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Foreign
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1933

Volume III

THE FAR EAST

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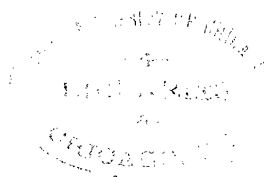
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Nov. 22 (2392)	<i>From the Minister in China</i> Transmittal of a memorandum of conversation between a Legation staff member and the First Secretary of the Japanese Legation concerning cessation of Sino-Japanese negotiations at Peiping, separatist movement in Fukien, and rumored American assistance to China.	468
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Nov. 27	<i>Memorandum by the Minister in China</i> Discussion with Canton leaders on the policy of the United States in regard to Manchuria.	470
Nov. 28	<i>From the Consul General at Canton (tel.)</i> Information that an invitation for Canton to join in Fukien movement was refused on ground that Fukien leaders were cooperating with Communists and Japanese.	473

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Nov. 29	<i>From the Counselor of Legation in China</i> Conversation with H. H. Kung, Minister of Finance, concerning question of probable attitude of Canton, Kwangsi, and Hunan with regard to Foochow independence movement.	474
Dec. 1 (600)	<i>From the Ambassador in Japan</i> Account of the reception in Japan of the news of U. S. recognition of the Soviet Union.	475
Dec. 6	<i>From the Counselor of Legation in China</i> Transmittal of a memorandum of conversation between Wang Ching-wel, President of the Executive Yuan and Acting Foreign Minister, with Maxwell M. Hamilton, an official of the Department of State, concerning political situation in China.	476
Dec. 6 (867)	<i>From the Consul General at Mukden to the Minister in China</i> Transmittal of a copy of a letter from the American Claims Representative reporting final settlement of all American claims arising from Japanese occupation in Manchuria which had been investigated and approved by the Commission for the Liquidation of Claims.	477
Dec. 7 (902)	<i>From the Minister in China (tel.)</i> Information that all Americans at Yenping have reached Foochow; confidential reports obtained from them concerning developments in Nineteenth Route Army-Communist separatist movement; report of existence of anti-foreign feeling.	477
Undated	<i>To the British Embassy</i> Reply to British Embassy's informal and confidential inquiry of December 7 concerning attitude of U. S. Government with regard to League Advisory Committee's recommendations concerning nonrecognition of "Manchoukuo".	478
Dec. 12 (608)	<i>From the Ambassador in Japan</i> Likelihood of Japanese crisis in 1935; possibility of radical action by Japanese Navy at that time.	479
Dec. 14 (610)	<i>From the Ambassador in Japan</i> Soviet Ambassador's view that a Japanese attack against Soviet Russia is more likely in the spring of 1934 than at a later date, and his assertion of complete preparedness to meet any such Japanese offensive.	483
Dec. 16 (870)	<i>From the Consul General at Mukden to the Minister in China</i> Views concerning question of recognizing "Manchoukuo" and related matters.	485

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Dec. 20 (920)	<i>From the Minister in China (tel.)</i> Further developments in Fukien situation.	487
Dec. 29	<i>From the Counselor of Legation in China</i> Chinese belief that Japan seeks to retard the political stabilization of China and to keep China weak, with a view to strengthening Japan's power in the country, as exemplified by the friendly attitude of Japanese military authorities toward Fukien rebel faction.	488
1934 Jan. 5 (11)	<i>From the Minister in China (tel.)</i> List of outstanding events and estimate of general situation in China for the past year.	491

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PROPOSED INTERNATIONAL COLLABORATION FOR THE ECONOMIC RECONSTRUCTION OF CHINA

1933 Mar. 30 (294)	<i>From the Minister in China (tel.)</i> Information from French Minister that T. V. Soong, Chinese Finance Minister, had requested the League of Nations to assign Ludwig W. Rajchman (Polish Director, Health Section, League of Nations) to study conditions in China with a view to international cooperation for the economic reconstruction of China.	494
July 14	<i>Memorandum by the Secretary of State</i> Conversation with the Chinese Ambassador to the Soviet Union, who discussed plans for the economic development of China and transmitted a communication from T. V. Soong (<i>infra</i>). (Footnote: Information that the Secretary of State was in London at the Monetary and Economic Conference from May 31 to August 5.)	494
[July 14]	<i>From the Chinese Ambassador in the Soviet Union, Temporarily in London</i> Transmittal of a communication from Soong, proposing the formation of a consultative committee of Chinese and foreign members to advise the Chinese Government in its program for economic development, and enclosing a draft letter of invitation to the United States (text printed) to join the committee.	495

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July 15 (138)	<i>From the Secretary of State to the Acting Secretary of State (tel.)</i> For Phillips and Hornbeck: Request for suggestions as to action to be taken on League invitation for an American representative to be present at meeting of Special Committee on China.	498
July 16 (145)	<i>From the Acting Secretary of State to the Secretary of State in London (tel.)</i> Suggestion that an officer of the Paris Embassy staff attend the meeting of the League's Special Committee on China as an unofficial observer.	499
July 18 (329)	<i>From the Ambassador in France (tel.)</i> Report of U. S. unofficial observer on first meeting of the League's Special Committee, at which Ludwig Rajchman was appointed as technical liaison officer.	500
July 20	<i>From the Secretary of State to the Acting Secretary of State</i> Transmittal of Soong's communication and draft invitation received July 14 from the Chinese Ambassador to the Soviet Union (<i>ante</i> , page 495).	501
July 24 (618)	<i>From the Minister of China (tel.)</i> Opinion that Rajchman's connection with the League plan will arouse the suspicion and opposition of the Japanese.	502
July 25	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Counselor of the Japanese Embassy</i> Explanation, in reply to Japanese inquiry, concerning American representation at Paris meeting of League Special Committee and plans for future cooperation; discussion of Japanese objections to foreign aid for China.	502
July 31	<i>From Mr. D. Nohara, Representative of the Japanese Group in the China Consortium, to Sir Charles Addis, Representative of the British Group</i> Japanese Group's unfavorable attitude toward Soong's proposed consultative committee; fear that difficulties might arise between the committee and the Consortium.	505
Aug. 8	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the First Secretary of the French Embassy</i> Information, in reply to French inquiry, that recent visit of Mr. Soong to President Roosevelt was in the nature of a courtesy call. Inquiry as to whether the French Government had received a protest from the Japanese Government against League assistance to China. (Footnote: Information that a negative reply was received from the French Embassy by telephone on August 12.)	506

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Aug. 25	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Counselor of the Japanese Embassy</i> Informal discussion of Japanese Government's attitude on proposed aid to China and exchange of views concerning Japan's policy in China.	512
Sept. 7	<i>Memorandum by the Secretary of State of a Conversation With the Japanese Ambassador</i> Ambassador's inquiry concerning attitude of the U. S. Government and of President Roosevelt toward the consultative committee.	515
Sept. 12 (672 Pol.)	<i>From the Consul at Geneva</i> Observations concerning proposed nomination by the League of Nations of an American expert on hog-breeding and poultry-raising to serve in China.	515
Sept. 16	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Counselor of the Chinese Legation</i> Chinese inquiry concerning reported Japanese representations to certain governments objecting to the League's program of assistance to China.	517
Sept. 26 (682 Pol.)	<i>From the Consul at Geneva</i> Transmittal of two reports adopted by the League of Nations Council with reference to the work of the Special Committee on China.	518
Oct. 4 (L-31 Diplo.)	<i>From the Counselor of Legation in China to the Minister in China</i> Visit with T. V. Soong, who announced that Dr. Rajchman had arrived in Nanking and wished to meet the Counselors of the American and British Legations. Information that the National Economic Council has been constituted the Chinese agency of cooperation with the League committee.	518
Oct. 31	<i>Memorandum by the Chief of the Division of Far Eastern Affairs</i> Conversation with Jean Monnet, French banker enroute to China, concerning problem of China's debts and credit.	520
Dec. 18	<i>From the Counselor of Legation in China</i> Conversation with Dr. Rajchman, who described status of League's collaboration activities in China.	521

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Mar. 2 (202)	<i>From the Minister in China (tel.)</i> Report of trial and execution of one murderer in Ekvall case; intention to insist upon punishment of remaining murderers and payment of indemnity by the Chinese Government.	525
Mar. 3 (73)	<i>To the Minister in China (tel.)</i> Desirability of refraining at present from emphatic representations in regard to indemnity until further opportunity is given to authorities to comply with all demands.	526
Apr. 6 (113)	<i>To the Minister in China (tel.)</i> Inquiry as to whether more emphatic representations to the Chinese Government might be helpful in securing a solution of the kidnapping and reported murder of Rev. Bert N. Nelson.	526
Apr. 13 (325)	<i>From the Minister in China (tel.)</i> From Hankow: Report that Consulate General is making private inquiries in the Nelson case with a view to obtaining specific information in order to force either the National or Provincial authorities to take effective action.	527
May 19	<i>Memorandum by the Chief of the Division of Far Eastern Affairs</i> Conversation with the Chinese Minister and T. V. Soong, at which the latter requested that a list of questions of special concern in U. S.-Chinese relations be given him for consideration.	527
May 19	<i>Memorandum Listing Certain Problems of Current Concern in Relations Between China and the United States</i> Text of list drawn up by the Division of Far Eastern Affairs and handed to T. V. Soong.	528
Aug. 26 (708)	<i>From the Minister in China (tel.)</i> From Foochow, August 25: Report of action taken by Consulate to secure safety of American citizens in Yenping and vicinity in face of Communist advance.	529
Aug. 29 (713)	<i>From the Minister in China (tel.)</i> From Foochow, August 28: Reported Communist seizure of Yenping; information that all Americans from Yenping have arrived in Foochow and that several others are enroute from danger zone; recommendation for dispatch of American naval vessel to Foochow in event evacuation becomes necessary. Information that Commander in Chief of Asiatic Fleet has been requested to send a vessel to Foochow.	529
Aug. 30 (720)	<i>From the Minister in China (tel.)</i> From Foochow, August 29: Information that no word has been received from three American missionaries enroute to Foochow. To Foochow, August 30: Information that a gunboat is enroute to Foochow.	530

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1933 Aug. 31 (723)	<i>From the Minister in China (tel.)</i> From Foochow, August 30: Information that the three American missionaries have returned to Kienningfu and that General Liu has been requested to afford them protection.	530
Sept. 7 (734)	<i>From the Minister in China (tel.)</i> From Foochow, September 6: Report of uncertain situation in up-river districts.	531
Sept. 12 (741)	<i>From the Minister in China (tel.)</i> From Foochow, September 11: Report that the three American missionaries have left Kienningfu for Shanghai.	531
Sept. 18 (753)	<i>From the Minister in China (tel.)</i> From Foochow, September 15: Report of arrival of the American missionaries in Pucheng.	531
Sept. 20 (756)	<i>From the Minister in China (tel.)</i> From Foochow, September 18: Opinion that presence of U. S. naval vessel at Foochow is no longer necessary.	532
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Oct. 18 (860)	<i>From the American Minister in China to the Chinese Acting Minister for Foreign Affairs</i> Representations to secure immediate action by Kansu authorities for trial and punishment of murderers of Mr. William E. Simpson.	532
Oct. 24 (809)	<i>From the Minister in China (tel.)</i> From Hankow: Chinese request for emergency transportation of Chinese troops on foreign vessels from Chungking to Wanhsien in view of threat of Communist attack on Wanhsien; information that British ships have agreed to carry troops, and request for Legation's approval of proposal. To Hankow: Unwillingness to approve proposal as contrary to American policy. Information that British Minister has not been approached in the matter but agrees with U. S. position.	534
Oct. 26 (812)	<i>From the Minister in China (tel.)</i> From Hankow, October 25: Arrival at Wanhsien of seven missionaries from the interior. Report that British are holding up river ships pending decision as to Chinese troop transportation. From Shanghai, October 25: Admiral Upham's views regarding troop transportation in American vessels, and request for Consul's opinion; concurrence in Admiral's attitude.	534
Oct. 26 (815)	<i>From the Minister in China (tel.)</i> Information that British Legation regards present situation as an emergency and will not oppose compliance by British firms with Chinese request for transportation of troops. Opposition to any alteration of American policy, but opinion that British action may make advisable exceptional treatment.	535

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1933 Oct. 27 (358)	<i>To the Minister in China (tel.)</i> Instructions for American officials, in discussing subject both with officials of other governments and with American nationals, to advise against employment of foreign vessels for Chinese troop transportation.	537
Oct. 28 (819)	<i>From the Minister in China (tel.)</i> From Hankow, October 27: Report of boycott of Yangtze Rapid Steamship Company vessels at Chungking because of refusal to carry Chinese troops.	537
Oct. 28 (359)	<i>To the Minister in China (tel.)</i> Advice that in Department's telegram No. 358, October 27, the phrase "officials of other governments" should be read to include Chinese officials. Instructions to endeavor to persuade British officials to take position similar to that of United States.	538
Oct. 30 (822)	<i>From the Minister in China (tel.)</i> From the Commander in Chief, U. S. Asiatic Fleet: Report of British reversal of decision concerning unloading of steamer <i>Kiawo</i> ; dispatch of a letter to General Liu Hsiang requesting that boycott against Yangtze Rapid Steamship Company be lifted; report from U. S. S. <i>Tutuila</i> (text printed) of newspaper article concerning boycott. To Commander in Chief: Request for further information.	538
Nov. 1 (828)	<i>From the Minister in China (tel.)</i> From the Commander in Chief, U. S. Asiatic Fleet: Information on reversal of decision concerning steamer <i>Kiawo</i> ; comments on situation at Chungking.	539
Nov. 4 (833)	<i>From the Minister in China (tel.)</i> From Hankow, November 3: Report from U. S. S. <i>Tutuila</i> at Chungking that General Liu Hsiang has promised to end strike against Yangtze Rapid Steamship Company, and that emergency is apparently over.	540
Nov. 7 (839)	<i>From the Minister in China (tel.)</i> (From the Counselor of Legation.) Repetition to the Legation by the Commander in Chief of U. S. Asiatic Fleet of a communication from U. S. S. <i>Tutuila</i> to Commander Yangtze Patrol (text printed), recommending further consideration of question of transportation of Chinese troops in case of future emergency, with especial reference to Yangtze Rapid Steamship Company. Repetition of message to the Minister at Nanking.	540
Nov. 11 (848)	<i>From the Counselor of Legation in China (tel.)</i> From the Minister: Opposition to idea of official authorization for American merchant ships to carry Chinese troops in any emergency; recognition, however, that companies may act on their own responsibility, thereby forfeiting naval protection. British concurrence with American position. Repetition to Hankow and Commander in Chief. (Footnote: Department's concurrence in Minister's views.)	541

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1933 Nov. 11	<p><i>Memorandum by the American Minister in China of a Conversation With the Chinese Political Vice Minister for Foreign Affairs</i></p> <p>Further representations for action by Kansu authorities in Simpson murder case.</p> <p>(Footnote: Foreign Office announcement, May 26, 1934, of the execution of one of the murderers and sentences of life imprisonment for the other two.)</p>	541
Nov. 11	<p><i>Memorandum by the American Minister in China of a Conversation With the Chinese Political Vice Minister for Foreign Affairs</i></p> <p>Representations concerning dilatory action of Shensi Provincial authorities in attempts to apprehend murderers of Henry Ekvall and failure of Chinese Government to pay indemnity demanded. Hsu's promise to make inquiries and report developments.</p>	543
Nov. 15 (856)	<p><i>From the Minister in China (tel.)</i></p> <p>Inquiry by Commander in Chief of Asiatic Fleet as to Minister's reaction to report that British ships accompanied by British armed guards are transporting Chinese troops; reply (text printed) that American position is unchanged.</p>	543
Nov. 17 (377)	<p><i>To the Minister in China (tel.)</i></p> <p>Department's concurrence in Minister's views as reported in telegram No. 856, November 15; instructions to continue efforts to persuade British authorities to take a similar stand.</p>	544
Nov. 24 (877)	<p><i>From the Minister in China (tel.)</i></p> <p>Information from Foreign Office concerning proposed measures for suppression of rebellion in Fukien; arrangements for protection of American citizens in that area, and consultations with British colleagues.</p>	544
Nov. 29 (882)	<p><i>From the Minister in China (tel.)</i></p> <p>(From the Counselor of Legation.)</p> <p>From Nanking, November 27: Repetition to the Legation and to the Minister at Canton of Foreign Office note (text printed), advising of Chinese intention to search merchant vessels of all nationalities passing the coast of Fukien.</p> <p>Exchange of telegrams with the Minister, November 27 and 28 (texts printed), as to action to be taken by Legation in regard to search of vessels; Minister's opinion that standing instructions are sufficient in the present circumstances.</p> <p>Information concerning British policy; request for Department's instructions.</p>	546
Dec. 3 (894)	<p><i>From the Minister in China (tel.)</i></p> <p>Information from Japanese Legation that Japan has made a reservation of rights in regard to search of Japanese vessels.</p>	547
Dec. 6 (898)	<p><i>From the Minister in China (tel.)</i></p> <p>Report from Consul at Foochow of nonenforcement of blockade.</p>	547

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1933 Dec. 6 (899)	<i>From the Minister in China (tel.)</i> From Nanking, December 5: British intention to present a note to the Chinese Government advising that, while the British Government cannot consent to the search of British ships on the high seas, it will permit search of British ships by unarmed Chinese officers acting in cooperation with British naval authorities.	547
Dec. 6 (389)	<i>To the Minister in China (tel.)</i> Instructions for guidance in the event that a reply is necessary to Chinese note concerning search of American merchant vessels.	548
Dec. 12 (906)	<i>From the Minister in China (tel.)</i> Intention to inform Foreign Office orally of Department's views; inquiry as to whether Department would agree to use of British method of permitting search in presence of British naval officers.	548
Dec. 14 (394)	<i>To the Minister in China (tel.)</i> Advice that Legation should continue to be guided by Department's instructions in telegram No. 389 of December 6.	549
Dec. 12 [167] (913)	<i>From the Minister in China (tel.)</i> Information that an <i>aide-mémoire</i> is being submitted to the Foreign Office, in acknowledgment of Chinese note of November 25, referring to U. S. position as previously set forth.	549
Dec. 20 (923)	<i>From the Minister in China (tel.)</i> Information concerning Chinese policy toward shipment of kerosene and gasoline into Fukien ports, obtained on behalf of Texas Company, which desires to send shipment to Foochow; observations on question of the exercise by the Chinese Navy of the belligerent right of visit and search.	549
Dec. 21 (925)	<i>From the Minister in China (tel.)</i> Radiogram from Consul General at Hong Kong to the Consul at Foochow (excerpts printed) advising that a British steamer chartered by the Texas Company has sailed for Foochow with a cargo of kerosene and gasoline, and is under instruction to submit to search on demand of Chinese Navy.	551
Dec. 23 (927)	<i>From the Minister in China (tel.)</i> Report on measures being adopted by new Fukien regime restricting or abolishing civil rights of foreigners.	551
Dec. 23 (928)	<i>From the Minister in China (tel.)</i> From Amoy, December 22: Report of bombing of Changchow. Repetition of message to Counselor of Legation at Nanking with instructions to make representations to the Foreign Office, pointing out responsibility of the Chinese Government for death or injury of American citizens and damage to their property resulting from such air bombardments.	552
Dec. 24 (929)	<i>From the Minister in China (tel.)</i> From Foochow, December 23: Report of bombing of Foochow by National Government plane. Information that Counselor of Legation has been instructed to bring the matter to the attention of the Foreign Office.	553

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1933 Dec. 26 (931)	<i>From the Minister in China (tel.)</i> Report that Foochow was bombed again on December 24 and property of American Board Mission damaged; further bombing on December 25.	553
Dec. 26 (934)	<i>From the Minister in China (tel.)</i> Nonacquiescence of Foreign Office in positions taken by U. S. and British Governments on question of right of search.	554
Dec. 27 (936)	<i>From the Minister in China (tel.)</i> Efforts of Consular Body at Foochow to obtain assurance from National Government that there will be no bombing of Nantai Island, principal place of residence of foreigners in Foochow. To Nanking, December 27: Instructions for representations to Foreign Office concerning safety of American lives and property at Foochow.	554
Dec. 29	<i>From the Counselor of Legation in China (tel.)</i> Foreign Office note, December 28 (text printed), giving assurance that due precaution will be taken to avoid unnecessary injury or damage to foreign lives and property in event of further aerial operations against rebels at Foochow.	555
Dec. 30 (940)	<i>From the Minister in China (tel.)</i> Report from Foochow that there have been no further air raids; British refusal to permit search of British merchant vessel by Nineteenth Route Army.	556
Dec. 30 (941)	<i>From the Minister in China (tel.)</i> From Nanking: Foreign Office note, December 29 (text printed), requesting that Americans in Amoy area be instructed to move to Kulangsu and those in Foochow area to Nantai in view of military measures being taken by Chinese Government against insurrectionists.	556
Dec. 31 (942)	<i>From the Minister in China (tel.)</i> From Amoy, December 30: Information that as a precautionary measure all Americans in Changchow and Siokhe have come to Amoy.	556
Dec. 31 (943)	<i>From the Minister in China (tel.)</i> To Nanking: Instructions to inform Foreign Office that Consuls at Amoy and Foochow have been advised of contents of Chinese note of December 29, reported in telegram No. 941, December 30, but that Chinese Government is nevertheless responsible for the safety of Americans and their property, not only at Kulangsu and Nantai, but in entire Fukien Province.	557
1934 Jan. 1 (3)	<i>From the Minister in China (tel.)</i> From Foochow: Information concerning arrangements for safety of Americans in Foochow and vicinity; recommendation that Americans in certain other districts where protection cannot be afforded be advised to withdraw. To Foochow: Concurrence in safety arrangements and suggested withdrawal of Americans from unprotected places.	557

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1934 Jan. 18	<i>From the Minister in China to the Consul General at Hankow</i> Approval of refusal to issue a death report in the case of the Rev. Bert Nelson until receipt of definite information as to his death. Nonobjection to the making of personal inquiries by Dr. Skinsnes to Mr. Eugene Chen in the matter.	558
ATTITUDE OF THE DEPARTMENT OF STATE ON THE EXPORT TO CHINA OF ARMS OR MUNITIONS, INCLUDING MILITARY AIRCRAFT		
1933 Jan. 16 (974)	<i>To the Minister in China</i> Clarification of U. S. policy regarding export of arms or munitions of war to China; desire that all consular offices in China and the Consulate General at Hong Kong be advised of policy by circular instruction, and that a copy be sent to the Embassy in Japan.	559
Feb. 4	<i>To the Consul at Saigon (tel.)</i> Instructions to endeavor to obtain authoritative information on certain points with regard to the entry into and transit through Indo-China of American commercial and military aircraft and accessories.	562
May 29	<i>From the Consul at Saigon (tel.)</i> Statement of Governor General of Indo-China that all aircraft is considered war material and that transit permits must be obtained from the French Government; information concerning taxes and duties.	562
June 30	<i>Statement by the Department of State</i> Announcement concerning certain minor changes in the regulations pertaining to the export of arms and munitions to China.	563
July 13 (1123)	<i>To the Minister in China</i> Explanation of Department's statement of June 30 (<i>supra</i>), and desire that all consular offices in China and the Consulate General at Hong Kong be informed accordingly by circular instruction, and that copy be sent to the Embassy in Japan.	564
Nov. 24 (1244)	<i>To the Minister in China</i> Approval of Minister's proposed action with regard to Foreign Office request for information concerning importation of supplies for, and numbers of American troops and war vessels in China.	565
Nov. 27	<i>From the Chinese Legation</i> Request that governments and nationals of foreign powers refrain from sending material aid or lending vessels to insurgents in Fukien Province.	566

CHINA

PROPOSAL OF THE CHINESE GOVERNMENT THAT A NEW TREATY WITH THE UNITED STATES BE NEGOTIATED TO REPLACE THE COMMERCIAL TREATY OF OCTOBER 8, 1903

Date and number	Subject	Page
1933 Dec. 25 (930)	<i>From the Minister in China (tel.)</i> From Nanking, December 24: Receipt of Foreign Office note of December 23 expressing a desire for the negotiation of a new commercial treaty to replace the treaty of October 8, 1903.	567
Dec. 26 (935)	<i>From the Minister in China (tel.)</i> Translation of Foreign Office note of December 23 (text printed).	567
Dec. 27 (937)	<i>From the Minister in China (tel.)</i> Information that in 1931 the British had received a similar request for negotiation of a new commercial treaty. Minister's intention to acknowledge note, advising that Department has been informed and instructions requested.	568
Dec. 29 (405)	<i>To the Minister in China (tel.)</i> Authorization to make proposed acknowledgment of Foreign Office note of December 23, but to omit reference to request for instructions.	569

REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE CANTONESE AUTHORITIES UPON THE SALE OF LIQUID FUEL BY FOREIGN COMPANIES

1933 July 12 (591)	<i>From the Minister in China (tel.)</i> From Canton, July 8: Imposition by Cantonese authorities of restrictions on the importation of liquid fuel, and promulgation of regulations requiring registration of all factories, directed at preventing competition from foreign refining companies; failure of joint U. S.-British representations to secure delay in enforcement of regulations pending reference of question to U. S. and British Governments, but promise of Mayor to take up with Southwest Political Council question of whether the regulations violate article 3 of Sino-American commercial treaty of 1903. To Canton: Instructions as to interpretation to be followed concerning contravention of treaties by restrictions of Canton authorities. Information that British Legation has sent similar reply to British Consul General.	569
July 13 (249)	<i>To the Minister in China (tel.)</i> Approval of instruction to Canton. Desire that the Minister and the Consul General at Canton continue to press matter and to report developments.	570
July 18 (600)	<i>From the Minister in China (tel.)</i> From Canton, July 17: Report of further U. S. and British representations, both oral and written; suggestion for request to the Chinese Government that restrictions on kerosene produced by American concerns be discontinued. Information that Legation has given instructions for suggested action.	570

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REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE CANTONESE AUTHORITIES
UPON THE SALE OF LIQUID FUEL BY FOREIGN COMPANIES—Continued

Date and number	Subject	Page
1933 July 21 (610)	<p><i>From the Minister in China (tel.)</i> From Canton, July 18: Correspondence between British and American Consuls and Mayor concerning failure of foreign companies to comply with registration requirements, and British and American insistence that the registration provisions are in contravention of treaties. Information from Mayor that matter has been submitted to Southwest Political Council; reiteration of request that application of the regulations be held in abeyance until a final decision is reached.</p>	571
July 22 (617)	<p><i>From the Minister in China (tel.)</i> From Canton, July 20: Request for authorization to seek an interview with Marshal Chen and the Chairman of the Provincial Council in order to present views directly. Information that Legation granted the requested authorization and that British Legation has taken similar action.</p>	572
July 22 (257)	<p><i>To the Minister in China (tel.)</i> Protest from Standard Oil Company regarding restrictions imposed by Canton authorities upon the importation of liquid fuel. Instructions to continue to press matter with national and local authorities.</p>	573
July 24 (619)	<p><i>From the Minister in China (tel.)</i> From Nanking, July 22: Joint British and American representations to Foreign Office official concerning Canton regulations; his promise to instruct Inspector General of Foreign Affairs at Canton to investigate and take appropriate action. Repetition of Department's telegram No. 257, July 22, to Consulates General at Canton and Nanking.</p>	573
July 27 (628)	<p><i>From the Minister in China (tel.)</i> From Canton, July 26: Impression, after joint British-American interview with Marshal Chen and Chairman Lin, that situation is not hopeful; official information from Commissioner of Customs that import restrictions are to be reimposed; refusal of import permit to Socony-Vacuum Company. Issuance of instructions for renewed representations to national and local officials.</p>	574
July 28 (264)	<p><i>To the Minister in China (tel.)</i> Instructions to take into consideration the applicability of article 15 of Sino-American Treaty of 1858 in connection with representations to Chinese authorities.</p>	575
Aug. 3 (650)	<p><i>From the Minister in China (tel.)</i> From Canton, August 2: Information from Marshal Chen's representative on Foreign Trade Committee concerning status of British-American protest on kerosene restrictions; submission of formal protest referring to 1858 treaty provisions in the matter of the sealing-up of stocks of Socony-Vacuum Corporation.</p>	575

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REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE CANTONESE AUTHORITIES
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Date and number	Subject	Page
1933 Aug. 9 (665)	<p><i>From the Minister in China (tel.)</i> From Nanking, August 8: Joint British-American representations at Foreign Office, expressing disappointment at failure of Inspector General at Canton to receive promised instructions; Foreign Office reply that instructions would be sent upon receipt of a report which had been requested in the matter. Information that upon insistence of British and American representatives, a telegram was dispatched to Canton reporting British and American protests against treaty violations.</p>	576
Aug. 11 (673)	<p><i>From the Minister in China (tel.)</i> From Canton, August 10: Assertion by the Inspector General of Foreign Affairs that Central Government would probably take no action until it had received and studied his report on the oil situation, now in preparation. Suggestion for representations to Central Government requesting that restrictions be held in abeyance pending decision on treaty interpretation. Information that Counselor of Legation at Nanking has been instructed to make suggested representations, provided he believes it will be helpful.</p>	576
Aug. 12 (283)	<p><i>To the Minister in China (tel.)</i> Report of conversation of Department official with T. V. Soong, Chinese Minister of Finance, during which protest was made against action of Cantonese authorities, and Soong expressed disapproval of action and promised to attempt to correct the situation.</p>	577
Undated	<p><i>To the Chinese Legation</i> Expectation that immediate and effective attention will be given by Chinese Government and authorities at Canton to American representations in regard to restrictions on importation and sale of kerosene, in violation of treaty provisions.</p>	577
Aug. 15 (686)	<p><i>From the Minister in China (tel.)</i> To Canton, August 15: Instruction to Consul General to use his own discretion and to consult with British colleague as to pressure to be brought in Canton. From Nanking, August 12: Information from Foreign Office that Canton authorities have been requested to delay enforcement of oil regulations, pending decision on treaty interpretation.</p>	578
Aug. 18 (692)	<p><i>From the Minister in China (tel.)</i> From Canton, August 17: Information from Foreign Office representative that Central Government's instructions concerning delay in enforcement of oil regulations have been transmitted to agencies concerned. Receipt of instructions by British Consul General to emphasize gravity of situation to Chairman Lin and Marshal Chen.</p>	579
Aug. 21 (697)	<p><i>From the Minister in China (tel.)</i> From Canton, August 18: Announcement by Southwest Political Council concerning nonapplicability of certain registration requirements to firms with entirely foreign capital; information that foreign companies are applying for registration accordingly and that American firms have been advised concerning possible loss of extraterritorial rights.</p>	579

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REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE CANTONESE AUTHORITIES
UPON THE SALE OF LIQUID FUEL BY FOREIGN COMPANIES—Continued

Date and number	Subject	Page
1933 Aug. 23 (701)	<p><i>From the Minister in China (tel.)</i> From Canton, August 21: Information that British and American Consuls General are awaiting outcome of application for registration by their respective firms. Opinion that there appears to be no objectionable control by Chinese over foreign firms under the regulations in question.</p>	580
Aug. 31 (722)	<p><i>From the Minister in China (tel.)</i> From Canton, August 29: Joint British and American protests to Foreign Office representative against actions of authorities which are preventing foreign oil companies from competing on equal terms with Chinese companies; advice to foreign companies not to register in view of requirements involving loss of extraterritorial rights; request by British and American Consuls General for another interview with Chairman Lin and Marshal Chen. Minister's opinion that a satisfactory solution may yet be obtained by continued representations at Canton.</p>	580
Sept. 9 (737)	<p><i>From the Minister in China (tel.)</i> From Canton, September 7: Receipt of unsatisfactory communications from Inspector General of Foreign Affairs; consultations with British Consul General in regard to a suitable reply to first communication, but doubt that a satisfactory solution can be achieved by continuing the correspondence. To Nanking, September 8: Instructions for emphatic representations at Foreign Office for discontinuance of discriminatory actions.</p>	581
Sept. 11 (314)	<p><i>To the Minister in China (tel.)</i> Approval of action taken by the Minister and the Consul General at Canton. Belief that matter should now be brought to the attention of T. V. Soong, Minister of Finance.</p>	583
Sept. 13 (744)	<p><i>From the Minister in China (tel.)</i> From Canton, September 11: Suggestion that future protests regarding application form emphasize fact that wording could be interpreted as a renunciation of treaty rights, and request for permission to attempt to secure revision of the form. Information that Counselor at Nanking has been instructed to see Soong; also that suggestion of Consul General at Canton has been approved.</p>	583
Sept. 25 (768)	<p><i>From the Minister in China (tel.)</i> From Canton, September 20: Joint British and American proposal to Inspector General for modification of registration form; Inspector's suggestion for exchange of notes embodying certain understandings instead of revision of the form.</p>	584
Sept. 27 (772)	<p><i>From the Minister in China (tel.)</i> From Canton, September 25: Suggestion that Central Government be requested to instruct Canton authorities not to apply the registration form to foreign oil companies; also, that Central Government might be willing to reduce duty on kerosene temporarily.</p>	584

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REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE CANTONESE AUTHORITIES
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Date and number	Subject	Page
1933 Sept. 27 (330)	<i>To the Minister in China (tel.)</i> Inquiry as to what action Legation has taken on suggestions of Consul General at Canton, reported in telegram No. 772, September 27; opinion as to inadvisability of acting on second suggestion for reduction on kerosene duty.	585
Sept. 28 (775)	<i>From the Minister in China (tel.)</i> Dispatch of instructions to the Counselor of Legation to make representations to the Central Government in the matter of the application of the registration form to foreign oil companies, and to seek an interview with Soong.	585
Oct. 2 (782)	<i>From the Minister in China (tel.)</i> From Nanking, September 30: Joint British and American protest to Foreign Office official concerning registration requirements; his promise to inform Inspector General at Canton of protest and of possible British-American consent to registration if form were revised suitably.	586
Oct. 3	<i>Memorandum by the Counselor of Legation in China of a Conversation With the Chinese Minister of Finance</i> Discussion of restrictions by Canton authorities on sale of oil by American and other foreign firms. Mr. Soong's observations as to inability of National Government to control action of Canton regime in the matter.	586
Oct. 4 (790)	<i>From the Minister in China (tel.)</i> From Canton, October 3: Inspector General's receipt of instructions from the Central Government to urge local authorities to try to effect a settlement; observation that in making protest U. S. and British representatives at Nanking did not mention reservation exempting oil companies from conforming to any Chinese regulations incompatible with treaty rights. To Nanking, October 4: Instructions for inclusion in any final revision of application form of reservation protecting treaty rights.	587
Oct. 17 (799)	<i>From the Minister in China (tel.)</i> From Canton, October 14: Report of joint British and American interview with Provincial Finance Commissioner at which protest was made concerning application of proposed business tax to imported kerosene; suggestion for possible representations by Legation to Central Government. Legation's decision to make no representations until informed that tax has actually been instituted.	588
Oct. 27 (816)	<i>From the Minister in China (tel.)</i> From Canton, October 24: Receipt of letter from the Inspector General advising of authorities' refusal to accede to proposals for revision of registration application and stating intention not to impose taxes upon foreign oil companies, but upon retailers only. Suggestion to Inspector General that situation might be met by an exchange of notes embodying Chinese willingness to refrain from enforcing laws against American firms incompatible with treaty rights, and including a reservation of right to make representations concerning proposed retailers' tax as a separate issue. To Canton, October 27: Approval of proposal for exchange of notes.	589

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UPON THE SALE OF LIQUID FUEL BY FOREIGN COMPANIES—Continued

Date and number	Subject	Page
1933 Nov. 4 (366)	<i>To the Minister in China (tel.)</i> Instructions for further representations at Canton, and desire that Consul General at Canton make a study of export-import trends between the United States and Canton area with a view to possibility of retaliatory measures.	590
Nov. 7 (340)	<i>From the Minister in China (tel.)</i> From Canton, November 4: Discussion between American and British Consuls General and Chinese representative of wording of proposed reply of Bureau of Reconstruction concerning intention of Chinese authorities not to enforce against foreign oil companies any regulations in contravention of treaty rights; proposed British and American note to Inspector General (excerpt printed). Intention, on receipt of Chinese reply, to advise oil companies to proceed with registration.	591
Nov. 8 (342)	<i>From the Minister in China (tel.)</i> From Canton, November 7: Receipt of note from Inspector General, confirming American understanding that foreign oil companies will not prejudice their treaty rights by registering. Request for instructions in regard to advising American companies to apply for registration.	592
Nov. 11 (349)	<i>From the Counselor of Legation in China (tel.)</i> From the Minister: Proposal to instruct Consul General at Canton to advise oil companies to register. Information that British Consul General at Canton has been instructed to take action similar to that of American colleague. (Footnote: Department's concurrence in Minister's proposal.)	592
1934 Jan. 3 (5)	<i>From the Minister in China (tel.)</i> From Canton, December 29: Information that registration of foreign oil companies was effected December 19, and importations of liquid fuel are being made without restrictions. Foreign companies' fear of possible discrimination in favor of native companies in enforcement of tax regulations and plan to institute test cases.	593

REPRESENTATIONS AGAINST A WOLFRAM MONOPOLY IN SOUTH CHINA

1933 July 21 (253)	<i>To the Minister in China (tel.)</i> Suggestion, if investigation shows that Chinese Government has granted a wolfram monopoly to a British firm, as reported from Canton, for protest to local authorities, with reference to appropriate treaty provisions, and if that proves ineffectual, for formal protest to Central Government.	593
July 26 (623)	<i>From the Minister in China (tel.)</i> To Canton: Intention, if Foreign Office confirms report of granting of an export monopoly for wolfram ore, to make formal protest on grounds of treaty violation; instructions to make protest to local authorities on similar grounds if local export situation justifies such action.	594

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REPRESENTATIONS AGAINST A WOLFRAM MONOPOLY IN SOUTH CHINA—Continued

Date and number	Subject	Page
1933 July 28 (265)	<i>To the Minister in China (tel.)</i> Report from Hankow of British company's confirmation of monopoly grant approved by the Executive Yuan July 15. Instructions to lodge formal protest, based upon treaty provisions.	594
Aug. 12 (281)	<i>To the Minister in China (tel.)</i> Report of conversation of Department official with T. V. Soong, in which Department's disapproval of wolfram monopoly was expressed, and Soong agreed to do what he could to correct situation.	595
Aug. 30 (717)	<i>From the Minister in China (tel.)</i> From Canton: Information that Commissioner of Customs is passing, provisionally, wolfram ore; report of shipment of 800 tons to Hong Kong without permits from Nanking.	595
Oct. 2 (789)	<i>From the Minister in China (tel.)</i> Foreign Office reply to Legation's protest of July 31, implying that export monopoly to British firm is not in violation of treaties, as it is technically vested in a Ministry of Industries official sales bureau rather than in foreign firms. Information concerning proposed reply, with request for instructions.	596
Oct. 6 (336)	<i>To the Minister in China (tel.)</i> Approval of Legation's proposed reply, with certain suggested amendments.	597
Nov. 16 (2381)	<i>From the Minister in China</i> Information from the Foreign Ministry of cancellation of export agreement between the Ministry of Industry and British firm. Advice that Consuls General at Canton, Hankow, Nanking, and Shanghai have been informed and requested to report to Legation any indication of revival of monopoly.	597

EFFORTS OF THE UNITED STATES TO MEET SITUATION CREATED BY IMPOSITION IN CHINA OF TAXES CONSIDERED UNFAIR TO AMERICAN TRADE

1933 Jan. 24 (81)	<i>From the Minister in China (tel.)</i> From Shanghai: Demand of Land Bureau of Shanghai Municipality for payment of foreshore fees by American firms before January 20. Information that in accordance with Department's instructions, companies have been advised not to comply. Intention of Legation to take no action pending actual attempts to enforce payment.	598
Jan. 31 (34)	<i>To the Minister in China (tel.)</i> Instructions to address note to Foreign Ministry stating that, in accordance with previously outlined position of U. S. Government, American firms have been advised not to comply with demand for payment of foreshore fees.	599

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EFFORTS OF THE UNITED STATES TO MEET SITUATION CREATED BY IMPOSITION
IN CHINA OF TAXES CONSIDERED UNFAIR TO AMERICAN TRADE—Continued

Date and number	Subject	Page
1933 Apr. 20 (2065)	<p><i>From the Minister in China</i></p> <p>Transmittal of copies of Legation's formal note of February 2 to Foreign Office, and Foreign Office reply of March 31, quoting communication from Shanghai Municipal Government which asserted that Revised Foreshore Regulations do not infringe on the control exercised by the Whangpoo Conservancy Commission, and further advising that certain American and other foreign firms have already paid the required fees. Dispatch of an instruction to the Consul General at Shanghai requesting information concerning statements made by Shanghai Municipal Government.</p>	599
June 24 (2165)	<p><i>From the Minister in China</i></p> <p>Summary of correspondence with the Consul General at Shanghai concerning foreshore regulations and their effect upon the independence of the Conservancy Board; intention not to reply to Foreign Office note of March 31 unless pressed by Ministry to do so, or unless further efforts are made to enforce the regulations.</p>	600
Oct. 12 (656)	<p><i>From the American Minister in China to the Chinese Acting Minister for Foreign Affairs</i></p> <p>Representations concerning efforts of Fukien Provincial authorities to collect a "business tax" upon products of American oil companies, in violation of laws and rulings of the Chinese Government, and request for measures to relieve the situation.</p> <p>(Footnote: Foreign Office reply, November 14, indicating that Fukien authorities had been instructed to cease collection of these taxes.)</p>	602

INFORMAL GOOD OFFICES OF THE DEPARTMENT OF STATE ON BEHALF OF THE
PAN AMERICAN AIRWAYS IN ESTABLISHING SHANGHAI-CANTON LINE

1933 July 13 (247)	<p><i>To the Minister in China (tel.)</i></p> <p>Failure of attempt of Pan American Airways to inaugurate an air line service between Shanghai and Canton, due to certain unreasonable demands of the Minister of Communications. Inquiry as to whether local representative of Pan American Airways has approached the Legation in the matter; also as to advisability of making formal or informal representations to the Chinese Government in the matter.</p>	603
July 27 (627)	<p><i>From the Minister in China (tel.)</i></p> <p>Report from Counselor of Legation at Nanking, July 26 (text printed), expressing opinion that Legation should extend informal good offices on behalf of Pan American Airways.</p>	603
July 31 (270)	<p><i>To the Minister in China (tel.)</i></p> <p>Authorization for extension of good offices.</p>	604

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INFORMAL GOOD OFFICES OF THE DEPARTMENT OF STATE ON BEHALF OF THE PAN AMERICAN AIRWAYS IN ESTABLISHING SHANGHAI-CANTON LINE—Continued

Date and number	Subject	Page
1933 Oct. 24	<p data-bbox="203 383 851 453"><i>Press Interview Given by the Chinese Minister on Occasion of the Inauguration of Air Service Between Shanghai and Canton, October 24, 1933</i></p> <p data-bbox="203 453 851 517">Comments on the opening of the new service by the Chinese National Aviation Corporation, which is associated with the Pan American Airways System.</p>	604

NONADMITTANCE OF CHINESE STUDENTS TO COURSES IN MILITARY AVIATION IN SCHOOLS CONDUCTED BY THE UNITED STATES GOVERNMENT

1933 Oct. 19 (346)	<p data-bbox="203 657 529 683"><i>To the Minister in China (tel.)</i></p> <p data-bbox="203 683 851 812">Instructions for information of Vice Consul at Yunnanfu, in replying to request of authorities to send flyers to United States for observation and courses in military training, setting forth U. S. policy of nonadmittance of foreign students to U. S. Government schools, and suggesting other means for securing the desired instruction.</p>	605
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APPLICABILITY OF CHINESE JURISDICTION TO AMERICAN SCHOOLS IN CHINA

1933 Apr. 13 (1055)	<p data-bbox="203 932 469 958"><i>To the Minister in China</i></p> <p data-bbox="203 958 851 1086">Transmittal of a copy of an instruction to the Consul General at Shanghai (text printed) in regard to the Department's attitude on the question of the status, under the treaties, of schools of American missionary organizations. Desire that this instruction be circularized among consular officers in China.</p>	607
Sept. 2	<p data-bbox="203 1100 583 1126"><i>To the Consul General at Shanghai</i></p> <p data-bbox="203 1126 851 1232">Reaffirmation, in answer to a direct appeal to the President by Mr. Charles W. Rankin, President of the University of China, of Department's ruling that U. S. treaties with China do not confer on schools established by American missionary organizations the right of freedom from Chinese regulations.</p>	609

AMERICAN INTEREST IN PROBLEMS AFFECTING THE INTERNATIONAL SETTLEMENT AT SHANGHAI

1933 Apr. 1 (104)	<p data-bbox="203 1373 529 1399"><i>To the Minister in China (tel.)</i></p> <p data-bbox="203 1399 851 1525">Information that Department's previous authorization to continue efforts for the conclusion of a local agreement regarding extra-Settlement roads is still adequate; request, if further instructions are desired, that Minister discuss situation with colleagues and inform Department of views of other interested powers.</p>	610
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AMERICAN INTEREST IN PROBLEMS AFFECTING THE INTERNATIONAL SETTLEMENT AT SHANGHAI—Continued

Date and number	Subject	Page
1933 Apr. 7	<p><i>From the American Minister in China to the Brazilian Minister in China</i></p> <p>Outline of present status of negotiations for extra-Settlement roads agreement; unacceptability of Japanese conditions, such as employment of Japanese police officers; information that Shanghai Municipal Council now has under consideration a plan for signature of the agreement by the Chairman of the Council and the Mayor of Shanghai, and for indirect ratification by ratepayers of the foreign settlements through adoption of the budget.</p>	611
Oct. 25 (811)	<p><i>From the Minister in China (tel.)</i></p> <p>Information that Consul General at Shanghai has been instructed to accompany British colleague, as requested, to see Mayor of Shanghai for the purpose of presenting British proposal on policing of extra-Settlement roads, keeping in mind, however, Department's views that matter should be settled by local agreement.</p> <p>(Footnote: Department's approval of instruction to Shanghai.)</p>	612
Nov. 27 (7742)	<p><i>From the Consul General at Shanghai to the Minister in China</i></p> <p>Comments on Japanese and Chinese policy with regard to policing of extra-Settlement roads, and dangers of dual control.</p>	613
Dec. 5	<p><i>Memorandum by the Consul at Shanghai of a Conversation With the Chinese Commissioner of Finance, Municipality of Greater Shanghai</i></p> <p>Chinese objections to recent British proposal.</p>	615

AGREEMENT EXTENDING DURATION OF THE AGREEMENT AND ATTACHED NOTES OF FEBRUARY 17, 1930, REGARDING CHINESE COURTS IN THE INTERNATIONAL SETTLEMENT AT SHANGHAI

1933 Jan. 24 (83)	<p><i>From the Minister in China (tel.)</i></p> <p>Request for authorization to join with interested colleagues in exchange of identic notes with Foreign Minister for extension of agreement of February 17, 1930, concerning Chinese courts in the International Settlement at Shanghai; information that exchange will be accompanied by memoranda concerning points of reform in the administration of the courts.</p>	616
Jan. 27 (30)	<p><i>To the Minister in China (tel.)</i></p> <p>Authorization to join in proposed arrangements for extension of agreement concerning Chinese courts; desire that the unilateral declaration of the foreign signatories of February 17, 1930, be renewed also.</p>	617
Feb. 4 (119)	<p><i>From the Minister in China (tel.)</i></p> <p>Texts of notes to be exchanged and of accompanying memorandum; intention to authorize Consul General at Shanghai to sign on behalf of the Minister.</p>	617

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AGREEMENT EXTENDING DURATION OF THE AGREEMENT AND ATTACHED NOTES OF
 FEBRUARY 17, 1930, REGARDING CHINESE COURTS IN THE INTERNATIONAL SETTLE-
 MENT AT SHANGHAI—Continued

Date and number	Subject	Page
1933 Feb. 4 (38)	<i>To the Minister in China (tel.)</i> Approval of arrangements for signature of notes; further reference to desire for renewal of unilateral declaration of February 17, 1930.	619
Feb. 6 (123)	<i>From the Minister in China (tel.)</i> Replacement of paragraph of joint note by a new paragraph (text printed); information that a joint note from foreign representatives is being addressed to Chinese Minister renewing unilateral declaration of February 17, 1930.	619
Feb. 17	<i>From the Counselor of Legation in China to the Minister in China</i> Information that the Secretary of the Japanese Legation called and presented copy of a <i>Note Verbale</i> to the Chinese Foreign Office, setting forth Japanese attitude concerning the recent exchange of notes extending the agreement governing Chinese courts in the Shanghai International Settlement, of which Japan is not a signatory.	620

QUESTIONS INVOLVING JURISDICTION WITH RESPECT TO EXTRATERRITORIAL
 RIGHTS OF AMERICAN CITIZENS IN CHINA

1933 Mar. 23 (93)	<i>To the Minister in China (tel.)</i> Approval of attitude of Consul General at Shanghai with regard to the question of the inspection of American factories in Chinese-controlled territory at Shanghai, provided it is made clear to Chinese authorities that penal provisions of Chinese Factory Law are not enforceable against American factory owners.	621
June 21 (543)	<i>From the Minister in China (tel.)</i> Information that Senior Consul at Shanghai is requesting support of Diplomatic Body in protest to Commissioner of Customs against enforcement of measures under Customs Notification of April 24, 1933, in cases of firms enjoying extraterritorial status; doubt that protest on extraterritorial basis is well founded in view of treaty provisions, and request for instructions.	622
June 26 (221)	<i>To the Minister in China (tel.)</i> Opinion that Consular Body protest is warranted with respect to American nationals, and authorization to join with Diplomatic Body in support of protest if such action is considered necessary.	622
July 29 (629)	<i>From the American Minister in China to the Chinese Minister for Foreign Affairs</i> Representations with respect to the proposed enforcement of provisional regulations for the control of interprovincial motor vehicle traffic in certain provinces and municipalities in the case of American citizens.	623

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QUESTIONS INVOLVING JURISDICTION WITH RESPECT TO EXTRATERRITORIAL
RIGHTS OF AMERICAN CITIZENS IN CHINA—Continued

Date and number	Subject	Page
1933 Aug. 16 (12252)	<p><i>From the Minister in China</i></p> <p>Refusal of Foreign Minister to comply with Legation's request that provincial and municipal authorities be instructed to consider existing treaty provisions when enforcing new traffic regulations against American citizens; Legation's reply, pending Department's instructions, reserving the right of protest against any infringement of American treaty rights in enforcement of traffic regulations.</p>	625
Nov. 3 (1226)	<p><i>To the Minister in China</i></p> <p>Opinion that recent protests of Legation and position taken by Consul General at Shanghai in the matter of the Chinese interprovincial traffic regulations constitute a clear declaration to the Chinese authorities of opposition to the assumption of jurisdiction over American nationals in contravention of treaty provisions, and that it is now advisable to refrain from further action and await developments.</p>	625
DENIAL TO AMERICAN FIRMS OF RIGHT TO FORMAL HEARING UNDER THE CHINESE CUSTOMS RULES OF 1868		
1933 Nov. 11	<p><i>Memorandum by the Minister in China of a Conversation With the Chinese Political Vice Minister for Foreign Affairs</i></p> <p>Presentation of cases of American firms accused of violation of Customs rules and denied right of formal hearing as provided under the Rules of 1868. Chinese position that the Rules of 1868 were abolished by the Sino-American Tariff Treaty of 1928; Hsu's willingness, however, to investigate the matter and discuss with Customs administration its methods of handling such cases.</p>	626
EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS OUTSTANDING AGAINST CHINA		
1933 Jan. 11 (8)	<p><i>To the Minister in China (tel.)</i></p> <p>Instructions for oral and written representations to the Chinese Government to secure constructive action for the settlement of outstanding American claims against China, and suggesting adoption of draft convention providing for the adjudication of Chinese claims against the U. S. Government as well as American claims against the Chinese Government.</p>	628
Jan. 31 (102)	<p><i>From the Minister in China (tel.)</i></p> <p>Information that, in accordance with Department's instructions of January 11, the Counselor of Legation at Nanking, on January 30, presented a formal note and draft proposal to the Foreign Minister, who gave assurances of prompt consideration.</p>	629

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EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA—Continued

Date and number	Subject	Page
1933 Feb. 2 (107)	<i>From the Minister in China (tel.)</i> Information concerning reported loan agreement between Bank of Indo-China and Inspector General of the Chinese Maritime Customs, terms of which give loan a prior lien on customs over all others, including the Boxer Indemnity. French Minister's desire to ascertain whether the U. S. Government would make a formal protest if notified officially of the loan.	629
Feb. 3 (37)	<i>To the Minister in China (tel.)</i> Information that Department is studying the matter set forth in telegram No. 107, February 2, and desires Legation's views and recommendations.	630
Feb. 4 (116)	<i>From the Minister in China (tel.)</i> Views and information concerning Chinese customs loan agreement with Bank of Indo-China; intention to ascertain whether loan was offered to National City Bank, as reported.	630
Feb. 8 (128)	<i>From the Minister in China (tel.)</i> Report of conversation of Counselor of Legation at Nanking with the Foreign Minister at time of presentation of note on January 30, reported in telegram No. 102 of January 31.	631
Feb. 9 (132)	<i>From the Minister in China (tel.)</i> Information that National City Bank of New York was offered the Chinese customs loan on a competitive bid basis.	632
Feb. 13 (139)	<i>From the Minister in China (tel.)</i> Recommendation that no action be taken on Chinese customs loan other than to ask for a copy of the agreement in view of its possible bearing upon Boxer Indemnity payments.	632
Feb. 16 (53)	<i>To the Minister in China (tel.)</i> Department's willingness, under certain conditions, to accept Minister's suggestion made in telegram No. 139 of February 13.	632
Feb. 27 (184)	<i>From the Minister in China (tel.)</i> From Nanking: Information that Soong has indicated his approval of the plan for a debt commission, but has some slight changes to suggest.	633
Mar. 25 (97)	<i>To the Minister in China (tel.)</i> Instructions to continue to press for the establishment of a Sino-American claims commission, and, if any misunderstanding has arisen, to inform the Chinese Government that it is not intended that the scope of the proposed commission be limited to the adjudication of contractual obligations alone.	633
Mar. 28 (285)	<i>From the Minister in China (tel.)</i> Intention to make sure of clear understanding with regard to scope of claims commission; information from Foreign Office that plan has been referred to the Executive Yuan for approval.	634

