

# Birla Central Library

PILANI (Jaipur State)

Class No :- 952

Book No :- K 17 J

Accession No :- ~~18834~~

13831





## JAPAN SPEAKS





**THE MACMILLAN COMPANY**  
**NEW YORK • BOSTON • CHICAGO • DALLAS**  
**ATLANTA • SAN FRANCISCO**

**MACMILLAN & CO., LIMITED**  
**LONDON • BOMBAY • CALCUTTA**  
**MELBOURNE**

**THE MACMILLAN COMPANY**  
**OF CANADA, LIMITED**  
**TORONTO**

# JAPAN SPEAKS

## ON THE SINO-JAPANESE CRISIS

By

K. K. KAWAKAMI

Washington Correspondent of THE TOKYO HOCHI SHIMBUN

Author of

*Japan in World Politics, The Real Japanese Question,  
Japan's Pacific Policy, etc.*

With an Introduction by

His Excellency TSUJYOSHI INUKAI,

*Prime Minister of Japan*

MACMILLAN AND CO., LIMITED  
ST. MARTIN'S STREET, LONDON

1932

**PRINTED IN THE UNITED STATES OF AMERICA.**

## PREFACE

THIS book has been inspired by the following editorial expression in the *New York Times* for January 30, 1932:

"No impartial person who has followed the Japanese course in China since the sudden seizure of Mukden last autumn can fail to conclude that Japan has lacked what is called 'good publicity.' She had, in many respects, a good case. She was entitled to stand upon her treaty rights. She undoubtedly had suffered extreme provocation from irresponsible Chinese officials. She had apparently long foreseen the need of military action to defend her lawful privileges in Manchuria, and to enhance her national prestige, so that when the moment came the blow was delivered suddenly and effectively. But apparently the Japanese Government did not have that 'decent respect for the opinion of mankind' which would have led her to explain and justify her position in the face of hostile criticism. Even at Geneva, when the League of Nations was taking up the matter, the Japanese argument was late in being produced. For a time the Chinese there had all the better of the controversy, and, indeed, led the League of Nations too hastily to take a position favorable to the Chinese contention, from which it afterward had to retreat. All this offered a great opportunity to Japan to inform the League and the world of her intentions and her procedure, but she was tardy and inconclusive in taking advantage of it."

The author hopes that the book may be received as a contribution by a patriotic Japanese citizen who loves his native country but who has lived abroad long enough to understand and appreciate the American and European viewpoint on the problems of the Far East. He has visited

China many times and is convinced that his views presented between these covers have many sympathizers among the sane and farseeing Chinese, although these Chinese have been cowed to silence by the unreasoning, often selfish anti-foreignism which has been fostered by the Nationalist politicians to further their own political ends but which has obviously got out of their control.

The book offers no solution, no panacea for China's ills. The author is content with presenting what he believes to be a faithful analysis of the problems confronting China, Japan, and the rest of the powers, trusting that the reader will derive his own conclusions from the facts given.

K. K. KAWAKAMI.

WASHINGTON, D. C.,  
March, 1932.

## INTRODUCTION

By His Excellency TSUYOSHI INUKAI

*Prime Minister of Japan*

FEW can be more genuinely sympathetic toward the Chinese Nationalists and their aspirations than I have been for more than thirty years. When Sun Yatsen and his associates were exiles among us, hounded by Chinese emissaries and threatened with deportation by our government, I shielded them. I had once myself been driven out of Tokyo by a reactionary Cabinet when I was in the van of the constitutional movement, and I at once took a friendly interest in these Chinese who sought my help. For a time Sun Yatsen lived with me. My house was a secret meeting place for the revolutionists. Often they shared my food and clothes and even my meager income. None could have been more jubilant than I was, when the new republic sounded the knell of the Manchu dynasty.

Throughout all the political vicissitudes which followed the birth of the Chinese Republic, Sun Yatsen did not forget me and continued to seek my counsel. When, in 1923, he invited a Soviet emissary to Canton I cautioned him, feeling that he was making a grave mistake in enlisting "Red" assistance. He did not heed me. The consequence is the

China of to-day, rife with anti-foreignism, harassed by Communist risings, involved in foreign complications.

Looking back over thirty years of my friendship with the Nationalists, nothing is so distressing to me as to see our nation forced to launch an armed intervention in their country. This intervention was not started by my Cabinet—it was started by its predecessor. I say this not in a partisan spirit, but because I believe that the hostilities could have been avoided if the party in power before us had taken a firmer stand against China's treaty violation and her encroachment upon our vital interests before the situation became too serious to permit peaceful adjustment. This does not mean that I do not admire the extraordinary tolerance so long maintained by that party in dealing with China's willful disregard of accepted principles of international amity. But the regrettable fact is that when that policy of toleration has merely invited Chinese contempt of us and has inevitably dragged us into the present deplorable situation, the world remembers little, or has never known anything, about our long years of silent efforts for remaining on friendly terms with China, but hears only the guns roaring on the plains of Manchuria and on the banks of the Whampo River. Surely this could have been forestalled had our diplomacy dealt with China in such a way as would inspire respect, not contempt, for us.

When the powers met in conference at Washington ten years ago none of them entertained the slightest idea of absolving China of the moral and legal obligations usually observed by all civilized nations in their intercourse with one another. The covenant then adopted was not meant

to concede to China unbridled liberty to violate treaties, disregard international obligations, incite the masses against the foreigners through officially compiled school books and officially subsidized associations. What the treaty meant was to give China an opportunity to put her own house in order without foreign interference. If the powers did not wish to embarrass China in her period of domestic reform, neither did they wish to be embarrassed by China in the peaceful economic pursuits of their nationals within her borders.

The Washington Treaty was a covenant of mutual forbearance. If the powers obligated themselves to keep their hands off China's internal affairs, China on her part pledged herself to respect foreign lives and rights. That was taken for granted.

China could have undertaken the task of internal rehabilitation, if she only had the will, without disturbing the foreigners and foreign rights. To attribute all her domestic troubles to "alien imperialism" is neither truthful nor manly. Only by admitting her own shortcomings and inabilities and by making honest efforts to remedy them can she become an ordered and efficient nation, and thus win the respect of her neighbors.

When Sun Yatsen lived with me I told him that the only sensible way China should follow was the way pursued by Japan. For Japan, too, passed through a long period when she had her foreign settlements, her unilateral tariff conventions, her extraterritoriality. How did we rid ourselves of this *imperium in imperio*? Not by inciting anti-foreign violence but by following a friendly policy toward the



powers. We did not exploit foreign "aggression" to conceal our own failings. We frankly admitted the superiority of the Western civilization which had imposed alien jurisdiction upon us, and made supreme endeavors to assimilate what seemed to us best in it. The existence of a few foreign settlements and of extraterritoriality and a one-sided conventional tariff, though repugnant to our national pride, constituted no serious hindrance to the execution of our program of domestic reform. When we proved ourselves the equals of the Western nations by a wholesale rehabilitation of our own conditions, the powers gladly welcomed us into their family. This slow, arduous, painstaking work, I told Sun Yatsen, was the surest way to win foreign recognition. But Sun Yatsen sought a short cut in the "Red" way. Had he lived he would have realized his blunder.

It is a matter of profound regret that our intervention in Manchuria and Shanghai has caused so much concern among the powers with which we wish to be on the best of terms. No nation can be more glad than Japan herself when the regrettable situation is brought to an end. The intervention was not of our own seeking; we were forced to a position where we had no other course. We shall bend all our efforts to bring about its speedy termination. The Shanghai affair was unexpected and accidental; it is not an extension or continuation of the Manchurian intervention.

Meanwhile the world may rest assured that we seek no special privileges either at Shanghai or in Manchuria. Since the beginning of the intervention we have concluded no new treaties, nor have we secured any new concession. All that we seek is the enforcement of the old agreements

which have willfully been disregarded either by the Nationalists or by the old Manchurian régime, or by both. If we prove ourselves instrumental, even to a small extent, in the birth of a new Manchuria where militarist exploitation of the innocent toilers shall cease, where organized banditry shall no longer murder and pillage, where nationals of all countries may work and trade under the established principles of the open door and equal opportunity, then future historians, far removed from the excitement of the moment, will, I am sure, judge us more kindly than is at present possible. With this firm conviction we face the whole world, unhesitating, unregretting, confident of the ultimate vindication of our cause.

I take this opportunity to say a word about the spurious document entitled *The Memorial of Premier Tanaka, or Japan's Secret Design for the Conquest of China as Well as the United States and the Rest of the World*, of which millions of copies, I am told, have been distributed in America for certain propaganda purposes. The document is a forgery, pure and simple. Its title is its own indictment. The Japanese original, of which it purports to be the English translation, never existed. The late Premier Tanaka, whom I succeeded as president of the Seiyukai Party, never submitted any document of this nature to the Emperor. The pamphlet contains many absurd statements which are conclusive evidence of its spuriousness. For one thing, Baron Tanaka never took the trip to Europe and America which this forged document says he took for the purpose of counteracting the effects of the Washington Conference. Furthermore, Prince Yamagata, whom it says the Emperor

called to conference on the Washington Treaty, had been dead when that treaty was concluded.

When the memory of my predecessor is so maliciously desecrated, all the sense of chivalry and honor that is in me impels me to rise to its defence. I am, however, confident that no thinking mind—American, European, or even Chinese—will fail to detect the fatuity of this document.

Japan is not imperialistic. She is not actuated by land lust. She has not deliberately embarked upon a course of aggression. All that the Japanese desire in Manchuria is to live and toil peacefully and harmoniously with other peoples. Only when that privilege, to which we are fully entitled by treaty and by the great sacrifice we had made for China, was persistently denied us through thirty years' deliberate policy of obstruction and exclusion, did we resort to an armed intervention which seemed the only means to cut the Gordian knot. This, I am sure, will be appreciated when the world is in a position to look at the stirring events of these days through the perspective of history.

## CONTENTS

	PAGE
PREFACE . . . . .	v
INTRODUCTION—By His Excellency TSUYOSHI INUKAI, <i>Prime Minister of Japan</i> . . . . .	vii

### PART I.—THE BACKGROUND

#### CHAPTER

I.	JAPAN FIGHTS FOR CHINA'S INTEGRITY . . . . .	3
	The Sino-Japanese War . . . . .	3
	Japan Robbed of Liaotung . . . . .	5
	China's Secret Alliance with Russia . . . . .	7
	Impending Partition of China . . . . .	8
	Japan Saves China . . . . .	9
	Japan's Present Intervention . . . . .	10
II.	CHINA OBSTRUCTS JAPAN . . . . .	12
	China's Scheme to Embroil England with Japan . . . . .	14
	China Schemes to Estrange Japan and America . . . . .	15
	More Examples of China's Obstructive Policy . . . . .	17
	Japan's Twenty-one Demands . . . . .	18
III.	TEN YEARS OF JAPAN'S CONCILIATORY POLICY . . . . .	21
	At the Washington Conference . . . . .	22
	At the Peking Tariff Conference . . . . .	23
	Japan and China's Extraterritoriality . . . . .	24
	Further Evidence of Japan's Conciliatory Policy . . . . .	27
	China Rebuffs Baron Shidehara . . . . .	30
IV.	JAPAN RESORTS TO INTERVENTION . . . . .	33
	The Crisis . . . . .	35
	"Remember the <i>Maine</i> " . . . . .	36
	The Fateful Night of September 18 . . . . .	37

## PART II.—MANCHURIA THE ISSUE

CHAPTER	PAGE
V. THE "TWENTY-ONE DEMANDS" TREATIES OF 1915 . . .	41
America and the Twenty-one Demands . . . . .	42
At the Washington Conference . . . . .	42
At the League of Nations . . . . .	44
Essential Provisions of the Treaty . . . . .	45
China's Duress Theory Indefensible . . . . .	46
VI. SOUTH MANCHURIA RAILWAY AND THE LEASED TERRITORY	49
Vast Enterprises of the Railway . . . . .	50
Dairen and Port Arthur . . . . .	53
Coal and Iron Mining . . . . .	54
The Central Laboratory . . . . .	58
Warehousing and Bean Storage . . . . .	59
VII. THE VEXED QUESTION OF PARALLEL LINES . . . . .	60
Japan Followed Others' Examples . . . . .	61
Chinese Discrimination and the Washington Treaty . . . . .	62
Parallel Lines Essentially Military . . . . .	63
VIII. THE CHINESE-OWNED, JAPANESE-FINANCED RAILWAYS . . . . .	65
Projected Kirin-Korean Railway . . . . .	66
Collapse of the Chinese Railways . . . . .	68
American Experts' Observations . . . . .	69
Chinese Railway Management . . . . .	70
IX. THE RAILWAY GUARDS AND THE RAILWAY ZONE . . . . .	73
Basis of the Chinese Demand for Withdrawal . . . . .	74
Bandit Raids upon the Railway Zone . . . . .	75
Administration of the Railway Zone . . . . .	77
Expenditures on Railway Zone Improvement . . . . .	78
X. THE ANTI-KOREAN POGROMS . . . . .	79
Chinese Policy toward the Koreans . . . . .	80
The Wanpaoshan Affair . . . . .	82
XI. TREATY VIOLATIONS BY CHINA . . . . .	85
A List of Violations . . . . .	85
The Problem of Land Lease . . . . .	88
Japan's Mining Rights . . . . .	90

# CONTENTS

XV

CHAPTER	PAGE
XII. THE OPEN DOOR AND EQUAL OPPORTUNITY . . . . .	92
Purpose of the Washington Conference . . . . .	93
China's Territorial Integrity . . . . .	96
The New Manchurian State . . . . .	97
A Demilitarized Manchuria . . . . .	99
British Interests in Manchuria . . . . .	102
Japan and the New Manchuria . . . . .	104
Trade and Economic Progress of Manchuria . . . . .	106
PART III.—SHANGHAI AND OTHER PROBLEMS	
XIII. THE JAPANESE CASE AT SHANGHAI . . . . .	111
Foreigners Privately Welcome Japanese Intervention	112
Japanese Intervention ill-timed . . . . .	115
Japanese Official Explanation . . . . .	116
XIV. THE BOYCOTT AND ANTI-FOREIGNISM . . . . .	119
The Boycott and the Kellogg Pact . . . . .	120
The Boycott and the Unequal Treaties . . . . .	121
The Boycott Supported by the Government . . . . .	122
The Boycott a "Racketeering" System . . . . .	124
The Foreigner's Attitude . . . . .	125
Powers Partly to Blame for the Boycott . . . . .	127
Anti-Foreignism in School Books . . . . .	128
XV. THE RIGHT OF INTERVENTION AND THE NEW PEACE SYSTEM . . . . .	131
American Doctrine of Intervention . . . . .	132
American Practice . . . . .	133
The United States and Mexico . . . . .	134
The United States and Panama . . . . .	136
Manchuria Japan's First Line of Defense . . . . .	138
China and the New World Order . . . . .	140

## APPENDICES

1. "The Memorial of Premier Tanaka" . . . . .	145
2. League Council's Resolution, September 22, 1931, and Japan's reply to the foregoing, September 24, 1931 . . . . .	147
3. Secretary Stimson's Memorandum handed to Admiral Debuchi, September 22, 1931 . . . . .	148

	PAGE
4. Japan's Statement Brought to Secretary Stimson's Attention, September 24, 1931 . . . . .	149
5. League Council's Resolution, September 30, 1931 . . . . .	151
6. Japan's Memorandum to China, October 9, 1931 . . . . .	152
7. League Council's Resolution on Manchuria, October 24, 1931 . . . . .	154
8. Japan's Statement Relative to Manchuria, October 26, 1931	156
9. League Council's Resolution on Manchuria Creating an International Commission of Inquiry, Paris, December 9, 1931 . . . . .	158
10. Secretary Stimson's Memorandum to Foreign Minister Baron Shidehara, December 24, 1931 . . . . .	159
And Baron Shidehara's Reply Thereto, December 24, 1931	160
11. Japan's Statement on the Chinchow Situation, December 27, 1931 . . . . .	162
12. Secretary Stimson's Identic Note to Japan and China after the Fall of Chinchow, dated January 7, 1932, and Japan's Reply Thereto, January 16, 1932 . . . . .	166
13. League Council's Note to Japan on the Shanghai Situation, February 16, 1932 . . . . .	168
14. Japan's Reply to the Same, February 23, 1932 . . . . .	170
15. Foreign Minister Yoshizawa's Statement, February 21, 1932	175
16. Secretary Stimson's Letter to Senator Borah defining the American stand on the Sino-Japanese Situation, Febru- ary 24, 1932 . . . . .	178

PART I  
THE BACKGROUND





## CHAPTER I

### JAPAN FIGHTS FOR CHINA'S INTEGRITY

AN American professor of history said to me the other day, "The cause of the present Manchurian intervention is the Sino-Japanese War of 1894-5." So we shall go back to 1894.

That war was caused by China's rejection of the Japanese proposal to undertake jointly the necessary reforms, financial and administrative, in Korea, in order to preserve the peace of the Far East. China, with her face always toward the past, wanted none of the proposed reforms for Korea over which she had claimed sovereignty or at least suzerainty. Japan, on the other hand, considered a regenerated and reformed Korea essential to her own security, and, therefore, to the peace of the Orient; because a chaotic Korea in the hands of the Chinese Government, itself impotent save in appearance, would soon be gobbled up by Czarist imperialism.

#### *Significance of the Sino-Japanese War*

To avoid the charge of partiality, I shall let a neutral critic, an eminent American historian of Japan, the late

William E. Griffis, give what then appeared to be the general Western estimate of the war. He says:

"As we view the situation, China stood like a great giant, imposing to the world because of size, numbers, and claims rather than by inherent strength and simple truth. Trusting in antiquity, impervious to new ideas, contemptuous of every civilization except their own—never, indeed, dreamed that there was any other—the Chinese were in a chronic state of unreadiness.

"Strictly speaking, the war was provoked by a very few mandarins. The congeries of peoples called the Chinese Empire form in reality only a patriarchal state which has no real, but only a nominal, unity. There is no such thing as China considered as a political entity, but there are various provinces, each having its own local government. There are also powerful viceroys. . . . One of these powerful viceroys Li Hung-chang . . . and those who thought with him expected, with their superior ships, to overpower the Japanese Navy, and with his private, or at least provincial, army drilled by German officers, to beat back the troops of Japan from Korea . . . deceived by surface indications, and not knowing the temper of the Japanese, China forced the war.

"Those who during the past eight years have studied the behavior and aggressive advances of Yuan Shih-kai—China's, or rather Li Hung-chang's, envoy in Korea—know how well the servant obeyed his master, giving abundant excuse and justification to Japan, the United States, or some other power to interfere. . . . Nevertheless, patiently biding the favorable time, knowing that China considered her [Japan] as a traitor to Asia and to Confucianism, Japan kept herself ready to draw instantly the sharp line whenever and wherever patience should cease to be a virtue. Caring not a jot for the size, numbers, or the reputed colossal resources and enduring powers of her giant rival, the athlete [Japan] watched and waited. . . .

"Down at the bottom this Chino-Japanese War meant, in its provocation and origin, the right of a nation to change its civilization. It is difficult for people in the Occident to understand the depth of pedantic polemic that underlies the estrangement between New Japan and unawakened China. For years the idea in Peking had been that Japan was not only a 'neighbor-disturbing nation' but had

been colossally wicked in discarding the Chinese calendar, and in turning away from Confucius and the civilization of the sages to adopt and assimilate that of Christendom."

Such was the significance of the Sino-Japanese War. If you change the "mandarins," "Li Hung-chang," "Yuan Shih-kai," and "Korea" in the above quotation to "war lords," "Chang Hsueh-liang," "Chang Kai-shek," and "Manchuria," respectively, the picture presented by Dr. Griffis of the China of thirty-seven years ago is exactly the picture of the China which to-day has compelled Japan to resort to military intervention.

But this is not what the American professor, referred to at the beginning of this chapter, had in mind. He was thinking, not of the cause of the Sino-Japanese War, but the peace treaty of Shimonoseki which ended that war and what Russia, Germany, and France did about it.

### *Japan Robbed of the Liaotung Peninsula*

By the Shimonoseki treaty signed on April 17, 1895, China ceded to Japan the southern tip of Manchuria, the Liaotung Peninsula. At once Russia, Germany, and France, at the initiative of the Czar's Government, intervened and advised Japan to give back the territory within fifteen days, ordering at the same time all their warships then in the Far East to proceed to Japanese waters as a demonstration of their determination to back up their "advice" by force. The Russian note said that "the possession of the peninsula of Liaotung by Japan would be a constant menace to the capital of China, and at the same time render illusory the independence of Korea, and would henceforth be a perpetual

menace to the peace of the Far East." The German note stated in effect that Germany was so powerful that it would be foolish for Japan not to heed her admonition. Indeed, Japan was in no position to face three great Powers at once in the arena, and saw no alternative but to permit herself to be bullied out of the ceded territory.

Never had Japan been so outraged and humiliated. Not a few Japanese rather than see the nation in such a great disgrace, killed themselves, leaving behind the admonition urging posterity to make supreme sacrifice to right the wrong so brutally inflicted upon the nation. Meanwhile, the Emperor, acting upon the counsel of his farseeing advisors, issued this calm and dignified statement:

"Devoted as we unalterably are and ever have been to the principles of peace, we were constrained to take up arms against China for no other reason than our desire to secure for the Orient an enduring peace.

"Now the friendly recommendation of the three Powers was equally prompted by the same desire. Consulting, therefore, the best interests of peace, and animated by a desire not to bring upon our people added hardship or to impede the progress of national destiny, by creating new complications and thereby making the situation difficult and retarding the restoration of peace, we do not hesitate to accept such recommendation.

"By concluding the treaty of peace, China has already shown her sincerity of regret for the violation of her engagements, and thereby the justice of our cause has been proclaimed to the world.

"Under the circumstances we can find nothing to impair the honor and dignity of our empire if we now yield to the dictates of magnanimity and, taking into consideration the general situation, accept the advice of the friendly Powers."

Apparently unruffled but their hearts deeply stirred, the Japanese watched every Russian move in Manchuria, and

when Russia, only three years after she had compelled them to retrocede the Liaotung peninsula to China, appropriated for herself the same territory, the Japanese came to a firm resolve to oust Russia and to regain that peninsula.

### *China's Secret Alliance with Russia*

Not only this, but Russia had caused China to sign a secret treaty of defensive and offensive alliance—the now famous Li Hung-chang—Lobanov Treaty of May, 1896. It provided for an alliance between the two countries.

This secret treaty, under which China rendered clandestine assistance to Russia during the Russo-Japanese War, had never officially been divulged until China was asked by the Powers to bring it out at the Washington Conference of 1921-22. The telegraphic summary of the document, as submitted to the Conference by the Chinese delegation' was as follows:

“Article I. The High Contracting Parties engage to support each other reciprocally, by all land and sea forces, at any aggression directed by Japan against Russian territory in Eastern Asia, China, or Korea.

“Article II. No treaty of peace with an adverse party shall be concluded by either of them without the consent of the other.

“Article III. During the military operations all Chinese ports shall be open to Russian vessels.

“Article IV. The Chinese Government consents to the construction of a railway across the provinces of Amur and Kirin in the direction of Vladivostok. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank. The contract shall be concluded between the Chinese Minister at St. Petersburg and the Russo-Chinese Bank.

“Article V. In time of war Russia shall have free use of the railway for the transport and provisioning of her troops. In time of

peace Russia shall have the same right for the transit of her troops and provisions."

Upon the strength of this secret treaty as well as of an agreement of September 8, 1896, and a convention of March 28, 1898, Russia proceeded to build a railway through North Manchuria, the Chinese Eastern Railway, and a branch line from Harbin (her military center in North Manchuria) to Dairen and Port Arthur in the newly leased Kwantung peninsula.

### *The Impending Partition of China*

Space prevents me from giving a detailed account of what followed. But every authentic history of the Far East during those eventful years shows that Russia's aim was to annex the whole of Manchuria and also to slice up for herself a large part of North China, including Peking itself. Of course the Boxer disturbance of 1900 made the situation all the more favorable for Russia in the furtherance of that policy.

Thus at the turn of the century the chancelleries of Europe were seriously contemplating the break-up of China. The world saw a plethora of books discussing how that ancient empire could be divided among the Powers.

Alarmed by this impending danger of China's extinction as an independent nation, Mr. John Hay, American Secretary of State, in the circular notes of September 8, 1899, and July 3, 1900, had caused the Powers to agree to the maintenance of the open door and the territorial integrity of China.

The Americans generally believe that the Hay notes

saved China from certain dismemberment. They did not. Those notes explicitly recognized the spheres of influence as an accomplished fact. Moreover, to Russia they were but scraps of paper, for she went ahead with her fixed plan of absorbing Manchuria and North China. In the face of this aggression, America and England could or would do nothing. Japan alone was determined to check it.

Early in 1901, Japan asked the United States, Great Britain, and Germany to cooperate with her in taking effective measures to stop the Russian advance and to preserve China. None encouraged her. The American Government would continue to protest to Russia, but as for fighting Russia and shedding American blood for the sake of China's integrity, that was out of the question.

Meanwhile, European chancelleries were busy staking out on the map the parts of China which might be allocated to the Powers. The general view, as set forth in authoritative books of history, was that Russia would take Outer and Inner Mongolia, Sinkiang, North and South Manchuria, and North China, including Peking itself (a total of 2,295,000 square miles); Germany, Shantung and a few interior provinces (a total of 205,000 square miles); England, the vast Yangtse valley, Tibet, Sze-chuan, and Kwantung (Canton) province (a total of 1,200,000 square miles); and France, Yunnan, Kwangsi, and Kweichow (a total of 290,000 square miles).

### *Japan Saves China*

Looking back thirty years, this idea of allocating such vast areas to the Powers seems fantastic. It certainly was.



Yet the idea was seriously considered. Its materialization hinged upon Russia. If Russia could be stopped, China would be saved. If not, the other European Powers would follow suit and partition China, rather than fight Russia.

Russia certainly could not be stopped by writing notes of protest. But America and England would go no farther. Japan, unassisted and single-handed, faced Russia in the arena, and defeated her, but at a cost of 100,000 lives and a billion dollars—a staggering sacrifice for a country, small in area, small in population, small in wealth.

The inevitable conclusion is that the Japanese sacrifice of blood and treasure (not the theory of the open door, nor the British and American notes to Russia) was what held China intact, as far as any foreign assistance could keep it intact.

By the peace treaty of Portsmouth, Japan regained the Kwantung peninsula, a part of the Liaotung territory which had been ceded to her by China ten years before, thus righting, at least partly, the wrong which had been imposed upon her by the Russo-German-French intervention at the end of the Sino-Japanese War.

Had the existence of the secret treaty of alliance, under which China had extended clandestine assistance to Russia, been known, Japan could have justly demanded some substantial concessions from China as well. As it was, Japan demanded nothing of China, except what was ceded to her by Russia.

#### *Japan's Present Intervention*

The Japanese intervention begun on September 18, 1931, should not be likened to the Russian aggression of

1896-1904. The two are entirely different as to causes and motives. Russia had no grievance against China. The Manchu had never broken treaties with the Muscovite. Nor had he annoyed or persecuted the Russians in any way. The Czar's sole motive was land lust.

Entirely different are the causes and motives of Japan's present intervention, as we shall see in the following chapters. Japan is not actuated by land lust. What she wants is unobstructed, peaceable access to the raw materials of Manchuria on the fair and accepted principle of give and take, of live and let live. Japan sees no other way to industrialize herself and thus solve her pressing population problem.

Japan is trying to effect a transformation and readjustment such as was effected by Great Britain after 1846. Had England remained an agricultural nation her people would have crowded one another to the sea. By becoming a manufacturing country Great Britain has been able to sustain a population three times as great as her land could support. That is exactly what Japan has been striving to do. But in doing this, Japan must have the essential raw materials of modern industry which she can not obtain at home. Manchuria is the logical place to which she should look for such essential supplies. Only when twenty years of her peaceful efforts to secure unobstructed access to Manchuria's undeveloped resources failed did she resort to military intervention.

Was she right or was she wrong? The answer will be found in the following chapters, and particularly the final one.

## CHAPTER II

### CHINA OBSTRUCTS JAPAN

THE preceding chapter has shown:

1. That the turn of the century found China on the verge of dismemberment.

2. That Japan asked England, the United States, and Germany to cooperate with her in some effective measures to prevent the impending partition of China, but received little encouragement.

3. That Japan, single-handed, fought Russia to keep China intact, making an appalling sacrifice in blood and treasure.

4. That while Japan was engaged in the herculean struggle to save China, China herself rendered clandestine help to Russia, with whom she was secretly allied.

It, however, should not be supposed that Japan was entirely disinterested. She was not. She fought Russia because she believed that the preservation of China was essential to her own safety and that the Russian absorption of Manchuria spelled direct menace to herself. Japan also wanted to restore to herself at least a part of the Liaotung peninsula which had been robbed from her by Russia.

The Portsmouth Peace Treaty gave Japan, besides Port

Arthur and Dairen, certain railways and mining rights formerly belonging to Russia. Considering the staggering sacrifice Japan had made, and considering what that sacrifice did for China, these acquisitions were modest and reasonable.

And yet when Japan negotiated with Peking to obtain Chinese consent to the "transfers and assignments made by Russia to Japan," China's attitude was far from accommodating. In fact, China's obstructive policy, which had manifested itself in her alliance with Russia, became more and more evident after the conclusion of the Portsmouth Peace Treaty. The culmination and inevitable outcome of this obstructive policy was Japan's military intervention which began in September, 1931.

Had China been farseeing, she would, upon the termination of the Russo-Japanese War, have taken Japan into her confidence, gratefully acknowledged Japan's heroic sacrifice made for her integrity and independence, and ungrudgingly confirmed the comparatively modest acquisitions secured by Japan as the result of the war with Russia. Had China chosen this course, there is not the slightest doubt but that Japan would have coöperated with China in a like spirit. Thus any such unfortunate developments as we now witness in Manchuria and Shanghai would have been definitely forestalled. Japan would have cast her lot with China.

"From the time," says Rodney Gilbert, author of *China's Unequal Treaties*, "that China first broke the power of the Huns by bribing one group of nomads to fight another, she has always found some one to extricate her from her

troubles, or has gone down under her accumulated sins of omission and succumbed to conquest and alien rule. Even after she entered willy-nilly into foreign intercourse in the modern world, her favorite diplomatic game was to play one power against another.

In Manchuria China first invited Russia to fight Japan. After Russia was defeated by Japan, China's scheme was to embroil Great Britain and then America with Japan.

