets.

Examinons, carte géographique en mains, les conséquences de cette conquête. La Russie comble la poche qui séparait ses possessions d'Asie centrale de la Mongolie extérieure: cette dernière est désormais enrobée, encadrée dans des territoires soviétiques. En même temps, l'Afghanistan voit s'accroître sa frontière commune avec la Russie. Et, sur cette frontière, Moscou ne perd pas de temps; déjà, d'importants travaux y sont entrepris, et bientôt une route praticable pour les camions gros porteurs reliera le Turkestan russe à la frontière même des Indes.

Enfin, la possession du Sin-Kiang met les Soviets en contact direct avec le Thibet où les influences anglaise et russe se sont toujours affrontées et où, voilà un an, le grand Lama, fidèle ami du Gouvernement britannique, mourait, mystérieusement empoisonné...

#### LES OBJECTIFS DE LA COLLABORATION NIPPO-SOVIÉTIQUE EN CHINE

A la lumière de ces événements on comprend mieux l'attitude conciliante de l'U. R. S. S. vis-à-vis du Japon et du Mandchoukouo: la Russie concentre son effort non pas dans

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l'est, mais dans le centre-sud de l'Asie. Loin de s'opposer à la pénétration nippone en Chine, elle en profite, à titre de co-partageant; tandis que Tokio s'empare de la Mandchourie et prend des dispositions pour mettre la main sur la Chine proprement dite, Moscou se sert de son côté en Chine extérieure, en Mongolie d'abord, puis, maintenant, dans le Turkestan chinois.

Aussi, notre conclusion sera-t-elle la suivante: nous assistons actuellement à un partage de la Chine entre deux grandes nations animées toutes deux d'un ardent expansionnisme, partage comparable à celui pratiqué jadis au détriment de la Pologne par la même Russie et par la Prusse, et qui ne sera lui-même qu'une étape de la progression parallèle du Japon et de l'U. R. S. S. vers les régions méridionales de l'Asie.

Cette communauté d'intérêts, ce parallélisme des « lignes de force » expliquent suffisamment que, malgré des difficultés réelles, les gouvernements de Tokio et de Moscou aient persévéré, — et réussi, — dans la recherche des solutions amicales des différends qui les opposaient l'un à l'autre. Nous croyons même pouvoir ajouter que diplomatie nippone et diplomatie soviétique ont maintes fois, de concert, offert intentionnellement aux nations blanches le spectacle de leur désaccord, à seule fin de laisser croire que les desseins expansionnistes de ces deux pays se neutralisaient réciproquement: la croyance en une telle opposition rassurait notamment les États-Unis, tout en rendant cette Puissance plus favorable à l'U. R. S. S., et il y faut voir l'une au moins des principales causes de la reconnaissance des Soviets par le gouvernement de M. Roosevelt. En même temps, le Japon en profitait pour obtenir divers avantages du Reich, qui voyait en lui un adversaire de l'U. R. S. S.

Derrière le paravent de cette feinte hostilité, l'U. R. S. S. et l'Empire du Soleil Levant semblent s'être parfaitement accordés. D'ailleurs l'U. R. S. S. fut la première grande Puissance (la seule jusqu'à présent) à reconnaître *de jure* l'Empire mandchou.

Ensuite, ce fut le traité de commerce nippo-soviétique de 1932, et finalement, voilà quelques mois à peine, la cession du chemin de fer de l'Est chinois au Mandchoukouo. L'U. R. S. S. se désintéresse de l'Extrême-Orient: c'est que de larges

compensations se sont offertes à elle en Asie centrale, objet constant des convoitises russes.

Ainsi, les deux mouvements expansionnistes, celui de l'U.R.S.S. et celui du Japon, se poursuivent parallèlement, sans se contrarier, mais au contraire en s'épaulant et peut-être, plus tard, en se prêtant même main forte.

Et nous ne saurions terminer cette rapide étude sans rappeler une récente interview accordée par M. Staline à un journaliste étranger et reproduite par la presse du monde entier.

Parlant de l'évacuation de Pei-ping et de la province de Ho-Pei par les forces militaires chinoises, en conséquence des exigences nippones, M. Staline déclara sans ambages : « On croit que les intérêts soviétiques sont gravement compromis par l'extension de l'occupation japonaise en Chine. Il n'en est rien. Plus le Japon orientera son action sur le continent asiatique vers le sud, et moins sa menace pèsera sur la Sibérie. Quant à la Chine, nous n'avons aucun intérêt essentiel à y défendre, et l'accroissement de l'influence nipponne dans ce pays ne nous gêne en rien. »

Nous nous en voudrions de chercher une autre conclusion à notre article.

ROCHEFORT.

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Enclosure 9 to Special Report No. W.D. 1618  
of November 20, 1935, from Embassy, Paris.

L'ACTION FRANCAISE of August 22, 1935.

## Passions japonaises

Le meurtre du général Nagata, abattu à coups de sabre dans le cabinet du ministre de la Guerre, reste enveloppé de mystère. Le Japon, qui est par excellence le pays de la discrétion imposée et du secret, est aussi celui des brusques mouvements, des réactions soudaines, dont le sens échappe souvent aux observateurs les plus avertis. Ceux-ci sont les premiers à reconnaître que ce peuple, si ouvert en apparence à toutes les nouveautés de la civilisation moderne, demeure cependant impénétrable sur bien des points. Le masque généralement souriant, la haute courtoisie dissimulent un fonds de passion sauvage, susceptible d'éclater tout à coup avec une violence qui renverse les combinaisons les mieux établies. C'est M. Ludovic Naudeau qui, sauf erreur, dans un livre déjà ancien, a décrit l'incroyable explosion de fureur qui secoua la population de Tokio en 1905, à la nouvelle de la conclusion du traité de Portsmouth, dont elle jugeait les conditions trop peu sévères pour les Russes vaincus, et qui a noté la stupéfaction des plus anciens résidents européens devant des manifestations que rien ne faisait prévoir. La tempête s'apaisa d'ailleurs aussi vite qu'elle avait surgi. En quarante-huit heures, tout rentra dans le calme. Mais il subsista, chez ceux qui avaient assisté à ce spectacle inattendu, une étrange impression de malaise, analogue à celle qu'on éprouve devant l'accès de folie d'une personne qu'on s'était habitué à considérer comme éminemment raisonnable et réfléchi.

Le crime de Tokio s'explique sans doute d'abord par des motifs personnels. La victime, chef du personnel au ministère de la Guerre, avait récemment prononcé dans le corps des officiers des mutations et des remplacements qui ont soulevé des mécontentements et des haines extrêmement vives. Mais la nécessité même dans laquelle on s'est trouvé de procéder à ces remaniements (qui ont porté sur cinq mille noms) est l'indice d'un certain ébranlement de la discipline dans l'armée, où un assez grand nombre de jeunes officiers adhèrent au mouvement nationaliste et impérialiste, teinté de socialisme d'Etat, qu'on a improprement dénommé fascisme et qui demeure spécifiquement japonais.

Ces éléments ardents estiment la politique du cabinet Okada trop timide et s'indignent de ce qu'ils appellent ses ménagements et ses compromissions. En particulier, l'élévation, opérée il y a quelques semaines, de la légation nipponne à Nankin au rang d'ambassade a excité leur colère : ils y ont vu un acte de faiblesse à l'égard d'un adversaire méprisé. Pour eux, le moment est venu d'aller de l'avant sans se soucier de ce que pensera et dira l'Occident affaibli, corrompu et empêtré dans ses propres querelles. Le Japon a une « mission », qui est d'exploiter et de régénérer l'Asie, en commençant par la Chine, et de relever la race jaune de la sujétion humiliante que l'Europe et l'Amérique lui ont imposée.

Emprisons-nous d'ajouter que cette idée-là n'est pas particulière au parti nationaliste et militaire, au mouvement *Showa*, comme on l'appelle. Il est probable au contraire que les dirigeants la partagent. Toutefois, mieux renseignés sur les possibilités et les impossibilités actuelles, ils jugent que la prudence commande de procéder par étapes. Il ne faut pas se faire d'illusion : tout ce qui compte, au Japon, a la même pensée. C'est sur la méthode seule qu'on diffère.

Quoi qu'il en soit, l'assassinat du général Nagata et les circonstances dans lesquelles il a été accompli décèlent un état d'exaspération qui ne peut pas laisser les pouvoirs publics indifférents. Sans doute on parera au plus pressé et, en s'appuyant sur l'autorité et le droit divin du mikado, dogmes respectés de tous, on matra le mouvement, par la manière forte si c'est nécessaire. La sûreté de l'Etat l'exige. Mais on n'opposera pas indéfiniment un rigoureux barrage aux forces qui se pressent et réclament qu'une voie leur soit ouverte. On saura les utiliser le jour venu. Tout fait prévoir que le Japon n'a pas fini d'étonner le monde.

J. DELEBECQUE.

Enclosure 10 to Special Report No. 1618 W.D.  
of November 20, 1935, from Embassy, Paris.

LE TEMPS of August 24, 1935.

Questions extérieures

## CHEZ LE COMTE MAKINO

Un abord froid, un regard voilé, une bouche aux coins tombants; autre chose que de la gravité : une pensée tournée en dedans, un air méditatif. Tel m'est apparu le comte Makino, garde du sceau privé, personnification, synthèse de l'empire : confiance et résolution.

Le comte Makino parle peu, il écoute et il observe, mais quand il se décide à répondre, les paroles tombent de ses lèvres avec un accent décisif. J'avoue que mes entretiens avec lui m'ont laissé une impression profonde.

Je l'ai vu à Tokio dans sa jolie demeure qu'entoure un jardin. Le salon où il me reçut était meublé à l'européenne; deux kakémonos seulement, et, devant la cheminée, un écran de soie où s'enlevait, sur fond blanc, une touffe de bambous à l'encre de Chine, donnaient la note japonaise.

C'était au lendemain de l'affaire du Tchahar.

« Excellence, nous nous demandons, nous autres Européens, qui ne savons pas, jusqu'où iront les militaires. Le Mandchoukouo, le Tchahar, demain la Chine du Nord... Les puissances sont à Pékin, à Tien-Tsin, d'accord avec vous du reste, depuis le protocole de 1901... »

« — Monsieur, rien ne se fait sans l'agrément de l'empereur. L'affaire du Mandchoukouo, contrairement à ce que l'on a écrit, n'a pas été réalisée à cause des jeunes officiers. Elle l'a été parce que la nation tout entière était à bout de patience, excédée par la campagne anti-japonaise et le boycottage de nos produits qui sévissaient et s'accroissaient de jour en jour en Chine. Si le Japon n'avait pas fait partie de la Société des nations, il eût agi plus tôt, mais quand eut lieu l'incident du 18 mars 1931, le sentiment qui, jusque-là, se contenait, éclata. Quant à l'affaire du Tchahar, elle s'explique par la non-exécution de l'armistice de Tang-Kou par la Chine.

« — Soit. Mais si, sous prétexte de soustraire le Tchahar à un fâcheux voisinage, les Japonais étendent leur influence dans la Chine du Nord, ils se trouveront fatalement en face des puissances, et alors n'est-il pas à craindre... »

« — Rien, monsieur, ne peut se faire sans l'assentiment de l'empereur. Il n'y a rien à craindre pour le protocole de 1901. Et d'ailleurs l'entente avec la Chine est nécessaire.

« — Cependant, il y a d'une part dans l'armée même des opinions divergentes, et comme des clans qui s'opposent; d'autre part, le jeu des partis politiques ne se fait pas, on gouverne sans ces derniers, les trois cabinets qui se sont succédé depuis l'accord de Moukden sont dits « bureaucratiques », d'où des mécontentements qui peuvent se traduire un jour d'une façon violente. Sans doute, le « conseil d'examen de la politique intérieure » qu'on est en train de créer comptera des délégués de tous les partis représentés à la Chambre, mais ce n'est qu'un pis aller, un expédient qui ne peut durer.

« — Il m'est difficile de vous parler de clans et de partis, réplique en souriant le comte Makino. Je suis constamment auprès de l'empereur, pour qui tous les Japonais sont les mêmes, sans les distinctions que vous faites. Toutefois, je puis vous dire, ce que du reste vous savez, qu'à notre époque il y a des changements partout. Il peut y en avoir au Japon, mais ils ne présentent rien de dangereux pour le Japon. Nous avons une Constitution, un Parlement, le tour des partis reviendra. »

« Le tour des partis reviendra. » D'autres hommes politiques japonais m'avaient montré la même conviction. Il nous paraît surprenant qu'une controverse de grand style s'institue sur une pareille donnée, et pourtant c'est en ce moment une question brûlante au Japon que de savoir si les partis reprendront leur place dans la vie politique du pays ou ne la reprendront pas. Une « ligue pour la suppression des partis » fait la propagande la plus active et elle a à sa tête des personnages de premier plan. Parce que la Constitution ne prévoit pas les partis et au nom de la « restauration Showa » (restauration de la justice éclairée), elle les repousse. Il est facile de lui rétorquer qu'aucune Constitution ne stipule l'existence de partis mais que dès qu'il y a un Parlement, il y a formation de partis.

Pour expliquer un aussi singulier pro-

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confiance ne doit pas être aveugle. Celle du comte Makino ne l'est pas. Ecoutez ceci :

« Vous avez, Excellence, des communistes, des intellectuels bolchevisants, des paysans malheureux, en un mot la question sociale est posée chez vous et se posera avec de plus en plus d'acuité.

« — Oui, la question sociale est préoccupante. Les éléments indésirables existent. Nous avons pris des mesures; le danger est écarté. Pour combien de temps? Nous ne savons pas... Le sort des paysans s'améliore, il n'est pas si mauvais qu'on le dit. Je voyage et m'en rends compte moi-même. »

Je m'étais fait donner, sur ce dernier point, quelques renseignements. Cette année même le gouvernement a déposé deux lois pour l'amélioration de la situation agricole : celle du contrôle du riz et celle de la self-culture. En même temps il encourage d'autres cultures que celles du riz et du mûrier, par exemple la culture maraîchère ou celle des arbres fruitiers; dans certaines régions il recommande l'élevage. En outre, il industrialise la commune agricole, c'est-à-dire qu'il sollicite de l'initiative privée la création de petites industries locales.

Six préfectures du nord souffrent parce que l'on n'y peut travailler qu'un tiers de l'année à cause de la neige et du froid; mais il faut se garder de généraliser dans les appréciations que l'on risque. En tout cas, la vérité est que les dépôts dans les caisses d'épargne des campagnes augmentent très sensiblement.

« Il y a, malgré tout, de grandes difficultés à surmonter à l'intérieur, poursuit le comte Makino. Le développement de son commerce aidera le Japon à en triompher. »

L'émigration est devenue impossible, m'ont dit plusieurs personnalités politiques; le commerce extérieur est une nécessité. Une politique d'accords commerciaux s'impose à présent au Japon; M. Hirota, ministre des affaires étrangères m'a exprimé là-dessus son sentiment qui correspond à une juste vision des réalités. L'Angleterre, pratique, l'a d'ailleurs compris et les activités de Sir Frederick Leith Ross, principal conseiller économique du gouvernement britannique, qui a été envoyé en Extrême-Orient, ne tarderont pas à le prouver. On peut dire qu'un accord économique anglo-japonais est d'ores et déjà à l'horizon.

Quoi qu'il arrive au Japon, je rapprocherai toujours les événements qui s'y dérouleront de ce que m'a dit le comte Makino, la personnalité la plus représentative d'un Japon qui évolue sans trop de heurts et sans bouleversement, qui veut continuer à évoluer de cette manière et qui peut-être y parviendra.

ANDRÉ DUBOSCQ.

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nant qu'une controverse de grande importance se constitue sur une pareille donnée, et pourtant c'est en ce moment une question brûlante au Japon que de savoir si les partis reprendront leur place dans la vie politique du pays ou ne la reprendront pas. Une « ligue pour la suppression des partis » fait la propagande la plus active et elle a à sa tête des personnages de premier plan. Parce que la Constitution ne prévoit pas les partis et au nom de la « restauration Showa » (restauration de la justice éclairée), elle les repousse. Il est facile de lui rétorquer qu'aucune Constitution ne stipule l'existence de partis mais que dès qu'il y a Parlement, il y a formation de partis.

Pour expliquer un aussi singulier programme, il faut se rappeler la jeunesse du Parlement japonais et se bien représenter le sentiment qui au fond anime les promoteurs de la restauration Showa. Ce sentiment est le même que celui qui dresse jusqu'à un certain point (car il y aurait beaucoup à dire sur cette opposition mitigée çà et là jusqu'à tourner au compromis) les militaires contre les « capitalistes » et les pousse à vouloir maintenir au Japon la vie modeste, aux ambitions modérées, qui a valu au pays de devenir ce qu'il est.

« Tous les vingt ou trente ans, me dit le comte Makino, le Japon fait un mouvement vers ses traditions. »

Possible, mais ce mouvement est aujourd'hui provoqué par des idées plutôt que par des événements du dehors; ce à quoi le Japon s'attaque cette fois est moins visible et par conséquent plus malaisé à vaincre.

« Nous avons confiance en notre avenir, me déclare mon éminent interlocuteur. »

Parfait, et je partage sa confiance, mais la

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LE TEMPS of September 10, 1935.

### Questions extérieures

## Le Mandchoukouo, la Chine et le Sud-Mandchourien

On entend souvent dire que la Chine est le pays des surprises; on peut ajouter: et des paradoxes.

La *Revue nationale chinoise*, du 14 juillet dernier, écrivait:

La politique japonaise de la Chine a beaucoup évolué depuis le commencement de 1933. Le gouvernement de Nankin s'est rendu compte qu'il ne pouvait compter sur l'intervention de la Société des nations, les puissances ne songeant qu'à la protection de leurs intérêts en Chine. Sans repousser leur coopération économique, il n'hésitera pas, selon nous, à accepter celle du Japon, si celle-ci est débarrassée de tout caractère agressif. On peut considérer la réorganisation récente des administrations provinciales du Houpei et du Tchahar comme le premier pas vers la future entente économique sino-japonaise.

Depuis que ces lignes ont été écrites, un deuxième pas a été fait. Les témoignages en viennent de tous côtés. Nos lecteurs nous rendront cette justice qu'il y a beau temps que nous nous attendons à ce rapprochement. Au lendemain même de l'affaire de Mandchourie, si paradoxal qu'il ait pu alors paraître, nous écrivions qu'il était dans l'ordre de la politique sino-japonaise qui évidemment ne correspond pas, ô lord Lytton! à l'idéal qu'on se fait en Occident des ententes internationales... Il se fera sans bruit, disions-nous, ce rapprochement, sans éclat, à la chinoise, afin d'éviter qu'il ne soit interprété au dehors comme une reconnaissance du Mandchoukouo.

Or le troisième pas semble bien devoir être précisément cette reconnaissance, accompagnée d'une entente pour la défense contre le communisme et d'une collaboration économique dans la Chine du Nord.

La reconnaissance du Mandchoukouo par la Chine paraîtra à certains aussi paradoxale sinon plus que précédemment le rapprochement sino-japonais. Elle n'en est pas moins dans l'air et, à notre avis, elle y est définitivement. Certes, la faction politique du sud-ouest de la Chine, c'est-à-dire celle des provinces du Kouang-Si et du Kouang-Toung, en est l'adversaire résolu. On s'attend même de sa part à Tokio à une déclaration d'indépendance en règle à l'égard de Nankin; cela ne changera pas grand-chose à l'état de fait qui existe entre le Nord et le Sud de la Chine.