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EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA—Continued

Date and number	Subject	Page
1933 Apr. 13 (118)	<i>To the Minister in China (tel.)</i> Desire for continued pressure for action by Chinese Government on proposed claims commission.	634
Apr. 19 (340)	<i>From the Minister in China (tel.)</i> Information that Counselor of Legation at Nanking was unable to see Soong before his departure for Washington, but has reported that Wang Ching-wei has approved claims commission.	635
Apr. 19 (124)	<i>To the Minister in China (tel.)</i> Instructions as to presentation of claims for losses arising from looting or banditry.	635
May 20 (459)	<i>From the Minister in China (tel.)</i> Dissatisfaction with attitude of high Government officials toward proposed claims commission, and with discriminatory actions of various Ministries toward American creditors; suggestion that situation be discussed with T. V. Soong before his departure from United States.	636
May 31 (181)	<i>To the Minister in China (tel.)</i> Efforts of Andersen, Meyer and Company to conclude agreement similar to one recently concluded between the Ministry of Railways and British material creditors of Tientsin-Pukow Railway; desire that the Legation take any appropriate action in the matter.	637
June 9 (192)	<i>To the Minister in China (tel.)</i> Authorization to inform British Minister of general nature of proposal for claims commission; anxiety for conclusion of preliminary negotiations, at least, as soon as possible.	637
June 10 (193)	<i>To the Minister in China (tel.)</i> Instructions to inform Chinese Government of U. S. Government's expectation that American creditors of Chinese railways will be accorded equal treatment with that of other nationalities; approval of suggestion that American creditors of Chinese railways should initiate negotiations of their own for conclusion of agreements similar to that obtained by British creditors.	638
June 14 (526)	<i>From the Minister in China (tel.)</i> Suggestion from Counselor of Legation at Nanking (text printed) that proposed action on behalf of American railway creditors be postponed temporarily lest it hinder negotiations for the establishment of a claims commission. Information that Counselor of Legation has been instructed to delay action until reply has been received concerning claims commission.	639
June 16 (205)	<i>To the Minister in China (tel.)</i> Approval of suggested delay in matter of railway creditors; receipt of letter from Andersen, Meyer and Company (excerpts printed), indicating that while Minister of Railways is willing to conclude an agreement, it will probably prove ineffectual, since Tientsin-Pukow Railway is reported to have defaulted its May payment to British creditors.	639

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EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA—Continued

Date and number	Subject	Page
1933 June 17 (208)	<p><i>To the Minister in China (tel.)</i> Attitude of T. V. Soong as to desirability of postponing action on proposed claims commission until his return to China, in view of disagreement among various Government departments; instructions to inform Counselor of Legation at Nanking and to request him to inform Department of his views and decision.</p>	640
June 20 (541)	<p><i>From the Minister in China (tel.)</i> Information that claim of the Chinese Engineering and Development Company for treatment similar to that of British creditors was refused by Ministry of Railways on the ground that the U. S. Government is seeking a general claims convention; intention to bring matter to the attention of the Foreign Minister and the Ministry of Railways, pointing out that the proposal for a claims commission should not prevent granting of equality of treatment to specific claims of American citizens.</p>	640
June 20 (212)	<p><i>To the Minister in China (tel.)</i> Approval of and further instructions for representations to the Chinese Government for equality of treatment of American claimants, regardless of action taken on proposal for a claims commission; inquiry as to advisability of American claimants of Chinese railways acting as a unit, rather than attempting to secure individual agreements.</p>	641
June 22 (550)	<p><i>From the Minister in China (tel.)</i> From Nanking, June 21: Advice from Foreign Office official of possibility of indefinite delay in replying to U. S. proposal for a claims commission, owing to unfavorable attitude of Ministries concerned; opinion that further pressure would be inadvisable and suggestion that question be kept open by occasional informal approaches. Minister's approval of Nanking's suggestion. Information that Ministry of Railways has announced that foreign creditors of Tientsin-Pukow Railway will be accorded equal treatment in settlement of debts.</p>	641
Undated	<p><i>To the Chinese Legation</i> Observation as to attitude of present regime in Manchuria toward obligations of American creditors as compared with that of former authorities and of Nanking Government.</p>	642
Aug. 8	<p><i>Memorandum by the Chief of the Division of Far Eastern Affairs of Conversations With the Chinese Minister of Finance and the Chinese Minister</i> Discussion of Chinese desire for economic assistance from American and other foreign sources; observation concerning China's obligation to arrange for settlement of outstanding accounts before undertaking new debts.</p>	643

CHINA

EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA—Continued

Date and number	Subject	Page
1933 Aug. 11 (674)	<i>From the Minister in China (tel.)</i> Proposed British memorandum to Foreign Minister (excerpt printed), to be signed by American, British, and French Ministers, referring to reported hypothecation of 5 percent famine relief customs surtax for recent American cotton-wheat loan, and reserving right of bondholders of Hukuang Railway Loan to priority of payment from customs revenues. Request for instructions.	646
Aug. 23 (297)	<i>To the Minister in China (tel.)</i> Willingness to join in sending of memorandum, provided text contains no irrelevant or disputable statements, such as reference to cotton-wheat loan; proposed substitute statement (text printed).	646
Aug. 24 (298)	<i>To the Minister in China (tel.)</i> Instructions for protest if, upon investigation, it proves true that Ministry of Railways contemplates hypothecation of revenues from Peiping-Hankow Railway and other lines as security for new loan to Canton-Hankow Railway.	648
Sept. 7 (2280)	<i>From the Minister in China</i> Note to British Legation, August 29 (text printed), concerning servicing of the Hukuang Railway Loan of 1911, based on Department's instructions in telegram No. 297, August 23; information that no further communication has been received from the British Legation in the matter.	648
Sept. 14 [15] (747)	<i>From the Minister in China (tel.)</i> Proposed agreement between American creditors of Peking-Hankow Railway (text printed), concerning which Ministry of Railways has promised favorable consideration, provided American agent has power to act jointly for American companies concerned; desire that Department contact president of Baldwin Locomotive Works to request that he drop his demand for separate signatures in order that arrangements may be concluded.	650
Sept. 26 (327)	<i>To the Minister in China (tel.)</i> Willingness of Baldwin Locomotive Works to cooperate in effecting settlement with Ministry of Railways.	652
Nov. 3 (363)	<i>To the Minister in China (tel.)</i> Subjects to be taken up by the Minister with the appropriate authorities during his contemplated visit to Nanking, including difficulties which are preventing conclusion of agreement between American creditors and Ministry of Railways. (Footnote: Information that a preliminary agreement was signed November 23.)	653
Nov. 22 (867)	<i>From the Minister in China (tel.)</i> British draft memorandum (text printed) for joint signature by American, British, and French representatives, protesting new regulations providing that 1933 customs duty Treasury notes shall be secured upon increased customs revenues, and inquiring as to what steps the Chinese Government proposes to take to implement its obligations under articles 8 and 9 of the Hukuang Railway Loan Agreement of 1911. Request for authorization to join in memorandum.	654

CHINA

EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA—Continued

Date and number	Subject	Page
1933 Nov. 23 (383)	<i>To the Minister in China (tel.)</i> Authorization to sign the memorandum referred to in telegram No. 867, November 22, provided British will agree to certain changes in wording.	655
Nov. 27 (2396)	<i>From the Minister in China</i> Advice that formal protest was made to the Foreign Office on October 27 in accordance with Department's instructions in telegram No. 298 of August 24; Foreign Office reply, November 17, claiming a distinction between ordinary income of the various railways and special revenue, and Legation's further protest, refusing to accept the distinction.	655
Nov. 29 (885)	<i>From the Minister in China (tel.)</i> Request for authorization to sign revised memorandum concerning Hukuang Railway loan agreement. (Footnote: Information that authorization was granted on November 29, and that joint memorandum was dated December 20.)	656
Dec. 12	<i>From the Counselor of Legation in China</i> Conversation between the U. S. Minister and Dr. Wang Ching-wei, President of the Executive Yuan and Acting Foreign Minister, who expressed his own approval of the proposed Sino-American Claims Commission, but asked the American Minister to consult with Dr. H. H. Kung, Minister of Finance.	657
Dec. 12	<i>Memorandum by the Minister in China of a Conversation With the Chinese Minister of Finance</i> Discussion of proposal for establishment of a Sino-American Claims Commission; Dr. Kung's assurance that matter will be given immediate and serious attention, and request that he be supplied with a list of outstanding claims.	657

OBJECTION BY THE DEPARTMENT OF STATE TO POSTPONEMENT OF PAYMENTS
ON THE AMERICAN PORTION OF THE BOXER INDEMNITY

1933 Feb. 7 (125)	<i>From the Minister in China (tel.)</i> Message (text printed) from Arthur Young, American adviser to the Chinese Finance Ministry, concerning intention of Chinese Government to request extension for another year of the arrangements for the temporary postponement of the American, British, and Italian Boxer Indemnity payments.	660
Feb. 11 (47)	<i>To the Minister in China (tel.)</i> Department's objections concerning proposed Chinese request for further postponement of Indemnity payments.	660
Feb. 13 (143)	<i>From the Minister in China (tel.)</i> Advice to Young concerning Department's reluctance to receive proposal for further Indemnity postponement; information that British Minister has likewise been approached in the matter and made reply indicating British unwillingness to assent.	661

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OBJECTION BY THE DEPARTMENT OF STATE TO POSTPONEMENT OF PAYMENTS
ON THE AMERICAN PORTION OF THE BOXER INDEMNITY—Continued

Date and number	Subject	Page
1933 Feb. 17 (159)	<i>From the Minister in China (tel.)</i> Foreign Office note, February 13 (substance printed), requesting postponement of Boxer Indemnity payments for another year, as from March 1, 1933, and explaining reasons for such request. Information that British Minister has as yet received no formal communication in the matter, that Italian Minister, while personally not opposed to postponement, has received no instructions from his Government.	662
Feb. 18 (59)	<i>To the Minister in China (tel.)</i> Instructions to confer with British and Italian colleagues and to inform Department of their views and of their Governments' views toward proposed Indemnity postponements.	663
Feb. 20 (169)	<i>From the Minister in China (tel.)</i> Discussion of Indemnity postponement question with British and Italian representatives, who will communicate further with their Governments; information that British Minister is recommending against the Chinese proposal.	664
Mar. 9 (229)	<i>From the Minister in China (tel.)</i> Inquiry as to whether Department would now be prepared to issue instructions for reply to Chinese note of February 13, even though British and Italian colleagues are still without instructions from their Governments.	664
Mar. 10 (80)	<i>To the Minister in China (tel.)</i> Desire that American, British, and Italian replies to the Chinese Government synchronize as to time of transmission and that they be similar in attitude; authorization to reply along lines of Department's telegram No. 47, February 11, provided British and Italian Governments are also prepared to reply adversely. Instructions to confer with British and Italian colleagues, pointing out desirability of an early reply.	665
Mar. 14	<i>To the British Ambassador</i> Information that U. S. views coincide with those of British Government concerning undesirability of complying with Chinese request for postponement of Indemnity payments, and that the American Minister in China has been authorized to inform the Chinese Government accordingly, provided his British and Italian colleagues are authorized to take similar action.	665
Mar. 21 (268)	<i>From the Minister in China (tel.)</i> From Nanking, March 20: Soong's request that Minister recommend acceptance of Chinese proposal for postponement of Indemnity payments, with the promise that dependent institutions will be continued in their present status. Information that British and Italian Legations are still without instructions, and request for further instructions concerning reply to Chinese Government.	666
Mar. 24 (95)	<i>To the Minister in China (tel.)</i> Information that Department's views are unchanged and that suggestions in telegram No. 80, March 10, should be followed; also that Department is suggesting, unofficially, to the British and Italian Embassies that instructions to their respective Legations in China be expedited.	666

CHINA

OBJECTION BY THE DEPARTMENT OF STATE TO POSTPONEMENT OF PAYMENTS
ON THE AMERICAN PORTION OF THE BOXER INDEMNITY—Continued

Date and number	Subject	Page
1933 Mar. 28 (286)	<i>From the Minister in China (tel.)</i> Preparation of British and American notes of refusal to be delivered to Foreign Office upon receipt of information that Italian Legation has instructions to make a similar reply.	667
Apr. 5 (307)	<i>From the Minister in China (tel.)</i> From Nanking, April 4: Soong's report that recent defeat of Government troops at hands of Communist forces has aggravated financial situation and the need for postponement of Indemnity payments.	667
Apr. 6	<i>From the Chief of the Division of Far Eastern Affairs to the Under Secretary of State</i> Statement of Department's position with regard to refusal to consent to postponement of Boxer Indemnity payments for another year.	668
Apr. 7 (116)	<i>To the Minister in China (tel.)</i> Inability, after careful and sympathetic consideration of the situation, to acquiesce in further postponement of Boxer Indemnity payments.	669
Apr. 18 (337)	<i>From the Minister in China (tel.)</i> Information that American, British, and Italian notes, identical as to substance, were delivered at the Foreign Office on April 13.	670
May 3 (396)	<i>From the Minister in China (tel.)</i> Advice that March and April installments of American Indemnity payments have not been paid, and that a note is being sent to the Foreign Office in the matter.	670
May 12	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Adviser to the Chinese Ministry of Finance</i> Chinese desire to submit new proposal for resumption of Boxer Indemnity payments but on a reduced scale; Mr. Hornbeck's suggestion that it should be submitted simultaneously to the three interested governments, from Nanking.	671
May 13 (430)	<i>From the Minister in China (tel.)</i> To Nanking, May 12: Instructions to inform Foreign Office of Legation's surprise at learning of preferential treatment accorded Italian Government through payment of March and April installments of Italian portion of Boxer Indemnity, and to renew request for payments due the American Government for March and April.	671
May 16	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Chinese Minister of Finance and the Chinese Minister</i> Discussion of Chinese request for further suspension of Boxer Indemnity payments; explanation of U. S. position, and suggestion that Chinese Government work out plan providing for obligations connected with Chinese educational institutions and certain outstanding indebtedness.	672

CHINA

OBJECTION BY THE DEPARTMENT OF STATE TO POSTPONEMENT OF PAYMENTS
ON THE AMERICAN PORTION OF THE BOXER INDEMNITY—Continued

Date and number	Subject	Page
1933 June 3 (187)	<i>To the Minister in China (tel.)</i> Information that Soong, when in Washington, was informed that Department's views concerning postponement of Boxer Indemnity payments remained unchanged, that he submitted informally a proposal for revision of the Indemnity payments, which the Department, upon certain conditions, agreed to take under consideration.	674
June 12 (196)	<i>To the Minister in China (tel.)</i> Information that question of arrears in Boxer Indemnity payments was discussed with Young, who agreed to refer question to Soong; comment concerning possibility of British Government's discussing question of British arrears with Soong, who is now in London; request for information concerning payment of Italian portion.	675
June 14 (527)	<i>From the Minister in China (tel.)</i> Information concerning indemnity payments to Italy and other governments for 1932 and 1933; also concerning British Legation's suggestion to British Government that question of arrears in payment of British and American portions be discussed with Soong in London.	676
June 26 (1115)	<i>To the Minister in China</i> Acceptance, in which Treasury Department concurs, of Chinese proposal for alteration in date of payment of postponed portion of Boxer Indemnity.	676
Undated	<i>To the Chinese Legation</i> Representations concerning arrears in payment of American portion of Boxer Indemnity.	677
Nov. 16	<i>Memorandum by the Minister in China of a Conversation With the Former Chinese Minister of Finance</i> Mr. Soong's explanation of arrangements for payment of 2 months' arrears of American portion of Boxer Indemnity in 10 monthly installments; also of arrangements with Italy concerning Italian portion of Indemnity.	678

REPRESENTATIONS FOR THE PROTECTION OF AMERICAN PATENTS
AND TRADE MARKS IN CHINA

1933 May 15 (436)	<i>From the Minister in China (tel.)</i> Informal protest against recent public statement of Minister of Industries tending to encourage imitation of American patents by Chinese Citizens.	679
May 20 (172)	<i>To the Minister in China (tel.)</i> Instructions, if favorable action is not taken soon by Chinese Government, to make oral and written representations to Foreign Minister concerning statement of Minister of Industries.	679

CHINA

REPRESENTATIONS FOR THE PROTECTION OF AMERICAN PATENTS
AND TRADE MARKS IN CHINA—Continued

Date and number	Subject	Page
1933 June 9 (1102)	<i>To the Minister in China</i> Directions to continue close observation of the situation in China as regards the protection of American patents and to impress upon the Chinese Government that the U. S. Government expects the early enactment of appropriate legislation.	680
June 12 (514)	<i>From the Minister in China (tel.)</i> Efforts to secure action by Chinese Government publicly repudiating statement of Minister of Industries and calling attention of the public to Chinese treaty engagements to protect American patents.	680
July 21 (614)	<i>From the Minister in China (tel.)</i> Receipt of Chinese draft statement on the protection of foreign patents; notification to Foreign Office that Legation approves statement and requests that it be released to the press as soon as possible. (Footnote: Release of statement on July 22.)	681
Nov. 8 (1231)	<i>To the Minister in China</i> Instructions to refrain from representations to the Chinese authorities as to the general application to American nationals of the trademark law of 1930, but to continue to make representations in specific cases where such representations appear to be warranted.	682

REGISTRATION OF AMERICAN AND OTHER FOREIGN PUBLICATIONS
UNDER THE CHINESE PRESS LAW

1933 Feb. 2 (1942)	<i>From the Minister in China</i> Transmittal of copies of Foreign Office note of January 23, requesting that American publishers be instructed to register with the Ministry of the Interior under the Chinese press law, and Legation's reply, refusing to instruct American nationals to comply with the requirements of the law.	683
Mar. 7 (220)	<i>From the Minister in China (tel.)</i> Inclination to agree with opinion expressed by Counselor of Legation at Nanking that voluntary registration of American publications should be permitted, provided, however, that Foreign Minister first gives a written undertaking exempting them from penal provisions of the press law and from registration with the Central Party Headquarters.	683
Mar. 9 (79)	<i>To the Minister in China (tel.)</i> Approval of opinion expressed in Minister's telegram No. 220 of March 7, and authorization to act accordingly, after discussion of question with British and other interested colleagues.	684

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REGISTRATION OF AMERICAN AND OTHER FOREIGN PUBLICATIONS
UNDER THE CHINESE PRESS LAW—Continued

Date and number	Subject	Page
1933 Mar. 25 (275)	<i>From the Minister in China (tel.)</i> Information that British Legation has accepted Foreign Minister's oral assurances and has advised British publications to register, but that British Minister is willing to reopen the question. Advice from Shanghai that American, British, French, and Japanese Legations have been requested to instruct their nationals to register. Request for Department's comments before taking action in the matter.	685
Apr. 1 (105)	<i>To the Minister in China (tel.)</i> Instructions to ascertain views of French and Japanese Legations and, if similar to those of Department, to inform Chinese Government of U. S. attitude, synchronizing reply with French and Japanese replies if possible; but, if French and Japanese views are not in accord with American attitude, to inform Department and submit recommendations.	686
Apr. 5 (306)	<i>From the Minister in China (tel.)</i> Information from British Chamber of Commerce at Shanghai that for the present foreign newspapers are not being required to register; report on British, French, and Japanese attitudes and recommendation that no further action be taken in the matter for the time being.	687
Apr. 7 (114)	<i>To the Minister in China (tel.)</i> Approval of recommendation that no further action be taken for the time being.	689
June 28 (562)	<i>From the Minister in China (tel.)</i> Receipt from Foreign Office of written undertaking in accordance with Department's requirements for registration of American publications under Chinese press law, and proposed acknowledgment (excerpt printed); information that British Legation has received similar note and is making similar reply.	689
July 5 (573)	<i>From the Minister in China (tel.)</i> Request for approval of amended paragraph (text printed) containing new proviso; information that British concur in new wording.	690
July 13 (246)	<i>To the Minister in China (tel.)</i> Suggested substitute paragraph (text printed), providing for assurance by Chinese authorities that conditions of new proviso have been met before recommendation for registration by American publications is given. (Footnote: Inclusion of Department's suggested paragraph in note to Foreign Office dated July 18.)	690
Oct. 9 (1212)	<i>To the Minister in China</i> Approval, in view of Chinese inability to confirm the understandings requested, of decision (concurring in by British Legation) to let the matter of registration of foreign publications under Chinese press law rest until the Chinese again reopen the question.	691

CHINA

REGISTRATION OF AMERICAN AND OTHER FOREIGN PUBLICATIONS
UNDER THE CHINESE PRESS LAW—Continued

Date and number	Subject	Page
1933 Dec. 7 (2413)	<p><i>From the Minister in China</i></p> <p>Substance of Foreign Office reply, dated November 17, to U. S. note of July 18. Opinion that in view of French and British attitudes there is little chance of obtaining the additional assurances requested in note of July 18, and suggestion that U. S. Government sanction voluntary <i>pro forma</i> registration with a general reservation that it cannot accept the application to American publications, whether registered or not, of any of the penal provisions or administrative controls contemplated by the Chinese press law.</p>	691

CHINESE CENSORSHIP RESTRICTIONS UPON EXHIBITION
OF AMERICAN MOTION PICTURES IN CHINA

1933 Aug. 3 (1138)	<p><i>To the Minister in China</i></p> <p>Views concerning right of censorship of any government over exhibition of a motion picture considered contrary to its interests, with reference to threat of Chinese National Board of Film Censors to exclude from exhibition in China all films of Columbia Pictures Distributing Company, Inc., unless it withdrew from world-wide circulation its film entitled "The Bitter Tea of General Yen"; instructions to endeavor to secure a satisfactory solution of the question through informal negotiations with the Chinese Board of Censors.</p>	694
Sept. 13 (2290)	<p><i>From the Minister in China (tel.)</i></p> <p>Receipt of Foreign Office memorandum of September 6 requesting that American motion picture distributors be informed of provisions of Motion Picture Censorship Law requiring that all foreign motion pictures to be shown in China be sent to Nanking for censorship prior to exhibition.</p>	695
Oct. 3	<p><i>From the American Counselor of Legation in China to the Director of the Department of International Affairs of the Chinese Foreign Office</i></p> <p>Representations on behalf of Columbia Pictures Distributing Company, Inc., with reference to action of Chinese Consul General at Batavia; request that Foreign Office telegraph the Chinese Consuls General at Batavia, Manila, and Calcutta, advising them that the film "The Bitter Tea of General Yen" has been amended and approved by the Board of Censors and that they should not take any measures to warn Chinese residents abroad against the film.</p>	696
Nov. 7 (2365)	<p><i>From the Minister in China</i></p> <p>Complaint of Motion Picture Association of China against the action of the National Government Motion Picture Censorship Committee in fining foreign distributors for irregularities on the part of Chinese exhibitors over whom the distributors have no control; instructions to Nanking to make informal representations in the matter.</p>	697

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CHINESE CENSORSHIP RESTRICTIONS UPON EXHIBITION OF
AMERICAN MOTION PICTURES IN CHINA—Continued

Date and number	Subject	Page
1933 Dec. 14 (2416)	<p><i>From the Minister in China</i></p> <p>Opinion that, in view of reported attitude of Board of Censors justifying the imposition of fines upon foreign distributors, a protest against the imposition of these fines would not further the interests of the distributors; instruction to Counselor of Legation at Nanking to continue his interest in the matter and, if necessary, to express concern over violation of treaty rights of American distributors.</p>	697

DISINCLINATION OF THE AMERICAN GOVERNMENT TO RAISE ITS LEGATION
IN CHINA TO THE STATUS OF AN EMBASSY

1933 June 8	<p><i>To the British Embassy</i></p> <p>Information that the position of the American Government toward the Chinese proposal for reciprocally raising the diplomatic missions of the two countries to the status of Embassies is that circumstances do not warrant making the change at the present time, and is thus similar to the position of the British Government in the matter.</p>	698
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JAPAN

POLITICAL DEVELOPMENTS IN JAPAN

1933 Apr. 21 (364)	<p><i>From the Ambassador in Japan</i></p> <p>Opinion that recent indications of hostility to the United States and to American companies in Japan by Japanese public and press are inspired by military propaganda; comment that, except in a few instances, action by the Embassy was not considered desirable in regard to such incidents, but that the ill effects of such anti-American propaganda upon Japanese-American relations has been pointed out to prominent Japanese.</p>	700
June 8 (114)	<p><i>From the Ambassador in Japan (tel.)</i></p> <p>Account of recent noticeable improvement in Japanese attitude toward the United States.</p>	702
Aug. 17 (497)	<p><i>From the Ambassador in Japan</i></p> <p>Observations concerning the political situation, roles of the two great parties, and continuance of the Saito coalition Cabinet.</p>	703
Aug. 31 (506)	<p><i>From the Ambassador in Japan</i></p> <p>Indications of new policy of friendliness toward United States by Japanese Government; observations concerning purpose behind this new attitude.</p>	706
Sept. 18 (144)	<p><i>From the Ambassador in Japan (tel.)</i></p> <p>Intention of new Foreign Minister Hirota to devote himself to the development of better relations with the United States.</p>	710

JAPAN

POLITICAL DEVELOPMENTS IN JAPAN—Continued

Date and number	Subject	Page
1933 Oct. 11 (156)	<i>From the Ambassador in Japan (tel.)</i> Reported disagreement in the Saito Cabinet over the demands of the Army and Navy for increased appropriations.	710
Nov. 15 (581)	<i>From the Ambassador in Japan</i> Observations concerning trial and sentences of ten naval sublieutenants involved in the terroristic acts of May 15, 1932, which included the assassination of Premier Inukai.	711
Dec. 14 (609)	<i>From the Ambassador in Japan</i> Matsuoka's resignation from the Seiyukai Party and from the Imperial Diet, and issuance of a statement (excerpt printed) denouncing government by political parties and advocating a "superparty" government. Observations concerning Matsuoka's statement and concerning the status of parliamentary government in Japan.	713

REPRESENTATIONS REGARDING INADEQUATE POLICE PROTECTION FOR PROPERTY
OF SINGER SEWING MACHINE COMPANY DURING STRIKE

1933 Jan. 18 (19)	<i>From the Ambassador in Japan (tel.)</i> Representations to Foreign Minister requesting that an investigation be made of recent attack by striking workmen on the property of the Singer Sewing Machine Company at Yokohama and that steps be taken by the Japanese authorities for adequate police protection in the future.	716
Jan. 19 (21)	<i>From the Ambassador in Japan (tel.)</i> Information from Foreign Office official that a full investigation had been made of the facts of the attack and an account cabled to the Japanese Ambassador in Washington.	717
Feb. 10 (36)	<i>From the Ambassador in Japan (tel.)</i> Information that Singer Sewing Machine Company strike was settled February 8 through the good offices of the Director of Police of Kanagawa Prefecture. (Footnote: Ambassador's report, March 8, of punishment of persons involved, and his belief that incident can be considered closed.)	717

ASSISTANCE BY THE JAPANESE AUTHORITIES IN SECURING RELEASE OF
DR. NIELS NIELSEN, KIDNAPPED IN MANCHURIA

1933 Apr. 12	<i>From the Consul General at Mukden (tel.)</i> Information that a report of the kidnapping of Dr. Niels Nielsen, American citizen and member of Danish Lutheran Mission stationed at Siuyen, has been brought informally to the attention of the Japanese consular and military authorities and of local authorities and their assistance requested	718
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JAPAN

ASSISTANCE BY THE JAPANESE AUTHORITIES IN SECURING RELEASE OF
DR. NIELS NIELSEN, KIDNAPPED IN MANCHURIA—Continued

Date and number	Subject	Page
1933 Apr. 13 (324)	<i>From the Minister in China (tel.)</i> Information that Consul at Dairen has reported kidnapping of Dr. Nielsen and has made informal request for assistance of Kwantung Government and police in the case.	718
Apr. 17 (334)	<i>From the Minister in China (tel.)</i> From Mukden, April 16: Report of Japanese military that Nielsen was kidnapped by bandits under Liu Ching-wen and is believed to be at a town southwest of Siuyen.	718
Apr. 20 (346)	<i>From the Minister in China (tel.)</i> To Mukden, April 18: Offer to send special representative to assist in urging action by Japanese and local officials to obtain release of Nielsen. From Mukden, April 19: Opinion that dispatch of special representative is not desirable; information that Japanese military are negotiating with Liu Ching-wen for his surrender and release of Dr. Nielsen and have assured Consul General that negotiations will be continued for at least another 2 weeks before military operations are undertaken.	719
Apr. 20 (125)	<i>To the Minister in China (tel.)</i> Danish Minister's expression of his Government's interest in the Nielsen case and of possibility of raising ransom money in Denmark; advice to Minister as to harmful effect of publicity upon negotiations for release of captive, and suggestion that best point of official contact in the matter is between the Danish and American Ministers in Peiping.	719
May 4 (401)	<i>From the Minister in China (tel.)</i> From Mukden, May 3: Report of Japanese military that negotiations for Nielsen's release are not progressing satisfactorily and that the commander at Siuyen has decided to resort to military measures. Intention, in view of difficulties of communication, to send Vice Consul Hall to Siuyen by special plane.	720
May 16 (440)	<i>From the Minister in China (tel.)</i> From Mukden, May 15: Information that joint Japanese-"Manchoukuo" operations are being carried out to secure Nielsen's release; arrangements for return of Vice Consul Hall, as local authorities feel that his presence only encourages bandits to increase their demands and there is nothing to be gained by his remaining.	721
June 9 (508)	<i>From the Minister in China (tel.)</i> From Mukden, June 8: Report that bandits have escaped from Japanese-"Manchoukuo" troops, taking Nielsen with them; suggestion for representations at Tokyo for more effective measures in the matter, or for authorization for Consul General to call on Marshal Muto at Hsinking. Suggestion that Embassy at Tokyo be requested to take appropriate action.	721
June 9 (56)	<i>To the Ambassador in Japan (tel.)</i> Instructions for representations to the Japanese Government, expressing hope that efforts will be made to secure the safe and prompt release of Nielsen.	722

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1933 June 10 (115)	<i>From the Ambassador in Japan (tel.)</i> Foreign Office assurance that Japanese Army authorities in Manchuria have been doing their best to secure Dr. Nielsen's release, but that they will be informed of U. S. Government's concern in the matter.	722
June 23 (216)	<i>To the Minister in China (tel.)</i> Instructions to consider Danish offer of assistance, either official or private, in securing early release of Nielsen and to discuss case with Danish Legation at Peiping.	722
July 7 (578)	<i>From the Minister in China (tel.)</i> From Mukden, July 4: Refusal of Japanese authorities to permit a Danish missionary to proceed to Siuyen under military protection to assist Mrs. Nielsen on grounds that it would increase bandits' demands. July 5: View of Japanese authorities that it is inadvisable to attempt ransom negotiations for release of Nielsen at present; nonobjection of Japanese Consul General to mission representative visiting Siuyen, but assertion of military authorities that they are unable to afford protection.	723
July 7 (582)	<i>From the Minister in China (tel.)</i> Two confidential telegrams from Consul General at Mukden (texts printed): July 6, Mrs. Nielsen's opinion that payment of a reasonable ransom, negotiated under the supervision of the mission, is the best means of securing release of Dr. Nielsen; July 5, request for authorization to visit Marshal Muto at Hsinking to endeavor to persuade him to take definite steps in the case or to cooperate with the Mission in its negotiations. Intention, with Department's approval, to authorize proposed visit to Marshal Muto and to send also a representative of the Legation with a personal message to Marshal Muto.	723
July 11 (589)	<i>From the Minister in China (tel.)</i> Discussion of case with Danish Minister; information that Consul General Myers has been instructed to seek proposed interview with General Muto and that Lieutenant Boatner of the Legation staff will assist him in any negotiations.	724
July 19 (604)	<i>From the Minister in China (tel.)</i> From Mukden, July 16: Report of interview with General Muto, who agreed to instruct the appropriate authorities to make renewed efforts for the release of Dr. Nielsen and advised that details be discussed with the Japanese Consulate General and local authorities.	725
July 21 (612)	<i>From the Minister in China (tel.)</i> From Mukden, July 20: Interview with Japanese and local officials concerning Nielsen case; Japanese assertion that no instructions have as yet been received from General Muto. Opinion that best course is to seek authorities' unofficial cooperation with ransom negotiations by the mission; request for information as to amount of ransom Danish Mission is prepared to offer.	726

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DR. NIELS NIELSEN, KIDNAPPED IN MANCHURIA—Continued

Date and number	Subject	Page
1933 July 21 (613)	<p><i>From the Minister in China (tel.)</i> Further information from Mukden that Japanese Consulate General has been instructed by Tokyo, if American Consulate General presses too vigorously in the Nielsen case, to maintain attitude that Japanese are merely intermediaries and that all responsibility rests with "Manchoukuo"; also that Muto's instructions will probably be of a general nature and that no increase of military efforts can be expected.</p>	726
July 25 (622)	<p><i>From the Minister in China (tel.)</i> Information that Consul at Mukden has been instructed to consult with Danish Mission in Mukden with regard to ransom money.</p>	727
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Aug. 2 (646)	<p><i>From the Minister in China (tel.)</i> From Mukden: Information that gendarme Captain Sakamoto left by small plane for Siuyen, and that Vice Consul Hall was unable to accompany him.</p>	728
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Oct. 11 (796)	<p><i>From the Minister in China (tel.)</i> Report of capture of Japanese negotiator sent to discuss terms with the bandits; suggestion that instructions be issued looking to action by "Manchoukuo" authorities similar to that recently taken to secure release of British "Nanchang" captives by payment of part or all of large ransom.</p>	729
Oct. 13 (342)	<p><i>To the Minister in China (tel.)</i> Telegram to be repeated to Embassy in Tokyo (text printed), containing instructions for representations to Japanese authorities in the Nielsen case, expressing regret at capture of Japanese negotiator, and referring parenthetically to understanding that "Manchoukuo" authorities recently contributed part or all of ransom paid for release of three British officers captured by bandits.</p>	730
Oct. 23 (165)	<p><i>From the Ambassador in Japan (tel.)</i> Japanese assurance that the Nielsen case will continue to be given attention, and information that ransom of British officers was paid partly by "Manchoukuo" on the understanding that government would be reimbursed.</p>	731

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ASSISTANCE BY THE JAPANESE AUTHORITIES IN SECURING RELEASE OF
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PLANS FOR THE ESTABLISHMENT OF OIL MONOPOLIES
IN JAPAN AND MANCHURIA

1933 May 8 (94)	<i>From the Ambassador in Japan (tel.)</i> Information concerning rumored tentative plans of Japanese Government to establish either an oil monopoly or a governmental licensing system, either of which would eventually drive the foreign oil companies from business.	732
June 2 (584)	<i>From the Consul General at Mukden</i> Indications of intention of "Manchoukuo" regime to establish an official oil company or monopoly, but absence of concrete information on the subject.	734
July 10 (594)	<i>From the Consul General at Mukden</i> Information concerning formation of a joint Japanese-"Manchoukuo" oil company and plans to develop the oil resources of the new state.	736
July 24 (479)	<i>From the Ambassador in Japan</i> Information concerning Japan-"Manchoukuo" oil company and building of a refinery at Dairen; proposed plans for assuring the refinery a market in Manchuria without violation of the open-door policy.	738
Sept. 15 (522)	<i>From the Ambassador in Japan</i> Probable effect on position of foreign oil companies of importation and sale of Russian gasoline in Japan; indication that Government will shortly arrive at a decision as to future oil policy; intimation by Foreign Office official of probable introduction of some form of control of oil companies in the near future.	739
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PLANS FOR THE ESTABLISHMENT OF OIL MONOPOLIES
IN JAPAN AND MANCHURIA—Continued

Date and number	Subject	Page
1933 Dec. 9 (187)	<i>From the Ambassador in Japan (tel.)</i> Suggestion that question of customs discrimination in Manchuria against foreign oil companies be discussed with the British, inasmuch as local representations to "Manchoukuo" authorities have apparently not produced any favorable results.	741
Dec. 11	<i>From the Consul at Dairen to the Ambassador in Japan</i> Account of Japanese efforts to obtain information regarding trade and organization of the Socony-Vacuum Corporation and other foreign oil companies.	742
Dec. 20 (189)	<i>From the Ambassador in Japan (tel.)</i> Report that Consul at Dairen had an unsatisfactory interview with the "Manchoukuo" Customs authorities in regard to discriminatory levying of duties, and that Consul General at Mukden advises that he must make representations through the Japanese Embassy at Changchun as there are no local authorities available. Information that British representative is awaiting instructions from London, and suggestion that British-American conversations in the matter be held in London or Washington.	744
Dec. 22 (400)	<i>To the Minister in China (tel.)</i> Authorization for Consul General at Mukden to proceed or to send representative to Changchun to make representations. Telegram (text printed) for repetition to Tokyo expressing opinion that British-American conversations at London or Washington would be premature, and suggesting that exchange of views and information with British colleague be continued, but not with a view to joint action at the present time.	744

SUGGESTIONS FOR TREATY OF ARBITRATION AND RECIPROCAL COMMERCIAL
TREATY BETWEEN THE UNITED STATES AND JAPAN

1933 June 15 (60)	<i>To the Ambassador in Japan (tel.)</i> Press reports that a U. S.-Japanese arbitration treaty is under consideration and that Viscount Ishii will discuss subject with Secretary Hull in London; denial that Department is conducting any such treaty negotiations.	745
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July 25	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Counselor of the Japanese Embassy</i> Discussion of Viscount Ishii's recent approach to Secretary Hull on the subject of possible negotiation of a reciprocity treaty; suggestion that if the Japanese Government is interested in negotiating such a treaty, the matter could be taken up through the regular diplomatic channels in Washington or Tokyo.	746

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SUGGESTIONS FOR TREATY OF ARBITRATION AND RECIPROCAL COMMERCIAL
TREATY BETWEEN THE UNITED STATES AND JAPAN—Continued

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1933 Aug. 10	<i>Memorandum by the Secretary of State</i> Expression to Japanese Ambassador of willingness to take up with Japan question of negotiation of a reciprocal commercial treaty when present U. S. commitments with five countries for negotiation of reciprocal commercial treaties shall have progressed sufficiently.	747
Oct. 11 (155)	<i>From the Ambassador in Japan (tel.)</i> Intention, if approached by Japanese on subject of an arbitration treaty, to take position that present time is not propitious for consideration of such a treaty. (Footnote: Secretary's approval of position.)	747

RETENTION AND FORTIFICATION BY JAPAN OF MANDATED PACIFIC ISLANDS

1933 Feb. 7	<i>Memorandum by the Assistant Chief of the Division of Far Eastern Affairs of Conversations With the Second Secretary of the Japanese Embassy</i> Information that Mr. Kase was advised that there was no basis of fact for a newspaper article referred to by him concerning alleged statement by State Department officials of U. S. intention to deprive Japan of its mandate over the Pacific Islands, should Japan withdraw from the League of Nations.	748
Feb. 10 (285)	<i>From the Ambassador in Japan</i> Press reports of purported views of Japanese Foreign Office officials and of Japanese authorities on international law regarding Japan's right to retain the mandate over the Pacific Islands should Japan withdraw from the League of Nations.	749
Feb. 21 (296)	<i>From the Ambassador in Japan</i> Memorandum by the Vice Consul at Yokohama (text printed) of a conversation with an American tourist concerning Japanese fortification of the mandated Pacific Islands.	750
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Sept. 5 (76)	<i>To the Ambassador in Japan (tel.)</i> Inquiry as to accuracy of news reports of Japanese Navy Office statement that mandated islands are "Japanese territory".	752
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July 25	<i>Memorandum by Mr. Lawrence E. Salisbury, of the Division of Far Eastern Affairs, of a Conversation With the Second Secretary of the Japanese Embassy</i> Explanation of visits of the Japanese vessel <i>Hakuho Maru</i> at the Aleutian port of Attu.	754

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1933 Apr. 21	<i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Japanese Ambassador</i> Discussion of cordial reception given Japanese training squadron at various ports on the Pacific coast.	755
May 3 (45)	<i>To the Ambassador in Japan (tel.)</i> Request for views as to advisability of a visit to Japan of the Commander in Chief of the Asiatic Fleet.	755
May 5 (91)	<i>From the Ambassador in Japan (tel.)</i> Opinion, concurred in by Naval Attaché, that a visit by the Commander in Chief of the Asiatic Fleet would be favorably received.	756
June 17 (100)	<i>From the Japanese Ambassador</i> Thanks of Japanese Government for the courtesy and hospitality extended by the Government and people of the United States to the Japanese training squadron on its recent visit to ports of the Pacific coast.	756
June 28 (446)	<i>From the Ambassador in Japan</i> Cordial reception by Japanese Government and press of visit of Admiral Taylor on U. S. S. <i>Houston</i> , flagship of Asiatic Fleet, to Japanese ports.	757

CONSIDERATION OF POSSIBILITY OF REVISING RESTRICTIONS
ON JAPANESE IMMIGRATION

1933 Jan. 30	<i>Memorandum Prepared in the Division of Far Eastern Affairs</i> Observations concerning the effect of a revision of the Immigration Act on U. S.-Japanese relations, particularly with reference to the Manchurian situation.	758
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ON JAPANESE IMMIGRATION—Continued

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1933 Aug. 25	<p data-bbox="189 378 838 447"><i>Memorandum by the Chief of the Division of Far Eastern Affairs of a Conversation With the Counselor of the Japanese Embassy</i></p> <p data-bbox="189 447 838 578">Suggestion, in reply to Japanese inquiry as to possibility of action toward repeal of the Japanese exclusion clause of the Immigration Act of 1924, that, as there does not appear to be a Congressional majority favorable to the proposed alteration, it would not be advisable to make the question the subject of public discussion at the present time.</p>	765

SIAM

PROPOSED REVISION OF THE TREATY OF FRIENDSHIP AND COMMERCE BETWEEN THE
UNITED STATES AND SIAM, SIGNED DECEMBER 16, 1920

1933 Oct. 16	<p data-bbox="189 774 479 800"><i>From the Siamese Minister</i></p> <p data-bbox="189 800 838 878">Desire of Siamese Government for modification of certain provisions of the Treaty of Friendship and Commerce with the United States, and information concerning nature of proposed modifications.</p>	767
Nov. 2	<p data-bbox="189 904 447 930"><i>To the Siamese Minister</i></p> <p data-bbox="189 930 838 1025">Willingness to enter into discussion of proposed treaty modifications; possibility that Department may have certain suggestions for modification of other provisions of the Treaty. Request that American Legation at Bangkok be informed concerning proposals.</p>	770
Nov. 18 (17)	<p data-bbox="189 1052 511 1078"><i>To the Minister in Siam (tel.)</i></p> <p data-bbox="189 1078 838 1173">Understanding that Minister has been informed by Siamese Foreign Office of proposal for modification of Treaty of 1920. Information that Department may submit certain proposals of its own; request for any comments which might be helpful in the matter.</p>	770
Nov. 24 (28)	<p data-bbox="189 1199 538 1225"><i>From the Minister in Siam (tel.)</i></p> <p data-bbox="189 1225 838 1251">Belief that American interests are not likely to be injured by proposed treaty changes.</p>	771

THE FAR EASTERN CRISIS¹

JAPANESE OCCUPATION OF SHANHAIKWAN AND JEHOL AND WITHDRAWAL FROM LEAGUE OF NATIONS

CHAPTER I: JANUARY 1-31, 1933

Japanese occupation of Shanhaikwan by force, January 1-3; Japanese occupation of eastern end of Chinese Eastern Railway, January 3-5; Chinese suggestion to Boxer protocol signatories of representation to Japan; Chinese request for reaffirmation of American position as to Manchuria; President-elect Roosevelt's approval of unchanged American position as to Manchuria, January 13; statement of American policy in relation to Boxer protocol, January 14; preparation of League Assembly's Committee of Nineteen for formal report on Manchurian situation; President-elect's public statement on upholding treaties, January 17; statement of nonacceptance of proposals made by League Assembly's Committee of Nineteen, January 21; American attitude on proposed opium monopoly in Manchuria, January 26

793.94/5702

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*²

NANKING, January 2, 1933.

Marshal Chang Hsiao-Liang,³ wiring on January 2 from Peiping, reported that a telephone communication from Shanhaikwan revealed the following facts:

1. At 9:30 p. m. in the night of January 1 a few Japanese soldiers in civilian clothes appeared at the Southern gate of Shanhaikwan and fired several shots into the city.
2. In the same night a bomb was dropped by the Japanese sentry at the railway station of Shanhaikwan.
3. The police forces of the puppet government in the Three Eastern Provinces also fired more than ten shots around the same district.
4. Japanese military police on duty there assisted in the firing for a short time.

Brigadier-General Ho Chu-Kuo⁴ immediately despatched a representative to enquire at the headquarters of the Japanese military police. The Japanese alleged that the Chinese forces had fired upon them, citing as proof several bomb holes in the headquarter itself. The

¹ Continued from *Foreign Relations*, 1932, vols. III and IV.

² Translation of telegram transmitted to the Department by the Chinese Legation on January 3.

³ Usually known as Marshal Chang Hsueh-liang (the "Young Marshal"), Acting Chairman, Peiping branch, National Military Council.

⁴ Commander, Ninth Brigade, at Shanhaikwan.

Japanese authority then issued a warning demanding the residents of Shanhaikwan to evacuate the territory for fear of possible danger to them. This warning was to be answered by the Chinese within fifty minutes of its issuance.

The Ministry of Foreign Affairs, upon receipt of this report, has ordered the local Chinese authorities to negotiate with the Japanese hoping to localize the affair, although active preparations were being made for resistance against any possible attack. At the same time the Chinese are protesting to the Japanese in accordance with reasons. Whether this affair can be satisfactorily settled or not can not be known until January 3. The Ministry of Foreign Affairs has ordered Marshal Chang to investigate as to which side opened fire and to try to localize the affair as much as possible. However, any condition which the Japanese may attach to the solution must first obtain the consent of the central government.

793.94/5663 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 3, 1933—1 p.m.

[Received January 3—1:15 a.m.]

4. Nakayama⁵ of Japanese Legation informed press correspondents this morning that matter of clash at Shanhaikwan had been taken out of Legation's hands and was being handled by the Japanese Commandant at Tientsin who was issuing orders to Commandant of Legation Guard here over Legation's head; that a letter was sent last night to Marshal Chang Hsueh-liang demanding that he accept responsibility for clash at Shanhaikwan and that situation was dangerous as Chinese were refusing to accept conciliatory gestures. Shanhaikwan reported bombed by the Japanese.

JOHNSON

793.94/5668 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 3, 1933—5 p.m.

[Received January 3—9:35 a.m.]

5. 1. General Tang,⁶ aide to Marshal Chang Hsueh-liang, has just called. He handed me a typewritten statement as follows:

"January 1st: At half past 9 in the evening some Japanese plain-clothes men opened fire in the direction of Shanhaikwan city wall; after a few minutes some Japanese soldiers threw a bomb at the

⁵ Shoichi Nakayama, First Secretary of the Japanese Legation in China.

⁶ Gen. Tang Chu-wu.

Shanhaikwan station and simultaneously the Manchukuo police opened several tens of shots. Our Shanhaikwan headquarters immediately sent over the Chief of the Bureau of Foreign Affairs to question the Japanese why the fire had been opened. In reply the Japanese argued that we had fired upon them first producing the smashed window panes of their gendarmery quarter as an evidence; and at the same time demanded us to ask Shanhaikwan residents to leave and our defense corps at Nankwan (South Gate of Shanhaikwan) to withdraw. We refused entirely.

January 2nd: About 10 o'clock in the morning two Japanese armored trains fired again in the direction of Shanhaikwan city and about 200 soldiers climbed up the city wall by wooden ladders. Finally they failed getting into the city because for the sake of self-defense we resisted them with big swords and grenades.

About midnight three Japanese armored trains loaded with about 3,000 men and over 20 cannons arrived at Shanhaikwan; and they attacked us seriously from Wouyenchen (outside of Shanhaikwan).

At 3 o'clock in the afternoon six Japanese bombing planes circled around the city throwing down many bombs; consequently many Chinese were slaughtered and wounded.

At midnight the firing still could be heard".

He stated that fighting was still going on.

2. French Minister and British Chargé d'Affaires met with me this afternoon to discuss situation and we agreed that situation was serious but that until more was known it was too soon to reach any conclusions. All is quiet here and at Tientsin.

3. British Chargé d'Affaires informs me of receipt of telegram from Tokyo stating that British Military Attaché was informed at General Staff headquarters that commanders in chief in Manchuria and Tientsin have been instructed to localize incident but that Japanese would have to consider counter-measures if Chinese made further attacks.

4. At a military conference at Tientsin last night Japanese commandant is reported to have stated that Japanese objectives were Jehol and Shanhaikwan. My estimate of the situation is that Japanese intend to occupy and hold Shanhaikwan in connection with efforts to occupy Jehol. Chinese are evidently determined to resist.

Repeated to Tokyo.

JOHNSON

793.94/5670 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 4, 1933—11 a.m.

[Received January 4—1:30 a.m.]

8. My 4, January 3, 11 a.m. [1 p.m.] I am informed this morning that Marshal Chang replied to Japanese letter stating in substance

that he considered affair at Shanhaikwan a national emergency and not a local event and informed Japanese Commandant at Tientsin that other communications on the subject should be made direct to National Government at Nanking. Reply enumerates events as Chinese know them, claims Japanese must bear responsibility for initiating action.

JOHNSON

793.94/5679 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 4, 1933—2 p.m.

[Received January 4—4:55 a.m.]

11. Following report of events at Shanhaikwan comes from officer in command Italian marines stationed in port commanding view of Shanhaikwan: January 2nd East Gate attacked by Japanese, telephone communication to Chinwangtao interrupted, city bombed by the Japanese aeroplanes. 1,500 Japanese and 1,500 Manchukuo troops participated in attack. There were two armored Chinese trains near Shanhaikwan on the railway.

January 3rd at 10 o'clock in the morning Japanese warships bombarded town, Chinese replying weakly with machine-gun fire. Number of Japanese forces including Manchukuo forces estimated at 5,000. Populace fleeing into the country. Bombardment continued until 1 a.m. Japanese using 75's in bombardment. At 1:15 Japanese bombardment began to subside, Chinese continued answering with machine guns. At 2:15 Japanese evacuated town through East Gate which had been destroyed by fire which covered the radius of some 300 meters. At 3 a.m. town was completely quiet. Chinese troops retreating in the direction of Chilimatai. Japanese losses reported to be heavy, Chinese losses unknown. At 2:30 Japanese warships proceeded in the direction of Chinwangtao, Japanese commanded by General Suzuki. One Japanese aeroplane followed retreating Chinese troops. In giving the above Italian Chargé d'Affaires explained that report was merely eyewitness statement made by an officer with a view of the city.

Repeated to Tokyo, Nanking and commander in chief.

JOHNSON

793.94/5677: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 4, 1933—2 p.m.

[Received January 4—6 a.m.]

2. My No. 1, January 3, 7 p.m.¹ Peiping's No. 5, January 3, 5 p.m. Referring to the incident of January 2 at Shanhaikwan, Japanese War Office stated to Military Attaché:

"On January 1st local Chinese commander agreed that Japanese outposts could occupy certain important positions to enable them to give better protection from bandits to certain vital points; on January 2 when troops moved to position agreed upon they were fired on by Chinese regulars; Japanese returned this fire; Japanese casualties five; Japanese former garrison at Shanhaikwan of two companies has been increased; orders to stand by have been issued to no Japanese divisions; Second Division now in Korea en route Sendai continues its movement; following movements of Chinese troops taking place on December 31, Third, Sixteenth and Nineteenth Brigades into Jehol Province and toward Shanhaikwan Ninth Brigade and Sixty-third Cavalry Brigade; no aggressive action will be taken by Japanese Army unless forced into it by Chinese, in which case portions of Nineteenth and Twentieth Divisions and Marines will probably be used".

While the last clause of the foregoing official statement may reflect military opinion here at the moment, the military situation in Manchuria is so largely in the hands of General Muto² and his advisers that I hesitate to predict developments. The Shanhaikwan affair may be a sporadic incident. On the other hand it may be a carefully calculated step prepared by the Japanese to afford a pretext for an advance into Jehol. As soon as the Russo-Chinese *rapprochement* took place the likelihood of such a movement increased. There are various military hypotheses for such a movement which the Military Attaché has discussed in his reports to the War Department. For the present the Embassy is not disposed to accept either the Japanese or Chinese version of the Shanhaikwan affair at its face value until more conclusive evidence regarding the incident and the future intentions of the Japanese Army is forthcoming.

Repeated to Peiping.

GREW

¹ Not printed.

² Gen. Nobuyoshi Muto, Japanese Ambassador to "Manchoukuo"; commander in chief, Kwantung Army.

793.94/5678 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 4, 1933—6 p.m.

[Received January 4—7:46 a.m.]

4. My 2, January 4, 2 p.m. Japanese General Staff at 3 p.m. today made following statement to Military Attaché:

“Present strength Japanese garrison at Shanhaikwan is brigade headquarters and five companies” (foregoing not for publication).