#### *China's Scheme to Embroil England with Japan*

In 1907, less than two years after the Russo-Japanese War, the Chinese Government signed a secret agreement with a British engineering firm, Pauling & Co., giving the latter the concession to build a railway between Fa-ku-men and Shinnintun. The line was to parallel the Japanese-owned South Manchuria Railway in violation of an agreement signed between Japan and China in December, 1905. Japan repeatedly protested to China against this treaty violation.

It was a delicate matter for Japan to handle, as Pauling & Co. were a firm of the country with which she was in alliance. The firm seems to have utilized freely such British newspapers as were unkindly inclined toward Japan, and thus spread and broadcast the news of Japan's alleged violation of the open-door principle. Naturally much ill feeling was stirred up against Japan not only in England but also in America, and that was exactly what China wanted. To China, whether or not the projected railway was built was immaterial; what she was driving at was the estrangement of Japan and England.

Fortunately, the British Government was unmoved by press propaganda, but made it plain to China that it was against any project calculated to run counter to the vital interest of its ally, Japan, even if the project was promoted by its own subjects. The British newspapers, too, gradually awakened to the real inwardness of the scheme, and began to question China's motives. Even the London *Times*, which had at first supported the project, had so signally changed its opinion by the summer of 1909 as to publish the following editorial comment:

"Japan's right to veto the construction of a competitive line cannot be disputed either by China, who signed the protocol of December, 1909, or by Great Britain, to whom the protocol was communicated without her raising objections. . . . There is little doubt that one of China's objects in handling the Manchurian question has been and is to create friction between Japan and other powers. By giving to the British the contract of the Fa-ku-men Railway after having been informed that Japan would regard the scheme as a violation of the protocol of 1905, China doubtless hoped to embroil Great Britain with Japan. In this they were disappointed. The alliance and friendship with Japan are based too firmly on the interests of both countries to be seriously affected by such transparent manœuvres."

### *China Schemes to Estrange Japan and the United States*

Meanwhile, China also schemed to estrange the United States and Japan. On the pretext of conveying her appreciation of the remission of the Boxer indemnity by the American Government, China sent Tang Shao-yi, a shrewd diplomat, to the United States. His real mission was to invite American capital and enterprise to Manchuria for the purpose of undermining Japanese interests there. When

he arrived in America the New York *Herald* abruptly began to advocate an American-Chinese alliance.

Tang Shao-yi's plan, formulated with Mr. Willard Straight, then American consul general at Mukden, was to raise a loan of \$20,000,000 in America and to give a powerful group of American financiers the right to establish a bank in Manchuria, which was to be the financial agent of the Manchurian Government in mining, timber, agricultural development, and in railway construction.

Unfortunately or fortunately the financial condition in America was not favorable to such a project. Moreover, the American Government, like the British, was inclined to frown upon any scheme conceived to drive a wedge into the friendly relationship subsisting between Japan and America. The timely exchange of the Root-Takahira notes, reaffirming mutual good will and respect between Tokyo and Washington, proved a crushing blow to the Tang-Straight project.

But China did not give up the idea of injecting American influence into Manchuria. The result was her granting to an American financial group of a huge concession to build an 800-mile railway from Chinchow, on the Gulf of Liaotung, to Aigun, on the Amur River. The line was to run parallel to the Japanese-owned South Manchuria Railway. The project, like the Sino-British project of the Fa-ku-men-Shinnintun Railway discussed in earlier paragraphs, was in violation of the Sino-Japanese agreement of 1905 forbidding the construction of lines parallel to the South Manchuria Railway.

The projected Sino-American Railway, if built, would

have crippled the Japanese line to such an extent that the latter might eventually have been forced to sell out in favor of the American interests. That at least was the objective which both the Chinese Government and the interested Americans had in view.

This Sino-American project, due partly to the sudden death of E. H. Harriman, who was the driving force back of that scheme, and partly to Russian and Japanese objection, did not materialize. The American financiers might well thank Heaven that the project was not carried out, for all foreign-financed but Chinese-owned railways in China have in the last ten years fallen into the hands of the war lords who seize all their receipts, leaving nothing to the service of the foreign loans which are secured on the property of the railways. I shall recur to this question as well as to the question of parallel lines in Chapters VII and VIII.

#### *More Examples of China's Obstructive Policy*

The case of the Antung-Mukden Railway is highly illustrative of China's obstructive policy toward Japan. Japan, by the 1905 agreement with China, obtained the right to improve this line, originally a light 29-inch track hastily laid by the Japanese to meet the exigencies of the Russian war, "so as to make it fit for the conveyance of commercial and industrial goods of all nations,"—an important link in the great highway from Europe to Tokyo. As soon as Japan was ready to proceed with the reconstruction work, she conferred with China to make the necessary preliminary arrangements. The route had already been surveyed and



approved by the Chinese commissioners appointed by the Peking Government. Yet China, evading Japan's proposal, tried to prolong the conference indefinitely upon one excuse or another. Finally, China made a most absurd proposal that the "improvement" envisaged by the above-mentioned 1905 agreement meant only the improvement of the road-bed and rolling stock, without converting the toy-like 29-inch track into the standard gauge which alone could meet the requirements of commercial transportation. She also proposed that, unless Japan waived the right to place her own railway guards along this line, the projected reconstruction would not be permitted—this in spite of the fact that this policing right had been implicitly conceded to Japan by the Peking Treaty of 1905.

The result was that the reconstruction work, which was to have been commenced soon after the conclusion of the 1905 agreement, was not begun until August, 1909.

We have noted that the Portsmouth Peace Treaty of September 5, 1905, and the Peking Treaty of December 22, 1905, transferred to Japan the mining rights formerly enjoyed by Russia. The protocols to the Peking Treaty provided that "fair and detailed arrangements shall be agreed upon" for the operation of the mines. Yet, owing to China's usual reluctance to coöperate with Japan even in such duly recognized enterprises, the necessary arrangements were not made until September 4, 1909.

### *Japan's Twenty-one Demands*

The policy of obstruction so persistently pursued by China was the cause of the so-called "twenty-one demands"

presented to her by Japan in 1915. That policy, refusing to accept Japan as a partner in the economic development of Manchuria, left all Japanese enterprises in that territory in a state of suspense. Due to that policy, the term of the Antung-Mukden Railway, which was opened to traffic only in 1911, was to expire in 1923. The lease of Port Arthur and Dairen (or the Kwantung leased territory) was also to expire in the same year, while China reserved the right to take over the South Manchuria Railway in 1938 by purchase.

In such circumstances no large-scale economic enterprise of an enduring nature could be launched by the Japanese, and Japan considered such enterprises essential to the solution, or at least the alleviation, of the pressing problem arising from her over-population and her lack of raw materials. She did not look upon Manchuria as an outlet to her population growing at the rate of seven or eight hundred thousand a year. But she did, and still does, look upon it as an important source of the essential materials, especially iron and coal, the unobstructed use of which would go a very long way toward the solution of the population problem by developing her manufacturing industries. She believes also that the ammonium sulphate, which could be obtained in the process of converting Manchurian coal into coke, could be utilized as fertilizer to increase her annual production of rice by ten million bushels.

But Japan's unobstructed access to these raw materials presupposes Japan's long-term lease of the mines as well as of the railway whose efficient operation is most essential to the transportation of the products of Manchuria. As for

the Kwantung leased territory (Dairen and Port Arthur), it is the indispensable base and sea outlet of the railway.

Such were the chief considerations which actuated Japan to obtain the extension of the lease of the Kwantung territory and of the railway, with the mines appurtenant thereto. In Chapter V entitled *The 1915 Agreements* I shall further consider the "twenty-one demands" and the legality of the resultant treaties.

## CHAPTER III

### TEN YEARS OF JAPAN'S CONCILIATORY POLICY

FOR ten years, beginning with the Washington Conference, Japan made honest and serious efforts to conciliate China. For ten years China as persistently refused to meet Japan in the like spirit of conciliation.

But there was a limit beyond which Japan's conciliatory policy could not go. That limit may be indicated by enumerating Japan's essential treaty rights in Manchuria as follows:

(1) Japan wants to hold the South Manchuria Railway.

(2) Japan wants to complete a few railways, the building of which was agreed upon years ago between China and Japan.

(3) Japan wants to hold the small leased territory of Kwantung, more popularly Port Arthur and Dairen, which is the necessary base and sea outlet of that railway.

(4) Japan wants to hold certain iron and coal mines.

These rights were acquired by treaty. They constitute the line beyond which Japan could not and would not retreat. It is useless for China to tell Japan to get out of Port Arthur and Dairen, abandon the railway, and give up the

mines, all representing an investment of billions of yen, to say nothing of the sacrifice Japan has made in blood and treasure in the war with Russia.

Yet that is exactly what China has been telling Japan to do. Worse still, China has made it plain, by means of violent anti-Japanese agitation, that she is determined to make things so uncomfortable and dangerous to the Japanese that they will eventually have to liquidate and go home.

How Japan acquired her rights in Manchuria and why they are so vital to her will be more fully discussed in later chapters. Here I shall explain how patiently and heroically Japan strove for ten years to meet China halfway and how those Japanese efforts were met with studied rebuff and effrontery from China.

#### *At the Washington Conference*

At the Washington Conference, Baron Shidehara, speaking for the Japanese Government, declared that it "cannot bring itself to the conclusion that any useful purpose will be served by research and reëxamination at this conference of old grievances which one of the nations represented here may have against another." Nevertheless, Japan was, he announced, ready to make the following concessions in the interest of international amity:

1. To throw open to the common activity of the International Financial Consortium (organized at the instance of the American State Department) the right of option obtained by Japanese capitalists with regard to certain Manchurian railway loans, and loans to be secured on local taxes in South Manchuria.

2. Not to insist on the preferential right obtained by Japan in 1915 concerning the engagement by China of Japanese advisers in South Manchuria.

3. To give up definitely and with no reservation Group V of the so-called "twenty-one demands."

After the conference, Japan scrupulously carried out all the commitments she had made at Washington. She withdrew from Shantung and returned to China the rights which she had obtained from Germany, though she was keenly apprehensive that China might not live up to her part of the agreement. (That this apprehension came true soon after Japanese evacuation of Shantung will be told in Chapter VIII.)

#### *At the Peking Tariff Conference*

When, in 1925, the powers met at Peking to discuss China's tariff question in conformity to the Washington Nine Power Treaty, the Japanese delegation declared that "Japan has always watched with keen and abiding interest every effort made by the Chinese people for the realization of their legitimate national aspirations," and offered these two alternative plans:

First, that a statutory tariff on a fair and reasonable basis be established for general application, subject to the provisions of a special conventional tariff on certain specified articles to be agreed upon separately between China and each of the powers directly interested; or

Secondly, that a graduated tariff, so devised as to be acceptable to the powers concerned, be established at an average rate of not more than 12½ per centum *ad valorem*, and

generally in a manner consistent with the provisions of Article 2 of the Washington Treaty.

Furthermore, the Japanese delegation expressed the "hope that, endowed with remarkable qualities of self-government, and supported by the growth of nationalism now so manifestly asserting itself in the country, the Chinese people will succeed in accomplishing reforms toward these ends; namely, the inauguration of a régime of tariff autonomy backed by an adequately strong and unified government, and a complete removal of all restrictions which might impede the freedom of intercourse and trade between China and other powers."

#### *Japan and China's Extraterritoriality*

As Japan's Foreign Minister from 1925 to 1927, Baron Shidehara pursued a liberal policy which he had enunciated at the Washington Conference. It was his idea which was expressed at the Peking Tariff Conference in favor of eventual tariff autonomy for China.

When China asked Japan to revise the commercial treaty between them with a view to abolishing extraterritoriality, Baron Shidehara stated in the Diet:

"Regarding the proposed revision of the commercial treaty between China and Japan, the proposal of the Chinese Foreign Office involves many legal aspects which would appear at least questionable, but approaching the subject from a wider prospective we avoided all discussion of legal technicality and declared our readiness to enter into negotiations for treaty revision.

"While expressly reserving for ourselves the position to which we are entitled, we are prepared to consider the legitimate aspirations of the Chinese people with full sympathy and understanding in the interest of Sino-Japanese friendly relations.

"If China should meet us halfway in the same spirit of moderation and good will, I have no doubt that negotiations will make satisfactory progress. Japan's policy covering all questions of relations between Japan and China may be summarized:

"First: Respect the sovereignty and territorial integrity of China and scrupulously avoid all interference in her domestic strife.

"Second: Promote the solidarity and economic rapprochement between the two nations.

"Third: Entertain sympathetically and helpfully the just aspirations of the Chinese people and cooperate in efforts of realization of such aspirations.

"Fourth: Maintain an attitude of patience and toleration in the present situation in China and at the same time protect Japan's legitimate and essential rights and interests by all reasonable means at the disposal of the government."

Meanwhile, the international commission organized by the powers signatory to the Washington Treaty, had prepared a report on the judicial administration of China. The report was mostly written by Mr. Silas H. Strawn, head of the American delegation to the Peking Tariff Conference. According to the report the new Chinese codes of law were entirely inadequate to complex modern life; the new courts and prisons too few; the modern trained jurists too few; judges inadequately and irregularly paid, and therefore tempted to supplement their wretched incomes in irregular ways; the military above the civil law with incomplete provision for the application of their martial codes, and the police exercising in many communities arbitrary power in the handling of cases which never reached a court, but which nevertheless cost disputants quite a lot. The commissioners found that even the so-called model system of codes and courts did not have the essential support of a nationally recognized constitution, and that the codes were



not, therefore, properly endorsed as the laws of the nation; and, what was more important, they found that such central authority as existed was powerless to protect even the modern and model courts from dictatorial interference by both civil and military officials.

Furthermore, "the military interference with the civil administration extends to the judiciary, so that the independence of this branch of the government is endangered. Irregularities in this respect usually occur under the guise of the application of martial law which, however, is declared without regard to legal provisions on the subject. In other instances there is simply an open assumption of authority. Another important factor is the control by the military of the finances of the government, so that the courts are dependent upon the military for their financial support. By virtue of Chinese law itself, the legal position of the military renders them immune from the jurisdiction of the ordinary courts, while their power in fact often renders them immune from all courts. This immunity is liable to be extended to the friends of the military and to the commercial firms and organizations in which they are interested. Ample evidence of the foregoing is brought out by the fact that the military are constantly committing crimes which go unpunished, for it is generally difficult for aggrieved civilians to obtain any redress from the military authorities, commanding their own armies, when such redress must be sought in military courts controlled by these authorities."

In view of such deplorable internal conditions in China, Japan, like other powers, could not see her way clear to accept the Chinese demand for the immediate abolition of

extraterritoriality. However, Baron Shidehara, true to his conciliatory and sympathetic policy toward China, was willing to negotiate with whatever central government existed in China and to accept any reasonable proposal. It was understood that as a general principle he would agree to the termination of extraterritoriality, but that in the railway zone in Manchuria he believed extraterritorial jurisdiction must for some time be preserved, just as the other powers wanted to preserve a similar system in the various foreign concessions and settlements in China.

To this Japanese proposal of compromise, China's reply was the *unilateral abrogation of the treaty with Japan*. China never considers internal reform the necessary prerequisite to an equal treaty. That has been her attitude toward all the powers.

#### *Further Evidence of Japan's Conciliatory Policy*

While China was pressing her demand for equality upon the foreign governments, her own domestic condition was far from reassuring. In May, 1923, thirty-five foreigners, including several women, on the "Blue Express" bound from Nanking to Peking were captured by bandits at Lincheng in Shantung province, and were held for ransom for several weeks. One of them, a British subject, was shot dead.

This outrage caused great alarm in Europe and America. Certain European powers, notably Great Britain, informally proposed that all of the important railways in China be guarded by an international police force under foreign control.

Japan, still hoping that China might yet prove herself capable of putting her own house in order, objected to the European proposal for international control of Chinese railways. Largely because of this Japanese objection, the proposal was not acted upon.

This liberal policy was followed even at Geneva, where the Chinese and Japanese delegations at the Opium Conference of 1925 coöperated with a view to the abolition of opium traffic in China.

From 1925 to 1927 the great anti-foreign agitation, largely directed against Great Britain, swept through the provinces south of the Yangtse River. This culminated in the horrible Nanking outrage of March 24, 1927, when all the foreign consulates and many of the foreign firms and residences and missionary institutions were looted. The American vice president of Nanking University, two Englishmen, a French and an Italian priest were murdered; the British consul general and a number of foreigners were seriously wounded; while several foreign women were subjected to unspeakable indignities. It was then that the commander of the American destroyer at Nanking exclaimed, "Here goes for a court martial or promotion," and gave the order to lay down a barrage to shield the Americans and British fleeing before the Nationalist hordes at their heels.

So deplorable had the situation become that on May 6 Sir Austen Chamberlain admitted in the House of Commons that "the Nationalist Government had neither observed the spirit of Agreement signed at Hankow, nor have they made any attempt to reciprocate the friendly attitude which we have displayed towards them," and referred "to the recent

occupation of the British Concession and consulate at Chinkiang by Nationalist troops, to the events at Nanking, and to the fact that all British subjects have had to be evacuated from up-country districts and from many of the towns on the Yangtse, and that our Consulates at Chengtu, Chungkin, Ichang, and Chansha have had to close.”

Throughout this period of anti-foreign agitation, Japan remained conciliatory. Even when the British and American warships at Nanking trained their guns upon certain sections of the city in reprisal, the guns of the Japanese ships remained silent—this in spite of the fact that the Japanese consulate, along with other consulates, had been sacked and that the consular staff, including the women, had been unspeakably abused.

In the wake of that outrage, European and American troops were sent to Shanghai. Even then Japan was reluctant to follow suit, though she eventually dispatched a comparatively small force.

This conciliatory Japanese policy was severely criticized at home, especially by the opposition party and certain members of the Privy Council. It was known that Viscount Ito, an influential Privy Councillor, at a Council meeting held before the Emperor virtually impeached Foreign Minister Baron Shidehara for his failure to take a vigorous measure at Nanking and Shanghai in coöperation with the powers.

After the Nanking outrage a certain European power approached Japan and the United States with the proposal that an international force occupy certain strategic points on the Yangtse as a guarantee of security of foreign lives

and property. This proposal, having received no encouragement from Baron Shidehara was dropped.

The fall of the Wakatsuki Cabinet, of which Baron Shidehara was Foreign Minister in the spring of 1927, was partly due to public dissatisfaction with his China policy.

### *China Rebuffs Baron Shidehara*

From the spring of 1927 to April, 1929, the Japanese Cabinet was headed by Baron Tanaka, who believed in a firmer policy toward China. Speaking before the Diet on January 20, 1929, Premier Tanaka said:

"The Japanese Government does not intend to interfere with the domestic affairs of China, but we shall not hesitate at any time to take proper measures to insure rights and interests and to safeguard the lives and property of our nationals in that country.

"With reference to Manchuria and Eastern inner Mongolia, especially Manchuria, we are inclined to think that, in view of their peculiar historical and geographical relations to Japan, it may be necessary for us to take these regions to special consideration. The Japanese Government hopes that these regions will always be kept in good order as a land for the safe and peaceful habitation of Chinese and foreigners and that they will attain proper economic development."<sup>1</sup>

In April, 1929, Baron Shidehara returned to power as Foreign Minister and reasserted his liberal policy toward

<sup>1</sup> This is from the official translation of Premier Tanaka's speech. In connection with Tanaka's China policy, there is a forged pamphlet entitled "The Memorial of Premier Tanaka," purporting to be the English translation of the memorial written in Japanese by the late Premier. The Japanese original never existed. The English pamphlet, hundreds of thousands of copies of which have been poured into American newspaper offices, libraries, universities, high schools, government offices, chambers of commerce, etc., for Chinese propaganda, contains many obviously false statements which clearly show that it is a fabrication, pure and simple. For further explanation, see Appendix I.

China. One of his first acts was to appoint Mr. Sadao Saburi, one of his closest confidants and lieutenants, as Minister to China. Mr. Saburi was to have carried out a certain conciliatory program which Baron Shidehara thought would be welcomed by China.

Saburi, after spending a short time in Nanking, returned to Tokyo, and shocked all Japan by killing himself. The suicide was shrouded in mystery. None knew exactly why he had taken his own life. But many presumed, and the presumption persists, that he had been rebuffed by the Nationalist politicians at Nanking so that he thought self-annihilation the only way to wipe out the personal disgrace thus inflicted upon him.

Then Baron Shidehara appointed Mr. Torikichi Obata as successor to the ill-fated Saburi. But before sending the new Minister to Nanking Baron Shidehara inquired of the Chinese Government whether Mr. Obata would be acceptable. This procedure of obtaining previous agreement had never been observed by any of the powers with treaty relations with China. But Baron Shidehara, true to his "new" diplomacy and to satisfy China's demand for equality, initiated this procedure, confident that China would appreciate it and would welcome Mr. Obata.

To his amazement and to the indignation of all Japan, China rejected Mr. Obata as *persona non grata* simply because he had happened to serve as first secretary at the Japanese Legation at Peking when Japan presented to China the historic "twenty-one" demands in 1915. Not only was Obata not responsible for those demands, but he was known to have objected to some of them and to have gone to Tokyo,

while the negotiations were still going on, to present before the Foreign Office his views for the modification of the demands.

And yet China, turning a deaf ear to all Japanese explanations, rejected him, and the rejection literally caused the blood of the Japanese to boil. The *Osaka Mainichi* editorially commented on the incident under the ominous title, "We Shall Never Forget." The press and public were as outraged by Chinese "arrogance" and Shidehara's "spinelessness" as they were sympathetic toward Obata.

And yet Baron Shidehara did not lose hope, as the following quotation from his address before the Diet on January 21, 1930, will show:

"If one takes a broader view of the future well-being of both Japan and China, one will be satisfied that there is no other course open than to pursue the path of mutual accord and coöperation in all their relations, political and economic. Their real and lasting interests, which in no way conflict but have much in common with each other, ought to be a sufficient assurance of their growing *rapprochement*. If the Chinese people awaken to these facts and show themselves responsive to the policy so outlined, nothing will more conduce to the mutual welfare of both nations. . . .

"It ought not to be difficult for the Chinese people to realize what we have in mind, if they only recall the whole-hearted coöperation which the Japanese representatives extended to the Chinese throughout the whole course of the Peking Tariff Conference and of the sittings of the International Commission on Extraterritoriality in 1925-1926. The attitude which was then taken by Japan is the attitude she is now taking in handling the question of unequal treaties. In that spirit we gladly accepted, as early as 1926, the Chinese proposal to open negotiations for the revision of the Sino-Japanese Commercial Treaty."

## CHAPTER IV

### JAPAN RESORTS TO INTERVENTION

In the foregoing chapters I have tried to make it clear that for twenty-five years China's policy in dealing with Japan in Manchuria has been one of constant obstruction, that she has never recognized the part played by Japan in preserving what territorial and administrative integrity she had, and that in the last ten years in particular China meted out studied rebuff to Baron Shidehara's conciliatory overtures.

On the contrary, China arbitrarily abrogated the Commercial Treaty simply because Japan would not agree to immediate abolition of extraterritoriality. Worse still, anti-Japanese agitation and propaganda had been growing more and more serious.

In Manchuria in particular anti-Japanese agitation became increasingly virulent. China had already demanded the return of Port Arthur and Dairen. She had asked Japan to withdraw Japanese guards from along the railway, ignoring the all-too-frequent attacks of the bandits upon the railway and upon the peaceable people in the railway zone. She had demanded the abolition of extraterritoriality in the said zone. The officially supported Anti-Japanese Association, with its headquarters at Mukden, and its branches all over Manchuria, threatened the lives of Chinese who had



business relations with Japanese, and thus made Japanese enterprises more and more insecure. The Japanese and Korean lessees of land were threatened with wholesale ejection or were actually ejected. The Chinese troops under the young war lord, Chang Hsueh-liang, became provocative and truculent. Some of his officers openly declared that while they and their soldiers had been almost constantly engaged in civil wars, the Japanese had for many years had no practice in actual warfare, and that it would, therefore, be an easy job for them to defeat the Japanese and to take the South Manchuria Railway and the leased territory by force of arms. Naturally, tampering with the tracks of the Japanese railway either by the Chinese soldiers or by bandits had become alarmingly frequent. Hoping to avert further complications, Baron Shidehara tried every means to open negotiations with the Manchurian government on the railway situation; but the latter upon one pretext or another put off the parley. It had decided upon the policy of driving out Japanese interests by agitation and provocative acts rather than settling the question by diplomatic conference.

The 200,000 Japanese living in the railway zone, seeing their position become more and more unbearable, sent a delegation to Tokyo to convince Baron Shidehara of the futility of his policy of conciliation and persuasion. Shidehara replied:

“It is not wise to think of the diplomatic problems of the twentieth century in terms of the nineteenth century.”

He would have been right had China been a twentieth-century nation, but she was not. China is a medieval nation,

thinking and acting in accordance with the traditions and ideas of the fourteenth or fifteenth century. And Baron Shidehara dealt with this medieval nation in accordance with the ideals and principles of the twentieth century. China, of course, never understood, much less appreciated, him. That was the trouble.

### *The Crisis*

Meanwhile the army had been becoming restive. It believed that the Chinese aim was to drive us to the sea, and that our "new" diplomacy as practiced by Baron Shidehara encouraged China to further that aim. China, as the army saw it, was convinced that she had us on the run and that she had only to keep right at our heels to rid us entirely of Manchuria.

The public, too, was inclined to share the army's view, as it had long watched with alarm our increasing insecurity in Manchuria. Even the newspapers, which had supported Shidehara's policy, changed their attitude. Of course, the Seiyukai, the opposition, made the most of this growing antipathy toward Shidehara. It asserted that Shidehara's "effeminate" attitude made China think Japan an "easy mark," which inevitably resulted in a sequence of treaty violations by both the Mukden and the Nanking governments. What, the opposition asked, is the use of a conciliatory policy when China has no thought of meeting us halfway?

At this juncture the wholesale ejection of Korean farmers from certain sections in Manchuria, followed by the murder of a Japanese army captain (Nakamura by name) and his

attendants and interpreters somewhere in South Manchuria, caused intense popular indignation in Japan. The murder was committed by regular soldiers evidently to rob the victim of the considerable sum of money he had carried with him. Although the captain, in order to conform to the general rule enforced by the Chinese authorities, had applied for and obtained a civilian passport, he had made his identity plain to them.

*"Remember the Maine"*

Thus feeling was running high in Japan when, on the night of September 18, 1931, there was an explosion at a point near Mukden on the track of the Japanese-owned South Manchuria Railway. At once the Japanese railway guards engaged the Chinese soldiers who were found at the scene of explosion. The Japanese claimed that the Chinese soldiers, whose barracks were near that scene, tried to blow up the railway track. The Chinese claimed that their soldiers were not responsible for the explosion and intimated that it might have been done by bandits or even by Japanese hirelings to give Japan a plausible excuse for intervention.

Whatever the cause of the explosion, the fat was in the fire. It was the Manchurian counterpart of the explosion of the *Maine* which took place at Havana on February 14, 1898. The *Maine* explosion, though no one could say that any Spaniard was to blame for it, caused America to wage war upon Spain and to occupy even the Philippines across continents and oceans from the scene of explosion.

Every historian knows that the real cause of the Spanish American War was not the *Maine* explosion but America's

long-cherished desire to control Cuba because of its strategic importance, "commanding to a large extent," as Professor Latane says, "the commerce of the West Indies and of the Central American states, and, what was of vital interest to us, the traffic of the Mississippi valley."

### *The Fateful Night of September 18*

What exactly happened on the fateful night of September 18 was told to foreign correspondents and American military observers by Colonel Shimamoto, who commanded the Japanese forces at Mukden, soon after the incident. His version is substantially as follows:

"On the evening of September 18 a Japanese lieutenant and his men, seven in number, while engaged in their usual patrol of the South Manchuria Railway tracks near the Peitaiyeh (Chinese) barracks, heard an explosion. On running to the spot they found that the tracks, sleepers, and roadbed had been damaged, though the damage was not so great as it might have been if the charge had been more expertly applied. They also saw several Chinese soldiers running away in the direction of the barracks. The corpses of several Chinese soldiers were found in the mud at the foot of the embankment. They had been shot in the back and lay with their heads in the direction of the barracks, showing that they had been shot while they were in the act of running in that direction from the tracks. The Japanese pursued and fired, and were fired upon by Chinese soldiers concealed in a field of kaoliang at the foot of the embankment. [Kaoliang is a sort of millet which grows to a height of about twelve feet. Hiding in the kaoliang and firing at night at passing Japanese track patrols had been a form of Chinese sport for some years past.] The lieutenant sent one man to a near-by company post to report, and the Japanese company of about 120 to 130 men rushed to the scene with 30 rounds each. They pursued the Chinese and occupied a corner of the Chinese barracks, which, surrounded by a fairly high mud wall, lie a very short distance from the South Man-

churia Railway tracks. As the barracks contained about 5,000 Chinese soldiers, a telephone message was sent to Lieutenant Colonel Shimamoto who proceeded to the spot with two companies at 11:30 P.M. He also called for reinforcements from Fushun, which arrived at 3:30 A.M., when he had a total force of 670 men. Until dawn the Chinese fired from the kaoliang field, but at daylight the Japanese cleared the field and fighting in the barracks lasted until about 5:30 A.M. A few cannon shots had been fired into the barracks from a Japanese barracks in the neighborhood, and they were partly burned. About 300 Chinese soldiers came out and surrendered and 300 Chinese corpses were found. The rest fled to the East Barracks, not very far away. These were occupied by the Japanese at 11:30 A.M., and the soldiers therein fled in the direction of Kirin.

"In order to prevent a counter-attack, the Japanese, after some artillery preparation, captured the Chinese airdrome, with some 60 airplanes, and the arsenal. These had been slightly damaged by preparatory artillery fire. As these points were located in a sort of semicircle just beyond the walled town of Mukden and the so-called 'International Settlement,' which is Chinese administered, and as these areas lie between the occupied points and the Japanese Settlement, it became necessary to occupy them for strategic reasons.

"The second phase was the clearing out of the Chinese troops from other towns with a considerable Japanese population, so as to prevent reprisals, such as Fenghuangcheng (a point on the South Manchuria Railway line near Antung), Hsinmintung (on the Peking-Mukden line), Tiehling, Changchun, Kirin, Chengtiatung, Tungliao (Paiyantala), Fushun, and Haicheng. The Chinese authorities stated that orders had been given to the Chinese troops not to resist, but either such orders had not been given or they were not obeyed, as resistance was made at several points, especially at Changchun. Here the Chinese displayed a white flag, but when the Japanese approached, they fired, killing 68 Japanese, including 3 officers and wounding 76. (At the original fighting at Tungtaiyeh 2 men had been killed and 20 wounded.) Soon, however, during the next few days, all—numbering about 200,000 Chinese armed forces, including soldiers, police, and gendarmes—had fled to the hinterlands."