Par contre, n'a-t-on pas lu dans le *Nichi Nichi* du 30 août: « L'ambassadeur de Chine à Tokio, qui revient de son pays et sera reçu le 4 septembre par M. Hirota, ministre des affaires étrangères japonais, a reçu pour instruction du maréchal Tchang Kai Chek de remettre à une date ultérieure le règlement de la question de la reconnaissance du Mandchoukouo ».

D'autre part, l'*Asahi* n'annonçait-il pas, le 25 août, que « les milieux diplomatiques sont d'avis de poursuivre la collaboration politique et économique du Mandchoukouo selon les principes suivants: 1° Reconnaissance du Mandchoukouo par la Chine; 2° Formation d'un front commun sino-nippo-mandchou contre la pénétration communiste en Extrême-Orient, etc. ».

(1) L'armée du Kouang-Toung tient cette appellation non pas de la province méridionale de la Chine qui porte le même nom, mais de la presqu'île où se trouvent les ports japonais de Dairen et Port-Arthur.

Pour notre part nous avons entendu plus d'un représentant des puissances à Tokio nous exprimer le regret qu'ont celles-ci de s'être si solennellement engagées à Genève, pour la cause chinoise, à ne jamais reconnaître le Mandchoukouo. « On a toujours tort en politique de dire qu'on ne fera jamais certaines choses », nous avouait à ce propos une des personnalités les plus en vue de la Société des nations. Qu'elle se rassure! Le mal sera réparé. Il n'est pas de puissance qui ne veuille soutenir, pousser quelque affaire au Mandchoukouo. La Chine sera bénie le jour où, par sa reconnaissance du Mandchoukouo, elle libérera les gouvernements des liens qui les retiennent encore. Mais on peut alors se demander si le Japon tient tant à cette reconnaissance qui peut lui susciter des concurrents. En fait le Japon ne s'effraye pas de cette concurrence. Comme rien ne se fera sans lui au Mandchoukouo, il voit plutôt dans l'afflux des offres le moyen de traiter au meilleur compte. Mais surtout il voit dans la reconnaissance la consécration de son œuvre, et c'est ce qui lui importe. Politique d'abord!

D'ailleurs l'intérêt économique n'est pas limité pour le Japon au Mandchoukouo; il porte encore sur le Nord de la Chine dont le développement par une collaboration sino-japonaise est à l'ordre du jour.

Cette question très importante du développement de la Chine du Nord dépend naturellement du rapprochement sino-japonais. Elle est en outre conditionnée par celle de la participation de la compagnie du Sud-Mandchourien.

Le 17 juillet, de hautes personnalités militaires japonaises décidaient, dans une réunion à Hsin-King, d'étudier tout d'abord avec les autorités chinoises le développement des communications aériennes et ferroviaires dans le Nord de la Chine, et ensuite le développement des exploitations minières, de l'industrie du coton et de l'élevage du mouton; la participation du Sud-Mandchourien serait recherchée pour le financement de ces entreprises, comme elle existe au Mandchoukouo.

Interrogé, quelques jours plus tard, sur l'éventualité de cette participation, le comte Hayashi, alors président de la compagnie du Sud-Mandchourien, répondit qu'elle était en effet possible en association avec un syndicat de banquiers. Et, de fait, le 8 août, l'agence Rengo annonça de Hsin-King que la compagnie du Sud-Mandchourien avait décidé de créer pour le développement de la Chine du Nord une filiale qui demanderait une charte au gouvernement japonais.

Depuis lors, le comte Hayashi, démissionnaire, a été remplacé comme président de la compagnie par M. Matsuoka, qui en fut naguère vice-président. Les relations de M. Matsuoka avec l'armée sont trop connues pour qu'on puisse le croire, sur ce point, dans d'autres dispositions que le comte Hayashi.

Le problème de la réorganisation du Sud-Mandchourien, écrivait l'*Asahi*, le 8 août, est actuellement étudié par l'armée centrale et celle du Kouang-Toung (1). On s'attend à ce que M. Matsuoka soit fortement sollicité de coopérer avec l'armée du Kouang-Toung à cette réorganisation. On attache beaucoup d'intérêt au plan concret que M. Matsuoka présentera à cet effet au ministre de la guerre.

Ces lignes, soit dit en passant, répondent élogieusement à ceux qui ne voient que dissensions profondes au sein de l'armée, points de vue opposés et irréductibles entre officiers en matière politique et sociale, et qui oublient que le désir de travailler à l'œuvre du plus grand Japon anime tous les militaires, qu'ils soient jeunes ou vieux, modérés ou « extrémistes », ennemis ou non des « capitalistes ». Sans doute, le ministère de la guerre veut avoir un contrôle sur toute l'armée nipponne, qu'elle opère dans l'empire insulaire ou sur le continent; mais les déclarations que fit à ce sujet le général Hayashi, ex-ministre de la guerre, après l'as-



- 2 -

Le TEMPS of September 10, 1935, continued.

gata, ont-elles rencontré la moindre opposition? On nous dit que l'armée du Kouang-Toung étudie avec l'armée centrale la réorganisation du Sud-Mandchourien, et que le président de celui-ci présentera dans ce but un plan au ministre de la guerre.

En somme, la réorganisation du Sud-Mandchourien est certaine. Ensuite la participation du Sud-Mandchourien au développement économique du Nord de la Chine est en principe décidée. La question que l'on pourrait encore se poser est de savoir si les banques chinoises investiront là des capitaux avec autant d'em-

pressement qu'au Mandchoukouo... Nous ne nous la posons pas. Nous savons que partout où l'ordre régnera et où il y aura des perspectives d'affaires, les capitaux chinois afflueront. L'article de la *Revue nationale chinoise*, que nous citions en commençant, le laisse du reste suffisamment entendre. Mandchoukouo, Chine, Japon, Sud-Mandchourien, composeront demain, sur le plan économique, un ensemble duquel telle puissance d'esprit pratique et experte en affaires redoute déjà d'être tenue à l'écart.

ANDRÉ DUBOSCO.

DECLASSIFIED: E.O. 11652, 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 12 to Special Report W.D. 1618  
 of November 20, 1935, from Embassy, Paris.

LE TEMPS of September 29, 1935.

pas. Mandchoukouo à Dairen, ne me contrediront le déclare, mais aussi président du Sud-« charpion de la restauration Showa ». Il s'agit du Japon à Hsin-King, et M. Matsukata, Kouang-Toung, mais en même temps ambassadeur. Le général Minami, chef de l'armée de ceux-là. Le Mandchoukouo est de les « capitalistes » au Mandchoukouo est de et le compromis entre les « extrémistes » et Soit-il ? Il y a des compromis qui s'imposent. Nous ne nous entendons pas à Tokyo. Les « capitalistes » ne méritent pas les Le Mandchoukouo : fief des militaires ou les ment ? Conçoit-on qu'il en puisse être autre- de Moukden ? Et cela n'est-il pas naturel, iné- sur les plus beaux emplacements de Hsin-King, pour y installer leurs offices, leurs banques, pas ceux-ci construire d'énormes buildings eux ? N'a-t-elle pas déjà commencé ? Ne voit-on l'ile ? N'est-elle pas obligée de composer avec faut pour cela, si ce n'est chez les « capita- 2. — LE TEMPS. — 29 septembre 1935

réalité. L'esprit du Meiji l'inspire et la dresse à la fois contre les capitalistes et contre les autorités politiques ou militaires qui ne partagent pas ses points de vue « extrémistes » ; cet esprit-là pousse quelquefois à des manifestations individuelles qui vont jusqu'à l'assassinat. Un exemple récent en est l'assassinat du général Nagata, principal collaborateur du ministre de la guerre, autour duquel se groupent les militaires « modérés ».

On se souvient qu'à la suite de ce meurtre, le ministre de la guerre, avec l'appui du conseil supérieur de la guerre, prit des mesures pour avoir le contrôle effectif de toute la force armée de l'empire. Mais un télégramme de Tokio, en date du 23 août, annonçait que le général Itagaki, chef d'état-major adjoint de l'armée du Kouang-Toung, avait déclaré que celle-ci ne se ressentirait d'aucune manière de l'assassinat, d'ailleurs infiniment regrettable, du général Nagata. Il n'apparaît donc pas que ladite armée soit disposée à céder même une parcelle de sa quasi-indépendance vis-à-vis du ministre de la guerre.

Beaucoup de personnes s'inquiètent énormément de l'état d'esprit par lequel cette même armée rejoint, disent-elles, les éléments révolutionnaires contre lesquels le pays, malgré les apparences, a à se défendre. Sans nier qu'il y ait là matière à réflexion, nous ne partageons pas pareilles craintes.

D'abord, pour ce qui est de l'armée, son culte de l'empereur lui interdit toute révolution à la manière russe. Pour elle, « le marxisme, comme on l'a dit, commence là où la personne de l'empereur n'est plus en jeu ». Si elle demande la fin du capitalisme, le partage des terres, elle veut que ce soit l'empereur qui répartisse les biens de ce monde d'une façon plus juste. C'est avec lui que la révolution doit se faire, et non pas contre lui. En somme, l'armée ne prend que la partie économique du marxisme, et laisse de côté la partie politique.

Mais le prolétariat japonais lui-même n'est-il pas dans les mêmes dispositions ? Il n'est pas plus affranchi de certaines idées politiques que les militaires ? Combien sont, au Japon, les communistes qui passeraient outre à la personnalité d'essence divine de l'empereur ? Que vient-on de voir précisément à ce sujet ?

Un professeur de droit réputé, le docteur Minobé, a défini il y a plusieurs années la personnalité juridique de l'empereur. Selon lui la souveraineté résidait au Japon dans la nation et non dans l'empereur, celui-ci n'étant qu'un souverain constitutionnel. Les nationalistes s'avisèrent, il y a un an environ, que cette théorie était sacrilège et demandèrent au gouvernement de proclamer sans équivoque possible que la souveraineté résidait uniquement dans l'empereur en raison de son ascendance divine. Après une année de discussion au sein de la Diète et du cabinet et d'une campagne de presse extrêmement violente, le gouvernement vient de proclamer dans un manifeste que la souveraineté du Japon réside tout entière dans la personne de l'empereur en raison de son ascendance divine.

On se représente malaisément chez nous l'état d'âme qui engendre une telle conception. C'est qu'en fait le culte de l'empereur se confond au Japon avec le patriotisme qui est une religion ou, si l'on préfère, une métaphysique de l'Etat sur laquelle le critère de la morale japonaise s'appuie plus que sur le concept de la loi naturelle qui est dans la conscience humaine. C'est aussi une poésie, un symbole, comme on peut le dire de toute la vie japonaise (1). Si la patrie est en danger, chacun quitte sa poésie familiale pour la grande poésie du patriotisme...

Qu'il nous soit permis de conclure que la révolution n'est pas aux portes et qu'une crise sociale profonde ne menace pas encore le Japon. En admettant que les militaires aient poussé à la déclaration gouvernementale dont nous venons de parler, il est certain qu'ils ne voudront pas qu'elle reste lettre morte pour la nation et d'autre part, si les données universelles du problème social existent au Japon (communistes, intellectuels bolchevisants, paysans malheureux — voir le Temps du 24 août), un élément local contraire intervient puissamment : l'idée que les Japonais se font de leur empereur. Cette idée, civils et militaires l'ont vivace au fond d'eux-mêmes et quiconque la néglige dans l'appréciation de la politique générale du Japon ne peut que porter un jugement faux.

Mais il y a autre chose encore au Japon qui est particulier au temps présent et qui doit rassurer ceux qu'inquiète l'attitude des « extrémistes » de l'armée du Kouang-Toung, parce que cela tempère les sentiments anticapitalistes de ces derniers.

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Or si l'esprit du Meiji anime l'armée du Kouang-Toung, c'est-à-dire si celle-ci, estimant que cet esprit a été trahi, veut, comme l'empereur Meiji, que le peuple japonais tout entier, et non pas seulement une fraction privilégiée de ce peuple bénéficie des avantages de la civilisation occidentale, en même temps elle veut construire, outiller, armer économiquement une vaste région où pour ainsi dire rien n'existe, où tout est à faire. Où trouvera-t-elle ce qu'il

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(continued on verso of column 1)

DIMANCHE 29 SEPTEMBRE 1935

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Assure 12 to Special Report W.D. 1618  
November 20, 1935, from Embassy, Paris.

ber 29, 1935.

## Questions extérieures

### LE MANDCHOUKOUO et l'esprit du Meiji

On parle beaucoup à présent, au Japon, du Meiji, de la restauration Meiji, de l'esprit du Meiji. Les promoteurs de la restauration Showa disent que celle-ci complète la précédente, qu'elle est un rappel à l'ordre, au retour à des principes qui ont fait le Japon d'aujourd'hui, une sorte de « Bushido » à l'usage de tous, autrement dit une règle de modération dans les ambitions, les goûts, la manière de vivre de chacun, qui s'oppose au luxe affiché depuis trente ans par une classe restreinte de la société dite capitaliste et qui fut d'un détestable exemple pour la généralité.

On sait que l'empereur Mutsuhito, dont le règne est connu sous le nom d'ère du Meiji, recommanda à son peuple la civilisation occidentale en ce qu'elle a d'utile matériellement et de confortable, pour employer un mot à la mode; mais qu'il voulut, en même temps, que fussent conservés par les Japonais les principes fondamentaux de leur propre civilisation. Ce sont ces principes qu'un clan militaire prétend raviver en se dressant contre les « capitalistes ». L'armée du Kouang-Toung, c'est-à-dire celle qui occupe avec l'armée mandchoue le nouvel Etat du Mandchoukouo a cette ambition et se déclare décidée à la traduire dans la réalité. L'esprit du Meiji l'inspire et la dresse à la fois contre les capitalistes et contre les autorités politiques ou militaires qui ne partagent pas ses points de vue « extrémistes »; cet esprit-là pousse quelquefois à des manifestations individuelles qui vont jusqu'à l'assassinat. Un exemple récent en est l'assassinat du général Nagata, principal collaborateur du ministre de la guerre, autour duquel se groupent les militaires « modérés ».

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

Enclosure 13 to Special Report No. 1618 W.D.  
 dated November 20, 1935, from Embassy, Paris.

LE JOURNAL of October 15, 1935.

## L'activité malfaisante des Soviets en Extrême-Orient

Cela ne rate jamais : chaque fois que les affaires paraissent sur le point de s'arranger entre le Japon et la Chine, des incidents surgissent du côté des Soviets.

Cela ne va d'ailleurs jamais très loin, mais cela suffit à montrer qu'il y a des pêcheurs en eau trouble.

Ainsi, ce qui nous paraît le plus intéressant dans les nouvelles d'Extrême-Orient, ce n'est pas que des incidents de frontière aient de nouveau éclaté entre Moscou et Tokio, c'est l'évolution qui se développe en vue de mettre fin à la crise d'où est sorti l'Etat mandchou.

Et voilà, en vérité, qui nous ramène à la plus brûlante des actualités.

En effet, dans la crise sino-japonaise, la Société des nations n'a appliqué aucune sanction. On a laissé les événements suivre leur cours. Cela a eu, au moins un résultat : c'est de limiter au minimum les complications internationales.

Il ne manque à la démonstration de l'efficacité de la méthode que la réconciliation complète de la Chine et du Japon. Or, n'est-ce pas ce qui se prépare ? Lisez seulement cette déclaration :

« De toute façon, je crois que des efforts doivent être faits pour développer la coopération entre la Chine et le Japon, ceci pour le salut de la paix en Asie orientale.

» La Chine et le Japon sont deux nations sœurs et elles devraient travailler ensemble sur la base de la justice et de la cordialité.

» La Chine et le Japon doivent se comprendre. Toute difficulté surgissant entre les deux pays met inévitablement en danger la paix de toute l'Asie orientale et, en conséquence, affecte sérieusement celle du monde entier.

» Quiconque considère ce fait ne peut manquer d'espérer que les différends entre la Chine et le Japon vont être apaisés aussitôt que possible. »

Qui a dit cela ?

Tout simplement le général Tchang Kai Chek, le véritable maître de la Chine.

L'évolution n'est pas moins nette du côté japonais. Le gouvernement de Tokio vient de fixer les bases de sa politique à l'égard de la Chine, et ces bases ont été soumises à l'état-major de l'armée d'occupation, qui a toujours une tendance à gagner à la main.

Cette politique vise à la reconnaissance de l'Etat mandchou par la Chine, à la coopération économique du Japon et de la Chine, à l'union des efforts de la Chine, de la Mandchourie et du Japon pour lutter contre le communisme.

Ce dernier point ne suffit-il pas à expliquer pourquoi les Soviets cherchent à troubler le jeu ?

DECLASSIFIED: E.O. 11652, 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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Nanking

Dated December 5, 1935

FROM Rec'd 9:35 a.m.

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Washington

128, December 5, 3 p.m.

Division of  
FAR EASTERN AFFAIRS  
DEC 5 - 1935  
Department of State

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

One. I called on Kung, acting president of the Executive Yuan, December 4, 6 p.m., to seek information regarding Sino-Japanese relations. He refused to describe nature of the instructions given to Ho but evidenced fear that Ho would be outwitted by the Japanese into conceding too much. He said that any settlement reached would be only a stop gap and prelude to further Japanese encroachments. He said that when Tada first approached Shang Chen with his demand that autonomy of Hopei be declared Tada stated clearly that the Japanese must fight the Russians and must have Chinese cooperation in the North hence must be allowed to train the Chinese troops.

Two. As I anticipated Kung inquired regarding the attitude of the American Government toward these discussions concerning fate of North China and whether the American Government would do or say anything if the Japanese took military possession of that area. I naturally replied I had no information on this point but implied doubt whether any public statement would impede Japanese activities in view of experience in 1932. Kung said three years ago  
Great

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

AU -2- #128, December 5, 3 p.m. from Nanking

Great Britain had not been ready to back up the United States but if both countries joined in some statement now Japan must pay some attention, Kung then said if Japanese advance into China were not stopped Japan would cut off relations between China and all other foreign countries and he asserted Japan's ambitions included ultimate seizure of Hong Kong, other European possessions in the Orient and the Hawaiian Islands. I have replied that I did not dispute his assertion but did not believe the voters of America who determine American foreign policy were alarmed at such distant threats. To forestall request that I telegraph a message I called attention to news reports of conversations between the Department, the Chinese Ambassador and the British Government.

PECK

CSE

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 128) of December 5, 1935, from the American Embassy at Nanking, reads substantially as follows:

On December 4, with a view to obtaining information in regard to relations between China and Japan, the Counselor of the Embassy called upon the Acting President of the Executive Yuan (Kung). Although Kung was unwilling to explain with regard to the instructions given to Ho, he seemed to fear that the Japanese would outwit Ho into yielding too much, and he stated that any agreement arrived at would be a stop gap only and a prelude to additional encroachments by the Japanese. Kung stated that at the time when Tada first demanded of Shang Chen that the autonomy of Hopei be announced he (Tada) made it quite clear that Japan must fight Russia and must have the cooperation of China in the North and, therefore, must be permitted to train the Chinese soldiers.