General Staff continued:

“If Chinese troops and volunteers in Jehol and to south of Wall make no aggressive move there will be none on part of Kwantung Army; if on the other hand the Japanese are attacked at Shanhaikwan or along the Shanhaikwan-Mukden line the Kwantung Army will be forced to take such measures as it sees fit”.

Japanese casualties given as 8 killed, 31 wounded. Japanese estimate following Chinese troops in Jehol: 15,000 old Manchurian troops, 15,000 Peiping troops, 38,000 local volunteers, total 68,000.

There is no truth in the press statement that the Minister for Foreign Affairs sent for five Ambassadors including myself today and assured us that Japan desired to localize the incident. The British Ambassador discussed the situation casually with the Minister when calling on another matter.

Repeated to Peiping.

GREW

793.94/5710

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck)

[WASHINGTON,] January 4, 1933.

Mr. Hornbeck made a courtesy call, of fifteen minutes, on the Japanese Ambassador.

In the course of the conversation, the Ambassador gave an account, which he said he had received from the Japanese Foreign Office, of the Shanhaikwan incident. He then said that the Japanese Cabinet had met and had decided that action in consequence of this incident should be strictly localized, and that they had issued instructions accordingly. This, he said, included instructions by the military authorities. He said that he had not received instructions to inform the Department of State, but that he wished that we know this and requested that Mr. Hornbeck report it to the Secretary of State. In reply to a question by Mr. Hornbeck, the Ambassador next said that

it was not the intention at present to proceed with military operations against Jehol—unless the Chinese made it necessary. He said that the Japanese did not intend to proceed against Tientsin or Peiping. He went on to say that in the past he had frequently given the Department, through no fault of his own, misinformation, but that he was confident in this instance of the accuracy of what he was saying.

(NOTE: It is stated in the *New York Times* of this morning that the Ambassador “plans to call on Secretary Stimson tomorrow” and give him the Tokyo Government’s version of the fighting at Shanhaikwan.”)

S[TANLEY] K. H[ORNBECK]

793.94/5720

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹⁰

NANKING, January 4, 1933.

A telegram from Marshal Chang Hsiao-Liang at 4:00 p.m. January 3 transmitted to the Ministry of Foreign Affairs a telegraphic report from Brigadier-General Ho Chu-Kuo sent at 12:00 p.m. January 2, giving the full details of the beginning of the present clash between the Chinese and the Japanese forces at Shanhaikwan.

In the night of January 1, the Japanese command at Shanhaikwan, before they proceeded with their onslaught upon the city, ordered their military police to destroy the entrance to their headquarters and to drop several bombs in the vicinity. Police forces of the puppet government in the Three Eastern Provinces were ordered to fire several rifle shots around the districts in which they were stationed. Marshal Chang then immediately despatched one of his secretaries to inquire at the Japanese headquarters. The Japanese replied that they had no detailed information about the incident and they asked the Chinese to make an investigation themselves. The Japanese also issued the warning that, for fear of any possible danger on the Chinese residents, they should be ordered to evacuate the city. This warning was to be answered by the Chinese within fifty minutes.

At 12:00 a.m. the Japanese authorities proposed four conditions:—

- (1) The South Gate of the city of Shanhaikwan was to be policed by the Japanese.
- (2) The Chinese should withdraw their troops from the South Gate.
- (3) The Chinese should withdraw their policemen and police guards from the South Gate.
- (4) The Chinese should withdraw the guards on the city wall.

* For memorandum of conversation on January 5, 1933, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 107.

¹⁰ Translation of telegram transmitted to the Department by the Chinese Legation on January 6.

These conditions were to be answered by the Chinese immediately or else the Japanese would proceed to attack.

Later on, the Japanese demanded that the Chinese should grant them admittance through the South Gate and that the city wall at the south side of the city should be policed by the Japanese. The Chinese absolutely refused to concede to these conditions and proceeded to order the troops to take their mapped-out positions for defense. Meanwhile, the Japanese troops disarmed the police guards outside of the South Gate and a Chinese official was placed under detention. The two sides were now maintaining their respective positions.

At 8:00 a. m. of January 2, three Japanese troop trains arrived from the front carrying with them about three thousand infantry and artillery soldiers. A Japanese armored car also arrived at the Shanhaikwan railway station and began to bombard the city at about 10:00 a. m. Their bombardment was assisted by bombing planes which dropped many bombs into the city.

The Chinese immediately returned fire in self-defense and up to the present (4:00 p. m., January 3) the Japanese had fired about three hundred shells and had dropped more than ten bombs. There were casualties on both sides but each maintained its respective position.

Marshal Chang wired again at 11:00 p. m. January 3, transmitting a telegraphic report from Brigadier-General Ho Chu-Kuo on January 3 that the Japanese were reinforcing their troops at Shanhaikwan and two battleships arrived at Shanhaikwan. At 10:00 a. m. on the 3rd a fierce battle was on when the Japanese forces concentrated their attack upon the South Gate of Shanhaikwan with heavy artillery and bombardment from land and sea. As a result of this bombardment, the South Gate was completely destroyed and the city was set in flames.

Simultaneous with this bombardment some Japanese soldiers were attacking the city and were attempting to scale the city wall with ladders. The Chinese made a valiant defense against this attack and casualties on the Japanese side were extremely heavy. At about 11:00 a. m. the Japanese retreated after they had been repulsed by the Chinese.

The Chinese forces were in excellent spirit and were ordered by the command to be always prepared to resist any future attack by the Japanese.

793.94/5686 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 5, 1933—10 a.m.

[Received January 5—2:30 a.m.]

15. Following from American Consul General at Harbin :

"January 4, 11 a. m.

1. Entire east line Chinese Eastern Railway now occupied by Japanese troops which practically without meeting opposition reached Suifenhö January 3d.

2. Morishima, Japanese Consul General, informed me that he reached agreement December 29th with local Soviet Consul General to the effect that Soviet Government would not object to Japanese troops going as far as Suifenhö. Soviet Consulate General confirms this."

JOHNSON

794.94/5687 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 5, 1933—8 p.m.

[Received January 5—9:05 a.m.]

6. The Minister for Foreign Affairs told me today that instructions have been sent to the Japanese military authorities in Manchuria to localize the Shanhaikwan affair unless Chinese provocation renders further measures necessary.

Repeated to Peiping.

GREW

793.94/5722

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹³

NANKING, January 5, 1933.

The Ministry of Foreign Affairs is in receipt of a telegram from Peiping to the following effect :

British, French and American Legations all have observers at the battle front at Shanhaikwan. From their reports, the Legations are of the consensus opinion that the question as to who fired the first shot at Shanhaikwan is of no consequence. The fact is that the Japanese troops are on the offensive on Chinese soil which is a sufficient provocation in itself. On flimsy excuses, they employed the most powerful modern engine of war in a concentrated and ruthless bombardment of an innocent city and are now in occupation of foreign

¹³ Copy of telegram transmitted to the Department by the Chinese Legation on January 6.

soil. At Geneva, the Chinese delegate should refuse to listen to the question as to who fired the first shot. The fact is that the fierce bombardment directed against Shanhaikwan, a Chinese city, was started by the Japanese with superior force and arms. The responsibility is on them entirely. All the Legations are reporting this fact to their respective governments.

793.94/5730

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹⁴

NANKING, January 5, 1933.

The Ministry of Foreign Affairs sent a note of vigorous protest to Japan last night. The note first narrates the preliminary work of destruction as done by Japanese gendarmes in their own quarters and then the distortion of the facts concerning the circumstances preceding the attack in an attempt to evade responsibility for their unwarranted action.

The note further states that the operation of the Japanese troops at Shanhaikwan are clearly the execution of a pre-conceived plan calculated to aggravate the situation and contrary to the promises repeatedly made by the Japanese delegates to the League of Nations.

In conclusion, the note demands the immediate withdrawal of Japanese troops from Shanhaikwan, the prevention of similar occurrences in the future, and the punishment of those Japanese disturbances. It further reserves the right of the Chinese government to claim reparations for the damages sustained by the Chinese.

793.94/5731

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹⁵

NANKING, January 5, 1933.

With regard to the Japanese surprise attack and occupation of Shanhaikwan, the Ministry of Foreign Affairs issued the following statement late in the night of January 4, 1933:

Before commencing their attack upon Shanhaikwan, the Japanese gendarmes first blew up the doors of their headquarters and then scattered some hand grenades elsewhere in the neighborhood with the intention of fabricating a defensive case. Then, at 9:30 p. m., January 1st, 1933, Japanese plain-clothes soldiers closed in upon the South Gate of Shanhaikwan and opened fire with rifles. At the same time,

¹⁴ Copy of telegram transmitted to the Department by the Chinese Legation on January 5.

¹⁵ Copy of telegram transmitted to the Department by the Chinese Legation on January 7.

Japanese soldiers at the railway station began to throw bombs all around while Japanese gendarmes also started action with their rifles. The Chinese military authorities stationed in the district immediately repaired to the headquarters of the Japanese gendarmes and enquired for the cause of the trouble. The Japanese *gendarmerie* not only failed to give a satisfactory explanation for the disturbance besides the customary excuse that they were being shot at by Chinese soldiers and that they were acting in self-defense but also brought up a set of most unreasonable demands which the Chinese authorities on the spot could only reject.

The Japanese gendarmes thereupon proceeded to disarm the Chinese policemen stationed outside of the South Gate and at the same time placed commanding officer Mr. Ma under detention. At 8:00 in the morning of January 2, three train loads of Japanese artillery and infantry were brought up from Chien-Wei, a point to the north of Shanhaikwan, numbering more than 3,000 men in total. Meanwhile, three Japanese armored trains that had been previously stationed there moved onto and occupied the Nan-Kwan railway station and Li-Chia-Kou, Wu-Yen-Chen and Wu-Chia-Lin—three other points on the railway line. From these positions the Japanese opened fire on Shanhaikwan. Simultaneously Japanese aeroplanes bombed the city from the air. Many Chinese civilians were killed in the city and great damage was done to the city wall. Chinese garrison forces at last were compelled to return fire in self-defense and owing to their stubborn resistance, the Japanese failed in their first attempt to carry the city.

More Japanese reinforcements were then brought up and two Japanese warships came to the assistance from the sea. At 10:00 a. m. on January 3, the Japanese made a concerted attack with the land, naval and air forces, concentrating fire on the city of Lin-Yu. Heavy field pieces supported by naval artillery finally reduced the South Gate to ruins, besides setting many houses on fire. Under the cover of continuous barrage, Japanese tanks advanced on the South Gate and finally broke through at 3:00 p. m. on the same day. In the face of the enemy's overwhelming superiority both in numbers and in equipment, the Chinese troops, fighting as hard as they could, were finally compelled to fall back to points outside of the city wall.

That the attack and the occupation of Shanhaikwan by the Japanese military forces are premeditated action is most evident. The blow-up of doors of their own headquarters before commencing the attack and the subsequent charge that the Chinese started the hostilities are old tricks which had been habitually resorted to by the Japanese military and familiar to the whole world. Furthermore, the fact that the attack took place at the time when the whole world

is out celebrating the New Year and when the League of Nations is also in adjournment proves conclusively that the Japanese military purposely selected this particular moment to carry out their pre-meditated plan.

The League of Nations in successive sessions had adopted Resolutions against any further aggravation of the situation and these Resolutions had been assented to by the Japanese government. But in spite of these Resolutions as well as their own undertakings, the Japanese have been constantly extending the sphere of their military aggressions in China. They now took possession by a surprise attack of the most strategic points south of the Great Wall bordering the Three North-Eastern Provinces whence they are in a position to descend upon Tientsin, Peiping and Jehol at any moment they like—an eventuality fraught with even more grave consequences. The Chinese government, therefore, is of the opinion that the League of Nations should lose no time in taking the most effective measures to check the Japanese action while, in the meantime, the Chinese military forces will continue to resist to the best of their ability any further aggression on the part of the Japanese troops.

793.94/5749

The Ambassador in France (Edge) to the Secretary of State

No. 3223

PARIS, January 5, 1933.
[Received January 13.]

SIR: A recrudescence of rumors regarding a Franco-Japanese understanding whereby the two powers pledge each other mutual support ushered in the new year but met with a prompt denial from the Foreign Office. The Socialists apparently launched the suggestion for the purpose of "smoking out" the Paul-Boncour¹⁶ government on its Far Eastern policy. Thus they contended that the "backboneless" attitude shown by the Laval, Tardieu and Herriot governments towards the conflict in Manchuria had served to abet the designs of Japan. They referred to negotiations which they said had been progressing between the two governments and between French and Japanese financial and industrial interests and let it be understood that an agreement had been reached not of a formal nature but of the pre war entente variety.

As a consequence through the *Populaire* they called on the Paul-Boncour government to make its position plain—to state openly whether it intended to continue the Franco-Japanese agreement,¹⁷

¹⁶ Joseph Paul-Boncour, Premier of France.

¹⁷ Signed June 10, 1907, *Foreign Relations, 1907*, pt. 2, p. 754.

whether it proposed to encourage French finance and industry to pursue further conversations with Japan's representatives.

The Government replied immediately in a communiqué addressed to the press which stated, "There is no secret treaty binding France and Japan and no proposal along those lines is under consideration at the Foreign Office."

Moreover, in releasing the communiqué a governmental spokesman—said to have been M. Pierre Cot, the Undersecretary of State—explained that though France's relations with Japan were "very clear and cordial" and the Government was making an effort to assure a closer collaboration between the two countries there was no pact. Indeed statements to the contrary should be attributed to "international trouble makers."

This exchange coming coincidentally with the advance of Japanese troops in Jehol provoked widespread comment in the press with the extreme Left urging the government to strengthen the hand of the League of Nations and the Right and Center taking the fatalistic viewpoint that Japan was in Manchuria to stay, that it needed Manchuria as an outlet for its industries and excess population and finally that it would be folly for the Western powers to fly in the face of Japanese determination.

The *Temps*, for instance, took great pains to point out in its leading editorial of December 31 that Japan was prepared to consolidate its dominion over Manchuria, a province with which it had close and vital political and economic ties.

"The boycott practised by the Chinese has ruined the prosperity of the Empire of the Rising Sun," the *Temps* explained; "as a consequence Manchuria has become an indispensable field for Japanese expansion. That is what makes it impossible to solve the problem by recourse to the general formulae advanced by the League of Nations and renders recourse to direct negotiation between Nanking and Tokio imperative for the pacific solution of the problem outstanding between the two neighboring countries which have such enormous common interests and therefore should reach an understanding if they desire a durable peace in the Far East."

This "durable peace" which is to result from "direct negotiations" should however be based on a formal recognition of the doctrine of the open door, the *Temps* in conclusion insisted.

Leon Blum, Socialist leader, demanded in *Le Populaire* a diplomatic break with Japan. The fate of the post war system identified with the League of Nations, of American collaboration with Europe, the Disarmament Conference, confidence, security were at stake, he said. It was far better to have a mutilated League of Nations with Japan out of it than a dishonoured League with Japan in it.

The Radical Socialist viewpoint was set forth in the *République* which summoned the members of the League of Nations to take immediate and effective action to stop Japan's further invasion of Chinese territory. This paper reminded the nations of Europe that a similar aggression might take place at any moment at their door step and that if the League failed in the present crisis it would fail later. Therefore the *République* recommended immediate economic and financial sanctions through the League of Nations. However the main body of the French press sympathized openly and avowedly with the Japanese.

As Pertinax explained in *L'Echo de Paris*, order could be brought about in Manchuria only when the Chinese military forces in Jehol were dispersed. Japan could not tolerate an affront to its prestige in the Far East by a military Tu-Chun supported by Canton revolutionaries. Therefore while the League continued to discuss abstract principles Japan would solve its problems realistically in its own fashion.

Pertinax and the other Nationalist writers did not deceive themselves as to the repercussion of the Japanese action on the Geneva deliberations. He admitted frankly that the reopening of the meetings in Geneva would be the signal for the rupture of Japan with the League.

Respectfully yours,

WALTER E. EDGE

793.94/5692 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 6, 1933—10 a.m.
[Received January 6—1:58 a.m.]

18. Following from American Consul General at Mukden:

[“]January 5, 5 p. m. The spokesman of the Kwantung Army stated that fighting ceased on the evening of January 3d and that Japanese and Chinese forces are guarding the east and west sides respectively on the Shih River the bridge over which was destroyed by the Chinese. He further reported concentration of three Chinese divisions in that vicinity.

The Kwantung Army has taken charge of the operations at Shan-haikwan. Total Japanese casualties according to the spokesman are 15 killed, 99 wounded.

According to reliable source Kwantung Army headquarters are anxious to localize the incident and to arrange a settlement of it with Ho Chu-kuo who is reported to be in Chinwangtao. General Itagaki¹⁸ is believed to have left for Tientsin to secure adherence Tientsin

¹⁸ Maj. Gen. Seishiro Itagaki, chief, Japanese military mission at Mukden.

Japanese Commander to above policy. A peaceful settlement would appear dependent upon attitude of the Chinese and the absence of further serious incidents."

JOHNSON

793.94/5691 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 6, 1933—3 p.m.

[Received January 6—5:06 a.m.]

23. Following from Captain Barrett, Fifteenth Infantry, Chinwangtao, January 5, 8 p. m., received *en clair* through Military Attaché.

"We proceeding to Chinese front line at Liuchiaying halfway between Chinwangtao and Shanhaikwan. Line extends to sea on right of railway, on left to mountains. Right flank held by Thirty-first Regiment Third Cavalry Brigade originally stationed at Yuikuanchen north of Peitaiho. Center held by 600 Twenty-seventh Regiment of Ninth Brigade. Left unit reported as another cavalry regiment Third Brigade. Twentieth Brigade reported in support. Today inspected disposition of right flank cavalry regiment and find have taken up temporary defense without entrenchment. Due presence of Japanese warships at Chinwangtao Chinese state will not attempt to hold right flank if attacked. Intended to push on to Shanhaikwan but were strongly advised by cavalry regimental commander not to do so. No evidences of Japanese activity today. Reported yesterday armored train made several trips to point 500 yards east of Chinese line where small railroad bridge has been temporarily put out of commission. En route to front lines passed refugees estimated at 2,000 from Shanhaikwan and villages between here and that point. Tomorrow intend to cover center and left flank Chinese position. Eleven fifteen a. m. today desultory artillery fire estimated at five rounds 75's heard on our left front. Barrett."

JOHNSON

793.94 Commission/724 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 6, 1933—3 p.m.

[Received January 6—5:51 a.m.]

7. 1. Sir John Simon¹⁹ recently instructed Lindley²⁰ to say to Count Uchida²¹ that the nature of the instructions received by

¹⁹ British Secretary of State for Foreign Affairs; representative, League of Nations.

²⁰ Sir Francis Lindley, British Ambassador to Japan.

²¹ Count Yasuya Uchida, Japanese Minister for Foreign Affairs.

Matsuoka²² at Geneva rendered unlikely the possibility of reaching an agreement on the resolution and commentary already provisionally approved by the Committee of Nineteen respecting the Sino-Japanese dispute. Simon therefore fears that when the Committee reconvenes on January 16 it will be faced with a deadlock in its efforts to bring about conciliation and he directed Lindley to urge that Matsuoka's instructions be modified in a way that will permit a conciliation committee to be constituted.

2. According to Lindley, Uchida replied to him that Japan could not give its approval to any arrangement which failed to take into consideration (a) the independence of "Manchukuo" and (b) direct negotiations for conciliation by the Japanese with the Chinese alone.

Repeated to Peiping.

GREW

793.94/5698 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 6, 1933—6 p.m.

[Received January 6—7:37 a.m.]

26. British Chargé d'Affaires informs me that yesterday evening he called at Japanese Legation and invited their attention to serious situation which had arisen in the neighborhood of Chinwangtao with attendant threat of serious clash between Chinese and Japanese and he expressed the hope that care would be exercised in view of danger to large British interests there. He made same communication through his representative at Nanking. He also informed Marshal Chang of action.

Today he received reply of Marshal Chang stating Japanese must be held responsible for any damage that might be done.

Marshal's representative informed British Chargé d'Affaires that the Marshal, under orders from Nanking, was mobilizing for the purpose of retaking Shanhaikwan.

JOHNSON

793.94/5770

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Belgian Ambassador (May)

[WASHINGTON,] January 6, 1933.

At a party yesterday afternoon I encountered the Belgian Ambassador. The Ambassador at once referred to the late news from the Far East and made the observation that there seemed to be nothing

²² Yosuke Matsuoka, Japanese chief delegate, League of Nations.

that the world could do about the matter. Inasmuch as, on every occasion when we meet, the Ambassador makes some reference to the Manchuria situation, I felt warranted this time in expressing certain views: I said that there was presumably nothing which the world could do with regard to a particular incident or development such as the Shanhaikwan hostilities, but that there was a great deal which the world might do with regard to the situation in general. The Ambassador inquired what I had in mind. I said that the world could go on record with regard to attitude and principles; the position of the United States with regard to the whole matter had been made clear; now, the League of Nations is confronted with the question of what attitude it will take and what declaration of principles, if any, it may choose to make. I said that it was obvious that the world is not in position to employ measures of force for the coercing of the disputants and the regulating of the dispute in the Far East, but that the world could go on record with an opinion in regard to the situation: the success or failure of the peace movement must depend on public opinion; to be effective, public opinion must be widespread and must be expressed; the states members of the League could, if they chose, express an opinion; the League sent out a commission, that commission did its work faithfully and well and presented a unanimous report;²³ the League could, if its members chose, make use of that report by signifying their confidence in its findings of fact and indicating that they look with favor upon the principles laid down by the commissioners in its Chapter IX; if they so acted, they would be adding to the force of world public opinion; if they failed so to act, they would be subtracting from that force and would be undermining the potential effectiveness of their own Covenant²⁴ and the other peace treaties. I said that I was of course expressing nothing but a personal opinion but I felt that it was an opinion widely held by thinking people in this country and that, regardless of political considerations which might or might not stand in the way of or even prevent such action by the world, I did not see how anyone viewing the problem could fail to envisage those possibilities and consequences. The Ambassador said that he thought that view sound.

S[TANLEY] K. H[ORNBECK]

²³ For the "Lytton Report", see League of Nations, *Appeal by the Chinese Government, Report of the Commission of Enquiry* (Geneva, October 1, 1932).

²⁴ For text, see *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, p. 3336.

703.94/5871

*The Counselor of Embassy in Great Britain (Atherton) to the Chief
of the Division of Far Eastern Affairs (Hornbeck)*

LONDON, January 6, 1933.

[Received January 13.]

MY DEAR STANLEY: There is unanimous opinion of regret here at the recent outbreak of hostilities between the Japanese and Chinese at Shanhaikwan. There is also unanimous agreement that Britain cannot afford to interfere by force of arms in the Far Eastern situation. Furthermore, there is unanimous opinion that the solution of the Far Eastern situation must be found in the League, and with cooperation or full knowledge of the United States. However, there is a distinct and increasing divergence of opinion as to the manner in which the Sino-Japanese controversy is being handled at Geneva. This recent incident has caused renewed criticism by opposition opinion of Sir John Simon and especially his Geneva speech of December 7,²⁵ which was never very well received here and which is now generally deplored as having encouraged the Japanese viewpoint. The opposition point of view is well put forth in the editorials of the *Daily Herald*, *News Chronicle* and *Manchester Guardian* of January 3, which I attach hereto.²⁶ Just before he departed for Geneva the Chinese Minister, Dr. Quo,²⁷ issued a statement, a copy of which is also attached.²⁸

It may be interesting to note that the *Times* (in contrast to other papers) has as yet published no editorial on this recent Shanhaikwan incident, but I am informed that the Foreign Office press department has stated in fact to correspondents that the incident is regrettable; however, there is nothing England can do outside the League, and it is therefore not well to antagonize Japan so that she will withdraw from the League, unless such a policy has the unanimous support of all League members and the United States. The Foreign Office lays stress on the need for cooperation with the United States, but nevertheless realizes that opinion here is more tolerant of Japan, as a Far Eastern stabilizing influence, than is American opinion.

The enclosed editorials from the *Daily Mail* of January 3, and the *Daily Telegraph* of January 4²⁸ give the extreme opposite view from that of the opposition press. I should say general public opinion one hears in ordinary table conversation was summed up by the last paragraph of the editorial from the *Daily Telegraph*:

²⁵ See telegram No. 356, December 8, 1932, from the Consul at Geneva, *Foreign Relations*, 1932, vol. iv, p. 399.

²⁶ Not reprinted.

²⁷ Quo Tai-chi, Minister to Great Britain; delegate to League of Nations Assembly.

²⁸ Not reprinted.

"It is also a fair assumption that no report by the League which was calculated to wound Japan and compel her withdrawal from the League would find the requisite unanimity at Geneva. Japan, once outside the League, would be far less subject to restraint than she is within the Geneva Areopagus; and the threat of a Japanese march on Peking, with a real Sino-Japanese war to follow, would then take on a substance it does not possess at present. Britain, at any rate, has no reason to embroil herself with an old and proud friend and former ally, who is rightly regarded as the main bulwark against Bolshevism in the Far East."

Sir John Simon is away in Southern France, and the Foreign Office claims to have incomplete reports as to the situation; consequently very little can be said there officially. I do, however, honestly believe there is a general desire here that the United States should be kept fully informed of all the League proceedings, and that the League proceedings should have the approval of the United States in order that there may be no divergence of action on the part of the two Governments in the matter.

Sincerely yours,

RAY ATHERTON

893.51 Manchuria/33

The Ambassador in France (Edge) to the Secretary of State

No. 3231

PARIS, January 6, 1933.

[Received January 13.]

SIR: Referring to the Department's Instruction No. 1471 of December 14, 1932,²⁹ relating to the report that a consortium of Japanese banks had decided to make a loan of 30 million yen to Manchoukuo, I have the honor to report that a member of the Embassy staff has been assured in informal conversations with officials of the Finance Ministry that the question raised has not been brought to the attention of the Ministry.

The matter will be carefully watched and any information that the Embassy is able to gather concerning it will be reported promptly to the Department.

Yours respectfully,

WALTER E. EDGE

²⁹ Not printed; for its enclosures, see memoranda of November 30 and December 6, 1932, *Foreign Relations*, 1932, vol. iv, pp. 377 and 390.

893.01 Manchuria/820

*The Consul General at Harbin (Hanson) to the Minister in China
(Johnson)*³⁰

No. 2529

HARBIN, January 6, 1933.

SIR: I have the honor to report that on December 31, 1932, the Japanese army launched an expedition eastward from Harbin, with the objective of occupying the line of the Chinese Eastern Railway from Harbin to the Russian border near Pogradichnaya, and then of operating both north and south of the railway against insurgent forces for the purpose of clearing eastern North Manchuria of bandits and military opposition to the present Manchurian regime.

The Consulate General estimates that approximately fifteen thousand Japanese troops are participating in the campaign. Departures from Harbin have been effected quietly, always at night and chiefly by rail. The campaign is under the direction of General Hirose, commander of the 10th Division. He is an able soldier and enjoys the close friendship and confidence of General Araki, Japanese minister of war. General Hirose's division staff arrived at Mulin on January 2.

This expedition was not undertaken until after the conclusion on December 29 of an understanding between Mr. Morishima, Japanese consul general at Harbin, and Mr. Slavoutsky, Soviet consul general. Mr. Slavoutsky concurred in Mr. Morishima's insistence that the Japanese army should be free to proceed to the Soviet border near Pogradichnaya for the purpose of bandit suppression without objection on the part of the Soviet government. Whether or not a further agreement was reached as to mutual procedure in the event that insurgents in the region should flee into Soviet territory has not been disclosed, but the Consulate General believes that no agreement yet exists to meet such a contingency.

Occupation of the entire eastern line by the Japanese proved easy. Practically no opposition was met. The advance along the line proceeded without interruption and with no fighting more serious than minor skirmishes. On the afternoon of January 5 Pogradichnaya was occupied.

Insurgent leaders in the area affected, doubtless impressed by the recent failure of General Su Ping-wen³¹ in his resistance to the Japanese, have shown a marked willingness to negotiate. This attitude is largely responsible for the ease with which the eastern campaign is progressing. Professions of loyalty are everywhere forth-

³⁰ Copy transmitted to the Department by the Consul General at Harbin in his despatch No. 5660, January 6; received February 9.

³¹ Commander, guard troops, Chinese Eastern Railway, at Hallar, 1930-32; retreated into Soviet territory, December 1932; returned to China via Europe in June 1933.

coming. This causes some embarrassment to the Japanese, because it will probably bring about an indecisive result to the campaign so far as a permanent solution to the bandit question in the eastern region is concerned. Every engagement avoided means future recurrence of similar disorder after withdrawal of the Japanese expedition, for the area in question is too extensive to permit of permanent Japanese garrisoning in numbers sufficient to prevent banditry.

The Consulate General anticipates that the present campaign will fail to contribute a solution to anti-Manchoukuo activities in the eastern area, and expects that its net result will be to place the eastern line of the Chinese Eastern Railway permanently under Japanese guard. If this is a correct appraisal it is also probable that the Soviet government, when it observes how small a part anti-bandit activities play in the expedition's program, will regret its acquiescence.

Although designs of war against Soviet Russia are not betrayed by the conduct of the Japanese campaign in eastern North Manchuria, analysis of the situation there indicates (even more than in the case of the recent expedition to Manchuli) that the most important advantage obtained is the strengthening of Japan's position as against the Soviets in the possible event of war. Japan, while evidently content to postpone the issue, is not overlooking preparations. The second most important advantage is that routine guarding of the Chinese Eastern Railway will facilitate the effective seizure of the railway in the name of Manchoukuo, a development which is probably not far distant.

Respectfully yours,

G. C. HANSON

793.94/5771

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] January 7, 1933.

(NOTE: At the request of the Japanese Ambassador, I called on the Ambassador at his Embassy yesterday afternoon. The conversation covered a period of nearly two hours. In the course thereof, the Ambassador repeated a number of things which he had said to me on previous occasions since his return and made points which he has made in his conversations with the Secretary of State and the Under Secretary, as recorded in their memoranda of conversations. I shall, therefore, not attempt to make an extensive record of this conversation.)

The outstanding item among the numerous points which the Ambassador brought into the conversation was his insistence that the

Shanhaikwan affair was a more or less accidental local "incident", that Japanese higher authorities had not given orders for or directed the activities of the Japanese armed forces in connection therewith, and that, subsequent to the taking of Shanhaikwan, the Japanese cabinet had met and has issued strict orders that further hostilities in that neighborhood are not to be engaged in upon Japanese initiative.

As the Japanese Ambassador has repeatedly urged that he desires the utmost reciprocal frankness in our conversations and wishes that I assist him as far as I possibly and properly may toward an understanding of American reactions and views, I took occasion in connection with the Ambassador's statements in relation to the whole Shanhaikwan matter to suggest that we try to envisage the situation as it might appear to two men from Mars. The Ambassador took up with that idea and we discussed the matter from point of view of what might be assumed to be the reaction not only of disinterested observers but of official observers and the man in the street in, first, Japan, second, China, and third, Occidental countries—especially the United States.

At two or three points in the course of the conversation, the Ambassador affirmed that the Japanese cabinet is now in control. He said that the Shanhaikwan incident had occurred without the cabinet's authorization, but that subsequently the cabinet had issued strict orders and its orders would be obeyed. He said that this was a "test" case and that from what happens in connection with it we would have proof of his affirmation that the cabinet is in control.

The Ambassador gave an account at considerable length of improvements in the economic as well as in the political situation in Japan. He stressed the fact that the munitions factories are working at full blast (he said "twenty-four hours a day"), thus giving employment both at the plants and in the field of household industries where there is production relating indirectly to the fabrication of munitions.

The Ambassador said a good deal about Japanese psychology in connection with the problem of "security". He spoke of earthquakes and their effect, of need of foodstuffs and its effect, of disorders in China and pressure from Russia.

Finally, the Ambassador said that there was another subject which he wished to take up, in continuation, at a later meeting which he hoped would take place next week: he wished to talk about the subject of the "Manchoukuo" state and Japan's recognition thereof; he wished to say for the moment that no matter what else happened, Japan could not recede from the position which she had taken on the subject of Manchoukuo.

S[TANLEY] K. H[ORNBECK]

793.94/5795

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) of a Conversation With the Chinese Chargé (Kung)*

[WASHINGTON,] January 7, 1933.

Mr. Kung telephoned me this morning and stated that he has received a cable from the Nanking Government stating that rumors which have appeared in the press to the effect that China is considering the possibility of withdrawing from the League of Nations and the possibility of breaking off diplomatic relations with Japan are altogether unfounded.

S[TANLEY] K. H[ORNBECK]

793.94/5716 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 7, 1933—7 p.m.

[Received January 7—1:05 p.m.]

31. 1. The French Minister, the British Chargé, the Secretary in charge of the Italian Legation and I have been considering in the light of the serious situation which has arisen at Shanhaikwan the question of mediation. We have been led to this (in spite of the fact that neither side thus far appears to desire mediation) by the knowledge that the question is made acute because of the movement of Chinese reenforcements to the Tangshan area.

2. There is difficulty on the one hand that Japanese operations are being directed from Chinchow under instructions of General Muto at Changchun. On the other hand Chang Hsueh-liang will probably take no responsibility without sanction of Nanking. We are furthermore alive to the fact that in any mediation that might be undertaken it is impossible for us to undertake any commitments which would involve our forces as police for any neutral zone or of offering any guarantees to either side.

3. Such information as is available to us here indicates that the only settlement which could satisfy [(a)] the Japanese would be the elimination of Chinese military from the Shanhaikwan area and the maintenance of Japanese rights under the Boxer protocol³² (i.e., right to station troops along line of railway) and (b) the Chinese, the reoccupation by them of Shanhaikwan and recognition of their undisputed right to dispose of their forces where they please inside the Wall and probably in Jehol. The objectives are admittedly well-

³² Signed at Peking, September 7, 1901, *Foreign Relations, 1901, Appendix (Affairs in China)*, p. 312.

nigh irreconcilable but if extension of operations is to be avoided we feel that in spite thereof some attempt along the lines of the following paragraph offers only chance of possible solution.

4. Our view is that any mediation without full consent of highest authorities on both sides is to be depreciated [*depreciated?*] and mediation if attempted should be under the auspices of great powers acting in concert, if not of the League itself. Main object should be to bring both parties together with representatives of major powers or powers designated by the League participating as at Shanghai with restricted aim of localizing affair and preventing extension of military operations.

5. We venture, therefore, to suggest to our respective Governments that the offer of our good offices for purposes outlined above be made to the Governments at Tokyo and Nanking.

6. Above-mentioned colleagues are sending messages along above lines to their respective Governments.

Repeated to Tokyo for information.

JOHNSON

793.94/5800

The Chinese Ministry of Foreign Affairs to the Chinese Legation,³³

NANKING, January 7, 1933.

Marshal Chang Hsiao-Liang sent a telegram to the Ministry of Foreign Affairs on January 7, the gist of which is as follows:

The treachery which attended the occurrences at Shanhaikwan shows clearly that the Japanese were executing a preconceived and well perfected plan of military aggression and territorial aggrandizement in China. The occurrences, therefore, cannot be regarded as a local affair and have no possibility of being locally settled.

The Japanese, while carrying out their plan of military aggression, also tried to spread the rumor that they were willing to negotiate peace. The fact is that they have not been able to concentrate their reinforcements at the front and that they intended to slow up the Chinese preparation for defense. Moreover, the Japanese have repeatedly attempted to stir up ill feeling among the Chinese and at the same time tried to blindfold the eyes of the world. In reality, the rumor now being spread by the Japanese with regard to their intention to negotiate peace with China has no foundation in fact.

Now that we have discovered their treacherous schemes, we feel confident that we will not fall into their trap. We are laying out our defense according to our original plans and will resist any further aggression by the Japanese.

³³ Translation of telegram transmitted to the Department by the Chinese Legation on January 9.

793.94/5717 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 8, 1933—noon.

[Received January 8—8:22 a.m.]

32. The following has been received from Chinwangtao :

Arrived Chinwangtao on the night of the 5th and called on General Ho Chu-kuo at his headquarters north of Chinwangtao this morning. He had us lunch with him and was very cordial. The forces under his command include the Ninth, the Twentieth, independent Brigades here; Nineteenth Brigade in Jehol, and Fifteenth Brigade from Kalgan on the way, and the Fifteenth Field Artillery Regiment of the Seventh Brigade at Peiyuan. General Ho stated that he has been approached by the Japanese here for negotiation on board a British warship with a view to treating the Shanhaikwan incident as a local affair which would seem to indicate that they do not desire to advance farther. He referred the request to Peiping but has received no reply to date. General Ho plans to retain the *status quo*. He will not attempt to retake Shanhaikwan but will resist to the last, any Japanese attempt to advance on his present line, which runs north and south about midway between Shanhaikwan and Chinwangtao. In the fighting at Shanhaikwan, the Japanese made effective use of tanks and completely wiped out a battalion of the Six Hundred Twenty-sixth Regiment which fought a delaying action to permit evacuation of other troops and local population. The battalion commander and three company commanders are reported killed and one wounded. The railroad hospital at Shanhaikwan is reported by the Peiping-Mukden Railroad people to contain about a hundred Japanese casualties. Fire of naval vessels was effective in Shanhaikwan. General Ho believed that attack on Shanhaikwan is consequential to dispatch of the Nineteenth Brigade into Jehol. Rumors of Third Cavalry Brigade raid beyond the Great Wall and bombardment of Chinwangtao are false. We expect to go to Shanhaikwan today, arrangements having been made with the local Japanese garrison commander who is to notify the Japanese at Shanhaikwan of our arrival. There is one Japanese cruiser and one destroyer at Chinwangtao and two British ships. Signed Gluckman.³⁴

Repeated to Tokyo, to Nanking by mail.

JOHNSON

793.94/5728 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 9, 1933—7 p.m.

[Received January 9—10:15 a.m.]

36. My 31, January 7, 7 p. m.; and my 34, January 9, noon; and Tientsin's January 9, 2 [3] p. m.³⁵³⁴ Capt. A. Gluckman, language officer, Legation in China.³⁵ Latter two telegrams not printed.

My information is that although Japanese are anxious to localize affair, local Chinese authorities are unable to negotiate in view of attitude in South where there is a determination to resist further attack. Military Attaché this afternoon confirms movement of large number of troops from Honan in the direction of Tientsin-Shanhaikwan area. My information is that General Shang Chen ³⁶ will be put in command in the field.

Crux of matter lies in Province of Jehol. Japanese are committed to elimination of Chinese authorities in Jehol. Chinese appear determined to make resistance there. Further conflict therefore seems certain.

Unofficial local Chinese are beginning to consider question of responsibility of powers party of [to?] Boxer protocol of 1901 should one of those powers use military force authorized by the protocol for defense of Legation and for maintenance of communication between Peiping and the sea for the purpose of making an attack on Chinese forces. They point out that present situation is one involving China and Japan and not involving internal Chinese disturbances.

With French Minister, British Chargé d'Affaires, and Secretary in charge Italian Legation, I discussed this question this afternoon. We agreed that until question came to us officially we could take no official action. We agreed, however, that we should inform our respective Governments that question was being discussed in unofficial circles and that there is likelihood that it may be brought to our official attention sooner or later, and that we should be prepared.

I suggest Department consider what attitude the American Government will take. The American Government maintains a guard for its Legation; it maintains an expeditionary unit at Tientsin to cooperate with the other powers in maintaining communications between Peiping and the sea. Chinese may charge that Japan party to Boxer protocol is abusing its rights by using railroad and armed forces maintained under the protocol for the purpose of threatening Chinese rear.

Repeated to Tokyo.

JOHNSON

³⁶ Commander, 32d army.

793.94 Commission/802

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Chinese Appointed Minister (See)

[WASHINGTON,] January 9, 1933.

Dr. Sze said that he wished to inform me of a confidential conversation between Dr. Koo³⁷ and the French Vice Minister for Foreign Affairs. In that conversation, Mr. Cot said that it now seems that the project for conciliation will not succeed and France is prepared to go to Paragraph 4, Article XV of the Covenant³⁸ if the French Foreign Office believes that Sir John Simon will now no longer insist on continuing along lines of conciliation. If any action is decided upon it would be helpful if all the powers would join in. He was uncertain as to the attitude of Washington.

Dr. Koo replied that he understood that the Washington Government has made it clear that it feels that the League itself should first decide upon action and, when the League has decided, the United States will in all probability give support.

793.94/5863

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Chinese Appointed Minister (See)

[WASHINGTON,] January 9, 1933.

Dr. Sze showed Mr. Hornbeck a telegram from Dr. Yen—³⁹ a paraphrase of which is attached hereto.⁴⁰

In this telegram, Dr. Yen suggests the need at the present stage of some further public indication of the American Government's attitude—for the purpose of giving fresh guidance to the League. Mr. Hornbeck said that he would bring this matter to the attention of the Secretary of State; but that, in order that the Chinese might not be unduly expectant of a favorable response, he felt moved to repeat what he had said on some previous occasions, namely, that the American Government has been refraining from action of this type for the reasons that (a) its position is well known, (b) it cannot with propriety undertake to "lead" the League in the conduct of its

³⁷ V. K. Wellington Koo, Chinese Minister to France; representative, League of Nations Council.

³⁸ Paragraph 4 reads as follows: "If the dispute is not thus settled, the Council either unanimously or by a majority vote shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto." *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3340.

³⁹ W. W. Yen, Chinese delegate, League of Nations Assembly and Council.

⁴⁰ See *infra*.

business, and (c) action of this type on the part of the American Government serves merely to irritate Japan against the United States without having the counterbalancing good effect of gaining a favorable response from the League. Dr. Sze said that he had appreciated the correctness of that estimate, but that he felt that it was the impression in some quarters that the United States had lost interest or was inclined to wash its hands of the situation, leaving the whole problem entirely to the League. He did not himself have that impression, but he had encountered its existence. He wondered whether, if the Secretary of State has had conversations with the President-elect, it might not be possible—perhaps in press conference—for the Secretary of State to make some reference to the Manchuria situation as being among the subjects discussed and take occasion to reaffirm that the position of this Administration remains as it has been.

Mr. Hornbeck said that he would report all of this.

S[TANLEY] K. H[ORNBECK]

793.94/5863

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON, January 9, 1933.]

The Chinese Minister has just shown me a cable from W. W. Yen at Geneva, under date January 8, which reads, in paraphrase, as follows:

On account of the failure to agree on conciliation, the Manchuria question is approaching a final stage; it is highly important that the final report by the Assembly be strongly in favor of China, but to attain this it is necessary that there be a gesture by the United States. Members of the League, particularly the small powers, are discouraged by the fact that the United States has been silent since August, notwithstanding the increase in the meantime of Japanese aggression, and the denial made recently of the news report that the American Government had sent a note to Japan after the occupation of Shanhaikwan was surprising, whether or not true. Unless the United States, in view of her important interests in China, has a superior plan of her own for solving the problem, American Government would be wise to support openly the idea that the League render a strong juridical judgment, as helpful to the American position. Although it is true that the dispute is before the League, of which the United States is not a member, the United States is unquestionably vitally interested and therefore should encourage the League by an open declaration instead of remaining under cover and carrying on merely by private conversations unofficial statements, etc. At present France is highly sympathetic; Great Britain alone is troublesome. Thus it is highly important that the United States manifest a more decisive attitude. Yet, recent press reports, while stating that con-

ferences among American officials are discussing many subjects, omit Manchuria. This creates an unfortunate impression here. Briefly, I urge that the American Government make another gesture regarding Japanese activities, for effect upon the League and upon China and in the United States; and it would be very helpful if the President-elect would participate in so doing. This should be done before January 20. (Signed) Yen.

793.94/5769

Memorandum by the Under Secretary of State (Castle) of a Conversation With the Second Secretary of the French Embassy (Bousquet)

[WASHINGTON,] January 9, 1933.

Mr. Bousquet came to see me with a telegram from his Government, which stated that the Chinese appeared to be moving troops in very large numbers into the zone in the vicinity of Shanhaikwan, that this troop movement might seriously interfere with the operations of the railroad between Tientsin and Peiping. The French Government wanted to know whether if this should happen the United States troops would be willing to associate themselves with the other international troops in keeping the railroad open. I told Mr. Bousquet that it seemed obvious that it would be all to the advantage of the Chinese troops to keep the railroad open themselves and that, after all, they were in Chinese territory. He said this was quite true, but that, nevertheless, we could not tell what the make-up of the troops would be, that it might be a mixture of regular troops and bandits and that there might be pretty extensive destruction of the railroad property. I told Mr. Bousquet that, of course, I could not answer his question off hand, that the whole situation was very complicated, that I knew the international troops stationed there in connection with the Boxer Protocol were supposed to keep open certain of the property between Peiping and Tientsin in case of internal disorder, but that if there should be a movement of Japanese troops from Shanhaikwan, one could hardly speak of the resulting trouble as "internal disorder" and that it would be, therefore, necessary to consider very seriously what action, if any, should be taken. I told Mr. Bousquet that it was obvious that the French Government was making no particular proposal in this case and that all I could say to him was that if the other Governments or any of them having troops in the region should make us a very definite proposition with regard to maintaining the situation, we would, of course, consider that proposition sympathetically. I said it stood to reason I could not assure him of our agreement in advance since it might seem to us that the proposition made was thoroughly unwise. Mr. Bousquet said that he quite understood, that

he felt the message from his Government was largely an intimation of the fact that there might be trouble necessitating international action.

W. R. CASTLE, JR.

793.94/5716 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 9, 1933—3 p.m.

6. Your 31, January 7, 7 p.m. The Japanese Ambassador here affirms with emphatic assurance that the Japanese cabinet has given instruction that there be no further hostilities on Japanese initiative and that this situation will be a "test" case proving their authority and good faith.⁴¹

Department regards efforts of conciliation as unlikely to succeed unless the initial move theretoward comes from Japanese and Chinese.

British material interests are preponderant along the railway line and at Tientsin. British Minister for Foreign Affairs has been the most ardent champion at Geneva of the principle and the possibility of conciliation.

In view of these and other considerations the Department, while ready to join in any effort at conciliation which may offer even the slightest possibility of success, feels that the onus of leadership in exploring the possibilities, in so far as action may possibly be taken by the powers other than Japan and China is concerned, should be let devolve upon the British. The Department will therefore await such approach, if any, as may be made to this Government by the British Government.

You should inform your British colleague that this is our attitude and state that you are ready to cooperate in discussion and that your Government will stand ready to consider sympathetically any definite proposal from the British Government for action of a character in which that Government may place confidence and for the initiation of which it or the League of Nations, of which it is a member and in which it takes a leading position, may be willing to assume the responsibility.

CASTLE

⁴¹ See memorandum by the Secretary of State, January 5, 1933, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 107.

793.94 Commission/815

*Memorandum by Mr. William R. Langdon*⁴²

[WASHINGTON,] January 9, 1933.

**ALLEGED USE OF AMERICAN NAVAL FORCES IN CONNECTION WITH
ANTI-AMERICAN BOYCOTT IN CHINA IN 1905-06**

At the seventh meeting of the 69th Session of the Council of the League of Nations, held on November 23, 1932,⁴³ the Japanese representative, Mr. Matsuoka, discussed the present Chinese anti-Japanese boycott and in the course of his discussion made the following statements:

"I believe it will be useful as well as interesting for the Council to know what attitude the American Government has taken on the question. . . .⁴⁴ I myself was Acting Consul-General for Japan at the time in Shanghai, the very port from which this boycott was directed, so I speak from personal and intimate knowledge. In fact, I would add that I cooperated very closely with the American Consul-General at Shanghai in an effort to stop it.

"We can learn something of the reaction of the American Government to the Chinese boycott if we refer to the official correspondence on the subject in Vol. 1905 of *Foreign Relations in [of] the United States*. In that book, it will be seen that the American Government characterized the movement as 'an irregular and illegal prop to Chinese diplomacy' . . .⁴⁴

"The Chinese Government were furthermore warned that they would be held accountable for all losses, and then—please note this particularly—in order to enforce their point of view, the American Government ordered the Pacific Fleet to get ready. Under direct pressure and a threat of personal accountability, the Taotai of Shanghai stopped the movement in that port within twenty-four hours. Could any word or any action have been stronger?"

(Extract from official minutes of meeting. Underscoring by FE⁴⁵).

According to official documents in the archives of the State and Navy Departments and to personal papers of President Roosevelt,⁴⁶ the facts and circumstances of American naval action in Chinese waters and of American policy in China during the period when the anti-American boycott was at its height are as outlined below.

When the anti-American boycott in China, conducted as a protest against certain features of a new treaty under negotiation with the

⁴² Foreign Service Officer on temporary detail in the Department; formerly Consul at Dairen.

⁴³ See telegram No. 334, November 23, 1932, 11 p. m., from the Consul at Geneva, *Foreign Relations*, 1932, vol. iv, p. 362.

⁴⁴ Omission indicated in the original memorandum.

⁴⁵ Division of Far Eastern Affairs.

⁴⁶ Theodore Roosevelt, President of the United States, 1901-1909.

United States for the exclusion of Chinese laborers from the United States, broke out in May 1905, there were no American warships in Chinese waters, according to the attached memoranda⁴⁹ prepared by the Office of Naval Records and Library of the Navy Department. In June and July, 1905, however, according to the same authority, the following vessels of the United States Asiatic Fleet left the naval base at Cavite for Chinese waters—on their annual summer routine cruise, according to oral information furnished by the author of the memoranda :

Battleships	<i>Ohio, Wisconsin, Oregon</i>
Cruisers	<i>Baltimore, Raleigh, Cincinnati</i>
Gunboats	<i>Villalobos, Callao, Quiros</i>
Destroyers	<i>Bainbridge, Barry, Chauncey, Dale, Decatur</i>
Armed yacht	<i>General Alava</i>

On August 5, 1905, the President directed that Minister Rockhill at Peking be instructed to notify the Chinese Government that we would hold it responsible for any loss sustained by its failure to stop the organized anti-American movement. On August 16, 1905, Mr. Rockhill was informed that the President was puzzled about the Chinese policy vis-à-vis the boycott and the Canton-Hankow Railway concession, and that the President was inclined to think that the American Government would have to take a firm stand. On August 25, 1905, the President directed that Mr. Rockhill proceed to Shanghai to investigate the anti-American movement (At Mr. Rockhill's suggestion this order was not carried out).

On September 15, 1905, the Consul General at Canton telegraphed that the presence of the large monitor *Monadnock* at Canton was advisable, as it would permit the small gunboat *Callao*, then at Canton, to protect American interests elsewhere. The *Monadnock* accordingly sailed for Canton from Cavite on October 7, 1905.

On October 2, 1905, the Department informed the Navy Department that the situation at Canton was still serious, and asked that the Navy Department obtain by cable the views of the naval commander at Canton. On October 9, 1905, the Commander of the *Raleigh*, then at Hong Kong, cabled that the Consulate General was not in imminent danger, but that the Viceroy was permitting the intimidation of Chinese handling American goods. (Further reports from naval commanders in Chinese waters dealing with the anti-American movement and with measures taken or deemed necessary to cope with it are quoted in Appendix II.⁴⁹ These reports in-

⁴⁹ Not printed.

dicade that the naval commanders considered naval protection necessary.)

On October 3, 1905, Minister Rockhill sent a strong note to the Chinese Government in regard to its inefficiency in dealing with the situation in Kwangtung and Kwangsi Provinces and on October 30, 1905, followed it up with another note using even firmer language and stating that the American Government desired to act justly to China but that it would not tolerate injustice from China (*Foreign Relations*, 1905, pages 229-231).

In the meantime, anti-American agitation in the Canton area was growing more intense. Outstanding overt acts were: a threat on the person of the American Consul General, direct interference with the legitimate business and property of the Standard Oil Company, and an attempt to burn the American Presbyterian mission at Ying-tak. On October 28, an American mission station at Lienchow was attacked by a Chinese mob and five Americans slain. Although the Lienchow massacre was not directly related to the boycott, it aroused public sentiment in the United States and increased the concern of the American Government over the position of American residents and trade in China.

On November 15, 1905, the President sent the following letter to the Secretary of the Navy (kept among President Roosevelt's personal papers in the Library of Congress):

"Personal.

"November 15, 1905.

"My dear Mr. Secretary:

"The Chinese are not showing a good spirit. I think that we should have as strong a naval force as possible concentrated on the Chinese shore and as speedily as possible. Will you go over the matter with Secretary Root⁵⁰ and meanwhile find out from Admiral Converse⁵¹ how many vessels can be sent to China and how soon? We ought to be prepared for any contingencies there.

Sincerely yours,

Theodore Roosevelt

"Honorable Charles J. Bonaparte,
Secretary of the Navy."

On November 16, 1905, the President sent to the Department a Chinese letter, accompanied by a translation, addressed to a certain Dr. Martin⁵² requesting his intercession in having the Chinese exclusion provisions of our immigration laws removed, and attached the following personal note to it (Miscellaneous Letters—Department of State—November 1905, Part II):

⁵⁰ Elihu Root, Secretary of State, July 1905-January 1909.

⁵¹ Rear Admiral George A. Converse, Chief, Bureau of Navigation, Navy Department.

⁵² Dr. William A. P. Martin, U. S. missionary, sinologist, educator, and author in China, 1850-1916.

"Personal.

"November 16, 1905.

"To the Secretary of State:

"The translator of this, Dr. Martin, told me confidentially that the Viceroy made no real effort whatever to stop the boycott. I think we shall have to speak pretty sharply to the Chinese Government.

(Signed) Theodore Roosevelt"

In reply to the President's letter of November 15, 1905, the Secretary of the Navy wrote (Miscellaneous Letters—Department of State, November 1905, Part II):

"Navy Department

"November 15, 1905.