PART II

MANCHURIA THE ISSUE



## CHAPTER V

### THE "TWENTY-ONE DEMANDS" TREATIES OF 1915

THE Sino-Japanese treaties of 1915, resulting from the "twenty-one demands," still constitute the bone of contention between the two countries. China contends that the treaties were signed by her under duress and are therefore invalid. Japan contends that there was no duress and that, furthermore, those provisions to which China objected in 1915 have since been eliminated so that there should be no objection by her to what remains of the treaties.

Since the beginning of the present Manchurian intervention, Japan has made it plain both to the Chinese and to the League of Nations that unless China recognized the legality of the 1915 agreement, there could be no basis for amicable settlement. In the early stages of the intervention, Japan tried to open direct negotiations with the Nanking Government on this issue. Indications were not lacking that such negotiations might have been entered into but for the League's precipitate interference which caused the Nationalists to think that Geneva might pick up their chestnut from the fire if they held on.

Of the 1915 treaties, those relative to Shantung were eliminated as a result of negotiations between the Chinese and Japanese delegations at the Washington Conference.



Japan, also at the Washington Conference, definitely gave up the so-called Group V of the original demands and proposed to turn over to the International Consortium (whose existence has since become doubtful), certain of the railway concessions she had obtained in Manchuria. What remains is only a treaty comprising the most vital provisions for the preservation of Japan's economic interests in Manchuria.

#### *America and the Twenty-one Demands*

The American official "Papers Relating to Foreign Relations" for the year 1915 reveal that the Washington Government informed the Japanese Government that, after a careful study of the whole matter, no objection would be raised to *sixteen* of the "twenty-one" demands. This meant that the American Government had no objection to the Japanese demands relative to Manchuria and even to Shantung. The only demands to which America objected were those known as Group V. These had been presented to China, as explained by the Japanese Government, not as demands but as "wishes." In the course of negotiations these "wishes" were dropped by Japan. At the Washington Conference the Japanese delegations, as I have just noted, formally declared that their government had definitely renounced those "wishes." As a consequence the Sino-Japanese agreements of 1915 contain nothing to which the American Government ever raised an objection.

#### *At the Washington Conference*

In connection with the 1915 treaty it is most essential to remember the Sino-Russian secret treaty of alliance already

described in Chapter I. As we have noted, that secret treaty was for the first time brought to light at the Washington Conference of 1921-22. Then the Japanese delegation at once realized the tremendous bearing of this document on the whole Japanese position in Manchuria, but they wisely refrained from making any open comment that might provoke a discussion at the Conference. In the interest of harmony and to avoid outside interference in a dispute which they considered peculiarly one that concerned only the two interested parties, the Japanese delegation preferred to stand on the legality of the 1915 treaty, stating in explanation that any research, reëxamination, or discussion of old grievances at the Conference would serve no useful purpose.

The Japanese delegates realized that if the 1915 treaty was brought up for discussion and declared invalid, then their rights in Manchuria were defined by the Portsmouth Treaty, and in view of the evidence submitted by China of her share in making the Russo-Japanese War of 1904-5 possible, she was liable for any indemnity that they might demand.

In view also of China's declared intention to seek a solution to the 1915 treaty on all future appropriate occasions, a solution that would have to be arrived at in amicable negotiations with Japan, without the intervention of a third power, the Japanese delegation diplomatically abstained from provoking a discussion at Washington that would probably have reopened the whole case before an international conference.

If China has to confront Japan alone and insists that the 1915 treaty is invalid, Japan can then take her case back to

Portsmouth and exact the indemnity she feels she is fairly entitled to by reason of China's secret alliance with Russia.

The attitude of the Japanese delegation at Washington in refraining from any open comment or discussion and keeping their own counsel when Secretary Hughes read in open session the abridged text of the Li-Lobanoff secret treaty of alliance of 1896, is a most remarkable example of self-control under severe provocation. For, had the Japanese so desired, they could have wrecked the conference then and there by demanding a reopening of the whole Manchurian case based on China's confession. Japan's self-control saved the conference and the peace of the Pacific, and as China reserved to herself the right to seek a solution of the Manchurian question on all future appropriate occasions, Japan similarly reserved the right to hold China responsible for the consequences.

#### *At the League of Nations*

On October 18, 1931, the Japanese Foreign Office submitted to the League of Nations a formula of five points as the basis of direct negotiations with China. They were (1) mutual nonaggression, (2) Japan's respect for China's territorial integrity, (3) China's suppression of anti-Japanese boycotts and propaganda, (4) China's promise to protect Japanese residents in Manchuria, and (5) China's observance of treaty obligations.

The fifth point is the most important. The rest were platitudes which might have been omitted. Indeed Japan should have focused the world's attention upon the last point by avoiding platitudes and minor matters. She should have

made it clear, too, that when she spoke of China's treaty obligations in this case she meant the 1915 treaty. Nor should she have waited until October 18, but she should have frankly and boldly brought out the issue at the very beginning of the League's deliberations of the Manchurian question. Her tardiness and her apparent diffidence in emphasizing the treaty issue have created the unfortunate impression that she was not quite sure of her stand on that question, or that she brought it out at so late an hour merely as an excuse to prolong her military acts in Manchuria.

#### *Essential Provisions of the Treaty*

What is this treaty which is so important to Japan and which China has already partly set at naught and is still trying to scrap *in toto*? The answer lies in its essential provisions, which may be summarized as follows:

(1) The lease of Dairen and Port Arthur, which was to have expired in 1923, has been extended up to 1997 (or 99 years from 1898, when the lease was first obtained by Russia).

(2) The *term* of the South Manchuria Railway and the mines appurtenant thereto, which might have been taken over by China in 1938, has been extended to 2002 (or 99 years from 1903 when the railway was opened to traffic by Russia).

(3) The *term* of the Antung-Mukden line (a section of the South Manchuria Railway) which was to have expired in 1923, has been extended to 2007 (or 99 years from 1908). See Chapter II.

(4) The treaty concedes to the Japanese, as well as the nationals of other countries, the right to lease land for agricultural and commercial purposes.

*China's Duress Theory Indefensible*

China disputes the validity of the 1912 treaty upon the sole ground that it was signed under duress; that is, after Japan had issued an ultimatum. This theory is indefensible in the light both of international law and of the records of the 1915 negotiation.

First, the records of the negotiations show that on February 12, 1915—that is, only twenty-four days after the presentation of the “twenty-one” demands, and eighty-five days before the presentation of the ultimatum—the Chinese Government offered a counter-proposal in which it rejected some of the Japanese demands, but agreed to extend to ninety-nine years the lease of Port Arthur and Dairen as well as the term of the South Manchuria Railway. (It also agreed to recognize Japan's succession to former German rights in Shantung.) All this is unequivocally stated in the Chinese counter-proposal handed to the Japanese minister at Peking on the above-named date. By April 17 all of the other essential points had been agreed upon, Japan having withdrawn Group V of the demands and having also made further concessions in other respects.

In the *Biography* of Count Kato, the Japanese Foreign Minister who was responsible for the “twenty-one” demands, it is stated that a Chinese representative in the 1915 negotiations informally asked the Japanese to issue an ultimatum because it would make it easier for President Yuan Shih-kai

to sign the treaty, affording him a plausible excuse before his political enemies.

Second, from the standpoint of international law, the duress theory in this case has no foundation, because the issuance of an ultimatum, even without a Chinese request or suggestion, is not a form of duress which invalidates a resultant treaty. Had the Chinese delegation been physically compelled to sign the treaty with a gun pointed at them, that would have been another matter. Nothing of that sort happened in the 1915 negotiations. If the 1915 treaty, the Japanese argue, were scrapped on the Chinese theory of duress, numerous treaties between other countries would be exposed to a similar treatment, thus throwing international relations into chaos. Surely Germany and other European states "oppressed" by the Versailles Treaty would follow the Chinese precedent if it be established. Once Japan was forced to give up Port Arthur and Dairen on the duress theory, the fate of the British possessions of Hongkong and Kowloon would also be sealed, for China has never conceded that they rightfully belong to England, though they were ceded by treaty after the so-called "opium war," whose real cause was not opium but China's refusal to deal with the British upon equal terms, as John Quincy Adams, speaking before the Massachusetts Historical Society in 1841, so ably point out:

"The fundamental principle of the Chinese Empire is anti-commercial. . . . It admits no obligation to hold commercial intercourse with others. It utterly denies the equality of other nations with itself, and even their independence. It holds itself to be the center of the terraqueous globe, equal to the heavenly host, and all other nations with whom it has any relations, political or commercial, as

outside tributary barbarians reverently submissive to the will of its despotic chief. . . .

"This is the truth, and, I apprehend, the only question at issue between the governments and nations of Great Britain and China. It is a general, but I believe altogether mistaken opinion that the quarrel is merely for certain chests of opium imported by British merchants into China, and seized by the Chinese Government for having been imported contrary to law. . . .

"The cause of the war is the *kotow!*—the arrogant and insupportable pretensions of China, that she will hold commercial intercourse with the rest of mankind, not upon terms of equal reciprocity, but upon the insulting and degrading forms of relation between landlord and vassal."

As in 1841, so in 1931. The intervening ninety years have witnessed but little change in the national psychology of the Chinese.

## CHAPTER VI

### THE SOUTH MANCHURIA RAILWAY AND THE LEASED TERRITORY

IN the present Sino-Japanese conflict the main issue is, of course, Manchuria. To the Japanese, the Chinese question means the Manchurian question. And the core of the Manchurian question is the railway with all that goes with it. To safeguard the South Manchuria Railway and its vast enterprises, which have been endangered by the virulent agitation and insidious intrigues of the Nationalist and Manchurian militarists, is the main cause of the crisis.

The South Manchuria Railway, a semi-official corporation, was organized by an imperial ordinance of June 7, 1906, to improve and operate the railways ceded to Japan by Russia by the Portsmouth Peace Treaty. China explicitly approved of the cession by the Peking Treaty of December, 1905. On November 22, 1906, the articles of incorporation, defining the status and business functions of the South Manchuria Railway as well as the extent of government supervision, was adopted at the general meeting of shareholders.

As provided in the imperial ordinance, (1) the South Manchuria Railway Joint Stock Company was organized for the purpose of engaging in railway traffic, (2) its shares were to be owned by the Japanese and Chinese governments and by their nationals, (3) the Japanese Government was



to offer as a part of the capital to be invested by it the railways and coal mines ceded to it by Russia by the peace treaty of Portsmouth, (4) the president and vice president were to be appointed by the Japanese Government and the directors to be elected at the general meetings of the shareholders, and (5) all matters not provided for by the ordinance were to be governed by the commercial code of Japan.

The original authorized capital of the company was 200,000,000 yen, half of which was furnished by the Japanese Government in the shape of railways and coal mines obtained from Russia. The shares for the other half were offered for subscription to the Chinese Government, central and local, and to Japanese and Chinese individuals.

#### *Vast Enterprises of the Railway*

While the Chinese Government and people took no interest in the offer, the Japanese subscription exceeded one thousand times the amount offered. In 1920 the original capitalization of 200,000,000 yen was increased by 240,000,000 yen, half of which was contributed by the Japanese Government by taking over the three debenture issues the company had floated in London.

At the present valuation the company's investment is estimated at 716,201,514 yen. Add to this investment, Japanese loans to the Chinese-owned railways, the property owned by the Japanese Government of the Kwantung leased territory, and investments by private corporations and individuals, and the total Japanese investments in Manchuria are well over 2,147,000,000 yen.

Details of the South Manchuria Railway's investment as of 1930 are shown in this table:

	YEN
Railways .....	261,882,378
Workshops .....	6,503,988
Harbors .....	78,093,974
Coal mines .....	112,276,860
Shale oil plant.....	8,961,173
Iron works .....	27,127,139
Chemical fertilizer plant.....	47,235
Public works .....	172,513,955
Others .....	48,794,812
	<hr/>
Total.....	716,201,514

In addition, the investments of the subsidiary companies of the South Manchuria Railway are estimated as follows:

	YEN
Steamships .....	13,750,000
Electrical plants .....	22,000,000
Gas plants .....	9,000,000
Hotels .....	4,000,000
	<hr/>
Total.....	48,750,000

As is evident from the above two tables, the South Manchuria Railway Company is much more than a railway company. Although transportation is its main enterprise, the company operates coal mines, iron works, locomotive works, wharves, and warehouses on a large scale; maintains schools and hospitals; promotes public hygiene and undertakes various public works for the well-being of both the Chinese and Japanese within the railway zone. Besides, it

controls a number of joint-stock companies, electric and gas works, shipping and dockyard companies, as well as a chain of modern hotels for the comfort of travelers in South Manchuria. In point of volume of business transacted and of scope of functions performed, the South Manchuria Railway Company stands without a peer in the Orient and perhaps in the entire Pacific regions.

Under the original Sino-Russian agreement of September, 1896, whose railway provisions were transferred to Japan, the term of the Dairen-Changchun section of the South Manchuria system was to run until 1983, but with China reserving the right to purchase it after 1938, *i.e.*, thirty-six years after it was opened to traffic in 1903.

This purchase provision, at best a face-saving device, was practically nullified by the Sino-Soviet treaty of 1924 which provided that the redemption of the Chinese Eastern Railway by China should be made only with Chinese capital, and not with foreign loans. Considering the enormous valuation put on that railway by the Soviet, China's inability to purchase it without resort to foreign loan is a foregone conclusion.

Japan might have followed the same course in regard to the South Manchuria Railway. Instead Japan and China, by the treaty of 1915, fully explained in Chapter V, extended the term of the South Manchuria Railway to 2002, *i.e.*, with no purchase privilege for China before that year, when the railway is to be returned to China without charge.

By the same treaty the term of the Antung-Mukden section, which was to have expired in 1923, was extended to 2007.

*Dairen and Port Arthur*

The Kwantung territory, leased for ninety-nine years from 1895, is only 1,300 square miles in area, and is mostly mountainous. It is, however, essential to the South Manchuria Railway, as it provides the railway with the necessary base and sea outlet.

Under the Japanese régime, Port Arthur, called by Czarist Russia the Gibraltar of the East, has long since ceased to be a naval base. Its fortifications, mostly demolished in the Russo-Japanese War of 1904-5, have never been repaired by the Japanese. Japan values the leased territory, not for strategic, but for economic reasons.

Dairen is becoming more and more important as a gate through which passes Manchuria's growing commerce. Its harbor has been developed by, and belongs to, the South Manchuria Railway. It is a magnificent harbor, promising to become the most up-to-date construction of the kind in the Far East.

The present breakwaters aggregate 15,272 feet or 2.8 miles, and the area enclosed by them is almost 800 acres. The total length of berthing quays is 14,996 feet, which will be increased to 18,896 feet after the fourth pier is completed. At present steamers totaling 244,000 tons can be docked at one time, and this will soon be increased to 337,000 tons. Just outside the breakwater there is a pier, 1,135 feet in length, reserved for loading and unloading oil and other combustibles. One junk wharf for junk cargoes, having the capacity of 200,000 tons a year, is also provided.

For steamers discharging or loading in the harbor, there

are fifteen steel lighters. There are also two 50-ton and five 5-ton floating cranes, and one 45-ton, one 27-ton, and three 5-ton locomotive cranes on shore. A number of electric and steam cranes have been installed on the piers to handle heavy cargo. Coal-shipping facilities include car dumpers having the capacity of supplying 1,800 tons per hour, and belt conveyors with the capacity of 900 tons per hour. Within the wharf compounds are 68 miles of railway to facilitate the shifting and handling of cargoes.

The company's investment in harbor and wharf development at the port of Dairen up to March, 1930, aggregated 60,000,000 yen. If expenditure incurred in the piers constructed by the company at Yingkou, Antung, Port Arthur, and Shanghai be added, the total investment amounts to 78,000,000 yen.

The following table shows the steady progress of the wharfage traffic of the port of Dairen:

	Number of steamers arriving	Goods imported, tons	Goods exported, tons
1907-08.....	1,143	599,188	320,764
1912-13.....	1,968	468,368	1,509,519
1917-18.....	2,072	892,041	2,429,145
1922-23.....	3,171	724,154	5,222,253
1927-28.....	4,224	1,076,141	7,299,912
1928-29.....	4,925	1,595,413	8,344,772

### *Coal and Iron Mining*

The most important undertaking of the company, next to the railways, is coal mining, carried on at Fushun and Yentai. The investment in this industry amounted to

112,270,000 yen on March 31, 1930. During this fiscal year the product of the mines, amounting to 7,991,786 tons, was sold; the gross receipts were 84,365,000 yen and the expenses 72,000,000 yen. The annual output amounts to 7,032,000 tons, about 30,000 tons a day. In the year 1907, when the company took over this undertaking, the daily output was only 300 tons. With a completion of the present development plan next year, the annual output of the Fushun mines, exclusive of the Yentai mines, is expected to exceed 8,000,000 tons.

The following table in English tons shows the steady increase of coal produced:

Years	Quantity of production
1907-08 . . . . .	233,325
1912-13 . . . . .	1,513,254
1917-18 . . . . .	2,389,584
1922-23 . . . . .	3,921,727
1927-28 . . . . .	6,982,870
1928-29 . . . . .	7,032,100

The South Manchuria Railway Company early contemplated working the iron ore found in great quantities at Anshan. The presence of iron deposits here was discovered in 1909 by the officials of the geological institute of the company. By an agreement signed in 1914 with China, a concession to work this iron mine was given to the Chenhsing Kungsu, a Sino-Japanese company. It was also arranged that the ore produced at the mines owned and operated by this concern should be supplied to the South Manchuria Railway Company.

The original plan was to erect a plant large enough to

produce 1,000,000 tons of pig iron a year, or 800,000 tons of steel. Two blast furnaces were to be erected as the first stage of the original plan. Construction of the first furnace was begun in May, 1917, and completed in December, 1918. Pig iron was first produced in May, 1919.

With a view to utilizing ore of low percentage and at the same time readjusting and improving the plant, in order to cover expenses, an investigation board was organized in January, 1920. A group of American scientists and practical engineers, headed by Professor Appleby, of the University of Minnesota, were invited in June, 1921, to Anshan, where they spent more than forty days, and made a thorough investigation into the nature of the ore and its possibilities. Meanwhile, more advanced processes, the so-called hematite reducing system and magnetic concentration system, by which the percentage of iron can be increased to 55 on an average, were invented by one of the Japanese experts attached to the plant.

From 1919 to 1926 the Anshan iron-mining enterprise entailed a loss of from 1,487,000 yen to 3,806,000 yen a year. In 1927 the loss was cut to 157,000 yen. In 1928 it made a profit of 1,215,600 yen.

The great importance of these coal and iron industries is vividly described by Mr. Jotaro Yamamoto, president of the South Manchuria Railway in 1927-29, in his stimulating book, *Keizai Kokusakuno Teisho* (Japan's Economic Readjustment), often called the "bible of the Seiyukai Party, of which he is an outstanding figure.

According to Mr. Yamamoto, the iron mines in Manchuria, for which Japan has concession, contain at least

1,500,000,000 tons. While president of the railway, Mr. Yamamoto formulated a plan whereby iron could eventually be obtained from those mines at less than 20 yen a ton. At present the annual output is only 200,000 tons, but Mr. Yamamoto is confident that the day will come when Japan will no longer rely upon American or European mills for iron or steel.

As for the coal necessary for the iron industry, the famous Fushun mines, whose deposit is estimated at 1,000,000,000 tons, are close at hand to supply it. Incidentally, the nitrogen, obtained in converting the coal into coke, can be utilized, if Mr. Yamamoto's plan is followed, to produce yearly at least 300,000 tons of ammonium sulphate, an invaluable fertilizer, which will increase Japan's annual production of rice by 15,000,000 bushels.

What is more important, Mr. Yamamoto offers a solution for Japan's oil problem, which has long been considered insoluble. When he resigned from the South Manchuria Railway he had left a plant already established for an initial yearly production of 75,000 tons of shale oil from the Fushun coal mines. If this experiment proves a success the enterprise will eventually be so extended as to do away with all oil importations, now amounting to 1,700,000 tons a year. Moreover, the lowest stratum of the Fushun coal mines consists of a certain kind of coal which can be converted into liquid coal at small cost. In addition, Mr. Yamamoto assures us that before long the process of liquefying will be so improved that any kind of coal mined from the Fushun mines can be utilized for that purpose.



*The Central Laboratory*

The South Manchuria Railway, for the purpose of promoting public health and of discovering new uses for the products of Manchuria, maintains an extensive laboratory at Dairen known as the Central Laboratory. The scope of its activities was divided into eight divisions; namely, analytical chemistry, applied chemistry, textiles and dyeing, pottery, fermentation, sanitary chemistry, electrical chemistry, and clerical work. In addition, the laboratory renders service to the public at large by conducting on request general analyses, testings, and estimates with the object of contributing to industrial and hygienic progress in South Manchuria.

Any new idea, promising to become commercially valuable as the result of these investigations, may be further tested in an experimental workshop or industrial plant, and when the commercial production stage is reached, turned over to a company to operate as a going concern. Already a tussah filature, pottery plant, experimental glass factory, brick kiln, sorghum alcohol distillery, dyeing and weaving mill, bean-oil mill, experimental lignoid factory, etc., have been founded. In June 1920, the eight divisions of the laboratory were reorganized and converted into two divisions—Experimentation and Research. The first chiefly deals with all analyses, experimentation, testing, and estimating, while the second attends to matters concerning physical and chemical investigation and research. All hygienic chemistry hitherto conducted by this laboratory was transferred in 1925 to the Hygienic Institute which had just

been established. Ever since, the activity of this laboratory has been directed more toward experimental and research work in regard to the industrialization of products peculiar to Manchuria, such as beans, kaoliang, salt, coal, and other minerals.

### *Warehousing and Bean Storage*

The warehousing system of the South Manchuria Railway comprises 75 warehouses at Dairen harbor with floor space aggregating 371,200 square meters and 98 warehouses at the leading railway stations with a total floor space of 125,800 meters.

Incidentally, it shows the importance of beans and their by-products, bean cake (fertilizer) and bean oil in the economic structure of Manchuria. In order to facilitate the shipment and marketing of soya beans, the company inaugurated a so-called mixed storage system first at the Dairen wharves in 1913, which was later extended to Mukden, Tiehling, Kaiyuan, and other centers on the main line. By this system, beans are graded and classified at receiving points according to qualities and weight, and receipts, negotiable at the bank, are issued, which call for the delivery of like quantities and qualities at terminal points. The system was later introduced for the storage of bean cake, bean oil, and wheat.

The cargoes handled at the warehouses now amount to over 11,600,000 tons a year, 60 per cent of which are beans and bean products.

## CHAPTER VII

### THE VEXED QUESTION OF PARALLEL LINES

IN Chapter II we noted China's repeated attempts to build parallel and competitive lines to the South Manchuria Railway in violation of the Peking protocol of December, 1905, which provides:

"The Chinese Government engage, for the purpose of protecting the interests of the South Manchuria Railway, not to construct, prior to the recovery by them of the said railway, any branch line in the neighborhood of and parallel to that railway, or any branch line which would be prejudicial to the interests of the above-mentioned railway."

Those Chinese attempts between 1907-10 did not, largely due to Japanese and Russian objection, materialize. But in the last several years Chang Tso-lin, the late war lord of Manchuria, and later his son Chang Hsueh-liang, have adopted the policy of ignoring treaty obligations and disregarding well-founded foreign protests. The result is that, in spite of repeated warnings by Japan, the Mukden war lords have actually built these lines parallel to the South Manchuria Railway:

- (1) Kirin-Hailung-Mukden line.....295 miles
- (2) Paiyantala-Takushan line.....134 miles
- (3) Paiyantala-Taonan line (partly under construction).....140 miles

*Japan Followed Others' Examples*

The Sino-Japanese agreement of 1905, forbidding the building of parallel lines, was not a Japanese invention. On the contrary, it was but an emulation of examples set by other powers. Before 1905 practically all nations or corporations interested in railway enterprise in China had included much the same stipulation in their railway agreements with the Chinese Government. A few examples will suffice.

The agreement, signed on July 13, 1900, between the Chinese Government and the American-China Development Company, an American corporation, which was interested in the construction of the Hankow-Canton Railway, had this provision:

“Without the express consent in writing of the director general and the American company, no other rival railway detrimental to the business of the same is to be permitted, and no parallel roads to the Canton-Hankow line are to be allowed to the injury of the latter's interest, within the area served by the Canton-Hankow main line or branch lines.”

Much the same provisions are found in the agreements of July, 1903, and of March, 1907, both between the Chinese Government and the British and Chinese Corporation Limited—one for the construction of the Shanghai-Nanking Railway, the other for the Canton-Kowloon Railway. Germany and Russia, before 1905, each made similar railway agreements with China in the regions in which they were respectively interested.

*Chinese Railway Discrimination Against Foreign Goods*

So much for the legal aspect of the parallel lines. The next important question is whether the parallel lines built and planned by China are of a nature to jeopardize the interest of the Japanese system. This question cannot be determined by merely considering the distance between the parallels. More essential than the mere matter of distance are considerations of topography, population, and produce of the territory through which they run. In a country yet sparsely settled, with cities and towns far apart, and with its produce comparatively limited, parallel lines, even many tens of miles apart, come in direct competition.

Even more serious is the widely practiced interference of the Chinese authorities with the traffic of the railways. Very often the choice between the Chinese and the Japanese lines is not left to the discretion of the shippers or of the passengers but is dictated by the local authorities in favor of their own lines. Under such circumstances there can be no fair competition based upon efficiency. So common is this official interference that even the Washington Conference, at the instance of the British delegation, inserted in the Nine Power Treaty the following article:

“China agrees that, throughout the whole of the railways in China, she will not exercise or permit unfair discrimination of any kind. In particular, there shall be no discrimination whatever, direct or indirect, in respect of charges or of facilities on the ground of the nationality of passengers or the countries from which or to which they are proceeding, or the origin or ownership of goods or the country from which or to which they are consigned, or the nation-

ality or ownership of the ship or other means of conveying such passengers or goods before or after their transport on the Chinese railways."

*Parallel Lines Essentially Military*

It is essential to bear in mind that these parallel lines are primarily military lines conceived by the late war lord Chang Tso-lin and his son Chang-sueh-liang to expedite the transportation of their troops from Kirin and Heilungkian provinces into South Manchuria and often into China proper in the periodic civil wars which they themselves promoted or in which they were involved. One of the Changs' standing complaints was that the South Manchuria Railway, which did not want Manchuria mixed up in civil war, refused to carry Chinese troops. It was primarily to overcome this general rule of the Japanese railway that the Changs, in defiance of the agreement of 1905, built parallel lines. But to maintain these lines for war purposes it is also necessary to use them for commercial transportation which is the only source of income. And the Changs used them for this purpose in the unfair manner we have just described. Had they been actuated by consideration of economic needs only these parallel lines might not have been built at all.

To make matters worse, the money which built these lines came mostly from the receipts of the railways (not parallel lines) built by Japanese engineers for the Manchurian Government with loans advanced by the South Manchuria Railway or Japanese banks. These Japanese-financed but Chinese-owned railways are Ssuningkai-Chenchiatun-

Taonan lines with the Paiyantala branch, 264 miles in all, and Taonan-Anganchi (Tsitsihar) line, 141 miles. The Japanese loans, including unpaid interest, on these lines amount to some 143,000,000 yen. The Manchurian Government has never paid a cent either on principal or for interest. Instead it has built parallel lines to the South Manchuria Railway with money obtained from these Japanese-financed railways. (The Japanese-financed but Chinese-owned railways will be more fully discussed in Chapter VIII.)

In this connection it is interesting to note the following statement made in 1927 by Mr. Yosuke Matsuoka, then vice president of the South Manchuria Railway:

"The Japanese Government and the South Manchuria Railway, in dealing with the question of parallel railways, are concerned mainly with the principle that existing treaties and agreements, as long as they are binding, must be observed. Once this point is recognized, the question of constructing projected Chinese railways will be comparatively easy to settle."

If this represents the view of the Japanese Government, the point at issue is not whether China shall or shall not build parallel lines, but whether she shall recognize her treaty obligations. If she recognizes them and confers with Japan in a friendly spirit before embarking upon the construction of such lines, Japan will, according to Mr. Matsuoka, respond in a like spirit.

## CHAPTER VIII

### THE CHINESE-OWNED, JAPANESE-FINANCED RAILWAYS

IN Chapter VII we noted that most of the money used in building parallel lines to the South Manchuria Railway, in violation of the 1905 agreement, came from the receipts of the railways financed by the Japanese but owned and operated by the Chinese—that is, Manchurian authorities—and that not a cent of those receipts has been devoted to the service of the Japanese loans.

These Japanese-financed but Chinese-owned-and-operated lines are:

- (1) Ssupingkai-Chenchiatun-Taonan line, with  
the Paiyantala branch.....264 miles
- (2) Taonan-Anganchi (Tsitsihar) line.....141 miles
- (3) Kirin-Tunhua line.....132 miles

The Japanese loans, including unpaid interest, for the above three lines amount to some 160,000,000 yen. They are secured on the property of the railways and their receipts, but prior to the recent intervention the Japanese creditors had no control over their management or their income.

In the case of Ssupingkai-Chenchiatun-Taonan lines a Japanese accountant, a Japanese engineer, and a Japanese traffic manager were employed, but these were cowed to submission by the Mukden militarists and had no power of



initiative or supervision. The Kirin-Tunhua line was in the same condition. In the case of the Taonan-Anganchi (Tsit-sihar) railway, the old Manchurian Government refused to appoint any Japanese, although the loan agreement stipulates for the appointment of a Japanese "adviser" who is to examine the revenue and expenditure of the railway.

Only since the beginning of the intervention has the above condition been changed to safeguard the interest of the railways as well as that of the Japanese creditors. The Japanese traffic managers and accountants are now in a position to exercise authority in accordance with the loan agreements.

#### *Projected Kirin-Korean Railway*

In connection with the above-named Kirin-Tunhua Railway, it is essential to note that this line is to be extended to Huining (called Kainei by the Japanese) on the Korean border, where it is to effect a junction with the Korean railway. This projected extension (128 miles) is to be financed and built by the Japanese, probably the South Manchuria Railway, but is to be owned and operated by the Chinese, assisted by a Japanese traffic manager and a Japanese accountant.