In accordance with the Counselor's expectation, Kung asked about the American Government's attitude toward the discussion in regard to North China's fate and whether, if Japan took military possession of that region, the American Government would say anything or take any action. The Counselor replied that he was not informed on this point but he left the impression that he doubted whether, in view of the experience in 1932, any public statement would hinder the activities of Japan. Kung remarked that Great Britain had



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

- 2 -

had not been prepared three years ago to back up the United States but that Japan must pay some heed if both the United States and Great Britain now joined in some statement. Kung next stated that if the Japanese advance into China were not halted Japan would sever relations between China and all other foreign countries and he declared that Japan's ambitions covered the seizure ultimately of the Hawaiian Islands, Hong Kong and other European possessions in the Orient. In reply to these statements the Counselor remarked that although he did not dispute Kung's assertions he was not of the opinion that the voters of the United States who determine the foreign policy of their country were frightened at threats so far away. In order to ward off a request that he telegraph a message, the Counselor invited attention to press reports of conversations between the British Government, the Chinese Ambassador and the Department.

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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

~~ACA~~  
~~MEM:~~  
~~WTT:~~  
~~MMH:~~  
December 10, 1935.

Nanking's No. 26 of October 25, 1935, transmits a memorandum of conversation between Mr. Peck and Dr. Hsu Mo (Political Vice Minister for Foreign Affairs).

Mr. Peck's object was to ascertain whether or not there was basis for the report that the Japanese military officials in China have presented a number of "demands" to the Chinese Government (specifically with reference to North China). Dr. Hsu refrained from denying credibility to the report, thus lending some credence to it, but castigated the Japanese Government for allowing the Japanese military officials to present "demands" to high officials of the Chinese Government.

Dr. Hsu did say that as far as formal relations were concerned the Japanese Government had made no "demands" on China. He commented upon the very apparent division of responsibility in Japan insofar as intercourse with China

was

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

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was concerned and remarked that relations would be simplified if matters could be negotiated between the two Foreign Offices. He said further that although Japan said that no one else was to give financial assistance to China Japan was herself unwilling or unable to give such assistance.

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



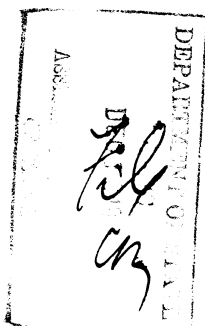
EMBASSY OF THE  
UNITED STATES OF AMERICA  
Nanking, October 25, 1935, RECEIVED  
DEPARTMENT OF STATE

No. 26

CONFIDENTIAL.

1935 DEC 5 AM 9 30

793.94  
Subject: Sino-Japanese Relations.



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For	In U.S.A.	<input checked="" type="checkbox"/>	
	ON		
	MD		

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 a memorandum of a conversation held by Mr. Peck with Dr. Hsu Mo, Political Vice Minister for Foreign Affairs, on the morning of October 25. The Department will recollect that, according to the current classification of many Chinese officials, Dr. Hsu Mo belongs to the so-called "European and American group" rather than to the "Pro-Japanese group".

Mr.

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Mr. Peck's specific object was to ask Dr. Hsu Mo to confirm or deny the reports particularly prevalent during the last few days that Japanese military officials in China have presented a number of "demands" to the Chinese Government, including those for the creation of an autonomous state in North China, Japanese control of railways in North China, et cetera. The latest list of these "demands" was reported to the Department in telegram, No. 37, of October 25, 12 noon, from the Embassy at Nanking. 7321

Dr. Hsu Mo was non-committal in his report, but his caustic criticism of the liberty allowed by the Japanese Government to Japanese military officials in China in the matter of presenting "demands" to high officials of the Chinese Government, and his reference to some "demands" of this sort which he alleged had been made, led Mr. Peck to infer that he purposely refrained from denying credibility to the reports.

It would be particularly disastrous to Dr. Hsu Mo, in the present state of affairs in Nanking, if information in regard to his remarks should receive any publicity.

Respectfully yours,

For the Ambassador:

*Willys R. Peck*  
Willys R. Peck,  
Counselor of Embassy.

Enclosure: ✓

1/ Memorandum of Conversation of  
October 25, 1935.

In quintuplicate to the Department  
Copy to the Embassy, Peiping

710. S-J

WRP:MM

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

MEMORANDUM OF CONVERSATION.

CONFIDENTIAL

Nanking, October 25, 1935.

Subject: Sino-Japanese Relations.

Dr. Hsu Mo, Political Vice Minister  
for Foreign Affairs,

Mr. Peck.

Mr. Peck called on Dr. Hsu Mo on the morning of October 25, in connection with a matter of business and in the course of the conversation Mr. Peck observed that a great many rumors had been circulating recently relating to terms of "cooperation" between Japan and China, which the Japanese were reported as having pressed on China with increasing vigor. These terms included such items as the demilitarization of ports along the coast, or even of entire provinces along the coast, the creation of an autonomous state in the five northern provinces of Shantung, Hupeh, Shansi, Chahar and Suiyuan, the cessation of all reliance by China on political, economic and financial assistance from American or European sources, et cetera. Mr. Peck inquired whether Dr. Hsu Mo would care to comment informally on these rumors; if he did not care to make such comments, Mr. Peck said, the conversation could be limited to the express business on which Mr. Peck had come to see Dr. Hsu Mo.

Dr. Hsu Mo said that a good many of the rumors to which Mr. Peck referred seemed to have been started by

persons

- 2 -

persons interested in manipulating the stock market.

Dr. Hsu Mo said that so far as the formal relations between the Japanese and the Chinese Foreign Offices were concerned, these so-called "demands" had not been made. Mr. Hirota has never even broached these various "demands" to General Chiang Tso-pin, Chinese Minister in Tokyo. However, the Chinese Government could never foresee what demands would be presented by Japanese military officers in China to the Chinese authorities in different localities, for every subordinate Japanese military officer seemed to feel that he had a right to present demands to the high authorities of the Chinese government.

Dr. Hsu Mo said, for example, when General Takahashi, Japanese Military Attaché, or rather, Assistant to the Military Attaché in Peiping, and Colonel Saki, in May or June last had presented demands to General Ho Ying-chin, then in charge of the Branch Military Affairs Committee at Peiping, the Chinese Foreign Office had directed the Chinese Minister in Tokyo to point out to Mr. Hirota that the latter had given an undertaking that no further demands would be presented in this way, but Mr. Hirota had been unable to centralize negotiations in his own hands. Dr. Hsu Mo said that the Chinese government would be perfectly willing to negotiate any question whatever, no matter how unreasonable it might seem, with the Japanese government, provided the negotiations were conducted in orderly fashion. Dr. Hsu Mo said that there was no precedent in international relations for such division of responsibility as was evi-

dent

- 3 -

dent in Japan in all that related to intercourse with China.

Mr. Peck observed that he had read newspaper articles which explained that in the Japanese view the Army, the Navy and the Civilian Branch of the government, have each their own peculiar duties and responsibilities for the protection of the empire and that they are co-equal.

Dr. Hsu Mo said that the difficulty in the situation lay in the fact that the Army and the Navy regard their authority as coming directly from the Emperor. He said Mr. Peck had probably read of the controversy in Japan over the statement made by Dr. Nitobe to the effect that the Emperor is an organ of the state, whereas the Army maintains that the Emperor is himself the state.

Mr. Peck said that he had read accounts of this controversy and inferred that the Army view had prevailed.

Dr. Hsu Mo said that the Japanese Emperor, himself, was in a very difficult position. The Chinese Government had reason to feel that the Emperor did not approve of the tactics which were being used by the Japanese military officers in China, but he was not in position to put an end to it. Mr. Peck remarked that the Emperor could hardly disown the actions of the Army, which constituted itself his chief support.

In regard to the reports of the Japanese desire to promote economic cooperation between Japan and China, Dr. Hsu Mo said that nothing whatever had come of these various plans so far. There had been considerable discussion, but nothing had been done. As Mr. Peck knew,

he



- 4 -

he said, a party of leading Chinese bankers and businessmen was touring Japan in an effort to explore the possibilities in this direction. With reference to the caveat the Japanese had issued to China against expecting any financial assistance from Occidental nations to China, the Chinese had found that the Japanese although unwilling that China should appeal to the western nations, were themselves either unwilling or unable to extend financial assistance to China.

Mr. Peck said he supposed that General Chiang Kai-shek had gone to his native city of Fenghua, in Chekiang Province, for the purpose of thinking over these difficult problems. Dr. Hsu Mo said that the Japanese attitude in North China was very unreasonable, in that they demanded the withdrawal of troops from the demilitarized zone, and then held the Chinese strictly accountable for the maintenance of peace and order there. Dr. Hsu Mo inquired whether Mr. Peck had heard of the trouble which had broken out in the demilitarized area. Mr. Peck said he had read of the disturbance in Hsianghua. Dr. Hsu Mo inquired whether Mr. Peck thought these disturbances could have broken out unless they had been instigated by Japanese.

Mr. Peck said he feared that Dr. Wang Ching-wei, also, was finding these perplexities very wearing. Dr. Hsu Mo said that this was the case, and he again said that the worst feature of the situation lay in the irregular method by which the Japanese were pursuing in China their object of preventing China from becoming "strong". If relations

between

- 5 -

between the two countries could be conducted in a normal and regular way between the two Foreign Offices, everything would be greatly simplified, and if the rapprochement between the two countries were ever brought about, it could only come through discussions carried on in this normal way. He said that following the events of last summer the Foreign Office had assured the Chinese Government that the Japanese Foreign Office would thereafter be the spokesman for the Japanese Government. Dr. Hsu Mo added that the Chinese Minister in Tokyo was returning soon to Nanking to talk over various matters.

NOTE:

Mr. Peck inferred that Dr. Hsu Mo might have no precise knowledge of approaches made by Japanese military men to Chinese military men. This inference was strengthened by the fact that in the spring of 1935, another official of the Foreign Office had told Mr. Peck that the Administrative Vice Minister, Mr. Tang Yu-jen, was constantly engaged in discussions with Japanese in regard to which the rest of the Foreign Office knew nothing unless, perhaps, Dr. Wang Ching-wei himself, had some personal knowledge. The Department of Intelligence and Publicity of the Foreign Office on October 24, categorically denied that any new "demands" had been made by the Japanese. However, Dr. Hsu Mo, in the conversation just reported, did not deny that "demands" had been made and admitted that Japanese military officers wished to bring about some of the results named in the currently reported "demands", i.e., the autonomy of North

China

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

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China, economic cooperation of an intimate sort, etc.

Willys R. Peck,  
Counselor of Embassy.

WRP:MM

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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

December 9, 1935

~~WTT~~  
WTT:  
on 12/4:

Jen-tsin's No. 59, of November 1, 1935,  
reports the interview of a New York Times  
correspondent with General Tada. (1) The  
Japanese demand the elimination of certain  
objectionable features in North China; (2) they  
will cooperate with the Chinese to do this;  
3/ if the Chinese will not cooperate, the  
Japanese will take the necessary steps.

CSR

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

FIVE COPIES FOR DEPARTMENT

No. 59



AMERICAN CONSULATE GENERAL

Tientsin, China, November 1, 1935.

793.94

Subject: Interview of NEW YORK TIMES Cor-  
respondent with General Tada.

1235 (1) 5 AM 10 14  
DIVISION OF  
COMMUNICATIONS  
AND RECORDS  
The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Sir:

I have the honor to submit with this despatch  
a self-explanatory memorandum presenting information  
obtained from Mr. Robertson, NEW YORK TIMES cor-  
respondent in Peiping, concerning an interview  
he had this morning with General Tada in regard  
to conditions in North China.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosure:

1. Memorandum, as stated.

800  
MR:sfa

Transmitted in duplicate.  
In quintuplicate to Department (without  
covering despatch).  
Copy to American Embassy, Hanking.

A true copy of  
the signed origi-  
nal. sfa

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

Enclosure No. 1 to despatch No. 59  
dated November 1, 1935, from the  
American Consulate General at Tien-  
tsin, China, on subject of interview  
of NEW YORK TIMES Correspondent  
with General Tada.

AMERICAN CONSULATE GENERAL

November 1, 1935.

M E M O R A N D U M

Subject: Conversation with Mr. Robertson  
NEW YORK TIMES Correspondent in  
Peiping.

Mr. Robertson obtained the information present-  
ed below in an interview this morning with Major-  
General Tada.

General Tada said that the three most important  
problems in North China at present are exorbitant  
taxes, anti-Japanese activities and anti-Japanese  
organizations. Until these problems are eliminated  
North China will be a fertile field for communism.  
The Japanese military have asked and will continue  
asking the Chinese authorities to eliminate the  
three problems mentioned above. If the Chinese  
authorities are unable to solve the problems them-  
selves, the Japanese military will offer to co-  
operate with them. If such cooperation is unsuccess-  
ful the third and final step of the Japanese military  
will be to take "whatever steps they deem necessary  
or suitable to protect their rights and interests in  
North China". General Tada stated that he was unable  
to say when such steps would be taken.

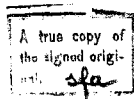
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Department of State letter, August 10, 1972  
By Milton D. Chustefin NARS, Date 12-18-75

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The Communists in Shensi, General Tada said, present a very serious problem, especially if they should attempt to link up with the Outer Mongolian communists. To prevent such a development, the Japanese military will cooperate with the authorities in Suiyuan and Chahar. The Japanese military authorities intend to watch the situation as it develops but they do not think that the Chinese authorities by themselves can solve any of the problems mentioned above.

Monroe Hall,  
American Consul.



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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

December 9, 1935

MSG. 111:

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11/10/35

Tientsin's No. 65 of November 7, 1935  
presents the views of certain Chinese in  
regard to the present political situation.  
(1) the Chinese attitude is shifting and  
China may fight in the near future (2)  
if he fight now he can unite the various  
Chinese factions (3) it is believed that China  
is in alliance with Russia (4) the Japanese  
have demanded that Jung Che-yuan arrest  
certain Chinese who might influence  
resistance to Japanese desires.  
CSR



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

No. 65

AMERICAN CONSULATE GENERAL,

Tientsin, China, November 7, 1935.

CONFIDENTIAL

Subject: Views of certain responsible Chinese  
regarding the present political  
situation.

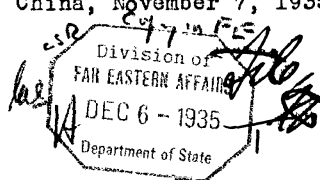
The Honorable  
Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to previous  
despatches of this Consulate General on the  
subject of the political situation in North China  
and to report that conversations held today between  
an officer of this Consulate General and various  
Chinese in official circles in Tientsin indicate  
a growing tension and feeling of expectancy in  
this area.

A considerable part of that tension would  
appear to be due to the increasing conviction  
among influential northern Chinese that General  
Chiang Kai-shek has determined to pit such strength

as



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AND RECORDS

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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

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as he can command against the Japanese in an armed resistance to their most recent demands. A highly placed and usually very well informed local Chinese, who has in the past proved a reliable source of information, in discussing this apparent stiffening in the attitude of the Central Government states that he believes that Chiang has an offensive and defensive alliance with Russia binding that state to afford China every assistance in case of conflict with Japan. He does not believe, however, that Chiang is placing complete reliance in help from any quarter, but thinks rather than Chiang's attitude grows out of his feeling that in any case the Japanese military intend to encompass his overthrow; that accession to Japanese demands will cost him as much national territory as would defeat in war; that further accession to Japanese demands would not avail to secure him the sincere friendship of the Japanese and would only further weaken his position before the Chinese people: whereas, if he resists now he will be able to unite all Chinese political factions, Feng Yu-hsiang, Yen Hsi-san and Ch'en Chi-tang all having pledged to support him in the adoption of a positive policy. Among local Chinese given to political speculation it is said that if China resists and if the world political situation is thereby engaged, a world line-up will be precipitated in which Italy, Germany and Japan will find themselves in opposition to

England

- 3 -

England, France, Russia and China. The authors of these rather remote views consider the present American policy of neutrality as exerting a great restraining force on the present situation in Asia.

The informant first quoted states that he was last night handed a report from Shanghai asserting that the recent attempted assassination of Wang Ching-wei was engineered by the so-called "C. C. T'uan", the personal organization of the brothers Ch'en Kuo-fu and Ch'en Li-fu. They, it is alleged, sought to take Wang's life because, in the first instance, he now enjoys the confidence of the Japanese and is not a member of the war party which has now gained almost complete ascendancy in Nanking and, in the second instance, because Wang has recently, by a series of skillful political manipulations, gained control of the Kuomintang. According to this story Chiang was himself informed that the attempt was to be made early on the morning of its occurrence and he attempted to prevent it, but being unsuccessful he kept away from the scene of the occurrence. It is said that the attempt will have no effect whatsoever on the decisions of the conference or on the position of the various parties.

Returning to less distant fields, it has been reported in Tientsin for two days that the Japanese military authorities have handed General Sung Che-yuan

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- 4 -

a long list containing the names of many prominent intellectuals in North China, among them those of Chiang Mon-lin and Hu Shih and a number of well known newspaper editors. These men, it is said, are to be arrested by Sung and turned over to the Japanese. An influential local Chinese in commenting on this list said that it represented an effort to drive out of North China those leaders who would be likely to attempt to sway the people of Hopei against submission to the Japanese. This individual also stated that the object of the recent arrest and brief detention of certain members of the local Censorship Bureau by Japanese gendarmes was to frighten the Censorship Bureau into passing on to the Chinese people whatever propaganda the Japanese saw fit to spread among them.

This latter informant in discussing the attitude of the Nanking Government toward the present situation in Hopei said that it is widely reported that the Japanese military authorities intercepted an order from Chiang Kai-shek to General Sung Che-yuan and Shang Chen instructing them to use force to put down any "popular" uprising in the province and to meet with armed resistance any military invasion of the area. The order, it is alleged, commanded Sung to retreat to Honan if he could not hold Hopei.

In reply to this threat of force the Japanese military authorities are said to be attempting to  
apply

- 5 -

apply a new technique involving the use of mobs of unarmed peasants and coolies who will be instructed to proceed at the proper time to petition the various Chinese authorities against excessive taxation and general mistreatment of them by the official classes.

Meanwhile, it is said to be the disposition of the Central Government to give Sung whatever he requests so that he will have no legitimate reason for going over to the Japanese. On the other hand the Japanese military authorities have given Sung, it is reported, a limited period of days in which to signify his assent to the practical independence from Nanking of the provinces of Hopei and Chahar. It has been said that they have even raised the price of Jehol opium to a figure per ounce equal to that which Sung charges for the opium which he is now free to transport from Kalgan to the sea and to distribute throughout North China south of the Demilitarized Zone.

All commentators on the political situation in North China appear to be agreed that Shang Chen cannot remain in his present position as Chairman of Hopei for more than two or three months longer at the most.

It has not been possible to verify or corroborate the various reports recounted above, but it is believed that they may be of some interest to the Embassy.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

800  
RSW:JB

A true copy of  
the signed original  
of 13

Transmitted in duplicate; copy to the Embassy, Nanking.  
Five copies to the Department, without covering despatch.

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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  
December 9, 1935

*moon:*  
*W.T.*  
*(1) 11/11/35*

Sing Tao's No. 63 of October 21, 1935  
reports Admiral Nimitz's remarks  
at a banquet at Sing Tao in which  
he said that the flag (the Japanese  
flag) should not be used to protect  
persons whose conduct was open to  
criticism - that the fair way was the  
right way to success - and Japanese  
should conduct themselves within the law.

CSR

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

Copy for Department of State.

No. 63

AMERICAN CONSULATE, Department of State

Tsingtao, China, October 21, 1935.

SUBJECT: Admiral Hyakutake's Remarks in  
Tsingtao.

For Distribution-Check		Yes	No
Grade	M		
For	Sokolobin		
	ON I		
	M.D.		