"Dear Mr. President:

"After consultation with Secretary Root and Admiral Converse, I have ordered that four or five torpedo boat destroyers be sent to Canton, where we have now the *Monadnock*, a double turreted monitor, and the small vessel *Callao*. The *Baltimore* is at present at Shanghai, and I have directed that the *Raleigh* be sent there also, and I have further instructed the Admiral to send a vessel to 'look in' at Chefoo. There are very few places on the Chinese coast which vessels of any considerable draft can enter, and only small vessels can reach Canton. We have the battleships *Ohio* and *Oregon* at Hongkong, and two small gunboats at Shanghai, and it does not seem practicable to do much more than what has been ordered with a view to producing a suitable moral effect.

"Believe me, as ever,
Yours most truly,

Charles J. Bonaparte,
Secretary.

"The President."

The Navy Department evidently thought that the naval force then in Chinese waters (battleships *Oregon*, *Ohio*, *Wisconsin*; monitor *Monadnock*; cruisers *Baltimore*, *Raleigh*; gunboats *Callao*, *Elcano*, *Quiros*, *Villalobos*; destroyers *Bainbridge*, *Barry*, *Chauncey*, *Dale*, *Decatur*; armed yacht *General Alava*) was more than sufficient for the American Government's purposes, for the attached memoranda of the Navy Department show that the battleships *Ohio* and *Oregon* left China for their base at Cavite on November 18, 1905, the battleship *Wisconsin* on December 28, 1905, the cruiser *Raleigh* on December 12, 1905, and the destroyers *Chauncey*, *Dale* and *Decatur* at the beginning of December, 1905. The withdrawal of these ships reduced the American fleet in Chinese waters at the close of 1905 to the following force:

Monitor	<i>Monadnock</i>
Cruiser	<i>Baltimore</i>
Gunboats	<i>Callao</i> , <i>Quiros</i> , <i>Villalobos</i> , <i>Elcano</i>
Destroyers	<i>Bainbridge</i> , <i>Barry</i>
Armed yacht	<i>General Alava</i>

On February 21, 1906, the Department wrote to the Navy Department stating that Consul General Fleming D. Cheshire,⁵³ who on November 10, 1905, had been ordered to proceed to Canton to make a special investigation of the boycott there, recommended that until conditions in China became more settled, as strong a naval force as possible be kept at Canton (see despatch of January 6, 1906, from Consulate General, Canton, to Department). To this letter the Navy Department, on February 26, 1906, replied that the four vessels already at Canton were all that could be spared for lengthy services there, but that if more were needed they could be sent from Cavite, only 700 miles distant. Contemporary reports from other American officials in China also stressed the need of greater naval protection, as the following despatches indicate:

December 18, 1905: Consul at Chefoo: "While situation apparently peaceful, consider presence war vessels very desirable for the protection of our interests North China."

January 9, 1906: Minister Rockhill: "Unsettled conditions and agitation throughout Central China justify extra precautions (stationing warships constantly in Shanghai rather than Woosung in connection with riots over the Mixed Court at Shanghai)."

January 13, 1906: Consul General at Shanghai: (Referring to the protest made by the American Association of China that at the time of the "recent riot" Shanghai was left without an American cruiser): "I believe that a cruiser should be in Shanghai harbor in the immediate future nearly all the time."

March 5, 1906: Minister Rockhill, giving the substance of a report made by the British Minister at Peking to his Government describing anti-foreignism in China and advising an increase in the British naval forces in China.

These reports were passed on to the Navy, and the requests of the various consuls for naval protection in all cases were met as promptly as circumstances allowed from the force then maintained in Chinese waters, which was further reduced by the withdrawal to Cavite on February 4, 1906, of the cruiser *Baltimore* and on February 26, 1906, of the armed yacht *General Alava*.

The Navy Department, on May 2, 1906, referring to Minister Rockhill's despatch of March 5, 1906 (see preceding paragraph), wrote to the Secretary of State as follows:

"While the U. S. naval force in Chinese waters has been reduced by the detachment of the battleship *Oregon*, it has been augmented within the past four months by the *Concord*, *Chattanooga*, *Galveston*,

⁵³ Stationed at Mukden.

and *Wilmington*,* and is expecting further to be increased by the addition of the *Helena* this month, all suitable vessels for Chinese waters.”

From the references cited above, it appears that during the period of the anti-American boycott in China there was no unusual concentration of American naval forces in Chinese waters. In July 1905 a fleet of three battleships, three cruisers, three gunboats, five destroyers, and the Admiral's yacht sailed from Cavite for Chinese ports not to cope with the situation arising from the anti-American boycott but to escape the heat of the Philippines, as then was and still is the custom of the Asiatic Fleet. In spite of the ominous situation then existing, which even evoked the alarm of the President, this naval force was not augmented, but on the contrary was steadily reduced until by the end of the following February it consisted of

One monitor
Four gunboats
Two destroyers.

Owing to the requests of American representatives in China for greater naval protection, this small fleet of small vessels was in March, 1906, increased by one gunboat and in June, 1906, by two cruisers.

Although it would appear that there was no unusual concentration of American war vessels during the period under discussion, the disposition of the vessels gave rise to the rumor not only that drastic naval action was contemplated, but also that American troops from the Philippines were to be despatched to China. Numerous letters were received by the Department from persons in the United States expressing concern over Americans in China, and the Department in general terms admitted that it was watching the situation closely. In the United States the public questioned the advisability of naval and military action in China; in China such action was generally hoped for by foreigners. (See Annex III⁵⁴ for representative contemporary views on the use of American forces in China.)

In view of the facts as recorded above, Mr. Matsuoka's assertion that the American Government ordered its Pacific fleet to be in readiness to proceed to China to enforce its viewpoint in the matter of the anti-American boycott is incorrect. To begin with, it may be advanced there was no opposing viewpoint to combat, inasmuch as the Chinese Government, officially at least, did not fail to respond to our representations to suppress the boycott. The reason for Mr.

* The cruiser *Wilmington* relieved the *Monadnock* as station ship at Canton (letter from Navy to State Department, May 2, 1906). The gunboat *Concord* arrived at Woosung on March 29, 1906, and the cruisers *Chattanooga* and *Galveston* at Chefoo on June 24, 1906. The gunboat *Helena* did not proceed to China. [Footnote in the original memorandum.]

* Not printed.

Roosevelt's opinion (he issued no orders) that we should have as strong a naval force in China as possible was the wrong "spirit" of the Chinese, which may or may not have related particularly to the boycott. The President may very well have had in mind, in addition to the boycott, the ugly mood of the Chinese population toward American residents, reflected in the attempt to burn the Presbyterian Mission at Yingtak and in the massacre of American missionaries at Lienchow, and the Chinese Government's effort arbitrarily to annul the concession to build the Hankow-Canton Railway held by an American company. In any event, no orders to get ready to proceed to China were issued to the Pacific Fleet, and with the exception of two gunboats belonging to other fleets, every naval vessel used in China throughout the boycott was drawn from the Asiatic Fleet, with base headquarters at Cavite, P. I. It may be added parenthetically that the maintenance of strong naval forces in Chinese waters by foreign powers in periods of actual or anticipated trouble has not been unusual.†

The evidence furnished by American Government papers tends to show that the primary purpose of the unusual disposition and prolonged sojourn ‡ in Chinese waters of American naval vessels

† There are indications that other governments also felt alarm over the safety of their nationals in China at this period, when a strong anti-foreign spirit seemed to possess the Chinese people, and that they maintained sizable fleets in Chinese waters at that time. For instance, on October 25, 1905, there were at Canton the German gunboat *Tsin Tau* and the French gunboats *Argus* and *Vigilante*, the British gunboat *Sandpiper* having just left for Hankow (Letter from Navy Department to Secretary of State, December 2, 1905). Again on December 29, 1905, eleven days after the rioting in Shanghai over the Mixed Court there, the following foreign war vessels were moored opposite Shanghai (letter from Navy Department to State Department, February 1, 1906):

American	<i>Baltimore</i>	4500 tons
"	<i>Villalobos</i>	400
Austrian	<i>Kaizer Franz Josef</i>	4060
British	<i>Andromeda</i>	11000
"	<i>Astraea</i>	4360
"	<i>Bonaventure</i>	4360
"	<i>Clio</i>	1070
French	<i>Descartes</i>	4000
German	<i>Tiger</i>	977
"	<i>Jaguar</i>	900
"	<i>Vaterland</i>	168
Italian	<i>Marco Polo</i>	4583
Japanese	<i>Tsushima</i>	3420

And in his despatch to the Department of March 5, 1906, the Consul General at Shanghai mentions the despatch of the British gunboats *Teal* and *Clio* and of the French gunboat *Oly* to Nanchang. [Footnote in the original memorandum.]

‡ According to oral information furnished by the Office of Naval Records and Library of the Navy Department, the duration of the annual summer cruise in Chinese waters of the larger vessels of the Asiatic Fleet in that period was as follows:

1904	July–November
1905	July–December
1906	July–September

[Footnote in the original memorandum.]

which in July, 1905, had come to China on a routine summer cruise was the protection of seriously menaced American life and property. The annual report of the Secretary of the Navy for 1905-06 makes no mention whatever of the anti-American boycott in China and the only suggestion in it of any naval activity in China is found in the following paragraph dealing with the Asiatic Fleet (page 399):

“This fleet has been engaged in the regular routine fleet work in addition to the duties of looking out for American interests.”

Mr. Matsuoka's statement that under direct pressure and threat of personal accountability, the Taotai of Shanghai stopped the anti-American boycott in that port within twenty-four hours has no basis in fact. The correspondence of the American Consul General at Shanghai with the Department of that period contains no record of direct dealings between American representatives and the Taotai. It is true that the Legation at Peking made complaint to the Chinese Foreign Office concerning the conduct of the Taotai and demanded his degradation, but such pressure as may have been brought to bear on the Taotai—this pressure was quite ineffectual according to recorded facts—came from the Foreign Office, not directly from the American Government as alleged by Mr. Matsuoka. As for the instrumentality of the Taotai in stopping the boycott within twenty-four hours, contemporary despatches from the Consul General at Shanghai indicate that, as a result of natural causes and of Imperial edicts condemning it, the anti-American boycott in the Shanghai district gradually expired in spite of the Taotai's efforts to keep it alive.

Mr. Matsuoka's statements regarding American action in connection with the anti-American boycott in China are based in all likelihood on contemporary newspaper reports and on his surmises as to what took place. It is quite possible that Mr. Matsuoka associated the prolonged presence and disposition in Chinese waters of the American naval force which had come as usual to spend the summer there with local rumors and press reports of a strong American diplomatic policy vis-à-vis the boycott. And his allusion to capitulation in twenty-four hours may rest upon his recollection of distorted accounts of the Peking Government's reaction to President Roosevelt's final and strongest message to the Chinese Government in regard to the anti-American movement in China.

In a telegram sent on February 26, 1906, Minister Rockhill was instructed to deliver to the Chinese Government the President's message referred to in the preceding paragraph. The message began by saying that it appeared “imperatively necessary” for the American Government to understand the true attitude of the Chinese Govern-

ment toward the American Government, and, after recounting the American Government's grievances, stated that the American Government felt that it had "a perfect right to demand" (1) that efficient measures be taken to prevent a renewal of the outrages of 1900; (2) that all sympathizers with the anti-foreign movement be dealt with sternly; (3) that ample indemnity be given for the murder or injury of American citizens and that officials who failed to protect them be punished; and (4) that effective steps be taken to suppress inflammatory combinations in restraint of lawful trade and that responsible officials derelict in this duty be punished. On March 2 Mr. Rockhill handed the text of the President's message to Prince Ch'ing, the Foreign Minister, who orally agreed to meet the American Government's demands. On March 7 Prince Ch'ing sent a note to Mr. Rockhill referring to the President's message and explaining in conciliatory language the friendly policy of the Chinese Government toward the American Government and toward American interests in China.

In a note to the Secretary of State, dated October 12, 1906, the Chinese Minister at Washington quoted Mr. Denby, of the State Department,⁵⁵ as testifying on April 17, 1906, before the Senate Committee (Senate hearings, page 7) as follows: "As to the present conditions of the boycott, I think it is very nearly dead."

793.94/5879

The Consul General at Nanking (Peck) to the Secretary of State

No. D-417

NANKING, January 9, 1933.

[Received February 13.]

SIR: I have the honor to enclose herewith a Memorandum prepared by me under date of January 9, 1933, containing an account given orally by Lieutenant H. L. Boatner, U.S.A., of the Military Attaché's office and now on temporary detail in Nanking, of a conversation held by him on January 8, 1933, with Dr. Yu, Secretary General of the Chinese General Staff. Dr. Yu stated that he is a grandson of Marquis Tseng Kuo-fan and a son of the Marquis Tseng who was Chinese Minister to Great Britain. In spite of his military duties, Dr. Yu has not received a military education, but obtained his doctor's degree at Harvard after writing a thesis on mathematics.

Dr. Yu's object in talking with Lieutenant Boatner was to explore the possibilities which may exist for obtaining from the American Government for the Chinese Government technical, material and financial assistance in China's present military resistance to Japan.

⁵⁵ Charles Denby, Jr., Chief Clerk.

He argued, in effect, that Japan is a potential enemy of the United States and that it would be to the advantage of the United States to assist China to prevent Japan from strengthening herself by expansion on the Asiatic mainland. The same sort of argument was made to one or two officers of the American Legation last summer by Dr. H. H. Kung,⁵⁶ who is now on a special mission in the United States.

I may add that the view seems widely held among Chinese that the alleged American hegemony of the countries bordering the Pacific Ocean will be lost if Japan succeeds in gaining a foothold on the continent of Asia. The corollary to this view is, of course, that the outcome of the present struggle is as vital to the United States as to China and that it would be easier and cheaper for the United States to assist China to frustrate Japan's expansionist schemes, than to fight Japan later on when her strength has been immeasurably increased through obtaining control of the financial and material resources of Manchuria. Some Chinese explain the lack of response to this reasoning on the part of the United States by saying that the American people are ignorant in regard to Asiatic international politics, are preoccupied with economic difficulties and ambitions, and, rather paradoxically, are characterized by an idealistic mentality which refuses to recognize and face the predatory imperialistic ambitions of Japan.

Respectfully yours,

WILLYS R. PECK

[Enclosure]

Memorandum by the Consul General at Nanking (Peck)

[NANKING,] January 9, 1933.

Dr. Yu called upon Lt. Boatner on January 8th and stated that he was the Secretary General of the General Staff of the Chinese Army, and as such is directly under the orders of General Chiang Kai-shek, who is Chief of the General Staff.

According to the account of the conversation given to Mr. Peck, Counselor of the American Legation, by Lt. Boatner on the morning of January 9th, what follows is the general purport of what was said:

Dr. Yu observed that it was obvious that Japan is a potential future enemy of the United States. It is Japan's object to obtain a political and military foothold on the Asiatic continent, her present objective being Manchuria and China. If Japan succeeds in obtaining this

⁵⁶ State councilor of the National Government; special industrial commissioner to United States and Europe, 1932-33.

foothold on the mainland, she will be a much more formidable antagonist against the United States than she would be otherwise.

This being the case it would be to the interests of the United States to assist China to foil the attempt of Japan to expand on the continent, rather than to allow Japan to succeed in this attempt.

What China needs most are expert military advice and war matériel. Dr. Yu strongly advised that special officers of the American Army be sent to augment the staff of the American Military Attaché, with the duty of giving constructive advice to the Chinese high military command.

Dr. Yu was anxious to learn what the attitude of the American Government would be toward the supplying of munitions of war and of raw materials to be used for the manufacture of munitions in China. He remarked that the Chinese arsenals found it difficult to obtain adequate supplies of iron, copper, steel etc.

Dr. Yu observed that the expense which would be involved in obtaining adequate amounts of munitions and of raw material for use in fighting Japan successfully would be very great and he suggested, in line with his argument already quoted, that the American Government might be willing to take measures which would enable the Chinese Government to acquire munitions and raw materials on credit.

Dr. Yu said that it was no use for the Chinese Government to look to the German Government for assistance in these matters, in spite of the fact that the large number of German officers in Nanking seemed to indicate that there was some kind of *rapprochement* between the two countries in a military way. The German Government, in point of fact, constantly hampers the Chinese Government by making it difficult for China to purchase military equipment in Germany. All that China can expect from Germany is the opportunity to hire expert German advisers.

Another country to which China might naturally look for assistance in opposing Japan's imperialistic policy is the Soviet Republic. It would, however, be very dangerous for China to accept assistance from the Soviet Government. The Communist influence in some Provinces, e.g., Kiangsi, is so strong that the Chinese Government is hardly able to eradicate it and the Government's efforts in this direction would be made still more difficult if the Government were to accept assistance from the Soviet Government. China is too weak to accept great aid from Russia which might place China under the complete control of bolshevist influence.

Consequently, all the circumstances of the case lead the Chinese military authorities to look to the American Government for cooperation through the supply of expert military advisers and through

making it possible for the military branch of the Chinese Government to obtain munitions and raw materials on credit.

Dr. Yu emphasized that his remarks to Lt. Boatner were made on his own initiative. He hoped that Lt. Boatner would not report the conversation they had had until he (Dr. Yu) had had an opportunity to sound the views of Mr. T. V. Soong, Minister of Finance, and General Chiang Kai-shek, Chief of the General Staff.

Lt. Boatner was mainly a listener in this conversation. In reply to direct questions, however, he told Dr. Yu that he thought that the policy of the American Government was directly opposed to any direct cooperation with China in China's controversy with Japan in the form of sending military advisers, or in the shape of assisting China to obtain munitions and raw materials on credit. He advised Dr. Yu to consult Mr. Julean Arnold, American Commercial Attaché, in the matter of purchasing munitions and raw materials in the United States, since it was the specific duty of the Commercial Attaché to promote American trade with China. Lt. Boatner also advised that the Chinese Government negotiate with commercial firms for the purchase of its munitions and raw materials. Dr. Yu said that the Chinese military authorities did not wish to pursue this course, but wanted to deal with some American governmental department or direct with manufacturer, with an American military officer participating in all negotiations.

Dr. Yu explained, rather naively, that General Chiang Kai-shek, did not want to enter into any negotiations with American authorities until he had reason to know that such negotiations would succeed, for fear that failure would play into the hands of his political enemies. For this reason he insisted that the initiative in the matter must come from the American Government.

793.94/5801

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁵⁷

NANKING, January 9, 1933.

Marshal Chang Hsiao-Liang, in an interview given to Chinese and foreign correspondents, declared:

"Since international peace efforts appear to have ceased to be effective, I see no way to maintain peace and protect China except through sacrificing our lives and blood."

⁵⁷ Copy of telegram transmitted to the Department by the Chinese Legation on January 9.

793.94/5802

The Chief of the Division of Far Eastern Affairs (Hornbeck) to the Under Secretary of State (Castle) and the Secretary of State

[WASHINGTON,] January 10, 1933.

As the situation appears now, in the Far East on the one hand and in the Occident on the other, I am inclined to believe that Chang Hsueh-liang's estimate⁵⁸ is, in so far as the "protection of China" is concerned, correct. With regard to "maintaining peace" as between China and Japan, the peace was broken on September 18, 1931 and to all intents except those of the technicalities of international law it has been in process of complete disruption ever since. There is at this moment no question of its "maintenance", the real question being that of preserving what there is left of it (and later of restoring it). It is my opinion that, at this stage, nothing short of a threat by the world (or some two or three major powers) of intervention by the use of some form of force would offer any likely chance of preventing a substantial increase in the near future of the intensity of the hostilities which have been in progress between Japan and China during the past fifteen months.

S[TANLEY] K. H[ORNBECK]

893.01 Manchuria/752 : Telegram

The Ambassador in France (Edge) to the Secretary of State

PARIS, January 10, 1933—4 p. m.
[Received January 10—1:45 p. m.]

15. The Japanese Embassy here confirmed to various newspapermen who inquired the fact that Manchukuo had set up a central mission for Europe in Paris at the Hotel Baltimore on the Avenue Kleber. General Tingue⁵⁹ a Manchu who is now visiting in London for 10 days will be nominally in charge of the mission until February when he will return to Harbin. He will have a large staff including both American and French publicity agents chief among whom will be Bronson Rea an American citizen.

The purpose of the mission will be to endeavor to obtain diplomatic recognition for Manchukuo and financial assistance. This mission will be a center for Manchukuo propaganda in the European press.

EDGE

⁵⁸ See *supra*.

⁵⁹ Gen. Ting Shih-yuan.

793.94/5732 : Telegram

The Consul General at Nanking (Peck) to the Secretary of State

NANKING, January 10, 1933—5 p.m.

[Received January 10—9 a.m.]

5. The political Vice Minister of Foreign Affairs has just handed me a memorandum which, I think, is being addressed to all the remaining signatory powers to the protocol of 1901. The translation supplied with the Chinese text reads as follows:

“January 10. The Chinese Government desires to call the attention of the American Government to the fact that, taking unlawful advantage of the special privileges under the protocol of 1901, to which the United States is a signatory party, Japanese troops have attacked and occupied the city of Shanhaikwan, slaughtered thousands of peaceful Chinese citizens and inflicted considerable damage to property in and around that place, and are further concentrating in large numbers near Shanhaikwan and along the Peiping-Liaoning Railway. Under these circumstances, the Chinese Government is constrained to declare that it cannot assume responsibility for any situation, in law or in fact, which may result from the exercise, by the Chinese defensive forces of the legitimate right of resisting the aggressive actions of the Japanese troops.[”]

The Vice Minister said that the Chinese Government wished to make informally to the powers signatory to the 1901 protocol the suggestion that they make some sort of representation to the Japanese Government to dissuade it from abusing privileges it might seek to claim under the provisions of the protocol. He stated incidentally that Chinese troops had been massed along the railway to oppose any further advance of the Japanese forces.

Repeated to the Department.

PECK

793.94/5734 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, January 10, 1933—7 p.m.

[Received January 10—3:35 p.m.]

6. With reference to Peiping reports that the question of mediation by the powers, with the object of localizing the Shanhaikwan affair, has been discussed by the American, French, Italian and British Legations, following are two concluding paragraphs of memorandum handed to me at the Foreign Office today:

“His Majesty’s Government believe that the Japanese Government are already desirous of minimizing the Shanhaikwan affair and of avoiding any further military operations at present. On the Chinese

side an indication of possible readiness to come to a local agreement is afforded by the desire shown by the Chinese General Ho to meet the Japanese military or naval authorities on neutral ground on board His Majesty's Ship *Folkestone* now at Chinwangtao. Chances therefore seem to exist of an agreement to localize the trouble being reached without outside intervention, and His Majesty's Ambassador in Tokyo believes that such an agreement is more likely to be reached without such intervention. If it cannot be reached in this manner, it will probably be owing to fundamental difficulties which could only be removed by advising the Chinese to remove their troops to a distance from Jehol.

In the circumstances His Majesty's Government are disposed to take no action in the sense contemplated by the representatives in Peiping, but to await the meeting of the Committee of Nineteen at Geneva next week by whom the question of mediation can if necessary be considered".

ATHERTON

793.94/5774

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] January 10, 1933.

At his request, I called on the Japanese Ambassador. The conversation lasted for nearly two hours.

The Ambassador went over various points that had been discussed in previous conversations. He said that he now had "good news" from North Manchuria: at Suifen (on the eastern frontier) 2,000 Chinese had surrendered to the Japanese, and now the Japanese have the railway running from Harbin eastward to that point. Also, the Japanese are getting things in order between Harbin and Manchuli, so that soon the whole railway line of the Chinese Eastern will be peacefully in operation.

The Ambassador said that he was confident that the Japanese military would not make moves that would involve Tientsin and Peiping.

The Ambassador said that he greatly appreciated having these frank discussions and he would welcome any criticism of Japan's activities or constructive suggestions with regard to settlement. Mr. Hornbeck said that he felt it would not be appropriate for him to undertake to make criticisms, but that he could say that he felt very great regret that Japan had chosen to follow and was continuing to follow a course which her military leaders have mapped out. With regard to constructive suggestions, the one great thing which the world has been suggesting ever since September 18, 1931, was that pacific measures rather than forceful measures be employed for the

achieving of a settlement. At that point the Ambassador said that the situation had developed beyond any original expectation on Japan's part; and Mr. Hornbeck then added the comment that at each step the Japanese military had assisted in the development of the situation. The Ambassador said that that was true.

The Ambassador then referred to the date set for the resumption of discussions at Geneva. He said that he would like very much to know what was going to be the attitude of the American Government. Mr. Hornbeck said that he felt that the American Government had at an early stage made known its attitude and that at no time during the past twelve months had there been any change in its position; what seemed to him more important for the moment was the question what is to be Japan's attitude and position. The Ambassador said that Japan could not in any respect recede from the position which she has acquired in Manchuria and the policy which she has announced in regard thereto: Japan has recognized "Manchoukuo" and it is necessary that she support and maintain that state. If the world would take adequate cognizance of that fact and leave it to Japan to work out the situation in Manchuria, Japan would be perfectly ready to be conciliatory about other matters. Mr. Hornbeck asked whether that would not amount to saying that if the world would assent to Japan's having all that she wants, Japan would be ready to be conciliatory about things with regard to which there remains nothing to be discussed. The Ambassador laughed and said that that was about what it amounted to.

The Ambassador then referred to the non-recognition doctrine and said that it had been an irritant to the Japanese people and was regarded by them as an evidence of the desire of the American Government to align the powers in opposition to Japan's efforts. Mr. Hornbeck said that the American Government had no desire at any time gratuitously to give Japan occasion or cause for irritation, but that it must be remembered that Japan had given the whole world a great deal of provocation. Throughout this whole matter there had been a contest in which there had been on one side Japan and on the other not the United States but the rest of the world, including the United States. It must be remembered that the other great powers had been carrying on their part of the contest for the most part through the League of which they are members; while the acts of the United States had had to be its own acts. It must be taken into account that the United States had at no time officially or expressly condemned Japan, that we had made no threats, that we had as a matter of fact at some points exercised a restraining influence against hastily considered positive action; and that what the non-recognition doctrine amounts to is that we declare that if and where situations

and agreements are brought about by unlawful means we do not intend to give them by any acts of ours the seal of legality.

At that point the Ambassador said again that he would like to know what was going to be the attitude of the American Government when the League resumes its discussions. Mr. Hornbeck said that he believed that the Ambassador fully understood what has been and what must be the American Government's view and that he saw no reason for any conjecture that its view might have changed, but, the American Government is not a party to the discussions at Geneva and the Japanese Government is a party to those discussions: the important question is that of the attitude in which the Japanese Government may approach the renewal thereof. The Ambassador said that the Japanese Government could make no change—because public opinion in Japan would not permit it. Mr. Hornbeck said that, without desiring to press the point too hard, he thought that the Ambassador must realize that the impression in the United States is that the people in authority in Japan have created the problem as it now stands in connection with Manchuria and have also created the public opinion which now exists in Japan in support of it. If such is the case, and if the Japanese Government now rests a plea of *non possumus* on the basis of public opinion in Japan, the whole thing simply means that the Japanese Government is saying "cannot" when it means "will not". The Ambassador said that, however the matter may be looked at, the Japanese Government cannot make any change in the position which it has taken. He then went on to say that he wished that the world would close its eyes and turn its back and keep still, give Japan a chance to work the thing out in her own way, let her demonstrate the wisdom and success of her policy of restoring order in Manchuria and developing that area; Japan would make Manchuria prosperous; trade with Manchuria would increase; the United States would profit by it; in particular, there would be an increase in demand for American cotton and probably a demand for machinery and industrial supplies; the population of Manchuria would increase rapidly; the world would have reason to be pleased. Mr. Hornbeck said that the suggestion that the world close its eyes and turn its back amounted to asking the League of Nations to forget the Covenant, the whole world to forget the multilateral treaties; everybody to forget the efforts which have been made during recent years to substitute new methods for old in connection with the settling of international disputes; and for all the nations to leave it to one nation to set the standards, according to its own lights, of conduct in the family of nations. He said that he regretted, as he believed would all friends of Japan in this country, that Japanese thought should be traveling along that line; and that he still hoped, as do

many observers in many parts of the world, that Japan would yet approach this problem, perhaps in the forthcoming meeting of the League, in an attitude considerate at least of the views, the desires and the interests of the other nations of the world.

S[TANLEY] K. H[ORNBECK]

793.94 Commission/732 : Telegram

The Ambassador in Belgium (Gibson) to the Secretary of State

BRUSSELS, January 10, 1933—11 p. m.

[Received January 10—10 p. m.]

2. Hymans⁶⁰ told me this evening he was worried about the forthcoming meeting of the Committee of Nineteen and of the Assembly. He says he has confidential reports from London and Paris which convince him that neither government proposes to be involved in any strong line of action which would irritate Japan; that this is known to the Japanese who also seem convinced that our Government will not in the closing phase of the administration feel disposed to take a strong line.

He says the chief motive force at Geneva is now furnished by representatives of several smaller powers, notably Undén of Sweden, Beneš⁶¹ and Madariaga,⁶² who are pressing for action which would inevitably drive the Japanese out of the League.

He felt that two courses are now open:

The first, to make a declaration of principles which will keep the record clear but which will end any immediate hope of working out a solution with the Japanese.

The second, to avoid forcing the issue and finding some way around existing obstacles.

He feels that the resolution drafted for the Assembly by the Committee of Nineteen would, if adopted, drive the Japanese out and that the adoption of the Japanese amendments would destroy its entire value.

He is considering whether it would not be worth while to draw up a resolution based on opening paragraphs of chapter 10 of the Lytton Report which embody suggestions as to action which might be taken even in the event of the recognition of Manchukuo by Japan, particularly:

⁶⁰ Paul Hymans, Belgian Minister for Foreign Affairs; president, League of Nations Assembly and Committee of Nineteen on the Far East.

⁶¹ Eduard Beneš, Czechoslovak representative, League of Nations.

⁶² Salvador de Madariaga y Rojo, Spanish representative, League of Nations.

1. That China and Japan be invited by the Council to discuss a solution of their dispute on the lines indicated in chapter 9 with such adaptation as subsequent developments may require;

2. The constitution of an advisory conference, the Council remaining as a court of appeal in the event of inability to reach agreement.

He has broached this subject very confidentially to Drummond⁶³ by letter in order that he may have time to think it over before Hymans arrives in Geneva on the 13th or 14th instant.

Hymans says he is very anxious that the forthcoming meeting shall have some practical results leading to a solution but that this will be difficult if the representatives of Great Britain and France are silent and the speech making is confined to the extremists who have no spheres of interests in the Far East. He spoke quite openly of his difficulties and said he would greatly value any intimation as to our attitude which could be given him.

He impressed upon me that the foregoing was to be considered as a highly confidential conversation. I would suggest that you communicate anything you may have to send him through Wilson.⁶⁴

Repeated to Wilson.

GIBSON

793.94/5803

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁶⁵

NANKING, January 10, 1933.

Marshal Chang Hsiao-Liang, in a telegram to the Ministry of Foreign Affairs, reported as follows:

According to a telegraphic report from General Yu Hsueh-Chung⁶⁶ on January 9, General Yu met the English acting Consul [*Consul*] in a dinner party on the previous day during which the English Consul expressed the hope that the Shanhaikwan affair could be peacefully settled and that the settlement could be fashioned after that of Shanghai, that is, under the good offices of England, the United States, France and Italy. General Yu thanked him for his kind efforts and expressed the opinion that no attempt at a settlement of the Shanhaikwan affair could be made unless the Japanese consented to a return of the *status quo ante*.

General Ho Chu-Kuo reported on January 8 that an English and

⁶³ Sir Eric Drummond, Secretary-General of the League of Nations.

⁶⁴ Hugh R. Wilson, Minister to Switzerland.

⁶⁵ Translation of telegram transmitted to the Department by the Chinese Legation on January 11.

⁶⁶ Chairman, Hopel Provincial Government; concurrently commander, reorganized 51st army.

a Japanese naval commander offered their good offices for the settlement of the Shanhaikwan affair and wished to get our view of the situation.

Commander Tien at Tientsin reported that Colonel Nakamura, the Japanese officer now stationed at Tientsin, had been appointed by the Japanese government to take full charge of the negotiation with China.

The Ministry of Foreign Affairs at Nanking replied to Marshal Chang Hsiao-Liang saying that the Shanhaikwan affair, being only one aspect of a threefold problem, is totally different from the Shanghai affair and cannot be locally settled. The Ministry immediately sent Vice-Minister Liu Chung-Chieh to Peiping to confer with Marshal Chang. Marshal Chiang Kai-Shek and Finance Minister T. V. Soong concurred with the principle stated by the Ministry of Foreign Affairs. Minister Soong, moreover, had announced, under the name of the Ministry of Foreign Affairs, that the Shanhaikwan affair cannot be settled locally.

793.94/5804

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁶⁷

NANKING, January 10, 1933.

Spokesman of the Ministry of Foreign Affairs, in an interview to-day, categorically denied the Tokyo report that in accordance with Chinese proposals negotiations will open shortly for a settlement of the Shanhaikwan affair and that General Ho Chu-Kuo will represent Marshal Chang Hsiao-Liang in this coming negotiation.

793.94/5733 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 11, 1933—10 a.m.

[Received January 11—1:55 a.m.]

38. Following from American Consul General at Mukden :

“January 10, noon. According to information emanating from military headquarters Japanese planes on January 7th or 8th bombarded the Chinese troops concentrated in Jehol Province approximately 50 kilometres north of Suichung. Details of the incident are not known. The Japanese Fourth Cavalry Brigade has been transferred to Suichung”.

JOHNSON

⁶⁷ Copy of telegram transmitted to the Department by the Chinese Legation on January 11.

893.01 Manchuria/759 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 12, 1933—11 a.m.

[Received January 12—12:50 a.m.]

41. Following from American Consul General at Harbin,

“January 11, 3 p. m.

1. January 9th. General Lin⁶⁸ crossed border to Iman where interned by Soviet military. Japanese military have demanded his return. They now possess Muling coal mines also Mishan.

2. January 8th Suifenho garrison took oath of allegiance to Manchukuo.

3. Japanese operations are continuing against General Wang Teh-lin reported to be at Tungning.

4. Whereabouts General Ting Chao unknown to this office.

5. I leave this afternoon for Manchuli.”

JOHNSON

793.94/5805

The Chinese Ministry of Foreign Affairs to the Chinese Legation⁶⁹

NANKING, January 12, 1933.

The Ministry of Foreign Affairs received a telegraphic report from Tokyo dated January 12 as follows:

Noticing that their occupation of Shanhaikwan and their aggression against Chumen did not produce any noticeable reaction in other countries, the Japanese War Department made public on January 11 an interview to the effect that Jehol is the territory of the puppet government in the Three Eastern Provinces, that any move in Jehol will be considered as an aggressive and disturbing measure against the puppet government which calls for suppression in self-defense, and that no other nation will be allowed to interfere with these defensive measures.

These allegations prove conclusively that Japan has definite designs upon Jehol.

793.94/5743 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 13, 1933—11 a.m.

[Received January 13—1:19 a.m.]

45. Department's 376, November 21, 8 p. m.⁷⁰ Following telegram has been received from Peck:

⁶⁸ Presumably Gen. Li Tu, the Kirin commander.

⁶⁹ Translation of telegram transmitted to the Department by the Chinese Legation on January 12.

⁷⁰ Not printed.

"January 12, 10 a. m. Soong, Acting President of the Executive Yuan, yesterday asked me to convey to you his request that you inform the Department that the Chinese Government would find it extremely helpful during the present crisis arising from Japanese invasion at Shanhaikwan and subsequent events if the American Government would find it possible to issue a strong reaffirmation of its previous statements. He said that recent statements by Simon and others were evasive and indicative of growing timidity. Soong reasserted the unaltered determination of the Chinese Government to resist further Japanese encroachments whether in Jehol, North China or Central China using all the military resources at the disposal of China. The Chinese Government believes that isolated acts of aggression are possible anywhere because of the Japanese lack of control and the irresponsibility of Japanese officers. He observed that even at Nanking some naval officer might involve his Government in another incident."

I have instructed Peck to inform Soong that while I shall communicate his message to Washington I do not expect compliance there in view of clarity with which present administration has set forth its views.

JOHNSON

793.94/5755 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 13, 1933—4 p.m.

[Received January 13—5:42 a.m.]

46. Nanking's January 10, 5 p.m., regarding Boxer protocol. Spanish Minister, French Minister, Italian Minister, British Chargé d'Affaires and I discussed this note, agreed that as Chinese asked nothing there was nothing for us to do but to await instructions from our respective Governments.

Other colleagues to be furnished informal suggestion contained in Peck's last paragraph.

JOHNSON

793.94/5744 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 13, 1933—5 p.m.

[Received January 13—6:52 a.m.]

47. Conditions Peiping-Tientsin-Chinwangtao remain quiet. Chinese soldiers fired on two Italian sailors attempting to pass through lines at Chinwangtao, by arrangement [*but?*] have apologized. Chinese troops continue to pour into area Tientsin-Tangshan-

Chinwangtao arriving by Peiping-Hankow Railway and proceeding Peiping-Tientsin Railway.

Hallett Abend ⁷¹ informed me this morning that Japanese commandant at Tientsin in interview with him yesterday stated that Japanese had no intention to advance but that they could not remain oblivious to threat of continued movement of Chinese troops and might be forced to occupy Peiping-Suiyuan Railway.

JOHNSON

793.94/6064

*Memorandum by the Secretary of State of a Telephone Conversation
With the Governor of New York (Roosevelt) at 9:15 a.m.*

[WASHINGTON,] January 13, 1933.

I called the Governor up at his house in New York and reminded him of our talk on the Far East last Monday ⁷² and of his assurances to me then of his sympathy with the American policy which we had thus far followed in regard to Manchuria. I told him that matters were now reaching a critical point in the light of the coming meeting of the Committee of Nineteen on January 16th, and that efforts were being made to make it appear that our silence during the recent weeks indicated either a change of policy on our part or that there was going to be a change by the new administration. The Governor said yes, that he had heard the situation was deteriorating that way. I told him I was about to call up our London Embassy and have a conference through them with Sir John Simon, in which I proposed to have them tell Sir John Simon on my behalf that there had been no change in our policy and I did not anticipate any such change in the future. I told Governor Roosevelt that I did not like to send such a message with its implications without telling him first of my purpose and seeing whether he had any objection. He at once said no, that it was the right thing for me to do and for me to go ahead and do it.

I also told Governor Roosevelt that I had been delayed in reaching Washington, owing to the death of a friend on Long Island, but that I had taken up the other matter of his suggestion (meaning about the debts ⁷³) with the President and that the President was thinking it over. I told him again that I appreciated very much the opportunity of conversation with him last Monday and hoped that we would succeed in opening gradually an effective cooperation. He responded cordially, saying that he felt the same way.

H[ENRY] L. S[TIMSON]

⁷¹ Chief correspondent for the *New York Times* in China.

⁷² January 9.

⁷³ See vol. I, section entitled "Negotiations With Regard to Certain Intergovernmental Debts Due the United States."

793.94 Commission/737

*Memorandum of Trans-Atlantic Telephone Conversation*⁷⁴

SECRETARY: Hello, Ray.

MR. ATHERTON: How do you do, Sir.

SECRETARY: I called you up to ask you to have a talk with Sir John Simon.

ATHERTON: Yes, sir.

SECRETARY: The basis on which I suggest it is your conference with Vansittart⁷⁵ the other day in which I suggested the need of cooperation before this meeting. Also, in the recent correspondence between Norman Davis⁷⁶ and Simon which you may have seen—have you seen those letters?⁷⁷

ATHERTON: Yes, I have copies.

SECRETARY: In those letters Sir John stressed the importance of keeping together in that matter. Do you see?

ATHERTON: Yes, sir, quite.

SECRETARY: On that basis I have called you up to suggest that you have this conference with him, and I would like to have you make these points perfectly clear.

First, in regard to the meeting of the Committee of Nineteen. In the first place, our views are entirely unchanged. I say this because there is apparently an organized attempt to make it appear that our silence means that we have changed. That is not so at all. We have not thought it necessary to keep repeating ourselves because we have made our position so clear from the beginning. It is based upon our note of January 7 last year,⁷⁸ the Borah letter,⁷⁹ my speech of August⁸⁰ and the Lytton report. And each of those seems to us to have made a successive substantiation of the position that we have taken. In the second place, there is no reason to anticipate a change hereafter. Do I make that clear?

ATHERTON: Quite clear, sir.

SECRETARY: I am not saying anything publicly about it, but I am telling you for your own information, and I am authorized to do that, and you can let it be known confidentially to the people where it may

⁷⁴ Between Mr. Stimson in Washington and Mr. Ray Atherton in London, January 13, 1933, 9:30 a. m.

⁷⁵ Sir Robert G. Vansittart, British Permanent Under Secretary of State for Foreign Affairs.

⁷⁶ Norman H. Davis, U. S. delegate, General Disarmament Conference, Geneva.

⁷⁷ See telegram No. 720, December 14, 1932, 8 p. m., from the Ambassador in France, *Foreign Relations*, 1932, vol. iv, p. 420.

⁷⁸ Identical notes to Japan and China; see telegram No. 7, January 7, 1932, noon, to the Ambassador in Japan, *Foreign Relations*, Japan, 1931-1941, vol. i, p. 76, and telegram No. 2, January 7, noon, to the Consul General at Nanking, *Foreign Relations*, 1932, vol. iii, p. 7.

⁷⁹ Dated February 23, 1932; see telegram No. 50, February 24, 2 p. m., to the Consul General at Shanghai, *Foreign Relations*, Japan, 1931-1941, vol. i, p. 83.

⁸⁰ Address of August 8, 1932, *Foreign Relations*, 1932, vol. i, p. 575.

count. That is one place where I think the two administrations will be entirely in accord. Now, in the third place, make it clear to Simon that I appreciate the reasons which he set out in his letter to Davis for conciliation, but I assume that he probably agrees with me that that effort has failed and that now is the time to discuss the next situation. On the next situation I should be very glad of course to have him inform me of any change which he may make in his own views. My own position has not changed, and I want him to understand that I fully approve of the statement which Davis made in his letter to Simon. Do you understand?

ATHERTON: Yes, sir, quite.

SECRETARY: That position as stated there meets with my entire approval. Now will tell you my own feelings so you can state them to him, not to influence him except to let him know about that. He will remember that I joined in expressing approval of the League's action a year ago in December in sending a commission to Manchuria. And on the League's request I helped them select an American member. Now those findings have come in, and I have deemed them of the utmost importance, involving as they do, a unanimous report by the representatives of the five most important nations. Tell Sir John, in explanation of my views, that I regard that as a lawyer would regard the findings of fact by a Master. When the Court of Equity refers questions of fact to a Master, he makes a report of the findings, and then it is the action of the court to approve the findings, and I have assumed throughout that that would be substantially the course which the League would follow there. They have referred this question of fact to a commission, and like a Master, that commission unanimously found facts and reported them to the court (or to the League). The next appropriate action would be that those findings be approved. Then I accord fully with Davis's position that the next step in logical order would be the application of the judgment of non-recognition applied to Manchukuo on the basis of those findings. Do you see?

ATHERTON: Yes, sir.

SECRETARY: That would be the logical and normal course of order. What follows from those facts by the various parties who have represented the court and who have sent out this inquiry is that they pass sentence upon the facts as found. I have just repeated that because I am a lawyer and Simon is a lawyer, and I assume our minds work rather the same way. Now I have gone through that situation in regard to the meeting of the Committee of Nineteen. I might add, just by way of parenthesis, that I have not myself been so disturbed by the various threats that have been floating around to the effect that Japan was in a very hysterical position and that anything might happen, because I remembered that a policy of that sort has been

the diplomatic policy of Japan for many, many years, and I rather appraised it as that now, and it seems to be a rather effective one with some types of nations. But it is mainly put up for purposes of diplomacy.

Now I have reached the second point that I want to be put in consultation with Sir John, and that is the various steps that are happening in Shanhaikwan and Jehol, and all I want to say about that is that I should be very glad to be kept in touch with him and his views on those. I have not taken any action mainly because I have felt that our position has been made so perfectly clear that none was needed yet certainly. But my mind is open, and I am ready to confer on that subject and I would be very glad to have his views. That is my message to you this morning, and I should be very glad if you would have a conference with him and let me know. Is he going to Geneva?

ATHERTON: I telephoned him this morning, and his plans are not settled. He plans to go sometime next week. I have also been in touch with the Far Eastern Department of the Foreign Office this morning and Lindley has made no representations recently beyond pointing out that British interests have [been?] aroused [over?] Shanhaikwan, and now destruction by Japanese forces——

SECRETARY: Are you speaking about Lindley, the British Ambassador at Tokyo? It sounded like Lindsay.

ATHERTON: I said Lindley. That is the only late news they have at the Foreign Office. The *Times* had a long editorial on the Shanhaikwan situation, and in substance it says that the Powers should do their best to make it a local matter, but that if there is fighting south of the Great Wall in the neighborhood of Peking and Tientsin it would be a matter of great concern and current action by the Powers must be coordinated within the League.

SECRETARY: I recognize that, and that is one reason why I am calling you up, and I want Sir John to know it.

ATHERTON: That is the first statement the *Times* has had in its editorials since the Shanhaikwan incident.

SECRETARY: Have not the British taken some action? It was reported in the press here that they had at Shanhaikwan.

ATHERTON: British offices have been offered informally by the British naval officers, but beyond that we know nothing here.

SECRETARY: That offer was rejected.

ATHERTON: Yes, but it was reported this morning that they have made the offer again.

SECRETARY: I understood that they have made two. Have you any information yourself as yet bearing upon the situation in Geneva?

ATHERTON: No, sir, except that the pro-League people here have the impression that they are going to press Japan and absolutely

apply all the final action under paragraph four of Article fifteen. They will go right ahead into that next week. That is the plan of the pro-League people here.

SECRETARY: I see. But you have heard nothing from the Foreign Office?

ATHERTON: None beyond what I have just mentioned.

SECRETARY: When you said pro-League people, did you mean all the League people in the Foreign Office?

ATHERTON: No, I mean the English people connected with the League and strong sympathizers here in touch with the League.

SECRETARY: But you have not heard anything from the Foreign Office itself?

ATHERTON: Just from League officials of British nationality.

SECRETARY: All right, that is all.

ATHERTON: Very good, sir. I will communicate with you as soon as possible.

793.94/5844

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Chinese Appointed Minister (Sze)

[WASHINGTON,] January 13, 1933.

Dr. Sze called and wanted to know whether, now that the Secretary has returned, I could give him any indication of developments in connection with the telegram (of which he had given me a paraphrase copy)⁶¹ from Dr. W. W. Yen suggesting the desirability that the American Government make a declaration of attitude.

I said that the matter had been given consideration but that as yet no conclusive decision had been arrived at. The considerations contra which I had mentioned when he first came to me about the matter were considerations of weight and it was problematical whether a statement on our part might not do more harm than good. Surely our attitude could not with warrant be regarded as doubtful.

At that point, Dr. Sze mentioned an article in this morning's *New York Herald-Tribune* by John T. Whitaker from Geneva (I find this article in the *Tribune* of January 13, under date line Geneva January 12, headline: "League Ready To Surrender On Far East"), in which Whitaker says that the diplomats who shape Geneva policy are agreed that conciliation is hopeless and have drafted a formula for concluding the League of Nations' consideration of the controversy and that French and British quarters are justifying abandonment of the non-recognition policy on the score of lack of indication of the position

⁶¹ See memorandum by the Chief of the Division of Far Eastern Affairs, p. 28.

of the United States. I said that I had not seen the article but that I doubted whether that kind of a conclusion would be reached by the League. Dr. Sze said that he wished very much that I could give him some message of encouragement to send to Nanking. I said that all that I could say for the moment was that my own view at this moment of the possibilities at Geneva was optimistic rather than pessimistic; but that, if it became possible for me to say more, I would promptly call him up.

S[TANLEY] K. H[ORNBECK]

793.94/5796

*The French Embassy to the Department of State*⁸²

The French Minister of Foreign Affairs asks the Ambassador whether the Chinese Government has sent to the American Government a memorandum requesting for himself [*itself*] the right to deal with any situation arising from an abusive interpretation by the Japanese of the rights which the international troops are enjoying from the dispositions of the 1901 Protocol and from the exchange of notes of the 15-18 July 1902.⁸³

According to the point of view of the French Government, it is only to ensure the liberty of communication between Peking and the Sea and to avoid a contact between the Chinese and foreign troops that these agreements have entrusted the guard of the railway to the international troops and have forbidden the Chinese troops from approaching less than two miles from the railroad tracks and less than 20 li from Tientsin.

The French Government would like to know whether the American Government will not consider it necessary that the signatory Powers of those agreements safeguard the regime instituted in 1902 by making known to the Japanese Government their wish that the dispositions of such agreements be observed, notwithstanding any consideration concerning the present conflict.

On the other hand, the French Government would like to know whether, in case the Japanese troops would make an advance on Peking, the American Government would be ready to give its approval to a proposal examined last September by the various Ministers in China and which provides for a neutralisation of the City or of the diplomatic quarters.⁸⁴

⁸² Handed to the Under Secretary of State by the Second Secretary of the French Embassy on January 13, 1933.

⁸³ *Foreign Relations*, 1902, pp. 198, 201.

⁸⁴ See *ibid.*, 1932, vol. iv, pp. 561 ff.

793.94/5743 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 13, 1933—5 p.m.

11. Your 45, January 13, 11 a. m. Alfred Sze has twice approached the Department on this subject, and officers of the Department have replied tentatively that in view of the clarity and definiteness with which this Government has on many occasions set forth its views there seems no warrant for doubt with regard to our attitude, and, because of various factors in the situation, it may reasonably be doubted whether a new public statement on our own initiative at this time would be appropriate or serve any useful purpose. The Department is keeping in close touch with Sze.

Please instruct Peck to make reply orally to Soong along the above lines.

STIMSON

793.94/5749b : Telegram

The Secretary of State to the Ambassador in France (Edge)

WASHINGTON, January 13, 1933—6 p.m.

10. I desire that you have a talk with the Minister for Foreign Affairs, along the following line:

I have had inquiries from a number of sources expressive of desire to know what is the American Government's present attitude with regard to the Chinese-Japanese situation. Also, press reports from Geneva state that an impression exists or is being cultivated that the American Government has lost effective interest in the matter. These facts suggest the existence of doubt, which, although it surprises me, should, if it exists, be removed.

Toward removing any such doubt, I would say first of all: This Government's view regarding the jurisdiction of the League and the support which the American Government should and did give was declared during the first week of October, 1931; our position toward subsequent developments in the Far East was declared emphatically and unequivocally in our identic notes of January 7, 1932 to China and Japan. Our views with regard to the status and the applicability of various treaties and the problem of peace were set forth in my letter to Senator Borah and various public utterances which I have made and which the President has made. The position of this Government as thus set forth has not changed and I have reason to believe will not be altered by the next administration.

The report of the Lytton Commission has confirmed our estimate of the facts and of principles to which the nations should give con-

sideration. That report has been regarded in this country as an evidence of progress in the development of peace machinery. The American Government and people have been watching to see what the League will do with it.

It is my estimate that there is at present no warrant for further hope that efforts at conciliation may have in the near future any chance of success. The Japanese affirm that they intend to make no concessions from the positions which they have taken, both physical and political. They even ask that the world close its eyes and turn its back for an indefinite period and leave it to them to work out the situation in the Far East in their own way. They thus establish a clear-cut issue between themselves and the world. Disregard of this issue by the world would tend to nullify the whole effort which has been made since the World War to establish the principle of world interest and provide machinery for settling international disputes by pacific means. The issue at this moment is whether Japan shall be permitted not only to impose her will in the Far East by force but, in connection with so doing, to achieve a diplomatic victory over the whole world, especially the League of Nations. The world cannot put an end to the hostilities between Japan and China; nor can it cause them to begin at once negotiations for a peaceful settlement; but the League could, if it so chose, on the basis of the report of the Lytton Commission and in the light of its own Covenant, take a stand as regards facts and principles.

What the League may decide to do will of course be determined in considerable measure by the position taken by the French and the British Governments. There therefore rests upon those Governments a great responsibility.

The attitude of the American Government is well known. We remain prepared to give support, acting independently and through our diplomatic representatives, to such decisions and action as we may deem wisely to have been taken by the League.

It would be very helpful to me to know what are the views of the French Government. I am instructing you to express my views frankly as above, with the request that they be kept confidential, and to request on my behalf an expression of the French Government's views, which I of course would keep confidential. I am likewise asking, at London, for an indication of the views of the British Government.

In what you may say to the Foreign Office, you should include, in substance, all of the above, and you should stress the point that I am not seeking to press upon the French Government my views, with which I feel that it is already thoroughly familiar, but am seeking to ensure against any doubt or misunderstanding and to obtain light

with regard to its views. In order to make this very informal you may prefer to let Marriner take it up with a junior member of the Foreign Office. You should in any case leave no written memorandum.

STIMSON

793.94/5734 : Telegram

The Secretary of State to the Chargé in Great Britain (Atherton)

WASHINGTON, January 13, 1933—7 p. m.

13. Your No. 6, January 10, 7 p. m.

1. Upon receipt of your telegram under reference, the Department informed the Minister at Peiping briefly of the attitude of the British Government and stated that it assumed that the Minister's British colleague could inform him more fully with regard thereto.

2. With regard to the course of action suggested by the diplomatic representatives at Peiping, the Department on January 9 informed the Minister at Peiping *inter alia* that it would await an approach from the British Government and that the Minister should so inform his British colleague stating that we were ready to cooperate in discussion and to consider sympathetically any definite proposal from the British Government for action of a character in which that Government might place confidence and for the initiation of which it or the League of Nations might be willing to assume the responsibility.

3. As the Department assumes that the British Chargé at Peiping has informed his Government of the Department's attitude, there would appear to be no need for you to make reply to the Foreign Office memorandum, although you may wish to make a statement as per paragraph 2 above, orally.