Japan attaches great importance to this project, so great that the Manchurian authorities' refusal to carry it out in accordance with an agreement made twenty years ago was one of the contributing causes of the present crisis. The project is conceived in the hope of bringing Manchuria's products, which feed the Japanese population as well as Japanese mills and factories, a few hundred miles nearer

Japan's doors than is possible by any of the existing routes of transportation. The line, if built, will afford the Manchurian interior a new sea outlet at the Korean port of Seishin, which in turn will be linked to the Japanese port of Tsuruga across the Japan Sea, thus opening a new trade lane between Manchuria and Japan, perhaps two or three hundred miles shorter than the Dairen-Shimonoseki route.

As far back as September 4, 1909, China signed an agreement known as the Chientao Agreement, whereby she was to build a 260-mile railway from Kirin to Huining with Japan's financial aid. Soon came the Chinese revolution which overthrew the Manchu dynasty, and this railway project long remained in abeyance. In 1918, however, China renewed and reaffirmed the pledge of 1909. Under this new agreement the Yokohama Specie Bank, the Bank of Chosen (Korea), and the Bank of Taiwan (Formosa) were to furnish the necessary fund, of which 10,000,000 yen was at once paid to the Chinese Government.

After much delay caused by the central government working at cross-purposes with the local authorities in Manchuria, work was finally commenced in 1926 on the Kirin-Tunhua section (132 miles) of the aforesaid Kirin-Huining line. It was completed in 1928 at a cost of 24,000,000 yen, which sum was advanced by the South Manchuria Railway with the understanding that it was only a part of the project defined by the agreements of 1909 and of 1918. But when this section was built, China refused to proceed on the remaining 128 miles. This left the already constructed section in a state of suspense, not of much use to China and of no use at all to Japan.

*Collapse of the Chinese Railways*

The deplorable story of the Chinese-owned railways in Manchuria is but a repetition of the story of similar railways throughout China. Left in the hands of the Chinese, all railways are bound to collapse, for they expend little or nothing on their repairs and upkeep, but permit the war lords and their soldiers to use, or rather abuse, them as they please.

To-day seven of China's main railways (Wuchang-Changsha, Tsientsin-Nanking, Canton-Kowloon, Honan, Shanghai-Nanking, Shanghai-Ningpo, Peiping-Mukden, built with British loans guaranteed by the Chinese Government, owe the British creditors more than \$300,000,000 Mexican in overdue interest and sinking funds. Moreover, none of these lines is paying wages to its employees with anything like regularity. In some cases wages are in arrears from two to three years. These railways, which in normal condition should be most profitable, have so long been used as shuttles of civil warfare by rapacious war lords that they are not only financially bankrupt but are physically ruined.

On all of the seven lines the ties have rotted to such an extent that 40 per cent of them would be considered utterly unsafe on any railway in any civilized country. Nor is this all. For hundreds of miles on some of the lines, the troops and bandits and villagers have picked the dog spikes out of the sleepers and have fashioned them into swords and spears, while in some instances the ties and sleepers have been cut up and used for fuel by ill-clad soldiers in their winter campaigns.

England would have taken effective measures to protect her railway investments in China had she been as close to China as Japan is to Manchuria. Distance is no doubt the main factor which has held England back. One may be sure that she is glad at heart that Japan has intervened in Manchuria, thus freeing the Mukden-Shanghai section of the British financed Peiping-Mukden Railway from the abuse of Chinese war lords, and enabling it to resume payment on the British loan.

#### *American Experts' Observations*

Even Mr. Thomas F. Millard, adviser to the Chinese Government and staunch defender of everything Chinese, had to admit, in his articles in the *New York Times* in October, 1926, that the Chinese militarists and politicians and its usual "squeeze" system had "virtually destroyed the economic utility of China's railways." He quoted a certain railway expert who told him "that if things go on as they are some of the lines will be out of business in a year." To-day the Chinese railways are good only for troop transportation.

Mr. Silas H. Strawn, a distinguished citizen of Chicago, who was chairman of the American delegation to the International Conference on China's Customs tariff, upon his return from China in October, 1926, presented this disheartening picture of the Chinese railways before the Chicago Chamber of Commerce:

"While in other countries the earnings of the railroads go first to the payment of employees and operating expenses and then the net to the owners, in China all of the earnings of the railroads are taken

by the war lords. The official report of the Chinese Minister of Communications to the Chief Executive in September, 1925, states that more than \$180,000,000, or with interest more than \$250,000,000 of the earnings of the Chinese railroads, have been taken by the militarists since the foundation of the republic—thirteen years.

“When equipment is not being used for the movement or billeting of troops its use is sold by the war lords to the unfortunate shippers at outrageous rates. The usual ‘squeeze’ for the use of freight cars is \$5 per ton, in addition to the freight rate. Thus, to obtain the use of a forty-ton car from Tientsin to Peking, a distance of about ninety miles, the shipper is held up for \$200 plus the regular freight.

“The American Legation at Peking last summer arranged to buy its winter supply of coal from a mine about twenty miles from Peking. The railroad was under the control of Wu Pei-fu, the then dominant war lord. His underlings demanded a ‘squeeze’ of \$2 per ton for the use of cars to move the coal.

“In addition the legation must pay Wu \$25 per car, and the village where this general was quartered demanded \$1.80 per car additional ‘squeeze.’

“This episode was more aggravating when it was known that the cars and locomotives to move the coal had been furnished to the Chinese Government by American builders and have not yet been paid for, the debt being several years in default. The unfortunate vendors have no lien on the equipment, and by reason of military domination, could not enforce it if they had. Unless conditions soon change, it will not be long before the railroads must cease operation and the people will be compelled to go back to the barrow or pack their freight upon their backs. Most of the camels, donkeys, and cattle of the farmers already have been taken by the soldiers. There are no highways and only 8,000 motors.”

### *Chinese Railway Management*

To show that money-losing railways under Chinese management can be made profitable under efficient foreign management, let me cite two cases. One is the case of the Chang-

chun-Kirin Railway (79 miles) in Manchuria. This was built some twenty-five years ago with funds supplied equally by the Chinese Government and the South Manchuria Railway. At first it was managed and operated by Chinese, but its loss was so great that in 1917 its management and operation was entrusted to the South Manchuria Railway. Since then the road has been making a fair profit.

The case of the Shantung Railway is even more instructive. While operated by Japan from 1915 to 1922, as a result of her campaign against Kiauchow, the former German base, this railway was in excellent condition and yielded fair profit. At the Washington Conference, China proposed to buy the property outright, declaring that the Chinese people, out of patriotic motives, would raise the necessary fund to pay cash for the whole amount required.

Japan, therefore, transferred the railway to China, who, on her part, agreed to reimburse Japan for the actual value of the property, 40,000,000 yen, in Chinese government notes running for a period of fifteen years, but redeemable at China's option at the end of five years from the date of the delivery of the said notes, or at any time thereafter upon six months' previous notice. The five-year period ended at the end of 1927, yet not a penny had, nor has since, been raised for the redemption of the railway. Not only this, but China, or whatever military chieftain happened to control Shantung, failed to pay even interest on the above-mentioned notes, except in the three years following January, 1923.

In the chronic civil wars with which Shantung has been cursed, most of the rolling stock of the railway has at various times been commandeered for military purposes, and this in

spite of the persistent protests of the Japanese traffic manager, who was there to forestall just such irregularities. In October, 1925, and again in March, 1928, *entire freight cars* were thus diverted from ordinary traffic, completely paralyzing the trade of the region.

Yet this same railway, bankrupt and ruined in Chinese hands, yielded in 1928 an income of ten million Chinese dollars, owing to temporary Japanese management following the Japanese intervention undertaken in May of that year. The number of passengers carried was five hundred thousand less than the number carried during the preceding year, yet the income was almost twice the amount for the year preceding, simply because the Japanese saw to it that every passenger, Chinese or Japanese, civilian or military, paid for his ticket, and that the money received went to the railway treasury and not to the pockets of Chinese militarists and politicians.

In the light of what has happened to the Chinese-owned railways, it is no wonder that Japan has been alarmed by China's agitation to gain control of the South Manchuria Railway. Once that railway, at present so admirably managed, is abandoned to the exploitation of Chinese politicians and militarists, it will immediately go the way of all the Chinese railways, now on the verge of ruin and collapse.

## CHAPTER IX

### THE RAILWAY GUARDS AND THE RAILWAY ZONE

JAPAN's right to place guards along the lines of the South Manchuria Railway is based upon the 1905 Portsmouth Treaty with Russia as well as the 1905 Peking agreement with China which entitles her to maintain her own railway guards until "China shall have become herself capable of affording full protection of the lives and property of foreigners." Normally the number of guards thus maintained shall not exceed fifteen per kilometer. On this basis Japan may keep some 15,000 guards in the railway zone. But the actual number stationed has seldom exceeded 9,000, and during the several years before the Manchurian situation became tense it had been about 7,000.

At the Washington Conference of 1921-22 the Chinese delegation demanded the withdrawal of foreign troops from Chinese soil. This Japan, along with the other Powers, accepted with one reservation, that her railway guards in Manchuria be permitted to remain. In justification of this reservation the Japanese delegation made this statement:

"It is a measure of absolute necessity under the existing state of affairs in Manchuria—a region which has been made notorious by the activity of mounted bandits. Even in the presence of Japanese troops, these bandits have made repeated attempts to raid the railway



zone. In a large number of cases they have cut telegraph lines and committed other acts of ravage. Their lawless activity on an extended scale has, however, been effectively checked by Japanese railway guards, and general security has been maintained for civilian residents in and around the railway zone. . . . In such a situation it is not possible for Japan to forego the right, or rather the duty, of maintaining railway guards in Manchuria, whose presence is duly recognized by treaty."

Nor were the Powers signatory to the Peking protocol concluded in the wake of the Boxer disturbance willing to withdraw the foreign troops stationed by that protocol along the railway between Peking and Tientsin. The result was a resolution by which the powers signified their intention to withdraw their troops "now on duty without the authority of any treaty or agreement." The understanding was that troops stationed *with the authority of treaty* should not be disturbed.

#### *Basis of the Chinese Demand for Withdrawal*

The Chinese demand for the withdrawal of the Japanese railway guards is based, not upon any material progress of her internal administration, but upon the fact that in March, 1920, Russia lost the right to station her own troops along the Chinese Eastern Railway. Her argument is that since the Japanese privilege was bequeathed by Russia by the Portsmouth Treaty of 1905, the loss of the same privilege by Russia in North Manchuria should logically entail the same loss by Japan in South Manchuria. This argument might have some force if the Russian relinquishment of the right were a voluntary act inspired by the improvement of Manchuria's internal condition. On the contrary, Russia had no intention of relinquishing it. The fact was that in March, 1920, due to the demoralization which crept into North Man-

churia in the wake of the Bolshevist revolution, the Russian railway guards and the Russian employees of the Chinese Eastern Railway were on the verge of mutiny. Taking advantage of this condition, the Manchurian Government under the late General Chang Tso-lin disarmed the Russian guards and placed its own troops along the railway. No sooner was this change effected than the Russians in North Manchuria were up in arms against it, but they were powerless to regain the lost right, as they had no home government to back them up.

By the Sino-Soviet treaty of 1924 Russia acquiesced in the *fait accompli* in the matter of railway guards, largely because she was anxious to secure Chinese recognition at a time when her status as a new state was precarious. But since 1924 many a scale has fallen from the eyes of Soviet Russia. The result is that since the Sino-Russian military clash of 1929, the Soviet has been reported to be negotiating to regain the right to place its own soldiers along the Chinese Eastern Railway at least to the extent of fifty per cent of the necessary strength.

#### *Bandit Raids Upon the Railway Zone*

Japan, of course, does not mean to maintain her guards permanently, but before deciding to withdraw them she wants to be sure that the railway will be reasonably free from the attacks of banditry and disbanded troops. What is more important, she must be convinced of the good faith of the Chinese authorities and the integrity of the Chinese officers of the law. She knows what unhappy experiences the Soviet has had in North Manchuria since the Manchurian Government placed its own soldiers along the Chinese East-

ern Railway, and she does not mean to suffer the same experience.

Manchuria is noted for its banditry, both organized and unorganized. More than 150 organized groups are known and definitely located. The largest of these bands consists of 1,500 Chinese and 300 Russians, and is equipped with rifles and a number of machine guns. The next largest group has 600 members, and the third 500. About twenty-five bands consist of 100 men each, while the others range in number from ten to a hundred each.

The bandits usually prey upon the farmers in the countryside, but sometimes venture out into towns, and even the railway zone. In fact their raids upon the railway zone became more frequent as the number of Japanese guards was reduced. In the years immediately after the Russian war, when there were a large number of Japanese soldiers in Manchuria, the number of bandit raids upon the railway zone was between 32 and 50 a year. In 1929, when the number of our guards was less than 7,000, there were 368 raids.

The following table shows the steady increase of bandit raids upon the railway zone from 1907 to 1929:

Year	Raids	Year	Raids	Year	Raids
1907	32	1915	86	1923	131
1908	30	1916	71	1924	246
1909	46	1917	99	1925	206
1910	34	1918	82	1926	213
1911	57	1919	106	1927	296
1912	33	1920	183	1928	352
1913	69	1921	152	1929	368
1914	64	1922	104		

*Administration of the Railway Zone*

Article 6 of the original railway agreement signed between China and Russia in 1896 reads as follows:

"The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc., will be turned over to the company free, if these lands are the property of the state; if they belong to individuals, they will be turned over to the company either upon a single payment or upon an annual rental to the proprietors at current prices. The land belonging to the company shall be exempt from all land taxes.

"The company shall have the absolute and exclusive right of administration of its lands. (*La Société aura le droit absolu et exclusif de l'administration de ses terrains.*)

"The company shall have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for all the needs of the line."

Upon the strength of this provision the South Manchuria Railway, which inherited all the railway rights of Russia, has acquired, mostly by purchase, tracts of land at the more important of the railway stations. These lands, together with the rights of way along the 691 miles of the South Manchuria Railway tracks, total 108 square miles. At such stations as Mukden and Changchun they have been developed into sizable towns with all modern improvements. Under the administration of the South Manchuria Railway these tracts of land have become so many oases, in a vast desert of maladministration. Lured by the peace, comfort, and convenience afforded in the railway zone, 230,000 Chinese have settled there, outnumbering their Japanese neighbors two to one. This is an increase of fourteenfold in the last twenty years.

Not only has the South Manchurian Railway Company laid modern roads and installed modern water, light, gas, and telephone systems on these railway lands, but it has built schools and hospitals for the benefit of both Japanese and Chinese. In short, the company exercises the "absolute and exclusive right of administration." For many years this right was never contested by China. In fact it was long taken for granted. But in the last few years China has been disputing the legality of this right. Her argument is that these lands, which have been developed into so many small modern towns by the railway administration, are not exactly the "lands actually necessary for the construction, operation, and protection" of the railway. Japan, on the other hand, contends that they are necessary for the successful operation of the line, because the railway is bound to suffer seriously if these areas are to revert to medieval misrule. That is a point yet to be thrashed out. Parenthetically, Japan wants to retain extraterritoriality in these small railway areas until the powers are convinced that the Chinese judiciary is advanced enough to safeguard the rights of foreigners.

#### *Expenditures for Railway Zone Improvement*

In the last twenty-three years the South Manchuria Railway expended more than 200,000,000 yen for the improvement of the railroad zone. This total is roughly distributed among the following items:

	YEN
Town construction.....	131,000,000
Hospitals .....	14,000,000
Schools and libraries.....	13,600,000
Houses built for lease.....	8,100,000
Laboratories, model and experimental farms... ..	5,000,000
Gas and electricity, etc.....	30,000,000

## CHAPTER X

### THE ANTI-KOREAN POGROMS

THE organized persecution of the Koreans by the Chinese has been a cause of great embarrassment to Japan, for Japan's failure to protect these Koreans, who are Japanese subjects, cannot but prove detrimental to Japanese prestige in Korea and an encouragement to the Korean independents. Japan, of course, does not hold the Chinese or Manchurian Government responsible for the sporadic acts of individual Chinese, but she insists that the government should not encourage and instigate organized pogroms against the Koreans.

Korean emigration to Manchuria is of ancient origin. Before Japan annexed Korea there had already been a large Korean colony in what was commonly known as Chientao, a territory of some 1,550 square miles contiguous to the peninsula. In that region there were, at the time of the Japanese absorption of Korea, only some 27,000 Chinese, as against 83,000 Koreans. It was for the purpose of safeguarding these Korean immigrants that Japan in 1909 concluded with China "An Agreement Relating to the Chientao Region."

With the development of Japanese railways in Manchuria and the consequent progress of its trade and agriculture, Korean immigrants penetrated farther into the interior in

the Kirin and Fengtien provinces beyond the pale of Japanese authority. To-day there are almost a million Koreans in Manchuria. These Koreans, or most of them, expect Japan to protect them. But Japan is not the mistress of Manchuria. Outside the railway zone totaling only 100 square miles Japan has no police power. The Koreans in the interior, therefore, cannot be protected by Japan except through diplomatic channels.

But Japan's diplomatic representations to China on this question, as on many others, never brought results. If Japan protested to Mukden, she was told to talk to Nanking. If she protested to Nanking, Nanking told her to go to Mukden. If she protested to both, the answer was the usual *non possumus*.

### *Chinese Policy Toward the Koreans*

The solution seemed to lie in the Koreans becoming Chinese by naturalization. But they did not want to be naturalized, for they thought that once they gave up Japanese nationality they would lose the last hope of protection, and would be entirely at the mercy of the Chinese. Nor did the Manchurian Government have any fixed policy in regard to the status of the Koreans. Before the Japanese annexation of Korea, China treated the Koreans in Manchuria as Chinese subjects because she had regarded Korea as her vassal or protectorate. The Koreans who had already settled in Manchuria should have been permitted to remain Chinese subjects even after the Japanese annexation of Korea, if China respected the modern principles of law. On the contrary, these old residents as well as new immigrants

were now regarded as aliens and were subjected to various forms of inconvenience and mistreatment. Some of the local Chinese authorities would force them to become Chinese subjects at a fee of \$20 per head. Others would not permit them to be naturalized. Nor has the central Manchurian Government at Mukden had any uniform policy. Sometimes it encouraged naturalization of Koreans. Sometimes it followed an entirely opposite course.

A statement issued last July by the Korean Intelligence Bureau, which seems to be a Korean organization in Seoul, claims that in the last six years 5,000 Koreans have been killed in Manchuria and 200,000 turned out of their houses. Apparently this is a gross exaggeration. But it cannot be denied that the lot of the Koreans in Manchuria was becoming harder and harder. Within the twelvemonth before the Japanese intervention innumerable cases of persecution had been reported, of which four outstanding ones may be noted.

First, at Sanhsingpao, on the pretext of an error in the contract, Koreans were dispossessed of a lease of 1,000 acres of paddy fields, which they had reclaimed by ten years' work, and were forced to abandon their irrigation plan. Secondly, at Santokwan, eight Korean families cultivating twenty Chinese acres were turned out on the ground that they were not naturalized. Thirdly, at Penshi, Koreans who had erected houses with material bought from Chinese suppliers were arrested and had their houses torn down on the charge that the wood had been stolen from Chinese forests.



*The Wanpaoshan Affair*

Latest of all came the Wanpaoshan affair, which attracted world-wide attention. Wanpaoshan is a low hill, or rather slope, eighteen miles from Changchun, the northern terminal of the South Manchuria Railway. Between the slope and the River Itung stretches a marshy plain, hitherto uncultivated. On the initiative of a Chinese named Ho Yuang-te a kind of syndicate of the owners of the undeveloped land was formed and leased 500 acres of swamp to a group of Korean immigrants, who undertook to irrigate it, paying a rent in rice equivalent to \$3,500 gold annually. A ten-year lease was signed, the Chinese local officials consented to the project, after receiving "squeeze" from the syndicate, and the Koreans began digging an irrigation ditch.

Then one of the Chinese landowners, named Sun, who had been active in promoting the scheme, demanded a commission of \$1,000, which the others refused to pay. Thereupon he began to agitate against the Koreans, telling the Chinese farmers that the Korean irrigation works would flood their properties and also informing the Chinese authorities that many of the Koreans employed to make the ditch were Communists. A certain amount of local excitement was generated. But the Koreans were told by the broker, Ho Yuang-te, that their lease was in order, and they continued digging the ditch, carrying it though land owned by Chinese, some of whom had signed the contract, while others had not. The Chinese said that the dam which the Koreans were building across the river would stop navi-

gation and make the ford unusable by road traffic, that it would flood about 2,000 acres above the dam and that the water escaping from the rice fields would flood several thousand acres in their vicinity.

The Koreans replied that they would place a ferryboat on the dam and arrange that navigation could go on, that the walls of the dam were high enough to prevent flooding, while the rice area was to be properly drained, that their ditch was going to make the waste land through which it passed capable of earning a profit of \$10,000 annually, and, finally, that the Chinese broker who had organized the syndicate was responsible in regard to the land through which the ditch was being made. They continued digging the ditch in order to get a harvest this year.

On May 25, when five miles of the ditch had already been completed, three Chinese policemen arrested the foreman. Five days later 200 Chinese policemen, accompanied by mounted troops, appeared and urged the Koreans to stop work. They refused, and ten were arrested and taken to Changchun. Fifty policemen remained on the spot, and, though the time for seeding was at hand, prevented the Koreans from working.

The Japanese consul protested and the Koreans were allowed to resume work. The chief of the Chinese Municipal Office of Changchun and the Japanese consul agreed to make an investigation, and a joint committee was sent to the spot. When they arrived at the site of the dam it was seen that the nature of the ground made flooding impossible, and the Chinese lost interest in the matter. On July 1 some 500 Chinese farmers, with twenty-five policemen, invaded

the place. The inspector in command of fifteen Japanese policemen, who had been sent out, tried to negotiate with the leaders of the mob, but they destroyed the dam and filled about 400 feet of the ditch.

Some who had firearms began shooting, but none of the Koreans was hit. The Japanese policemen answered the shooting, but were ordered to fire high and no Chinese was injured. More Japanese policemen were sent with a machine gun, increasing the force to about thirty-five. The mob gradually dispersed, and in a few days the district was quiet. No troops were sent by either Japanese or Chinese.

The Korean farmers, who prefer to work on watered paddy fields for rice culture, do not compete with the Chinese who prefer dry farming. The Koreans usually take up marshy land unutilized by the Chinese and develop it into rice fields. More than 250,000 acres have thus been reclaimed by them. In many cases Chinese landlords drive out their Korean tenants after the lands leased is converted into profitable farms.

## CHAPTER XI

### TREATY VIOLATIONS BY CHINA

JAPAN'S gravamen against China may be expressed in two words—"treaty violation." This has already been explained in the preceding chapters. For the sake of clarity, the more important cases of China's treaty violation may be listed as follows:

#### *List of Violations*

1. Refusal to honor Articles 2 and 4 of the 1915 "*Treaty Respecting South Manchuria and Eastern Inner Mongolia*" granting the Japanese the right to lease land for commercial and agricultural purposes.

2. Arbitrary increase of export customs duty on coal from the Japanese-operated Fushun and Yentai mines from one-tenth to four-tenths of a Haikwan tale per ton. This violates Article 2 of the "*Detailed Regulations for Fushun and Yentai Mines*," May, 1911.

3. The building of parallel lines to the South Manchuria Railway in violation of a protocol to the 1905 Peking treaty.

4. Failure to carry into effect the provisions of the "*Agreement Relating to the Chientao Region*," September, 1909, whereby China agreed to extend the Chang-

chun-Kirin Railway to the Korean border. This agreement was supplemented by new agreements in 1918 and 1927.

5. Discrimination against Japanese goods on the Chinese railways in Manchuria in violation of the Washington Nine Power Treaty, February, 1922.

6. Disregard of the 1915 treaty respecting Manchuria by demanding the return of Port Arthur and Dairen.

7. Demand that the Japanese guards be withdrawn from the railway zone in disregard of the 1905 agreement.

8. Refusal to negotiate detailed regulations concerning Sino-Japanese joint mining enterprise along the South Manchuria Railway, although Article 4 of the "*Agreement Concerning Mines and Railways in Manchuria*," September, 1909, provides for the adoption of such regulations.

9. Imposition of discriminatory high import duty on tobacco by the Chinese maritime customs at Dairen, Manchuria. This violates Article 12 of the "*Agreement Regarding Establishment of Maritime Customs Office at Dairen*," May, 1907.

10. Refusal to sell the necessary land for railway construction to the South Manchuria Railway, thus making it impossible for the railway to obtain, from lands along its lines, the stones, sands, etc., necessary for their repair and maintenance. This violates Article 6 of the Sino-Russian agreement of September, 1896, the provisions of which are applicable to the South Manchuria Railway under the Portsmouth Treaty between Japan and Russia,

September, 1905, and the Peking Treaty between Japan and China, December, 1905.

11. Issuance of a secret order making it impossible for the Japanese to reside and travel outside the railway zone in South Manchuria. This violates Article 3 of the "*Treaty Respecting South Manchuria*," May, 1915.

12. Persecution of the Koreans in violation of Article 3 of the "*Agreement Relating to Chientao*," September, 1909, which provides that "China recognizes the residence of Korean subjects, as heretofore, on agricultural lands lying north of the River Tumen."

13. Illegal levy of tax within the railway zone along the lines of the South Manchuria Railway. This contravenes Article 6 of the Sino-Russian agreement of September, 1896, which provides that the "company [the South Manchuria Railway in the case of Japan, the Chinese Eastern Railway in the case of Russia] shall have the absolute and exclusive right of administration of its lands."

14. Refusal to appoint a Japanese traffic manager or an adviser on the management of the Taonan-Anganchi railway financed by the South Manchuria Railway, though the loan agreement provides for such appointment to ensure its efficient operation.

15. Making it impossible for the Japanese traffic managers and accountants on other Japanese-financed but Chinese-operated lines to exercise the authority of supervision provided in the loan agreements.

16. Protests against the manufacture of shale oil from Fushun coal by the South Manchuria Railway.

17. Misappropriation of the receipts of the railways financed by Japanese concerns, resulting in non-payment to the service of the Japanese loans.

18. Promulgation of the new mining laws of 1930, virtually nullifying foreign mining rights in Manchuria. This contravenes Article 7 of the *Sino-American Commercial Treaty*, October, 1903 (applicable also to other nationals) providing that China "will offer no impediment to the attraction of foreign capital [for mining enterprises] nor place foreign capitalists at a greater disadvantage than they would be under generally accepted foreign regulations."

It will not be necessary to explain every one of the above items. But items 1, 2, 16, and 18 call for elucidation.

### *The Problem of Land Lease*

The 1915 "Treaty Respecting South Manchuria and Eastern Inner Mongolia" contains these provisions:

*Article 2.* The subjects of Japan shall be permitted in South Manchuria to lease land necessary either for erecting buildings for various commercial and industrial uses or for agricultural purposes.

*Article 4.* The Government of China shall permit joint undertakings, in Eastern Inner Mongolia, of the subjects of Japan and citizens of China, in agriculture and in industries auxiliary thereto.

As a matter of fact these provisions have never been put into effect, because the Chinese and Manchurian governments have by various means made it impossible for the

Japanese to lease land, either independently or jointly with the Chinese. Only a month after the above treaty was signed, the Chinese Government issued a presidential mandate (dated June 24, 1915) declaring those "conspiring with foreigners against the interests of the State" traitors subject to death penalty. The object of this mandate was to punish as traitors those who might lease land to Japanese. Since then both the Peking and the Mukden governments have issued numerous administrative orders, virtually forbidding land transactions between the Chinese and the Japanese. To evade these orders, lease is sometimes made in secrecy, sometimes in the name of a Chinese. But if such evasions are discovered the Chinese landowner or Chinese "dummy" is severely punished. When a Japanese leases land in the name of a Chinese, he is often forced to pay "hush money" both to the "dummy" and to the authorities. Not infrequently Chinese landowners enter into conspiracy to "squeeze" Japanese tenants.

Another difficulty comes from the fact that there is no clear and generally recognized line of demarcation between South Manchuria and Eastern Inner Mongolia. This is very important, because it is only in South Manchuria that the Japanese have a treaty right to lease land. In Eastern Inner Mongolia only joint agricultural undertakings between the Japanese and the Chinese are permitted—which is of no value, as such joint undertakings are never satisfactory. The Manchurian authorities, in order to keep out the Japanese agriculturists from Eastern Inner Mongolia, draw arbitrary boundary lines on the map, and then shift them to invalidate any specific lease which is not to their liking.



*Japan's Mining Rights*

Along with the railway, coal and iron mining is the most important Japanese enterprise in Manchuria. Japan produces little iron and no coking coal at home. For this reason the Fushun coal mine, acquired by Japan through the treaties of 1905, and the An Shan Chan iron mine, acquired by the agreement of 1915, are considered most essential to her industrial existence.

In regard to the Fushun coal mine, China has been protesting against the South Manchuria Railway Company's new enterprise to obtain petroleum from coal shale. China argues that the company's right is limited to coal mining and does not include the manufacture of shale oil. Both legally and from the standpoint of common sense this argument is contrary to general understanding and interpretation.

Another question in connection with the Fushun mine is that of export duty on the coal obtained therefrom. By an agreement of 1911 the duty is fixed at ten sen per ton until 1970. Recently China, without due process of diplomatic negotiation to revise that agreement, arbitrarily increased the export duty to forty sen per ton. Japan objects to this violation of treaty as a matter of principle.

As to the An Shan iron mine the Chinese Government, as such, has not as yet taken any positive measure to check the Japanese enterprise, but the so-called Foreign Policy Association and other anti-Japanese organizations, which are known to enjoy Chinese official support, have launched virulent agitation against it. This enterprise, in conformity with the mining laws of China, is a joint enterprise between the

South Manchuria Railway and a body of Chinese. These Chinese partners have of late been the targets of attack by the agitators. Even their lives have been in danger. Furthermore, the landowners who leased the mining area to this Sino-Japanese joint company have been threatened with severe penalty on the ground that the lease contract is in violation of the presidential mandate of June 24, 1915 (mentioned in a previous passage), as well as of many edicts and orders forbidding lease of land to the Japanese. The agitators ignore the fact that the lessee in this case is not a Japanese but a Sino-Japanese corporation and that, in the light of the 1915 treaty, the lease is entirely legal.

## CHAPTER XII

### THE OPEN DOOR AND EQUAL OPPORTUNITY

By the Nine Power Washington Treaty, of February 6, 1921, the signatories agreed:

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

"2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

"3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

"4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states."

To reassert and reaffirm these points was the purpose of Secretary Stimson's letter of February 24, 1932, addressed ostensibly to Senator Borah but really to the Japanese Government.