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping, China.

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

Sir:

I have the honor to refer to the conference of Japanese military and naval officers now being held in Shanghai. Inasmuch as the senior naval officer at this conference is Admiral Hyakutake, Commanding the Third Fleet, his remarks at a banquet given by him in Tsingtao to 250 prominent Japanese residents on October 7 may be of interest to the Embassy.

The Admiral commenced by referring to the peace of mind and of duties which he had been able to enjoy in China in the year since he had taken over command; there had been no disturbances and he confidently expected there would be a continuance of peaceful conditions unless there was a willful attempt by some exterior force to break this peace. He continued by referring to some impressions gained in South China in the spring of this year; that the flag of the Japanese Navy.....

RECEIVED  
DEPARTMENT OF STATE

1935 DEC 15 AM 10 33

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F/FG

- 2 -

Navy was necessary for the protection of certain Japanese nationals (such as Formosans) appeared queer to him; i. e. that the flag should be used to protect persons whose conduct was open to criticism. (It was a broad hint that the Tsingtao Japanese should not expect his protection in acts which were not entirely legitimate and above board). He felt that protection of Japanese abroad should take the form of eliminating the bad elements and of fostering legitimate activities so as to reduce the controversies (with the Chinese) with the purpose of avoiding calls on the Navy for protection. He alluded to the success the Japanese consular officers in the South had had in curbing irresponsible Japanese and those whose conduct and purposes were not proper; this allusion was taken as a hint to the local Japanese Consulate General. The fair way was the royal way to success; persons engaged in farming should not open the flood gates; a proper and correct course of irrigation and infiltration would achieve a fair harvest. As long as Japanese motives and aims were fair and just, its expansion (manifest destiny?) would not be prevented even by the interference of other countries or by the anti-Japanese spirit in China.

The address of Admiral Hyakutake was considered by his guests as a broadminded, liberal exposition on the one hand of the lines the proper protection of Japanese nationals abroad, i.e. in China, should follow, and.....



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

- 3 -

and on the other hand plain speaking and admonition to Japanese to conduct themselves within the law, inoffensively, and in reason. They were not to engage in business with the thought that the Japanese Navy was always at hand to support them; they would achieve more success in their legitimate aspirations by paying close attention to their work and business; no sound success could be attained if they thought the Navy was needed; such was the tenor of the Admiral's remarks.

Respectfully yours,

Samuel Sokobin,  
American Consul.

X

Original to Embassy, Peking.  
Copy to Embassy, Nanking.  
5 copies to Department.  
1 copy to Chefoo-Tsinan.

800.  
37/EP

A true copy of  
the signed original.  
4P

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

TELEGRAM RECEIVED

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

JS 1-1236

FROM

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

PEIPING

Dated December 5, 1935

Rec'd 6:40 a.m.

Secretary of State

Washington, D.C. Department of State

*CSR-til*  
Division of  
FAR EASTERN AFFAIRS  
DEC 6 - 1935  
*C*

202, December 5, 11 a.m. (Section one).

793-94  
The Secretary of HO Ying Chin stated last night  
in confidence to me that Takahashi has sent word to  
Ho that personally he welcomes him but that officially  
he informs the Minister of War that if he remains in  
North China there will be **serious** trouble.

(End Section one).

JOHNSON

JS

DEC 9 - 1935

FILED

793.94/7486

F/FG

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

## TELEGRAM RECEIVED

REP

1-1336

FROM GRAY

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

Peiping via N. R.

Dated December 5, 1935

Rec'd 3:38 p. m.

Secretary of State,  
Washington.

202, December 5, 11 a. m. (SECTION TWO)

It is understood that since Ho's arrival he has conferred with Chinese leaders and that Chen Yi and Hsiung Shih Hui have conferred with Tada in Tientsin and Doihara in Peiping, presumably with regard to the possibility of a compromise in the face of a communion of some sort for the nominal administration of North China. Sung Che Yuan gave yesterday an interview to Chinese press men which has been forbidden publication in Chinese papers. In this interview Sung stated that the Japanese were primarily responsible for the autonomy movement and that he will take orders from the National Government and will resist the Japanese if necessary.

(END OF SECTION TWO)

JOHNSON

CSB

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

TELEGRAM RECEIVED *of paraphrase*

AU  
This telegram must be  
carefully paraphrased  
before being communicated  
to anyone. (A)

FROM Peiping  
Dated December 5, 1935  
Rec'd 9:15 a.m.

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

Secretary of State  
Washington

202, December 5, 11 a.m. (Section three)

There has been obtained as yet no (repeat no) evidence that Ho has brought with him anything more than a rather nebulous plan. However Sung's statement represents a new attitude and is evidently the result of Ho's arrival and representations. The Japanese are apparently deeply dissatisfied with Ho's arrival and the National Government's efforts to solve the North China situation. If Ho succeeds in effecting some compromise with the Japanese it may be but a temporary solution and the question remains whether the Japanese will achieve what I believe to be their aims subsequently by use of military force or by instigating disorders through the use of "traitor" Chinese. With Sung on the side of the National Government it may be more difficult for subversive activities to reach the proportions necessary to effect the changes desired by the Japanese. It is impossible to determine whether the Chinese will attempt to take any effective measures against Japanese activities

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

AU -2- #202, December 5, 11 a.m. (Section three)

activities of either category. There are evidences however that Ho's arrival has brought out a stronger resolution on the part of the Chinese.

Repeated to Tokyo, by mail to Nanking.

JOHNSON

CSB

1 1 1  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Hueston NARS, Date 12-18-75

(CONFIDENTIAL)

P A R A P H R A S E

Section one of a telegram (202) of December 5, 1935,  
from the American Embassy at Peiping, reads substantially  
as follows:

On December 4, Ho Ying-chin's secretary informed the  
American Ambassador confidentially that the Japanese Military  
Attaché (Takahashi) had sent word to Ho Ying-chin to the ef-  
fect that he (Takahashi) personally welcomes Ho but that he  
informs the Minister of War officially that there will be  
serious trouble if he stays in North China.

723.94/7486

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

(CONFIDENTIAL)

P A R A P H R A S E

Section three of a telegram (202) of December 5, 1935, from the American Embassy at Peiping, reads substantially as follows:

As yet no evidence has been obtained indicating that Ho Ying-chin brought more than a rather hazy plan with him. Sung Che-yuan's statement, however, is the result apparently of Ho's visit and representations and shows a new attitude. Ho's arrival in the North and the efforts of the National Government to bring about a solution of the situation in the North appear to be sources of deep dissatisfaction to the Japanese. In case Ho is successful in arriving at a compromise with the Japanese, it may solve the situation only temporarily and it remains to be seen whether the Japanese will later achieve by instigating disorders through the use of "traitor" Chinese or by the use of military force what the American Ambassador believes to be their aims. With Sung siding with the Chinese Government it may be harder for subversive activities to grow to proportions large enough to bring about the changes which the Japanese desire. It is impossible to say whether any effort will be made by the Chinese to take effective steps against either type of Japanese activities. However, there are evidences pointing to a stronger resolution on the part of the Chinese as a result of Ho's arrival.

783.94/7486

29.C.  
 FE:EDC

CSR  
 FE  
 M.M.H.

XII-6-35

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS.

December 9, 1935.

~~MEM:~~  
~~WFF:~~  
~~ROM:~~  
~~MMH:~~

Tsingtao's No. 59 of October 17, 1935, reports a Japanese protest against the establishment of a "Chinese Produce and Securities Exchange" upon the ground that the "Tsingtao Exchange" (owned and operated as a Sino-Japanese enterprise but registered and regarded as a Japanese concern) has a vested right as a monopoly and an exclusive right to the exchange business at Tsingtao. The Chinese deny this right but it is believed that the Chinese municipal authorities are giving support to the new exchange for the revenue (taxation) it may yield. The despatch concludes that the controversy has done more to cause Chinese apprehension (from the strong stand taken by the Japanese) than any other local event in recent years.

FILED  
DEC 17 1935

CSR  
CSR/VDM



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

Copy for Department of State.

58436

No. 59

AMERICAN CONSULATE

Tsingtao, China, October 17, 1935.



743.9  
note  
893.517  
Feb. 18, 1936

RECEIVED  
DEPARTMENT OF STATE

DEC 5 AM 10 05

SUBJECT: Japanese Protest Against Establishment  
of Chinese Produce and Securities Ex-  
change in Tsingtao.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

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

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

Six: NOT FOR PER. USE

I have the honor to report that with the return  
to Tsingtao on October 13 of Admiral Shen Hung-lieh,  
Mayor of this city, who was absent for a month on a  
tour of the Northwest, serious protests are being made  
by the local Japanese Consulate General and the Japanese  
interests concerned to prevent the functioning of the  
Chinese Produce and Securities Exchange (see page 4 of  
Tsingtao Monthly Political Report for September 1935).  
The Japanese Consul General and his nationals here take  
a very serious view of the establishment of a Chinese  
organization to compete with the Tsingtao Exchange, which,  
while owned and operated as a Sino-Japanese enterprise,  
is registered as a Japanese concern and is ordinarily  
regarded...

793.94/7487

DEC 17 1935

FILED

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- 2 -

regarded as a Japanese corporation. Not only do the Japanese feel that the matter is vital, but the Consulate has good reason to believe that the Chinese authorities of this city are sufficiently impressed with the determined opposition of the Japanese Consul General and the support he is receiving from his community to feel that serious consequences may ensue if the Japanese are not satisfied.

Japanese Claim Vested Rights to Monopoly.

The Tsingtao Exchange was established during the Japanese occupation of the city. Principal transactions on this exchange are in yen, peanuts and peanut oil. That it performs a useful economic service is generally recognized; a leading European shipper of peanuts, the total exports of which in 1934 through Tsingtao amounted to \$20,000,000 Chinese currency, states that the Tsingtao Exchange is most essential to his business. Japanese merchants feel that the Exchange has provided the best facilities for transacting exchange in Japanese yen in which currency a very large part of the import and export trade of the port is financed.

The Japanese interests now assert that the Tsingtao Exchange received from the then Japanese Military Administration in Tsingtao an exclusive franchise to conduct a  
produce...

- 3 -

produce and money exchange business.

The Chinese counterclaim that it is significant that neither in the Shantung Treaty of 1922 (MacMurray 1919-1929, p. 80) nor in the Agreement of 1922 (ibid. p. 114) nor in the annexes thereto was the Tsingtao Exchange mentioned, while mention was made of other enterprises, e. g. electric light service, stockyards, laundry, etc.

The Japanese in rebuttal state that by the grant from the military administration of a charter to the Tsingtao Exchange and the subsequent successful and continuous operation thereof, "vested rights" within the meaning of Article II of the Annex to the Agreement of December 1, 1922, were acquired by the Tsingtao Exchange. The said article reads as follows:

"II - VESTED RIGHTS

"The Chinese local authorities and the Japanese Consular authorities at Tsingtao shall devise proper ways for the adjustment of the vested rights acquired by foreign nationals, in accordance with the terms of, and annex to, the Treaty for the Settlement of Outstanding Questions relative to Shantung."

Apparently the adjustment sought by the Japanese is a confirmation of a monopoly and a prohibition by the Chinese against any other exchange institution in Tsingtao.

The Chinese Produce and Securities Exchange.

In the fateful month of September 1931 the local municipal administration, allegedly prompted by national legislation covering all exchanges in China, took action which clothed the Tsingtao Exchange and its transactions with illegality. Under the extraterritorial

system...

- 4 -

system naturally neither the Exchange as an entity nor the Japanese members thereof could be brought under Chinese jurisdiction. However, the considerable number of Chinese members and customers could be and were effectively dealt with by the Chinese authorities; Chinese nationals entering the Exchange building were arrested, and when Japanese protest was made the reason given for the arrests was the "prevention of communism". Chinese brokers were forced to withdraw from the Exchange. Accordingly the Chinese brokers and other Chinese were compelled in their own interest to organize their own exchange. These Chinese were surprised by the success which they met; they handled most of the commodity transactions, while the Japanese Exchange handled yen transactions principally. Encouraged by this success and support by the municipal administration the Chinese organized a Produce and Securities Exchange (物品證券交易所) and commenced the construction of a large four-story building. Because of Japanese opposition this exchange functioned under the title "Exchange Preparatory Office". The building now having been completed and made ready for actual business, the Japanese have been moved to take steps to prevent the inauguration of the Chinese exchange on its new premises.

No Compromise Sought By Japanese.

While Article II quoted on page 3 refers to "adjustment of the vested rights", the Japanese have taken the position that the Tsingtao Exchange has exclusive rights

to...

- 5 -

to an exchange business and that no other organization in Tsingtao may properly perform a similar business. The new Japanese Acting Consul General, Mr. A. Tajiri, is reported to have taken a most determined stand in the matter, and his attitude has been so intransigent that it has aroused in the Chinese authorities a speculation, if not fear, that he will be supported by his government with far reaching measures which would effect the administrative, if not territorial, integrity of the Tsingtao Municipal Administration. The Acting Japanese Consul General's attitude may be prompted by an ambition to gain an important diplomatic victory; some Chinese feel his standpoint has been taken by prime consideration of Japanese policy, with knowledge and support of his home government.

Here in Tsingtao the Japanese press have recently made not a few references to the "dual policy" of the Mayor; on the one hand the Mayor negotiates in a most charming diplomatic manner with the Japanese; on the other hand he allegedly offers resistance to their "vested rights". The Japanese desire very plain evidence of a single policy of "economic rapprochement"; countenance by the Chinese of an exchange which would compete with a Japanese institution indicates that the municipal administration has a "dual policy", according to the Japanese, and also indicates that the anti-Japanese spirit is alive.

Chinese Legislation on Exchange Houses.

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

- 6 -

On page 3 it was indicated that it was in September 1931, that the controversy over the two exchanges was initiated. However, an English index of the Nanking Government's Laws and Regulations shows that in April 1929 there were promulgated regulations governing "registration of exchange houses, etc." The reference in the index to exchange houses points to tax regulations, and it is more than likely that the present issue grew out of a refusal of the Tsingtao Exchange to pay taxes. As has been indicated, the exchange business here is a very profitable one (the Tsingtao Exchange has cleared as much as \$300,000 profit a year). What the Nanking Government's tax regulations would yield on the local exchange is unknown, but the Japanese press reports indicate that the Chinese municipal authorities are giving their support to the Produce and Securities Exchange because of the considerable revenue which would result to the municipality. Be that as it may, the controversy over the new exchange has probably done more to cause the Chinese apprehension than any local event in recent years.

Respectfully yours,

X  
Samuel Sokobin,  
American Consul.

600/851.7  
SS/CML

Five copies to Department of State,  
Copy to Consulate, Tainan,  
Copy to Embassy, Nanking.

A true copy of  
the signed original.  
*[Signature]*

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

## TELEGRAM RECEIVED

1-1336

FS

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

FROM

Peiping

Dated December 6, 1935

Rec'd 6:38 a. m.

Secretary of State,  
Washington.

204, December 6, 4 p. m.

Following has been received from Mukden:

"December 6, 9 a. m. I am reliably informed that within the past few days large bodies of Japanese troops have been passing through Mukden from Korea and are now being quartered in villages this side of Shanhaikuan."

McL:HPD

JOHNSON

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

*CSR*  
Division of  
FAR EASTERN AFFAIRS  
DEC 6 - 1935  
Department of State  
*Chc. Tol*

793.94/7489

FILED  
DEC 9 1935

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 204) of December 6, 1935, from the American Embassy at Peiping, quotes a telegram from the Consul General at Mukden to the following effect:

According to reliable information, large numbers of Japanese soldiers have within the past few days been passing from Chosen through Mukden and are being quartered in villages north of Shanhaikuan at the present time.

793.94/7489

89c -  
 FE:ECC

CSR  
 FE  
 -y m. H.

XII-6-35



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

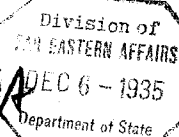
No. 58

Five copies for Department.

AMERICAN CONSULATE

Tsingtao, China, October 11, 1935.

SUBJECT: Flight of Japanese Military  
Plane over Tsingtao.



The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

RECEIVED  
DEPARTMENT OF STATE  
5  
DEC 5 AM 10 25

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

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

Sir,

I have the honor to refer to pages 1 and 2 of  
the Tsinan Consulate's monthly political report for  
September 1935 in regard to the visit to the Tsinan  
district of three Japanese army aeroplanes.

It may be of interest to the Embassy to learn  
that a Japanese military aeroplane arrived in Tsing-  
tao from Tsinan on September 28, without prior con-  
sent of the local Chinese authorities, although a  
very brief notice was given to the municipal adminis-  
tration prior to the arrival of the plane. Another  
plane arrived in Tsingtao yesterday, October 10, under  
similar circumstances. This Consulate understands  
that the local Chinese authorities have protested  
to the Japanese and are taking the stand that prior  
permission for flights of all foreign aeroplanes  
must...

ASSISTANT SECRETARY  
OF STATE

793.94/7490

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DEC 11 1935

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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 -

must be requested. The Consulate is informed that  
the protest made by the Chinese on July 13, 1935 re-  
ferred to in this Consulate's despatch No. 38 of July  
22, 1935, file No. 834.8, Subject: "Tsingtao Municipal  
Government Protests Flight of Three American Navy  
Airplanes" was made known to the local Japanese Con-  
sul General by the Tsingtao Municipality.

Respectfully yours,

Samuel Sokobin,  
American Consul.

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

834.8  
SS/FP

A true copy of  
the signed original.  
4P

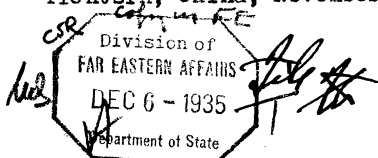
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

Copy for the Department.

No. 63

AMERICAN CONSULATE GENERAL,

Tientsin, China, November 5, 1935.

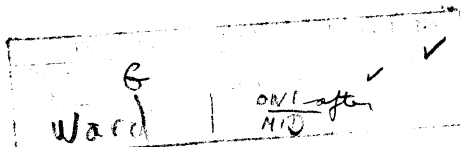


Subject: Investigation of the status of  
American property at Taku and Tangku.

RECEIVED  
DEPT. OF STATE

DEC 5 AM 10 13

DIVISION OF  
COMMUNICATIONS  
AND RECORDS



The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

COPY SENT TO  
O.N.I. & M.I.D.

Sir:

I have the honor to refer to this Consulate  
General's despatch No. 58 of October 26, 1935, on  
the subject of the seizure by the Japanese military  
of land owned by British subjects in Tangku, and  
in that connection to report that on October 31

Consul Ward of this office proceeded under my  
instructions to Taku to investigate a report  
received by this office that certain American land  
there had been occupied by Japanese. The land  
involved is held under a properly executed tripli-  
cate deed in the name of Mr. Harry Luckner, an  
American citizen resident in Tientsin. The property  
was originally part of the Detring estate, and the  
statement

FILED

DEC 14 1935

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F.I.C.

- 2 -

- statement that it had been occupied by Japanese was contained in an undated letter from Mr. Paul Bauer, the Consul General for Austria and a trustee
- 1/ of that estate, to Mr. Lucker. A copy of the letter is enclosed. There are also enclosed copies
  - 2/ of two memoranda prepared by Mr. Ward, the first of which covers the search made in this office of its lands files for American owned land in Tangku,
  - 3/ and the second the investigation into the report referred to above.