STIMSON

793.94 Commission/732 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson)

WASHINGTON, January 13, 1933—7 p. m.

1. Gibson's 2, January 10, 11 p. m. from Brussels, repeated to you.

As you will realize from previous telegrams, Department has been convinced that measures of conciliation have under existing circumstances practically no chance of success. This view is confirmed by the most recent developments in the situation, the failure of British efforts at mediation in connection with Shanhaikwan, conversations with Japanese Ambassador here, and other evidences.

The Japanese affirm definitely and emphatically that they will adhere to the contention that the existence of "Manchoukuo" as an independent state must be accepted and negotiations must be between

them and China without any outside interference. They still insist that the whole question is one between them and China and is no rightful concern of the rest of the world. This amounts to repudiation of their obligations under the multilateral treaties, including the Covenant of the League, and denial of any right of jurisdiction on the part of the League. They declare that they "cannot withdraw" from the positions which they have taken, both physical and political. They even go so far as to ask that the world "close its eyes" and "turn its back" for an indefinite period of time and leave it to them to work out the situation in the Far East in their own way. This amounts to (a) refusal on their part to make any concessions while asking that the world make every concession. Their demand is that Japan's face be saved entirely, her hands be left entirely free and her forcefully acquired gains be conceded to her, at the expense to the world of a shameful abandonment of principles, stultification of treaty provisions and peace machinery, and, on the part of the League, complete loss of face.

Thus, there is a clearly drawn issue. Japan's course makes national policy and self-conceived interest paramount in international relations. It tends to nullify the whole effort which has been made since the European war to establish the principle of world interest and to provide machinery for settling international disputes by pacific means. These ideas are irreconcilable. The world cannot at this moment coerce Japan. But it does not follow that Japan must be permitted to coerce the world.

The real issue at this moment is whether Japan shall be permitted not only to impose her will in the Far East by force but to achieve a diplomatic victory over the whole world—especially the whole group of states that are bound together by the Covenant of the League—by a process of skillfully devised and resolutely carried out diplomatic intimidation. The League cannot put an end to the hostilities between Japan and China; it cannot shape the course of events in the Far East; but it could, if it would, express clearly and unequivocally its view, in the light of its Covenant, of what is happening there and could take a stand in opposition thereto.

Referring specifically to Hymans' statement that he would greatly value an intimation as to our attitude. I do not see how I can state more clearly than it has been stated repeatedly both in communications through diplomatic channels and in my public utterances and through the press, what is the view of this Government. However, by way of effort, I authorize you to say to Hymans that: (1) This Government cannot undertake to give guidance to the League. Such effort, if indulged in, would defeat its own ends: it would amount to unwarranted interference in what is the League's business; it would

irritate Japan and strengthen the Japanese military among their own people; and it would bring gratuitously upon us criticism here. In general, it would do more harm than good. The attitude, however, of the American Government and people ought surely by this time to be known and understood in Geneva. This Government is on record with an unequivocal declaration of the non-recognition doctrine. Our views were further expressed in my letter to Senator Borah and my speech of August 8. Our opinion and attitude are in no way changed. The report of the Lytton Commission has confirmed our estimate of the facts and of principles which should be given consideration. The Lytton report has been regarded in this country as evidence of progress in the development of peace machinery. Failure on the part of the League to give that report any seal of approval will be regarded in this country as a most serious backward step. We see at present no warrant for a belief that efforts at conciliation will in the near future have any chance of success. The present Administration has clearly voiced its belief that resort by the world to use of sanctions would be unwise in principle and would not have our support; but except for that we have in no way qualified our position, as expressed in our telegram of October 5, 1931 for communication to Drummond,⁸⁵ to the formula contained in which we have since repeatedly referred and the substance of which we have repeatedly reiterated. We have said and we still say: the League has jurisdiction in this matter and it should exercise it; to such decisions as the League may make and such action as it may take the American Government will endeavor, preserving the right of independent judgment, and functioning through diplomatic channels, to give its support. This is the attitude of the present Administration and we have every reason to believe that it will be the attitude of the new Administration. The history of the past 16 months should make it clear that we have not only been willing to go as far as the League shows itself willing to go but on the whole have been willing to go further. How the League can persist in entertaining or affirming doubt with regard to our attitude I am unable to comprehend. This misunderstanding may have the same origin as the stories in the American press that the League itself is weakening in regard to principles. This I cannot believe since one of the great purposes of the League is to maintain intact those principles on which the peace structure of the world is being reared. The firm adherence to principles does not mean that conciliation is no longer possible, but by paying exclusive attention to conciliation the principles which give the League its strength may be lost. The League must, however, use its own judgment and make its own decisions. The

⁸⁵ See telegram No. 73, October 9, 1931, 6 p. m., to the Consul at Geneva, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 17.

United States cannot think for it, be its adviser or dictate to it. Where it decides wisely, we stand ready to cooperate.

For your confidential information, I doubt whether the situation as regards possible British and French attitude at the forthcoming meeting is as hopeless as Hymans appears to believe. There are some evidences that France may prove useful. There are some new reasons why Sir John Simon may be expected to be less completely committed than he appeared to be at the last meeting to the one idea of conciliation only.

STIMSON

793.94/5749a : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 13, 1933—7 p.m.

13. Please report the date and the important provisions of any agreement now in effect between the Boxer Protocol powers in reference to occupation by them of points listed in Boxer Protocol, Article 9, indicating what points may, according to any such agreement, be occupied by each power. If necessary, consult Tientsin.

Department is giving consideration to your telegrams relating to problems in this connection.

STIMSON

793.94 Commission/738 : Telegram

The Ambassador in Great Britain (Mellon) to the Secretary of State

LONDON, January 13, 1933—9 p. m.

[Received January 13—8:05 p. m.]

8. This evening, after reading a memorandum based on your telephone conversation with Atherton,⁸⁶ Simon stated he was very glad to have such a message from you and also your assurance that there was no reason to anticipate any change in the policy of the American Government, and he asked me to let you know he felt the policies of the two Governments would run side by side. He added that he had no regrets the methods of conciliation had been tried but he was of your opinion that these methods had apparently now failed and that in his own mind it was clear that next week the League must take another step, set forth in paragraph 4 of article 15. The Assembly, in his opinion, should proceed to adopt the first eight chapters of the Lytton Report, and also set forth as the League's principles of settlement those conditions indicated in chapters 9 and 10. Simon

⁸⁶ *Ante*, p. 54.

said also this was the view which he, as Foreign Secretary, was presenting to his Government.

Simon then read us portions of his speech of December 7 and stated that immediately after he had delivered it he sent for both the Japanese and the Chinese delegates at Geneva and informed them that he had made a speech in the hope that what he had said would inaugurate a policy of conciliation but that he did not want them to misunderstand the position of the British Government as in any way having changed if the policy of conciliation failed. Sir John likewise stated he telegraphed Lindley at that time to explain this to Uchida.

As regards Shanhaikwan, Sir John feels no attempt at mediation should be offered without the full consent of both the Japanese and Chinese. He stated his hesitation to consider any theory for foreign troops to patrol this district as a neutral area since it is entirely uncertain when they might ever be withdrawn. Simon added as Foreign Office opinion, that this Japanese action was rather a local action around Shanhaikwan to control the approach to Jehol rather than a push on to Tientsin and Peiping which would put Japan in direct conflict with all the Treaty Powers and their rights.

Simon said that recent conversations with Matsudaira led him to believe Japanese attitude was a little less aggressive.

Simon asked that anything I telegraphed this evening might not be considered as his final considered reply to the memorandum, which, before Sunday evening,^{86a} he will convey to this Embassy for transmission to Washington.

Simon now intends to leave for Geneva some time Sunday.

MELLON

893.01 Manchuria/797

The Ambassador in Japan (Grew) to the Secretary of State

No. 251

TOKYO, January 13, 1933.

[Received January 30.]

SIR: The *Tokyo Nichi-Nichi*, English Edition, of December 10, 1932, carried the following article regarding a movement to crown Pu Yi as Emperor of Manchuria:

"Hsinking, Dec. 8—A movement is afoot among loyalists in Manchukuo to found the Manchukuo Empire with Chief Executive Henry Pu I as its Sovereign. Messrs. Chen Pao-chen⁸⁷ and Lo Chen-yu⁸⁸ are the prime movers.

There are two groups of Manchurians who have started the movements. One aspires for the restitution of Mr. Henry Pu I with the

^{86a} January 15.

⁸⁷ Chinese scholar, retired official, tutor to former Manchu Emperor Pu-yi.

⁸⁸ Chinese scholar.

ultimate object of gradually extending Manchukuo's influence to China, while the other group simply wants to have the former "Boy Emperor" of China made Emperor of Manchukuo. The latter movement is supported by the Manchuria-Mongolia Self Rule Association and several other public organizations.

The "restoration" of the former Emperor with the object of extending Manchukuo's influence to China so that Mr. Henry Pu I will recover his former domain, runs counter to the fundamental aims of the establishment of Manchukuo, and the Manchukuo Government as well as the Japanese authorities are not countenancing the movement.

They have, however, no objection to the movement for the establishment of the Manchukuo Empire so long as the aims of the establishment of Manchukuo are not lost and the democratic principles are maintained in the administration of the country."

The Consul at Dairen, under date of December 14, 1932, reports that he had a conversation with Mr. Hallett Abend (correspondent in China of the *New York Times*), who had just visited Manchuria. The Consul submitted the following summary of the conversation:

"Mr. Abend stated that the movement to make Pu Yi emperor of a Manchurian monarchy was the most significant development in Manchuria. He stated that there was ample evidence to convince him that the movement had assumed proportions which made its accomplishment highly probable. Asked whether he had been able to deduce any particular reasons for the movement taking place at this time, he stated that he believed that it was closely connected with the plans of the Japanese Army in North China. With Pu Yi as Emperor of Manchuria, the old plan for the restoration of the Ching dynasty, consequent to an independence movement in North China, might be smoothly and unsensationally accomplished."

From the American Consul General at Mukden comes a report to the effect that information which reached the Consulate General indicated that Tokyo had instructed the "Manchukuo" authorities to arrange that Pu Yi be installed about January 1, 1933, as Emperor Hsuantung of a Manchu-Mongol Empire. This was to be done for the purpose of obtaining the support of the Mongolians and the Chinese monarchists (including those in North China) for the present regime in Manchuria, and to facilitate a possible extension of the territory controlled by the present regime in the extra-mural districts of North China.

This Embassy for some time past has considered it probable that the Japanese will try to find some road out of the difficulties in which they find themselves as a result of their Manchurian venture. This enterprise has aroused great distrust and opposition abroad, and is proving ruinously and increasingly expensive. They are evidently playing for time at Geneva, and meanwhile are seeking some solution

by which they can placate the rest of the world without weakening their position.

It is possible that the answer to the question of "What are the Japanese going to do about it?" can be found in the proposal to establish a Manchurian-Mongol Empire headed by a representative of the ancient Manchu dynasty and embracing practically all of the extra-mural region of North China. Many Japanese believe that such an empire could be established ostensibly (and perhaps to a great degree actually) with the consent and cooperation of the inhabitants of Manchuria and Mongolia, who, while objecting vigorously to a puppet government foisted on them by the Japanese Army, might welcome the restoration of an ancient dynasty. The world could not oppose the spontaneous establishment of a government approved by the inhabitants, and therefore a part of the Chinese case before the League of Nations would fall to the ground. The Japanese Government would not "lose face" by switching its recognition from the present to the new regime, and would, to some extent at least, rid itself of the incubus of the present puppet state. With the active opposition of the people of Manchuria eliminated, the military cost of the Manchurian expedition would be greatly lessened. At the same time, the Japanese Army, being in present control of the situation, could undoubtedly dictate any terms desired as conditions for permitting the establishment of a monarchy, and could thereby perpetuate the advantages gained for Japan as a result of the occupation of Manchuria. It is not possible that the Army would to any great degree relinquish its control of the territory.

That Japan may be considering the establishment of a Manchurian-Mongol Empire as a partial solution, at least, of the Sino-Japanese difficulties, is only supposition on the part of the Embassy, as no definite information can be obtained on the subject. There is some evidence, however, that Pu Yi and his adherents expect that he will be reinstated on the throne of the empire; that there is considerable support for such a move from certain elements in Manchuria and Mongolia, and that the move is receiving some support from Japanese. It is believed, however, that the move is opposed by the class of fanatical Japanese, both in and out of the Army, who hope to establish an ideal government in "Manchukuo", creating there a "Happy Valley" for the benefit of Japanese, Manchus, Mongols and Koreans.

Respectfully yours,

JOSEPH C. GREW

761.94/587

The Ambassador in Japan (Grew) to the Secretary of State

No. 256

Tokyo, January 13, 1933.

[Received January 30.]

SIR: During the month of December, 1932, several events occurred to disturb Japan-Soviet relations, which had previously been becoming increasingly cordial. Before December, it appeared that the Japanese military objections to a Japan-Soviet pact of non-aggression were being gradually overcome and that a pact of this nature would be concluded before the end of the year. These expectations have been dissipated by subsequent events and the relations between Japan and Soviet Russia may now be considered as somewhat strained, due to the following causes.

1. The success of the Japanese military drive against General Su Ping-wen at Manchuli early in December resulted in placing Japanese and Soviet troops for the first time in close juxtaposition along the Soviet-Manchurian border. It is rumored that the Soviets were inclined to approve of the independent stand of General Su Ping-wen, as he served to create a buffer between the Japanese Army in Manchuria and the Soviet border guards, but with his defeat the buffer has been removed and the two bodies of troops, traditionally hostile to each other, are placed face to face. Minor clashes, which may or may not result in major operations, are now possible, although the Japanese may avoid this possibility by placing "Manchukuo" (i.e. Chinese troops with Japanese officers) on guard duty along the border.

2. The refusal of the Soviet authorities to hand over to the Japanese Army General Su Ping-wen and his men who had been interned in Soviet territory aroused a great deal of criticism in Japan. Considered as refugee troops interned in a neutral country, they could not of course be released to the Japanese by the Soviets, and consequently the Japanese requested their extradition on the grounds that they were common criminals. The Soviets refused to consider this proposition and the refugees are still interned in Siberia. Various newspaper articles criticizing this decision of the Soviets appeared in Japan and on the night of December 21-22, 1932, posters in Russian and Japanese were put up in Tokyo by the "Association for Settlement of the Russian Problem" denouncing the Soviets and calling for severance of relations between Japan and Soviet Russia. A translation of one of these posters is enclosed.⁸⁹

3. The resumption of diplomatic relations between China and the U.S.S.R. cannot, of course, be criticized by Japan but nevertheless, in

⁸⁹ Not printed.

all official and press communications on the subject, there is an undertone of feeling that the resumption of relations means that the Soviets have definitely taken a stand inimical to Japan. Officially the Japanese authorities cannot regard the Sino-Soviet *rapprochement* in this light, and consequently they are using the Communist bogey, asserting that the *rapprochement* will mean the Bolshevization of China. This is evidently done with an eye to enlisting the sympathies of Europe and the United States. Certain newspapers, however, have recently been asserting that the *rapprochement* was brought about at the suggestion of "a certain country" (meaning the United States) in an endeavor to strengthen China against Japanese aggression.

The strained relations between Japan and the Soviets and the improbability that a Japan-Soviet non-aggression pact will be concluded in the near future are made evident by a statement of a Japanese Government "spokesman", who stated on January 11th, in commenting on the speech of Mr. Joseph Stalin before the Committee of the Communist Party, that the non-aggression pact proposal "is as good as dead". He stated that Mr. Stalin's admission that the production of armaments in Russia had been speeded up showed that, while suggesting an agreement outlawing war, the Soviets were really preparing for war. He added that the demand of the Japanese military leaders for increased armaments can be attributed to the Five Year Plan of the Soviets, which will increase the military strength of that country.

As a further indication of the disturbed relations between the Soviets and Japan, I can refer to my telegram to the Department (No. 8, of January 6, 4 p.m.),⁹⁰ in which I stated that a report had reached me that the Soviets had requested the approval of the Japanese Foreign Office to the publication of the correspondence between Japan and the Soviets on the subject of the proposed non-aggression pact. The approval of the Foreign Office was refused, whereupon the Soviet Ambassador informed the Foreign Office that the Soviets might feel obliged to publish the correspondence without the consent of the Japanese Government. It appears probable from this that the Soviets, in the expectation that trouble may possibly arise in the future, desire in advance to absolve themselves from all blame for the break in peaceful relations.

In addition to the above-mentioned events which have disturbed the relations between Japan and Soviet Russia, the long-expected Japanese drive into Jehol Province, if it takes place and if it is successful, will tend further to cause friction between the two nations, as it will bring the Japanese Army to the eastern and southern borders of Outer Mongolia, in which the Soviet influence is predominant. It

⁹⁰ Not printed.

is believed by some observers in Tokyo that the Jehol drive will take place before the spring of 1933. By the summer of 1933, therefore, the relations between Japan and the Soviets may be seriously strained.

Respectfully yours,

JOSEPH C. GREW

793.94/5876

*The Consul General at Tientsin (Lockhart) to the Minister in China (Johnson)*⁹¹

No. 313

TIENTSIN, January 13, 1933.

Subject: Shanhaikuan Incident of January 1, 2 and 3

SIR: I have the honor to refer to my telegrams of January 2, 1 p.m., January 3, 3 p.m., January 3, 7 p.m., January 4, 11 a.m., January 4, 12 Noon, January 4, 2 p.m., January 5, 11 a.m., January 6, 1 p.m., January 7, 12 Noon, January 9, 2 p.m., January 10, 4 p.m., January 11, 3 p.m., January 12, 3 p.m., and January 13, 12 Noon, all of which were repeated to the Department,⁹² on the above-mentioned subject and to report more in detail as follows:

Events of January 1, 2, and 3.

Like other incidents which have occurred in recent months in which Chinese and Japanese soldiers have been involved, responsibility for the events at Shanhaikuan on January 1, 2, and 3, has been difficult to fix. Conflicting reports, many of which originated for the purpose of misleading the public, made a confused situation worse confused.

At about 9:30 p.m., on January 1, some unknown person hurled a hand grenade, or grenades, into a Japanese guard house at the railway station at Shanhaikuan. The Japanese claim that the grenade was thrown by a Chinese whereas the Chinese claim that it was thrown either by a Japanese or by the Manchukuo police and that instead of having been thrown against a Japanese guard house it was in fact thrown against a Chinese post. Whoever may have thrown the grenade, or grenades, the undisputed fact is that this act led later to a serious conflict between the Japanese and Chinese, the aftermath of which is still being felt and the end is not yet in sight. Following the explosion of the grenade, rifle shots in considerable volume were exchanged between the Chinese and Japanese and throughout the night of January 1 there was intermittent rifle firing, much of which came from Chinese soldiers stationed on the city wall. The gates to the walled city were shut and barricaded from the inside by the Chinese while the East and South gates were watched from the out-

⁹¹ Copy transmitted to the Department by the Consul General at Tientsin in his despatch No. 237, January 14; received February 13.

⁹² None printed.

side by hundreds of Japanese troops in full war equipage, and who undoubtedly did some shooting. At about 11:00 a.m. on January 2 two armored trains from outside the Great Wall arrived at Shanhaikuan as well as a train full of Japanese troops. There was considerable panic in the walled city of Shanhaikuan and in the area outside the city wall throughout the night of January 1 due to the intermittent firing and this panic increased on the arrival of the armored trains and Japanese troops from beyond the Great Wall. Japanese women and children fled to the Japanese Barracks while the Chinese populace outside the city wall moved towards the seafront. Shortly after the arrival of the armored trains and fresh Japanese troops a bombardment of the city began. This is believed to have been caused by a demand of the Japanese that the Chinese troops which were manning the South and East Gates should give up these positions in favor of the Japanese who claimed that they desired the gates to be opened so that the civilian population could seek a place of safety. On the refusal of the Chinese to surrender the two gates a Japanese junior officer, Lieutenant Kodama, with a squad of Japanese soldiers, mounted the wall and demanded peremptorily the surrender of the gates. Several of the Chinese soldiers then on guard surrendered their guns, but one young soldier, said to have been about seventeen years of age, on being approached by the Japanese officer and his men, threw a hand grenade at the officer killing him instantly and wounding two of the soldiers who accompanied him. One report has it that the two soldiers were killed. This incident is understood to have occurred shortly before the heavy bombardment of the city began late in the morning of January 2. At 2:30 p.m., January 2, two airplanes flew over Shanhaikuan dropping bombs here and there and causing considerable property damage and some casualties among the civilian population. At 3:30 p.m. on January 2 an extraordinarily heavy bombardment of the city began and this continued until 5:00 p.m. After 5:00 p.m. trains were made ready at the station and they were filled with Manchukuo and Japanese troops who, it was understood, were destined to Chinwangtao. The night of January 2 was comparatively quiet as only a few shots were heard. During the night, however, further Japanese reinforcements from outside the wall arrived. In the meantime the Commandant of the Garrison, Major Ochiai, is said to have heard that General Ho Chu-kuo, the Linyung Garrison Commander, had arrived in Chinwangtao from Peiping, and would be prepared to open negotiations with him for the settlement of the incident. Major Ochiai claims that General Ho promised to be in Shanhaikuan on the morning of January 3 at 6 a.m. to negotiate but failed to appear or even to send word explaining his absence. Incidentally, General Ho has denied having promised to

go to Shanhaikuan as stated. The Japanese Commandant claims to have waited until 10:00 a.m. on the morning of January 3 for General Ho to appear and having learned that the Chinese were making preparations for a stubborn defense, the Japanese opened fire for the third time with renewed strength against the South and West gates and this time they were aided by guns from naval vessels in the harbor. At 12:15 p.m. the Japanese troops entered the city by the South Gate and drove the Chinese soldiers in the direction of Shihmenchai. The city was finally occupied by the Japanese between 2 and 4 p.m. on January 3. Chinese resistance may be measured by the fact that the Japanese, although supplied with heavy artillery and aided by bombing planes and the guns from two destroyers, were compelled to make three attempts before finally capturing the city from a small and poorly equipped Chinese force. The Japanese are understood to have lost five commissioned officers and ten noncommissioned officers and about one hundred soldiers killed or wounded. The Chinese losses among the military forces are not known but they were undoubtedly severe. It is estimated that the casualties among the civilian population were about thirty killed.

On January 4 the city was again thrown into panic by rumors that Chinese soldiers were marching on Shanhaikuan with a view to its recapture. Many hundreds of the civilian population from outside the city wall and many others from inside the city who had escaped after the gates were opened, slept on the beaches in the vicinity of Shanhaikuan in bitterly cold weather. The suffering of these refugees was undoubtedly intense.

Although there were a score or more foreigners in Shanhaikuan at the time, there were no casualties among them.

The above account of happenings at Shanhaikuan was obtained from a foreigner who was in the city at the time of the trouble and is believed to be a fairly accurate statement of the happenings at Shanhaikuan from January 1 to January 4, inclusive. He is also an authority for the statement that the resistance of the Chinese troops was valiant considering the means of defense at their disposal.

Strategic Position of Shanhaikuan.

Ever since the occupation of Chinchow by the Japanese, Shanhaikuan has been looked upon as the seat of possible future trouble between the Chinese and Japanese because of its strategic position at the entrance to the territory beyond the wall. The presence of Chinese and Japanese troops in the city constituted a menace to the peace and order of the place and on several occasions serious trouble has been narrowly averted. It will be recalled that there was a clash between the Japanese and Chinese on December 8, 1932, an account of which

may be found in my political report for the month of December.⁹² The Chinese have felt that the Japanese have intended for months past to seize Shanhaikuan at the first opportunity for the twofold purpose of preventing a movement of troops into Manchukuo territory along the Shanhaikuan-Mukden railway and also to serve as a base for operations to seize Jehol. Whether the Japanese, as claimed by the Chinese, instigated the trouble at Shanhaikuan, under plans formulated some time ago and for the purpose above mentioned, will probably never be known, but the promptness with which the Japanese stated that they would endeavor to localize the incident and the announcement that they had no intention of extending their operations down the railway towards Peiping and Tientsin, unless some provocative act on the part of the Chinese compelled them to do so, might well lead to the conclusion that the movement was not designed as a part of an invasion of the Tientsin-Peiping area. To have embarked upon such an enterprise at this time, in the view of the writer, would have required much greater military strength than the Japanese now possess in the Shanhaikuan area and in the territory beyond the wall to a point as far as Chinchow. The despatch of two Japanese cruisers and three destroyers to Chinwangtao led many to believe that that place would be the next point of attack in the general direction of Tientsin and Peiping, but this naval display was undoubtedly nothing more than a measure to prevent the movement of any considerable number of Chinese troops into the area between Chinwangtao and Shanhaikuan.

The immediate results of the occupation of Shanhaikuan might well be summarized as follows:

Interruption to Railway Traffic.

Transportation on the Peiping-Shanhaikuan section of the Peking-Mukden Railway was seriously disrupted and the despatch of trains to Shanhaikuan was immediately annulled. One express train a day, usually considerably delayed, is now being operated between Chinwangtao and Peiping. Other passenger trains are proceeding only as far as Peitaiho. When the heavy troop movement to the Lwanchow-Chinwangtao area began traffic was further disrupted and trains between Tientsin and Peiping were in many cases delayed for several hours.

General Reactions to Incident.

A further development of importance was the reaction in other parts of China and in the western world to the incident. The fact that Shanhaikuan is inside the Great Wall was a preponderant factor. Military and civil officials in Nanking and in other parts of China

⁹² Not printed.

displayed the utmost concern over the new turn of events. The newspapers were immediately filled with news items purporting to give plans of the Chinese for the recapture of Shanhaikuan, for the defense of Jehol and for the protection of Tientsin and Peiping. Chinese commercial bodies and civic associations also appeared to be aroused to the necessity of more effective measures of defense than have been heretofore employed. The belief appeared to be general among Chinese officialdom and among the Chinese business leaders in the Yangtze region and further south that the Japanese would at once invade not only Jehol but all of North China, including Peiping and Tientsin. In the meantime, Japanese officials in Tokyo, Shanhaikuan, Chinwangtao, Peiping, Tientsin, and elsewhere were announcing somewhat emphatically that the Japanese military desired to localize the Shanhaikuan affair and that they had no intention of extending the operation to the Peiping-Tientsin area. Contrary to these expectations, at this writing there is a complete absence of any evidence that any drive will be undertaken by the Japanese against the Tientsin-Peiping area in the immediate future, but this cannot be said of the Jehol territory nor can it be said that a continuance of the present heavy movement of troops towards the Lwanchow-Changli area might not ultimately provoke the Japanese to take some drastic step by a strategic move in back of these troops through Tangku, which would be accessible to Japanese naval vessels and Japanese transports, or by a strong frontal attack down the railway provided sufficient reinforcements can be brought down from outside the Great Wall.

Foreign and Local Views of Incident.

The unfavorable impression which the occupation of Shanhaikuan created in China appeared also to prevail in various capitals of the western world, if editorial comment reproduced in newspapers in Tientsin can be taken as a criterion. Many excerpts from editorials published in leading journals in Europe have been reproduced locally and almost without exception the Japanese have been condemned for their military move. As a piece of political strategy, if such it was, it would seem to have been a most inopportune time, from a Japanese point of view, to have undertaken any new military move involving an area inside the Great Wall while the League of Nations is considering a solution of the Sino-Japanese controversy. There are those who believe, on this account, that the occupation of Shanhaikuan at this time was not a planned adventure but was a natural sequence of the clash between the military following the throwing of the bomb.

Concerning newspaper comment, some surprise has been expressed in local circles over what appears to be a reversal of French attitude towards the Japanese. Criticism of the Japanese by local foreign

residents is now being more freely expressed than was the case previous to the Shanhaikuan incident. In general, it can be said that the occupation of Shanhaikuan is especially deplored at Tientsin not only by Chinese but by foreigners as well because it is believed that the presence of any considerable number of Japanese troops there constitutes a potential source of trouble between the Chinese and Japanese which might ultimately spread to this area.

Military Preparations.

The feeling among the Chinese against the Japanese because of the Shanhaikuan affair was so spontaneous that the Chinese military officials in North China, either on their own volition or at the behest of civil and military leaders in the Government at Nanking, made plans at once to despatch large bodies of troops to the general vicinity of Lwanchow. This movement has been in progress for more than a week now with an average of from eight to fifteen train loads of troops being despatched in that direction every twenty-four hours. It is impossible to obtain an accurate estimate of the number of troops that have been moved to the East of Tientsin, the estimates varying from 4,000 to 8,000 per day. Equipment and food supplies in large quantities are also being moved simultaneously with the troops. Considerable artillery has likewise been moved. The units involved are difficult to identify, but from American military sources it is learned that among the units that have moved through Tientsin are the following:

[Here follows list.]

American Army Officers Visit Shanhaikuan.

American army authorities who visited the Chinwangtao-Shanhaikuan area on January 6 reported that the Chinese line between these two points extended on the right of the railway to the sea and on the left to the mountains and that the right flank was held by the 41st Regiment, 3rd Cavalry Brigade; that the center was held by the 627th Regiment of the 9th Brigade and the left flank by a cavalry regiment of the 3rd Brigade, with the 20th Brigade as a support in the rear. The right flank was without the protection of entrenchments.

Chinese Commanders.

The Commander-in-Chief at the front is General Shang Chen, former Governor of Shansi and Hopei and until a year ago a right-hand man of Marshal Yen Hsi-shan,⁹⁴ who now has better connections with both General Chiang Kai-shek and Marshal Chang Hsueh-liang. General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, directs the right flank, General Wan Fu-lin,

⁹⁴ State councilor of the National Government.

Governor of Heilungkiang before the Japanese occupation, the left, and General Wang Shu-ch'ang, former Chairman of the Hopei Provincial Government and now Garrison Commandant for Peiping and Tientsin, has been charged to look after the rear defense. Practically all the "mixed troops," formerly Kuominchun or Chihli troops, have been despatched or are on their way to the front. There are said to be eight brigades of troops in the vicinity of Peiping to guard the former capital.

Chinese Business Man's Statement.

A Chinese business man, who is well informed and who has many friends among Chinese officials, in the course of a confidential conversation with a person closely associated with the affairs of this Consulate General, stated that the orders for the mobilization which is now taking place were actually issued about one week before the Shanhaikuan incident. This may have been one of the results of the military conference at Peiping in late December. It appears that about three brigades of Chinese troops had actually entered into the Province of Jehol under this mobilization order previous to the outbreak of trouble at Shanhaikuan. This is said to have aroused the suspicion of the Japanese and the incident at Shanhaikuan was, it is alleged, a result of this disquieting movement. The Chinese claim that the attack on Shanhaikuan was launched when only a single brigade under General Ho Chu-kuo was in that immediate area and that only a small number of troops was stationed along the Peiping-Liaoning Railway line this side of Shanhaikuan as the other brigades which had been in that area had been despatched to Jehol. The Chinese business man above-mentioned holds the view that the Japanese, had they so desired and had they acted quickly, could have pushed forward from Shanhaikuan to Lwanchow, Tientsin and possibly Peiping without any serious difficulty after the defense at Shanhaikuan was broken down. The Shanhaikuan clash had the effect, however, of speeding up the order for the despatch of troops to the Lwanchow area, and it was soon found that obstacles might be in the way of a drive to Tientsin and Peiping especially since it became known that an understanding had been arrived at between the Central Government and Marshal Chang Hsueh-liang that the troops of General Han Fu-chu and General Liu Chih would be brought to Hopei to take up defense lines evacuated by Chang Hsueh-liang's troops which were being sent to Lwanchow.

To sum up opinion on the military situation, it is generally believed by responsible Chinese officials and business leaders that the Japanese have no intention of making a drive upon Tientsin or Peiping at this time but that ultimately, if such an enterprise is undertaken,

it will only be after the occupation of Jehol and a consolidation of forces in that province.

Anxiety among Chinese.

The heavy movement of troops which has been proceeding for the past week has given rise to much concern in Chinese circles lest a major engagement may shortly be started in the Chinwangtao-Shanhaikuan area, although Chinese officialdom continues to announce that the despatch of these troops is for defensive purposes only. Notwithstanding these announcements, close followers of political and military affairs entertain the feeling that the movement is of such a large volume that it might ultimately be intended to attempt to invade Manchukuo territory. Personally, I believe the movement is designed for the defense of Jehol and possibly for use in case of a threat to the Tientsin-Peiping area. The chief danger lies in the possibility that the Japanese may regard the movement as provocative and may take measures to drive the troops back to their former stations, in which case at least the Tientsin area would become decisively involved. The fact that many empty trains are now returning westward to Fengtai would seem to indicate that the Chinese have moved their troops to the Lwanchow region in the belief that they will be able to maintain their position if attacked. Their only means of retreat would be down the railway or overland in a westerly direction.

The heavy military movement has caused a considerable exodus of Chinese both from Tientsin and Peiping. So far as is known no foreigners have thus far left this area because of possible trouble hereabouts. From Peiping Chinese have sought safety by moving to points on the Peiping-Hankow Railway and to places on the Tientsin-Pukow Railway and from Tientsin there has been a movement of Chinese to the south. For some days after the Shanhaikuan clash trains from the east were crowded with refugees.

Absence of Local Disturbances.

The troop movements gave rise in Tientsin to widespread reports that local disturbances would be certain to break out. Up to this writing, however, except for a limited movement of Chinese from the Native City to points south and into the foreign concessions, there have been no signs of any likelihood of disturbances in Tientsin. Up to the date of this despatch, no sandbag barricades or barbed wire entanglements have been erected at or near the borders of the Japanese Concession and there are no signs of any preparations for any emergency. Likewise, along the border of the Japanese Concession, practically all the Chinese police in the Chinese City are still unarmed. No defensive works are noticeable in the Native City.

The alarm, if it can be so described, appeared to be confined largely to an element in the Chinese population which usually seeks safety on the mere rumor of impending trouble. While these outward signs of peace and order at Tientsin prevail, there is no escape from the fact that some local incident, such as the throwing of a bomb at police or military posts, or some other trifling incident, might well lead to disturbances of a major proportion.

Observance of Boxer Protocol.

Certain reliable quarters are authority for the statement that General Yu Hsueh-chung, Chairman of the Hopei Provincial Government and Commander of the Hopei troops, is quite reluctant to order a large number of troops within a radius of 20 li of Tientsin. He is anxious to avoid any pretext for the Protocol Powers to protest against a violation of the agreement by the Chinese. The defense of the city of Tientsin, therefore, rests entirely in the hands of the Pao An Tui (Peace Preservation Corps) and the Governor's body-guard. In view of the resistance which the Pao An Tui offered to the Japanese during the trouble in November, 1930 [1931?], it would seem that this organization could probably hold its ground until Chinese troops in considerable numbers, which are understood to be stationed at a distance of about ten miles from Tientsin, could arrive in the city as reinforcements.

Some significance has been attached by the Chinese authorities to the seeming desire of the Japanese military to invoke the terms of the Boxer Protocol in justification for the Shanhaikuan occupation. Chinese officials profess to believe that if the Japanese are hard-pressed for the evacuation of Shanhaikuan they will, as a last resort perhaps, assert a right to remain there under the terms of the Protocol and thus perhaps avoid some criticism in western capitals for invading the territory inside the Wall.

Settlement by Negotiation.

There has been a welter of misinformation circulated concerning the report first given out on January 7 that the Japanese and Chinese military authorities, through the intervention of British naval authorities at Chinwangtao, had agreed to enter into negotiations for the settlement of the Shanhaikuan incident. An American army officer at Chinwangtao reported this information on the above date and stated that General Ho had agreed in writing (presumably to the British naval officer) to meet the Japanese for the purpose of negotiating. Subsequent information received from the army officer in question at Chinwangtao indicated that some preliminary negotiations were actually taking place. On January 13 he reported that General Ho Chu-kuo had sent a member of his staff

for the purpose of negotiating, but that the staff officer appeared at Chinwangtao without any specific instructions although the Japanese were in possession of definite instructions. At the time of this meeting it was understood that General Ho was awaiting specific instructions from Nanking. A telegram under a Chinchow date line of January 3, published in the *Osaka Mainichi*, stated that the following would be the terms offered by the Japanese in settlement of the Shanhaikuan affair:

- “1. Chinese troops shall not be stationed at Shanhaikuan.
2. The Shanhaikuan region shall be made a buffer zone between China and Manchukuo.
3. Shanhaikuan shall be made the terminus of the Mukden-Shanhaikuan railway, and this line shall be separate from the Peiping-Shanhaikuan railway.
4. Pending the acceptance of these conditions by the Chinese side, the Japanese forces will not retire from Shanhaikuan.

The Japanese authorities also demand an apology by General Ho Chu-kuo for the present affair and a pledge against the recurrence of similar cases.

These conservative demands have been made in the hope of avoiding the aggravation of the situation. In case, however, General Ho Chu-kuo and General Chang Hsueh-liang refuse to accept the demands, the Japanese military authorities are determined to realize them by armed force.”

On January 11 the Japanese Admiral at Chinwangtao reported to the senior British Naval Officer that negotiations for settlement of the Shanhaikuan affair had passed from him to a higher authority and it was later reported, but not confirmed, that this “higher authority” was Lieutenant General Nakamura at Tientsin who is in command of Japanese Troops in North China. General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, is said to have denied that any negotiations are pending at Tientsin. All indications since a few days after the Shanhaikuan outbreak have pointed to the fact that the Japanese have been willing, and even anxious, to localize the incident and to settle it by negotiation. It is believed that the Chinese have rather resolutely held aloof from any settlement on this basis. This conclusion has been all the more apparent because of the severe criticism heaped upon General Ho Chu-kuo for the settlement of the Shanhaikuan incident of December 8. While there may have been a disposition on the part of the northern militarists to settle the affair by negotiation, dominating influences in Nanking, far removed from the seat of trouble, have apparently opposed a settlement by this means. It may be, however, that a settlement on this basis may be undertaken after the Chinese have concentrated enormous numbers of troops in the Lwan-

chow region, tactics which might have the effect of inducing the Japanese to settle on more favorable terms than would have been the case in the early stages of the trouble.

American Mission at Changli.

Fortunately, no American citizens were at Shanhaikuan during the trouble so far as can be learned. A detachment of 15 or 20 men belonging to the 15th United States Infantry, in command of Lieutenant Moore, is stationed at Chinwangtao to guard the summer military camp. At Changli, a railway station midway between Lwanchow and Peitaiho, there is a mission station belonging to the American Methodist Mission at which are normally located some 15 or 20 missionaries including women and children. A written warning was communicated by this Consulate General to this mission and some of its members withdrew to Peiping and Tientsin while others remained pending further developments. The Chinese authorities were informed and were requested to afford adequate protection. In connection with American missionaries and mission property in the area affected, an enquiry was received from the Japanese Consulate General at Tientsin a few days ago which was somewhat puzzling. An officer of the Consulate General telephoned this office and said that the foreign office in Tokyo had received a request from the American Ambassador at that place to afford all protection to American missionaries and American mission property at Shanhaikuan. The Japanese consular officer inquired the name of the mission and of the missionaries at Shanhaikuan and was informed that no American mission was maintained there but that an American mission was maintained at Changli where there were some 15 or 20 American missionaries ordinarily stationed. No request was made of the Japanese to afford the mission protection at Changli inasmuch as it might have been misconstrued as an intimation that it was believed Japanese operations would be extended to include that area. It is very probable that the enquiry at Tokyo was based on the misapprehension that the Changli mission was located at Shanhaikuan rather than at Changli.

Public Statements on Incident.

In conclusion, and as of possible interest, and to have of record certain statements bearing on the Shanhaikuan incident, there are enclosed herewith⁹⁵ a statement issued at Nanking on January 6 by "an official spokesman", a statement issued by the Japanese Information Bureau on January 5, a Rengo news item dated January 10, concerning the intervention of the British naval authorities at Chinwangtao with a view to the settlement of the controversy by negotia-

⁹⁵ Enclosures not printed.

tion, an account of an interview with Marshal Chang Hsueh-liang by 60 press representatives on January 8 (Reuter), a speech delivered by General Suzuki⁹⁶ at Shanhaikuan on January 7, describing the Shanhaikuan incident, and a memorandum prepared by Vice Consul Mosher summarizing a lecture delivered by Captains D. D. Barrett and T. C. Rote of the 15th United States Infantry, who visited Chinwangtao and Shanhaikuan a few days after the incident.

Respectfully yours,

F. P. LOCKHART

793.94/5748: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 14, 1933—2 p.m.
[Received January 14—5:07 a.m.]

11. Certain Japanese newspapers yesterday published telegrams from Nanking to the effect that the United States has arranged to loan the Nanking Government 20,000,000 yuan for warlike preparations against Japan; also that China has arranged for a supply of arms and for economic assistance from the United States in a war with Japan and furthermore has an understanding with the Soviets for mutual defense. The telegrams do not give any indications of the interests who will supply the alleged loans. Today a Japanese newspaper states that Japan will warn the United States, Germany and other countries against supplying arms to China under present circumstances, as such action may lead to the outbreak of a world war.

Please instruct if the Department deems it advisable to take notice of these somewhat inflammatory statements in case they continue. If any official comment is to be made I believe it would have most effect here if released to the press in Washington.

Repeated to Peiping.

GREW

793.94/5748: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, January 14, 1933—1 p. m.

2. Your 11, January 14, 2 p. m. A press report to the effect that an understanding had been reached between the United States and China with regard to the supply of arms and munitions to China in the event of war with Japan was brought to the Department's attention yesterday. The Department yesterday issued orally to the press an emphatic denial that there is any understanding or any agreement

⁹⁶ Maj. Gen. Yoshimitsu (Yoshiyuke) Suzuki, Japanese commander, 4th Brigade, 8th Division, at Shanhaikwan.

of this nature between the United States and China and informed the press that there could be no possible basis in fact for the report.

The report above mentioned did not include mention of an alleged arrangement of a loan to the Nanking Government of 20,000,000 yuan. For such a report there is equally no basis in fact.

If in your opinion further denial would be advisable, please inform the Department.

STIMSON

793.94 Commission/738 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 14, 1933—8 p. m.

15. For your strictly confidential information, Department has just received from London a telegram giving account of a conversation between Sir John Simon and a member of the Embassy staff in the course of which Sir John stated that, as regards Shanhaikwan, no attempt should be made to offer mediation without the full consent of both the Chinese and the Japanese; and that he hesitated to consider any idea for patrol by foreign troops in that region as a neutral area, as it would be entirely uncertain when they might ever be withdrawn.

The Department had not raised either of these questions, but its views are similar.

STIMSON

793.94/5755 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 14, 1933—9 p.m.

16. Nanking's January 10, 5 p. m. and your 36, January 9, 7 p. m. and 46, January 13, 4 p. m.

For your specific guidance.

1. As the memorandum mentioned in Nanking's January 10, 5 p. m. asks nothing, the Department therefore views it as a Chinese declaration, made for purposes of record which requires no reply. If Peck is pressed for a reply, there would be no objection to his informing the Chinese authorities orally of the above view.

2. From the last paragraph of your 46, January 13, 4 p. m. it would seem that the informal suggestion contained in the last paragraph of Nanking's January 10, 5 p. m., namely that the powers signatory to the Boxer Protocol of 1901 attempt to dissuade the Japanese Gov-

ernment from abusing its privileges under that Protocol, was not made by the Chinese Ministry of Foreign Affairs to the other interested legations. With regard to that suggestion, the Department is informing the Chinese Legation orally that it believes that the circumstances of the Japanese occupation of Shanhaikwan flow from factors of the conflict between China and Japan and not from provisions of the Boxer Protocol and that, if developments should involve the provisions of that Protocol, this Government would give consideration to those developments as the necessity arises and in the light of this Government's rights and obligations thereunder.

For your general guidance.

3. As the Department views the situation as it is developing, the question of the applicability of provisions of the Boxer Protocol of 1901 and the provisions of the "Conditions for Dissolution of the Provisional Government at Tientsin" of July 15, 1902,⁹⁷ may become involved and also, growing out of these provisions, such questions as (a) keeping open communications between Peiping and the sea, (b) Chinese troop movements along the line of the Peiping-Mukden Railway between Peiping and Shanhaikwan, (c) possible Japanese military moves along that railway and elsewhere south of the Great Wall, and (d) the security of foreign lives and property at Tientsin and at Peiping. In connection with the applicability of the provisions of the "Conditions for the Dissolution of the Provisional Government at Tientsin", the Department desires that you constantly keep in mind the fact that, although these "Conditions" contain some provisions that may logically be held to flow from the provisions of the Boxer Protocol, the American Government was never formally a party to those "Conditions".

4. With regard to the Boxer Protocol, to which the American Government is a signatory, Articles 7 and 9 thereof are the provisions of possible applicability in the present situation. These Articles provide for the exclusive use and control of the Legation Quarter at Peiping by the legations; for the maintenance by each Power of a guard in that Quarter for the defense of its legation; and for the occupancy of certain points between Peiping and Shanhaikwan, to be determined by an agreement between the signatory powers, for the maintenance of open communication between Peiping and the sea. The purpose of stationing a military guard at Peiping and along the railway, shorn of technicalities and placed in proper perspective, was to safeguard foreign lives and property, especially the legations, against attacks by Chinese forces. The mission of our forces should be regarded essentially as that of providing special

⁹⁷ See despatch No. 1046, July 15, 1902, from the Minister in China (E. H. Conger), *Foreign Relations*, 1902, p. 198.

protection *in situ*⁹⁸ for the lives and property of foreign nationals, including the legations, and, in case of emergency calling for evacuation, making available an armed escort to the sea. It should not be regarded as a rightful or a practicable function of these forces to regulate or hamper the legitimate activities of Chinese armed forces, either on the defensive or on the offensive, in connection with the prosecution of hostilities in a quarrel between China and a foreign power. Furthermore, the provisions of the Protocol were certainly not designed for the purpose of giving a foreign power some peculiar advantage on Chinese soil in a military contest in which it might engage with China.

5. In case Japan should use her right under the Boxer Protocol to station Japanese troops at various points between Peiping and the sea and use those troops or her guard at Peiping to conduct operations against the Chinese, it is believed that the United States and the other Protocol powers would be justified in making announcement that in their opinion Japan's action could not in any way be based on the provisions of the Protocol and/or in making representations to Japan. Whether the Japanese authorities heed or disregard these representations, we and the other signatory powers, if hostilities continue, would be confronted with the task of protecting our nationals in the area of hostilities as best we could—a matter which will have to be worked out by the military commanders on the spot. It is likely, however, that if the Japanese make a determined military movement south of the Great Wall, participation in that movement by the comparatively small Japanese Protocol force would be merely a minor incident in a major campaign of armed invasion of Chinese soil, justification for which under the provisions of the Protocol or the "Conditions" the Japanese would hardly claim except for purposes of camouflage and/or propaganda.

6. With regard to the "Conditions", to which the American Government is not formally a party, there are found therein certain provisions which go beyond those found in the Boxer Protocol, namely, undertakings by the Chinese Government (a) not to station or march any troops within 20 Chinese Li of Tientsin, (b) nor to move troops within a 2-mile zone on either side of the railway between Peiping and Shanhaikwan, (c) nor to establish maritime defenses at the mouth of the Peiho, at Chinwangtao and at Shanhaikwan. In so far as the Department is as yet officially in-

⁹⁸ The Minister in China in his telegram No. 55, January 16, 7 p.m., stated: "I do not interpret phrase '*in situ*' in paragraphs 4 and 7 as meaning protection of outlying and isolated American life or property where located. Please instruct." (793.94/5756)

The Department replied in telegram No. 18, January 16, 6 p.m.: "That interpretation is correct. The expression '*in situ*' is used in general reference to location within the areas referred to in the Protocol of 1901." (793.94/5756)

formed, the Japanese Government, which was a signatory to these "Conditions", has not invoked them, although there have been some press reports to the effect that it might do so. These reports, however, appear to confuse these "Conditions" with the provisions of the Boxer Protocol as such. If the Japanese Government should attempt to invoke these "Conditions" in the present hostilities, the Department, regardless of the attitude which may be taken by the other signatory powers, namely, France, Great Britain and Italy, doubts whether we would be prepared to join in an attempt to restrict Chinese troop movements on the basis of the provisions referred to.

7. In the situation as outlined above, the Department feels that the Minister and his interested colleagues should be giving consideration to the question of the kind and degree of protection that might under the circumstances be afforded the lives and property of their respective nationals in case the present hostilities extend to Tientsin and Peiping. The Department realizes the difficulties involved in working out in advance a definite plan. There are, however, two aspects under which the question might be considered: first, the consideration of the possibility of a neutralization plan which, however, the interested Ministers and Military Attachés at Peiping and the British Government, when the matter was under discussion last autumn, did not regard at that time as practicable and, second, the consideration of such means as the military commanders at Tientsin and Peiping may deem desirable and practicable for the protection of American lives either *in situ* or by evacuation.

8. With regard to a neutralization plan, the Department was inclined last autumn to favor such a plan. That view was, however, entertained before hostilities reached their present stage. Now, in so far as the Department is informed, the Chinese appear determined to resist in the Tientsin and Peiping areas further Japanese encroachments upon Chinese soil. A neutralization plan would require that the Chinese withdraw their troops from this area. If there could be any assurance that the Japanese also would withdraw from this area, such a plan might be suggested by friendly, interested powers without giving ground for a feeling that the plan would be discriminatory. At the present stage of developments, the demilitarization of the Peiping-Tientsin area would appear an impediment to the Chinese if they should desire to attempt to prevent the Japanese from entering Jehol, because they would then be forced to march their troops a long distance overland to enter Jehol from the west. The Department is not, therefore, for the moment, prepared to advocate such a plan, although it would not be opposed to assisting in the inauguration of such a plan if the Chinese are agreeable to

it or if the other interested powers wish to propose it as a plan thought best designed to protect foreign interests.

9. With regard to the protection of foreign lives *in situ* or by evacuation, the Department feels that the military commanders both at Peiping and Tientsin should be giving this matter their careful attention, keeping in close touch with the Diplomatic Body at Peiping and the Consular Body at Tientsin.

10. The French Government has approached the Department through the French Ambassador here with regard to the questions involved, and the Department is informing the French Ambassador substantially in accord with the above.

11. In the light of the above, the Department desires that you continue to consult with your interested colleagues, attempting to devise such arrangements as may seem desirable and practicable to meet the situation as it develops and keeping the Department informed promptly of developments.

STIMSON

793.94/5751 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 15, 1933—10 a.m.

[Received January 15—12:55 a.m.]

51. Following from Consulate General at Harbin January 13, 4 p. m.

"1. Japanese military mission confirms capture Tungning by Japanese and continued military operation against scattered Chinese forces near the Kirin Russian frontier.

2. General Ting Chao allegedly negotiating for allegiance of his forces to Manchukuo.

3. Through traffic restored on the Chinese Eastern Railway between Harbin, Pogradichnaya and Vladivostok on January 12th. Entire Chinese Eastern system now open to traffic."

JOHNSON

793.94/5754 : Telegram

The Ambassador in France (Edge) to the Secretary of State

PARIS, January 15, 1933—8 p.m.

[Received January 15—6:44 p.m.]

20. Your 10, January 13, 6 p.m. In order to avoid mistaken ideas as to the possible purpose of a visit to the Prime Minister at this time and primarily to hasten matters before the departure of the French representative for Geneva tonight, Marriner saw Cot,

Undersecretary for Foreign Affairs, this afternoon. Cot intends to proceed to Geneva the end of the week to represent France on the Committee of Nineteen. In the meantime Massigli who leaves tonight will sit and Cot will inform him at once of the tenor of your ideas.

Cot expressed himself as very well pleased to have this reaffirmation of the American position which he said was fully in accord with the French position as it has been stated by Paul-Boncour. He felt it to be absolutely necessary that the League should put itself on record in the sense of the Lytton report, although he could conceive no possibility of military sanctions in Manchuria. His only fear was the attitude of the English who he said would be greatly influenced by the knowledge of your point of view.

Cot promised to inform Paul-Boncour immediately of the substance of this confidential conversation and to let him know that I am ready to talk with him at any time if he had questions to ask or anything to add to what Cot told Marriner.

As Sir John Simon left London this noon for Paris en route to Geneva tonight, I informed Tyrrell⁹⁹ of the substance of your telegram and of the French indication of sympathy for your point of view which he will advise Simon.

EDGE

793.94/5806

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹

NANKING, January 15, 1933.

The Chinese Consul-General at Khabarovsk, U.S.S.R., reported by wire to the Ministry of Foreign Affairs as follows:

The Japanese have occupied Hulin. General Li Tu and General Wang Teh-Lin, with a train of more than three thousand troops, have retreated into Soviet territory.

The rumor that General Ting Chao has surrendered to the Japanese has no foundation in fact.

The rumor that the commanding officers of Japan and China have entered into direct negotiation for a settlement of the Shanhaikwan affair is again Japanese propaganda, attempting to create the impression that they are willing to localize the affair in order that the world may excuse her from her militaristic activities at Shanhaikwan. (The Ministry of Foreign Affairs at Nanking, with the concurrence of Marshal Chiang Kai-Shek and Finance Minister T.

⁹⁹ Lord William George Tyrrell, British Ambassador to France.

¹ Translation of telegram transmitted to the Department by the Chinese Legation on January 16, 1933.

V. Soong, had announced the principle on January 10 that the Shanhaikwan affair was only one aspect of a threefold problem, totally different from the Shanghai affair, and could not be locally settled.)

793.94/5752 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 16, 1933—9 a.m.
[Received January 16—12:53 a.m.]

52. Following from American Consul General at Mukden:

“January 15, 10 a. m. Although the concentration of Japanese troops along Jehol border was denied by official spokesman here yesterday, it has been learned from a reliable source that the Fourth Division was moving southward from North Manchuria via Taonan. Indications are that preparations for Jehol drive are being hastened and that it will probably begin early in February.”