Of the four points the first is the most important as far as their bearing upon Japan's present acts in China is concerned. The rest have almost no bearing. Let us first dispose of the comparatively unimportant points.

*The Purpose of the Washington Conference*

Point 2 is meant to give China an opportunity to develop an effective and stable government for herself. Certainly this does not mean that China may willfully violate treaties, stir up violent anti-foreign agitation to divert the world's attention from her own failings, allow her soldiers and bandits to kidnap and murder foreigners, condemn foreign powers for all her internal ills which are her own creation, destroy foreign property and imperil foreign life. Had this provision of the Nine Power Treaty been meant to concede this extraordinary license to China, none of the powers, I am sure, would have subscribed to it.

What this provision means is that no foreign power should fish in China's troubled water, as long as her quarrels are among her own factions, politicians, or war lords. So long as she does not deliberately provoke and molest foreign nations, her internal wrangle, however meaningless and foolish, is her own business and no business of any other power's. One may even concede that in the course of protracted domestic quarrels such as have been going on in China, foreigners must be prepared to suffer more or less with the natives. Surely no foreign power has a right (though this is a moot point), to intervene just because a few of its nationals happened to be in a civil-war zone and so suffered a personal injury or a material loss which was purely accidental.

But there should be a line of demarcation between accidental and isolated cases of injury to foreigners and injuries inflicted upon foreign life and property by systematic and

organized anti-foreign propaganda and agitation instigated, even subsidized, by the government itself. The first we may tolerate, the second we should not.

China seems to think that the powers, by signing the Washington Nine Power Treaty and the Peace Pact, have given up their right of intervention under all circumstances, and have allowed her complete freedom to deal with foreign life and property as she pleases. The history of her officially encouraged agitation since 1925 directed first against Great Britain, then against Soviet Russia in North Manchuria, and finally against Japan is a conclusive evidence of this Chinese attitude. Neither the Washington Treaty nor the Peace Pact has ever been intended to legalize such a lawless movement.

The third point is a matter of course. There is nothing to be said about it. Neither in Manchuria nor in any other part in China has Japan done anything to hinder the maintenance of equal opportunity for commerce. But it may pertinently be questioned whether any commercial opportunity, equal or unequal, can be secured where militarists and politicians are ruining railways, extorting "squeeze," and inciting anti-foreign agitation. American firms, which sold tens of millions of dollars worth of railway and other materials to the Chinese Government, *i.e.* Chinese militarists, and which have not been able to collect a cent, fully know this.

In 1907 the American open-door theorists railed at Russia and Japan because these nations objected to the Willard Straight-Tang Shaoyi scheme of building an 800-mile railway in Manchuria. Again, in 1918, the same theorists up-

braided Great Britain and some other powers who objected to the Paul Reinsch-American International Corporation project of constructing railways in the Yangtse valley where the European Powers had previously secured similar concessions.

Instead of accusing them, America has every reason to be grateful to them, for had they permitted the American interests to carry out their railway projects the huge investments required thereby might just as well have been sunk in the sewer, unless the American Government were ready to send powerful forces across the Pacific and into the heart of China and the interior of Manchuria, not only to protect but to operate the railways. This has been made clear in Chapter VIII on the Chinese-owned, foreign-financed railways. Is this the kind of open door and "equal opportunity" desired by the American Government? America, with no great interest to safeguard in Manchuria, can afford to speak of the open door in academic terms, but Japan (for reasons explained in preceding chapters), must take a more realistic view of the situation.

The fourth point is but a repetition or amplification of the third. All that needs to be said is that Japan has sought no special rights or privileges in Manchuria, or anywhere in China. Even since she began the intervention she has concluded no new agreement or obtained no new concessions in Manchuria. All that she has been trying to do there is to enforce or give effect to the agreements and treaties which China has violated or has refused to execute for no valid reason.

*China's Territorial Integrity*

Now let us go back to the first point which is the most important of the four; namely, the powers' agreement "to respect the sovereignty, the independence, and the territorial and administrative integrity of China." The immediate question is: "Has Japan violated this principle?"

The answer may be found in the past history of Manchuria. The new leaders of Manchuria, apparently with Japanese support, declared independence on February 18, 1932, but that is nothing new. The late war lord, Chang Tso-lin, more than once proclaimed independence. As a matter of fact, he was the absolute ruler of Manchuria—so much so that in 1924 the Soviet, after concluding a treaty with the central government at Peking concerning the Chinese Eastern Railway in North Manchuria, signed a separate treaty of an almost identical nature with Chang Tso-lin. Thus, the Soviet virtually recognized the independence of Chang's government at Mukden. This was, of course, dictated by necessity. Neither Japan nor Russia could make the Mukden Government honor any agreement signed with Peking or Nanking unless a similar agreement was made also with Mukden. That is a matter of common knowledge.

China is an abnormal country full of irregularities and anomalies which in normal states are unthinkable and would never be tolerated. To deal with her upon the academic assumption that she is a normal country, orderly and law-governed, is the fundamental mistake which causes so much misunderstanding between nations who have vast material

interest to protect in China and those whose interest is largely sentimental.

*The New Manchurian State*

The New York *Times* gauges the so-called new state of Manchuria in these words:

“Whether or not proclamation of an independent Manchuria at Mukden is to have any real meaning depends on the movement of events elsewhere in China. If the issue at Shanghai is adjusted, the realities in Manchuria will not have been greatly changed from what they have been for many years.

“Under the rule of the late Chang Tso-lin the Manchurian provinces were virtually independent. For that matter, ever since the fall of the Manchu dynasty it would be truer to say that the Manchurian war lords have ruled over considerable parts of China than the shadowy Chinese governments over Manchuria. Within the three eastern provinces, later the four northeastern provinces, the Japanese influence on government policy was, of course, strongly felt. Such influence will probably be exercised more openly now over the small-caliber leaders who have proclaimed Manchurian independence under Japanese direction than was the case with a single ruler of the stature of Chang Tso-lin. But that is not a great matter in the presence of so much that is irregular and unconventional in the entire situation. If China proper, taught by the present bitter lesson, succeeds in building up a real sense of national unity and a government worthy of the name, then the question of China’s rights and interests will not have been permanently compromised by the setting up of an independent Manchuria. When China finds herself, she will hold Manchuria or win it back by the sheer force of mass attraction. If, on the other hand, the problem of unity is not solved. Manchuria will be only one of a number of separate states existing on the present territory of China.”

This, I think, is a sound view of the situation. We may go a little farther back than the Chang Tso-lin régime to realize fully the traditional independence of Manchuria.



Under the Manchu dynasty this territory was long regarded as its private property, a sort of crown land, from which the Chinese were excluded. For centuries no Chinese immigration was permitted. Nor were Chinese governors admitted, but Manchu generals appointed by the Manchu emperors were the masters of the region. Not until 1906 did the Emperor appoint a Chinese viceroy for Manchuria. The revolution of 1911 overthrew the Manchu régime, and the political chaos that followed accentuated the independence of Manchuria under the late war lord, Chang Tso-lin, who rose from the ranks of bandits.

We are not wide of the mark if we look upon the new state of Manchuria as a sort of autonomous dominion, legally still part of China, but practically independent. It will not ask for foreign recognition. It will not send its diplomatic representatives to foreign capitals, neither will it receive foreign diplomatic representatives. The powers will, as heretofore, station consular officials in Mukden, Dairen, Antung, etc. The customs service of Manchuria will, at least for the present, continue to be part of the Chinese maritime customs, which is still controlled by foreigners, mostly British. Its revenue, in so far as it is required to meet the service of China's foreign indebtedness, will be forwarded to the central government, or rather to the foreign, mostly British, banks at Shanghai which are depositaries of the fund. The Manchurian Government will retain only the surplus left after the above obligations are met.

Revenue from the salt monopoly will be dealt with in the same manner. This monopoly, like the maritime customs, is controlled by foreigners headed by a Frenchman.

Its revenue is required to meet the service of certain of the foreign obligations of the central government. The Manchurian Government will retain for its own use only the residue after the necessary sums for the foreign obligations are sent to the central government.

If the new government at Mukden deals with customs and salt revenues strictly in the above manner, that will be doing much better than the war lords, the late rulers of Manchuria, have done. For instance, an investigation by the new government has revealed that under the defunct régime of the two Changs, father and son, salt was sold at sixteen times the cost of production. Only a small part of the profits was sent to the central government, the rest having been kept by the Changs and their underlings.

### *A Demilitarized Manchuria*

In answer to a question from the Tokyo correspondent of the *New York Times*, General Araki, Japan's Minister of the Army and "strong man" of the hour, stated recently:

"New independent countries need positive support, directly or indirectly, in their early days. You will understand this if you study the story of the independence of Cuba or the formation of the Republic of Panama and of many other new countries formed in Europe after the great war. It is natural that Japan should support the progress of a government in Manchuria which is prepared to recognize and protect Japan's rights and interests and maintain friendly relations.

"I share your view that Manchuria should be prevented from again being involved in China's turmoil. It is most desirable that 30,000,000 people should be saved from China's war lords and given their freedom. It is interesting to observe that the new governments, in order to wipe out the influence of the former war lords, are stead-

ily enlisting the good men from the old armies in their police forces. The others must be disbanded and offered work. Development of the country's resources and the employment which will follow is, I think, one of the best ways to prevent the evil of excessive military forces."

This leads to the question of the demilitarization of Manchuria. The sane-minded, whether Chinese or Japanese, are agreed that the war lords and their hangers-on are the curse of Manchuria, or for that matter of China as well. Mr. Eugene Chen, that stormy petrel of Canton, twice Foreign Minister of the Nationalist Government, is reported to have formulated a plan to demilitarize Manchuria. When he was in Tokyo in the spring of 1931, he was reported to have discussed this plan with Baron Shidehara, then Foreign Minister of Japan.

But, of course, Mr. Chen or any Chinese politician, who is but a pawn in the hands of the war lords, is utterly powerless to put into execution any constructive idea against the selfish interest of the militarists. If Manchuria is ever to be demilitarized, as Mr. Chen thinks it should be, in the interest of the innocent, toiling masses, Japan is the only nation which is in a position to do it for the Chinese. That, in fact, seems to be what Japan is trying to accomplish through the instrumentality of the new Manchurian Government.

If Manchuria could rid itself of such vast, costly, but ineffectual war machinery as was maintained by the Changs, what a boon would be conferred upon the people. Think of the hundreds of millions of yuans (silver dollars) which have been extorted from the farmers and merchants and

toilers, merely to satisfy the militarists' selfish ambitions and to maintain their bandit-like troops. Military expenditure under the old régime was met only by imposing confiscatory taxation upon the people and by issuing inconvertible paper money. Something like seven billion silver dollars of these worthless bills have been foisted upon the farmers in exchange for their crops. In 1927, in the warehouse at Dairen harbor, I saw enormous piles of huge boxes shipped from America, all containing, I was told, paper bills printed in New York, mostly by the American Banknote Company. For years it has been the practice of the government at Mukden, through its Bank of Manchuria, to buy up the crops, mostly beans, paying arbitrary price in inconvertible notes. In such circumstances the purchase was in effect a confiscation. This system ruined not only the farmers but also the merchants, both Japanese and natives, who dealt in Manchurian staples in a legitimate manner.

On top of this confiscatory practice, the Mukden Government levied taxes which were staggering to the people. Mr. Hallett Abend, correspondent of the *New York Times*, in a Mukden dispatch to his paper under date of November 2, 1931, has this to say:

"The Japanese are now assisting reopened Chinese banks to redeem their nearly worthless paper money with silver at a fixed ratio. And the Japanese plan to provide silver bars for coinage in Mukden beginning November 15.

"A Japanese investigation of confiscated Chinese records is said to reveal the collection of annual land taxes exceeding \$200,000,000, of which only about \$120,000,000 reached the Manchurian treasury, from which total Marshal Chang Hsueh-liang expended annually \$80,000,000 in purchasing munitions. The corruption of the tax

collectors was declared to be so great that they reported on the average only sixty of every 100 householders taxed, calmly pocketing the funds collected from the other forty."

And a United Press dispatch from Mukden on December 26, 1931, tells us:

"Chinese officials, under Japanese protection, have discovered for the first time the amazing extent of the profits reaped by Manchurian military governors during the last few years. Private accounts in Chinese banks, which were examined by Japanese, are alleged to show profits for the two Changs—father and son—and their favorites of something like \$500,000,000 (silver).

"Coming from Japanese sources, such estimates must be taken with reserve, but *independent foreign observers agree that the figures cannot be far wrong.*

"For nineteen years the two Changs and their satellites have had control of the revenues of Manchuria, more constant and abundant than of any other section of China. During that time they have never had to account for receipts or expenditures. And the two Changs held the traditional Chinese idea that an official's first duty is to enrich himself, his family and his friends."

### *British Interests in Manchuria*

In such a country, where misrule is the rule and lawlessness is the law, what avails to talk about the open door and equal opportunity? The deplorable condition of a Russian-built Chinese Eastern Railway and the British-built Peiping-Mukden Railway should furnish food for reflection.

Take the case of the Peiping-Mukden Railway, half of which runs through Manchuria. It was built by British engineers with British material. Loans amounting to some \$50,000,000 were advanced by the Hongkong and Shanghai Bank, a British concern. These loans were secured on the

property of the railway and its receipts. In the event of default the Chinese Government was to assume the responsibility. If the Chinese Government failed to meet the obligation, the road was to be taken over by the British bank to be managed by it "until principal and interest of the loans have been redeemed in full."

Under the loan agreement the chief engineer, accountant, and the "principal members of the railway staff" were British, euphemistically called Europeans. The road from the beginning was very profitable. In 1903, its first year of operation, it earned a net profit of 4 per cent. In 1906 the profit was 20 per cent.

With the advent of militarist misrule, this happy condition abruptly changed. The railway has constantly been used for free transportation of troops employed in recrudescing civil wars. Both the road and the rolling stock have been so abused that the railway has long since ceased to be a safe means of public conveyance.

Worse still, the receipts of the railway have been pocketed by the Changs who paid no attention to the repeated protests of the British creditors. The British engineer and British accountant, who were to protect British interest, were cowed to submission by the militarists, and could do nothing. For more than ten years little, if any, has been paid to the service of the British loans.

If the new Manchurian régime at Mukden be permitted to function without militarist interference, it would heed Japanese advice to resume, as soon as circumstances will permit, payment of the necessary sums to the service of the British loans. This is indicated by a Shanghai dispatch to

the *New York Times* on February 19, 1932, saying that the New Manchurian state will pay the British investors in the Peiping-Mukden Railway a proportionate share of its debt based on the mileage inside the Manchurian borders.

### *Japan's Policy in New Manchuria*

A clear indication of Japan's policy in the New Manchuria is given in the above-mentioned dispatch which goes on to say:

"Manchuria will also immediately organize its own postal and telegraph system. When the postal service is a going concern Japan plans to abolish her own post offices now maintained along the South Manchurian Railway as well as in Dairen and Port Arthur. Kwantung leased territory, containing these two cities, will continue to be held by Japan under her lease that expires late this century, but Japan will look to Manchuria as holding sovereign rights there.

"Japan, it is announced, hopes to assist the new nation in the early codification of its laws and the institution of reliable modernized courts. After these have been founded, it is said, Japan will lead the way in voluntary relinquishment of extraterritoriality in Manchuria. It is emphasized that Japan hopes to assist in the establishment of stability in Manchuria quickly so that foreign capital, particularly American, will look upon Manchuria as a field for profitable investment and great development enterprises. Closing of the open door is declared unthinkable and undesirable and Japan hopes that foreign apprehensions on this score may be completely ended."

Another dispatch to the *New York Times* dated Dairen, February 19, 1932, has this to say:

"It is semi-officially announced from Mukden that, pending the establishment of the gold standard, there presumably will be a yen equivalent of stabilized silver currency equivalent to the Chinese dollar. It will be put into circulation by the new National Government. For this purpose a central bank with a paid-up capital of \$30,000,000 in silver is being established, within which will be included three

semi-official banks formerly personally controlled by Chang Hsueh-liang, their confiscated assets being used to assist in bringing the depreciated Manchurian currency up to face value.

"The new educational head announced that the twenty-six primary schools in Mukden, long closed for lack of funds, will reopen March 1. High schools and universities will follow as soon as faculties can be recruited. The new government is releasing many inmates of prisons, mostly the former government's political prisoners."

The project of organizing a new banking system referred to in the above dispatch is significant. There have been in South Manchuria five principal banks—the bank of the Three Eastern Provinces (Manchuria), the Kirin Provincial Bank, the Bank of China, the Bank of Communications, and Penyueh Bank. All of these have had the power to issue paper notes. Worse still, they have been willfully misused by the military authorities, so as either to provide their military funds, or to facilitate the cornering of Manchurian staple products on their behalf. The inevitable result of these operations has been the annual inflation of the paper currency with its disastrous effect on the economic life of the population, and it is quite natural that the Chinese have little confidence in their own banking institutions. The Chinese banks in Manchuria are, indeed, more like brokers speculating in Manchurian staples. Provide such banking organs with the power to issue paper currency without restriction, and the consequence is disastrous.

One of the first tasks of the new régime, then, is to reorganize a banking system so as to restore credit and to vitalize the economic life of the country. Whether this task will succeed or fail has a vital bearing upon the open door and commercial opportunity in Manchuria.



*Trade and Economic Progress of Manchuria*

In spite of all the serious obstacles we have noted, Manchuria has made a phenomenal economic progress since the advent of Japanese enterprise. Before 1906 the Manchurians barely eked out a living by raising beans and millet for which there was no market to speak of outside Manchuria. To-day the beans and bean products alone are exported to the extent of 285,000,000 haikwan taels a year, for the Japanese created a world-wide market for them.

In 1907 the foreign trade of Manchuria, both import and export, amounted to only 25,000,000 haikwan taels. In 1929 it was 755,200,000 haikwan taels. Its imports alone totaled 330,000,000 haikwan taels in 1929, in which the leading trading nations shared as follows:

	HAIKWAN TAELS
Japan .....	139,000,000
Great Britain .....	33,000,000
United States .....	26,000,000
Russia .....	16,000,000
Germany .....	8,000,000
France .....	964,000

In the twenty-two years ending March 31, 1929, the South Manchuria Railway Company alone bought from abroad 501,852,000 yen worth of material, of which the United States supplied 26 per cent, exceeded only by Japan's 38 per cent. England's share was less than 6 per cent. Of the entire rolling stock now owned by the company, 482 locomotives, 6,574 freight cars, and 440 Pullman sleepers have been purchased in America. Practically all the steam shovels, cranes, and dredges are of American origin, and no

less than 90,000 tons of American steel rails have been used for its tracks.

Under the Russian régime the Manchurian railways were built and equipped exclusively with Russian material. Russia even barred out American oil. In those days only two American business firms were represented in Manchuria—the American Trading Company and Smith & Co. About the only American imports were cotton piece goods. It is true that this American cotton goods trade has gradually diminished before the competition of cheaper Japanese goods. But America's comparatively small loss in this trade has been compensated many times in the phenomenal increase of American imports to Manchuria in other lines.

The principal American and British imports for 1929, are shown in haikwan taels in the following table:

	Great Britain	U. S. A.
Cotton goods .....	1,018,000	801,000
Woolen goods .....	2,314,000	18,000
Yarns .....	1,740,000	2,500
Wheat flour .....	2,535,000	7,023,000
Other provisions .....	256,000	307,000
Tobacco .....	18,400	584,000
Chemicals .....	1,706,000	59,600
Kerosene .....	612,700	5,037,000
Other oils .....	829,000	1,340,000
Iron and steel.....	812,000	842,954
Machine and machinery.....	1,027,000	1,723,000
Vehicles .....	235,000	3,581,000
Building materials .....	248,000	629,000
Railway materials .....	27,800	697,000
Electrical materials .....	51,000	373,000
Leather .....	469,000	428,000
Bags, gunny .....	9,135,000	800

Meanwhile, the Chinese attracted by the comparative peace and prosperity ushered in by Japanese influence, have immigrated into Manchuria in large numbers. It is estimated that more than 5,000,000 Chinese have come to Manchuria in the last seven years. Had Manchuria been allowed to follow its natural course of development, its farmers, its merchants, its populace would have continued to prosper without setback or interruption. But Manchuria, by reason of militarist exploitation, has not been allowed to follow such a course. Should the new régime, with Japanese assistance, succeed in eliminating this exploitation, Manchuria might really become the "Land of Promise" as has been predicted by some observers.

**PART III**

**SHANGHAI AND OTHER PROBLEMS**



## CHAPTER XIII

### THE JAPANESE CASE AT SHANGHAI

WHATEVER the official explanation, whatever the extenuating circumstances, Japan's single-handed intervention in the Shanghai area is a blunder of the first magnitude. To one who has visited Shanghai a number of times and who knows the general sentiment among the foreigners there, it is difficult to suppress the feeling that whoever were responsible for starting the present misadventure at Chapei and Woosung had been misled by that foreign sentiment, and that our navalists and militarists, who are fighting there, have unwittingly been made the catspaw of the die-hard foreigners.

Mr. George Lansbury, leader of the Labor opposition, expressed the same feeling when he said in the House of Commons a few days ago:

"There is a widespread belief in China that some of the powers are in alliance with Japan, that some of the great powers have encouraged Japan to take the action she has done and have told her that in the end the great powers won't interfere with her."

It would be wide of the mark to say that any of the powers as such has encouraged Japan to launch the military intervention at Shanghai. But it certainly is true that the foreigners, especially foreign business interests, in Shanghai,

are at heart in sympathy with the measures taken by the Japanese. There are a number of reasons why they should welcome Japanese intervention. In the first place, they want to bolster up the International Settlement and the French Concession whose status has, in the face of Nationalist onslaughts, been growing more and more uncertain.

*Foreigners Privately Welcome Japanese Intervention*

For several years Nationalist propaganda has been directed against those foreign-controlled areas with increasing virulence. Its ultimate objective is their complete return to China. As a step toward that objective the Nationalists have been demanding of the powers the immediate abolition of extraterritoriality in all foreign settlements and concessions, as well as in non-foreign areas.

But the foreigners have been saying that they "simply would not stand for such nonsense." They declare they would liquidate their interests and return home rather than submit to the irregularities of native maladministration.

It is due to this sharp difference of opinion between the Nationalists and the foreigners who, in this respect, have been supported by their respective governments, that negotiations for the revision of unequal treaties—that is, abolition of extraterritoriality—have long since come to an impasse. The powers, while agreeing in principle to abolish consular jurisdiction in China, have insisted that the system should be preserved in foreign settlements and concessions until China's judiciary has been sufficiently modernized and

freed from politico-militarist exploitation to win the confidence of foreigners.

Yet the Nationalists, regardless of the actual condition of their administration of law, declared, on January 1, 1932, the unilateral abrogation of extraterritoriality, though, perhaps, they themselves do not know how they could enforce this declaration in the foreign settlements. Quite possibly this Nationalist move was taken merely to save their "face."

Nevertheless this persistent onslaught against foreign "imperialism" has alarmed the "imperialists." They have long felt that "something has got to be done" if the foreign quarters, with their billions of dollars of investment and their splendid institutions of Western civilization, are to remain oases in the vast howling desert of native misrule. Not only would they not consider the surrender of their settlements, but they would extend them to meet the needs of their expanding population, the majority of which are Chinese who find in the foreign-controlled areas the safe haven of refuge from their own government.

Now the Japanese have started the "something" long looked for by the foreigners. This Japanese military intervention at Shanghai has nipped in the bud the Nationalist program for the rendition of the International Settlement and of the French Concession, and has, moreover, effectively checked, at least for some years to come, the Nationalist drive for the abolition of extraterritoriality in those foreign areas. It is even possible that the foreign areas will be extended a few miles as has long been desired by the foreign community.



That is why the foreign die-hards in Shanghai, I suspect, covertly egged on the Japanese who, blinded by their apparent success in Manchuria, were in a mood to undertake the job which no other power was prepared to do.

This foreign sentiment was well expressed by a Mr. Rowland Curry, an American architect, who lived in Shanghai for thirty years, when he told newspapers:

"The Japs' going into Shanghai has made it better for Shanghai, as it has set back the return of the settlement for years. When the Japs started into Manchuria, the foreigners in Shanghai were almost unanimous for the Japs because this strengthened the other nationals, and all know that the hurry up of abolition of extraterritoriality would be halted, and that the settlement would be safe for some years."

This is exactly the kind of talk one constantly hears in the foreign clubs, cafés, and hotel lobbies in Shanghai. Yes, the Japs are all right, as far as their present acts will help advance the interests of other foreign nations. But what of the Japs themselves? What do they get out of this mess except Chinese hatred?

There is always trade rivalry among the interested nations in China. That is why there has never been anything like concerted action to protect the common interests of the powers when the boycott is directed against any one of them. The Chinese agitators know the value of the strategy of "Divide and rule." They never boycott all foreign nations at once, but single out one at a time. When the Chinese boycotted the Americans in 1905 in protest against Chinese exclusion, England, Japan, and other nations stood by, glad, perhaps, that the boycott furnished them with an opportunity to extend their own trade.

When the boycott was directed against the British in 1925-27, the Americans and Japanese were busy selling their own goods in the fields formerly monopolized by the British. Being a realist, I suspect that the motives of Baron Shidehara, then Japan's Foreign Minister, in refusing to join with England and America in military and naval demonstrations against the Nationalist onslaughts at Nanking and Shanghai were not entirely idealistic but also utilitarian.

But the shoe is now on Japan's foot, and the British and Americans are watching it pinch, perhaps with a sense of satisfaction. The Japanese, having stirred up Chinese hatred by what may prove a futile intervention, can not expect to regain their lost commercial field for years to come. And that is exactly the condition which the other trading nations in China are looking for, as that will give them an opportunity to capture the market heretofore monopolized by the Japanese. The Japanese, vainly attempting to smash up the anti-Japanese boycott, are economically eliminating themselves in favor of other foreigners.

### *Japanese Intervention Ill-Timed*

If ever Japan were to undertake an intervention in the Shanghai area, the time for her to do it was in 1927 when the Western powers rushed troops there and when the Nanking outrage forced the British and American destroyers to lay down the barrage to shield the foreigners fleeing before the anti-foreign hordes. In the wake of that outrage, one of the powers approached Japan with a plan to occupy certain strategic points on the Yangtse as a guarantee of good behavior on the part of the Nationalists. It was said that

even the United States was in a mood to consider the suggestion. Then Japan could have taken concerted action with the powers without being singled out as the target of Chinese enmity. Had she presented at that time the plan of establishing a neutral zone at Shanghai, it would have been favorably received by the powers.

But in 1927 Baron Shidehara chose to play a lone hand, and the Japanese press applauded his "independent diplomacy." Now the Japanese are disillusioned and have pulled down Shidehara from the pedestal upon which they once put him. But for them to go in for "independent" intervention in the Shanghai region with complicated international interests is not only quixotic but foolhardy. If the powers adopt the Japanese proposal for a neutral zone at Shanghai at this time the Europeans and Americans will derive a benefit while the Japanese will suffer Chinese enmity, loss of Chinese trade, and an added burden of taxation caused by this futile campaign.

### *Japan's Official Explanation of the Intervention*

So much for the blunder. Now let us hear the official explanation. On February 7, the Japanese Government issued a statement the essential parts were as follows:

"On the 9th of January last the vernacular journal, *Minkuo Daily News*, published an article insulting the honor of our Imperial House. Shortly afterwards on the 18th a party of Japanese priests and their companions of five persons in all were the subjects of an unprovoked attack by Chinese desperadoes. As a result, three of the victims were severely wounded and one was killed. The shock of these events was sufficient to explode the long pent-up indignation felt by the Japanese residents in Shanghai who had suffered for many years past and

had exercised utmost restraint in the face of increasing atrocities and affronts.

"Noting the extreme gravity of the situation, the Japanese Consul General, under instructions of the Government and in order to do all that was possible to prevent, by local solution, any aggravation of the case, presented the Mayor of Shanghai on January 21 a set of four demands including one for the dissolution of anti-Japanese societies. At three o'clock on the afternoon of January 28 the Mayor's reply, acceding to the above demands, was received. The Japanese authorities, hoping that the tension might then relax, decided to wait and watch the performance of their promise on the part of the Chinese. However, soldiers belonging to the 19th army then concentrated in the vicinity of Shanghai began, for reasons of internal politics, to display signs of recalcitrance towards the Nanking authorities and appeared to be making hostile preparations in spite of the Mayor's acceptance of our terms, thus creating a new source of danger. In the meantime, Chinese soldiers in civilian costume and various lawless elements had stolen into the international settlement, creating a source of danger to the quarter in the vicinity of the municipal offices. Many alarming rumors were in circulation and residents were plunged into an agony of terror, the police of the Chapei district having taken flight. Thereupon on the 28th at four o'clock the authorities of the settlement proclaimed a state of siege and armed forces of the powers were ordered out to duty in accordance with a plan that had been previously agreed upon. It was when Japanese marines were proceeding to their assigned sector in Chapei that the Chinese opened fire upon them, precipitating a conflict between the Chinese and Japanese armed forces of which the present situation is the outcome.

"As is clear from the foregoing, the incident of the Chinese assault upon Japanese priests and the incident of the armed Sino-Japanese conflict were entirely separate affairs. With regard to the armed collision, as it was entirely contrary to every intention of ours and as the British and American Consuls General offered the tender of their good offices, the Japanese authorities sought to effect a cessation of hostilities and, in fact, succeeded on the 29th in arriving at an agreement for a truce. But on the following day the Chinese, in contravention of their pledge, opened fire once more. At a conference summoned

on the 31st it was agreed that the opposing forces should cease from all hostile action during the progress of negotiations for the establishment of a neutral zone. However, the Chinese resuming their offensive are continuing concentration of their troops in the neighborhood of Shanghai. So far, the Japanese navy, anxious, in view of the international character of Shanghai, not to aggravate the situation, has refrained from taking any drastic action while the Chinese, spreading news of Japanese defeats, are manifesting greater and greater violence in their acts."

We may concede that the facts given in the above statement are all true. And yet we are not convinced that our naval officers and diplomats on the spot acted wisely with a consciousness of the far-reaching consequences of the military action they took.

On March 3 the Japanese military and naval authorities at Shanghai, having dislodged the Chinese forces from the Woosung-Chapei fronts, issued the following statement:

"Now that Japanese military and naval authorities have accomplished their object, the protection of Japanese lives and property, and secured the safety of the International Settlement, they have decided that their military operations be stopped forthwith."

It is too early to tell what will come out of this, but it is at least a great step in the right direction.