It will be noted from this latter memorandum that that report was found to be without any basis in fact. It will also be noted that according to the statement made to Mr. Ward by Mr. Lu Lung-fu, the recently appointed Commissioner of Public Safety at Tangku, a considerable tract of land there has been occupied by the Japanese, their object being, Mr. Lu believes, the construction of a fort at the mouth of the Hai Ho. From the circumstances of the occupation it would appear clear that the encroachment on British-leased land was unintentional, or at least only incidental to the execution of a much larger project. In any case information given this Consulate General today by the British Consulate General confirms the statements in the press of today's date to the effect that the Japanese troops were ordered to evacuate the land

in

- 3 -

in dispute between themselves and the British  
authorities, thus closing the case.

Respectfully yours,

J. K. Caldwell,  
American Consul General.

Enclosures:

- 1/, Letter from Mr. Paul Bauer to Mr. Harry Lucker.
- 2/, Memorandum on American-owned property at  
Tangku by Consul Ward, October 26, 1935.
- 3/, Memorandum on visit of Consul Ward to Taku to  
investigate report of property held by  
Japanese, November 1, 1935.

800  
RSW:JB

Original to Embassy, Peiping.  
Three copies to Department, without covering despatch.  
Copy to Embassy, Nanking.  
Copy to Embassy, Tokyo.

A true copy of  
the signed origi-  
nal. *JB*

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

Enclosure No. 1 to despatch No. 63  
dated November 5, 1935, from the  
American Consul General, Tientsin, China,  
on the subject of American property at  
Taku and Tangku.

C O P Y

Detring Estate Land in Taku.

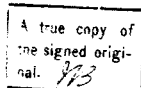
Dear Harry,

The man Ch'en Kuei T'ing (陳貴廷) whom I  
sent to Taku to investigate whether or not all is  
in order with above land for which you hold  
triplicate deed of the American Consulate General  
in Tientsin reports as follows:

All the land has been sold by unauthorized  
persons. The lockkeeper of the canal (新開河)  
Hsin Cha Ho called Tsao Ch'en Hai (曹鎮海)  
states that about 100 Mow were sold to the family  
Liu (六合堂) Liu Ho T'ang. The head of this  
family is said to be employed by the Yung Li Salt  
Refining Co. in Tongku. The northern site of the  
land in question is occupied by some Japanese as  
the Japanese flag has been hoisted there. The  
local Official (地方) Tifang, Chia Te Shang  
(賈德勝) and the Elder Sung Yue T'ang (紳董宋玉堂)  
bothe of the village of Hsiku know that the land  
belonged to Mr. Detring, but they do not know by  
whom it was sold.

Yours,

(signed) PAUL



Enclosure No. 2 to despatch No. 63  
dated November 5, 1935, from the  
American Consul General, Tientsin,  
China, on the subject of the status  
of American property at Taku and Tangku.

American Consulate General, Tientsin, China.

October 26, 1935.

MEMORANDUM

Subject: American-owned property at Tangku.

A search of the land records of this Consulate  
General reveals the following land at Tangku in  
which an American proprietary interest may exist:

- (1) Register: Volume 2, page 133.  
Lessee: Kung Shan T'ang (U.S. Emons and  
Yu Jim Peh, equal shares)  
Lessor: Yu Chih  
Mouage: 25  
Location: To the south of Tangku, to the  
west of Yu Chia P'u, to the  
north of Cheng Chia Ying.  
Measurements: Not given.  
Boundaries: East by the property of the  
lessor; West by Le Shan T'ang;  
South by the property of  
Cheng; North by Kwang Ho T'ang.  
Date of transfer: 1896.
- (2) Register: Volume 2, page 134.  
Lessee: Kung Shan T'ang.  
Lessor: Yang K'ai T'ai.  
Mouage: 40  
Location: Ningho Hsien, to the south of  
Tangku, and to the west of  
Yu Chia P'u.  
Measurements: East-west, 300 feet;  
North-South, 800 feet.  
Boundaries: East by T'ai Chi; West by  
lessor; South by river;  
North by lessor.  
Date of transfer: 1897.
- (3) Register: Volume 2, page 135.  
Lessee: Kung Shan T'ang.  
Lessor: Yang K'ai T'ai.  
Mouage: 10  
Location: Ninghohsien, to the south of  
Tangku, and to the west of  
Yu Chia P'u.  
Measurements: East-West, 300 feet;  
North-South, 200 feet.  
Boundaries: East by T'ai Chi; West by  
Le Shan T'ang; South by  
lessee; North by lessor.  
Date of transfer: 1898.

(4)

- 2 -

- (4) Register: Volume 2, page 137.  
Lessee: Kung Shan T'ang.  
Lessor: Yang K'ai T'ai.  
Mouage: 5  
Location: Ninghohsien, to the south of Tangku, bordering on the east border of the China Merchants' wharf.  
Measurements: East-West, 150 feet.  
North-South, 200 feet.  
Boundaries: East by the lessor; West by China Merchants; South by Le Shan T'ang; North by lessor.  
Date of transfer: 1897.
- (5) Register: Volume 2, page 138.  
Lessee: Kung Shan T'ang.  
Lessor: Cheng Pin Hsiang.  
Mouage: 6.25 (not given in the Chinese text).  
Location: Ninghohsien, to the east of Tangku, and to the west of Yu Chia P'u.  
Boundaries: East by the lessor; West by the bank of the river; South by the lessor; North by the property of Le Shan T'ang.  
Date of transfer: 1896.
- (6) Register: Volume 2, page 131.  
Lessee: T'ien Shih Hsiang (this is not Emens' Chinese name, nor is it the name under which the property held jointly by himself and Wu Jim Pah was in other cases held).  
Lessor: Chang Chun San.  
Mouage: 20  
Location: West end of Tangku Village, opposite China Merchant's Steamship Company and adjacent to the river.  
Measurements: East-West, 200 feet,  
North-South, 600 feet.  
Boundaries: East by the lessor; West by the lessor; South by the lessor; West by the river.  
Date of transfer: 1898.

Both Emens and Wu are now dead, and the files of this Consulate General show that Katherine T. Emens, Emens' wife and the executrix of his estate, subsequently



DECLASSIFIED: E.O. 11652, 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 -

subsequently became insane. The Supreme Court of the State of New York on September 30, 1927, issued a commission placing the management of her estate in the hands of the Liberty National Bank in New York.

I am endeavoring to discover the exact present status of the so-called "Emens' land" as to whether a valid American proprietary interest still exists in it.

Robert S. Ward,  
American Consul.

852  
RSW:JB

A true copy of  
the signed original.  
JB

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

Enclosure No. 3 to despatch No. 63  
 from the American Consul General,  
 Tientsin, China, dated November 5, 1935,  
 on the subject of investigation of the  
 status of American property at Taku  
 and Tangku.

American Consulate General, Tientsin, China.

November 1, 1935.

# MEMORANDUM

Subject: Visit of Consul Ward to Taku to  
investigate report of property  
held by Japanese.

Acting on the instructions of the Consul General,  
 I went by car on October 31 to Taku to investigate  
 the report received by Mr. Harry Lucker that certain  
 of his property there had been occupied by Japanese  
 who had put up a Japanese flag on it. I was accom-  
 panied by Mr. Franklin J. C. Liu, the Interpreter  
 of this Consulate General, and one Ch'en Kuei-t'ing,  
 who had made the original investigation. On the  
 way down I encountered no difficulty. The only  
 Japanese soldiers we met on the road were in a party  
 of five in a military truck and were apparently  
 engaged in tapping the telephone wires from Tientsin  
 to Taku.

On my arrival at Taku I crossed the Hsin Cha Ho,  
 1/ shown on the attached sketch. There the caretaker  
 of the Hai Ho Conservancy Commission, a Mr. Tsao  
 Yu-tang, pointed out to us generally the outlines  
 of the property which according to his information  
 had at one time been owned by the German, Te Ts'ui-  
 lin (Detring). With Mr. Liu I made a careful  
 inspection of the boundary stones on all of this  
 property and discovered that a plot which corresponds

with

- 2 -

with fair exactness to that described to me by Mr. Luckner as being his property and which is covered by triplicate deed No. 907 (U.S. Consular No. 46) in due form in this Consulate General is now marked as the property of Liu Ho T'ang (六合堂). The plot is bounded on the west by land which is the property of the family of Ts'ao K'un, one time President of the Republic of China, and is held in the name of Te Shan T'ang (德善堂). On the north of the property of Ts'ao K'un and to the west of the northern part of the Detring property lies a considerable expanse of land, probably about one thousand mou, which has been taken over by the Japanese military, mostly - according to the inhabitants of Taku - by simple encroachment but in part also by purchase. This land held by the Japanese has a common boundary with that of the Detring estate only on the northwest cut-in, since the longest part of the north boundary of the Detring estate touches that of a plot of about 40 mou of land which is the property of the Chinese Customs. In this case also I verified the facts by personally inspecting all the boundary stones.

There was no Japanese flag on any of the property which I believe to be that covered by Mr. Luckner's deed and according to the testimony of many villagers there had at no time been any such flag on the property nor had any Japanese soldiers

or

- 3 -

or civilians attempted to take over that land. The flag reported by Mr. Ch'en was one on the mast of a Japanese ship visible as one looks from the southern boundary of the land across it to the river which curves to the north around it. Mr. Ch'en himself identified that flag as being the same one which he had mentioned in his report.

We then returned to the village of Taku where I was met by an official of the local branch of the Bureau of Public Safety. By him I was introduced to his chief who offered to facilitate my investigations in any way possible. I told him briefly that there had been some mix-up over the question of ownership of a piece of American land. One of his officers took me to see the so-called village headman but he had no information about the land. I then went back to the police headquarters where the Chief suggested that I might care to see the Ti Pao, who had been in Taku for many years, but since, according to the villagers, that venerable gentleman is so old that he can hardly speak, I decided against seeing him.

I then called on one Liu Chang-i (劉長益), the Chairman of the local Chamber of Commerce, who, I was informed, was the only other resident who might know the facts of the case. He told me informally and for my personal information that the transfer of land had come about in the following manner: Mr. Detring had appointed a certain Chang Yu-chen (張玉珍), of Yao Chia T'ai, Tientsin,

(

- 4 -

(天津姚家台) to look after the land. Many years passed and no foreigner appeared to take possession of it. Chang was under the impression that Te Ts'ui-lin, the German owner, was dead and he came to believe that it was the intention of the owner to present him, Cheng, with the land. He later in fact produced a paper in English which he alleged proved that the foreigner had made him a gift of the property. Three or four years ago, on the basis of this paper and of Chang's story and of the fact known to everyone in Taku that no claimant had appeared for many years for this piece of land, Mr. Liu, as one of the middlemen, affixed his signature to a straw deed transferring it from Chang to Hong Feng T'ang Li Huan Chang (恒豐堂李煥章) of Tangku. The price agreed upon was about three thousand dollars. The Tientsin Magistrate issued a red deed in the name of Liu Ho T'ang (六合堂), the hall name of six residents in that district who had contributed to the purchase. Hence the inscription "Liu Ho T'ang" on the boundary stones.

I then crossed the river to call on Wu Lung-fu, the recently appointed Commissioner of Public Safety at Tangku, whom I had known in Tientsin when he was Commissioner of the Third Special Area. I explained to him the facts of the case as I then knew them and he assured me that he would give me every possible assistance when the case reached him through

- 5 -

through the regular provincial government channels. I did not inform him that it had been reported to us that the land in question had been occupied by the Japanese, but he inferred as much and told me that he was now in a very difficult position because of the seizure of a large plot of land, thousands of mou in extent, by the Japanese military. The seized land stretched from the Morling's land below Tangku to the mouth of the river and included all of the site of what was once the Tangku forts. Commissioner Wu is convinced that the Japanese military intend to build a fort on the seized land with the object, as he put it, "of digging their fingers into the throat of Tientsin". I described to him the general location of the Emens' land in which, as noted in my memorandum of October 26, 1935, there may still be an American interest. He informed me that the land seized by the Japanese was at least 15 li removed from the Emens' land and that no Japanese troops had gone, so far as he knew, into the vicinity of that land and that, so far as he knew, there was no reason to believe that they intended to take it.

Wu told me confidentially that he believes the action of the Japanese in seizing this land to be one of the greatest importance in relation to the present political situation in Tientsin and that he intends to leave Tangku to report the present situation to the Governor today or tomorrow. He

says

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

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says that action by the Chinese authorities in the matter is embarrassed by the fact that they are unable to locate the present legal owners of the land. He considers the Japanese claim to ownership as being obviously ridiculous and does not believe that even the Japanese could advance such a claim seriously. They have simply seized the land and will, he believes, keep it. Wu said that the most disquieting rumors had reached him from Tientsin and that the populace around Tangku expected some drastic action by the Japanese military within the next few weeks.

I then went to the site of the Emens' property, in company with two constables despatched by Commissioner Wu, but was unable to find any boundary stones marked either with his name or with the characters Kung Shan T'ang. The present situation of the land as to ownership is obscure, and in view of the fact that we have not as yet been able to establish any valid American interest in it I did not attempt any further investigation. I then recrossed the river and returned by car to Tientsin.

Robert S. Ward,  
American Consul.

Franklin J. C. Liu,  
Interpreter of the  
Consulate General.

800  
RSW:JB

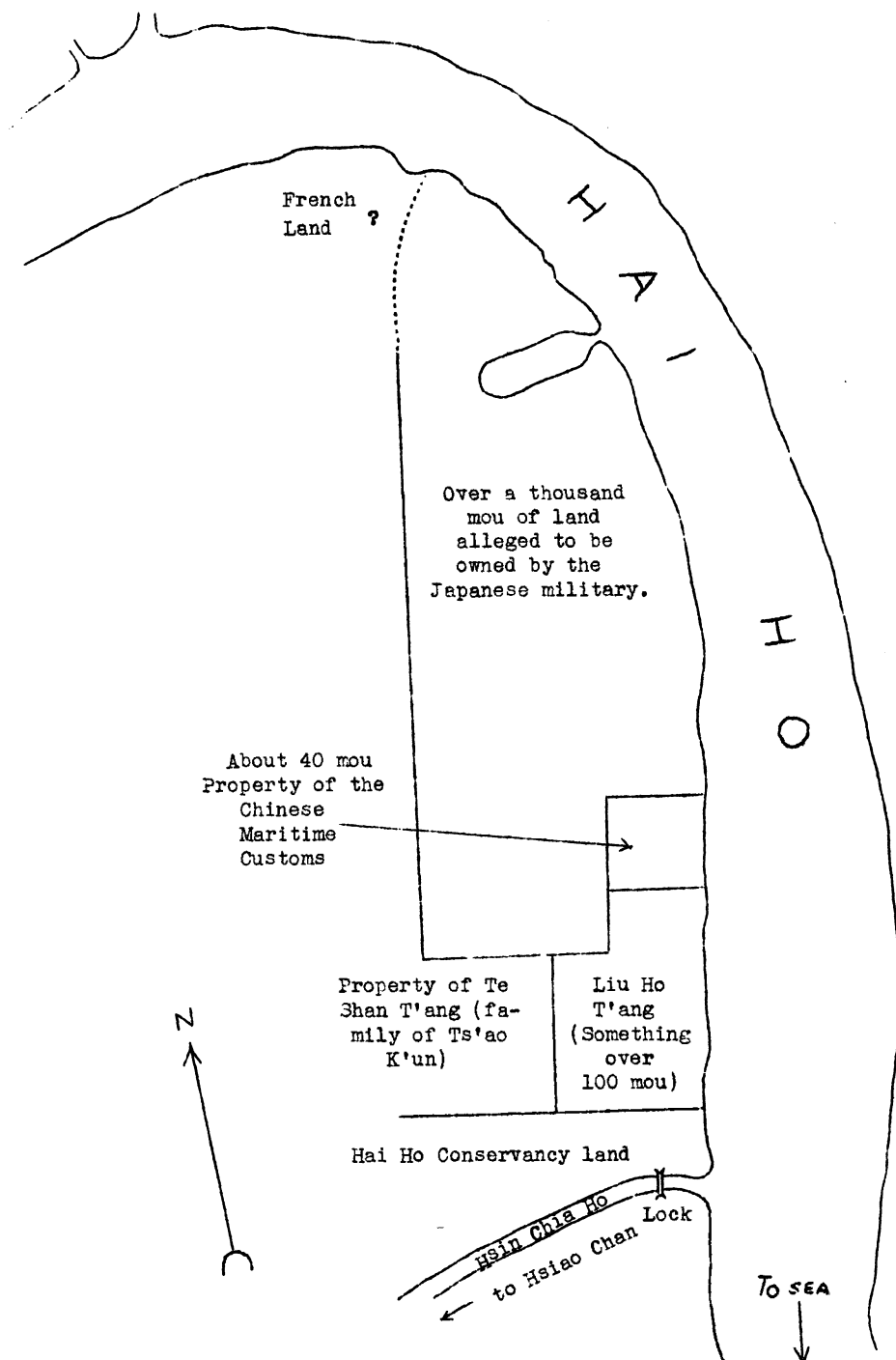
A true copy of  
the signed original.

Enclosure:

1/, Sketch showing situation of Lucker property  
at Taku.

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

Enclosure No. 1 to memorandum by  
Consul Ward, November 1, 1935.



Drawn by G. S. Ephraimoff  
from rough pencil sketch  
by R. S. Ward.



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

TELEGRAM RECEIVED *of paraphrase*

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

FS 1-1326

A portion of this tele- FROM  
gram must be closely  
paraphrased before being  
communicated to anyone  
(A)

Peiping

Dated December 6, 1935

Received 10:15 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
DEC 6 - 1935  
Chairman of State

203, December 6, 1 p. m.

Embassy's 202, December 5, 11 a. m. /7486

Sung Che Yuan went into seclusion yesterday.

There is some doubt as to his whereabouts but he is probably in Tientsin. By doing this he has thrown the responsibility for solving the North China situation onto Ho Ying Chin. Sung's action may be explained by the fact that he has been in a most delicate position. On the one hand, he is convinced that if he resists Japanese pressure on him to declare autonomy the Japanese will use military force thereby eliminating him from the political field. On the other hand, Ho has arrived without any definite plan thereby contributing nothing helpful to ~~the~~ *Sung's* situation. Since Nanking's error in dismissing Sung last June from the Chairmanship of Chahar Nanking has in no (repeat no) way extended him any assistance or advice other than one

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

FS 2-No. 203, December 6, 1 p. m. from Peiping

one telegram of November 19 telling him not (repeat not) to declare autonomy. If he holds out against Japanese pressure he has good reason to believe that he will not (repeat not) obtain any real assistance from the National Government. (Well-informed Chinese here state that Nanking has no (repeat no) intention of risking war with Japan to save Hopei and Chahar.)

Two. The situation today is considerably worse than any time since Ho's arrival. It is extremely doubtful that the Japanese will agree to any compromise plan of Ho even if he can evolve one. (One of Sung's counsellors stated yesterday that the Japanese desire that North China shall definitely sever relations with Nanking under the guise of "autonomy".) It is anticipated by responsible Chinese that Ho will leave for the South in the near future without having accomplished anything. Autonomy of Hopei and Chahar appear, therefore, to be nearer and practically inevitable. Even if Sung does not (repeat not) declare autonomy the Japanese will have no difficulty in finding some Chinese such as Hsiao Chen Ying or Yin Ju Keng to do so. In fact, Hsiao at the moment seems to be the chief supporter of the Japanese plan, his efforts presumably being abetted by such plotters as Tsao Ju Lin and Wang Yi Tang.