JOHNSON

793.94 Commission/739 : Telegram

The Ambassador in Great Britain (Mellon) to the Secretary of State

LONDON, January 16, 1933—11 a.m.
[Received 11 a.m.²]

10. Following is memorandum received this morning referred to in the last paragraph of my 8, January 13, 9 p. m.

“My Dear Ambassador, When you communicated to me yesterday the message from Mr. Stimson, I promised to send you a note by way of reply before leaving for Geneva tomorrow morning.

As regards the Manchurian situation, my information is that the effort which the League have been making to find a basis for conciliation is likely to fail. I do not at all regret that the effort has been made, for not only does article 15 of the Covenant call for this as the first step, but the fact that it has been made gives all the more authority to any declaration which the League may make hereafter. Monsieur Hymans as President and Sir Eric Drummond are, I believe, still discussing the possibilities of a basis of settlement between the parties, and I shall hear more about this when I reach Geneva on Monday, but for my part, I regretfully agree with Mr. Stimson that the effort must probably be regarded as having led to no agreement. Consequently we pass to the next stage.

I strongly hold that the next step should be taken without delay. To allow unnecessary time to elapse will do harm all round. And the next step, to my mind, is quite clearly marked out by the circumstances. Of course, it is a step to be taken by the League and I

² Telegram in two sections.

do not wish to anticipate by individual pronouncement what the League will do. But this country will undoubtedly act in the matter as a loyal member of the League and, as I told you in our conversation yesterday, I think that the League has no other course before it but to adopt the Lytton Report. I have already, in my speech at Geneva, called attention to the unique authority of that document. It is not only unanimous but is the work of the chosen representatives of five countries. These five distinguished men have been over the ground and have reached their conclusions as a result of acquiring a wealth of information which is unrivaled, and after hearing what the parties had to say. And when I say that in my view the League should adopt the Lytton Report, I mean that they should not only declare that they accept chapters 1-8, but that they should recommend a mode of settlement on the lines indicated in chapters 9 and 10.

I am very glad indeed to find that this is strictly along the lines which Mr. Stimson himself approves. Indeed, I do not see any point in which we are in difference. The form in which these and subsequent matters are expressed is, of course, a question which the Secretariat and members of the League will have to discuss and decide, but the principal [point?] of the matter is that what I have indicated should be done, and should be done quickly, as the next step.

I note with much interest Mr. Stimson's statement that so far as United States policy is concerned 'there is no reason to anticipate a change hereafter' and I recall that Mr. Atherton explained to me yesterday that I might understand this as implying that Mr. Roosevelt was associated with the view expressed. The same thing is true on this side. We have no intention of departing from the course already indicated by our past declarations or by what I have said above.

As regards recent events at Shanhaikwan, Mr. Stimson will be aware of our view that an offer of mediation by the powers for the purpose of localizing it is not immediately desirable. Our Ambassador in Tokyo believes that mediation would hinder rather than facilitate the attainment of that object, and there seems in fact a considerable likelihood of the affair being localized by agreement between the two parties. If agreement is not easily reached, it will be on account of major questions—the control of Jehol and the Northward movement of Chinese troops—with which it would be difficult for us to deal as mediators apart from the League as a whole. If necessary, the question of mediation will no doubt be considered by the Assembly or its Committee. The local action of British officers at Chinwangtao, to which Mr. Stimson refers, consisted in an offer to facilitate a meeting of the Chinese and Japanese commanders by providing neutral ground for the purpose in a British sloop now at that port. The offer was made locally, without instructions from His Majesty's Government and is not intended to involve active mediation.

As regards Jehol, the position is that the Province was covered by the original proclamation of the Manchukuo state, to which the Governor of the Province was a party, though his allegiance has since been doubtful. It seems certain that the Japanese intend at their moment, which may not be just yet, to see to its incorporation in Manchukuo, but I hesitate to say whether action to this end will be

regarded by the League as more than part and parcel of their action in converting Manchuria into a new state. The invasion of China south of the Great Wall would evidently be on a different footing, but there seems no real reason at present to suppose that the Japanese contemplate such a step: their action at Shanhaikwan and Chiumen seems rather designed to shut out from Jehol the Chinese forces recently sent North. I find it difficult to discuss in advance the question of the steps which the League should take if and when the Japanese advance into Jehol or South of the Great Wall.

In conclusion, I wish to express my gratitude to Mr. Stimson for informing me of his views and attitude in these matters. I have done my best to give him my own in what precedes, and shall be only too ready to keep in touch with him as events develop.

Yours very sincerely, John Simon".

MELLON

793.94/5753 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 16, 1933—2 p.m.

[Received January 16—4:05 a.m.]

53. Reuter from Shanghai, 15th:

"In a manifesto addressed to the people of China the so-called Soviet Government of China says that Chinese Red armies are willing to fight with Government troops against Japanese invasion provided the advance of Government forces against Soviet districts is immediately stopped, the people are granted democratic rights and armed volunteer detachments created to struggle for the defense of the independence and unity of China. Manifesto declares that Japan aims at complete dismemberment and subjugation of whole of China. Statement is signed by General Mao Tse-tung, chairman of the Provisional Soviet Government of China, and Chu Teh, Chairman of the Revolutionary Military Council of the Workers' and Peasants' Red armies".

JOHNSON

793.94/5757 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 16, 1933—4 p.m.

[Received January 16—6:44 a.m.]

54. Liu Chung-chieh, Vice Minister of Foreign Affairs, called. He stated he was in Peiping to maintain liaison between Nanking and Chang Hsueh-liang and to maintain contact with the Legations as Nanking realized Ministers could not go to Nanking at this time. He stated that Suma of the Japanese Legation at Shanghai had called on Wu Tieh-cheng³ to say that Japanese Foreign Office and military

³ Known also as Gen. Wu Te-chen; mayor of Greater Shanghai.

were agreed that nothing should be done to aggravate situation and to express the hope that Chinese would refrain from moving forces in the direction of Shanhaikwan. Liu stated Nanking's reply was that Japanese had taken initiative at Shanhaikwan thereby aggravating situation. Nanking expressed the hope that Japanese would withdraw from Shanhaikwan voluntarily.

JOHNSON

793.94 Commission/740 : Telegram

The Ambassador in Great Britain (Mellon) to the Secretary of State

LONDON, January 16, 1933—6 p. m.
[Received January 16—2:45 p. m.]

14. In conversation today Vansittart referred to Sir John Simon's recent conversation with Matsudaira⁴ (see my 8, January 13, 9 p.m.). Vansittart said Simon discussed the Committee of Conciliation which it was contemplated the League Committee of Nineteen might appoint and to which the Japanese Government refused its acceptance because of the proposed inclusion of an American and a Soviet representative. Towards the close of the conversation Simon asked Matsudaira if the Japanese Government would withdraw its objection to the formation of this Committee of Conciliation if the inclusion of a Soviet and a United States representative were not made a *sine qua non*.

Matsudaira, somewhat embarrassed, replied that even if a Soviet and a United States representative were not sought, even then the Japanese Government would not accept. Vansittart stated he informed me of this in view of the possible rumors from Japanese sources that the British Government did not desire United States membership on the proposed Committee of Conciliation which he took pains to assure me was quite contrary to fact.

Vansittart further stated that Foreign Office had no information as to the proposed formula of conciliation which press reports today Drummond has prepared and anticipates may be acceptable both to Nanking and Tokyo.

MELLON

⁴ Tsuneo Matsudaira, Japanese Ambassador to Great Britain.

793.94/5819a

Statement Made by the Chief of the Division of Far Eastern Affairs (Hornbeck) to the Chinese Appointed Minister (Sze) on January 16, 1933

In connection with the Shanhaikwan incident, China's Vice Minister for Foreign Affairs handed to the American Consul General at Nanking on January 10 a memorandum,⁵ texts of which it is believed were also handed to representatives of the other signatories of the Protocol of 1901, calling attention to events at Shanhaikwan and making reference to the Protocol of 1901. The Vice Minister stated that the Chinese Government wished to make to the signatories of the Protocol the suggestion that they make representations to the Japanese Government to dissuade it from abuse of privileges which it might attempt to claim under the provisions of the Protocol. In connection with this matter, note has been taken of the statements in the memorandum and the statement made informally by the Vice Minister. In so far as the Shanhaikwan incident is concerned, it is the view of the Department that the events at Shanhaikwan must be regarded as incidents of the conflict between China and Japan and do not flow from or rest on provisions of the Protocol of 1901. If there take place developments which involve the provisions of that Protocol, consideration will be given to those developments in the light of the rights and obligations for which provision is made therein.

793.94 Commission/741 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 16, 1933—9 p. m.
[Received January 16—8:06 p. m.]

78. Since receipt of your 1 to Berne⁶ I have talked to both Hymans and Drummond along the lines of the aforementioned telegram and your other instructions.

The situation at present appears to be that during the absence of Matsuoka,⁷ Sugimura⁸ prepared a draft of resolution and statement of reasons which he thought might be acceptable to the Committee of Nineteen and to the Japanese and Chinese. Certain suggestions for changes were made by Drummond and the text submitted to his Government by Matsuoka. The general opinion [is that] this text is

⁵ See telegram No. 5, January 10, from the Consul General at Nanking, p. 44.

⁶ Dated January 13, 7 p.m., p. 61.

⁷ Yosuke Matsuoka, Japanese chief delegate, League of Nations.

⁸ Yotaro Sugimura, Japanese Under Secretary-General, League of Nations Secretariat.

now under consideration in Tokyo where it is to be presented to the Emperor. It is hoped that the answer will be made known to the Committee of Nineteen on Wednesday⁹ or Thursday.

I have not seen the text. According to Drummond it retains the essence though changing the form of the original proposal of the Committee of Nineteen and provides as a basis for disposing the nine points of chapter 9 of the Lytton Report. Drummond states further that the resolution provides for the setting up by the Committee of Nineteen of a small conciliation committee to which may be invited non-member states (no special reference being made to the United States and Russia).

Drummond believes that there is very slight hope of acceptance by the Japanese Government but both he and Hymans are convinced that every effort towards conciliation must be made in order to forestall if possible the menace of a real war in the Far East. He much fears that before many days have passed the Committee of Nineteen must proceed under paragraph 4 of article 15 which will probably mean the retirement from the League of Japan.

Also according to Drummond there is no question of a weakening of attitude on the part of either France or England. These two states are determined that unless a satisfactory basis of conciliation can be found they must proceed under paragraph 4 and at all costs maintain intact the Covenant of the League. Drummond strongly affirms that this is his view; that League has no intention of departing from the principles involved.

I am lunching tomorrow with Matsuoka and shall report any further information.

WILSON

793.94/5758 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 16, 1933—9 p.m.

[Received January 17—1:37 a.m.]

56. Department's 13, [January 13,] 7 p. m. and 16, January 14, 9 p. m.

1. Present plan for combined action by foreign corps of the occupation of North China dated December 22, 1930, was forwarded with Legation's despatch No. 848, March 6, 1931.¹⁰

2. Pursuant to Diplomatic Body resolution[s] printed page 318, MacMurray's *Treaties*, volume 1, and after withdrawal of the Germans following sectors were assigned various powers:

"Great Britain: From Peiping to west end of Yangtsun Railroad

⁹ January 18.

¹⁰ Not printed.

Bridge over the Peiho 68 miles. France: From west end above bridge to the north end of bridge, consisting of one span 200 feet and four spans 30 feet, over the Chinglungwanho, 4 miles north of Peifang Railway Station 57.5 miles. America: From north end of above bridge to the west distant signal of Tongshan Railroad Station 53.5 miles (formerly German sector), from above limit to the west distant signal Lanchou Railroad Station 33.5 miles. Japan: From west distant signal Lanchou Railroad Station to Great Wall at Shanhaikwan 61 miles. Italian: At Peiping, Tientsin and Shanhaikwan."

In this connection however please read paragraph 5 of combined plan referred to above which limits extension of plan only as far as Tangku until forces are of sufficient strength to extend the line between Tientsin, Tangku and Shanhaikwan.

3. Although the above are the sectors assigned, American and British forces do not at present occupy sections allotted to them. The French maintain detachments at Tangku, Chinwangtao and Shanhaikwan and exercise a mild form of surveillance at Tientsin East Station. The Italians have a few men at Tangku and a caretaking detachment at Shanhaikwan. Americans maintain a caretaking detachment at summer camp near Chinwangtao. I am informed that it has always been and it is now considered to be the right of any of the participating troops to extend, reduce or abandon altogether military control of the sectors allotted. The Japanese continue to exercise their protocol rights within a portion of the sectors originally allotted.

4. I shall bring confidentially to the attention of Colonel Burt¹¹ at Tientsin the substance of appropriate paragraphs of Department's telegram 16 under acknowledgment.

JOHNSON

893.20/401: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 16, 1933—10 p. m.
[Received January 16—12:55 p. m.]

13. The Foreign Office spokesman today informed the press correspondents that some forty non-commissioned officers on the active list of the American Army had been lent to China by the American Army to take part in the hostilities against Japan. When asked the source of the report Shiratori¹² declined to reveal it but said that the information was regarded by the Foreign Office as reliable.

I presume that this statement refers to certain American reserve

¹¹ Col. Reynolds J. Burt, commander, U. S. 15th Infantry Regiment.

¹² Toshio Shiratori, director, Bureau of Information and Intelligence, Japanese Foreign Office.

officers who are understood to be acting as aviation instructors in a military school at Hangchow in South China but would be glad to be informed of the facts.

GREW

793.94 Commission/744 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 16, 1933—10 p. m.

[Received 11:30 p. m.]

79. The Committee of Nineteen resumed its sessions in private today under the Chairmanship of Hymans.

Following is résumé of the meeting furnished us by Sweetser¹³ in strictest confidence:

"Hymans recalled that the texts approved by the Committee in December had been subject to negotiation with the two parties and that he and the Secretary General had been instructed to make a great effort for conciliation in the interests of the parties, of the League and of the world. Japan had, however, presented amendments differing so fundamentally from the Committee's draft that no agreement upon them was possible. China also had submitted amendments which had been transmitted to the Committee. Since then the Japanese delegation had prepared certain new suggestions which, however, it could not formally transmit to the League until they had the approval of the Cabinet and perhaps the Emperor. The Cabinet would meet today or tomorrow and the Committee might expect the decision by Wednesday.

Drummond stated that when the Japanese counterproposals had been first transmitted the delegation had been informed that they would not be acceptable to the Committee and could not even form a basis for discussion. Since then, entirely on their own initiative and responsibility, the Japanese delegation had submitted further suggestions which unfortunately had been reported as an agreement arrived at between Sugimura and himself. In view of these reports he wanted to state that the situation was not at all as described, as he had submitted no proposals whatsoever or accepted any agreement but had merely been consulted by the Japanese as he might be by any other state members of the League.

Drummond also recalled the instructions which had been given in the utmost confidence to the Secretariat to make ready a report under paragraph 4 should it be necessary to resort to that paragraph. Fortunately this information had remained confidential not even the Japanese, he thought, being aware of it. The reports, however, were now in an advanced stage and would be available when the Committees wished.

Lester¹⁴ was very grateful for the information regarding the negotiations as press reports had created a great deal of misunderstanding

¹³ Arthur Sweetser, U. S. member, information section, League of Nations.

¹⁴ Sean Lester, Irish representative, League of Nations.

as to the position both of the Secretary General and of the Committee. He thought it would be desirable to disclose this misunderstanding through a public statement. He also drew attention to the fact that the Committee had stood adjourned since December 20th and it had now been asked to adjourn again in order to wait for a statement which should have been received some time ago. He greatly hoped that the new delay would not be unduly long.

Simon urged it might be well to reassure public opinion which he felt was anxious and reasonably anxious that the Committee fulfill the duty falling to it if conciliation should fail of proceeding under paragraph 4. Obviously the Committee had no choice but to take this action and should take it with as little delay as possible. He suggested adding to any statement issued that while the Nineteen thought it should agree to the delay which Japan proposed it would nevertheless if conciliation failed lose no time in acting under paragraph 4. This could be put not at all as a threat but simply as a reassurance to public opinion.

Massigli¹⁵ supported this suggestion. He thought the Committee must accept the request for postponement disturbing though it was. He wondered if there was even now any guarantee of a reply within the time fixed and feared the effect of further delay on public opinion. He thought it wise, therefore, to show preoccupation which the Committee felt. Drummond stated that the delay had been due to Matsuoka's delay in returning to Geneva and Hymans said that the Japanese had given every assurance of a reply within the time set.

Simon then amplified his statement by expressing the hope that if conciliation did fail the Committee would act very quickly under paragraph 4 and not allow a long delay. The essential matter in his mind was the adoption of the Lytton Report both as to facts and as to recommendations. He would like to suggest that beyond the report mentioned by the Secretary General a very brief and simple alternative text might be made ready stating that the Committee accepted this report fully. World public opinion he thought wanted to know whether the League stood by the report or did not. For himself he most decidedly did. The best effect he thought would be created if a short concise statement could be adopted rather than a long abstruse document which would leave the public in doubt as to whether the report had been accepted or not. Drummond agreed with this viewpoint but thought that the statement could not be quite so simple as Simon thought.

Motta¹⁶ then complained regarding the publication of the Committee's draft which was supposed to have been very confidential but which Drummond explained was probably due to the parties themselves. Motta felt that this publication had made conciliation more difficult and that recent events at Shanhaikwan had made it almost hopeless. He trusted the report would be ready immediately in case conciliation failed and that the ultimate discussions would take place in public. Lange^{16a} while agreeing it was necessary to accept adjournment recalled that the Committee had previously adjourned until January 16th at the latest and that the Japanese had

¹⁵ René Massigli, French representative, League of Nations.

¹⁶ Giuseppe Motta, Swiss representative, League of Nations.

^{16a} Christian L. Lange, Norwegian representative, League of Nations.

therefore already taken advantage of the Committee's great efforts to meet them in every way.

The Committee decided to entrust the Bureau with drafting a communiqué embodying the above views".

Communiqué follows:

"The President of the Committee of Nineteen in his statement of December 20 declared that the Committee felt that it would not be fulfilling its duty if it did not exhaust every effort for conciliation and show the utmost patience in its endeavor to reach a settlement.

The Committee of Nineteen today confirmed that view but considered that if the procedure under paragraph 3 of article 15 unhappily failed it was their duty to proceed as rapidly as possible to fulfill the task laid upon them by the Assembly resolution of March 11, 1932,¹⁷ to prepare, if need be, the draft of the report provided for in article 15, paragraph 4, of the Covenant.

At its meeting of December 20 the Committee had noted that the conversations entered into with the parties by its President and the Secretary General would need a certain time.

Since then these conversations have been continued. No fresh proposal has been received apart from those of the Chinese Government. The Japanese delegation in its conversations with the President and the Secretary General has declared that it is communicating with its Government concerning fresh proposals that may be submitted to the Committee and has announced that it will be in a position to inform the Committee of its point of view in 48 hours.

Deeming it necessary to consider finally and as soon as possible whether it is possible for the Assembly to fulfill its mission under paragraph 3 of article 15 of the Covenant the Committee thought it necessary to accept this short adjournment".

WILSON

793.94/5760 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 17, 1933—4 p.m.
[Received January 17—5:57 a.m.]

14. My 11, January 14, 2 p. m. and the Department's 2, January 14, 1 p. m. As certain inquiries had been made of the Embassy I issued yesterday morning a statement to the Japanese news agencies repeating almost verbatim the Department's public denial of the press report from Nanking regarding an alleged arrangement whereby the United States is to supply funds and munitions to the Nanking Government. At almost the same time the Japanese War Office issued a statement that the United States is supplying automobiles and airplanes to China through merchants at Shanghai and that Germany is supplying munitions through merchants at Tientsin. This was published

¹⁷ *Foreign Relations, Japan, 1931-1941, vol. I, p. 210.*

subsequently to my denial of the other report. It appears now that the two foregoing statements were telegraphed to the United States simultaneously by the news agencies and this morning I was informed by a newspaper correspondent that in the United States it was taken that my denial referred to the War Office statement, whereas in fact it clearly referred to the Nanking press report. The Japanese newspapers last night published the War Office statement but did not publish the Embassy's denial of the Nanking press report; there is therefore no confusion of the two statements here.

Repeated to Peiping.

GREW

793.94/5796

The Department of State to the French Embassy ¹⁸

With regard to the inquiry ¹⁹ whether the Chinese Government has sent to the American Government a memorandum disclaiming responsibility for any situation which may result from the exercise by the Chinese defensive forces of their legitimate right to resist aggressive action by Japanese troops taking advantage of their special privileges under the Boxer Protocol of 1901, the Department was informed on January 10, 1933, by the American Minister at Peiping that such a memorandum had been received. The Department on January 14, informed the Minister that it views this memorandum as a declaration by the Chinese Government made for the purpose of record and that, therefore, the declaration required no reply.

With regard to the statement giving the view of the French Government as to the purpose of the pertinent provisions of the Boxer Protocol of 1901 and the "Conditions for the Dissolution of the Provisional Government at Tientsin" of July 15, 1902, namely, that these provisions were designed to insure open communications between Peiping and the sea and to avoid contact between Chinese and foreign troops, the Department is in substantial accord with that view. With regard, however, to the "Conditions" referred to, the Department desires to point out that the American Government was not formally a party to these "Conditions"; and, although the American Government has on occasion cooperated with the powers signatory to those "Conditions", in the spirit thereof, the Department feels that, in consequence of developments in China during the period since these agreements were concluded, and in the light of acquiescence by the powers on various occasions in activities by Chinese military forces

¹⁸ Handed by the Under Secretary of State to the Second Secretary of the French Embassy on January 17, 1933.

¹⁹ See memorandum handed to the Under Secretary of State by the Second Secretary of the French Embassy on January 13, p. 58.

in disregard of the letter of certain features of those provisions, and in view of existing circumstances in general, it can no longer with warrant be regarded as the mission of the foreign armed forces in China to maintain a constantly open highway of communications between Peiping and the sea, their mission now being rather that of special protection to the nationals and property of the Protocol powers and readiness to afford an armed escort in case at any time a policy of evacuation were decided upon.

With regard to the inquiry whether the American Government would not consider it necessary that the powers signatory to the documents referred to make known to the Japanese Government that the régime instituted by the provisions of those documents should be observed, the view of the Department is that, if Japan should take advantage of her rights under these provisions to conduct operations against Chinese forces, the powers signatory to the Boxer Protocol and to the "Conditions" would be justified in making an announcement that, in their opinion, Japan's action could not in any way with warrant be based on the provisions of the Protocol and the "Conditions" and/or in making representations to Japan in the premises. The Department doubts whether the Japanese Government, if it is determined to make further invasion of Chinese territory, would pay any attention to such a *démarche* by the interested Protocol powers, but the Department does not feel that this should deter the powers from making an announcement of their views or a reservation of their rights.

With regard to the inquiry whether the American Government would be ready to give approval to the plan studied last September by the interested Ministers at Peiping for a neutralization of the Peiping and Tientsin areas, the Department, although it does not view this idea with as much favor as it did last autumn, would not be opposed to assisting in the proposal of such a plan if the Chinese, to a portion of whose territory it would relate, were to indicate a desire on their part for such an arrangement and/or if the other interested powers were to suggest it as a plan thought best designed to protect foreign interests in the present emergency.

793.94/5807

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*²⁰

NANKING, January 17, 1933.

A telegram from Peiping reported that the Japanese attacked Shihmen Fort on January 15 but were repulsed by the Chinese and

²⁰ Translation of telegram transmitted to the Department by the Chinese Legation on January 18.

had to retreat toward Loo-Tze-Shu. The Chinese were garrisoning at Ying-Wu-Shan (the Parrot Mountain).

A telegram from Chengteh (Jehol City) reported that on January 14 eight Japanese aeroplanes arrived at Shah-Wa, carrying with them over forty bombs and causing many casualties. Again, on January 15, a Japanese aeroplane, carrying four bombs, reconnoitered over Shah-Wa. The Chinese command had ordered the troops under General Feng Chan-hai, now stationed at Shah-Wa, to be prepared for a Japanese attack on Suidoo and Fuhsin.

A telegram from Tientsin reported that the Japanese Army had despatched Colonel Umezu to Tientsin to confer with General Nakamura on military matters. It was also reported that a group of Japanese good-for-nothings and spies had arrived at the Japanese Concession at Tientsin and were holding secret meetings in various hotels.

A telegram from Shanghai reported that, according to reliable information, the Japanese Chief-of-Staff and the War Department, after a conference, had decided to postpone their attack on Jehol to the early part of March. This postponement was due to the bitterly cold weather and the mountainous terrace [*terrain?*] of Jehol. It was also learned that the Japanese expected disturbances to occur in the Peiping-Tientsin area simultaneous with their occupation of Shanhaikwan on January 1. Quite unexpectedly, no disturbance occurred in these cities and they were still planning an uprising in Tientsin.

793.94 Commission/745 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 18, 1933—10 a. m.

[Received January 18—3 a. m.]

59. Reuter from Nanking, 17th, reports following statement by Doctor Lo Wen-kan, Chinese Foreign Minister :

“Should League of Nations attempt to impose on China what she cannot accept the Chinese delegates will certainly be instructed to remain firm and resolute. At the end of last year Chinese Government had occasion to express its dissatisfaction with draft resolution and expose the motives of the Committee of Nineteen and propose certain amendments. Since then the Japanese taking advantage of adjournment of the League have attacked Shanhaikwan and Chiu-menkou in preparation of their invasion of Jehol. Their warlike actions have simultaneously threatened the peace of the Peiping and Tientsin area.

In view of their aggressive line of action as pursued by Japan it would seem that the League should have admitted forthwith impossibility of conciliation and proceeded with adoption of some effective and decisive measures to check progress of Japanese violence. Un-

fortunately however League has not only failed to take this logical step but has actually revised and emasculated without consulting Chinese delegation at Geneva the draft resolutions of last December in order to satisfy the Japanese as if resolution once agreed to by Japan would be accepted by Chinese Government as a matter of course. This matter has already been taken up by Chinese delegates in letter addressed to Monsieur Hymans protesting against such procedure and reiterating Chinese stand that China will not accept any resolutions contrary to principles repeatedly declared by the Chinese Government. Chinese Government strongly believes that League will not act in such a way as to ignore its position as an instrument of world peace and abandon itself to wishes of the aggressor."

JOHNSON

793.94/5764: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 18, 1933—11 a.m.

[Received January 18—2:21 a.m.]

60. Reuter from Canton, 17th, reports that Southwest Political Council sent strong telegram to National Government and Kuomintang urging positive action to deal with Japanese invasion:

"In case the National Government still does not realize danger of situation thereby bringing disaster to the nation and people the southwest will be compelled to unite the comrades of the various provinces and people of entire country in order to take over the task of resisting Japanese aggression.

When Shanhaikwan incident broke out we telegraphed to you expressing our views and urging resistance. Although we have received a reply we have not been informed as to whether Central Government has adopted definite resistance plans. Since fall of Shanhaikwan Japanese troops have been pushing their aggression with increasing vigor hence the nation-wide plan for resistance to invasion.

Dr. W. W. Yen, Dr. Wellington Koo and Mr. Quo Tai-chi also have telegraphically urged armed resistance. Consequently it is clear that both within the country and abroad there is strong determination to deal with Japanese invasion by force. Judging by present League situation resistance is only method to preserve national existence. Now Jehol is threatened with invasion and Peiping and Tientsin are in a critical position. If North China is involved in military operations entire country will be in peril. It is imperative that you quickly declare definite policy of resistance and also rush pay, food and ammunition to troops at the front now facing the enemy in order to allay anxiety of the people and the righteous opinion of the world."

JOHNSON

793.94/5766 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 18, 1933—1 p.m.
[Received January 18—4:32 a.m.]

17. My 14, January 17, 4 p.m. With reference to the announcement of the Japanese War Office that the "United States" is supplying automobiles and aeroplanes to China, the United Press correspondent in Tokyo asked the War Office to explain whether by the "United States" they referred to the United States Government or to American commercial firms. The War Office spokesman stated that they referred to American commercial firms but on the 16th he issued the statement to the Japanese press to the effect that the "United States" was supplying China through private firms in Shanghai, conveying the impression that these were governmental transactions conducted under cover of private firms and adding that the material was being purchased by Chang Hsueh-liang.

The Embassy believes that the War Office is doing this deliberately for the purpose of arousing public sentiment in favor of the Army's request for large additional sums in the next budget.

Repeated to Peiping.

GREW

793.94/5785c : Telegram

*The Secretary of State to the Minister in China (Johnson)*²¹

WASHINGTON, January 18, 1933—1 p.m.

19. According to the American press President-elect Roosevelt on January 17 wrote out, in reply to a question, a statement reading as follows:

"Any statement relating to any particular foreign situation must, of course, come from the Secretary of State of the United States.

I am, however, wholly willing to make it clear that American foreign policies must uphold the sanctity of international treaties. That is the cornerstone on which all relations between nations must rest".

STIMSON

²¹ The same telegram was sent on the same date to the Ambassador in Japan as Department's No. 5, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 109.

793.94/5767 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 18, 1933—2 p.m.

[Received January 18—6 :25 a.m.]

18. My 14, January 17, 4 p. m. This morning several Japanese newspapers published a letter from the German Embassy in Tokyo denying that Germany is supplying arms and munitions to China, pointing out that Germany is not permitted to manufacture any arms except revolvers, and suggesting that the rumor may have originated in the fact that an order from Chinese sources for arms has been received by a German firm in China which acts as representative of an arms factory "in a certain country adjoining Germany." It also denies the report that 27 German military officers are employed by China.

Repeated to Peiping.

GREW

793.94/5819

Memorandum by the Under Secretary of State (Castle)

[WASHINGTON,] January 18, 1933.

The Belgian Ambassador called to find out what was actually going on so far as the Far Eastern situation was concerned.²² He referred to the various newspaper reports and I told him that they were all based on the fact that there seemed to be a misunderstanding on the part of European nations as to our attitude, that in answer to inquiries we had been compelled to make it very plain that our attitude had in no way changed and that the policy of this Government was unlikely to change during the next Administration. The Ambassador said he took for granted that the Secretary had got Roosevelt's agreement to this. I told him that I felt Mr. Roosevelt's public statement had made it very clear that he intended to continue the policy. I pointed out to the Ambassador that we had, of course, not been telling the League what to do as certain newspapers had intimated, since the Lytton Report was a report to the League and clearly we had no right to advise the League as to how to act on its own report.

The Ambassador said that, after a talk with the Secretary some two weeks ago, he had written a full account of the conversation and sent it to Hymans, in which he had made it very clear that America's stand remained what it had been for many months. He seemed

²² The German Ambassador made a similar inquiry on the same day. (793.94/5832)

very much disturbed for fear that Hymans had not received this report before going to Geneva. I told him that, of course, I knew nothing about that, but that, in any case, M. Hymans, who had told Mr. Gibson²³ there were many rumors as to a change in our policy, had been informed by Mr. Hugh Wilson as to the facts. The Ambassador said that he thought he fully understood the situation.

W. R. CASTLE, JR.

893.20/401 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, January 18, 1933—2 p.m.

6. Your 13, January 16, 10 p. m., first sentence.

1. This statement also has no basis in fact. The Department is informed that the War Department has informed inquirers orally that a transaction such as described would not be possible.

2. With regard to the last sentence of your telegram under reference, it is the Department's understanding that there are at Hangchow 13 American citizens who are employed by the Chinese Government in an aviation school; that 9 of these Americans hold reserve commissions in the United States Army and 1 holds a reserve commission in the United States Navy; that the remaining 3 are mechanics who were formerly non-commissioned officers in the United States Army but who are now in civilian life and hold no reserve commissions; and that no member of this group has any official American status. All 13 were employed by the Chinese Government on its own initiative. The only connection which the American Government has had with the matter is that, after the Chinese Government had made an initial and voluntary request for assistance in procuring such personnel, officials of the Department of Commerce of the American Government gave to the Chinese the usual commercial assistance in making contact with persons who might be available. Also, the Department is informed that while the project was developing two European governments offered to send to China for training purposes personnel from their national air forces respectively and another European government offered to give the Chinese training in that government's aviation schools but that the Chinese Government chose to employ American civilian personnel.

3. For background only. In March 1932 the Department was informed that the Chinese Government was interested in obtaining the services of a group of qualified Americans to organize and op-

²³ Hugh S. Gibson, U. S. delegate, General Disarmament Conference, Geneva.

erate an air school for the training of military aviators. The War Department, to which this matter was referred, stated that it was not interested in sending an aviation training mission to China and this Department, in transmitting this information to the American Minister to China, expressed the opinion that it would be inadvisable for this Government to take any steps in connection with the sending to China of such a mission. This Department also in April 1932 referred to the War Department a report that the Chinese authorities were attempting to enlist, for the purpose of giving advice regarding military air training, the services of United States Army officers at Manila who have accumulated leaves of absence which they might spend in China, and the War Department replied that, while it was difficult to believe that any officers of the Army were seriously contemplating such action, it had instructed the Commanding General, Philippine Department, to take such action as might be necessary to prohibit any officers of his command from accepting employment or giving advice or instruction such as was mentioned.

4. While the American aviation group at Hangchow consists entirely of 13 American civilians, the Department is inclined to question the advisability of the Embassy making any formal or public statement in the matter. The Department is inclined to believe that any public statement in this connection by or from American sources, in addition to that mentioned in paragraph 1, should be made here. However, the Department authorizes you in your discretion to give the Foreign Office a strictly informal memorandum stating the facts as set forth in paragraphs 1 and 2.

STIMSON

793.94/5785a : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 18, 1933—5 p.m.

20. Referring to recent press reports that the American Government has recently made approaches to foreign governments in regard to the Manchuria situation, the Department wishes to emphasize for your information that the action taken by the Department consisted in instructing two American diplomatic missions to reply to express inquiries and requests received from officials of foreign governments, and in directing a third mission to make to an appropriate foreign official a statement along the lines made at the other two places. These communications were made informally; their substance was that our opinion and attitude are in no way changed. Stress was laid on the fact that this Government cannot undertake to give

guidance to the League and that the League must make its own decisions.

Press reports are misleading.

Repeat to Tokyo as Dept's No. 7, Jan. 18, 5 p. m.

STIMSON

793.94 Commission/750 : Telegram

The Ambassador in Mexico (Clark) to the Secretary of State

MEXICO CITY, January 18, 1933—5 p. m.

[Received 8:11 p. m.]

12. During an interview this morning with Minister of Foreign Affairs Puig he showed me what purported to be telegram instructing Mexican representative at Geneva to notify League of Nations substantially, as I recall it, as follows:

1. Mexican Government considers that Japan, by her act of aggression in Manchuria, has violated Pact of League of Nations, Kellogg-Briand Pact²⁴ and Nine-Power Treaty.²⁵

2. Mexican Government recognizes that Japan has material interests in Manchuria but does not consider that aggression against China is permissible.

3. Mexican Government, while having no material interests in Far East, considers that this matter is of concern to it, in view of Mexican littoral boundary in Pacific.

I understand that Mexican representative is directed that foregoing policy is not to be considered as being unfriendly against Japan, a country with which Mexico has always maintained "an unalterable friendship".

The foregoing is necessarily a rough description of telegram as it was read to me only once and hastily. Minister Puig asked me whether I had official information from Geneva. I said I had not. Puig said that the Japanese Minister recently told him forcibly that Japan was determined to proceed with their present course "even at the cost of the existence and integrity of Japan".

CLARK

²⁴ Treaty for the renunciation of war, signed at Paris, August 27, 1928, *Foreign Relations*, 1928, vol. I, p. 153.

²⁵ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

793.94 Commission/748 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 18, 1933—7 p. m.

[Received January 18—6:55 p. m.]

80. Second paragraph of my 78, January 16, 9 p. m., referred to texts prepared by Sugimura and transmitted to the Japanese Government by Matsuoka. A member of the Japanese delegation has handed me today three documents:

1. A declaration of the President.
2. Draft resolution number 1,
3. Draft resolution number 2.

At the same time he stated that the Japanese delegation had notified the Committee of Nineteen that it was ready to accept the texts with only one modification of substance, namely: the elimination of the right of the small committee to invite the participation of non-member states. The first two documents are entitled "project of Sugimura-Drummond January 12 and 13, 1933" (in this connection see my 72, December 15, 9 p. m.,²⁶ for comparison of these texts with those drawn by Committee of Nineteen). Following is our translation of French texts:

"Declaration of the President.

1. The Assembly in its resolution of December 9 charged its Special Committee.

'(1) To study the Report of the Commission of Inquiry, the observations of the parties, as well as the opinions and suggestions expressed in the Assembly in whatever form they have been presented.

(2) To draw up proposals with a view to the settlement of the dispute which has been brought before it under the Council resolution February 19, 1932.

(3) To submit these proposals to the Assembly at the earliest possible moment'.

2. If the Committee had had to lay before the Assembly a picture of events and an appreciation of the general situation it would have found all the time [*sic*] elements necessary for such a statement in the first eight chapters of the Report of the Commission of Inquiry.

3. But the time has not yet come for such a statement. In accordance with article 15, paragraph 3 of the Covenant, the Assembly must first of all endeavor to effect a settlement of the dispute by conciliation and if such efforts are successful it shall publish a statement giving such facts as it may deem appropriate.

4. So long as the efforts on the basis of article 15, paragraph 3, are continued, a sense of the responsibilities placed on the Assembly in the various contingencies provided for in the Covenant obliges

²⁶ *Foreign Relations*, 1932, vol. iv, p. 432.

it to maintain a particular reserve. Hence, the Committee has confined itself in the draft resolution, which it is today submitting to the Assembly, to making proposals with a view to conciliation.

5. By the Assembly's resolution of March 11,²⁷ the Special Committee was instructed to endeavor to prepare the settlement of the dispute in agreement with the parties.

6. For the practical work of the finding of a solution it is proposed that the Special Committee select from among its members a small committee which will be charged with aiding the two parties to resolving definitely and basically the questions which are pending between them. It is likewise proposed that the small committee may invite representatives of other states members or nonmembers of the League of Nations to participate in its work.

7. The small committee will have all the powers necessary for the execution of its mission. In particular, it may consult the experts and make use of their services.

8. The members of the small committee will be guided in law by the principles of the Assembly resolution of March 11, 1932 and in fact, taking into account the observations of the parties, by the statements made in the first eight chapters of the Report of the Commission of Inquiry. In regard to solutions to be considered they will look for them as set out in paragraphs 3 and 4 of the resolution in accordance with the principles set forth in chapter 9 of the Report of the Commission of Inquiry.

9. The report of the Special Committee of Nineteen will be submitted to the Assembly which will take such decision as may be appropriate thereto. Further, in order that the settlement of the dispute may not be made more difficult, the Committee firmly expects, and I feel sure that the Assembly will agree, that no member of the League will take action which is not in conformity with the principles contained in the Covenant of the League of Nations, the Pact of Paris, the Nine-Power Treaty, its own resolution of March 11 and the present resolution.

Draft resolution 1.

The Assembly,

1. Recognizes that according to the terms of article 15 of the Covenant its first duty is to endeavor to effect a settlement of the dispute and that consequently it is not at present called upon to draw up a report stating the facts of the dispute and its recommendations in regard thereto.

2. Considering that by its resolution of March 11, 1932, it laid down the principles determining the attitude of the League of Nations in regard to the settlement of the dispute.

3. Considering that the principles laid down in chapter 9 of the Report of the Commission of Inquiry form a useful basis to bring about such a solution.

4. Considering that it is its duty in the high cause of world peace to determine how these principles can be applied to the developments of the situation in the Far East.

5. Desires that for the practical work of settlement, the Special Committee of Nineteen will select among its members a small com-

²⁷ *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 210.

mittee, which will be charged with finding a final and fundamental solution of the question at issue between them.

6. Authorizes the said small committee to take all necessary measures for the fulfillment of its mission and especially to write [*invite*] representatives of other states members or non-members of the League of Nations to participate in its work.

7. Requests the said committee to keep the Special Committee of Nineteen in touch with its work so that this latter can make a report to the Assembly before March 1, 1933.

8. The Special Committee of Nineteen will have the power to fix, in agreement with the two parties, the time limit referred to in the Assembly resolution of July 1, 1932;²⁸ in the absence of agreement of the parties regarding this time limit the Committee will make proposals on this question to the Assembly at the moment when it forwards its final report regarding the task which has been confided to it by the Assembly in accordance with article 15, paragraph 3.

9. The Assembly will remain in session and its President may convene it as soon as he may deem it necessary.

Draft resolution number 2.

The Assembly thanks the Commission of Inquiry appointed in virtue of the Council's resolution of December 10, 1931²⁹ for the valuable assistance it has afforded to the League of Nations and declares that its report constitutes an invaluable contribution to the efforts of the League for the maintenance of peace."

WILSON

793.94 Commission/749 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 18, 1933—10 p. m.

[Received January 18—9:25 p. m.]

81. The following communiqué was issued at the close of the meeting of the Committee of Nineteen this evening:

"The Committee of Nineteen today examined the proposals of the Japanese Government which were communicated to its President this morning.

The Committee noted that these proposals differed on a number of fundamental points from those it had approved and communicated to the parties. One of the main objections of the Japanese Government is to the inclusion, in a commission to settle the dispute submitted to the League, of representatives of nonmember states. The Committee considers that if this were Japan's only objection to the texts which have been communicated to her it would not be impossible to settle the question in consultation with the two parties. It therefore deems it necessary to obtain further information, in particular, as to question whether, if this difficulty were surmounted,

²⁸ See telegram No. 214, July 2, 1932, 9 p. m., from the Consul at Geneva, *Foreign Relations*, 1932, vol. iv, p. 127.

²⁹ *Foreign Relations*, Japan, 1931-1941, vol. i, p. 59.

Japan would be prepared to accept the draft resolution drawn up by the Committee last December.⁸⁰

The Committee asked its President and the Secretary-General to get into communication with the Japanese delegation on this point.

Before continuing the conversations with the Chinese delegation the Committee thought it should first make certain of the reply from the Japanese delegation.

The next meeting of the Committee will take place on Friday”.

A confidential summary of the Committee's discussions follows as my 82, January 18, 11 p. m.

WILSON

793.94 Commission/751 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 18, 1933—11 p. m.

[Received January 18—9:58 p. m.]

82. My 79, January 16, 10 p. m. Following is résumé of discussions at meeting of Committee of Nineteen this afternoon as furnished by Sweetser in strictest confidence.

Hymans reported Japanese Government's reply with regard to proposal submitted (see my 80, January 18, 7 p. m.). Hymans explained Japanese had insisted very strongly on one point, namely, that the United States should not be invited to participate in conciliation. Japanese had authorized him so to inform Committee. Japanese had advanced two reasons for this: (1st) juridical reason that Covenant did not authorize inclusion of nonmember states and (2d) political reason that Japanese feared China would use United States to her advantage. Also Japanese were not desirous of Russian participation but felt Russia would probably come if United States accepted. Japanese felt that in view of intensity of feeling in Japanese public opinion it would be an act of political wisdom not to issue the invitation. Japanese even thought that United States would prefer this.

Hymans then presented Japanese amendments to resolution and statement of reasons (see my 80, January 18, 7 p.m.). He explained that generally speaking Japanese suggestions would change conciliation committee from present Committee of Nineteen plus United States and Russia into a small committee selected by the Committee of Nineteen without the United States and Russia. The duty of the committee instead of “to conduct in conjunction with the parties the negotiations with a view to settlement on the basis of the principles set out in chapter 9 of the Report of the Commission of Inquiry and

⁸⁰ See telegram No. 72, December 15, 1932, 9 p. m., from the Minister in Switzerland, *Foreign Relations*, 1932, vol. iv, p. 432.

having regard to the suggestions in chapter 10" would be that "of helping the two parties to reach a final and fundamental solution". Likewise the resolution proposed by the Japanese would omit the paragraph with regard to respect for the Covenant, the Pact of Paris and the Nine-Power Treaty. Furthermore the "statement of reasons"⁸¹ would be amended to omit (1) the description of the Lytton Report as a "balanced, impartial and complete statement of the facts", (2) to omit the phrase regarding the necessity for a statement under paragraph 4 of article 15 in case of failure of conciliation, and (3) to omit the last paragraph concluding "that the maintenance of the present regime in Manchuria could not be regarded as a solution".

A lengthy debate then ensued both on the question of procedure involved in invitation to the United States and Russia and on the question of substance regarding the terms of the "resolution" and "statement of reasons".

The Committee finally agreed that while it could not impose an invitation to nonmember states in case of conciliation against the wishes of one of the parties to the dispute and while also the Committee might accept certain minor changes in drafting it could not accept the Japanese proposals if maintained on their broad lines. In order, however, to make the situation absolutely clear and to show that if the Japanese refuse to conciliate it was on the basis of substance rather than of procedure, the Committee decided to request Hymans to put to the Japanese whether if the invitation to nonmember states should be dropped the Japanese would be willing to accept the substance of the Committee's proposals of December 15 (see my 71 and 72⁸²).

Sweetser gave me to understand that according to his clear impression all the members of the Committee felt that there was no hope for conciliation and that the important point now to be considered was to maneuver so that final disagreement would come on matters of substance rather than of form. Hymans is discussing the matter with the Japanese tonight although as Sweetser expressed it his mandate from the Committee was not entirely clear. Sweetser assumed that the sense of the Committee was to put it up strongly to the Japanese that while the Committee might be willing to give way on the point of the invitation to nonmember states it stood firm on the necessity for the Japanese to maintain intact all the rest of the original resolution proposal.

WILSON

⁸¹ For text, see telegram No. 71, December 15, 1932, 8 p. m., from the Minister in Switzerland, *Foreign Relations*, 1932, vol. iv, p. 430.

⁸² Dated December 15, 1932, 8 p. m. and 9 p. m., *Foreign Relations*, 1932, vol. iv, pp. 430 and 432.

793.94/5875

The Minister in China (Johnson) to the Secretary of State

No. 1925

PEIPING, January 18, 1933.

[Received February 13.]

SIR: With reference to the Legation's telegram No. 56 of January 16, 9 p.m., and previous telegrams on the subject of the situation in the Peiping-Tientsin area as a result of the recent Sino-Japanese hostilities at Shanhaikwan, I have the honor to transmit herewith eight memoranda of conversations³³ I have had with some of my colleagues and with others between January 7 and January 17, 1933, as listed below.³⁴ From these conversations the Department will observe that my French, British, and Italian colleagues and I felt that in view of the gravity of the situation the question of possible mediation for the purpose of localizing the incident should be explored, but that we did not feel that mediation would have much chance of success. As regards the applicability of the Boxer Protocol, I informed my colleagues briefly of the main points in the Department's telegraphic instructions No. 16 of January 14, 9 p.m., and they stated that the attitude of their respective Governments would probably be similar to that of the United States.

In my conversation with Mr. W. H. Donald, the adviser to Marshal Chang Hsueh-liang, and Mr. P. L. E. Dzau,³⁵ I stated, in reply to their inquiries, that in the event of hostilities in this area the best means of ensuring that Peiping would be considered as an unfortified city would be for the Chinese to remove their military headquarters, barracks, and troops from it, and I assured them I was prepared to cooperate with the other members of the Diplomatic Body to assist in working out some means by which hostilities in or near the city might be avoided.

Mr. Hallett Abend, the correspondent of the *New York Times* in Shanghai, called on me on January 13th and informed me that in a conversation which he had had with General Nakamura in Tientsin the latter seemed very belligerent and stated that if the threat of Chinese mobilization in this area did not cease, the Japanese might be forced to occupy the Peiping-Suiyuan Railroad.

Respectfully yours,

NELSON TRUSLER JOHNSON

³³ None printed.

³⁴ List not printed.

³⁵ Chinese graduate, U. S. Military Academy, West Point, and former businessman at Harbin.

793.94/5877

*The Counselor of Legation in China (Peck) to the Minister
in China (Johnson)*³⁶

NANKING, January 18, 1933.

DEAR MR. MINISTER: I received last night your confidential telegram of January 17 regarding the relation between Japanese military activities at Shanhaikwan and the Protocol of 1901, and shall be guided by the Department's instruction.³⁷

Dr. Hsu Mo³⁸ dined with me last night and in a few moments of private conversation he gave me, in substance, the report telegraphed by Dr. Alfred Sze of the observations made by the Department, which observations were likewise summarized in your telegram under acknowledgment. Dr. Hsu Mo dissented from the view of the Department that the Japanese military activities at Shanhaikwan originated primarily from the conflict between China and Japan. He said that it was the Japanese forces stationed at Shanhaikwan under the provisions of the Protocol of 1901 which started the trouble. Your telegram had not been decoded at the time of this conversation, having but just arrived, so I merely indicated a receptive frame of mind. Dr. Hsu Mo said that Sze had reported that in the Department's view the hostilities were carried on by Japanese airplanes, tanks, naval vessels, etc. whose presence in that neighborhood was not accounted for by the Protocol.

I sent you two copies of my despatch No. D-419 of January 12, 1933, addressed to the Department.³⁹ In this despatch I ventured the supposition that Dr. Hsu Mo's allusion to the Japanese abuse of rights claimed under the 1901 Protocol was based upon a Reuter telegram from Tokyo stating that the Japanese Government had cabled instructions to the Commander of the Japanese Garrison in North China "to demand the withdrawal of the Chinese troops outside the two mile limit of the Railway in accordance with the Boxer Protocol". I asked Dr. Hsu Mo last night whether this was what he had in mind and I referred to the fact that the United States was not a party to the two mile understanding. Dr. Hsu Mo said he was aware that the United States was not a party to that understanding and added that he had not had this understanding in mind when he referred to the attempted abuse of 1901 Protocol privileges by the Japanese. What he had in mind was the opening of hostilities by

³⁶ Copy transmitted to the Department by Mr. Peck, who was also Consul General at Nanking, in his despatch No. D-428, January 18; received February 13.

³⁷ For instruction, see telegram No. 16, January 14, 9 p. m., to the Minister in China, p. 82.

³⁸ Chinese Vice Minister for Foreign Affairs.

³⁹ Not printed.

the Japanese Garrison at Shanhaikwan stationed there under the terms of the Protocol itself.

Dr. Hsu Mo showed no resentment at the position taken by the Department as reported by Dr. Sze, and although he did not mention to me the Department's statement referred to at the end of your telegram under acknowledgment, he seemed satisfied with what Dr. Sze had reported.

I am sending copies of this letter to the Department of State, referring to my despatch to the Department of January 12, 1933.

Yours very truly,

WILLYS R. PECK

893.01 Manchuria/781 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 19, 1933—noon.
[Received January 19—1:55 a. m.]

62. Following from American Consul General at Harbin :

"January 18, 1 p. m. Returned this morning Harbin from Barga which is quiet and dominated by Japanese military and civil officials. Chinese influence appears entirely eliminated. Older Mongol princes seemed pleased. They and Japanese officials treated me most hospitably".

JOHNSON

793.94/5808

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁴⁰

NANKING, January 19, 1933.

A telegram from Peiping reported that the situation at Shanhaikwan remains unchanged after the Japanese occupation. It was also reported that the Chinese mobilization against the Japanese in the battle of Shanhaikwan was unprecedentedly efficient, a fact which bears testimony to the great enthusiasm with which the Chinese forces met their foe. After they entered the city of Shanhaikwan, the Japanese soldiers proceeded to commit every outrage that is conceivable, which includes, among others, the robbing of the city, the violation of women, and the killing of more than twenty Chinese policemen by machine gun in a most horrible manner.

A telegram from Shanghai reported that, according to reliable information, the Japanese are now actively preparing for their invasion of Jehol and that the time chosen for that invasion seems to be in the early part of March. Their plan of invasion has already been

⁴⁰ Translation of telegram transmitted to the Department by the Chinese Legation on January 20.

decided upon, with the troops of the puppet government as advanced guards and with Japanese soldiers reinforcing them. The Japanese, moreover, are still engaged in their secret design upon Peiping and Tientsin, hoping to stir up disturbances there to facilitate their invasion of Jehol.

A telegram from Chengteh (Jehol City) reported that the situation there has been very tense after the Japanese aerial attack upon Kailu. Three Japanese aeroplanes were seen reconnoitering over Kailu at 11:00 a. m., January 16, investigating the Chinese lines of defense. This was followed by another aeroplane which dropped several bombs into the eastern section of the city, killing some five or six civilians and some ten beasts of burden. Later on, another Japanese aeroplane was seen circling over Ching-Chia-Dien, a town to the east of Kailu, investigating Chinese defensive works. It was also learned that Japanese aeroplanes had been reconnoitering over the city of Peipiao and its vicinity, occasionally dropping bombs into the city. Large units of Japanese soldiers have been massed at Tungliao in preparation for an assault upon Kailu.

793.94 Commission/752 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 20, 1933—1 p. m.

[Received January 20—3:58 a. m.]

68. Following from Nanking:

["January 19, 5 p. m. Last night in private conversation the Minister for Foreign Affairs told me that apparently China could expect neither justice from the League nor friendship from member nations. He evidently referred especially to Great Britain. He said that if these anticipations proved accurate China would do something which would 'surprise the whole world'. Today in a further private conversation he led me clearly to infer that China's contemplated action is withdrawal from the League. His feeling was that the threat of Japan to withdraw from the League is influencing the attitude of some member nations but that the withdrawal of China would actually harm the League more than the withdrawal of Japan would. My endeavor to ascertain the foreign source if any from which China would expect assistance after withdrawal was unsuccessful but the Minister for Foreign Affairs denied categorically that China would in that event rely on Russia. While he charged the allied nations especially Great Britain with showing ingratitude during this crisis for participation by China in the European war he said that he had not discussed with Ingram, the British resident diplomatic officer, the possibility of withdrawal from the League. It seems possible that he is seeking to utilize me as indirect channel to convey this intimation to Ingram and I will try to ascertain."