## CHAPTER XIV

### THE BOYCOTT AND ANTI-FOREIGNISM

THE violent anti-Japanese boycott, which was one of the causes of the present trouble at Shanghai, is not a result of Japan's military intervention in Manchuria. For twenty years it has been going on, first at considerable intervals, but in the last six or seven years almost continuously.

This boycott is not a spontaneous movement inspired by the patriotism of the people. It is a political game played by the Nationalists and the Nationalist Government. It is a smoke screen invented to conceal their own failings, and is also a weapon with which to impose Nationalist views upon foreign nations. It is as ruthless and devastating as war. As Mr. Jerome D. Greene wrote in the *New York Times* on January 29, "the immediate damage done by a naval bombardment of Osaka would have less serious economic consequences with resultant human suffering than has been caused during the past five months by the anti-Japanese boycott in China."

As long as China arrogates to herself the right to sever economic relations with any nation with whom she may for the moment have a difference of opinion on political questions, applying the one instrument that the League as a last resort reserves to enforce respect for its decisions, and in so

doing evades the plain provisions of the Kellogg Pact, it is difficult to understand how any basis of compromise is possible in such disputes. For any nation to submit to China's demand under such pressure will only encourage her to further excesses, until the time must arrive when no nation having a dispute with China will submit its case to the League or to arbitration under compulsion.

### *The Boycott and the Kellogg Pact*

The right of a nation to resort to war within the Kellogg Pact or to apply the weapons of the League at the very outset of a dispute in order to enforce compliance with its viewpoint, thereby provoking the other side to the use of force, becomes the paramount issue for the preservation of world peace. We cannot abolish war and leave to the discretion of any single power the sole right to apply the alternative before all pacific measures are exhausted.

A boycott of another nation arising from the spontaneous action of an outraged public opinion is bad enough, but the Chinese boycott originates with the government and is enforced by associations, pickets, inspectors, special courts, fines, imprisonment, and even capital punishment. These acts, together with interference with shipping, confiscation, burning or sale of cargo, after it has legally entered the country, and other highly unlawful and provocative acts are upheld by the Chinese courts as manifestations of pure patriotism.

The Chinese boycott is war, in one of its most destructive and terrible forms. When applied against a nation which draws its food supplies largely from China, it is more ef-

fective than a naval blockade. Under the present interpretation of international law and the peace treaties, no nation may defend itself against this phase of warfare by actual force. China, therefore, holds the whip in her hand and together with her oratorical advantages becomes a great world power, a formidable foe that no trading nation dares to antagonize.

### *The Boycott and the Unequal Treaties*

It is impossible for any two nations to remain on friendly terms if either side resorts to an officially organized boycott against the other whenever there is any disagreement which can be adjusted through diplomacy instead of by violence. Yet that is what China has been doing against Japan for many years. If Japan tells China calmly and politely that her rights in Manchuria are based upon duly concluded treaties and upon certain historical facts and cannot be surrendered, China's reply is the boycott. When Japan rejected, as did other powers, China's demand for immediate and unconditional abolition of extraterritoriality, but said she would negotiate for its gradual abolition upon practicable basis, the National Convention of Anti-Japanese Associations held at Nanking in June, 1928, issued this declaration:

"The objective of our anti-Japanese movement is, by energetically pushing the economic rupture with Japan, to bring down and ruin that country. The pressure will next be brought to bear upon the rest of the Imperialist nations with ultimate object of nullifying all unequal treaties, restore China's international position, encourage domestic industry in order to speed up production so that China will be enabled to combat the economic inroads of the Imperialists by its



own economic prowess, and lay down the economic foundation of the Three People's Principles. This is our mission. Our responsibilities are grave. Our association has made its objects clear in order to facilitate its program and has changed its name to the 'National Association for the Acceleration of the Abrogation of Unequal Treaties.' Its aims and method of operation, however, will not be a whit different from before. We will resort to the same means, as we used against the Japanese Imperialists, against those countries which refuse to cancel their unequal treaties of their own accord, until our just demand is recognized."

### *The Boycott Supported by the Government*

It is an open secret that the boycott is supported and encouraged by the Nationalist governments, central and local. In August, 1929, the central government issued the following secret instructions to the provincial authorities:

"The severing of economic relations with Japan is of course attributable to the patriotic motives of the public at large, but the means adopted for the attainment of the end in the past have often been found improper and of a nature to lead to a series of embarrassing consequences. The 'Societies for Expediting the Revocation of Unequal Treaties' established throughout the country are acting against the expressed desires of the Central Government when such societies continue to examine and check Japanese merchandise in their districts and deal out direct punishment to Chinese merchants handling such goods.

"Therefore, the Central Government, with the approval of the Central Executive Committee, prohibits such direct action on the part of the said societies and *at the same time ordains that the merchants associations of every district shall hold themselves responsible for 'rescuing the country' [from foreign economic aggression], by holding such associations liable to punishment in the event of their failure, in spite of well founded incriminatory information, to inquire into and deal adequately with every case of wilful transactions in Japanese goods by individual merchants. By this, all further embarrassing*

*consequences of direct intervention by the Government authorities may be avoided, while the major purpose of severing economic intercourse with Japan may be efficiently served."*

This clearly shows that the Nationalist Government is most closely identified with the boycotts. At Peiping the members of the executive committee of the Anti-Japanese Society were appointed on October 19, 1928, by the municipal government. At Nanking the headquarters of the Garrison and the Government Military Academy were the supervising committee of the Anti-Japanese Society. According to information received in February, 1929, the Peiping municipal government was granting a monthly subsidy of \$200 and the provincial government an unknown amount to the Peiping Anti-Japanese Society.

The *North China Daily News*, a British paper in Shanghai, for August 1, 1931, reported that "the local native authorities are supporting the boycott movement conducted by the Anti-Japanese Association and have granted a loan of \$10,000 to the association to enable it to defray its expenses."

According to a dispatch of the Kuo Min News Agency, official Nationalist news service, dated Shanghai, July 20, 1931, the party headquarters in that city adopted a resolution recommending anti-Japanese measures including "burning in public of all Japanese goods seized by the Association," and the "penalty of death to be imposed upon any one responsible for the enforcement of the boycott, who is found guilty of receiving bribes." The *North China Daily News* for July 25, 1931, stated that "according to the regulations governing the punishment of guilty merchants, any person found attempting to 'smuggle' Japanese goods valued

at \$5,000 and more will have his or her face marked with three Chinese characters 'Mai Kuo Chi (Traitor)'; persons found attempting to 'smuggle' Japanese goods valued at \$2,500 or more will be arrested and put in a wooden cage for a week; and persons found attempting to 'smuggle' Japanese goods valued at \$1,000 or more will be paraded through the streets in Chinese territory for three successive days."

### *The Boycott a Racketeering System*

One "comforting" feature is that the boycott movement almost always ends in mean squabbles over the distribution of the "squeeze" and extorted money among the ringleaders. In China it is taken for granted that the motive of the boycott, as it is practiced these days, is not patriotism but graft. As the *North Chinese Daily Mail* (a British paper in Shanghai) for July 27, 1931, says, "The boycott is one of the favorite dodges for the get-rich, squeeze-quick manipulators. It has been proved time and again that in each of the past similar boycotts graft, corruption, and collusion is the one and only motive of those organising the affair. 'Fines,' 'Confiscations,' and similar sanctions will be a wonderful source for lining the pockets of the few behind the plan."

The following story from the *North China Herald*, another British paper in Shanghai, for October 27, 1931, is highly illustrative of the usual method of extortion by the boycott agitators:

"Eight Chinese merchants, who have been held in the Temple of Heaven by the 'Anti-Japanese and National Salvation Societies' on charges of buying and selling Japanese goods, have been freed on shop security (bond) on the intervention of the authorities of the

Chinese municipality and the settlement. These formed the last batch released from the association's prison in the temple. According to a responsible officer, altogether 26 people have been detained. One was fined \$5,000, one \$3,000, and another \$2,000. He intimated that the release does not mean that the association has changed its attitude.

"Mr. Li Lun-pu, manager of a piece goods shop, was the first one locked up in the Temple of Heaven. He was said to have imported Japanese cotton yarn, which was discovered by the local Cotton Yarn Business Association. Brought to the headquarters of the 'Anti-Japanese and National Salvation Association,' he was asked to pay a fine of \$10,000. As the money was not forthcoming, he had been held in prison since October 6."

### *The Foreigner's Attitude*

It goes without saying that the foreigners in Shanghai, whether British, American, French, German, or Japanese, generally deplore and resent the boycott. This is indicated in an open letter addressed to a Mr. Yu Chia-ching, a Chinese member of the Municipal Council of the International Settlement, by Mr. H. G. W. Woodhead, a well-known British journalist. In the letter, Mr. Woodhead referred to the boycott and said:

"We, foreign residents of the International Settlement, and even the Chinese community, are absolutely opposed to such outrages as the disregarding of the law and committing of lynching. Are you not a municipal councillor of the International Settlement? As a municipal councillor, will you stand by the observers of the law or will you support its violators?"

Mr. Yu had been known to be sympathetic toward the boycott agitation. But when confronted by Mr. Woodhead, published this about-face reply in the *North China Daily News* (July 28, 1931):

"I am of the opinion, and I know that I have the support of numerous other Chinese merchants in Shanghai and other parts of China, that the boycott movement will not do much good, and that most of the troubles which have arisen between the Chinese people and the Japanese are due to misunderstandings.

"I am strongly opposed to the methods adopted by the pickets of the Anti-Japanese Association in seizing and confiscating Japanese goods, because, after all, such tactics result in financial losses, not to the Japanese but to the Chinese merchants. Also, I am opposed to the proposed methods of punishment for so-called traitors who persist in dealing in Japanese wares."

The foreign press in China, with, perhaps, the solitary exception of the anti-Japanese *China Weekly Review*, is generally against the boycott, "It is most unfortunate," wrote the *Shanghai Times* (British) on July 15, 1931, "that once again we see the malicious results of Chinese propaganda." "It is opportune at this time," it continued, "seriously to warn the patriots who wish only to strengthen the hands of Government officials in diplomatic negotiations—perhaps they do not see that they are doing the reverse by the tactics now being adopted—that all sorts of abuses are bound to occur when this illegitimate measure is applied."

Even the *China Press*, a Chinese-owned paper in Shanghai, had to make this editorial admission:

"If what the Anti-Japanese Association has defined as offences are not offences according to Chinese law then the association would appear to have arrogated to itself powers that can only belong to the National Government. *There is obviously a grave danger involved of giving the Japanese authorities very just ground for emphatic protests if certain developments take place.* And if, through mistaken patriotic zeal, the association should place its own government in the position of having to try to defend actions that may be hardly susceptible of defence, the strong position that China originally had—and still has—would be weakened.

"The boycott, moreover, does not work solely to the disadvantage of Japan. If it be successful it very severely penalizes hundreds of Chinese merchants and their employees who are in no way lacking in patriotism. They have simply put their capital and energy into one perfectly legal channel of international trade, and could not abandon the association built up in happier times at a moment's notice. If the boycott leads to the closing down of local Japanese cotton mills and other enterprises, it will mean that thousands of Chinese will be thrown out of work. All these points should receive full consideration before anything occurs which may take the matter out of the hands of thoughtful and reasonable men."

### *Powers Partly to Blame for Boycott*

It is not against Japan alone that the boycott has been invoked by China. This weapon was first directed against America in 1905 as a protest against Chinese exclusion. For the few years following May, 1925, England was the victim.

It is more than possible that China will again employ the boycott against America, for she is to-day as dissatisfied with Chinese exclusion as she was in 1905. It is certain that if China becomes stronger it will again raise the issue, especially as regards the free entrance of the Chinese into the Philippines. Should the American or Philippine government reject this Chinese demand, the Chinese, who almost control retail business and truck gardening in the Philippines, could cause great embarrassment to the Americans and Filipinos in the Islands.

Meanwhile, it is well to remember that the powers themselves are partly to blame for the boycotts. For China has been permitted and perhaps encouraged to indulge in these periodic outbursts, largely because rival trading nations have profited by the boycotts against America, Great Britain,

Japan, or some other "enemy." In this, China has simply followed her traditional tactics of playing one nation off against another. Temporary gains accruing to the unboycotted traders have blinded them to the fact that their turn may come next. As long as the Chinese confine their warfare to one nation at a time, they may succeed, after a fashion, in inflicting serious economic damages on the enemy of the moment to the sole advantage of the neutrals. In the case of Japan, China has forced that country to seek elsewhere a constant supply of necessary raw materials (thus losing a good customer) and to build up new markets for her manufactured products.

### *Anti-Foreignism in School Books*

Anti-foreignism in China will become more and more intense, as the school children are taught to hate foreigners and foreign institutions. Let me quote a few passages from their books. A reader which may be called in English the *New Age Common Sense Reader* condemns the foreign banks in China in these terms:

"The foreign banks in China issue bank notes and the Chinese have complete faith in them. They simply print hundreds of thousands of pieces of paper and exchange them for so many coins of ours. Is not this kind of loss great?

"There is also a system of exchange and they get big profit out of this, too. When they receive money on deposit from Chinese they pay only 4 or 5 per cent, at best. Loaning the money thus accumulated to the Chinese petty merchants, they charge at least 7 or 8 per cent interest. The only thing they undertake is the little labor in the accounting department, and they make the profit from the Chinese by the Chinese capital. In one item of banking alone the money they make in China is about \$100,000,000 per annum.

"Besides this, they annually plunder from us \$400,000,000 to \$500,000,000 as land tax, land assessment, or various other taxes; \$100,000,000 through the special business tax; several dozen of million dollars in the speculative enterprises and other profits.

"Out of these economic oppressions, the loss we thus sustained does not fail to amount to \$1,200,000,000. Because we are suffering from such a big loss people lack in vitality and no enterprises for social welfare can develop. Our future is in imminent danger if no immediate measure is taken to combat these oppressions."

Another volume for lower grades in the same series denounces foreigners in these scathing words:

"The burning question of China to-day is evidently the foreign oppression. For instance, the foreigners compel us to lease lands which are clearly Chinese; committing a crime clearly within the realm of China, they, backed by force, stand out of Chinese jurisdiction while they should be punished by the Chinese law. The maritime customs, too, are administered forcibly by foreigners."

Again, the *New Chinese Geography* deals with foreign "imperialism" thus:

"For the last 100 years China has been made a victim of the powers' imperialism. They exploited rich and vast China and nearly swallowed it up by means of economic pressure or by force of arms or by using tricks or by other insidious methods. The dependencies of China, such as Burma (by Great Britain), Annam (by France), Korea (by Japan), and so forth, were all robbed by them."

Even the United States is not spared, for the same *Geography* attacks her in these words:

"The West of the United States produces much gold. The gold mines at San Francisco were opened earliest in this region, and the miners were for the most part Chinese immigrants. The Chinese immigrants are engaged, besides mining, in various businesses. They have gradually developed the present prosperous city of our day, and the Americans in this part have been given the chance to proudly



call themselves 'Sons of Gold Ore.' In the early days there lived more than 200,000 Chinese immigrants working in mines. But they have always been persecuted and ill-treated, and have been unable to find their footing. Thus there now remain in San Francisco only 30,000 of our people. The section where they live is called Chinatown, and is located in the center of the city."

Even worse than those fulminations are the dramas contained in the *National Humiliation Readers*, all designed to show the wickedness of the foreigners, and admonishing the Chinese to resist foreign oppression at all costs. It is difficult for men and women who at their most impressionable ages have imbibed these dangerous doctrines to take a fair and sane view of intricate problems in which the interests of their country may conflict with those of others. So alarming has this school propoganda become in the Chinese schools even within the International Settlement that its Municipal Council has made its grants-in-aid to schools conditional on the following clause in the municipal regulations: "Patriotism and good citizenship should be encouraged in all schools, and no instruction likely to offend national susceptibilities or to create interracial animosity shall be permitted."

Justice Feetham, a distinguished British jurist, who was invited last year by the Shanghai Municipal Council to inquire into certain legal aspects of the International Settlement, recently published a report devoting a considerable space to the inculcation of anti-foreignism in the Chinese schools.

## CHAPTER XV

### THE RIGHT OF INTERVENTION AND THE NEW PEACE SYSTEM

APART from the question of political wisdom Japan's armed intervention in Manchuria and even at Shanghai in the present instance does not seem to deviate from the orthodox principles of International Law or from the precedents set by other powers, particularly the United States. Indeed, the powers seem to be admonishing Japan not to do what they themselves have repeatedly done and will continue to do. That, I think, is one reason why their admonitions have made little impression upon Japan.

Let me quote a few American authorities on this question of intervention. Mr. Charles Evans Hughes, Chief Justice of the United States Supreme Court, in a lecture at Princeton University in May, 1928, said:

"On our part there is no disposition to forego our right to protect our nationals when their lives and property are imperilled because the sovereign power for the time being and in certain districts cannot be exercised and there is no government to afford protection. I venture to say that no President of the United States, and no Secretary of State, of any party, or of any political views, learning that the lives and property of our citizens were in immediate danger in such a case, would care to assume the personal responsibility of withholding the protection which he was in a position immediately to give. If he did, and the event accorded with the anticipation, he would be condemned throughout the land."

*American Doctrine of Intervention*

Mr. Elihu Root takes much the same view by saying:

"It is well understood that the exercise of the right of self-protection may, and frequently does, extend its effect beyond the limits of the territorial jurisdiction of the state exercising it. The strongest example probably would be the mobilization of an army by another power immediately across the frontier. Every act done by the other power may be within its own territory. Yet the country threatened by this state of affairs is justified in protecting itself by immediate war."

Mr. Calvin Coolidge, when President, declared in his speech before the United Press Association in April 25, 1927:

"While it is well-established international law that we have no right to interfere in the purely domestic affairs of other nations in their dealings with their own citizens, it is equally well established that our Government has certain rights over and certain duties toward our own citizens and their property wherever they may be located. The person and property of a citizen are a part of the general domain of the nation, even when abroad. On the other hand, there is a distinct and binding obligation on the part of self-respecting Governments to afford protection to the persons and property of their citizens wherever they may be. This is both because it has an interest in them and because it has an obligation toward them. It would seem to be perfectly obvious that if it is wrong to murder and pillage within the confines of the United States, it is equally wrong outside our borders. The fundamental laws of justice are universal in their application. These rights go with the citizen. Wherever he goes, these duties of our Government must follow him."

Remember that when these statements were made by Mr. Hughes and President Coolidge the League of Nations had been in existence for eight years. The American doctrine, expressed in those statements, has been most unsparingly

invoked in Latin America. As Mr. Reuben Clark, former Under-Secretary of State, admits, "no nation has with more frequency than the American Government used its military forces for the purpose of occupying temporarily parts of foreign countries in order to secure adequate safety and protection for its citizens and their properties."

### *American Practice*

Let us examine American history to see if Mr. Clark is right. In 1898 the United States, even after Spain had agreed to all her demands, intervened in Cuba in the "interest of humanity" and because of a condition of affairs on the islands so injurious to American interests that it had become intolerable. This American action has been described by one of the foremost American jurists as analogous to what is known in private law as "the abatement of a nuisance." The United States fought the Spanish war to put an end to this insufferable nuisance which outraged our concepts of humanity. And in the settlement, which followed the establishment of the Cuban Republic, the United States imposed a treaty upon the new state giving her the right to intervene for the preservation of its independence and the maintenance of a government adequate for the protection of life, property and individual liberty. There are also other provisions restricting Cuba's liberty to enter into treaties with other powers tending to impair her independence, and for the contracting of debts. The United States thus holds a special position in relation to Cuba, that has justified her in intervening on various occasions for the maintenance of law and order.

In 1907 the United States intervened in Santo Domingo, because during the preceding forty years there had been sixteen revolutionary movements there resulting in its complete political and economic demoralization. Its armed occupation by America was, according to President Roosevelt, "due to the demonstration of an impotence resulting in the lessening of the ties of civilized society and thus requiring intervention." Not until Santo Domingo's finances were stabilized and law and order restored under a government set up under American supervision did the United States withdraw from that country.

Again, in 1915, the United States intervened in Hayti when revolution after revolution had exhausted and devastated that country and handed its people over to a rapacious group of politicians. For much the same reasons America has more than once intervened in Nicaragua.

### *The United States and Mexico*

Thus the American Government reserves to itself the right to apply the law of self-defense at a moment's notice and without warning, even to the extent of engaging in hostilities and intervening by armed force to protect the lives and properties of its citizens in other countries. Nor is this policy the monopoly of the "imperialistic" Republican Administration. In 1914 the American Government, under a Democratic President, Mr. Woodrow Wilson, occupied Vera Cruz as a result of the arrest of American sailors loading gasoline on an American warship in a forbidden military zone at Tampico. Although the men were immediately released and an apology was forthcoming from the Mexican

general, the American Admiral gave him a twenty-four hour ultimatum demanding punishment of the officer who made the arrest and a twenty-four gun salute to the American flag. Huerta, the Mexican president, refused to punish the officer who made the arrest unless it was proven by an investigating committee that he had violated international law, and asked to submit the question to the arbitration of The Hague. This request was declined by the United States. A few days later another minor interference with an American mail orderly occurred in Vera Cruz, and President Wilson invoked this and the Tampico incident as a reason for asking Congress to approve the use of "the armed forces of the United States in such ways and to such an extent as may be necessary to obtain from General Huerta and his adherents the fullest recognition of the rights and dignity of the United States."

The next day, a German steamer with a cargo of arms for the Mexican Government arrived at Vera Cruz, whereupon Wilson ordered Admiral Mayo to "take Vera Cruz at once." In carrying out his instructions about 200 Mexicans and twenty-one Americans were killed. President Wilson was not justified in international law in taking this summary action, but relations between the two countries had reached the point where the rights and dignity of the United States were compromised to such an extent that President Wilson considered a military action both necessary and justifiable.

Again in 1916 President Wilson sent an armed expedition across the Mexican border. For some time Mexico had been in a state of anarchy, jeopardizing American lives and

property. American patience having been exhausted, a large army under the command of General Pershing was dispatched across the border. The Mexican Government was "outraged" and protested to Washington. In reply Mr. Robert Lansing, then Secretary of State, said:

"For three years the Mexican Republic has been torn with civil strife. The lives of Americans and other aliens have been sacrificed, vast properties developed by American capital and enterprise have been destroyed or rendered non-productive, bandits have been permitted to roam at will and to seize, without punishment or effective attempt at punishment, the property of Americans, while the lives of citizens of the United States who ventured to remain in Mexico or to return there to protect their interests have been taken, in some cases barbarously taken, and the murderers have neither been apprehended nor brought to justice."

To back up this note the American Government called for an army of "not less than 50,000 men." The South American Republics offered their good offices for mediation, but President Wilson insisted the American-Mexican dispute was one to be adjusted between the parties concerned and permitting no interposition of a third party. As Mr. J. R. Fisher, a British jurist, writes in the *London Times*:

"There was, of course, no League of Nations then, but I doubt very much whether, then or now, America would have listened more patiently than Japan to an outside plea for indefinite delay in such a case of urgent necessity. She will therefore, as an 'observer' at Geneva, be in a position to guide matters into a safe channel and to prevent anything in the nature of the wielding of the 'big stick,' which, by irritating the legitimate susceptibilities of a friendly Power, would only precipitate the crash."

#### *The United States and Panama*

Finally the American case in Colombia is more to the point in its analogy to the Japanese case in Manchuria. Just

before the United States acquired the canal rights there was a revolution in Colombia, which gave President Roosevelt a plausible excuse for landing marines there. What followed is still shrouded in a certain mystery, but many Americans privately admit, and all Latin Americans openly declare, that the United States was instrumental in separating from Colombia what has since been known as the Republic of Panama. We may offer a hair-splitting argument emphasizing the difference between the Japanese case in Manchuria and the American case in Colombia, but that will convince no one.

All these American acts in Central America and in the Caribbean have attracted little attention in the outside world. This is because the Latin countries dealt with are all small and militarily insignificant, requiring but small marine forces to attain the end America has in view. On the other hand, China, though chaotic and distracted, is a country immense in area and population, and involving complicated foreign interests. Naturally Japan's task, when she is forced to intervene there, is far more difficult and complicated than that of the United States in the little republics to the southward. But in either case the principles involved are the same.

One may be sure that League or no League, Kellogg Pact or no Kellogg Pact, the United States will continue to insist upon the right of armed intervention in those countries. And when the League or any third party proposes to mediate, the American Government, upon the ground of the Monroe Doctrine, will decline any such proposal. Likewise, Great Britain explicitly exempts Egypt and India from the



scope of the Kellogg Pact. Is not what is sauce for the goose sauce for the gander? Frankly, well-meaning American pacifists and peace societies would have a much better chance of converting Japan if they could first convert their own country.

Furthermore, Japanese expansion in Manchuria is far more defensible than American expansion in the Caribbean and in Central America. Economically, Japan is congested with population and has little natural resources, while America is virtually self-supporting and self-sufficient. Strategically, America is practically immune from foreign invasion, for no foreign foe can conquer her vast territory and vast population. On the other hand, Japan, as I have shown in the first few chapters of this book, has often been exposed to foreign invasion. It was primarily to cope with this danger that she entered Manchuria at the turn of the century. To-day Manchuria still remains the first line of Japan's defense.

### *Manchuria Japan's First Line of Defense*

When Soviet Russia completes the five year plan, it will become more active in the Far East. Already a special Far Eastern army has been created to take care of the Chinese situation. Its strength is shrouded in secrecy, but it is based on Irkutsk and Chita with a railway connecting these centers with European Russia and two huge steel mills, one at Kutnetz and the other at Magnetogorsk, capable of turning out over 3,000,000 tons of steel to supply it with munitions.

Nothing is known of the strength of this army, but it is recognized by all competent military observers that its power

of offense lies in the Soviet control of Mongolia. Adhering to the basic and unalterable doctrine of Czarist Russia of preserving Mongolia as a buffer state between the Slav and the Mongolian races, closed to Chinese penetration and colonization, the Soviet has successfully amputated this region from the main body of China and incorporated it into its system of independent socialist republics. In doing so, she has closed the territory to further Chinese penetration, and sealed it even against foreign travel and observation. No foreigner can visit, reside or travel in Mongolia without a Soviet passport—and Soviet passports are not obtainable, even for foreign consuls accredited to China.

Exactly as Russia operated in Manchuria from 1896 to 1904, she is now proceeding in Mongolia. Then Manchuria became a Russian province, closed to foreign trade and travel. Now Mongolia is hermetically sealed, a closed Soviet preserve. Under cover of this profound secrecy and impenetrability, the Soviet has organized a Mongolian army and flanked Japan's strategic position in South Manchuria. Meanwhile, China has made no protest against the Soviet annexation of Mongolia, either to Russia, or the League, or the signatory powers of the Kellogg Pact or of the Nine Power Treaty. China has meekly accepted Russia's aggression, recognized the accomplished fact, but resists every effort of Japan to defend herself against potential danger in the direction of Mongolia. Japanese army officers, civilians or scientific parties travelling in the Mongolian border zones to gather information as to what is transpiring behind the screen, are either arrested or as in the case of Captain Nakamura, summarily executed as spies, not by

the Soviet or Mongol authorities, but by Chinese generals in command of the border troops. In effect, the situation is almost identical with that created by Japan's adherence to the Hay Doctrine in 1898 at a time when China had handed over Manchuria to Russia in order that the latter might get into a favorable strategic position to crush Japan. China's secret diplomacy in 1896 and her acquiescence in Russia's subsequent moves together with her inability to enforce respect for her sovereign rights or defend her neutrality, compelled Japan to stake her existence in 1904 on the plains of Manchuria. A similar condition exists in Manchuria today.

### *China and the New World Order*

Finally, a word about the new peace system and its bearing upon the Chinese situation. The popular admonition that Japan, instead of resorting to armed intervention, should have adjusted the Manchurian dispute by arbitration or some such modern procedure, presupposes that China is a modern nation willing to observe international obligations and capable of abiding by the decisions of an international commission or a world court. But China is not a modern nation. One may be sure that China will nullify such decisions, if they are not to her liking, just as she has violated so many treaties either directly by governmental action or indirectly through the officially instigated boycott or anti-foreign agitation. Confronted by such an anachronistic nation the League of Nations, the Kellogg-Briand Peace Pact, the World Court and the like are helpless.

The new world order founded upon the basic principles

of the League of Nations and the Peace Pact imposes certain new duties upon small nations as upon great powers. Firstly, it requires the great powers to refrain from employing force as a means of protecting their rights or interests *vis-a-vis* their neighbors. This is explicit in the provisions of the Kellogg Pact. It, of course, applies to small nations as well. But the great powers, because of the prowess they possess, must be the more scrupulous. Secondly, it enjoins the small nations not to act like a petulant boy who takes advantage of the father's voluntary surrender of the whip. This is not explicit in either the Kellogg Pact or in the League Covenant. It is only understood, but is none the less essential.

Obviously, a great power cannot be expected to be invariably and forever equanimous when its neighbor, a small nation, knowing that that power's hands are tied by the Peace Pact, wilfully ignores foreign obligations, deliberately violates treaties upon one pretext or another, perpetuates civil war entirely purposeless except for the purpose of enriching the militarists and politicians, makes no honest efforts to protect foreign life and property, fosters anti-foreign agitation by making the masses believe that all her internal ills are due to foreign "imperialism," tries to ruin by such agitations foreign enterprises established under treaty, officially encourages opium production to line politicians' pockets or to finance civil war, and makes itself generally pestiferous and obnoxious. Sooner or later some of its neighbors with the most vital interests in this disorderly country will be forced to take the law in their own hands.

In the community of individuals a man who acts in the manner and spirit of this nation could be clapped into jail as a public nuisance. The fact that the League of Nations or the Kellogg Pact provides no prison for such misbehaving nations should not exonerate them.

And when the misbehaving "small" nation is physically as big as China, with 400,000,000 inhabitants and 3,900,000 square miles of territory, its culpability is all the greater, because its internal condition and its foreign policies vitally affect all its neighbors, but especially that neighbor whose territory is so small and devoid of natural resources that her existence depends largely upon the good behavior of that "big-small" nation.

In other words, the new world community calls upon all its members, great and small, to live up to the generally accepted standards of civilization. A nation, refusing or failing to observe those standards, should not be admitted to that community. How to deal with such a nation is one of the most perplexing problems the modern world is called upon to solve. I confess I have no solution to offer.

## **APPENDICES**



## APPENDICES

### NO. 1

#### *"The Memorial of Premier Tanaka"*

An English pamphlet under the above title has been widely circulated in America and Europe evidently for Chinese propaganda. Originally it was printed by the *China Critic*, a Nationalist publication at Shanghai. More recently it appeared with the imprint of "World Peace Movement," New York, an organization of which little is known. This American edition has the subtitle of "Japan's Secret Design for the Conquest of China as well as the United States and the Rest of the World."