(GRAY)

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

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

FS 3-No. 203, December 6, 1 p. m. from Peiping.

(GRAY). Yin Ju Keng's plane flew over Peiping yesterday dropping handbills urging support of autonomy. The bills were signed by "the Associated Autonomous Societies of Eastern Hopei". It is reliably stated that Yin's plane is a British made Japanese owned plane now piloted by a Japanese. After the flight of Yin's plane five Japanese planes flew over Peiping. Later nine Japanese planes flew over the City.

Fifty to seventy-five persons demonstrated yesterday in front of Ho's residence in favor of autonomy. Nine Japanese combat planes and three bombers without racks are flying over Peiping at present. Some of them have flown low over the American Embassy three times this morning.

HPD

JOHNSON

(\*) Omission

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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

December 9, 1935

~~SECRET~~  
NO. 111 H:

Tientsin's No. 63 of November 5, 1935,  
reports no American property occupied  
by the Japanese at Taku and Tangku  
and that encroachment of the Japanese  
on British owned property at those places  
was apparently unintentional. It  
is reported that the considerable tract  
of land seized by the Japanese will  
be used for the construction of a fort.

CSR

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 203) of December 6, 1935, from the American Embassy at Peiping, reads substantially as follows:

There is some doubt with regard to the whereabouts of Sung Che-yuan who went into seclusion on December 5 but it is likely that he is in Tientsin. By taking this step he has thrown onto Ho Ying-chin the responsibility for arriving at a solution of the situation in North China. The fact that Sung has been in a most delicate position may explain his action. On one hand Sung feels certain that if he opposes Japanese pressure on him to announce autonomy Japan will use military force which will bring about his elimination from the field of politics. On the other hand, as Ho Ying-chin arrived in North China without any definite proposal, he has made no helpful contribution to the situation there. Since the Nanking Government made the mistake last June of dismissing Sung from the Chairmanship of Chahar Province it has not offered him assistance or advice in any way other than a telegram on November 19 instructing him not to declare autonomy. Sung has good reason to think that if he resists Japanese pressure he will not receive any real help from Nanking. (According to well-informed Chinese in Peiping, the Nanking Government has no idea of risking war with the Japanese in order to save Chahar and Hopei.)

Conditions at present are quite a bit worse than they have been at any time since Ho arrived. If Ho can work out any

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

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any compromise plan, it is very doubtful whether the Japanese will agree to such a plan. (On December 5, a counsellor of Sung remarked that it is Japan's wish that North China shall sever relations definitely with the Nanking Government under the semblance of "autonomy".) Responsible Chinese expect that before long Ho will, without having accomplished anything, leave for the South. It seems, therefore, that the autonomy of Chahar and Hopei is nearer and almost inevitable. The Japanese will have no trouble in finding some Chinese, such as Yin Ju-keng or Hsiao Chen-ying, to declare autonomy, even if Sung does not take that step. At the present time, in fact, it appears that Hsiao is the principal supporter of Japan's plan, his efforts being aided, presumably, by such intriguers as Wang Yi-tang and Tsao Ju-lin.

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

FOR THE PRESS

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STATEMENT BY THE SECRETARY OF STATE

In reply to inquiries by press correspondents in regard to the "autonomy movement" in North China, Chinese and Japanese activities in relation thereto, and the American Government's attitude, the Secretary of State said:

There is going on in and with regard to North China a political struggle which is unusual in character and which may have far-reaching effects. The persons mentioned in reports of it are many; the action is rapid and covers a large area; opinions with regard to it vary; what may come of it no one could safely undertake to say; but, whatever the origin, whoever the agents, be what they may the methods, the fact stands out that an effort is being made -- and is being resisted -- to bring about a substantial change in the political status and condition of several of China's northern provinces.

793.94/7493

Unusual developments in any part of China are rightfully and necessarily of concern not alone to the Government and people of China but to all of the many powers which have interests in China. For, in relations with China and in China, the treaty rights and the treaty obligations of the "treaty powers" are in general identical. The United States is one of those powers.

In the area under reference the interests of the United States are similar to those of other powers. In that area there are located, and our rights and obligations appertain to, a considerable number of American nationals, some American property, and substantial American commercial and cultural activities. The American Government is therefore closely observing what is happening there.

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

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Political disturbances and pressures give rise to uncertainty and misgiving and tend to produce economic and social dislocations. They make difficult the enjoyment of treaty rights and the fulfillment of treaty obligations.

The views of the American Government with regard to such matters not alone in relation to China but in relation to the whole world are well known. As I have stated on many occasions, it seems to this Government most important in this period of world-wide political unrest and economic instability that governments and peoples keep faith in principles and pledges. In international relations there must be agreements and respect for agreements in order that there may be the confidence and stability and sense of security which are essential to orderly life and progress. This country has abiding faith in the fundamental principles of its traditional policy. This Government adheres to the provisions of the treaties to which it is a party and continues to bespeak respect by all nations for the provisions of treaties solemnly entered into for the purpose of facilitating and regulating, to reciprocal and common advantage, the contacts between and among the countries signatory.

B.K.'s  
 by Secretary  
 offered by  
 Mr. Harkinsworth  
 Mr. McCallum

FE:SKH:EJL/REK

*[Signature]*

*[Signature]*



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

**CONFIDENTIAL**  
**FUTURE RELEASE**  
DEPARTMENT OF STATE

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FOR THE PRESS

**NOTE DATE**

DECEMBER 5, 1935

CONFIDENTIAL RELEASE FOR PUBLICATION IN FRIDAY MORNING'S  
NEWSPAPERS WHICH DO NOT APPEAR ON THE STREET  
BEFORE 9:00 P.M., EASTERN STANDARD TIME, THURSDAY,  
DECEMBER 5, 1935. NOT TO BE PREVIOUSLY PUBLISHED,  
QUOTED FROM OR USED IN ANY WAY.

793.94

STATEMENT BY THE SECRETARY OF STATE

In reply to inquiries by press correspondents in regard to the "autonomy movement" in North China, Chinese and Japanese activities in relation thereto, and the American Government's attitude, the Secretary of State said:

There is going on in and with regard to North China a political struggle which is unusual in character and which may have far-reaching effects. The persons mentioned in reports of it are many; the action is rapid and covers a large area; opinions with regard to it vary; what may come of it no one could safely undertake to say; but, whatever the origin, whoever the agents, be what they may the methods, the fact stands out that an effort is being made -- and is being resisted -- to bring about a substantial change in the political status and condition of several of China's northern provinces.

Unusual developments in any part of China are rightfully and necessarily of concern not alone to the Government and people of China but to all of the many powers which have interests in China. For, in relations with China and in China, the treaty rights and the treaty obligations of the "treaty powers" are in general identical. The United States is one of those powers.

In the area under reference the interests of the United States are similar to those of other powers. In that area there are located, and our rights and obligations appertain to, a considerable number of American nationals, some American property, and substantial American commercial and cultural activities. The American Government is therefore closely observing what is happening there.

Political disturbances and pressures give rise to uncertainty and misgiving and tend to produce economic and social dislocations. They make difficult the enjoyment of treaty rights and the fulfillment of treaty obligations.

The views of the American Government with regard to such matters not alone in relation to China but in relation to the whole world are well known. As I have stated on many occasions, it seems to this Government most important in this period of world-wide political unrest and economic

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

-2-

instability that governments and peoples keep faith in principles and pledges. In international relations there must be agreements and respect for agreements in order that there may be the confidence and stability and sense of security which are essential to orderly life and progress. This country has abiding faith in the fundamental principles of its traditional policy. This Government adheres to the provisions of the treaties to which it is a party and continues to bespeak respect by all nations for the provisions of treaties solemnly entered into for the purpose of facilitating and regulating, to reciprocal and common advantage, the contacts between and among the countries signatory.

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

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1935 DEC 5 PM 5 06

Washington,

December 5, 1935.

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AMEMBASSY,

TOKYO (Japan).

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

5pm

RUSH. 191

The Secretary is today issuing for publication here in the morning papers of December 6 a statement in regard to the North China situation reading as follows:

QUOTE In reply to inquiries by press correspondents in regard to the SUBQUOTE autonomy movement END SUBQUOTE in North China, Chinese and Japanese activities in relation thereto, and the American Government's attitude, the Secretary of State said:

There is going on in and with regard to North China a political struggle which is unusual in character and which may have far-reaching effects. The persons mentioned in reports of it are many; the action is rapid and covers a large area; opinions with regard to it vary; what may come of it no one could safely undertake to say; but, whatever the origin, whoever the agents, be what they may the methods, the fact stands out that an effort is being made -- and is being resisted -- to bring about a substantial change in the political status and condition of several of China's northern provinces.

Unusual developments in any part of China are rightfully

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

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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- 2 -

and necessarily of concern not alone to the Government and people of China but to all of the many powers which have interests in China. For, in relations with China and in China, the treaty rights and the treaty obligations of the SUBQUOTE treaty powers END SUBQUOTE are in general identical. The United States is one of those powers.

In the area under reference the interests of the United States are similar to those of other powers. In that area there are located, and our rights and obligations appertain to, a considerable number of American nationals, some American property, and substantial American commercial and cultural activities. The American Government is therefore closely observing what is happening there.

Political disturbances and pressures give rise to uncertainty and misgiving and tend to produce economic and social dislocations. They make difficult the enjoyment of treaty rights and the fulfillment of treaty obligations.

The views of the American Government with regard to such matters not alone in relation to China but in relation to the whole world are well known. As I have stated on many occasions, it seems to this Government most important in this period of world-wide political unrest and economic instability that

Enciphered by .....

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

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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 -

governments and peoples keep faith in principles and pledges.  
In international relations there must be agreements and respect  
for agreements in order that there may be the confidence and  
stability and sense of security which are essential to orderly  
life and progress. This country has abiding faith in the  
fundamental principles of its traditional policy. This Govern-  
ment adheres to the provisions of the treaties to which it  
is a party and continues to bespeak respect by all nations for  
the provisions of treaties solemnly entered into for the  
purpose of facilitating and regulating, to reciprocal and  
common advantage, the contacts between and among the countries  
signatory UNQUOTE.

Hull  
Stett

Approved by  
Secretary  
[Signature]

FE:MMH:REK

FE

Enciphered by .....

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

D. C. R.—No. 50.

1-138 U. S. GOVERNMENT PRINTING OFF E: 1934

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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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 PLAIN

955 DEC 5 PM 4 53

December 5, 1935.

AMEMBASSY,

LONDON (England).

DIVISION OF  
 COMMUNICATIONS  
 AND RECORDS

5 pm

380 *Confidential*

Your 595, November 27, 1 p.m., first paragraph.

One. British Ambassador here on November 29 gave Department orally the same information. Department is today informing Ambassador that, having carefully canvassed several possible courses of action, we regard as the most practicable the making by the Secretary of State of a statement to the press; that we shall continue carefully to observe developments and may if and when occasion warrants take further action as may seem appropriate; and that we hope there may continue to be between our two Governments free and frank exchanges of information and views with regard to this matter.

GRAY Two. There is being released to the press, for morning of December 6, a statement. *That* It will reach you by radio bulletin. Substance is that unusual developments in China are rightfully and necessarily of concern not only to the Chinese but to all of the many treaty powers of which the United States is one; In the North China

Enciphered by .....

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

793.94/7493

1 1 5 4

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

1-138  
 PREPARING OFFICE  
 WILL INDICATE WHETHER  
 Collect  
 Charge Department  
 OR  
 Charge to  
 \$

TELEGRAM SENT  
 Department of State

1-138  
 TO BE TRANSMITTED  
 CONFIDENTIAL CODE  
 NONCONFIDENTIAL CODE  
 PARTIAL  
 PLAIN

Washington,

- 2 -

area we have various interests. This Government is  
 therefore closely observing what is happening there.  
 Disturbances and pressures make difficult the enjoyment  
 of treaty rights and fulfillment of treaty obligations.  
 In international relations there must be agreements and  
 respect for agreements. This country has abiding faith  
 in the principles of its traditional policy. This  
 Government adheres to its treaties and bespeaks respect  
 by all nations for treaties.

Three. Inform Foreign Office orally of our oral  
 communication to British Ambassador and of press statement.

Four. Bring this and text of statement to attention  
 of American delegation <sup>to</sup> at Naval Conference. END GRAY

✓  
 OR  
 Dec. 16 1935 PM

Hull  
 Stet

Approved by *[Signature]*

FE:SKH/ZMK

MMS  
 FE  
 Stet

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

1 1 5 5

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

1-138  
PREPARING OFFICE  
WILL INDICATE WHETHER  
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TELEGRAM SENT

Department of State  
DEPARTMENT OF STATE

1-138  
TO BE TRANSMITTED  
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PLAIN  
PARTIAL  
Washington, VIA NAVAL RADIO

935 DEC 5 PM 5 06 December 5, 1935.

AMEMBASSY,

NANKING (China). *WJR*

RUSH. 24

The Secretary is today, in response to inquiries made  
by press correspondents, issuing for publication here in the  
morning papers of December 6 a statement in regard to the  
North China situation.

For text of statement see Radio Bulletin No. 213 of  
December 5.

Repeated by Department to Peiping.

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

*5pm*

793.94/7493

*H-ell*  
*S-ell*

793.94

*mmh*  
FE:MMH:REK

FE

Enciphered by .....

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



1 1 5 f

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

1-138  
PREPARING OFFICE  
WILL INDICATE WHETHER

Collect  
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OR

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TELEGRAM SENT

Department of State

RECEIVED  
DEPARTMENT OF STATE

1-138

TO BE TRANSMITTED  
CONFIDENTIAL CODE

NONCONFIDENTIAL CODE

PARTIAL

VIA NAVAL RADIO

Washington,

December 5, 1935.

1935 DEC 5 PM 5 06

AMEMBASSY,

PEIPING (China).

RUSH. 70

The Secretary is today, in response to inquiries made by press correspondents, issuing for publication here in the morning papers of December 6 a statement in regard to the North China situation.

For text of statement see Radio Bulletin No. 213 of December 5.

Repeated by Department to Nanking.

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

H-ell

Sup

793.94

793.94/7493

FE:MMH:REK

FE

Enciphered by

Sent by operator M., 19

D. C. R.—No. 50.

1-138 U. S. GOVERNMENT PRINTING OFF C: 1934

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

EE

# TELEGRAM RECEIVED

793.94

JR

1-1336

FROM

Tokyo

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

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

Dated December 7, 1935

Rec'd. 7:55 a.m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
DEC 7-1935  
Department of State

232, December 7, noon.

One. The following report of the activities in Tokyo of C. T. Wang was received by the Embassy indirectly from the Belgian Ambassador who talked with Wang at a club recently.

Wang said that he had come to Japan because the Chinese Government had found it impossible to negotiate satisfactorily with the Japanese military in China and he hoped that he might have more success in negotiating with the civil authorities in Japan. He had interviewed Hirota and had proposed that Nanking shall extend some sort of recognition to Manchukuo and shall permit a limited autonomy in North China provided that the regime there shall continue to be linked with Nanking. In return for these concessions Japan shall promise that the Japanese advance into China shall stop definitely and permanently. Hirota gave no definite answer to this proposal.

Wang stated further that he was not sure that he could persuade Nanking to agree to these terms but was willing

793.94/7494

FILED

DEC 10 1935

F/G

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

JR -2- 232, December 7, noon., from Tokyo.

willing to make the attempt. He also was not sure that even if some such agreement should be concluded with Hirota the latter could make the Japanese army respect the agreement.

Two. Whatever merits Wang's proposal would seem to have the Embassy does not believe that it is feasible for two reasons :

(a) The Japanese army would not approve negotiations with Wang because it considers Chiang Kai Shek the only responsible person.

(b) The Foreign Office will not negotiate with Wang primarily because so doing would further complicate the situation by diversifying the negotiators.

Repeated to Peiping.

NEVILLE

CSB

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 232) of December 7, 1935, from the American Embassy at Tokyo, reads substantially as follows:

The Embassy received indirectly from the Belgian Ambassador who recently talked with C. T. Wang a report of Wang's activities in Tokyo as follows:

Wang stated that the reason for his trip to Japan was that the Nanking Government had found it impossible to carry on satisfactory negotiations with the Japanese military in China and that he was hopeful that he might be more successful in negotiating in Japan with the civil authorities. Wang had seen the Japanese Minister for Foreign Affairs (Hirota) and had made a proposal to the effect that the Chinese Government shall give some sort of recognition to "Manchukuo" and shall allow limited autonomy in North China if the regime in the North shall be linked with the Nanking Government. Japan shall agree, in return for these concessions, to stop permanently and definitely the advance of Japanese into China. No definite answer to this plan was given by the Minister for Foreign Affairs (Hirota).

Wang said also that he was willing to try to persuade the Nanking Government to agree to these terms although he was not sure that he would be successful. Neither was he sure that Hirota could make the Japanese military live up to the agreement if one were concluded.

Regardless of the merits which Wang's plan would appear

DECLASSIFIED: E.O. 11652, 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 -

pear to have, the Embassy is of the opinion that it is not feasible for the reasons that:

(a) the Japanese Foreign Office will not carry on negotiations with Wang principally because such action would, by diversifying the negotiators, confuse the situation further;

(b) negotiations with Wang would not have the approval of the Japanese army because it regards General Chiang Kai-shek as the only responsible person.

793.94/7494

egc.  
 FE:EGC

ac  
 FE

m.mild

XII-9-35

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

MJD

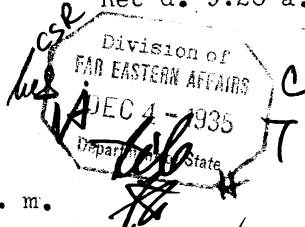
Tokyo

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

1-1336

Secretary of State,  
Washington.

FROM



Rec'd. 9:20 a. m.

228, December 4, 4 p. m.

Peiping's 191, December 2, 3 p. m. / 7463

793.94

The considerations advanced in the first two paragraphs the telegram referred to are sound in this Embassy's judgment with the qualification that any questioning of the Japanese policy will have to be backed up by superior physical force if it is to be effective. Ineffective protests or inquiries would be useless and might prove to be positively harmful and would almost certainly be somewhat humiliating to us. This is a thesis that has been more than once put before the Department.

It may be however that for purposes of record a protest by the countries party to the Nine Power Treaty might be considered advisable. Such a protest however in this Embassy's opinion would have to be most carefully prepared and backed by irrefutable proof of violations of the Nine Power Treaty in order to avoid a simple and derisive denial by the Japanese as they maintain troops in the Peiping-Tientsin area by virtue of the Boxer protocol.

Other portions of Peiping's telegram deal in part

793.94/7495

FILED

DEC 6 - 1935

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11

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

-2- # 228, December 4, 4 p. m, from Tokyo

part with specific Chinese questions and ultimate Japanese objectives upon which this Embassy would hesitate to express opinions. There is no doubt however that the Japanese intend to be the pre-dominant force in this part of the world. They will go as far as they can at the moment and deal with future situations as they arise.

Meanwhile we must face the fact that the only people who can in the long run deal effectively with the Japanese in China are the Chinese themselves and I cannot see where any interest of the United States (except that of endeavoring to maintain the Nine Power Treaty) would be served by laying ourselves open to a rebuff by protesting on behalf of a people who apparently are incapable of political action and unwilling to make any sort of common cause against what they complain of as aggression. And it must be understood that the Japanese would fight if necessary to carry out their aims in North China; the future alone can tell whether, and when, similar situations will arise elsewhere in China.

Repeated to Peiping.