I have just sent the following telegram to Peck concerning last sentence:

"I suggest that you be cautious about becoming channel for such communications. Minister of Foreign Affairs has Ingram there to talk to directly if he wishes."

I have no idea what Lo means unless it is withdrawal from League. He one time made a somewhat similar remark to me.

JOHNSON

793.94 Commission/753 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 20, 1933—6 p. m.

[Received January 20—9:35 a. m.]

70. Following from Nanking.

"January 20, 10 a. m. My January 19, 5 p. m. The Minister for Foreign Affairs has now explained to me that the feeling of popular resentment against the League because of protracted failure to give justice to China is mounting so high that the Government may be forced to withdraw from an organization whose performance shows it to be either powerless to enforce or else indifferent to its professed aims. He said innumerable appeals from all over China evidence disillusionment with respect to the high ideals professed by the powers during the European war and that driven to desperation China may proceed to any extremity. He authorized me to pass this on to Ingram but did not want his own name quoted lest Ingram suspect him of 'bluffing' and threatening as a mere tactical measure. If the Minister for Foreign Affairs correctly describes Chinese popular feeling apparently what rankles deeply is the solicitude of the principal League powers for the sensibilities of Japan in contrast with their seeming indifference not only to the self-respect of China but even to her admittedly just claims."

JOHNSON

793.94 Commission/753 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 20, 1933—2 p. m.

22. Your 68, January 20, 1 p. m., and 70, January 20, 6 p. m. Department approves your instruction to Nanking as quoted in last paragraph of your telegram No. 68 and suggests that you may consider further caution desirable in view of statements contained in Nanking's report to you which was repeated to Department in your No. 70.

STIMSON

793.94 Commission/754 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 20, 1933—10 p. m.

[Received January 20—6:36 p. m.]

83. My 82, January 18, 11 p. m. The following summarizes the confidential memorandum from Sweetser covering discussions in this afternoon's meeting of the Committee of Nineteen.

No definite reply from the Japanese Government to the specific question put by the Committee of Nineteen on Wednesday as to whether Japan would accept the Committee's original proposal if the invitation to the nonmember states was omitted having been received, the Committee determined to adjourn all discussion of substance until a formal reply could be received. The Japanese delegation had submitted certain recent amendments but since these had not been approved by Tokyo it was decided that the Committee should take no action upon them.

Rather than to adjourn without further discussions the question was raised whether the Committee might not now begin to consider the report which would be necessary under paragraph 4 of article 15 if conciliation failed. It was thought that the time had come when the Committee of Nineteen should envisage this possibility but, rather than institute discussions of procedure as to what method might be adopted in this contingency, it was decided to postpone at least until tomorrow's meeting further consideration of the preparation of the report and to refrain from circulating a draft which had been confidentially prepared by the Secretariat of the League. In particular the British member felt it was important that a general discussion of the principles to be inserted therein should precede the examination of any text.

Tonight Hymans and Drummond will inform the Chinese of the recent developments in the Committee and will also urge again upon the Japanese delegation the importance of obtaining a reply from their Government as soon as possible.

WILSON

793.94 Commission/755 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 21, 1933—noon.

[Received January 21—9:45 a. m.]

12. Chinese delegation circulated last evening a "statement" of which the following are the principal points:

- (1) Expresses disappointment that the Chinese memorandum of

December 26 ⁴¹ (Consulate's despatch No. 467, political, January 12, 1933 ⁴²) had not been published and that the Committee of Nineteen had not officially replied thereto. The delegation therefore makes the memorandum public.

(2) Refers to persistent reports in the press concerning modification of statement of reasons and draft reply of December 2.

(3) Insists that nonrecognition and "noncontinuance" of Manchukuo be explicitly stated in the resolution of the Committee of Nineteen as a condition precedent to any conciliation.

(4) Regards that "no settlement of the present conflict between China and Japan could be permanent or generally acceptable without the full collaboration of America and Soviet Russia".

(5) "The fact that the United States was represented on the Commission of Inquiry imposes a moral obligation upon the League to invite the collaboration of the United States in its efforts to effect a final settlement of the question" and "the absence of representation on the part of Soviet Russia on the Commission makes it all the more opportune now to secure its participation in view of its territorial position in the Far East and its important interests in Manchuria".

(6) The proposed subcommittee to undertake conciliation should preserve the proportion between the larger and smaller powers so as to reflect fully the spirit of the special assembly which is the source of its authority.

(7) The competence of such a subcommittee (Consulate's despatch No. 467, political, page 6) should not be merely to exercise its good offices as no direct conversations between the two parties can lead to any satisfactory conclusion. Only through collective negotiation and "collective responsibility" can there be any hope of achieving the successful solution. If the procedure be one of direct negotiation with the subcommittee only exercising good offices the Chinese delegation cannot accept.

GILBERT

793.94 Commission/756 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 21, 1933—9 p. m.

[Received January 21—7:55 p. m.]

84. Sweetser informs me that the following communiqué issued at the close of the meeting of the Committee of Nineteen this evening adequately summarizes its discussions today. In view of the important changes requested by the Japanese Government referred to in paragraph 3 of the communiqué (omission of any reference to nonrecognition of Manchukuo as providing basis for conciliation) the Committee determined to proceed forthwith to prepare the draft report provided for by paragraph 4 of article 15 of the Covenant.

⁴¹ League of Nations, *Official Journal*, Special Supp. No. 111 (Geneva, 1933), pp. 156-167.

⁴² Not printed.

The draft confidentially prepared by the Secretariat (see my 83, January 20, 10 p.m.) will be circulated tomorrow to the Committee of Nineteen which will meet again on Monday morning for consideration of the form this report should take.

Communiqué follows:

"The Committee of Nineteen in its meeting this afternoon noted from the declarations made by the Japanese delegate to the President and the Secretary General that the Japanese Government was not prepared to accept the draft resolution of December 15 even if the possibility of inviting nonmember states to take part in the negotiations was eliminated from the draft. After making this declaration the Japanese delegation informed the President that the proposals it had communicated yesterday on its own initiative had been approved by its Government.

After taking note of these fresh proposals from the Japanese Government and the Chinese amendments to the texts it had communicated to the parties, the Committee could only state the impossibility of proposing a resolution acceptable to both parties. The importance attached by the Chinese delegation, as well as the Committee itself, to the participation of the United States and the U.S.S.R. in negotiating a settlement makes it impossible to eliminate this provision on the request of Japan alone, if the Committee must, at the same time modify the other provisions of the draft resolution of December 15 in the sense of the Japanese proposals.

Moreover the Committee noted that, even if it agreed to change the statement of motives into a declaration made by the President on behalf of the Committee, in respect of which the parties would be free to submit reservations, the Japanese Government would not accept without amendments the text drawn up by the Committee on December 15. The Japanese Government has in its latest proposals asked that important changes be made in this text which the Committee cannot accept.

In these circumstances the Committee felt that its attempts to propose to the Assembly a procedure for settling the dispute have, so far as it is concerned, failed for the time being. Being compelled to consider the hypothesis that the Assembly at its next meeting will be led to the same conclusion, the Committee, in virtue of its mission under part 3 paragraph 5 of the resolution of March 11, 1932, decided to begin forthwith to prepare the draft report provided for by article 15 paragraph 4 of the Covenant.

As the procedure under paragraph 3 of article 15 cannot be closed except by the Assembly the Committee is naturally ready to welcome any further suggestions the parties may wish to communicate."

WILSON

793.94/5787 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 22, 1933—3 p.m.

[Received 11:38 p.m.]

71. Reuter from Nanking, 21st:

“Questioned this evening concerning Marshal Tuan Chi-jui’s sudden departure from Tientsin for the South a Government spokesman stated that the former Chief Executive of the old Peking Government had lived in retirement in Tientsin for years, but following the Mukden incident rumors had been widely circulated alleging that he was secretly negotiating with Japanese for starting trouble in Peking and Tientsin area. After the Shanhaikwan fighting Marshal Tuan decided to leave Tientsin thereby definitely setting at rest such rumors. Spokesman added that Marshal Tuan would probably stay at Tsingtao or Shanghai.”

JOHNSON

793.94/5809

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁴³

NANKING, January 22, 1933.

Foreign Minister Lo Wen-kan made the following statement today:

So far as Count Uchida’s speech⁴⁴ dealt with Japan’s Manchurian adventure, it gave another conclusive proof that Japan was yet far from having awakened from her dream of military conquest and territorial aggrandizement.

Several months had elapsed since Count Uchida made his first important speech on the Far Eastern situation last August⁴⁵ but apparently there was no abatement in the Japanese Foreign Minister’s open defiance of the authority of the League of Nations, of the sanctity of international agreements, and of the validity of all the ordinary principles of international law. Count Uchida again dwelt upon the theme of “Manchukuo”, attempting not only to justify its existence but also to demonstrate the possibility of its further expansion. He even openly declared Japan’s determination to invade Jehol.

There was no need to waste any more words on Japan’s preposterous arguments for they had been answered very conclusively not only by the Chinese Government but by the Lytton Commission as well.

“So far as China is concerned, her position is very clear. ‘Manchukuo’, created and maintained by Japan, must go and China must reassert her sovereign power over the Three Eastern Provinces.

⁴³ Copy of telegram transmitted to the Department by the Chinese Legation on January 23.

⁴⁴ Address before the Japanese Diet on January 21, 1933, reported by the press from Tokyo.

⁴⁵ Address before the Japanese Diet on August 25, 1932; see memorandum by the Under Secretary of State, August 24, 1932, *Foreign Relations, 1932*, vol. IV, p. 206.

There can be no conciliation nor reconciliation nor any prospect of settlement until and unless Japan's puppet regime is declared illegal and discontinued."

893.00/12273 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 23, 1933—4 p.m.

[Received January 23—5:58 a.m.]

78. Young Marshal left Peiping yesterday at 2 p.m., arrived Nanking 7 p.m. Unconfirmed rumors here connect his visit to Nanking with presence there of Tuan Chi-jui. See also Legation's 71, January 22, 3 p.m.

JOHNSON

793.94 Commission/762 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, January 23, 1933—6 p. m.

[Received January 23—5:15 p.m.]

85. My 84, January 21, 9 p. m. The following is a summary of Sweetser's strictly confidential memorandum covering this morning's discussions in the Committee of Nineteen.

At the opening of the meeting Hymans reported his conversations with Yen and Matsuoka following the Committee's decision on Saturday.⁴⁶ The latter had said that the omission of the invitations to nonmember states should not be considered as a concession to Japan but only as an action which the Committee itself ought to take for juridical reasons. He then asked what the Committee considered the essential points of difference to which Hymans had replied the complete acceptance of chapter 9 and the maintenance of the nonrecognition [policy].

Matsuoka had answered that Japan had shown it would never be willing to withdraw from its position on recognition. When it was pointed out that this view was not in accord with the acceptance of all the principle[s] in chapter 9, Matsuoka explained that this was the reason why Japan had described them only as a suitable basis and not the basis for conciliation. The result, as he explained, might be that Japan would have to withdraw, which he personally would deplore. Hymans also expressed his regret but explained that conciliation was still open.

Following this explanation a complex discussion ensued as to the form the Assembly's report under paragraph 4 of article 15 should

⁴⁶ January 21.

take. It was generally agreed that three broad subjects would have to be covered:

1. Failure of conciliation.
2. The development of the dispute both in Geneva and the Far East, and,
3. Recommendations.

The principal difference of opinion as to the method of presentation seemed to be that insofar as the facts of the dispute were concerned the British delegation urged an out-and-out acceptance of the Lytton Report without restating the history of the case. Most of the other members of the Committee apparently felt that the mere adoption of another document would be insufficient for such an important report. The Assembly would be bound both by the terms of the Covenant and by world opinion to give a detailed statement.

The difficulties involved in the preparation of the report were of such a nature that the Committee determined to entrust their study to a small committee which should consist of Hymans and representatives of France, Germany, Italy, Spain, Sweden, Switzerland, the United Kingdom and Czechoslovakia.

This drafting committee will endeavor to meet as often as possible during the present week but will find great difficulty in arranging its sessions because of the meetings of the Council, the Bureau of the Disarmament Conference and other important committees.

WILSON

793.94/5794

The British Embassy to the Department of State

AIDE-MÉMOIRE

A note has been received by His Majesty's Government in the United Kingdom from the Chinese Government calling attention to an alleged abuse by the Japanese in their action at Shanhaikuan of the special privileges accorded them under the Boxer Protocol of 1901.

His Majesty's Government consider that it would be desirable that the Powers signatory of the Boxer Protocol should represent in a friendly manner to the Japanese Government their anxiety that the régime set up by this Protocol, in which they are directly interested, should be observed independently of any consideration arising out of the Sino-Japanese conflict.

Sir Ronald Lindsay⁴⁷ is instructed to ascertain the views of the United States Government and to inform them at the same time

⁴⁷ British Ambassador at Washington.

that instructions have been sent to His Majesty's Ambassador at Tokio to speak in the above sense to the Japanese Minister for Foreign Affairs as soon as his French, United States, Italian, Spanish, Belgian and Netherlands colleagues have been similarly instructed.

WASHINGTON, January 23, 1933.

793.94/5794

The Department of State to the British Embassy

AIDE-MÉMOIRE

Referring to the British Embassy's *aide-mémoire* of January 23 expressing views of the British Government with regard to the possible desirability of making representations in a friendly manner to the Japanese Government expressive of anxiety in connection with alleged abuses of privileges at Shanhaikwan,—

The Department, while desiring that the American Government act in cooperation as far as possible and practicable with the other powers concerned, would welcome, before expressing its views with regard to this proposed action, specific information with regard to the alleged abuse by the Japanese in their action at Shanhaikwan of the special privileges accorded them under the Protocol of 1901. The Department would welcome some indication of the British Government's views with regard to the objective to be sought in the making of such representations, some exposition of the British Government's ideas with regard to what should be the substance and composition of the proposed friendly representations, if and when made, and the British Government's estimate of the likelihood that such representations would be of any advantageous effect.

WASHINGTON, January 24, 1933.

793.94/5821

The Chinese Ministry of Foreign Affairs to the Chinese Legation ⁴⁸

NANKING, January 24, 1933.

The Ministry of Foreign Affairs received two telegrams from Marshal Chang Hsiao-liang, dated January 17 and 22 respectively, reporting that Brigadier-General Ho Chu-Kuo had received two overtures from the English Naval Commander and the manager of the Kai-Luan Coal Mine, an Englishman, offering to bring the Chinese and the Japanese military commands now at Shanhaikwan together to negotiate peace under the good office of the English. On one oc-

⁴⁸ Copy of summary of two telegrams transmitted to the Department by the Chinese Legation on January 24.

casions it was known that the English Naval Commander was acting under orders from London while on the other occasion upon the request of the Japanese.

Brigadier-General Ho, on both occasions, declared that any negotiations between China and Japan should be entered into through the Central Government at Nanking and that no negotiation for a settlement of the Shanhaikwan affair could be undertaken until the Japanese had withdrawn from Shanhaikwan.

The Ministry of Foreign Affairs, upon receipt of these reports, immediately instructed Brigadier-General Ho that he should not enter into any negotiation with the Japanese, directly or under the good office of the English, because the Chinese Government had declared on January 24 that the Shanhaikwan affair is integrally related to the whole issue of Japanese invasion of the Three Eastern Provinces and therefore cannot be settled as a local affair.

793.94/5792 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 24, 1933—11 a.m.

[Received January 24—2:11 a.m.]

80. My 79, January 23, 7 p.m.⁴⁹ It is extremely difficult at this moment to determine exactly what is in the wind but local Chinese near Young Marshal are encouraging newspaper correspondents to believe direct negotiations are probable; that they may come later on as a result of discouragement at Geneva. There is suggestion that negotiations might perhaps involve relinquishment by Japan of announced intention to move on Jehol in consideration of change of administration here and recognition by China of the independence of Manchukuo.

Young Marshal expects [*expected?*] today and it is probable that some announcement may be made tomorrow. JOHNSON

793.94/5794 : Telegram

The Secretary of State to the Ambassador in Great Britain (Mellon)

WASHINGTON, January 24, 1933—5 p.m.

21. Your 6, January 10, 7 p.m. and Department's 13, January 13, 7 p.m. [Here follow paragraphs No. 1 to No. 3, which report the exchange of *aide-mémoire* with the British Embassy and Department's telegram No. 16, January 14, 9 p. m., to the Minister in China with regard to the Chinese *aide-mémoire* of January 10 (quoted in telegram No. 5, January 10, 5 p.m., from the Consul General at Nanking).]

* Not printed.

4. At the time the Chinese memorandum referred to was handed to a representative at Nanking of the Legation, an officer of the Chinese Ministry of Foreign Affairs informally and orally suggested that the powers signatory to the Boxer Protocol of 1901 should attempt to dissuade the Japanese Government from abusing its privileges under that Protocol. With regard to that suggestion, the Department orally informed the Chinese Legation here that in its opinion the circumstances of the Japanese occupation of Shanhaikwan flowed from factors in the conflict between China and Japan and not from provisions of the Protocol of 1901 and that, if developments should involve provisions of that Protocol, the American Government would give consideration to those developments as the necessity arose and in the light of this Government's rights and obligations thereunder.

5. The Department has no very definite information that the Japanese have actually taken abusive advantage of their position under the Protocol of 1901. To the Department it would seem advisable to refrain from making representations, whether to the Japanese or to the Chinese or to both, until there shall have occurred or shall be imminent developments clearly and indisputably involving or threatening to involve provisions of the Protocol or of arrangements thereunder. To raise the question on general grounds or on the basis of a disputable allegation would, in the opinion of the Department, give the Japanese an opportunity to make a denial and/or to reply with a suggestion that the other signatory powers make representations to China requesting that China observe the letter of certain provisions of or under the Protocol which the Department feels it would be unfortunate to have invoked under existing circumstances.

6. You should discuss this matter with the Foreign Office in the above sense, keeping in mind the telegrams under reference and expressly asking for information as requested in the Department's *aide-mémoire*.

STIMSON

793.94/5822

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁵⁰

NANKING, January 24, 1933.

The following is the translation of the note sent by Foreign Minister Lo Wen-kan on January 22 replying to the note of Mr. Ariyoshi⁵¹ of January 11:

⁵⁰ Copy of telegram transmitted to the Department by the Chinese Legation on January 25.

⁵¹ Akira Ariyoshi, Japanese Minister to China.

“With reference to your note of January 11 concerning the Shanhaikwan affair, I have the honor to inform you that, in the interest of veracity the Chinese Government has made another investigation of the circumstances surrounding it and has found them to be truly as follows:

“‘In the morning of January 1, the Japanese forces were reported making warlike preparations and troop movements were observed on the Peiping-Liaoning Railway beyond Shanhaikwan. At 1:00 p. m. on the same day, explosions and rifle shots were heard beyond the South Gate. They were found to have originated from the Japanese soldiers themselves. Afterwards, they began to fire on the Chinese sentinels posted outside of the South Gate, thereupon they were later withdrawn into the city. The Japanese soldiers then pressed in further and opened fire at the city gate. At this point the Chinese garrison sent its Staff Secretary, Mr. Chen, to the headquarters of the Japanese forces to inquire into the cause of the disturbances. Instead of giving a satisfactory reply, the Japanese actually charged the Chinese soldiers with the responsibility for the trouble. In the night of the same day, Japanese soldiers advanced onto the South Gate while Japanese armored and troop trains stood by outside the railway station. At 2:00 a. m. the next morning, the Japanese headquarters presented a set of unreasonable demands of which immediate acceptance was required under threat of an attack in case of non-compliance. These demands were rejected. In the meantime, Japanese soldiers had already placed Mr. Ma, the chief police officer of the Bureau of Public Safety at the South Gate, under detention. At 10:00 a. m. the Japanese began their concerted attack with land, naval and air forces. In the afternoon of January 3, they occupied the city of Shanhaikwan. These are the facts of the case and there was no agreement of any kind between the Chinese and the Japanese troops.’

“On the basis of the facts as outlined above, it can readily be gathered that the initial explosions and rifle shots were undoubtedly of Japanese origin. It is also unquestionably clear that there is nothing whatever to justify or support the allegation that an agreement had existed between the local Chinese garrison and the Japanese forces.

“It is to be noted that the city of Shanhaikwan is not an open trade port and, in principle, the Japanese nationals have no right to reside there. Even granting that the Japanese nationals, in disregard of treaty provisions, have taken up residence in that city, the matter of protection should only be the concern of local Chinese authorities. It is not for the Japanese military to usurp or interfere with the exercise of such rights. Moreover, by misusing the so-called jurisdiction as a pretext to mass large numbers of troops and attack Chinese territory, Japan has irrevocably placed herself beyond right and reason.

"In short, the attack on and the occupation of the city of Shanhaikwan beginning with the deliberate work of destruction by the Japanese troops themselves and followed by false accusations of provocation on the part of the Chinese soldiers in order to disguise the pre-conceived nature of their plan only revealed the customary Japanese tricks which have become well-known to the world. All responsibility appertaining to this affair, therefore, should be borne entirely by the Japanese.

"With further reference to your note under reply, I have the honor to point out that the assertions made therein can hardly be admitted as facts. Besides, Japanese troops, since their occupation of Shanhaikwan, have subsequently attacked the Chinese forces at Chiumenkow and Shimentsai, thus threatening the safety and peace hitherto prevailing inside the Great Wall. They have, in addition, often paraded and carried out manoeuvres in the densely populated sections in Peiping and elsewhere. All such actions constitute violations of the principles of international law and the provisions of the international treaties to which reference has repeatedly been made by the Chinese Government. Even in regard to the engagements contained in the Protocol signed by China and the powers in 1901, Japan has spared no effort to disregard and violate them. In view of these circumstances, the Chinese Government is constrained to take this opportunity to file a further protest.

"Finally, I have the honor to request Your Excellency to communicate to your Government requesting immediate action in respect to the points contained in the last paragraph of my note of January 4, namely: the immediate withdrawal of Japanese troops from the occupied areas at and near Shanhaikwan, the prevention of similar occurrences in the future, and the punishment of those who started the trouble; and also in respect to the unlawful activities of the Japanese soldiers stationed in Peiping and elsewhere which your Government should take steps to restrain."

793.94/5797 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 25, 1933—noon.
[Received January 25—3:26 a.m.]

85. My 80, January 24, 11 a.m. Nanking reports Young Marshal remaining Nanking temporarily. Local situation remains obscure. I find it difficult to understand motives inspiring statements to newspaper correspondents regarding direct negotiations as I have seen nothing in present situation which would lead me to believe that it has changed sufficiently to enable Nanking Government to enter into direct negotiations in the face of public feeling in the South.

Mukden reports under date of January 23, 4 p. m.:

"From that source groups of two or three hundred Japanese soldiers are arriving in South Manchuria according to reliable information almost every day. From the same source it has been

learned that part of the Sixth Division has been concentrated at Chengchiatun ostensibly for an antibandit drive and that new conscripts for all units in Manchuria, amounting in some cases to half the strength of the units, are expected to arrive in Manchuria about February 1st."

I have asked Mukden to confirm reports here of evidence in Manchuria of relinquishment of Japan's intention to invade Jehol.

Tientsin's January 23, 3 p. m.,⁵² indicates continued Chinese troop movements.

It is of course possible that Japan may have been angling for direct negotiations through Tuan Chi-jui offering Jehol as a bait. I am persuaded however that public opinion is still at such a pitch that it would be dangerous for Chinese leaders to admit defeat and accept Japanese terms. Censors have prevented any displaying of these reports here but have passed telegrams to the United States and Europe where I understand they have been much played up.

JOHNSON

793.94 Commission/763 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 25, 1933—1 p. m.

[Received January 25—3:40 a. m.]

86. Following from Consul General [at] Nanking:

"January 24, 8 p. m. On January 24, 7 p. m. Ingram called and showed me report of statement made to him this morning by Hsu Mo and confirmed by Lo Wen-kan. Substance follows:

Now that conciliation by the League seems to be failure and it becomes probable that the Assembly will proceed from paragraph 3 to paragraph 4 of article 15 the Chinese Government thinks it is desirable to give a clear understanding of its position. China believes that it is no longer necessary to pay such heed to Japan's susceptibilities as during past stage.

Paragraph 4 requires that the Council make a report and recommendations. In the report of facts China will not be satisfied unless Japanese aggression and the methods employed in creating Manchukuo are condemned. In the recommendations China insists that there shall be restoration of sovereign rights of China over Manchuria and a confirmation of the final paragraph of the preamble to the Assembly Resolution of March 11 last, that is, nonrecognition of any [result?] brought about by means contrary to the Covenant or the Paris Pact. It is the hope of China that the report thus drafted will be agreed to unanimously by the Council and paragraph 6 will then come into force. But China thinks it only right to state that if report is not agreed to the position of China with respect to

⁵² Not printed.

the League will be materially changed and the disappointment of the Chinese also at the failure of the League may compel the Chinese Government to withdraw therefrom.

Ingram understands that Vice-Minister Liu has been instructed to deliver this notification to other interested Legations, American Legation perhaps included but he suggested that you might be interested in this information regarding developments nevertheless."

JOHNSON

793.94/5823

The Chinese Legation to the Department of State

The Chinese Legation has this morning received the following telegram from the Chinese Ministry of Foreign Affairs at Nanking:

Dr. Lo Wen-kan, Chinese Minister of Foreign Affairs, emphatically denied the press reports that the Chinese Government contemplated entering into direct negotiations with Japan. It was pointed out that the whole Sino-Japanese dispute being now adjudicated at Geneva, direct negotiations were clearly out of the question. Chinese authorities considered the current rumors as emanating from Japanese sources.

WASHINGTON, January 25, 1933.

793.94/5824

The Chinese Ministry of Foreign Affairs to the Chinese Legation ⁵³

NANKING, January 25, 1933.

Mr. Tuan Chi-jui, on his arrival at Nanking, announced that he is in active support of the Government's policies toward Japan. The rumor that the Nanking Government is using Mr. Tuan to negotiate peace with Japan has entirely no foundation in fact and is apparently emanated from Japanese sources. The rumor now current in Peiping and Tientsin that the Chinese are willing to negotiate directly with the Japanese is also propaganda spread by the Japanese.

893.114N16 Manchuria/5

The Secretary of State to the Ambassador in Japan (Grew)

No. 186

WASHINGTON, January 26, 1933.

SIR: The receipt is acknowledged of your despatch No. 212, dated December 2, 1932,⁵⁴ in regard to a loan negotiated by the present

⁵³ Translation of telegram transmitted to the Department by the Chinese Legation on January 26.

⁵⁴ Not printed.

regime in Manchuria with a syndicate of Japanese banks, the security for which is to be a surtax on salt and the anticipated profits of an opium monopoly in Manchuria.

In this connection, the Department refers to its instruction No. 157 of December 14, 1932,^{54a} to which was attached a memorandum dated December 6, 1932,⁵⁵ outlining certain views of the Department in regard to the loan under reference. Although, as indicated in the enclosure to your despatch No. 212, of December 2, 1932, it would appear that an agreement covering the loan under discussion was actually signed on November 19, 1932, and although, as far as the Department is aware, the Japanese banking interests concerned have failed to offer participation in such loan to the American, British and French signatories to the Consortium Agreement of October 15, 1920,⁵⁶ the Department is not inclined to take any action in regard to this matter unless and until the subject is brought to its attention by the British or French Governments or by the American Group which participated in the Consortium Agreement, in which event the Department would give further study to the whole question.

For the guidance of the Embassy, there is set forth below a statement in regard to the question raised by the proposal to establish an opium monopoly in territory in which the Government of China has by law prohibited the opium traffic.

The nations party to The Hague Opium Convention of 1912⁵⁷ are under obligation to take measures for the gradual and effective suppression of the manufacture of, internal trade in, and use of, prepared opium, with due regard to the varying circumstances of each country concerned.

Under the terms of the Geneva Agreement, entered into in 1925 between powers having possessions in the Far East⁵⁸ (but to which neither China nor the United States is a party), the government monopoly system was formally adopted by those powers as a temporary expedient to meet this obligation.

The policy adopted by the Government of the United States under the obligations imposed by The Hague Convention of 1912 has been that of complete statutory prohibition of the importation, manufacture, sale, possession and use of prepared opium, coupled with thorough enforcement of the law.

As early as 1904, it was proposed that there be established in the Philippine Islands a three-year opium monopoly to be followed by

^{54a} Not printed.

⁵⁵ See memorandum to the French Embassy, *Foreign Relations*, 1932, vol. IV, p. 390.

⁵⁶ *Ibid.*, 1920, vol. I, p. 576.

⁵⁷ Signed January 23, 1912, *ibid.*, 1912, p. 196.

⁵⁸ Signed February 11, 1925, League of Nations Treaty Series, vol. LI, p. 337.

prohibition, but this proposal, in so far as it related to government monopoly, was rejected and the principle of absolute interdiction of the traffic was adopted. It is generally admitted that the habit of opium smoking is injurious and that this holds true no matter where the addict resides. For that reason, the Government of the United States has felt that there is no warrant for a double standard in this matter and that it would be entirely inconsistent to permit the use of smoking opium, by a rationing system or otherwise, in the Philippine Islands while recognizing the fundamental evil of the habit by absolutely proscribing prepared opium in the United States. The result of enforcement of complete prohibition of the use of opium for purposes other than medicinal is considered to have proved satisfactory in the Philippine Islands.

Furthermore, the Government of the United States feels that if proscription of all phases of the traffic were conscientiously enforced in all other Far Eastern territories, the natural factors that now aid the smuggler would be of minor importance among the practical problems which confront the enforcement officers of jurisdictions in the Far East.

Upon invitation, this Government sent an observer to the Conference on Opium Smoking in the Far East which met at Bangkok in November, 1931.⁵⁹ That Conference was called, under the Opium Agreement signed at Geneva, February 11, 1925, to discuss the situation in regard to the application of Chapter 2 of the Hague Convention of 1912 and the application of the Geneva Agreement. The basis for its discussions was the report of the League of Nations Commission of Enquiry into the Control of Opium Smoking in the Far East. The position of the American Government in that Conference rested on the fact that the Conference, although it was convened under a treaty to which the United States is not a party, was in fact a conference of certain nations which, together with the United States, are party to The Hague Convention of 1912. The American Government accepted the invitation to be represented in view of the fact that the subject of the discussion was to be the manner in which nations which had undertaken joint obligations with the United States in The Hague Convention proposed to meet the obligations thus undertaken.

The Commission of Enquiry into the Control of Opium Smoking in the Far East reported as its major conclusion that the gradual and effective suppression of opium smoking requires concerted action on similar and concurrent lines by all governments concerned. In regard to this conclusion, the American observer at the Bangkok Conference stated, under instruction from the Department, that the

⁵⁹ See *Foreign Relations*, 1931, vol. 1, pp. 699 ff.

American Government "concur in the view that the suppression of opium smoking calls for concerted action on the part of all of the governments in the Far East. It also believes that similar and concurrent action on the part of the governments concerned is desirable, but it further believes that the time has come when such action should lead more immediately toward absolute proscription. While prepared to lend all practicable aid to measures directed toward suppression of this destructive vice, the Government of the United States is not prepared to follow a line similar and concurrent with that followed by other governments so long as those other governments elect to retain the monopoly system and are not willing to attempt prohibition". He also said: "There can be no question of my Government's adopting a monopoly system or joining in measures to strengthen or continue the system of legalizing the traffic in smoking opium."

It is the feeling of the American Government that the suppression of opium smoking is more nearly to be accomplished by measures designed to enforce an absolute proscription than by measures devised to protect the revenue of a monopoly. The Government of the United States has repeatedly and strongly urged frank recognition of the fact that there can be but one real method by which to suppress the evil of opium smoking in the Far East or anywhere else and that this method is that of complete statutory prohibition of the importation, manufacture, sale, possession or use of prepared opium, coupled with active enforcement of such prohibition.

The representatives of the Chinese Government in the Opium Advisory Committee and in the Committees of the League of Nations have consistently taken a similar position on the question of opium monopolies.

As to the proposal, put forward again in 1931, that the Chinese Government should undertake the establishment of an opium monopoly, the views of the American Government on the subject of monopolies for the sale of smoking opium were so well known that the Department, feeling that the question was, after all, primarily a domestic problem, and realizing the intimate connection of this question with Chinese internal politics, refrained from making any representations at that time to the Government of China.

From the reports of the American Embassy at Tokyo and of the American Consul General at Mukden, it now appears that the present regime in Manchuria contemplates the establishment in that area of a government monopoly for the sale of smoking opium, and has negotiated, with a syndicate of Japanese banks, a loan, a part of the security for which is the anticipated profit from such monopoly. It is significant, in this connection, that no information has reached

the Department of any announcement that rationing, registration or other restrictions tending toward eventual suppression of opium smoking are in contemplation. On the contrary, the fact that the unusual step has been taken of pledging revenue from an opium monopoly as security for a loan would seem to presage an effort to exploit rather than to suppress the traffic in opium smoking.

As of interest to the Embassy, there are enclosed herewith articles, as listed below,⁶⁰ from the *Christian Science Monitor*, the *Baltimore Sun*, and the *Charleston (West Virginia) Daily Mail* in which the question of the opium traffic in Manchuria is discussed and criticism adverse to Japan is put forward.

With reference to the letter which Mr. Tani⁶¹ addressed to Mr. Neville⁶² under date of November 29, 1932,⁶⁰ it should be pointed out that one purpose of The Hague Opium Convention of 1912 is the suppression of the traffic in opium for smoking. The government monopoly system can, therefore, be represented as consistent with the obligations of that Convention only when such monopoly embodies measures for eventual suppression of the traffic and its gradual reduction. It will be noted that Article 1 of the Geneva Agreement of 1925 specifies certain measures as preventive against exploitation of the traffic.

The Department does not desire, at the present time, to make representations to either the Japanese Government or that of China on the subject of an opium monopoly in Manchuria. Should the question, however, be informally presented to any of the Embassy staff, they may informally point out that the American Government regards as most unfortunate any attempt to set up in Manchuria the legalized sale of opium for smoking.

Very truly yours,

For the Secretary of State:
W. R. CASTLE, JR.

793.94/5799 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 26, 1933—11 a.m.

[Received January 26—1:32 a.m.]

92. Following from American Consul General at Mukden:

“January 25, noon. All available information indicates that drive on Jehol has not been canceled but that preparations therefor are not yet completed. February or early part of March is regarded

⁶⁰ Not printed.

⁶¹ Masayuki Tani, Director, Asia Bureau, Japanese Foreign Office.

⁶² Edwin L. Neville, Counselor of Embassy in Japan.

in well-informed circles as the best season for the drive. It is understood that major disposition of troops at vantage points has already taken place.

Seven heavy bombers bombarded volunteers in the vicinity of Kailu on the 23d. On the same day bandit clearing operations started in the Liaohsi area southwest of Mukden in which Manchukuo troops reenforced with Japanese units are being used."

JOHNSON

793.94/5810 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 26, 1933—1 p.m.

[Received January 26—5:09 a.m.]

94. [1.] My 85, January 25, noon. Y. D. Shen, director of publicity for the Young Marshal, informed the United Press correspondent last night that Tuan Chi-jui was given peace proposals by responsible Japanese presumably military at Tientsin before he left for Nanking and that Tuan asked Chiang Kai-shek whether he would receive the proposals. Chiang invited Tuan to go to Nanking. Chang Hsueh-liang joined Chiang and Tuan at Nanking and as a result of discussion there it was decided,

(a) That China must await results of deliberations of the League Committee of Nineteen before attempting to find some other solution.

(b) China will not withdraw from League as China cannot expect more than League has [done] and is doing and China would lose rather than gain by such a move.

(c) Some third nation may act as go-between to inaugurate negotiations and then there would be no hampering of legalities nor control by covenants and treaties.

(d) Perhaps if some third power were to come forward to act as a go-between China would accept the bid.

2. Publicity bureau of Nanking Foreign Office telegraphed Peiping United Press correspondent denial that direct peace negotiations were under consideration.

3. It is my opinion that an effort will be made to direct attention to the United States as the possible third party upon whom the Chinese Government can fasten the responsibility of inaugurating direct conversations for it is admitted that no Chinese authority dare entertain such a proposal on his own responsibility in the face of popular reaction to admission of diplomatic and military failure and there has been a tendency here and abroad to think of the United States as the natural heir of the League's failure. I am inclined to the opinion, however, that Soviet Russia may be the power that they have ultimately in mind as the Soviets are not bound by the Covenant of the League, are not committed to any announced policy and are

in an excellent position to play the part of go-between as they have much to gain by reaching profitable arrangements with both sides.

JOHNSON

793.94/5813 : Telegram

The Ambassador in Great Britain (Mellon) to the Secretary of State

LONDON, January 26, 1933—5 p. m.

[Received January 26—3:05 p. m.]

18. In the absence of Sir John Simon I discussed informally Department's 21, January 24, 5 p. m., with Foreign Office division chief. I was informed that similar *aide-mémoire* to that referred to had been presented by British diplomatic missions to all those governments to whom the Chinese Government had handed their note in question but that so far the British Government had received no replies. Foreign Office informed me that they had as yet no definite information as to what had happened at Shanhaikwan or any facts tending to prove that Japan had abused her position under the more or less indeterminate scope of the protocol of 1901. The objective sought however in these proposed representations was to indicate to Tokyo the treaty powers' continuing attitude in regard to the protocol of 1901 and to convey more or less warning as to the foreign powers' interests in North China directly involved thereunder.

I then briefly expressed the Department's position and also referred to that portion of Simon's note on this subject (see Embassy's 10, January 16, 11 a. m.) giving his interpretation of the Shanhaikwan incident. Foreign Office expressed itself as appreciating the Department's queries and position set forth in its telegram 21, January 24, 5 p. m., and particularly the argument outlined in last sentence of paragraph 5.

I venture, for the Department's strictly confidential information, to state my personal impression that it was with French concurrence in the proposal and under instigation from the City that British missions were instructed to deliver this *aide-mémoire* under the approval of Simon himself, with only lukewarm, if indeed any support from the permanent officials of the Foreign Office dealing with Far Eastern Affairs. I gathered Foreign Office opinion favored such added protection as British interests in Northern China might gain from the proposed representations to the Japanese, but tacitly admitted the strength of the point of view set forth in the last sentence of paragraph 4 and consequently were skeptical of the reaction in Tokyo of any representations made there in compliance with section B, paragraph 1 of your telegram.

MELLON

793.94/5828

The British Embassy to the Department of State

AIDE-MÉMOIRE

In reply to the State Department's enquiries in their *Aide-Mémoire* of January 24th Sir Ronald Lindsay is instructed to communicate the following explanations regarding the proposed representations to the Japanese Government on the subject of the alleged abuses of privileges at Shanhaikwan.

The interpretation of the Protocol is no doubt open to argument, and proof that the Japanese have been actually guilty of abuse is lacking. *Prima facie*, however, the occupation of a Chinese town by Protocol troops not for the purpose of keeping open communication between Peking and the sea, which was the sole object of the Protocol, looks like an abuse. The object of the representations in the terms outlined in the Embassy's *Aide-Mémoire* of January 23rd, which would be made orally and would not involve passing judgment on the action taken so far by the Japanese, would be to remind them that other Powers are interested in the maintenance of the Protocol and to avert the possibility of its being abused and of an opening being given to the Chinese to argue that it had been torn up with the acquiescence of the other signatories. Effect on the Japanese is a matter of speculation, but it does not appear to His Majesty's Government that any harm would result, and the above object would be achieved at any rate in part.

WASHINGTON, January 28, 1933.

793.94/5825 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 29, 1933—9 a.m.

[Received January 29—6 a. m.]

97. Reuter reports following interview with Marshal Tuan Chijui, Shanghai, 28th :

“There is no room for compromise. China is unable to start negotiation with Japan unless Japan first restores Manchuria which she occupied by military force.’ Marshal went on to say that at this time when nation was passing through unprecedented crisis every Chinese citizen must do his duty to protect nation against aggression. It was necessary to abandon differences of opinion when fate of country was at stake.

Referring to his visit to Nanking Marshal Tuan said it had no special purpose and no political significance. He saw General Chiang Kai-shek because General Chiang was an old student of his. It was true that he contributed his views on the existing situation but

only in his capacity as private citizen. 'But what I did was only to contribute my views. Whether they will be adopted is the Government's business.' Marshal categorically denied current reports that he went to Nanking specially to offer advice on anti-Japanese campaign and that he favored direct Sino-Japanese negotiations. 'All such reports are unfounded and they are pure Japanese press fabrications aiming at misleading the public.'"

JOHNSON

793.94/5826 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 30, 1933—9 a.m.

[Received January 30—4:37 a.m.]

98. Following from Consul General [at] Mukden :

"January 28, 4 p.m. Information from an official source is to the effect that Tang Yu-lin's⁶³ adherence to new regime has been secured and that little serious resistance to occupation of Jehol Province is anticipated. His troops concentrated in Northeastern Jehol are expected to retire before advancing Manchukuo troops followed by Japanese units as are the Chinese regulars reported to be south of Chaoyang-Chihfeng Road. Recent heavy aeroplane bombardments along the border was mainly for purpose of destroying morale of enemy forces. Japanese are said to be anxious to avoid a serious clash with Chinese regulars because of repercussions.

It is planned to announce the installment of Manchukuo administration in Jehol on March 1st, the anniversary of founding of Manchukuo, and the appointment of the new governor already selected. However, the Japanese are prepared for any eventuality in case plans miscarry."

Please see in this connection Legation's 97, January 29, 9 a.m., and 85, January 25, noon. Situation described in above message seems reasonable and would logically explain present developments.

By mail to Tokyo.

JOHNSON

793.94 Commission/787 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, January 30, 1933—10 a. m.

[Received 10:50 a. m.⁶⁴]

29. I am given to understand through a strictly confidential source which I have generally found to be reliable that the situation in the drafting committee of nine of the Committee of Nineteen appears to turn directly or indirectly on the question of the nonrecognition of

⁶³ Gen. Tang Yu-lin, Chinese Chairman, Jehol Provincial Government.

⁶⁴ Telegram in two sections.

Manchukuo in the following manner. Respecting the character of the report to be made under article 15, paragraph 4, the British have advocated that it take the form of an abuse [*acceptance*] of the Lytton Report with a brief covering statement. The majority, however, regard it as incumbent upon the Assembly to arrive at findings and to issue a report of its own. The British have agreed to acquiesce in this latter procedure and have given way tentatively at least on certain other minor points. This acquiescence on the part of the British is, however, by inference at least contingent on their views being reflected in the final part of the report which among other possible "recommendations" must consider the question of nonrecognition of Manchukuo. The plan of the smaller powers has been that the element in the report respecting nonrecognition should be in effect to declare it as incumbent upon League members not to recognize Manchukuo. The position of the British appears to be that,

(1) Chinese sovereignty must be affirmed although perhaps in some measured terms which would take into consideration the autonomy enjoyed by Manchuria and the future status of Manchuria respecting autonomy;

(2) that they have no intention whatsoever of recognizing Manchukuo;

(3) but that they do not wish to undertake not to recognize it for an unlimited time and under any conditions.

I am informed that the atmosphere in the drafting committee is perhaps to forego an unequivocal statement respecting the nonrecognition of Manchukuo and to give in on that point as in effect a compromise to meet the British giving way on other points.

The circumstances of the American Government having had recent conversations with the British and the French on the Sino-Japanese question has, as you are aware, been noted in the press. The preoccupation which is expected with my colleagues members of the drafting committee seems to be that it might be possible for a formula to be devised which would fit into the American declared position respecting nonrecognition and at the same time meet the British position. From this naturally flows the hope that it might be possible for some understanding to be reached between the United States and Great Britain to this end.

I must say however that I am submitting the foregoing with the following reserves. It is not clear to me to what extent what is said to be the British position is their publicly or privately declared position or how much is judged from perhaps well-justified inference—particularly as the drafting committee has not yet formally reached this question. Equally it is not clear, provided this be the British position, to what extent it is based on policy vis-à-vis the

international situation or on a genuinely objective concern over the legal implications of the nonrecognition doctrine. I am however authoritatively informed that the British representative (Eden) stated in a conversation that the British Government was by no means certain as to what position it could take in respect to this "entirely new tenet in international law."

The lineup of the other powers in the drafting committee seem[s] to be about as follows. Czechoslovakia and Sweden are standing strongly for a nonrecognition policy. Belgium, Spain, and Switzerland stand primarily for the upholding of the Covenant and favor nonrecognition as a concomitant of this. In the absence of Madariaga however Spain does not play her formerly pronounced part. France has accorded these small powers general support but has stopped short of openly opposing Great Britain. Germany mildly favors nonrecognition but her policy seems to be very uncertain. Italy I am informed remains absolutely silent in the meetings.

GILBERT

793.94/5829 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 30, 1933—11 a.m.

[Received January 30—5 a.m.]

100. Following from Nanking:

"January 29, 10 a.m. Your 80 and 85 to the Department."⁶⁵

1. I questioned the Minister for Foreign Affairs January 28, 5 p.m., about newspaper reports that either Tuan or the Young Marshal might have suggested to the Government that negotiations be opened with Japan. Lo said these reports were sent out by Japan and were completely unfounded. He referred to published interviews of Tuan all of which have advocated continued military resistance. Lo said Tuan had come to Shanghai for safety because he feared the Japanese would kidnap him or seek to utilize him otherwise.

2. Lo said the determination of the Chinese Government and people to resist Japan is unchanged but he insisted that Japan is beginning to be apprehensive and is trying every method to undermine China's spirit of resistance. He professed indignation at the seeming desire of a subordinate to assist these efforts, for instance, through offer of local mediation at Shanhaikwan."

If reports concerning direct negotiations were sent out by Japan it seems to me peculiar that at the time they were given currency by people near the Young Marshal here and during his absence, American newspaper correspondents were apparently convinced that some-

⁶⁵ Dated January 24, 11 a. m., and January 25, noon, pp. 124 and 127.

thing of the sort was in the wind and told me that these came voluntarily and primarily from the Chinese and not from the Japanese although all know that the Japanese are anxious to conduct negotiations. One explanation may be that Chang Hsueh-liang's followers desired by this means to eliminate Tuan Chi-jui from the picture as a possible go-between.

By mail to Tokyo.

JOHNSON

793.94/5834 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 31, 1933—10 a.m.

[Received January 31—4:45 a.m.]

103. Legation's 99, January 30th, 10 a.m.⁶⁶ Reuter from Canton, 30th:

"Military conference which has been in session here during last few days is being wound up. General Huang Shao-hsiung, Minister of Interior in the National Government, departed for Hong Kong this afternoon en route for Nanking. He is carrying with him plans of resisting Japanese invasion drawn up at the Canton Conference which will be submitted to the Nanking Government for approval. Interviewed General Chang Yen, one of the commanders who participated in conference, stated that conference has decided that Kwangtung, Kwangsi and Fukien should each despatch portions of their provincial troops to the North to resist Japanese invasion. The whole of famous Nineteenth Route Army may be sent north or at least 10 regiments".

JOHNSON

793.94/5852b

The Department of State to the British Embassy

AIDE-MÉMOIRE

Referring to the British Embassy's *aide-mémoire* of January 28, 1933, communicating to the Department certain explanations of the British Government with regard to the proposed representations to the Japanese Government on the subject of alleged abuses of privileges at Shanhaikwan under the Boxer Protocol of 1901, the Department appreciates the courtesy of having been informed, both in Washington and in London, of the British Government's views on this important matter.

* Not printed.

The Department, having given serious thought both to the proposition raised in the British Embassy's *aide-mémoire* of January 23, 1933, and to the elucidation thereof communicated in the *aide-mémoire* under reference, feels that action at this time on the part of the American Government either in relation to the alleged abuses by Japan at Shanhaikwan of privileges under the Protocol of 1901 or in relation to the general question of the rights and obligations of the signatory powers, arising out of or under the Protocol, would be likely to do more harm than good. Also, the Department feels that any useful purpose which might be served by action at this time in connection with this matter might be served to greater advantage through representations made by the British Ambassador in Tokyo than by any joint or separate representations in which the American Government participated.

The Department wishes, however, to assure the British Government, as it has already assured the Chinese Legation here, that, if future developments should more specifically than at present involve the provisions of the Protocol of 1901, the American Government would expect to give consideration to those developments as the necessity arose and in the light of this Government's rights and obligations thereunder.

WASHINGTON, [January 31, 1933.]

CHAPTER II: FEBRUARY 1—MARCH 19, 1933

American approval of "non-cooperation" with "Manchoukuo" and opposition to "military or economic sanctions", February 7; Chinese summary of Japanese incidents along Jehol border, February 10; exchange of views between Japan and Committee of Nineteen regarding draft report on Manchuria; Japanese Ambassador's defense of proposed occupation of Jehol, February 15; consideration by League Special Assembly of draft report on Manchuria, February 21; Japanese advance across Jehol border, February 21; Ambassador Grew's comment on Japan's decision to secede from League of Nations, February 23; American approval of proposed League judgment; adoption by League Special Assembly of report on Manchuria and withdrawal of Japanese delegation; President Hoover's statement of opposition to use of sanctions, "economic or military", February 24; meeting of League's new Advisory Committee on the Far East, February 25; American assurance of further cooperation with League, February 28; Japanese occupation of Jehol's capital, March 4; Soviet declination of League Advisory Committee's invitation; Japanese occupation of Great Wall passes, March 10; American disinclination respecting arms embargo against China and Japan; American representation on League Advisory Committee, March 15

793.94/5828 : Telegram

The Secretary of State to the Ambassador in Great Britain (Mellon)

WASHINGTON, February 1, 1933—6 p. m.

24. Department's 21, January 24, 5 p. m. and your 18, January 26, 5 p. m.

1. The Department under date January 28 received an *aide-mémoire* from the British Embassy elucidating the views of the British Government with regard to the queries raised in the Department's *aide-mémoire* of January 24.

2. The Department today handed to a member of the British Embassy an *aide-mémoire* under date January 31 expressing appreciation for having been informed, both in Washington and in London, of the British Government's views on this important matter and stating as follows:

[Here follows quotation of last two paragraphs of the *aide-mémoire* printed *supra*.]

In connection with the communication of this *aide-mémoire*, the statement was made on behalf of the Department that, whatever the merits of the project, the Department still entertaining doubts in regard thereto, it was felt that any effort along the lines thereof which the British Government might wish to make, with or without the cooperation of several of the other powers mentioned, would have a better chance of serving a useful purpose in the absence of American participation than with it, in view of the persistent sensitiveness, real or artificially stimulated, of the Japanese to suggestions from the United States. It was stated that we wish to cooperate wherever it appears to us that a useful purpose will be served by our doing so.

STIMSON

793.94/5850: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 2, 1933—9 a. m.

[Received February 2—12:20 a. m.]

105. Following from Consul General Mukden: February 1, 4 p.m. According to confidential information believed trustworthy 19 troop trains will move from Chinchow to Suichung and Shanhaikwan February 2nd or 3rd.

All indications point to Jehol drive starting within a few days when military are expected to issue an official statement.

Repeated to Tokyo.

JOHNSON

893.01 Manchuria/808 : Telegram

The Consul General at Nanking (Peck) to the Secretary of State

NANKING, February 2, 1933—4 p. m.

[Received February 2—4:30 a. m.]

8. Following press release received from Foreign Office February 1, 7 p. m.:

"The League of Nations has now come to that stage where it must bravely and fearlessly put into application the great principles which the League Council and Assembly have on various occasions enunciated and which the League itself was founded 13 years ago to defend and uphold. Those powers whose representatives at Geneva hesitate to make an express declaration of nonrecognition regarding Japan's puppet government in Manchuria seem to be attempting to shirk the responsibility which they already took upon themselves when subscribing to the principle contained in the Assembly Resolution of March 11, 1932, that the members of the League of Nations should not recognize any situation, treaty of [*or*] agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris. It is without the slightest doubt that the existence of Manchukuo having been found by the Lytton Commission to be entirely due to the presence of Japanese troops, is contrary to the Covenant of the League of Nations and the Pact of Paris.

To declare that such a puppet organization should not be recognized by any power which is bound to respect China's sovereignty is a necessary and logical step in the application of the general principle of nonrecognition already rightfully enunciated and accepted.

If any power should indicate its desire to leave the door open for the unlawful recognition of Manchukuo in future, the conclusion is inevitable that that power is attempting to destroy the validity, not only of the resolution of March 11, but of the League Covenant and the Paris Pact as well. China refused to believe that such a situation will ever arise but is convinced that all powers concerned will make strong condemnation of that unlawful organization which serves as Japanese instrument of territorial aggression."

Repeated to the Department.

PECK

793.94/5855 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 3, 1933—noon.
[Received February 3—12:44 a. m.]

34. Peiping's 79 and 80 just received by mail.⁶⁷ Guarded remarks of Japanese General Staff officers here to Military Attaché yesterday indicate that Japanese Army hopes to reach arrangement regarding Jehol by negotiations of some kind.

Repeated to Peiping.

GREW

793.94/5857 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 3, 1933—2 p. m.
[Received February 3—4:18 a. m.]

35. Military Attaché reports as follows:

"This office estimates by February 15th Japanese regular troops on Asian mainland as follows: Manchuria 70,000 including 30,000 new levy, Korea at least 20,000, North China at least 2,400, total at least 92,000. Further estimate force now available for operation in Jehol and vicinity at least 6 mixed infantry brigades and 2 cavalry brigades, about 21,000, and if necessary this force can be doubled by March 1st from Asia mainland alone.

Information here indicates no immediate Japanese movement in force into Jehol."

GREW

793.94 Commission/776 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 3, 1933—6 p. m.
[Received February 3—3 p. m.]