The pamphlet has literally been poured into American universities, schools, newspaper offices, chambers of commerce, clubs, peace organizations, etc.

As Premier Inukai, who succeeded Premier Tanaka as president of the Seiyukai Party, says in his introduction to this book, the pamphlet is a forgery. Its Japanese original never existed. The English document consists of some 13,000 words and discusses at length beans, bean cake, coal, iron, and other Manchurian products, the railway problems of Manchuria, and what not. This alone shows that it is a fabrication. No Japanese minister of state ever lays before the Emperor such detailed information about such minor matters.

The pamphlet says: "It will be recalled that when the Nine Power Treaty was signed which restricted our movements in Manchuria and Mongolia, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the army and the navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it. . . . After I had secretly exchanged views with the powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai.



At the wharfs there a Chinese attempted to take my life. An American woman was hurt, but I escaped."

Every one knows that Prince Yamagata, mentioned in the above quotation, had been dead when the Washington Treaty was signed on February 2, 1922. Emperor Taisho himself had been so ill that he had not for some years attended to the affairs of state. Obviously, the Emperor could not have called, and did not call, such a conference as was mentioned in this forged pamphlet.

Baron Tanaka never went to Europe or America at that time. His last trip to the West was taken ten years before the Washington Conference.

The Shanghai incident mentioned in the above quotation occurred when Baron Tanaka was returning home from Manila, where he had been to return Governor-General Wood's visit to Tokyo the year before. The would-be assassin was not a Chinese but a Korean.

This Chinese-forged English pamphlet says: "The American squadron stationed in the Philippines is but within a stone's throw from Tsushima."

The distance from Tsushima and Manila is more than 1,700 miles, and the pamphlet calls this "within a stone's throw!"

It says that the daughter of General Fukushima, one time governor-general of Kwantung leased territory, was sent to Inner Mongolia as adviser to a Mongol prince in order to advance Japanese influence. She was only fifteen years of age and was studying in the Peeresses' School at Tokyo, when the pamphlet says she was in Mongolia. She has never been to Mongolia.

The pamphlet says that the Japanese army division in the city of Fukuoka can be sent into Manchuria by the Kirin-Huinin Railway. There is no division in Fukuoka!

The Chinese, apparently encouraged by their "success" in exploiting foreign gullibility with this spurious document, have been issuing many similar pamphlets called "The Memorial of General Honjo," "Secret Minutes of the Conference of the Japanese Colonial Department," "The Memorial of Premier Inukai," "Japan's Design to Establish a Mandate over Manchuria," etc. These pamphlets are written in Chinese for Chinese consumption, but will probably be translated into English for foreign consumption as well.

K. K. KAWAKAMI.

## NO. 2

*League Council's Resolution, September 22, 1931*

"The council, including China and Japan, unanimously decided to authorize its president, Alejandro Leroux of Spain:

"1. To address an urgent appeal to the governments of China and Japan to abstain from every act liable to aggravate the situation or prejudice a peaceful settlement of the problem.

"2. To seek, in consultation with the Chinese and Japanese representatives, adequate means of permitting the two countries immediately to proceed to withdraw their respective troops without compromising the security of the lives of their nationals and the protection of the property belonging to them."

*Japan's Reply to the Foregoing, September 24, 1931*

1. With regard to Paragraph 1. The Japanese army from the very beginning of the incident has confined its activities to the defence of its own safety, to the safeguarding of the railway, and to the protection of Japanese residents. The Japanese Government adheres to the policy of preventing the aggravation of the situation, hoping for a swift and pacific solution of the problem through negotiation between Japan and China, and has no intention to deviate from this policy.

2. With regard to Paragraph 2. The Japanese troops have been mostly withdrawn within the railway zone. Although there are still stationed small contingents for police purposes in Mukden, Kirin, and a few other places, nowhere is maintained military occupation as such.

For the present the troops have been recalled to the maximum degree compatible with the needs for the protection of the residents and the railway, but it is intended to carry out still further withdrawals as the situation ameliorates. The Japanese Government hopes that of its sincere attitude in this regard the Council of the League may rest assured.

*Memorandum handed to Japanese Ambassador by Secretary of State,  
September 22, 1931*

Without going into the background, either as to the immediate provocation or remote causes or motivation, it appears that there has developed within the past four days a situation in Manchuria which I find surprising and view with concern. Japanese military forces, with some opposition at some points by Chinese military forces, have occupied the principal strategic points in south Manchuria, including the principal administrative center, together with some at least of the public utilities. It appears that the highest Chinese authority ordered the Chinese military not to resist, and that, when news of the situation reached Tokyo, but after most of the acts of occupation had been consummated, the Japanese Government ordered cessation of military activities on the part of the Japanese forces. Nevertheless, it appears some military movements have been continuously and are even now in process. The actual situation is that an arm of the Japanese Government is in complete control of south Manchuria.

The League of Nations has given evidence of its concern. The Chinese Government has in various ways invoked action on the part of foreign governments, citing its reliance upon treaty obligations and inviting special reference to the Kellogg Pact.

This situation is of concern, morally, legally, and politically, to a considerable number of nations. It is not exclusively a matter of concern to Japan and China. It brings into question at once the meaning of certain provisions of agreements, such as the Nine Powers Treaty of February 6, 1922, and the Kellogg-Briand pact.

The American Government is confident that it has not been the intention of the Japanese Government to create or to be a party to the creation of a situation which brings the applicability of treaty provisions into consideration. The American Government does not wish to be hasty in formulating its conclusions or in taking a position. However, the American Government feels that a very unfortunate situation exists, which no doubt is embarrassing to the Japanese Government. It would seem that the responsibility for determining the course of events with regard to the liquidating of this situation

rests largely upon Japan, for the simple reason that Japanese armed forces have seized and are exercising de facto control in south Manchuria.

It is alleged by the Chinese, and the allegation has the support of circumstantial evidence, that lines of communication outward from Manchuria have been cut or interfered with. If this is true, it is unfortunate.

It is the hope of the American Government that the orders which it understands have been given both by the Japanese and the Chinese governments to their military forces to refrain from hostilities and further movements will be respected and that there will be no further application of force. It is also the hope of the American Government that the Japanese and the Chinese governments will find it possible speedily to demonstrate to the world that neither has any intention to take advantage, in furtherance of its own peculiar interests, of the situation which has been brought about in connection with and in consequence of this use of force.

What has occurred has already shaken the confidence of the public with regard to the stability of conditions in Manchuria, and it is believed that the crystallizing of a situation suggesting the necessity for an indefinite continuance of military occupation would further undermine that confidence.

---

NO. 4

*The Japanese Government's Statement Brought to the State Department's Attention by Ambassador Debuchi, September 24, 1931*

(1) The Japanese Government has constantly been exercising honest endeavors in pursuance of its settled policy to foster friendly relations between Japan and China and to promote the common prosperity and well-being of the two countries. Unfortunately, the conduct of officials and individuals of China, for some years past, has been such that our national sentiment has frequently been irritated. In particular, unpleasant incidents have taken place one after another in regions of Manchuria and Mongolia in which Japan is interested in especial degree until an impression has gained strength

in the minds of the Japanese people that Japan's fair and friendly attitude is not being reciprocated by China in like spirit. Amidst the atmosphere of perturbation and anxiety thus created, a detachment of Chinese troops destroyed tracks of the South Manchurian Railway in the vicinity of Mukden and attacked our railway guards at midnight of September 18th. A clash between Japanese and Chinese troops then took place.

(2) The situation became critical as the number of Japanese guards stationed along the entire railway did not then exceed ten thousand four hundred while there were in juxtaposition some two hundred twenty thousand Chinese soldiers. Moreover, hundreds of thousands of Japanese residents were placed in jeopardy. In order to forestall imminent disaster the Japanese army had to act swiftly. The Chinese soldiers, garrisoned in neighboring localities, were disarmed and the duty of maintaining peace and order was left in the hands of the local Chinese organizations under the supervision of the Japanese troops.

(3) These measures having been taken, our soldiers were mostly withdrawn within the railway zone. There still remain some detachments in Mukden and Kirin and a small number of men in a few other places. But nowhere does a state of military occupation as such exist. Reports that Japanese authorities have seized the customs or salt gabelle office at Yingkou or that they have taken control of Chinese railways between Supinkai and Chengchiatun or between Mukden and Sinnintun are entirely untrue, nor has the story of our troops having ever been sent north of Chengchun or into Chientao any foundation in fact.

(4) The Japanese Government at a special Cabinet meeting September 19 took decision that all possible efforts should be made to prevent aggravation of the situation and instructions to that effect were given to the commander of the Manchurian garrison. It is true that a detachment was despatched from Changchun to Kirin September 21st, but it was not with a view to military occupation but only for the purpose of removing the menace to the South Manchurian Railway on flank. As soon as that object has been attained the bulk of our detachment will be withdrawn. It may be added that while a mixed brigade of four thousand ten was sent from Korea to join the Manchurian garrison, the total number of men in

the garrison at present still remains within the limit set by the treaty and that fact cannot therefore be regarded as having in any way added to the seriousness of the international situation.

(5) It may be superfluous to repeat that the Japanese Government harbors no territorial designs in Manchuria. What we desire is that Japanese subjects shall be enabled to safely engage in various peaceful pursuits and be given an opportunity for participating in the development of that land by means of capital and labor. It is the proper duty of a government to protect the rights and interests legitimately enjoyed by the nation or individuals. The endeavors of the Japanese Government to guard the South Manchurian Railway against wanton attacks would be viewed in no other light. The Japanese Government, true to established policy, is prepared to cooperate with the Chinese Government in order to prevent the present incident from developing into a disastrous situation between the two countries and to work out such constructive plans as will once for all eradicate causes for future friction. The Japanese Government would be more than gratified if the present difficulty could be brought to a solution which will give a new turn to mutual relations of the two countries.

---

NO. 5

*League Council's Resolution, September 30, 1931*

The council:

1. Notes the replies of the Chinese and Japanese governments to the urgent appeal addressed to them by its president and the steps that have already been taken in response to that appeal;
2. Recognizes the importance of the Japanese Government's statement that it has no territorial designs in Manchuria;
3. Notes the Japanese representative's statement that his government will continue, as rapidly as possible, the withdrawal of its troops which has already been begun, into the railway zone in proportion as the safety of the lives and property of Japanese nationals is effectively assured and that it hopes to carry out this intention in full as speedily as may be;

4. Notes the Chinese representative's statement that his government will assume responsibility for the safety of the lives and property of Japanese nationals outside that zone as the withdrawal of the Japanese troops continues and the Chinese local authorities and police forces are reestablished;

5. Being convinced that both governments are anxious to avoid taking any action which might disturb the peace and good understanding between the two nations, notes that the Chinese and Japanese representatives have given assurances that their respective governments will take all necessary steps to prevent any extension of the scope of the incident or any aggravation of the situation;

6. Requests both parties to do all in their power to hasten the restoration of normal relations between them and for that purpose to continue and speedily complete the execution of the above-mentioned undertakings;

7. Requests both parties to furnish the council at frequent intervals with full information as to the development of the situation;

8. Decides, in the absence of any unforeseen occurrence which might render an immediate meeting essential, to meet again at Geneva on Wednesday, October 14, 1931, to consider the situation as it then stands;

9. Authorizes its president to cancel the meeting of the council fixed for October 14 should he decide after consulting his colleagues, and more particularly the representatives of the two parties, that in view of such information as he may have received from the parties or from other members of the council as to the development of the situation, the meeting is no longer necessary.

---

NO. 6

*Japan's Memorandum to China, October 9, 1931*

(1) The Japanese Government has already made it clear that the Manchurian affair is nothing but an outcome of the deep-rooted anti-Japanese feeling in China which has taken a specially provocative form in the recent challenge to the Japanese troops, compelling the latter to resort to measures of self-defence. The responsibility for the present situation naturally lies with the Chinese Government.

The Japanese Government has time and again requested the Chinese Government to take proper steps to check the anti-Japanese movement so systematically carried out in various places in China. Being desirous of maintaining cordial relations between the two countries, this government has exercised the greatest patience and forbearance in the hope that this deplorable state of affairs may yet improve. Unfortunately, however, this anti-Japanese agitation seems now to be assuming alarming proportions. It is learned that the anti-Japanese societies at Shanghai and elsewhere have passed resolutions not only to enforce the prohibition of trading in and the transportation of Japanese goods, but to order cancellation of existing contracts, and otherwise to prohibit all business transactions and to cancel contracts of employment between Chinese and Japanese, in order thus to effect so-called "severance of economic relations with Japan." For that purpose, examination and detention of goods and persons, intimidation and violence and various other means are being employed to give effect to such resolutions, and severe penalties are meted out to any who may fail to comply with these orders, some societies even going so far as to threaten capital punishment. Moreover, the cases of expropriation and detention of goods owned by Japanese people and of threats and violence against their lives and property have become so numerous and insistent throughout China that they have been forced to withdraw totally or partially from various localities.

(2) It is to be noted that the anti-Japanese movement in China is conducted as an instrument of national policy under the direction of the Nationalist Party, which, in view of the peculiar political organization of China, is inseparable from the government. That movement must therefore be clearly distinguished from one which originates spontaneously amongst the people. It is therefore evident that the present anti-Japanese movement in China is not only in contravention of the letter and spirit of the treaties existing between the two countries, but constitutes a form of hostile act, without use of arms, contrary to all standards of justice and friendship. The Chinese Government will be assuming a very serious responsibility if it should fail to take prompt and effective measures to quell that agitation. Moreover, in meeting out penal sentences to individual citizens, the anti-Japanese societies, which are purely



private organizations, are clearly usurping the authority of the national government.

(3) It will be remembered that at a recent meeting of the Council of the League of Nations at Geneva, the Chinese representative as well as the Japanese gave the assurance that their respective governments would endeavor to prevent the aggravation of the situation. The Chinese Government, obviously against that pledge, is actually aggravating the situation, by making no honest or effective effort to restrain the activities of the anti-Japanese societies which are jeopardizing the lives and property as well as the liberty of trade of Japanese subjects in different parts of China.

(4) The Japanese Government desires to call once more the serious attention of the Chinese Government to these actions on the part of the anti-Japanese societies, and to declare at the same time that the Chinese Government will be held responsible for whatever may be the consequences of its failure to suppress the anti-Japanese movement and to afford adequate protection to the lives and property of Japanese subjects in China.

---

NO. 7

*League Council's Resolution on Manchuria, October 24, 1931*

The council, in pursuance of the resolution passed on September 30, and noting that in addition to the invocation by the Government of China, of article 11 of the covenant, article 2 of the pact of Paris has also been invoked by a number of governments.

(1) Recalls the undertakings given to the council by the Governments of China and Japan in that resolution, and in particular the statement of the Japanese representative that the Japanese Government would continue as rapidly as possible the withdrawal of its troops into the railway zone in proportion as the safety of the lives and property of Japanese nationals is effectively assured, and the statement of the Chinese representative that his government will assume the responsibility for the safety of the lives and property of Japanese nationals outside that zone—a pledge which implies the effective protection of Japanese subjects residing in Manchuria.

(2) Recalls further that both governments have given the assurance that they would refrain from any measures which might aggravate the existing situation, and are therefore bound not to resort to any aggressive policy or action and to take measures to suppress hostile agitation.

(3) Recalls the Japanese statement that Japan has no territorial designs in Manchuria, and notes that this statement is in accordance with the terms of the covenant of the League of Nations and of the Nine Power Treaty, the signatories of which are pledged "to respect the sovereignty, the independence, and the territorial and administrative integrity of China."

(4) Being convinced that the fulfillment of these assurances and undertakings is essential for the restoration of normal relations between the two parties:

(a) Calls upon the Japanese Government to begin immediately and to proceed progressively with the withdrawal of its troops into the railway zone, so that the total withdrawal may be effected before the date fixed for the next meeting of the council;

(b) Calls upon the Chinese Government, in execution of its general pledge to assume the responsibility for the safety and lives of all Japanese subjects resident in Manchuria, to make such arrangements for taking over the territory thus evacuated as will ensure the safety of the lives and property of Japanese subjects there, and requests the Chinese Government to associate with the Chinese authorities designated for the above purpose representatives of other powers in order that such representatives may follow the execution of the arrangements.

(5) Recommends that the Chinese and Japanese governments should immediately appoint representatives to arrange the details of the execution of all points relating to the evacuation and the taking over of the evacuated territory so that they may proceed smoothly and without delay.

(6) Recommends the Chinese and Japanese governments as soon as the evacuation is completed, to begin direct negotiations on questions outstanding between them, and in particular those arising out of recent incidents as well as those relating to existing difficulties

due to the railway situation in Manchuria. For this purpose the council suggests that the two parties should set up a conciliation committee or some such permanent machinery.

(7) Decides to adjourn till November 16, at which date it will again examine the situation, but authorizes its president to convoke a meeting at any earlier date should it in his opinion be desirable.

---

NO. 8

*Japan's Statement Relative to Manchuria, October 26, 1931*

1. On the 22nd of October, the Japanese representative in the Council of the League of Nations proposed certain amendments to the resolution then before the Council with regard to questions of (1) withdrawal of Japanese troops to the railway zone and (2) direct negotiations between China and Japan. However, these suggested amendments as well as the resolution itself fell through, having failed to obtain unanimous approval of the Council.

2. As has been repeatedly emphasized by the Japanese Government, the whole Manchurian affair was occasioned solely by a violent and provocative attack launched by the Chinese army on the railway zone. Certain small contingents of Japanese soldiers still remaining at a few points outside that zone are insistently demanded by the danger to which a large population of Japanese in that region are exposed in life and property. The presence of such a limited number of troops is quite incapable of being represented as a means of dictating to China Japan's terms for the settlement of the present difficulties. Nothing is farther from the thoughts of Japan than to bring armed pressure to bear upon China in the course of these negotiations.

3. The Japanese Government have on various occasions given expression to their firm determination to suffer no abridgement or diminution of the rights and interests of Japan which are vital to her national existence and which are woven into the complex fabric of her political and economic relations with China. Unfortunately, the so-called "recovery of rights" movements in China have recently attained extravagant developments, while feelings antagonistic to

Japan have been openly encouraged in textbooks used at various schools in China and have become deeply seated in the Chinese mind. In defiance of treaties and regardless of all history, vigorous agitation has been carried on in China with the object of undermining rights and interests of Japan, even the most vital. As things stand at present, the complete withdrawal of Japanese troops to the South Manchuria Railway zone under the mere assurance of the Chinese Government would create an intolerable situation exposing Japanese subjects to the gravest dangers. The risk of such dangers is clearly evidenced by past experience and by conditions which actually obtain in China.

4. The Japanese Government are persuaded that in the present situation the safety of Japanese subjects in Manchuria can hardly be ensured without provision being made to remove national antipathies and suspicions existing in the mutual relations of the two powers. With this end in view they have already expressed in the note of the Minister for Foreign Affairs of October 9th to the Chinese Minister at Tokyo their readiness to enter into negotiations with the Chinese Government on certain basic principles that should regulate normal interrelationship between the two countries. That note was communicated at the same time to the Council of the League. Convinced that this method of procedure is alone calculated to open out a way to save the situation, the Japanese Government have consistently held to their proposals in that sense throughout the recent discussions at the Council of the League. The basic principles which they have had in mind relate to:

- (1) mutual repudiation of aggressive policy and conduct,
- (2) respect for China's territorial integrity,
- (3) complete suppression of all organized movements interfering with freedom of trade and stirring up international hatred,
- (4) effective protection throughout Manchuria of all peaceful pursuits undertaken by Japanese subjects,
- (5) respect for treaty rights of Japan in Manchuria.

The Japanese Government believe that all these points, being in entire accord with the aims and aspirations of the League of Nations and embodying the natural basis upon which peace in the Far

East must depend, will commend themselves to the approval of public opinion of the world. The refusal by the Japanese representative to lay these points on the table of the Council was due to the consideration that they should in their nature properly form the subject of negotiations between the parties directly involved.

5. With the future welfare of both nations in mind the Japanese Government feel that the urgent need at the present moment is to arrive at a solution of the problem by coöperation of the two countries and thus seek a path of common happiness and prosperity. Their willingness remains unaltered and unabated to open negotiations with the Chinese Government on the subject of the basic principles above formulated relating to normal relations between Japan and China and on the subject of the withdrawal of Japanese troops to the South Manchuria Railway zone.

---

NO. 9

*League Council's Resolution on Manchuria Creating an International Commission of Inquiry. Paris, December 9, 1931*

The Council first reaffirms the resolution passed unanimously by it September 30 whereby the two parties declare they are solemnly bound.

It therefore calls upon the Chinese and Japanese governments to take all steps necessary to assure its execution so that the withdrawal of Japanese troops within the railway zone may be effected as speedily as possible under conditions set forth in said resolution.

Considering that events have assumed an even more serious aspect since the Council meeting of October 24, the Council notes that *the two parties* undertake to adopt all measures necessary to *avoid any further aggravation* of the situation and to refrain from any initiative which may lead to further fighting and loss of life.

The Council invites the two parties to continue to keep it informed as to the development of the situation. It invites other members of the Council to furnish any information from their representatives on the spot.

Without prejudice to the carrying out of the above-mentioned

measures and desiring in view of the *special circumstances* of the case to contribute toward a final and fundamental solution by the two governments of the questions at issue between them, the Council decides to appoint a commission of five members to study on the spot and to report to the Council on any *circumstance* which, *affecting international relations, threatens to disturb peace between China and Japan or the good understanding between them on which peace depends.*

The governments of China and Japan each will have the right to nominate one assessor to assist the commission. The two governments will accord the commission all the facilities to obtain on the spot whatever information it may require.

It is understood that should the two parties initiate any negotiations these would not fall within the scope of terms of reference of the commission, nor would it be within the competence of the commission to interfere with the military arrangements of either party.

The appointment and deliberations of the commission shall not prejudice in any way the undertakings given by the Japanese Government in the resolution of September 30 as regards the withdrawal of Japanese troops within the railway zone.

Between now and its next ordinary session, which will be held on January 25, 1932, the Council, which remains charged with the matter, invites its president to follow up the question and submit it afresh if necessary.

---

NO. 10

*Secretary Stimson's Memorandum to Foreign Minister Baron  
Shidehara, December 24, 1931*

News dispatches and reports from a variety of official sources, are to the effect that responsible Japanese authorities are seriously contemplating action in connection with the continued presence of the regular Chinese military forces at and south of Chinchow in Manchuria, measures which, if followed through to their logical conclusion, would in all probability lead to renewal of armed hostilities. In the presence of these reports, I feel called upon, as a part of

friendship, again frankly to convey to the Japanese Government expression of my apprehension.

On the basis of reports made by military observers of several nationalities on the spot, including our regular American military attachés, I find no repeat no evidence that the Chinese have engaged in or are preparing for any offensive military movement.

My position with regard to this matter has been made known to the Japanese Government both through the Japanese ambassador in Washington and through the American ambassador in Tokyo. The position of the council of the league with regard to the whole question of further hostilities in Manchuria, along with other matters, is definitely recorded in the resolution of the council of December 10, which resolution was approved by all members of the council, including the Chinese and Japanese representatives. The position of the American Government has been indicated by its express approval of the substance and the letter of that resolution. This approval was definitely recorded in my public statement of December 10. In that statement, after outlining and commenting upon the provisions of the resolution, including provisions for cessation of hostilities, I said:

The future efficacy of the resolution depends upon the good faith with which the pledge against renewed hostilities is carried out by both parties and the spirit in which its provisions directed toward an ultimate solution are availed of.

*Foreign Minister Baron Shidehara's Reply to the Above,  
December 24, 1931*

The Imperial Government deeply appreciates the friendly concern the American Government has always had with regard to the present incident and at the same time has paid careful attention to the argument expressed in the statement of the Secretary of State on December 10.

According to the memorandum of the Secretary of State, judging from reports made by military officers in Manchuria, of America and three other countries, there is no evidence of any preparations on the part of the Chinese for attack. The Chinchow military authorities are keeping great military forces in general at Tahushan west of the

Peiping-Mukden line and that vicinity, and are not only steadily making military preparations by despatching advance forces to different places along the right bank of the Liao River but are using mounted bandits and other insubordinate elements and are systematically disturbing peace, as is clearly known in the attached statement of the Imperial Government of December 27.

On December 10, when the council adopted a resolution, the Japanese delegate made a definite reservation that the Imperial Army will be obliged to start military operations against bandits and other insubordinate elements for the purpose of restoring peace and order. In the fear that in starting the above military operations on a large scale a collision will occur with the above-mentioned Chinese, complete subjugation has been refrained from for a time. Toward the close of November a proposal regarding the question of withdrawal from the vicinity of Chinchow being advanced by the Chinese side, conversations between Japan and China were conducted for about one month, but on account of insincerity on China's part the above-mentioned withdrawal has not been realized up to the present. Meanwhile the activities of groups of bandits instigated and employed by the Chinchow military authorities became so serious that there was finally created a situation that is feared might bring about a fundamental bankruptcy of general peace and order in south Manchuria. Thereupon the Imperial Army was recently obliged to move out simultaneously and begin the subjugation of bandit bands on a comparatively large scale. The fact that the Imperial Army did not take initiatory measures such as attack on the Chinese Army willingly in defiance of the resolutions adopted by the council on September 30 and December 10 is minutely mentioned in the statement of the Imperial Government above referred to.

The Imperial Government is determined to remain loyal to the League of Nations covenant, the no war treaty, other various treaties and the two resolutions adopted by the council regarding the present incident. In spite of the fact that the Japanese people are greatly irritated over the systematic disturbance of peace by the Chinchow military authorities, the Japanese Army restricted the freedom of subjugation of bandits for a period of one month. In the meanwhile the government has endeavored by resorting to all possible diplomatic measures to prevent beforehand a collision between the Japanese and



Chinese armies that is likely to occur when subjugation is carried out. The Imperial Government trusts that the American Government will surely understand that this sincerity and forbearance are in accord with the spirit of faithfulness to obligations based on the above-mentioned treaties and the resolutions adopted by the council.

---

## NO. 11

*Statement by the Japanese Government on the Chinchow Situation,  
December 27, 1931*

1. The maintenance of peace and order in Manchuria is a matter to which the Government of Japan have always attached the utmost importance. They have on various occasions taken every lawful step in order to secure it and prevent Manchuria from becoming a battlefield of militarists. Only if peace and order prevail can the country be safe either for Chinese or for foreigners. In the absence of peace and order it is futile to speak of the open door or of equal opportunity for economic activities of all nations. But the events of September last have, in spite of her wishes, created a new responsibility and a wider sphere of action for Japan. Attacked by Chinese violence her acts of necessary self-protection resulted, to her considerable embarrassment, in her having to assume the duty of maintaining public order and private rights throughout a wide area. The local authorities might have been expected to coöperate in upholding law and order. But in fact they almost unanimously fled or resigned. It was Japan's clear duty to render her steps of self-defense as little disturbing as possible to the peaceable inhabitants of the region. It would have been a breach of that duty to have left the population a prey to anarchy—deprived of all the apparatus of civilized life. Therefore the Japanese military have at a considerable sacrifice expended much time and energy in securing the safety of persons and property in the districts where native authorities had become ineffective. This is a responsibility which was thrust upon them by events and one which they had as little desire to assume as to evade.

2. But, further than that, not only did the existing machinery of justice and civilized existence break down, but criminal activities of

bandits who infest the country were naturally stimulated. The prestige and efficiency of Japanese troops were for some time sufficient to keep them in check and to maintain order wherever they were stationed. Since the beginning of November, however, a sudden increase in the activities of bandits has been noted in the vicinity of the South Manchuria Railway Zone and especially to the west of the main line—and it has been established by examination of arrested individuals, by documents which have been seized, and from sources of information that their depredations are being carried on through systematic intrigues of the Chinchow military authorities.

Reports have indeed been made by certain of the foreign military observers suggesting that they found no evidence of any preparations being made by Chinese for attack. But as a matter of fact, the military authorities of Chinchow are maintaining large forces at various points west of Takushan on the Peiping Mukden Railway and in the adjacent territory. Reconnaissances conducted by the Japanese army have not only definitely confirmed the assurance that these forces are engaged in making preparations for war but have also revealed the fact that their outposts are stationed along the line connecting Tienchuantai, Taian, Peichipao, and other points on the right bank of the river Liao well advanced from Chinchow. It will readily be admitted that such a situation in itself constitutes a constant menace to the Japanese contingents dispersed along the South Manchuria Railway and elsewhere but the danger is even greater than it seemed at first sight, if the further fact is taken into consideration that the Peiping Mukden Railway places the cities of Mukden, Yin-kao, and Hopei within the short journey of three or four hours from Takushan and Kuopantsu (which are the bases of the Chinese forces).

The bandit forces (which include a large number of officers and men discharged from the Chinese army) are daily gaining strength. For instance, a number of bandits of the western flank of the main line of the South Manchuria Railway was estimated in early November at 1,300 whereas investigations conducted in early December revealed the fact that they then numbered over 30,000. Moreover, they are banded together in large groups comprising several hundreds, or even thousands, each equipped with machine guns and trench mortars; so that they can no longer be distinguished from the

regular troops. This points unmistakably to the existence of a state of things in which so-called bandits are diverted and provided with arms by the Chinchow military authorities. According to statistics compiled by the Japanese Consulate General at Mukden, cases of bandit raids in the vicinity of the railway zone number 278 during the first ten days of November, 341 during the second ten days, 238 during the final ten days of the month, and 472 during the first ten days of December, thus reaching the astounding total of 1,529 in forty days. It is the usual strategy of these bandit troops when attacked by our men to fly westward or to take refuge on the right bank of the river Liao; where our army anxious to avoid any collision with Chinese regulars has made it a point to refrain from further pursuit.

3. On the 24th of November the Foreign Minister of China made an intimation to the ministers at Nanking of the principal powers to the effect that the Chinese Government, in order to avoid any collision between the Chinese and Japanese forces, were prepared to withdraw their troops to points within the Great Wall. Upon a proposal to that effect being officially made on the 26th, this government signified their readiness to accept it in principle at the same time instructing the Japanese Minister at Shanghai and the legation at Peiping to open conversations on the matter with the Chinese Foreign Minister and with Marshal Chang Hsueh-liang respectively.