NEVILLE

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

MJP **TELEGRAM RECEIVED**

This telegram must be \_\_\_\_\_ Nanking  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

FROM

Dated December 7, 1935

Rec'd 9:25 a. m.

Secretary of State,  
Washington.

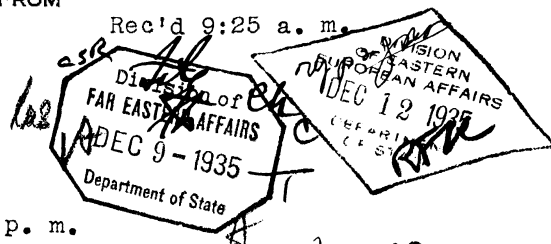
130, December 7, 3 p. m.

Department's 24. of December 5, 5 p. m. /7493

At its request copy of press statement has been handed to the Foreign Office. I accompanied Hayden, former Vice Governor General of Philippines, on calls on Vice Minister Hsu Mo and Director of Publicity Li this morning. The Vice Minister gave no reaction to the press statement. In response to discreet questions Li made the observations that the statement seemed stronger than the recent parliamentary statement of the British Minister for Foreign Affairs and stronger in implication than the step of sending the British charge d' affaires to the Japanese Foreign Office to make inquiries. He would venture no opinion regarding the probable effect, if any, of the statement on the activities of the Japanese military in North China saying that the objectives of the civilian and military branches of the Japanese Government in China were

the

*of paraphrase*  
**COPIES SENT TO**  
**U.S. I. AND M. I. D.**



793.94/7496

DEC 14 1935

FILED

F/FG

793.94



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

MJP -2- No. 130, December 7, 3 p. m. from Nanking

the same but the military are in favor of using brute force while the civilians prefer slower and more cautious measures. He observed incidentally that since 1931 speaking historically each pronouncement of the League, Great Britain or the United States reflecting on Japanese activities in China had been followed by increase of pressure on China from the Japanese military faction as though in defiance of outside influences. Questioned regarding this observation Li expressed the opinion that the Japanese military faction proceeded on the assumption that such pronouncements carried no threat of ultimate force and would unquestionably pay heed to them if Great Britain and the United States spoke simultaneously and conveyed threat of some sort of economic political or military pressure. When I inquired whether Li did not feel that the Soviet threat on the Northwest was as grave as the Japanese threat on the Northeast he said that the Chinese Military Attache returning from Moscow this summer reported that rumors of Soviet influence in Sinkiang were exaggerated. Conversation summarized above was of course purely personal and informal. Repeated to Peiping.

PECK

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 130) of December 7, 1935, from the American Embassy at Nanking, reads substantially as follows:

During the course of calls by the Counselor of the Embassy on December 7 on the Vice Minister for Foreign Affairs (Hsu Mo) and the Director of Publicity (Li), the Vice Minister gave no reaction to the Department's press statement of December 5, a copy of which had been handed to the Foreign Office at its request. In reply to discreet questions, Li observed that the American statement appeared to be stronger than the parliamentary statement made recently by the British Minister for Foreign Affairs and in implication stronger than the sending of the British Chargé d'Affaires in Tokyo to the Japanese Foreign Office to make inquiries. Li would not venture an opinion as to the statement's probable effect, if any, on the Japanese military's activities in North China, stating that, although the Japanese military favor the use of brute force and the Japanese civilians favor slower and more cautious measures, the objectives of both branches are the same. Li remarked, incidentally, that, speaking from an historic standpoint, each pronouncement since 1931 of the United States, Great Britain or the League of Nations reflecting on Japan's activities in China has been followed, as though in defiance of outside influences, by increased pressure on China from the Japanese military clique. In reply to questions with regard to this remark, Li expressed the belief that the Japanese military

worked

DECLASSIFIED: E.O. 11652, 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 -

worked on the theory that such pronouncements did not carry a threat of ultimate force and that unquestionably they would heed the pronouncements if the United States and Great Britain spoke at the same time and conveyed a threat of some sort of pressure of a political, economic or military nature. In reply to the Counselor's inquiry whether the Soviet threat on the Northwest was not regarded as gravely as the Japanese threat on the Northeast, Li said that the report of the Chinese Military Attaché returning last summer from Moscow was that rumors of Soviet influence in Sinkiang were overstated. The above conversation was entirely informal and personal in character.

793.94/7496

eg. c.  
 FE: EOC

CSR  
 FE

24.11.11

XII-10-35

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

JR

GRAY

Tokyo

TELEGRAM RECEIVED

Dated December 7, 1935

Rec'd., 9:15 a.m.

1-1336  
Secretary of State,  
Washington.

FROM

Division of  
FAR EASTERN AFFAIRS  
DEC 9 - 1935  
Department of State

233, December 7, 1 p.m.

Department's 191, December 5, 5 p.m.

793.94

One. The statement of the Secretary of State and the speech of Sir Samuel Hoare of December 5 before the House of Commons were published simultaneously in the Japanese afternoon newspapers of December 6 before the arrival of section two of the Department's telegram. The reaction in Japan so far has been quiet and lacking in belligerency.

Two. Replying to questions of the foreign newspaper correspondents yesterday the Foreign Office spokesman is reported to have said that Mr. Hull's statement was "only a reiteration of the principles of international law" and pointed out that no mention was made in the statement of the Nine Power Treaty or of steps to be taken by the United States. The spokesman whom I met yesterday afternoon talked to me along much the same lines.

Three. The Tokyo NICHU NICHU yesterday evening published what purported to be an informal statement issued by the Foreign Office to the effect that the Japanese Government sees no necessity to consider any counter

793.94/7497

F/FG

JR -2- 233, December 7, 1 p.m., from Tokyo.

counter measures to Mr. Hull's statement; that the Japanese Government regrets that expressions were used in the statement which give the impression that the American Government believes that Japan is backing the autonomy movement; and that friction is bound to occur when old treaties and agreements are applied to shifting conditions such as are found in the Far East.

Four. The principal Japanese newspapers this morning published editorials on the subject of the two statements. The tone of the editorials is generally restrained. They usually review the contents of the statements and attribute their issuance to mistaken reports of Japanese connection with the autonomy movement and proceed to a defence of Japan's aims and purposes in the Far East. The ASAHI also draws attention to the indication given by the issuance of the two statements that American and British views are drawing closer together. The NICHU NICHU is somewhat antagonistic to the United States in its editorial and condemns Mr. Hull's statement because it creates "unnecessary suspicion" of Japan. The JIJU attacks the British statement, which it states has unnecessarily impaired relations between Great Britain and Japan.

NEVILLE

HPD

DECLASSIFIED: E.O. 11652, 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

REP

GRAY

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

1-1336

FROM Peiping via N. R.

Dated December 8, 1935

Rec'd 10:55 a. m.

Secretary of State,  
Washington.

209, December 8, 4 p. m.

Embassy's 203, December 6, 1 p. m.

Chinese circles today appear to be confident that there will be established Hopeh and Chahar the mooted semi-autonomous government with the acquiescence of the National Government. This development is said to have resulted from conversations between Tada and Hsiao Chen Ying at Tientsin on December 6 and two conferences between Ho Ying Chin and Hsiao and other leaders in Peiping yesterday. The press states that required formal sanction will probably be given by the National Government at the first meeting of the Executive Yuan on December 10.

It is denied that prominent member of the old Peiyang and Anfu cliques will participate in the autonomous government. It is evidently hoped that Sung Che Yuan, who has not (repeat not) taken any direct part in the negotiations of the past few days, can be persuaded

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FILED  
DEC 10 1935

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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-#209, From Peiping, Dec.8,4p.m.

persuaded to head the semi-autonomous government.  
Hsiao Chen Ying is expected to become chairman of Hopeh.  
It is reported that the East Hopeh autonomous committee  
would in such circumstances be abolished and Yin Ju Keng  
given a position on the new committee for the two  
provinces. It is stated that salt and customs revenues  
would be remitted to Nanking as before, other revenues  
being retained here.

Reuter reports that Ho Ying Chin plans to leave  
Nanking tomorrow. Lieutenant Colonel Kita, chief of the  
China section of the Japanese Army general staff, is  
scheduled to arrive in Tientsin on December 10. The  
local Japanese press today indicates that his visit is  
in connection with the question of increasing the size  
of the Japanese garrison in North China which is described  
as a matter of importance in view of the growing intimacy  
of relations between Japan, Manchukuo and North China.

Repeated to Nanking, by mail to Tokyo.

JOHNSON

WSB

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

TELEGRAM RECEIVED *& Paraphrased*

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

FS

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

FROM Nanking

Dated December 9, 1935

Rec'd 9:30 a. m.

Secretary of State,

Washington.

131, December 9, 3 p. m.

My 130, December 7, 3 p. m.

This morning I introduced Hayden to acting President of the Executive Yuan, Kung. Kung informed me that the outcome of the autonomy negotiations in the Peiping area would be less harmful than had been anticipated and he attributed this ~~the~~ the effect on the Japanese military leaders of the statement of the British Foreign Minister and of the Secretary of State relating to North China events both of which became known in the Orient on December 7. Kung asked that a special indication of his appreciation be conveyed to the Secretary of State. While the interest manifested by the British and American Governments had this immediate salutary effect, Kung said he does not expect any abandonment by the Japanese military faction of its plans for dominating North China but he thinks that if Great Britain and the United States continue to exhibit interest in treaty observance Japanese activities

793.94/7499

DEC 12 1935

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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

FS 2-No. 131, December 9, 3 p. m. from Nanking  
activities will of necessity be more restrained in  
character.

Repeated to Peiping.

@SB

PECK

(\*) Apparent omission.

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 131) of December 9, 1925, from the American Embassy at Nanking, reads substantially as follows:

During the course of a conversation on December 9, the Acting President of the Executive Yuan (Kung) informed the Counselor of the Embassy that as a result of the effect on Japanese military leaders of the British and American statements in regard to events in North China, both of which were known in the Orient on December 7, the outcome of the autonomy negotiations in the Peiping area would not be as harmful as had been expected. Kung requested that the Secretary of State be especially informed of his appreciation of the American action. Kung stated that, although the interest shown by the American and British Governments had immediately affected the situation in a salutary manner, he did not expect the Japanese military to abandon their plans for controlling North China but he was of the opinion that Japanese activities will necessarily be more restricted if the American and British Governments continue to manifest an interest in treaty observance.

793.94/7499

FE:EGC

CSR  
FE

XII-10-35

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

## TELEGRAM RECEIVED

MJP

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

GENEVA (Part Air)

Dated December 6, 1935

Rec'd 7:27 a. m.

Secretary of State  
Washington.

640, December 6, 2 p. m.

(GRAY)

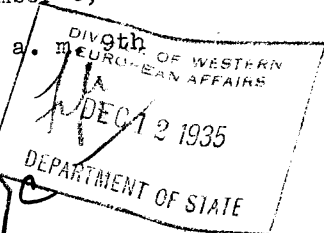
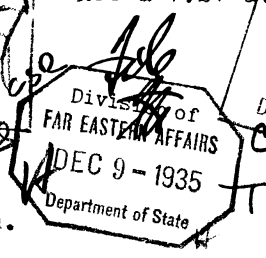
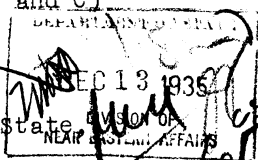
One. Among recent press articles, which I learn are chiefly inspired from Italian sources alleging British and League inconsistency in their treatment of the Sino-Japanese conflict and that of the present Italo-Abyssinian affair, is a letter of the same tenor to the LONDON TIMES which is widely quoted in the European press from C C Wang, President of the Chinese Association in London, which concludes with the statement that a "high British official" strongly recommended to the Chinese Government that it should recognize Manchukuo and that similar representations were made by the British Foreign Office. (END GRAY)

In a conversation with Hoo he identified this latter with the information which I conveyed in my telegram No. 492, October 14, 11 a. m.

Hoo admitted to me in the course of our conversation that the letter in question had in reality been

prepared

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WE



*Handwritten:*  
793.94  
note  
765.84

793.94/7500

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DEC 16 1935

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

MJP -2- No. 640, December 6, 2 p. m. from Geneva

prepared by the Chinese Embassy at London. He stated that in pursuing the matter with the British Foreign Office the alleged Leith-Ross statement had not been disavowed by the British authorities and that while not directly suggesting that China recognize Manchukuo they had described non-recognition as one of the obstacles to a Chinese-Japanese understanding and had expressed the hope that "all obstacles" might be removed.

(GRAY) Two. Respecting current press accounts that China had made demarches in Washington, Paris, and London based on the Nine Power Treaty, which were described therein as a "prelude" to China's placing the question before the League, Hoo stated that he had no advices from Nanking respecting this and that he did not think that China contemplated any such action at the present time. (END GRAY) He said that such a move would be useless without the support of the great powers which China clearly understood would not be forthcoming. He stated that Article XVI of the Covenant was something which China should hold in reserve to be employed "if a favorable opportunity should offer" and that to involve it at the present juncture would only give a war status to the situation which would permit Japan through the certain defeat of China to impose

a peace

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

MJP -3- No. 640, December 6, 2 p. m. from Geneva.

a peace settlement which would give to her victory a "legal status".

In our talk however he disclosed preoccupations concerning a relationship between possible Chinese action at Geneva or a threat of such action and the Italian Abyssinian question which would introduce a serious complication into the entire field of higher politics. He said that such a move would create "a diversion" and in view of its greater importance a revival of the Sino-Japanese question here might easily operate to place the Italian-Abyssinian affair in abeyance.

The Chinese here have for some time expressed themselves to me most cynically about the League and have asked why if other states employ it for private political ends they should not do the same. Certain special relationships which exist between Italy and China are of course well known and Hoo seemed to me *through reference* ~~very nearly~~ to admit that the Italians had discussed the question with him and were suggesting that they could take some action in Geneva. I know for a fact that the Chinese are in touch with the Italians respecting press accounts described in paragraph one above. I am unable to judge whether there is anything definitely significant in this but I feel that it may be something to be watched.

GILBERT

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

DOCUMENT FILE

NOTE

SEE 858.00 P. R./206 FOR Despatch #452

FROM Sweden (Steinhardt) DATED Nov. 22, 1935  
TO NAME 1-1127

REGARDING: Japanese activities in China. Swedish press comment on,-.

fp

793.94/ 7501

7501

DECLASSIFIED: E.O. 11652, 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. PRESS COMMENT ON THE JAPANESE ACTIVITIES IN CHINA:

The renewed Japanese activities in Northern China provoked the following editorial comment in STOCKHOLMS FIDNINGEN-STOCKHOLMS DAGBLAD (Liberal) of November 14:

"The question which presents itself is whether the Japanese spirit does not run the risk of making the same capital mistake Mussolini has made: to underestimate Britain's ability to protect her own interests even under the most difficult conditions. The Englishmen have now really discovered the League of Nations. Do not let us attempt to predict the outcome of the great experiment against Italy, but if it takes a hopeful turn it is not at all out of the question that London would take the chance of overworking the League by a new demand of the same character rather than permit a repetition of her last failure in the Manchurian conflict. The League has become of greater value today than only a few months ago. If that gain is to be maintained it will not do to have the League function only sporadically giving Japan the privilege of ignoring it, which is not allowed any of the great European Powers.

"It appears certain that problems are gathering everywhere, and in particular for the British Government. Much of the hope for the maintenance of peace in the world depends on that Government's energy and clearheadedness."

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

## DOCUMENT FILE

### NOTE

SEE 861.51-French Credits/33 FOR Tel. #1016, -

FROM France (Straus) DATED Dec. 3, 1935  
~~XXXX~~ NAME 1-1127 \*\*\*

REGARDING: conversation between Bullitt and Soviet Ambassador to  
France concerning Chinese request for French attitude concerning  
possible League intervention in Japanese aggression in North China.

dew

793.94/ 7502

7502



DECLASSIFIED: E.O. 11652, 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 765.94/2932 FOR Telegram #618, 3 pm.

FROM Great Britain ( Bingham ) DATED December 6, 1935.  
TO NAME 1-1127 ..

REGARDING: Japanese activity in north China. Hoare's statement in the House of Commons that this activity had caused the British government grave anxiety and that the Japanese had been asked for a frank statement of their policy.

with

793.94 / 7503

7503

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

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

TELEGRAM RECEIVED

REP

GRAY

1-1236

FROM Peiping via N. R.

Dated December 9, 1935

Rec'd 4:18 p. m.

Secretary of State,  
Washington.

RECEIVED  
FAR EASTERN AFFAIRS  
DEC 10 1935  
Department of State

211, December 9, 8 p. m.

Embassy's 209, December 8, 4 p. m. /7498

According to foreign observers five or ~~six~~ hundred students of Tsinghwa and Yenching universities attempted to enter the city this morning to protest against the autonomy movement but the city gates were closed against them.

Two. Three or four hundred students of schools within the city demonstrated in front of Ho's residence this morning and are now moving about the city gathering more students. The crowd is now said to number 1200 and to be about to hold a mass meeting. They have been inventing against the autonomy movement traitors and Japanese imperialism.

Three. Handbills have been distributed in the city today expressing the same belligerent ideas including exhortations for resistance and war against Japan.

Four.

793.94/7504

F/FG

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

REP

2-#211, From Peiping, Dec. 9, 8p.m.

Four. No (repeat no) Japanese planes have flown  
over Peiping since December 6th.

Five. Japanese press men claim that Doihara  
disapproves of the proposed Council for Hopei and  
GJV Chahar but no (repeat no) official Japanese state-  
ment has been made.

(SECTION TWO FOLLOWS)

JOHNSON

CSB

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

TELEGRAM RECEIVED

*of paraphrase*  
COPIES SENT TO  
O.N.I. AND M.I.D.

FS 1-1336

FROM

Peiping

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (C) & (A)

Dated December 9, 1935

Rec'd 9:15 a. m.

Secretary of State,  
Washington.

211, December 9, 5 p. m. (SECTION TWO).

Six. Japanese Embassy official states that he  
understands the following to be correct: All Japanese  
authorities except the Kuantung army are favorably in-  
clined toward the proposed council but there is apprehen-  
sion that the Council will not (repeat not) make the  
economic strategic and financial arrangements which the  
Japanese military desire.

Seven. Chinese officials expect the National  
Government to approve the establishment of the proposed  
Council. Its membership and powers are still unknown.  
Repeated to Nanking, repeated by mail to Tokyo.

CSB

JOHNSON

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

... (CONFIDENTIAL)

P A R A P H R A S E

Section two of a telegram (No. 811) of December 9, 1935, from the American Embassy at Peiping, reads substantially as follows:

It is the understanding of an official of the Japanese Embassy that the proposed council meets with the favor of all Japanese authorities with the exception of the Kwantung Army but that there is fear that the Council will not make the strategic, financial and economic arrangements desired by the Japanese military.

The Nanking Government is expected by Chinese officials to approve the setting up of the proposed Council, whose powers and membership are not known as yet.

793.94/7504

295.  
FE:EGC

CSR  
FE  
m/h

XII-10-35

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

## TELEGRAM RECEIVED

FS

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

FROM

Tokyo

Dated December 10, 1935

Secretary of State  
Washington.

Rec'd 6:45 a. m.

Division of  
FAR EASTERN AFFAIRS

DEC 10 1935

Department of State



236, December 10, 5 p. m.

Embassy's 233, December 7, 1 p. m.

Since the original editorial comments and statements by officials appeared in the Japanese newspapers of December 6 and 7 nothing further has been published in the newspapers in regard to the statement of Mr. Hull nor have counter statements been issued by governmental organs. The American and British statements appear to have attracted little attention and to have aroused almost no animosity. The subject has now been quietly dropped, perhaps by official instigation but more likely because overshadowed by news of the progress of the Naval Conference.

JS:HPD

NEVILLE

793.94/7505

DEC 19 1935

FILED

F/FG

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

TELEGRAM RECEIVED

FS

This telegram must be closely paraphrased before being communicated to anyone. (C) and (A)

FROM

Peiping 1

Dated December 10, 1935

Rec'd 9:30 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS

DEC 11 1935

Department of State

213, December 10, 4 p. m.

Hu Shih who has had conversations with Nanking leaders and with Sung Che Yuan on the subject gave me last evening the following information. The plan for the proposed Council was drawn up by Ho Ying Chin, Sung Che Yuan, Chin Teh Chun, Chen Yi, Hsiung Shih Hui and Hsiao Chen Ying with Hsiao probably in frequent communication with the Japanese. The National Government participated in order to dissuade Sung from declaring independence which he has contemplated as a result of Nanking's treatment of him since last June and in the hope of keeping Sung's army loyal to Nanking as it is the only force in this immediate area which can fight for China. Nanking is not (repeat not) ready to fight but expects to fight eventually as there is no end to Japanese ambition. The world situation is not (repeat not) propitious for such a dispute. Japanese intrigue for autonomy has not (repeat not) worked out as the Japanese intended. The informant hopes that the Council may

last

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O.N.I. AND M.I.D.

793.94/7506

FILED

DEC 12 1935

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

FS 2-No. 213, December 10, 4 p. m. from Peiping

last for three or perhaps four months. The Council will have autonomous control of the two provinces with Nanking retaining Judiciary Finance and Foreign Affairs. The Council will number fifteen. The Anfu clique will be represented only by Wang Yi Tang. Several educators have been asked to serve but have refused.

Two. A reliable Japanese source states that in his opinion the Council will be established before its powers are defined and that in the subsequent definition of those powers discord between the Kwantung army and the Chinese may be expected to arise.

Three. According to the first informant (Section Two follows).

CSB

JOHNSON



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

JS

**TELEGRAM RECEIVED**  
SPECIAL GRAY

1-1336

PEIPING (VIA N R)

FROM Dated December 10, 1935

Rec'd 4:37 p.m.

Secretary of State,  
Washington, D.C.

213, December 10, 4 p.m.

(SECTION TWO)

About 1,000 students participated yesterday in the demonstrations inside and outside the city. A few radicals took advantage of the opportunity to distribute radical propaganda. The demonstration was spontaneous. Takahashi protested to the municipality against its inadequate handling of the demonstration and claimed that it was communist, an indication that it may be expected that anti-Japanese activities in China proper will hereafter be termed by the Japanese as communist. Takahashi charged Hushih and Chian Mon Lin with having instigated the demonstration.

Four, Fighting has occurred at Kuyuan in Eastern Chahar between Manchukuo forces and Chinese peace preservation corps. The reasons are unknown.

Repeated to Nanking, by mail to Tokyo.

JOHNSON

KLP

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

(CONFIDENTIAL)

P A R A P H R A S E

Section one of a telegram (No. 213) of December 10, 1935, from the American Embassy at Peiping, reads substantially as follows:

On December 9, the American Ambassador received from Hu Shih, who has had conversations with Sung Che-yuan and with the Nanking leaders in regard to the proposed council, information to the following effect:

Sung Che-yuan, Chen Yi, Hsiung Shih-hui, Ho Ying-chin, <sup>Chin Teh-chun</sup> and Hsiao Chen-ying (the latter probably communicating frequently with the Japanese) drew up the plan for the proposed council. The Nanking Government took part in the plans so as to influence Sung Che-yuan not to declare autonomy which he had planned to do on account of the treatment which he has received from Nanking since last June. The Nanking Government participated also with the hope of thereby keeping Sung's army, which is the only force in the immediate Peiping area that can fight for China, loyal to Nanking. As there is no end to Japan's ambition, the National Government looks forward to fighting eventually although it is not ready to fight. The intrigue of the Japanese for autonomy has not worked out as they planned that it should. The world situation is not auspicious for such a controversy. Hu Shih is hopeful that the Council which will number 15 and will have autonomous control of the two provinces with Nanking keeping Foreign, Finance, and Judiciary Affairs will last for three or four months. Several educators have been requested to

serve

DECLASSIFIED: E.O. 11652, 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 -

serve on the Council but have refused. The Anfu group will be represented by Wang Yi-tang only.

It is the opinion of a reliable Japanese that the Council will be set up before its powers are determined and that in the later determination of these powers it is to be expected that there will be discord between the Chinese and the Kwantung Army.

Hu Shih stated that

793.94/7506

29.C.  
 FE:ECC

XII-11-35

CSR  
 FE

*M.M.H.*

DECLASSIFIED: E.O. 11652, 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 611.4231/1460 FOR Letter

FROM Thomas, J. R. ( ) DATED Dec. 4, 1956.  
TO NAME 1-1127 \*\*\*

REGARDING: Comments with regard to cautious policies of the Department  
toward the aspirations of Japan and Italy.

793.94/7507

7507

DECLASSIFIED: E.O. 11652, 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 765.84/2983 FOR Memorandum

FROM Secretary (Hull) DATED December 2, 1935.  
TO NAME 1-1127 \*\*\*

REGARDING: Inquiry of the Italian Ambassador as to whether this government had taken up with Japan the Chinese situation. Was told that the Italo-Ethiopian war had given us great concern, and had pointed out to him the factors leading up to the present Chinese situation, the principal factor being the war.

with

793.94 / 7508

7508

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

793.94

## DOCUMENT FILE

### NOTE

SEE 893.00 P.R. Tsingtao/91 FOR #56 to Embassy

FROM Tsingtao (Sokobin) DATED Oct. 5, 1935  
TO NAME 1-1127 \*\*\*

REGARDING: Sino-Japanese relations: Breach in relations at Tsingtao;  
Japanese interest in official appointments; Extension of  
Tsingtao Tsinan Railway.

FRG.

793.94/ 7509

7509

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

B. Relations with Japan.

743.94  
Indefinably but nevertheless quite certainly, a breach in the cordial relations which have existed here for some years between the high Chinese authorities and the Japanese community and officials is being made. To the Consulate come rumors from good sources that a series of more than minor complaints are being directed at and with the Chinese administrators of the municipality of Tsingtao and with the leading factor in the economic life of the region, viz., the Tsingtao - Tsinan Railway.

These.....

- 4 -

These complaints, emanating from the policy of Japanese economic development of North China, have commenced with protests against the failure of the Tsingtao - Tsinan Railway to purchase more than negligible quantities of Japanese materials; in the municipal sphere a violent protest is being made by the Japanese against the opening of a local Chinese Produce and Securities Exchange, the building for which has been completed. This proposed competition to the Japanese controlled Tsingtao Exchange where very considerable transactions in cotton, yarn, and money exchange take place, has prompted rather startling tirades in the Japanese press. One leading article concluded:

"There is no alternative but to make the Chinese abandon any and all subjects injurious to Japanese rights. We must exclude entirely any patchwork method, when the anti-Japanese spirit persists at this time when China and the Chinese must cooperate with Japan and the Japanese in fair and open-hearted international friendship in the new situation in North China which confronts the Chinese."

Japanese Interest in Official Appointments.

But not only in the economic sphere is there among the Chinese officials a distinct growing apprehension of Japanese aggression, but even on political grounds is a menace seen; rumors come that the Japanese have indicated that incumbents of certain Chinese official posts must have Japanese approval. Even the Mayor of Tsingtao, who has long had a reputation for his skillful and satisfactory handling of Japanese relations, is not  
escaping.....



- 5 -

escaping Japanese thrusts; his policy of "fair dealing on a basis of equality" is apparently not altogether satisfactory to the Japanese. The Japanese must have "rights" in municipal affairs and it is possible that they will reassert claims to municipal representation based on Article VI of the annex to the Shantung Treaty of 1922 (MacMurray, 1919-1929, page 86).

Extension of Tsingtao - Tsinan Railway.

If and when the economic development of North China under Japanese direction commences, this office ventures to predict that the extension of the Tsingtao-Tsinan Railway westwards to Taokow ( 道 口 ) the eastern terminus in Honan of a small line which crosses the Peiping-Hankow Railway, or to Shunteh ( 順 德 ) on that railway due west from Tsinan, will be one of the very first undertakings. The Japanese have recently expressed a desire to have old rails from the Tsingtao-Tsinan Railway used for building the line westwards from Tsinan to a point on the Peiping-Hankow line.

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

793.94

## DOCUMENT FILE

### NOTE

SEE 823.00 P.R. Tsingtao/92 FOR #65 to Embassy

FROM Tsingtao (Sokobin) DATED Nov 7, 1935  
TO NAME 1-1127 ...

REGARDING: Chinese Produce and Securities Exchange; Remarks of Admiral  
Hyakutake; Unauthorized flight of Japanese military plane  
over Tsingtao.

FRG.

793.94/ 7510

7510

B. Relations with Japan.

793.94  
At the beginning of the month relations between the Japanese Consulate General and the Tsingtao Municipal Administration were strained because of the imminent formal opening of a Chinese produce and securities exchange in competition with the long established Tsingtao Exchange, regarded as a Japanese corporation. The controversy was placed directly before the Mayor upon his return to Tsingtao on October 13 and apparently a solution favorable to the Japanese has been reached, at least for the time being, for the formal opening of the Chinese produce and securities exchange has been delayed.

ADMIRAL HYAKUTAKE'S REMARKS.

In the first week of October Japanese residents of Tsingtao honored Admiral Hyakutake, commanding the Japanese Third Fleet with a banquet (see despatch No. 63 of October 21, 1935, file No. 500). The Admiral was afforded an opportunity at this banquet to deliver himself of some views on Japanese in China in a rather frank manner;....

- 4 -

manner; his remarks on his nationals were of a critical tone. An interpretation of his speech is that as a high naval officer he was surfeited with the grave responsibility not infrequently placed on him and the navy for the "protection" of Japanese and their trade in China, the conduct of both of which was not altogether free from censure for one reason or another.

UNAUTHORIZED FLIGHT OF JAPANESE MILITARY PLANE OVER TSINGTAO.

Officials of the Tsingtao Municipal Administration expressed some resentment because of unauthorized flights of Japanese military aeroplanes over Tsingtao; the Japanese practice appears to be to notify the Chinese authorities shortly before the planes actually arrive; it is understood that no request for permission is made but notification of impending arrival given (See despatch No. 58 of October 11, file No. 834.8, Subject: Flight of Japanese Military Plane over Tsingtao).

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

TELEGRAM RECEIVED

FS

1-1336

FROM SPECIAL GRAY & GRAY

Peiping via N. R.

Undated

Rec'd 9:40 a. m. December 11,  
1935

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

Secretary of State,  
Washington.

Division  
FAR EASTERN AFFAIRS  
DEC 11 1935  
Department of State

218.

Embassy's 213, December 10, 4 p. m.

The situation is quiet. Nanking's decision on the proposed Council presumably awaits appointment of new Cabinet ministers. There continues to be conflicting reports with regard to the attitude of the Japanese military towards the Council. Doihara is understood to have directed Japanese pressmen not (repeat not) to publish reports with regard to the Japanese attitude.

Two. Students of five local universities including Yen Ching Tsing Hua and Peiping National are refusing to attend classes today apparently to show continuing disapproval of the present political situation.

Three. It is reported that the Association of Educational Institutions at Tientsin issued yesterday a statement opposing autonomy and any impairment of Chinese territorial integrity.

Four.

793.94/7511

FILED

DEC 13 1935

793.94

7506

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

FS 2-No. 216, Undated from Peiping

Four. Fighting at Kuyuan is said to have ceased.

Repeated to Nanking. By mail to Tokyo.

CSB

JOHNSON

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Shanghai/85 FOR #10,433

FROM Shanghai (Cunningham) DATED Nov. 11, 1935  
TO NAME 1-1127 ...

REGARDING: Sino-Japanese relations: Complaint against the CHINA WEEKLY  
REVIEW; Articles on Manchuria; Meeting of Japanese Military,  
Naval and Consular Officers.

FRG.

793.94/7512

7512

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

-3-

the American Consulate General on October 19 for the purpose of discussing further the articles recently published in THE CHINA DAILY NEWS (American and Chinese registered) to which exception had been taken. He referred to his previous visit on September 3 and stated that inasmuch as no relief had been obtained through his oral representations it would be necessary for him to make an official protest in writing. Mr. Ishii was informed that it would not be possible for this office to comply with his request for an apology and disciplinary action against Mr. J. B. Fowell, publisher and editor of the periodical in question (see despatch No. 8936 of October 23).

Articles on Manchuria. The CHINA DAILY NEWS (British) published recently a series of articles on Manchuria by Mr. H. T. Peyton-Griffin. In them the author paints a dark picture of the future for Russian and other foreign interests in Manchuria, but expresses the view that the inhabitants recognize and appreciate the far reaching improvements that have been effected by Japan. Moreover, in commenting on these articles editorially, this journal expressed frank admiration for Japanese accomplishments in Manchuria, which is a marked change from the veiled disapproval that has characterized the greater part of this periodical's editorials on Japan's policy toward China since the first part of the present year (see despatches Nos. 8985, 8986 and 8912 of October 5, 7 and 12, 1935, respectively).

Meeting of Japanese Military, Naval and Consular Officers. From October 19 to 21, 1935, separate conferences were held in Shanghai by Japanese military, naval and



-4-

and consular officials. Although little was divulged regarding the actual proceedings, it was generally understood that their primary purpose was to place in effect decisions and agreements arrived at shortly before in Tokyo by the several ministries concerned. Unity of policy was stressed, for the moment at least, and advantage was taken of the occasion to discuss Japanese policy toward China in general and to receive reports from Japanese officials in this country with regard to their respective districts. It was learned from confidential sources that the policy agreed on includes the familiar insistence upon the cessation of anti-Japanese activities, the presenting of a united front against communism, and the initiation of economic cooperation between Japan, China and Manchukuo under Japanese leadership. Ambassador Akira Ariyoshi gave a dinner on the evening of October 20 to which all of the officers attending the meetings were invited. Statements given out to the press afterwards were to the effect that complete unanimity of views was arrived at on this occasion, thus obviating the necessity for any general meeting (see despatch No. 8950 of October 25).

Chinese Economic Inquiry Commission. A group of Chinese business men sailed for Nagasaki on October 26, 1935, for the express purpose of investigating economic and trade developments in Japan. The move received considerable publicity in Shanghai, and upon sailing the delegation gave out a statement expressing the hope that a real Sino-Japanese economic rapprochement might now be effected. The Commission included some very prominent

Shanghai

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

-5-

Shanghai bankers, the Chairman of the General Chamber  
of Commerce, the General Manager of the China Merchants  
Steam Navigation Company, and others (see telegram of  
October 7, 5 p.m.)

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

## TELEGRAM RECEIVED

CA

A portion of this telegram  
must be <sup>carefully</sup> paraphrased  
before being communicated <sup>FROM</sup>  
to anyone. (a)

TOKIO

Dated Dec. 12, 1935.

Rec'd 12:55 a.m.

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

Secretary of State,  
Washington.

239, Dec. 12, 11 a.m.

(GRAY) The Military Attache of the Embassy was yesterday informed by the Liaison Officer of the Japanese War Office that:

One. Negotiations between General Ho and General Sung for a semi-autonomous state in Hopei and Chahar have been progressing smoothly and the actual terms of the agreement will be announced within a few days. The Japanese army authorities who hope for a gradual change in North China are well satisfied with the progress made.

Two. It is true that investigations are being made looking toward the strengthening of the North China garrison by increasing the number of staff officers, military police and communications personnel, but there is no present intention of increasing the combat forces of the garrison.

Three. (END GRAY) The Japanese army authorities in North China have been ordered to arrest the Japanese "China Ronin" who have been making trouble in North China and who,

contrary to



793.94/7513

FILED

DEC 14 1935

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

CA

..#2..Tokio 239 Dec. 12..

contrary to popular belief, are not in the pay of the Japanese army. (It was implied but not so stated that this move was inspired by the implications of Japanese participation in the autonomy movement contained in the statements of Mr. Hull and Sir Samuel Hoare),

Repeated to Peiping.

NEVILLE.

JS

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (No. 239) of December 12, 1935, from the American Embassy at Tokyo, reads substantially as follows:

On December 11, the Liaison Officer of the Japanese War Office informed the American Military Attaché at Tokyo to the following effect:

One. Negotiations between General Ho and General Sung for a semi-autonomous state in Hopei and Chahar have been progressing smoothly and the actual terms of the agreement will be announced within a few days. The Japanese army authorities who hope for a gradual change in North China are well satisfied with the progress made.

Two. It is true that investigations are being made looking toward the strengthening of the North China garrison by increasing the number of staff officers, military police and communications personnel, but there is no present intention of increasing the combat forces of the garrison.

Three. The Japanese "China Monin" who have been causing trouble in North China and who, in spite of widespread belief to the contrary, are not being paid by the Japanese military, have been ordered arrested by the Japanese military authorities in North China. (Although not stated, the implication was that this action was taken as the result of implications contained in the American and British statements to the effect that Japan had participated in the independence movement.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

December 28 1935 November 29, 1935

1935 DEC 11 PM 12 55

Conversation,

Far Eastern Affairs

DEC 2 - 1935

Department of State

The Honorable Sir Ronald Lindsay, the British Ambassador, and Mr. Hornbeck.

Subject: The North China Situation.

793.94  
The British Ambassador called me on the telephone and said that he wished to inform me of the contents of a telegram he had received. He read the text, of which I took down the substance, as follows:

The British Charge d'Affaires in Tokyo has been instructed to ask for an interview with the Japanese Minister for Foreign Affairs and to say to the Minister that the British Government "is greatly concerned at the conflicting and disturbing reports reaching London of Japanese action aiming at administrative separation of North China and would welcome a frank statement of Japanese policy and assurances that no action is being taken or intended at variance with the principles of the Nine Power Treaty". The Ambassador said that there was reference to telegrams from China which the Foreign Office had not repeated to him. He concluded with the statement that he had received the above telegram on

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

- 2 -

on "Wednesday night".

The Ambassador did not make nor did he request any comment. I thanked him for his courtesy in giving us the information.

*SKH*

SKH/REK

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793.94 / unclassified

Information from Com-in Chief of

American Fleet 12-7-37

CONFIDENTIAL FILE



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

TELEGRAM RECEIVED

FS

1-1330

FROM

PLAIN

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

Nanking via N. R.

Dated December 12, 1935

Rec'd 11:20 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
DEC 12 1935  
Department of State

137, December 12, 1 p. m.

One. The Government is reported to have issued late last night a mandate making the following as members of the Hopei Chahar Political Affairs Commission:

Sung Che Yuan (Chairman); Wan Fu Lin; Wang I Tang; Liu Che; Li Ting Yu; Chua Teh Yao; Hu Yi Kuan; Kao Ling Wei; Wang Keh Ming; Hsiao Chen Ying; Chin Teh Chu; Chang Tze Chung; Cheng Ke; Chow Tso Min; Men Chih Chung; Shih Chin Ting; Fan Chia Chin.

Two. The regulations governing the Commission are not yet known.

HPD

ATCHESON

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FILED

DEC 14 1935

F.

**MICROCOPY**

**976**

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**END**