The Japanese Minister in China had several conferences accordingly with the Chinese Foreign Minister between the 30th of November and the 3rd of December. In the midst of these conversations, the latter withdrew overture and declined further negotiation. Marshal Chang Hsueh-liang, with whom our representative at Peiping carried on negotiations on the 4th of December onwards either directly or through the marshal's subordinates, expressed his willingness to call in his Chinchow forces as a spontaneous move of withdrawal; and he has since given repeated assurances as to the speedy execution of his promise. In point of fact, however, there is no sign of any such withdrawal. On the contrary the defenses of Chinchow have since been strengthened.

4. Accordingly, at the present moment, now almost a month subsequent to the initiation of these negotiations for the withdrawal of the Chinchow troops, there appears no prospect of obtaining any

tangible result owing entirely to want of good faith on the Chinese side. At the same time the increased activity above described on the part of marauding bands threatens to bring about the complete destruction of all peace and security throughout the whole extent of South Manchuria. In these circumstances, the Japanese forces have now begun a general movement with a view to campaigning against the bandits on a more extensive scale than hitherto. It is obvious from what has been said above that the Japanese army if it is to achieve anything like adequate success will have to advance to points west of the river Liao where the bandits have their base. Certainly the Japanese forces in deference to resolutions of the League Council adopted the 30th of September and the 10th of December are not in the field against regular Chinese forces; but in the present abnormal conditions prevailing in Manchuria, necessities of the case compel them to continue their operations against lawless elements. This is a point on which the representative of Japan at the recent session of the Council of the League held on the 10th of December made definite declaration. So long as Chinchow military authorities while simulating an unaggressive attitude continue to instigate and manipulate movements of bandit organizations against the Japanese army as well as Japanese and other peaceable inhabitants and so long as officers and men of the Chinchow army mingle in large numbers with these bandit groups and so render it impossible to distinguish the latter from regular troops, so long must the responsibility for the consequences of any action which may be entailed upon the Japanese army in self defence rest entirely with the Chinese.

5. During the course of the past month, in spite of the indignation aroused throughout the country by the behaviour of the Chinchow military authorities and in accordance with the constant desire of the Japanese Government to abide scrupulously by the resolutions of the League Council, operations of the army against the bandits have been restrained within comparatively narrow limits and the government have done everything in their power to devise means for forestalling collision between the forces of the two countries in the course of an eventual anti-bandit campaign. The Japanese government are confident that their prolonged forbearance and their desire strictly to adhere to stipulations of international engagements will not fail to command recognition by the public opinion of the world.

## NO. 12

*Secretary Stimson's Identic Note to Japan and China after the Fall of Chinchow, Dated January 7, 1932*

With the recent military operations about Chinchow, the last remaining administrative authority of the government of the Chinese Republic in South Manchuria, as it existed prior to September 18, 1931, has been destroyed. The American Government continues confident that the work of the neutral commission recently authorized by the Council of the League of Nations will facilitate an ultimate solution of the difficulties now existing between China and Japan.

But in view of the present situation and of its own rights and obligations therein, the American Government deems it to be its duty to notify both the Imperial Japanese Government and the government of the Chinese Republic.

That it cannot admit the legality of any situation de facto, nor does it intend to recognize any treaty or agreement entered into between those governments, or agents thereof, which may impair the treaty rights of the United States or its citizens in China, including those which relate to the sovereignty, the independence or the territorial and administrative integrity of the Republic of China, or to the international policy relative to China, commonly known as the open door policy;

And that it does not intend to recognize any situation, treaty or agreement which may be brought about by means contrary to the covenants and obligations of the Pact of Paris of August 27, 1928, to which treaty both China and Japan, as well as the United States, are parties.

*Japan's Reply to the Above, January 16, 1932*

I have the honor to acknowledge the receipt of your excellency's note dated the 8th January, which has had the most careful attention of this government.

The government of Japan was well aware that the government of the United States could always be relied on to do everything in their power to support Japan's efforts to secure the full and complete

fulfillment in every detail of the treaties of Washington and the Kellogg treaty for the outlawry of war. They are glad to receive this additional assurance of the fact.

As regards the question which your excellency specifically mentions of the policy of the so-called open door, the Japanese Government, as has so often been stated, regard that policy as a cardinal feature of the politics of the Far East, and only regrets that its effectiveness is so seriously diminished by the unsettled conditions which prevail throughout China. In so far as they can secure it, the policy of the open door will always be maintained in Manchuria, as in China proper.

They take note of the statement by the government of the United States that the latter can not admit the legality of matters which might impair the treaty rights of the United States or its citizens or which might be brought about by means contrary to the treaty of August 27, 1928. It might be the subject of an academic doubt, whether in a given case the impropriety of means necessarily and always avoids the ends secured, but as Japan has no intention of adopting improper means, that question does not practically arise.

It may be added that the treaties which relate to China must necessarily be applied with due regard to the state of affairs from time to time prevailing in that country, and that the present unsettled and distracted state of China is not what was in the contemplation of the high contracting parties at the time of the treaty of Washington. It was certainly not satisfactory then; but it did not display that disunion and those antagonisms which it does to-day. This can not affect the binding character of the stipulations of treaties; but it may in material respects modify their application, since they must necessarily be applied with reference to the state of facts as they exist.

My government desires further to point out that any replacement which has occurred in the personnel of the administration of Manchuria has been the necessary act of the local population. Even in cases of hostile occupation—which this was not—it is customary for the local officials to remain in the exercise of their functions. In the present case they for the most part fled or resigned; it was their own behavior which was calculated to destroy the working of the apparatus of government. The Japanese Government can not think that the Chinese people, unlike all others, are destitute of the power of

self-determination and of organizing themselves in order to secure civilized conditions when deserted by the existing officials.

While it need not be repeated that Japan entertains in Manchuria no territorial aims or ambitions, yet, as your excellency knows, the welfare and safety of Manchuria and its accessibility for general trade are matters of the deepest interest and of quite extraordinary importance to the Japanese people. That the American Government are always alive to the exigencies of Far Eastern questions has already been made evident on more than one occasion. At the present juncture, when the very existence of our national policy is involved, it is agreeable to be assured that the American Government are devoting in a friendly spirit such sedulous care to the correct appreciation of the situation.

I shall be obliged if your excellency will transmit this communication to your government, and I avail myself, and so forth.

---

NO. 13

*League Council's Note to Japan on the Shanghai Situation,  
February 16, 1932*

(1) The president of the Council on behalf of his colleagues pointed out in an appeal addressed on January 29 to both parties that "good relations between states could only be secured by coöperation and mutual respect and that no permanent solution could be achieved by force whether military or merely economic and that the longer the present situation continued the wider the breach between the two peoples would become and the more difficult the solution would be with all the disasters that would mean not only to the two nations directly involved but to the world in general."

(2) The 12 members of the Council, other than the Chinese and Japanese representatives, feel constrained to-day to make a personal appeal to the government of Japan to recognize the very special responsibility for forbearance and restraint which devolves upon it in the present conflict in virtue of the position of Japan as a member of the League of Nations and a permanent member of its Council.

(3) The situation which has developed in the Far East during the

past months will be fully studied by the commission appointed with the consent of both parties. But since the commission was set up there have occurred and are still occurring events in the region of Shanghai which have intensified public anxiety throughout the world, which endanger the lives and interests of the nationals of numerous countries, add to the unexampled difficulties with which the world is faced during the present crisis and threaten to throw new and serious obstacles in the path of the Disarmament Conference.

(4) The 12 members of the Council are far from disregarding the grievances advanced by Japan and throughout all these months have given her the full confidence which they owe to an associate of long standing who had ever been punctilious in the fulfillment of all her obligations and duties as a member of the community of nations. They cannot but regret, however, that she has not found it possible to make full use of the methods of peaceful settlement provided in the covenant, and recall once again that the solemn undertaking of the pact of Paris to achieve solution of international disputes shall never be sought by other than peaceful means. The 12 members of the Council cannot but recognize that from the beginning of the conflict which is taking place on her territory China has her case in the hands of the League and agreed to accept its proposals for a peaceful settlement.

(5) The 12 members of the Council recall the terms of Article 10 of the covenant by which all members of the League have undertaken to respect and preserve the territorial integrity and existing political independence of other members. It is their friendly right to direct attention to this provision, particularly as it appears to them to follow that no infringement of the territorial integrity and no change in the political independence of any member of the League brought about in disregard of this article ought to be recognized as valid and effectual by the members of the League of Nations.

(6) Japan has an incalculable responsibility before the public opinion of the world to be just and restrained in her relations with China. She has already acknowledged this responsibility in most solemn terms by becoming one of the signatures of the nine-power treaty of 1922 whereby the contracting powers expressly agreed to respect the sovereignty, the independence and the territorial and administrative integrity of China. The 12 members of the Council



appeal to Japan's high sense of honor to recognize the obligations of her special position and of the confidence which the nations have placed in her as a partner in the organization and maintenance of peace.

---

## NO. 14

*Japanese Foreign Minister, Kenkichi Yoshizawa's Reply to the President of the Council of the League Joseph Paul Boncour, February 23, 1932*

Excellency:

I have the honor to acknowledge your note of the 16th February, 1932, addressed to the Ambassador of Japan at Brussels, the representative of Japan on the Council of the League of Nations, covering the communication from twelve members of the Council of the League.

I must, in the first place, express my thanks to you for your courtesy in becoming the intermediary of this communication which has had, as I need not say, my earnest and immediate attention. I would ask you to express to your colleagues who collaborated in its composition my very real and sincere appreciation of the extremely courteous and sympathetic terms in which it is couched: the terms of which are flattering to the legitimate pride taken by the Japanese people in the record of their country as a devoted friend of peace.

One can not read their statement without being profoundly impressed by their keen realization of the perils and difficulties of the situation and by the generous anxiety which is apparent on their part to leave no avenue unexplored by which the unhappy state of affairs now unfortunately prevailing in the neighborhood of Shanghai might be remedied.

I cannot but feel, however, that they have addressed their moving appeal to a quarter, where it is not necessary. They are "forcing the open door." It lies in the hands of the Chinese leaders to bring about a discontinuance of the armed conflicts which Japan would never have begun, and which she intensely deploras and dislikes.

Your Excellency will find the enclosed statement by my government in which their views are set forward in detail, and which I

shall be obliged if you will be good enough to lay before those members of the League who participated in the statement transmitted by you as above. I trust, however, that I may be allowed without being misunderstood to deprecate the growth of the practice of substituting for discussions by the Council of the League, discussions by a select committee of whatever composition. This appears to be in accordance neither with the spirit nor the letter of the covenant, which implies that the discussions arising out of every case submitted to the council will be conducted in the presence of all the members—whatever weight may be attached to their respective votes in the result. Whilst conscious that the powers are actuated by the best of motives, and that they are hampered by very considerable difficulties, my government cannot but decline to recognize that these regular and repeated *ex parte* discussions are really compatible with the procedure of the League. The public naturally confuse them with the proceedings of the Council, with most unfortunate results.

As a matter of courtesy, however, I have willingly responded to the individual desires of your colleagues, by drawing up the statement above referred to for submission through your good offices to each of these powers, whose strenuous efforts in the cause of humanity and peace I desire gratefully to acknowledge. Japan is only too anxious to put a stop to the conflict. I have, etc.

#### STATEMENT

1. The Japanese Government cannot understand why the appeal of the twelve Powers should be addressed to Japan—as though she were able, by the exercise of some unspecified act of forbearance, immediately to bring about a cessation of the alarming situation at Shanghai. It is to the Chinese, as the attacking party, to whom the appeal might be effectively made. At the very least it is impossible to see why it should be made to Japan alone. It does not appear to be suggested that Japan was wrong in resisting the attack made on her marines. And unless that is assumed, why is she called upon to discontinue that resistance?

2. If the note had any positive suggestion to offer, such as the establishment of a "safety-zone" adjoining Shanghai, with a view to effective separation of the Chinese from the Japanese forces, or indeed

any other guarantee for cessation of conflict, the appeal would be intelligible. But no such suggestion is made. The Japanese forces are expected to lay down their arms, or to withdraw to Japan and to allow the Chinese troops to occupy the International Settlement—for that would be the inevitable result. If it is said that the Chinese would be afraid to put themselves thus definitely in the wrong, the answer is that they already have done so twice; moreover, the storm of Shanghai could always be attributed to irresponsible soldiery.

3. Strong exception must be taken to the assumption that China is willing to resort only to peaceful measures for the solution of the dispute, while Japan is not so disposed. China may undoubtedly formally declare her willingness to take none but peaceful measures; but deeds speak louder than words. There is no possible reason why the aggressive measures of China should be condoned because of her pacific declarations, while defensive measures of Japan are branded as hostile. While Japan is daily sustaining losses of life and treasure through Chinese military attacks it is distinctly surprising to be told that China is willing to settle all disputes by peaceful means!

The Japanese Government do not understand the observation that "Japan has not found it possible to have recourse unreservedly to methods of pacific settlement provided for in the covenant of the League of Nations." Japan has participated unreservedly in the process of settlement provided in the covenant; it surely cannot be supposed that these methods exclude interim measures of self-defence which are interdicted by no resolution of the League? Or that these methods compel her to accept a departure from their own express provisions, in the shape of a majority decision? It is a universally accepted axiom that all treaties of pacific settlement leave unimpaired the right of legitimate self-defence! The gravamen of the regret appears rather to be that Japan has not unreservedly put herself in the hands of her colleagues: and this, with great respect, she was legally and morally entitled to decline to do. Legally because she was under no promise to do otherwise. Morally because although reposing the greatest confidence in their judgment and good will she believes that she is naturally and necessarily in a far better position to appreciate the facts than any distant power can possibly be.

4. The appeal invokes Article 10 of the Covenant of the League of Nations. The measures of Japan strictly defensive do not infringe

the provisions of that article. That they do not do so is illustrated by the fact that neither when strong reinforcements were despatched by other powers five years ago to defend Shanghai, nor when American and British forces bombarded Nanking, nor on various other occasions which will readily be recalled, was any question raised by any power concerning this provision of the covenant. It is a very proper provision: but it does not exclude self-defence nor does it make China a "chartered libertine," free to attack other countries without their having any right to repel the attack.

5. As Japan does not, any more than was contemplated on those occasions, contemplate any attack on the territorial integrity or the independence of a member of the League of Nations, it is superfluous to say that the bearing of the observation that attacks of such a character made in defiance of Article 10 of the Covenant cannot be recognized as valid and effective, is totally obscure to the Japanese Government. They take this occasion of once more firmly and emphatically declaring that Japan entertains no territorial or political ambitions whatsoever in China.

6. The Japanese Government are also unable to suppose that the duty of justice and moderation towards China is one which flows from the "Nine Power" Treaty of Washington. The duty of justice and moderation towards all powers is entirely independent of the treaty and it is most willingly and gladly accepted by Japan who is equally appreciative of the justice and moderation shown to herself by others. Japan is fully prepared to stand by all her obligations under the "Nine Power" Treaty but it is conceived that it would be inconvenient and improper to enter upon a discussion of its terms with powers other than those who are parties to that engagement and in the absence of some who are parties.

7. Finally it must be emphasized that the Japanese Government do not and cannot consider that China is an "organized people" within the meaning of the League of Nations covenant. China has, it is true, been treated in the past by common consent as if the expression connoted an organized people. But fictions cannot last forever nor can they be tolerated when they become grave sources of practical danger. The time has inevitably come when realities, rather than fictions, must be reckoned with. The general desire to see China happy, prosperous and united, has led the world to treat her as

united in a way in which in sober fact she was not. Its population is not organized except in patches. If Japan had no interests there it might be possible to go on indefinitely respecting the fiction that the region is occupied by an "organized people." Japan, however, has enormous interests there. It is impossible any longer to treat the chaos in China as if it were order. The authorities which subsist in various parts of China derive their title simply from the fact that they do exercise control within limited areas. But they can have no title to extend their control beyond them. This anomalous state of things cannot but profoundly modify the application to Chinese affairs of the covenant of the League. Instead of a single organized people we have there various rudimentary nuclei of organization. The Japanese Government do not pretend that it is easy to work out the implications and consequences of this situation. It is not easy but it is necessary. We must face the facts; and the fundamental fact is that there is no unified control in China and no authority which is entitled to claim entire control in China.

8. The considerations have now been stated in a short compass which this government desire to adduce in answer to the appeal to them, an appeal of which they keenly feel the generosity and lofty humanity. It has been shown that the powers, in appealing to Japan, are forcing an open door, and that it is the aggressive Chinese forces to whom the appeal should be addressed. It has been suggested that to be really useful and practical the appeal should comprise some specific plan such as the creation of a "safety zone." The charge has been rebutted that Japan is less disposed than China to settle matters by peaceful means. Lastly it has been shown that China cannot be dealt with on any other footing than that of fact and reality; and that the fact is that China does not constitute an "organized people." It remains for the Japanese Government to repeat their deep sense of the high purpose and philanthropic energy which have actuated the powers in taking this unusual step. It is their sincere belief that on reflection those powers will come to coincide with the views now advanced and it is earnestly hoped that they will not relax their utmost efforts to induce the Chinese to refrain from aggressive acts such as those which have precipitated the armed conflicts of the past five months.

Japan altogether repudiates the stigma which is attempted in some

quarters to be attached to her, of favoring and desiring war. Her people yield to none in their detestation of war and its inevitable horrors. If efforts of the twelve powers should succeed in bringing about a pacific attitude on the part of China nowhere will more sincere delight be felt than in Japan.

---

## NO. 15

*Foreign Minister Kenkichi Yoshizawa's Statement Published in America through the Associated Press, February 21, 1932*

It has been suggested that Japan might, whether from pique or policy, withdraw from the League of Nations. This is a silly idea.

Japan has been able through her membership in the council of the League of Nations to put a brake upon precipitate action, which she could have done in no other manner.

The generous enthusiasm of Western observers might, in Japan's absence from the league, have carried them into premature action based on natural but mistaken assumptions.

It would be the height of folly to abandon so favorable a position. Moreover Japan is proud of her participation in the work of the league, in which she has since its first inception taken a prominent part.

Recent events have only strengthened her respect for the wisdom with which the covenant of the league was framed, preventing as it does the league or its council from being identified with the majority of its council members, a mistake too often made by the ignorant.

Much less is it possible that this country should repudiate the Briand-Kellogg treaty for the outlawry of war. Had this treaty been duly observed there would have been no attack on the Southern Manchurian Railway, nor on Japanese patrols at Shanghai.

It would be equally impossible and undesirable to repudiate the Washington Nine Power Treaty which is a great beacon standing alone in the mazes of Chinese international relations.

We can not pretend, however, that this succinct treaty furnishes anything like a complete guide to international dealings with China, had China since the fall of the Manchu dynasty, ever presented a

coherent, responsible front to the world, things might have been different.

But in the present distracted state of that country, ravaged as it is by the rival ambitions of contending militarists, the scheme of the Nine Power Treaty has become inadequate. It contemplated some sort of cosmos where there never has really been anything but chaos.

Therefore, while Japan is fully determined to live up to the provisions of the treaty as far as they go, she feels they do not go very far. Would a new treaty, the product of a new conference like that of Washington, prove any more complete? We can not help feeling in the kaleidoscopic state of affairs in China, that it might produce more harm than good and endeavor to lay down in conference fixed lines of conduct and detailed provisions for application in that continually changing scene.

It is the settled policy of Japan to deal with each case as it arises by the simple method of direct negotiations with China.

When the interests of other countries are involved, Japan heartily welcomes their close coöperation. But it is feared that any attempt to frame rules for the multifarious and confusing affairs in China would be an undertaking whose magnitude would be out of proportion to its effective results.

For the same reason I do not think there would be much advantage in further definition of the terms employed in the Nine Power Treaty. The existing terms seemed adequate when the treaty was framed and terms seeming adequate to-day may be wholly inappropriate six months hence. What is wanted rather is a frank recognition of the facts.

The defect in the Washington treaty, it seems to me, is that it envisaged China not as it was but as the powers thought it ought to be. This has deprived that instrument of much of its value, to face the facts is the first requisite of statesmanship.

An entirely unjustified uneasiness appears to exist in some quarters concerning whether Japan may occupy permanently portions of Chinese territory south of the great wall. It would be most repugnant to Japan to undertake commitments of such a kind involving her in responsibilities altogether unnecessary and inconvenient. Japan has not the slightest of intention of stultifying herself by such a step.

Neither north nor south of the great wall does Japan desire to embark on occupation of territory beyond what she already has on lease.

The troops at present in Shanghai will be kept there precisely so long and in such numbers as they are necessary to direct the protection of Japanese interests there, just as American, British, French, and Italian troops are there for the protection of their own people and property.

The question has been raised whether Japan might not be led to abandon her friendship for America and Great Britain, which heretofore has been such a conspicuous feature of her foreign policy. It should be obvious that the vast interests of America and Britain in the Pacific, as well as long-standing cultural and economic ties binding Japan to those countries, must continue to operate in the future as they have in the past. Not only sentiment but necessity will lead Japan to maintain the friendliest relations and coöperation with these great powers.

The presence of Japanese forces outside the railway zone in Manchuria appears to have caused uneasy apprehensions that it may be prolonged into virtual annexation. This is a complete mistake.

Japan desires no continental commitments. She recognizes fully and absolutely the principles of the open door and equal opportunity throughout Manchuria as well as in China proper. Nor has Japan the slightest territorial ambition there. She only desires peace and security with participation in the field equally with other nations for her commercial industry. Without civil peace there can be no open door.

As for the government of Manchuria, that is a matter for Manchurians, and it rests with the future to say what their decision will be.

Some profess alarm at the prospect of trouble between Japan and the Soviet government and are exercised concerning possible action of Japan regarding the Chinese Eastern Railway and other railways in which foreign countries are interested. Japan has no concern with railways not her own except in so far as the Nine Power Treaty guaranteed her their use on equal terms. Since Japan is determined to respect the rights and the interests of the Soviet Union as of all foreign countries, there is no reason to suppose that the Soviet Union will depart from the lines of its statements hitherto followed—lines



dictated by cool judgment and the tried and tested principle of non-intervention.

I regret profoundly, as must every thinking Japanese, the loss of life and destructive havoc of the past five months. Unfortunately, as long as China remains the happy hunting ground of selfish predatory war-lords, this danger will remain.

Japan sympathizes warmly with innocent Chinese people and with the praiseworthy efforts of the Chinese to attain equality in all respects with the most advanced nations. But first they must achieve domestic peace. Until that has been accomplished other nations will from time to time be faced with the stern necessity of defending themselves against militaristic violence in the only way that such defense is possible.

---

NO. 16

*Secretary Stimson's Letter to Senator Borah Defining America's Attitude toward the Sino-Japanese Situation, February 24, 1932*

My Dear Senator Borah:

You have asked my opinion whether, as has been sometimes recently suggested, present conditions in China have in any way indicated that the so-called Nine Power Treaty has become inapplicable or ineffective or rightly in need of modification, and, if so, what I considered should be the policy of this government.

This treaty, as you, of course, know, forms the legal basis upon which now rests the "open door" policy toward China. That policy, enunciated by John Hay in 1899, brought to an end the struggle among various powers for so-called spheres of interest in China which was threatening the dismemberment of that empire.

To accomplish this Mr. Hay invoked two principles:

- (1) Equality of commercial opportunity among all nations in dealing with China, and
- (2) As necessary to that equality the preservation of China's territorial and administrative integrity.

These principles were not new in the foreign policy of America. They had been the principles upon which it rested in its dealings with other nations for many years. In the case of China they were invoked to save a situation which not only threatened the future development and sovereignty of that great Asiatic people, but also threatened to create dangerous and constantly increasing rivalries between the other nations of the world.

War had already taken place between Japan and China. At the close of that war three other nations intervened to prevent Japan from obtaining some of the results of that war claimed by her. Other nations sought and had obtained spheres of interest.

Partly as a result of these actions a serious uprising had broken out in China which endangered the legations of all of the powers at Peking. While the attack on those legations was in progress Mr. Hay made an announcement in respect to this policy as the principle upon which the powers should act in the settlement of the rebellion. He said:

“The policy of the government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire.”

He was successful in obtaining the assent of the other powers to the policy thus announced.

In taking these steps Mr. Hay acted with the cordial support of the British Government. In responding to Mr. Hay's announcement, above set forth, Lord Salisbury, the British Prime Minister expressed himself “most emphatically as concurring in the policy of the United States.”

For twenty years thereafter the open door policy rested upon the informal commitments thus made by the various powers. But in the winter of 1921 to 1922, at a conference participated in by all of the principal powers which had interests in the Pacific, the policy was crystallized into the so-called Nine Power Treaty, which gave definition and precision to the principles upon which the policy rested.

In the first article of that treaty, the contracting powers, other than China, agreed:

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

2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government.

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China.

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states.

This treaty thus represents a carefully developed and matured international policy intended, on the one hand, to assure to all of the contracting parties their rights and interests in and with regard to China, and on the other hand, to assure to the people of China the fullest opportunity to develop without molestation their sovereignty and independence according to the modern and enlightened standards believed to maintain among the peoples of this earth.

At the time this treaty was signed it was known that China was engaged in an attempt to develop the free institutions of a self-governing republic after her recent revolution from an autocratic form of government; that she would require many years of both economic and political effort to that end, and that her progress would necessarily be slow.

The treaty was thus a covenant of self-denial among the signatory powers in deliberate renunciation of any policy of aggression which might tend to interfere with that development. It was believed—and the whole history of that development of the “open door” policy reveals that faith—that only by such a process, under the protection of such an agreement, could the fullest interests not only of China but of all nations which have intercourse with her best be served.

In its report to the President announcing this treaty the Amer-

ican delegation, headed by the then Secretary of State, Mr. Charles E. Hughes, said:

“It is believed that through this treaty the ‘open door’ in China has at last been made a fact.”

During the course of the discussions which resulted in the treaty the chairman of the British delegation, Lord Balfour, had stated that:

“The British Empire delegation understood that there was no representative of any power around the table who thought that the old practice of ‘spheres of interest’ was either advocated by any government or would be tolerable to this conference. So far as the British Government were concerned, they had, in the most formal manner, publicly announced that they regarded this practice as utterly inappropriate to the existing situation.”

At the same time, the representative of Japan, Baron Shidehara, announced the position of his government as follows:

“No one denies to China her sacred right to govern herself. No one stands in the way of China to work out her own great national destiny.”

The treaty was originally executed by the United States, Belgium, the British Empire, China, France, Italy, Japan, The Netherlands, and Portugal. Subsequently it was also executed by Norway, Bolivia, Sweden, Denmark, and Mexico. Germany has signed it, but her Parliament has not yet ratified it.

It must be remembered also that this treaty was one of the several treaties and agreements entered into at the Washington conference by the various powers concerned, all of which were inter-related and interdependent.

No one of these treaties can be disregarded without disturbing the general understanding and equilibrium which were intended to be accomplished and effected by the group of agreements arrived at in their entirety.

The Washington conference was essentially a disarmament conference, aimed to promote the possibility of peace in the world, not only through the cessation of competition in naval armament, but

also by the solution of various other disturbing problems which threatened the peace of the world, particularly in the Far East. These problems were all interrelated.

The willingness of the American Government to surrender its then commanding lead in battleship construction and to leave its positions at Guam and in the Philippines without further fortification was predicated upon, among other things, the self-denying covenants contained in the Nine Power Treaty, which assured the nations of the world not only of equal opportunity for their Eastern trade, but also against the military aggrandizement of any other power at the expense of China.

One cannot discuss the possibility of modifying or abrogating those provisions of the Nine Power Treaty without considering at the same time the other promises upon which they were really dependent.

Six years later the policy of self-denial against aggression by a stronger against a weaker power, upon which the Nine Power Treaty had been based, received a powerful reinforcement by the execution by substantially all the nations of the world of the Pact of Paris, the so-called Kellogg-Briand pact.

These two treaties represent independent but harmonious steps taken for the purpose of aligning the conscience and public opinion of the world in favor of a system of orderly development by the law of nations, including the settlement of all controversies by methods of justice and peace instead of by arbitrary force.

The program for the protection of China from outside aggression is an essential part of any such development. The signatories and adherents of the Nine Power Treaty rightly felt that the orderly and peaceful development of the 400,000,000 of people inhabiting China was necessary to the peaceful welfare of the entire world, and that no program for the welfare of the world as a whole could afford to neglect the welfare and protection of China.

The recent events which have taken place in China, especially the hostilities, which, having been begun in Manchuria, have latterly been extended to Shanghai, far from indicating the advisability of any modification of the treaties we have been discussing, have tended to bring home the vital importance of the faithful observance of the covenants therein to all of the nations interested in the Far East.

It is not necessary in that connection to inquire into the causes of the controversy or attempt to apportion the blame between the two nations which are unhappily involved; for, regardless of cause or responsibility, it is clear beyond peradventure that a situation has developed which cannot, under any circumstances, be reconciled with the obligations of the covenants of these two treaties, and that if the treaties had been faithfully observed such a situation could not have arisen.

The signatories of the Nine Power Treaty and of the Kellogg-Briand pact who are not parties to that conflict are not likely to see any reason for modifying the terms of those treaties. To them the real value of the faithful performance of the treaties has been brought sharply home by the perils and losses to which their nations have been subjected in Shanghai.

This is the view of this government:

We see no reason for abandoning the enlightened principles which are embodied in these treaties.

We believe that this situation would have been avoided had these covenants been faithfully observed. And no evidence has come to us to indicate that a due compliance with them would have interfered with the adequate protection of the legitimate rights in China of the signatories of those treaties and their nations.

On January 7 last, upon the instruction of the President, this government formally notified Japan and China that it would not recognize any situation, treaty or agreement entered into by those governments in violation of the covenants of these treaties, which affected the rights of our government or its citizens in China.

If a similar decision should be reached and a similar position taken by the other governments of the world, a caveat will be placed upon such action which, we believe, will effectively bar the legality hereafter of any title or right sought to be obtained by pressure or treaty violation, and which, as has been shown by history in the past, will eventually lead to the restoration to China of rights and titles of which she may have been deprived.

In the past our government, as one of the leading powers on the Pacific Ocean, has rested its policy upon an abiding faith in the future of the people of China and upon the ultimate success in

dealing with them of the principles of fair play, patience and mutual good will. We appreciate the immensity of the task which lies before her statesmen in the development of her country and its government.

The delays in her progress, the instability of her attempts to secure a responsible government, were foreseen by Messrs. Hay and Hughes and their contemporaries and were the very obstacles which the policy of the open door was designed to meet.

We concur with those statesmen, representing all the nations in the Washington conference who decided that China was entitled to the time necessary to accomplish her development. We are prepared to make that our policy for the future.





## DATE OF ISSUE

This book must be returned within 3, 7, 14 days of its issue. A fine of ONE ANNA per day will be charged if the book is overdue

---

--