92. In private conversation today Matsuoka stated that he had proposed to Drummond that the Committee of Nineteen authorize Hymans to continue the discussion on conciliation by negotiating with Matsuoka on the basis of the texts prepared in December eliminating participation of nonmember states in the conciliation committee and with modification of the last paragraph of the "statement of facts" dealing with nonrecognition of Manchukuo.

The Committee of Nineteen will meet tomorrow morning and this subject will be discussed.

⁶⁷ No. 79, dated January 23, 7 p. m., not printed; No. 80, dated January 24, 11 a. m., is printed on p. 124.

Matsuoka stated that in his opinion his Government ought to make sure that conciliation goes on. They were not far enough apart to justify a break-down of negotiations but his Government was very stiff in regard to the nonrecognition question though they had given in and accepted as basis for conciliation the points of chapter 9 of the Lytton Report including the one dealing with autonomy. He was, however, frank enough to express his scepticism regarding the possibility of accord on this point.

From his conversation, from the press, and from the attitude of other delegates it appears that the Japanese are making a serious last-moment effort to avert the report and recommendations provided for under paragraph 4 of article 15. It is impossible to say what will be the attitude of the Committee except to note the fact that the continued and undenied reports of advance into Jehol give the members little belief that real conciliation will be undertaken by the Japanese. Members of the Committee have been working for the past weeks under a sort of fatalism and the conviction that the Japanese Government was merely playing for time and that conciliation was hopeless. Whether this new step of Matsuoka's will revive hope that conciliation is possible, I cannot say.

Apropos of the reports in the press to the effect that the British Government was endeavoring to persuade the two parties to enter into negotiation similar to that in which Sir Miles Lampson⁶⁸ presided over the round-table discussions in Shanghai, Matsuoka stated that his Government would never accept such a method of conciliation for Manchuria. Indeed, he had had great difficulty in persuading his military people to accept it for Shanghai. As far as Manchukuo is concerned they must negotiate direct with China, although they had no objections to the presence of outsiders and even friendly suggestions from outsiders.

WILSON

793.94/5860a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, February 3, 1933—4 p.m.

14. The British Foreign Office through the British Embassy here approached the Department recently with regard to the making in Tokyo by several powers of joint or separate representations to the Japanese Government with regard to China's allegation of abuse by Japan at Shanhaikwan of privileges under the Boxer Protocol of 1901. After an exchange of views back and forth, the Department has informed the British Foreign Office that it does not feel it

⁶⁸ British Minister to China.

advisable for it to join in such representations at this time, although any effort which the British Government might feel moved, in the premises, to make alone or with the other powers signatory to the Protocol would have the Department's good will.

The above is simply for your information. Department does not desire that you take any action in connection herewith. If approached on the subject by your British colleague you may inform him of the above and may state that the Department feels that any such action, if taken by the British Government, would have enhanced chance of serving a useful purpose in the absence of American participation.⁶⁹

STIMSON

793.94 Commission/777 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 4, 1933—9 p. m.
[Received February 4—8:25 p. m.]

93. The Committee of Nineteen had a long private session this morning as a result of which the following communiqué was issued:

"The Committee of Nineteen met today with Bourquin (Belgium) presiding.

It had received from its drafting committee a text of the first part of the report which it might ultimately have to recommend to the Assembly under paragraph 4 of article No. 15; a request from the Chinese Government with regard to the acceleration of the procedure and the fixing of the time limit under article 12; and certain new proposals for conciliation put forward by the Japanese delegation.

After careful consideration of these suggestions the Committee, while appreciating the spirit which had prompted them, regretfully came to the conclusion that they differed so fundamentally from its own proposals of December 16 [15[?]], even as already modified to meet the desires of the Japanese Government, that they did not afford a satisfactory basis for the procedure of conciliation under paragraph 3 of article No. 15 particularly having in view the recommendations of the Commission of Inquiry.

The Committee requested the Secretary General to inform the Japanese delegation of these views and to express the view that the only basis which seemed to it to offer a reasonable chance of a successful outcome was the acceptance by the Japanese Government of the December 16th [15th?] proposals, subject to the two changes already indicated, namely, omission of the invitation to nonmember states to participate in the Committee of Conciliation and acceptance of the right of the parties to make reservations to the statement of reasons to be put forward by the President on behalf of the Committee of Nineteen.

⁶⁹ The Ambassador in Japan in his telegram No. 47, February 24, 11 a. m., reported: "The British Ambassador informs me that he has received instructions to drop the matter of making representations." (793.94/5921)

The Committee also instructed the Secretary General to explain to the Japanese delegation that the procedure for conciliation under paragraph 3 of article No. 15 would remain in force until the Assembly itself adopted a report under paragraph 4 of that article but that in view of the long duration of the negotiations and the great efforts it had made for agreement it felt bound to proceed meanwhile with the drafting of its report which it expected would be ready within a comparatively short time after which the Assembly could at once be convoked.

The Committee began an exchange of views on the report and recommendations."

Inasmuch as the communiqué is so complete as to the results of the discussion I shall only report to the Department the salient points of the discussion as given me by Sweetser.

Part 1, discussion concerning the new Japanese proposals (see my 92, February 3, 6 p. m.).

Eden ⁷⁰ felt that the Committee had a twofold task: First, the immediate one of preparing the report, and second, the concurrent task of holding open the opportunity of conciliation until the Assembly met. The possibility of conciliation should not, however, hold up preparation of the report. Undoubtedly the Japanese proposals indicate a certain change; while hitherto they had insisted on the recognition of the Manchukuo as a basis of negotiation, they were now willing to leave this question open for later settlement. At first he had found this idea attractive but he now saw that it could not be adopted without abandoning the Lytton Report. This he was not at all prepared to do. Moreover the proposal if adopted would place China in the position of having trampled on conciliation which seemed to him entirely unfair. Eden felt that the Committee should state quite frankly that the proposal was not acceptable. The Committee might ask the President and the Secretary General to explain the situation to the Japanese and to state that the Committee had previously made a proposal which still held good.

Massigli stressed the importance of the procedure they proposed. Japan was obviously seeking good ground for a break. Japan wished to show that she had been very conciliatory and that it was the Committee which at the very last moment had broken off the negotiations. Massigli thought it only right therefore for the Committee to fix an absolute date for the ending of conciliation efforts.

These statements by the British and French representatives accurately reflect the opinions of the smaller powers expressed during the meeting.

Part 2, discussion regarding other related points.

The question was raised, although apparently not thoroughly dis-

⁷⁰ Anthony Eden, British Parliamentary Under Secretary of State for Foreign Affairs.

cussed, regarding an invitation to the United States and to Russia to associate themselves with the report.

The question was also raised respecting the relationship between article 15 and article 16 of the Covenant. If China accepted the report and Japan rejected it and a state of war continued or developed would article 16 not enter automatically into operation? The Secretary General said this question was obviously fundamental. He himself did not think that article 15 led automatically to article 16. Each was distinct and separate in itself. He stated, however, that obviously the matter would have to be very carefully studied.

It was decided that the Secretary General should see Matsuoka this afternoon.

The sense of the meeting seemed to be that the Committee of Nineteen should meet regularly every morning next week, the idea being that an effort would be made to finish the report by the end of next week when the Assembly could be called to meet early the following week. This, of course, is purely conjectural. The Secretary General seemed to doubt whether such a timetable could be followed.

Unless instructed to the contrary I shall use my discretion in sending daily reports next week.⁷¹

WILSON

793.94/5866

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁷²

NANKING, February 4, 1933.

A spokesman of the Chinese Foreign Office denied categorically the report that Great Britain had proposed to the Chinese Government, through Sir Miles Lampson, the British Minister to China, a round table conference at either Nanking or Shanghai for the settlement of the Sino-Japanese dispute, declaring that the report must have emanated from Japanese sources. The circulation of such reports on the eve of the League's preparing verdict on the Manchurian question serves only to show the extreme desperation and nervousness of the Japanese at the prospect of a strong report in condemnation of Japan's unlawful activities in Manchuria, the spokesman added.

⁷¹ The Department requested further reports, as "very helpful."

⁷² Copy of telegram transmitted to the Department by the Chinese Legation on February 4.

793.94 Commission/778: Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 6, 1933—9 p. m.

[Received 9:53 p. m.]

95. My 93, February 4, 9 p. m. Following is résumé of meeting of Committee of Nineteen today as given me confidentially by Sweetser.

The Committee of Nineteen completed preliminary discussion of recommendations to accompany report. The drafting committee was requested to prepare an actual text to be based broadly on the three treaties and chapter 9 of the Lytton Report including specifically nonrecognition of and noncooperation with Manchukuo. After Committee of Nineteen had gone over the text embracing points already agreed upon it would be decided whether still further recommendations would be added as to the policy of states not directly parties to the conflict.

Here follows résumé of discussion during the meeting this morning as given me confidentially by Sweetser:

Drummond reported his interview with Matsuoka Saturday⁷³ afternoon when latter was given Committee's communiqué. Matsuoka observed that Committee had seemed practically to be presenting an ultimatum. Drummond had not thought this to be the case since the Committee had already made two modifications to meet the Japanese views. It could go no farther except of course for slight changes. Matsuoka asked whether the Japanese proposals had been made clear in the last meeting; that it is to say that the question of Manchukuo should remain open with neither Japan nor the other powers forced to withdraw from their positions. Drummond replied affirmatively stating, however, that this suggestion was not acceptable to the Committee. On the other hand this was felt to be contrary to the Lytton Report and on the other hand if accepted would at once lead to confusion in the conciliation which would fail within the first week. Matsuoka had still expressed some hope for conciliation but Drummond had not shared it, pointing out that there was still the widest difference of principle on the cardinal point, namely, nonrecognition. Matsuoka then said he had heard the view expressed that Japan was playing for time. He wished to deny this allegation. Drummond stated that unfortunately every time there had been a delay the situation had only become more serious. Matsuoka said that this was not Japan's fault but was due to events in the East. Matsuoka concluded by observing that if the Committee insisted that conciliation had failed Japan would be forced to withdraw from the League which he personally would much regret. Drummond stated that on Saturday evening Sugimura speaking on behalf of the Japanese delegation had stated that it was asking for new instructions and was endeavoring to see if it

⁷³ February 4.

could not get something very close to the original proposals by the Committee. Biancheri of Italy said that Matsuoka's reply did not change the situation at all. Therefore the Committee should not alter its program but should proceed as if the communication had not been received.

Drummond then summarized the situation before the Committee as follows:

Saturday's discussion regarding recommendations had seemed to indicate that they should include, in substance, the 10 principles of the Lytton Report, the 3 treaties and the March 11th resolution. Emphasis would be put upon 2 points, namely, the sovereignty of China and the withdrawal of Japanese troops to points permitted. The question had then arisen, however, once these recommendations were made, how were they to be applied? What would be the position under article 15 if one party complied and the other refused? Drummond had understood Motta to believe that sanctions under article 16 might then be involved. Now Drummond understood that Motta meant that they would only apply in case of recourse to war. Strangely enough, war did not yet exist since diplomatic relations were still continuing. Keller of Germany in a prepared statement said that the Committee had taken over in its exposé the Lytton Commission's recommendation that neither the recognition of Manchukuo nor the return to the *status quo ante* would be an acceptable solution. The Committee had accepted the 10 principles in chapter 9 as the heart of its recommendation. He doubted if it would be possible or wise to attempt a detailed procedure in addition. The Lytton Commission had done so in chapter 10 of its report but both parties had rejected the suggestion. Keller thought the chief duty of the League was to lay down fundamental principles of settlement and ask parties concerned to reconstruct the Manchurian situation on this basis. It was very doubtful if the negotiations would succeed and the Committee might, therefore, eventually find itself back where it had started. This had led to the idea of guarantees against such an eventuality but such guarantees were not made necessary by the Covenant which required only the facts and recommendations. The League should indicate the direction of the solution but should not overload the recommendations with anxiety as to what should be done if they failed. Such action would give the impression that the League was not convinced of its own effectiveness. Similarly the parties to the dispute could not but be affected in their attitude if coercive measures were mentioned.

Agreed [*Eden agreed*] that attention should be concentrated on recommendations to the parties which, however, would involve as a matter of course indications of policy for other states. These recommendations should be based on the Covenant, the Pact of Paris and the Nine-Power Treaty with a practical solution on the basis of chapter 9 of the Lytton Report. As this latter includes nonrecognition the League must make it clear that states members should not stultify themselves by any action contrary to this policy. Nonrecognition should be a cardinal policy for all states members and he hoped also for states nonmembers. It should be clear that the existing regime would not afford any basis of permanent settlement.

The question, however, would still arise as to what would happen if the recommendations were not carried into effect. It might indeed be claimed that the League had not passed to paragraph 4. He agreed with Keller that no solution was possible without the two parties and there was no alternative but to recommend a solution which would bring peace to the East. The responsibility for not taking advantage of the solution would fall on the parties and not on the Committee. The best course seemed to him to go ahead at once with the draft.

Massigli said that after very serious reflection on Saturday's meeting the Committee must obviously be guided by paragraph 4 which called for just and equitable recommendations. If the resolution urged nonrecognition any state recognizing Manchukuo would obviously act contrary to the resolution. *De facto* recognition, however, would be almost equally bad. States should neither recognize nor cooperate with Manchukuo. Should the Committee then go farther he wondered and try to make its resolution effective even if against the will of one of the parties? If the Covenant so ruled he thought the Committee would go farther. But he doubted whether the Covenant did so rule especially given the fact that war does not actually exist strange as this may seem to the Occidental mind. When it came to action by the powers other than the parties to the dispute there was one indispensable point, namely, American cooperation. Any action by these powers could only be based on the hypothesis of American help. Massigli wondered accordingly what could be done in the line of positive action without contact with the United States. Supposing that the Committee adopted a series of recommendations to other states and for one reason or another the United States failed to agree would it be possible to insist on states members of the League carrying out these recommendations? Until the Committee was assured on this point it did not seem to him wise to go very far with such recommendations. He therefore proposed the following program:

1. Suggestions for the settlement of the dispute itself.
2. Recommendations for nonrecognition and noncooperation and,
3. Sounding out the United States and Russia to see what course they were willing to pursue. Explaining this further Massigli stated that his suggestion meant that the League should make its report under article 15 and only then approach non-member states regarding further action this to include Russia although as Massigli observed a negative reply from Russia would not be so important as one from the United States.

Beneš considered that the declarations by the British, French and German representatives had considerably advanced the discussion. First, there was agreement that the Covenant, the Pact of Paris, the Nine-Power Treaty and the March 11th resolution should be the best settlement, second, that the resolution would include nonrecognition and an invitation to nonmember states to associate themselves therewith. Massigli had added the suggestion of noncooperation. Eden had contributed the suggestion that individual states should not act subsequently in contradiction to the recommendation. The

question still remained, however, whether the Committee should go farther and recommend to the Assembly to enforce respect for the resolution by arms embargo and other measures. Massigli had appeared to agree in principle to this but to urge delay in order to see what the American attitude would be. Beneš himself thought that there was already a very large area of unanimity. While not renouncing his views on points still at issue he would suggest that a text be prepared on the points already agreed upon.

The drafting committee meets tomorrow, Tuesday.

WILSON

793.94 Commission/779 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 7, 1933—2 p. m.

[Received February 7—9 :50 a. m.]

96. My 95, February 6, 9 p. m. In conversation last night with Eden and Massigli the latter elaborated the remarks he had made at Committee of Nineteen yesterday by explaining that he considered it essential that the League and the United States should keep exactly abreast in this matter. Eden expressed himself as feeling sure that we will approve the nonrecognition policy and that it is safe to assume that we will approve the corollary thereto, namely, non-cooperation with Manchukuo. But regarding positive as contrasted with negative action Eden considered that steps should be taken if at all only after most careful preliminary discussion between the United States and the League.

I told Eden that I was sure you would appreciate his consideration; that nonrecognition was a course in line with your declared policy; that it was my personal opinion that noncooperation was a natural corollary of nonrecognition but that I questioned decidedly whether my Government would be willing to go beyond and into the realm of positive sanctions. I added that in my opinion the League should look carefully ahead as to where the path might lead before entering on the way of sanctions.

WILSON

793.94 Commission/779 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, February 7, 1933—7 p. m.

65. Your 95, February 6, 9 p. m. and 96, February 7, 2 p. m. I am of course greatly gratified over these evidences of tendency in League discussion.

Comparing your telegram and the press reports it is not clear what features, if any, have been definitely decided upon as distinguished from those which continue merely under discussion. Press reports this morning indicate or imply definite decisions and/or agreements. For instance, Streit,⁷⁴ under date line Geneva February 6, states that the Committee of Nineteen "unanimously decided this morning to recommend not merely non-recognition of Manchoukuo in law, but non-cooperation with it in practice. It also unanimously agreed to recommend in Secretary Stimson's words that the present situation in Manchuria was 'incompatible' with the League Covenant, the Pact of Paris and the Nine Power Treaty." I assume that these are inexact over-statements. The maximum of exact specification that you may be able to give us either now or as deliberations proceed will be additionally helpful.

I am still maintaining the attitude that it is not for this Government to attempt to guide or to influence or prejudice the League in its deliberations with regard to the course which it should follow under its Covenant. I am therefore resisting importunities for comment and implied opportunities to volunteer suggestions.

For your guidance, but not for an initiative on your part, I am impressed with the views expressed by Eden, Massigli and Beneš, as reported in your telegram. There need be no doubt whether this Government would give support to action by the League emphasizing the principle and intention of non-recognition. The idea of non-cooperation is in the opinion of the present Administration a corollary and it is our belief that it will be so with the new Administration. We have followed that idea in connection with all problems so far presented by the claim of the existing authorities in Manchuria or of others on their behalf that they are functioning as the government of an independent state. It seems to me wise—and I would hope—that the League should not consult the United States and Russia until after it has taken its own action under Article 15; and that it should take that action independently of what may later devolve upon it under Article 16. However, in regard to sanctions, the present administration in the United States has made it clear that it is opposed in principle to the idea of using military or economic sanctions. What the attitude of the new administration on that point may be is a matter for that administration to decide after it assumes office. This Department has taken the position from the beginning of making no commitment on the subject of sanctions.

For your further information, I feel greatly encouraged over the British and French attitude as indicated in views expressed by Eden and Massigli. You may say to Eden that I concur in the view that

⁷⁴ Clarence Streit, *New York Times* correspondent at Geneva.

it is essential that the League and the United States keep abreast in this matter and that it appears to me that the course which he apparently now has in mind, if consummated, would bring them abreast of us; I approve of what you said to him, but I would suggest that you avoid entirely the giving of any opinions with regard to positive sanctions except and unless in the sense indicated above.

STIMSON

793.94/5887

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁷⁵

NANKING, February 7, 1933.

A telegram from Peiping reported that the Japanese have laid claim to Hulutao, alleging that it is the only military harbor of the bogus state of "Manchukuo". The Second Squadron of the Japanese Navy is now at the harbor, joining it with the Kailuan Coal Mines under the protection of a large fleet. Rear Admiral Tsuda, Commander of the Japanese Second Squadron, after his conference with Lieutenant-General Omezu at Shanhaikwan, has proceeded on a flagship to Hulutao to direct the construction work of the harbor now being taken up by the South Manchuria Railway Company. The protest of the Netherlands against this construction work is entirely disregarded.

The publication of the telegram of General Tang Yu-lin, Governor of Jehol, professing his determination to resist Japanese aggression was very favorably received by the people of Jehol. All the organizations for the resistance against Japanese aggressions in Chengteh (Jehol City) are now greatly enlarged and are working openly and unitedly for their common purpose. After the Japanese Consulate at Chifeng has been withdrawn, there is now no Japanese in the whole Province of Jehol which is peculiar to the Provinces of North China. The handful of Chinese traitors, realizing the pressure of public opinion, have fled severally from the Province.

⁷⁵ Translation of telegram transmitted to the Department by the Chinese Legation on February 7.

894.20/114

*Report by the Special Assistant of the Embassy in France
(Dawson)*⁷⁶

No. W. D. 1180

PARIS, February 7, 1933.

Towards the end of the afternoon on Friday February 3rd, I received a visit from a French diplomat who is one of my oldest and most intimate friends in France and whose friendly conversations with me have supplied me with a considerable amount of the background for the Reports I have been drafting since my connection with the Embassy began. My experience with him is that he is not only thoroughly well informed but ponderate in his judgments and he has invariably been sincere in his dealings with me.

He opened the conversation by asking me immediately if I knew of any developments in relations between Japan and the United States.

I replied that I had heard of nothing new but that our relations were very pleasant at this juncture, as far as I was aware.

My interlocutor then asked me whether I had heard any reason given for the policy pursued by Japan at the League of Nations.

I replied that I had not.

After a brief moment of hesitation, he told me that he had made up his mind to inform me concerning a grave situation which he knew to be true, although he was unable to give me the source and could not add any details to the statement he was about to make.

He went on to say that Japan had deliberately planned her policy before the League of Nations with a view to forcing a situation which would allow her to come out with a categorical declaration of policy.

For some time past, she has, according to my informant, been preparing for war. Her aim is not, however, the ostensible one of China, nor is it yet the question of Manchukwo, which she considers as having been settled once and for all.

What Japan intends to compass in the immediate future is to get possession of the entire chain of islands scattered along the Asiatic coast, so as to make her complete mistress of the Asiatic continent.

The Philippines were mentioned by my informant as being included in this plan and signifying that Japan's present preparations for war were aimed directly at the United States.

Both the personal position and connections of my informant, and his choice of language as well as the reticences with which he surrounded his statements, couched in carefully chosen words which, as he had explained to me in advance, could not be expanded, left no

⁷⁶ Copy transmitted to the Department by the Ambassador in France in his despatch of February 7; received February 16.

doubt in my mind as to the fact that the information given to me was known at the French Foreign Office and might indeed possibly have emanated from there.

It is, however, obvious that the Foreign Office would know nothing about the matter officially if approached on the subject.

I have been careful to give the time and period of the day when this conversation occurred because it was prior to public announcements of developments in Geneva leading to Japan's open declaration of a warlike policy. It was also unfortunately too late for me to connect in any way with Friday's pouch to the Department, since the pouch was being closed in Paris at the very hour when the conversation occurred in Versailles. Still more unfortunately, there is now no pouch until Thursday February 9th so that the information will have been held up practically a week in Paris.

It remains possible, however, that the present despatch may reach Washington before the information concerning the Philippines and the United States is received from another source.

Forty-eight hours after the conversation upon which I have just reported, I received a visit from Commander Vincent-Bréchnac, Curator of the Paris Musée de la Marine, and compiler of the French statistical annual on navy questions which corresponds to the famous British annual, Jayne's *Fighting Ships*. His connections for keeping his annual up to date bring to him information which has sometimes proved valuable to me.

I profited by the opportunity to sound him discreetly as to the plans of Japan, which on that day had not yet been proclaimed as far as the war policy was concerned.

He had evidently not heard of any direct threat against the Philippines, but he told me that he believed Japan to be considering the necessity of a war basis, his assumption being the wish to strengthen her position particularly in Manchukwo but also on the Asiatic continent. He considered that Soviet Russia was her great adversary, but he added significantly that he had been much gratified to note that the United States had maintained its full naval program. He added that he considered this to be an absolute necessity in view of the present situation in the Far East.

It may furthermore be of interest to note that he directed my attention to the "World Peace" activities of the Carnegie Foundation in Paris and the character of their pacifist literature, saying that in his opinion the policy which this institution was pursuing might lead to embarrassing consequences for the United States as well as for other countries.

When he said this, I thought that he was referring to a piece of news which several French papers had published concerning a question raised in Congress over the activities of both the Carnegie and the Rockefeller peace foundations. When I asked him, however, if his remarks were based on this news report, he expressed surprise at its appearance, saying he had read nothing on the subject which he had not even discussed with anyone, but that his impression was based directly on his own examination of several tracts and books which he had had the curiosity to look at in the library organized by the Carnegie Foundation.

Very respectfully yours,

WARRINGTON DAWSON

793.94 Commission/780 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 8, 1933—1 p. m.
[Received February 8—10:05 a. m.]

98. Your 65, February 7, 7 p. m., gives me helpful guidance and is much appreciated.

Appreciating your desire for the maximum of exact information I shall keep you as precisely informed as possible.

As you are doubtless aware statements such as those of Eden and Massigli reported in my 95⁷⁷ are made in a general discussion in the Committee of Nineteen. While representing the views of the speakers the statements or opinions cannot be considered to indicate definite decisions or agreements. After such discussion the *rapporteur* and the drafting committee endeavor to put into written form what they consider the consensus of opinion. The draft will then be presented to the Committee for definite agreement or amendment as the case may be. Frequently the newspaper correspondents fail to appreciate this method and assume too definite conclusions.

The meeting of the drafting committee mentioned in the last sentence of my 95, February 6, 9 p. m., has been postponed until today owing to certain revised instructions received by the Japanese for discussion with the Committee, I am credibly informed.

I am speaking to Eden today as you suggest.

WILSON

⁷⁷ February 6, 9 p. m., p. 149.

793.94 Commission/781 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 8, 1933—10 p. m.
[Received February 8—7:35 p. m.]

99. My 71, December 15, 8 p. m.,⁷⁸ 72, December 15, 9 p. m.⁷⁹ and 98, February 8, 1 p. m.

The Japanese delegation has proposed the following amendments to the December draft resolutions and "statement of reasons" (Declaration of the President).

Following substituted for paragraph 4 of resolution number 1 (translation) :

"Decides that the Committee of Nineteen would have the duty of endeavoring, in collaboration with the two parties, to insure conciliation with a view to a settlement on the basis of the principles and the conclusions set out in chapter 9 of the report of the Commission of Inquiry, in harmonizing them with the events which have occurred."

Regarding draft resolution number 2 after the word "report" substitute "constitutes an invaluable contribution to the efforts of the League for the maintenance of peace".

Regarding the "Statement of Reasons" (Declaration of the President).

Paragraph 2. After word "constitute" substitute following "an invaluable contribution to the efforts of the League for the maintenance of peace".

Paragraph 8. After the word "them" in second sentence substitute the following (translation) :

"In conformity with paragraph 4 of the resolution on the basis of the principles and of the conclusions set out in chapter 9 of the report of the Commission of Inquiry in harmonizing them with the events which have occurred."

Paragraph 9. After the word "nineteen" substitute the following :

"Notes that Japan has recognized the present regime established in Manchuria and that no other member of the League has done so.

It is to be noted that the report of the Commission of Inquiry states in chapter 9, the principles and conclusions of which the Assembly has adopted in paragraph 4 of the resolution as the basis of the negotiations for a settlement, that a mere return to the conditions previous to September, 1931, would not suffice to ensure a durable settlement, and that the maintenance and recognition of the present regime in Manchuria could not be regarded as a solution,

⁷⁸ *Foreign Relations*, 1932, vol. IV, p. 430.

⁷⁹ *Ibid.*, p. 432.

and also that a satisfactory regime for the future might be evolved out of the present one without any violent change.”

Now that there is at least a possibility of entering on discussions on conciliation the League members, especially Yen, are much concerned lest the Japanese use conciliation merely as a means for gaining time to avoid recourse by the Assembly to paragraph 4 of article number 15 and to complete their military operations in Jehol.

The drafting committee this morning had what is generally described as a perfunctory session. The Committee of Nineteen meets tomorrow morning to consider the Japanese proposals.

WILSON

793.94 Commission/858

Dr. Syngman Rhee to the Secretary of State

GENEVA, February 8, 1933.

[Received March 1.]

EXCELLENCY: I have the honor to enclose a copy of a communication addressed by me this day to the Secretary-General of the League of Nations⁸⁰ in which I called the attention of the States, members of the League of Nations, to the fact that a just and equitable solution of the Korean problem must form part of any solution of the Manchurian problem now before the League, if that solution is to be permanent and lasting.

In bringing this correspondence to your notice, I desire to assure you that my people, 23,000,000 Koreans, join most heartily with the enlightened opinion of the world in supporting your Far Eastern policy in reference to the present Sino-Japanese conflict, and also to remind you of the fact that the Korean people do believe and will continue to believe that the United States will some day fulfill their promise of “good offices” pledged in the American-Korean treaty of 1882,⁸¹ which has never been abrogated. The nations begin to realize more fully than ever that an independent Korea will prove a big step toward the permanent solution of the Pacific problem, and your good offices in this direction at this juncture will mean a great contribution toward the cause of Korean Independence.

I have [etc.]

SYNGMAN RHEE

*President, Provisional Government
of the Republic of Korea*

⁸⁰ Not printed. For his statement dated February 18, 1933, transmitted by the Chinese delegation, see League of Nations, *Official Journal*, Special Supp. No. 112 (Geneva, 1933), pp. 53-55.

⁸¹ See article I of treaty of peace, amity, commerce and navigation, signed May 22, 1882, William M. Malloy (ed.), *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), vol. I, p. 334.

793.94 Commission/784 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 9, 1933—2 p. m.

[Received February 9—1:15 p. m.]

100. My 99, February 8, 10 p. m. The following information has been given me in strict confidence by an American adviser to Matsuoka in whose credibility I have every reason to believe.⁸²

The amendments proposed yesterday to the Committee of Nineteen by the Japanese delegation are on the latter's initiative. There are no new instructions from Tokyo. These proposals are in reality merely suggestions. If the Committee of Nineteen should find them acceptable they would still have to be sent to Tokyo for approval there.

These proposals are a last attempt by the Japanese. Matsuoka has begun to prepare a statement of withdrawal from further cooperation with the League to be read out by him in the Assembly in case of failure of agreement which the Japanese delegation here considers inevitable.

Matsuoka and the other civilian members of the delegation, supported by the naval group, are at odds with the army element. The latter are anxious for a break with Geneva while the others are very desirous of maintaining cooperation with the League and bringing about the appointment of a committee of conciliation. The civilian element hopes that if this can be achieved the negotiations would cover a year or two. During this period the conservative element in Japan would have an opportunity to calm down public opinion and bring about a compromise with the Chinese regarding Manchukuo along the line that the Chinese would agree to suppression of communism and anti-Japanese boycott in return for a face-saving device in Manchuria such as recognition of Chinese sovereignty by an annual raising of the Chinese flag in Manchuria and a form of suzerainty similar to that previously existing between Turkey and Bulgaria, with Pu-Yi as President and Governor General.

According to my informant there is not the least chance at this time of the Japanese Government being able to agree upon any such face-saving device regarding Manchukuo. An effort to this end would mean the assassination of Uchida and probably others.

[Here follows a summary of an article in the *Journal des Nations* for February 9, 1933, giving an account of the Drafting Committee's meeting on February 8.]

WILSON

⁸² The Department replied by telegram No. 66, February 9, 6 p. m., as follows: "Except for such expression of appreciation as you may already have made, Department desires that no indication of any interest on the part of the American Government in this information be given."

793.94 Commission/785 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 9, 1933—8 p. m.

[Received February 9—7:11 p. m.]

101. The following communiqué was issued after the meeting of the Committee of Nineteen this morning:

“The Committee of Nineteen considered this morning new proposals submitted by the Japanese delegation in regard to the draft resolution and declaration by the President which on December 15 last the Committee transmitted to the two parties as a possible basis of conciliation. As certain questions arose as to the exact scope of these suggestions the Committee, in order to remove any possible misunderstanding, decided to address a letter to the Japanese delegation asking it for more precise information as to its position regarding the seventh principle in the ninth chapter of the report of the Commission of Inquiry, the text of which is as follows (quotation omitted).

At the same time the Secretary-General was requested to call attention of the Japanese delegation verbally to the reports of continued military preparations and movements which the Committee considered would constitute an aggravation of the situation and endanger, if not frustrate, efforts for conciliation.

The drafting committee will meet this afternoon after the Bureau of the Disarmament Conference to continue its discussion of the report to be substituted [*submitted*] to the Committee of Nineteen”.

Following is résumé of Sweetser's confidential report to me of discussion this morning in Committee of Nineteen regarding the new Japanese proposals.

Two important decisions were taken.

1. To send formal letter to Japanese in effort to remove any possible doubt that conciliation should be based on point 7 of chapter 9 of Lytton Report involving Chinese sovereignty in Manchuria.

2. To request Secretary-General to inform Matsuoka of Committee's view that reported military operations in Jehol would render conciliation impossible.

A letter in above sense was despatched at once to Matsuoka and arrangements were made for interview with him this afternoon.

Drummond opened the meeting by giving an account of his interview with Matsuoka when latter presented new Japanese proposals. Matsuoka stressed that new proposals were based very largely on quotations from Lytton Report. He then outlined six very important concessions by Japan which he thought the Committee should fully appreciate:

1. Although Japan had originally made the strongest reservation to the application of article 15 to this dispute, Japan now agreed to the procedure under that article.

2. While Japan had also hitherto objected to mention of the Nine-Power Treaty, its inclusion was agreed to in the proposed resolution.

3. Although Japan had similarly made strong reservation at the time of the Assembly resolution of March 11, she now equally agreed to the mention of that resolution.

4. Although points 7 and 8 in chapter 9 of the Lytton Report had been wholly unacceptable to Japan, she had agreed to the inclusion of chapter 9 in the proposed resolution.

5. While hitherto Japan had held that only those powers having appreciable interest in the Far East should participate in conciliation she now agreed that this might be conducted by the Committee of Nineteen.

6. While previously Japan had pressed for omission of last paragraph of President's declaration regarding present situation in Manchuria, she now agreed that the paragraph might remain although she wished it amended.

Matsuoka accordingly felt that Japan had accepted all essential principles of December 15 draft and that there now remained only the question of how to apply those principles. From Japan's viewpoint the question of peace and order in Manchuria was of the most vital importance. There Japan could make no concession. It was her sincere feeling that given the disorder in China proper, a condition of chaos would develop in Manchuria upon a return of Chinese sovereignty. The Chinese would undoubtedly abuse the rights thus given them and the situation would return to that of September, 1931, with an almost inevitable recurrence of the same difficulty. Finally, Matsuoka expressed the view that there was very little hope of Japan's accepting recommendations under paragraph 4 and that, therefore, such recommendation would not constitute any solution either for the League or for Japan.

Madariaga immediately interjected the question of what would be the Committee's position if it accepted these proposals and China refused.

Beneš shared this preoccupation. He also had talked with the Japanese and was constrained to recognize that the latter had made considerable progress toward meeting the Committee's views. He was, however, very anxious on two points:

1. Because the new proposals would have a weakening effect, particularly as regards nonrecognition [and]

2. Because the phrase as to harmonizing of the Lytton Commission's recommendations with events which have taken place would lead to extreme difficulties every time any practical question would present itself, such as withdrawal of troops.

Keller, while recognizing that the Japanese had made progress, felt that there were still very great and dangerous obscurities. In the first place these new proposals recalled Japan's original desire

for direct negotiations with China with only indirect League participation. Secondly, the phrase as to harmonization seemed to him confused and to open the way to all sorts of misunderstanding.

Eden agreed that the new proposals showed an effort on the part of the Japanese to meet the Committee's views. He was not, however, happy regarding their significance. Several of the proposals seemed to him designed for the same purpose, namely: to avoid the full consequence of point 7 in chapter 9 of the Lytton Report. In his mind the essential question was that of the sovereignty of Manchuria. Does Japan in fact accept point 7 as it stands? He thought this question should be cleared up by the President and Secretary-General before all else. Similarly Eden wondered if in the unlikely case that the Committee should accept the other Japanese suggestions the Japanese would still maintain their right to make reservations. Finally the Committee must not forget the other party to the dispute. Koo had observed to him yesterday that if either party made a reservation to chapter 9 it would clearly demonstrate that point 7 could not be worked out in the negotiations.

Massigli raised the question of Jehol. Was there any possibility of avoiding a huge military movement? He doubted it but was interested in the new Japanese phraseology that a satisfactory regime might be evolved out of the present one without any violent change (see third sentence, first paragraph, page 130, of Lytton Report for source of this phrase).

Madariaga then drew attention to three pitfalls in the proposals:

1. What if the Committee arrived at a text accepted by Japan and refused by China? Committee must beware of being maneuvered into this dangerous situation.

2. Was it possible to continue talking of conciliation while everybody knew that a huge military movement was under way?

3. Conciliation must not begin in an ambiguity or be a clause in texts which no one understands. There should be a clear and unequivocal answer to the question of Chinese sovereignty in Manchuria.

Motta felt new proposals showed a really serious Japanese effort to approach the Committee which was encouraging. Nevertheless, the real question was that Japan accept Chinese sovereignty, yes or no. A proof of good will was essential with regard to abstention from further military movements.

Drummond, replying to various questions, said he thought that the Japanese would be prepared to give up any reservations if the Committee accepted the other Japanese suggestions.

He had not felt it necessary to discuss Jehol with the Japanese delegates because certain in advance that the answer would be that they were prepared to give up further participation or movements if the Chinese would stop sending new troops into Jehol and would

withdraw troops recently sent there. This obviously was very difficult for the Committee even to suggest since China had full right to send troops wherever it wanted within its own territory. As regards the sovereignty of Manchuria, he is prepared to put the question to the Japanese, but would prefer a formal letter which would avoid confusion and necessitate a formal reply.

Motta suggested that the question regarding Jehol should be put orally. The Secretary-General strongly inclined to this view and the Committee so decided. A draft letter regarding point 7 previously prepared by Drummond was then read and approved with some modifications.

WILSON

793.94 Commission/829

The Consul at Geneva (Gilbert) to the Secretary of State

No. 507 Political

GENEVA, February 9, 1933.

[Received February 21.]

SIR: I have the honor to enclose as of possible interest to the Department and in particular because this matter will undoubtedly be made note of in the press, a copy of a letter dated February 7, 1933 addressed by Dr. Syngman Rhee, who styles himself "President of the Provisional Government of the Republic of Korea", to the Secretary-General of the League of Nations together with an addendum to the letter citing extracts from the Lytton Report dealing with Korea.⁸³

Dr. Rhee has been in Geneva for some time engaged in endeavoring to have his view of the case of Korea presented in some manner to the League. He has in particular been trying to have the delegation of one of the states members of the League present this matter in a formal way. I have reason to believe that in this he has been unsuccessful and thus has concluded to address the letter which I am enclosing direct to the Secretary-General. He is also sending copies to all of the delegations in Geneva as well as to representatives of the press. I assume that Dr. Rhee is known to the Department inasmuch as he usually resides in Washington.

Respectfully yours,

PRENTISS B. GILBERT

⁸³ Enclosures not printed; see letter of February 8, from Dr. Syngman Rhee.

793.94/5889

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁸⁴

NANKING, February 10, 1933.

General Tang Yu-lin, Governor of Jehol, sent to the Ministry a detailed account of the recent clashes between the Chinese and the Japanese in Jehol as follows:

(1) In the morning of January 31, a Japanese army plane reconnoitered over Chifeng and Chichieh for about ten minutes and flew away toward the southeast. At nine o'clock in the morning of February 2, two Japanese army planes reconnoitered over Chaoyang and disappeared northward. Simultaneously, a Japanese armored car came to Chaoyang for repairs and left after a short period. An hour later, a Japanese armored motor car came from Chaoyang along the railway to the positions of the Twelfth Company of the Chinese Forces at Nanlin. A clash between the two forces followed during which the Chinese repulsed calmly but gallantly with rifles the Japanese machine gun attack. On the same day, a Japanese armored car launched an attack upon Peipiao which was severely repulsed by the Chinese sentry stationed there. On February 3, a Japanese army plane flew low over Chaoyang and subsequently disappeared to the northeast.

(2) The deaths resulted from the battle at Kailu on January 26 were found to consist of one Japanese artillery officer, one artillery soldier, three machine gunners, and thirty-three privates, in addition to ten wounded soldiers and four planes destroyed. It was also found that the attackers were a branch unit consisting of several hundred Japanese soldiers and about three thousand bogus government troops. Owing to their repeated repulses by the Chinese and the heavy casualties inflicted upon them, these units of Japanese and bogus government troops were transferred to other places, their positions at Tungliao being filled by other units.

(3) A telegraphic report from Kailu dated February 6 stated that about three hundred Japanese soldiers, several hundred Mongolian cavalry soldiers and some thirty heavy transport carts were advancing toward the north of Tungliao and that the Japanese troops stationed at Yu-Lian-Pao were likely to attack Pa-Shien-Tung.

⁸⁴ Translation of telegram transmitted to the Department by the Chinese Legation on February 11.

893.01 Manchuria/854

The Consul General at Mukden (Myers) to the Secretary of State

[Extracts]

No. 543

MUKDEN, February 10, 1933.

[Received March 13.]

SIR: In view of the importance attached by the Japanese to the establishment of closer economic relations between Japan and Manchoukuo and of its bearing on American and other foreign trade with this territory, I have the honor to report briefly on the developments to date in this regard as far as they are ascertainable. It may be stated at the outset that although the political policy of Japan in respect to Manchoukuo has to all intents and purposes been definitively settled the same unanimity of opinion respecting its economic relations with Manchoukuo has been noticeably lacking. Apparently, however, a decision regarding its basic policy has been reached as a result of exhaustive investigations but before discussing it a brief outline of antecedent developments may be of interest.

It was recently learned from an official source that the Japanese Embassy at Hsinking, in conjunction with other Japanese organs, had been making exhaustive studies of this question and that a decision had been reached on the lines as given above. Generally speaking, it seems that the economy of Manchuria is to be made to conform to Japanese interests and that its resources, agricultural, mineral and forestry, will be developed with particular reference to supplying Japan's industrial requirements. Besides encouraging the cultivation of cotton and wheat—South Manchuria is said to be well suited to growing cotton—, products which are exported in large quantities from the United States to Japan, the production of wool is to be promoted and very probably cattle raising as well. On the other hand the rapidly expanding industries of Japan, more particularly those producing the cheaper grades of necessities, such as cotton goods, woolen goods, rubber goods, and sundries, will give special attention to this market.

Japanese industrialists in the Leased Territory and Manchuria, who are said to be opposed to keeping Manchuria as a producing center of raw materials and to be proponents of a system of preferential duties for their products imported into Japan, appear doomed to disappointment. Too, the pleasing picture of a rapid development of Mukden as an industrial center, as painted in some press reports during the past year, seems to lack foundation. It is understood that no concrete steps for establishing any major industries in Man-

churia have been taken and in view of the decision referred to above it is to be inferred that the proposed establishment of enterprises affecting Japanese industry would be very definitely discouraged.

Another factor in Japan-Manchoukuo economy concerning which investigations are being made is Japanese emigration to Manchuria. Except for a small contingent of ex-soldier colonists, no officially fostered or regulated immigration has yet occurred. However, a special immigration section in the Special Service Department of Japanese Military Headquarters, Hsinking, has just been organized and according to reliable information the military are working on plans for large scale immigration from Japan and possibly Korea. The restriction of Chinese immigration seems also to be intended. Many observers regard a large scale immigration from Japan as impracticable. Too, in the case of Koreans if Manchuria's rice crop is to be limited to home consumption—and Koreans are preeminently rice farmers—the main economic motive would seem to be lacking.

It is clear from this brief review that the Japanese economic policy in Manchuria has been projected primarily for the purpose of enhancing or strengthening the economic position of Japan. The military occupation of Manchuria has been explained as a measure of national defence and so it appears that its economic occupation or domination—"the cooperative industrial principle"—may be similarly explained with equal propriety. Indications clearly point to the Japanese monopolizing the exploitation of the natural resources of Manchuria either as concessionaires or under the guise in some cases of joint enterprises with the new state and in others of nominal state (Manchoukuo) monopolies. The far-reaching control over communications and public utilities exercised by the South Manchuria Railway Company has already been briefly touched upon.

This office is endeavoring to keep in touch with the economic development in this territory and will submit special reports on its various phases from time to time. In this connection the Department's attention may be called to the fact that it has labored under severe handicaps in the collection of material for reports since September 18, 1931. That freedom of movement and making contacts is gone for the time being at least and the Japanese are not only very secretive in regard to their plans and operations but look with suspicion upon inquiries concerning them.

Respectfully yours,

M. S. MYERS

793.94/5869 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, February 11, 1933—1 p. m.

[Received February 11—4:55 a. m.]

The following telegram has been sent to the Legation :

“February 11, noon. Troop and supply trains moving eastward through Tientsin have been averaging about two per day for past 10 days. American Military Officer who visited Shanhaikwan yesterday reports that General Suzuki has left Shanhaikwan and has established headquarters at Chinchow. Only one Japanese regiment, one tank and two armored trains now at Shanhaikwan. General situation Chinwangtao, Shanhaikwan area, remains substantially unchanged. British Cruiser *Folkstone* has left Chinwangtao.

Repeated to Department.”

LOCKHART

793.94 Commission/787 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 11, 1933—2 p. m.

[Received February 11—10:35 a. m.]

102. My 100, February 9, 2 p. m. Drafting committee of nine at meeting yesterday evening was primarily concerned, I am reliably informed, with the question of constitution and powers of an executory committee which would be empowered to,

(1) carry on negotiations with China and Japan once they have accepted the recommendations,

(2) make whatever declaration would be necessary if one of the parties refuses the recommendations or after engaging upon them does not properly comply therewith, and

(3) initiate move towards some form of sanctions in the event of refusal of recommendations or in the event of breach.

There seems to have been a rather general opinion in the drafting committee regarding desirability of making the Council of the League this executory committee since the Council was the organ principally referred to in the Lytton Report. The question of participation of nonmember states on the executory committee was also an important point under discussion with special reference to the United States.

I am reliably informed that the smaller powers on the drafting committee are talking sanctions under article 11 such as diplomatic pressure, arms embargo, etc.

Drafting committee will continue its meetings today.

WILSON

793.94 Commission/788 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 12, 1933—1 p. m.

[Received 5:55 p. m.]

103. My 102, February 11, 2 p. m. Drafting committee met last evening. Meeting was secret as usual so that we have no direct, authoritative source such as Sweetser, with respect to Committee of Nineteen. I give below a synthesis of the information in possession of the best-informed newspaper correspondents and from sources in Secretariat of the action taken last night. I am inclined to think that this synthesis comes pretty close to the facts.

The Committee of Nineteen will meet tomorrow morning to receive the report of the drafting committee. It is hoped that the Assembly may be called to meet on or about February 20th.

Draft recommendations:

PART I

1. Article X of the Covenant. First paragraph of the Kellogg-Briand Pact. The Nine-Power Treaty.

2. March 11th resolution.

3. The 10 points of chapter 9 of the Lytton Report. The 10th point regarding international cooperation in Chinese reconstruction ends with first paragraph of that point.

(This documentation in part I is not quoted as from Covenant and various treaties, et cetera, but is set down *de novo*, it might be said, as the enunciation of certain fundamental principles.)

PART II

This part commences with a preamble to the effect that all recommendations in this section are under paragraph 4 of article XV of the Covenant. I understand this is to attempt to avoid extension of article XVI.

1. Establishment of a Negotiating Committee which would include the United States and Russia. It was left to the Committee of Nineteen to fill in the names of the League members. Their choice was to be determined by the willingness of states to take responsibility and the practicability of their doing so, having in mind representation in the Far East where presumably the Committee will function. The paramount duty of the Negotiating Committee shall be to give Manchuria a new organization compatible with the sovereign rights of China assuring the maintenance of order and protection of the legitimate rights and interests of Japan.

2. Withdrawal of Japanese troops to the railway zone is of urgent importance. This should be the immediate and first object of the Negotiating Committee.

3. The Committee is charged with the carrying out of all the other principles contained in the Lytton Report.

4. All Sino-Japanese negotiations with regard to these recommendations shall take place in the presence of and under the super-

vision of the Negotiating Committee. In case of deadlock the Committee shall report to the Assembly which shall render an authoritative decision by majority vote.

PART III

1. Members of the League are agreed not to recognize Manchukuo either *de jure* or *de facto*. They pledge themselves to take no action which will prejudice these recommendations.

2. A statement made in conclusion which has to do with informing nonmember states and in one way or another inviting association with the action. The three different versions I have are as follows:

(a) Nonmember states shall be informed of the above pledge and asked to associate themselves therewith.

(b) Signatories of the Kellogg-Briand Pact and the Nine-Power Treaty shall be sent texts of the report and recommendations and shall be asked to associate themselves with the report in case of need.

(c) Signatories of the Kellogg-Briand Pact and Nine-Power Treaty shall be asked to refrain from recognition, from action inconsistent with the recommendations or prejudicial thereto, and as soon as the Assembly has agreed upon the report it shall ask these signatories to associate themselves therewith.

WILSON

893.00/12291: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 13, 1933—9 a. m.

[Received February 13—8:25 a. m.]

137. In view of the great complexity of China's present national and international [relations?] and in order to assist the Department as much as may be possible in arriving at decisions in connection with our policy in the Far East, the following is intended to supplement the Legation's political reports and current telegrams.

The position of the National Government in Nanking is in many respects an anomalous one. The Chief Executive Lin Sen is a mere figurehead and since department [*departure?*] of Wang Ching-wei⁸⁵ last August dominant personalities are again Chiang Kai-shek and T. V. Soong. The addition of Sun Fo⁸⁶ as President of Executive [*Legislative?*] Yuan in December has partially restored a Nanking-Canton coalition but has not changed Canton's aloofness. The Cantonese themselves are suffering from divided counsels and although reckless enough to endanger the nation they seem incapable of constituting themselves into an effective opposition.

Theoretically the majority of the Chinese accept the Central Government but in practice the Government is factional rather than na-

⁸⁵ President, Executive Yuan, on leave of absence.

⁸⁶ Son of Sun Yat-sen.

tional. It will necessarily be a long time before the Republic finds its feet because of the exceptional difficulty of establishing centralized rule over an almost inaccessible interior with a centuries old tradition of virtual local autonomy. Besides the Government is handicapped by an enormous illiterate and nonpolitical population the continuity of whose inherited traditions has given them certain habits of thought which makes adjustments to modern political life extremely difficult.

The Government, although originally established by the Kuomintang, has recently given little evidence of having a constructive mind of its own and has allowed affairs to drift more or less aimlessly, being paralyzed by the unwillingness of subordinate leaders in the party to yield to it the necessary responsibility.

Kuomintang has had a virtual monopoly of all political power as well as of the judiciary, education and the press. The prestige of the party is today at low ebb because orthodox leaders like Hu Han-min ⁸⁷ no longer cooperate and its educative role has been largely barren. The people have lost faith in it because it failed to take advantage of its exceptional opportunities and was unable to redeem its specious promises. Today Kuomintang is divided against itself and it is doubtful whether it will ever again wield the power which at one time gave it more importance even than the Government or the people. It cannot cling indefinitely to the old tutelage conception of its obligations although it may seek covertly to prolong life of the political machinery which gave it its dominant position in every phase of national activity.

The Central Government can maintain itself in power only so long as it controls a substantial portion of the various Chinese armies. China has today no real national army capable either of making effective the Government's writ throughout the country or of effective resistance under unified control against a modern power despite the fact that over two million men are under arms. They are the tools of rival militarists who have repeatedly plunged the nation into civil war and whose most solemn pledges to support the National Government are usually worthless. This is causing a constantly shifting balance of power among the regional feudal-minded war lords such as occurred in Shantung and Szechuan within recent months and the usurpation of Nanking's authority by collecting and retaining national revenues. Unless the present conflict with Japan has the effect of eliminating useless local leaders and of creating a national army the military incubus will continue to be one of China's gravest problems. It is obvious that the armies should be removed from politics, diminished in numbers and increased in efficiency, but to find productive

⁸⁷ Member, Standing Committee, Central Political Council of the Kuomintang.

employment for large hordes of ill-disciplined, disbanded soldiers will not be easy.

Closely related to this question is the problem of communism and banditry not only because it takes loyal and disciplined troops to crush military power of the Reds but because both Communists and bandits are constantly being recruited from the unpaid and underfed mercenary soldiery which roams the countryside. Chiang Kai-shek has for several years been fighting Communists but it is only quite recently that the economic and agrarian character of the problem has been given attention. Famines, floods, civil wars and other misfortunes have driven millions of peasants to desperation. They are not only hungering for land but for food and fall therefore an easy prey to Communists' propagandists who glibly promise relief from intolerable conditions. To what extent the recent resumption of diplomatic relations with Soviet Russia will affect the semi-Sovietized areas in Central China it is impossible to predict.

The shadow of Bolshevism will lie over parts of China until a thoroughgoing program of rural economy has improved the lot of the masses and an efficient administration has produced a sense of security in the interior.

Despite these discouraging factors any impartial critic must admit that perceptible progress may be seen in certain directions and that when allowance has been made for the exceptional intricacy of the tasks confronting a National Government, crippled and impoverished by years of internecine strife, there is no ground for undue pessimism.

The admittedly transitory and provisional character of Kuomintang regime in itself explains many of its failures. It may confidently be expected that in time whatever dictatorship China may require will become less obtrusive and that the students and upper classes will take more and more intelligent interest in politics. Today the need of uniting all capable moderate elements and of having adequate financial resources for normal requirements is fully recognized. T. V. Soong has displayed great skill and caution in restoring confidence in China's credit by balancing the budget at least in the sense that during the past year expenses have been met from revenues without resorting to further borrowing. Many old obligations are of course still in arrears but considering that a year ago Nanking's borrowing capacity was completely exhausted and a financial breakdown seemed inevitable the results are reassuring.

China's internal problems are sufficiently grave without international complications but it is possible that the long-drawn-out controversy with Japan since September 18, 1931 will at least serve to bring home to the Chinese a realization of their domestic weakness and disunity. The Kuomintang had been in the habit of repeating

thoughtlessly such borrowed slogans as "liberation from the fetters of imperialistic powers" potent but misleading catchwords which have often caused foreign rights to be disregarded or to be left without adequate protection as a deliberate measure of policy. Although realizing now only too well that the use of such slogans and the excitement of the popular mind by agitation can be no substitute for an efficiently trained armed force under unified control for the maintenance and protection of China's sovereign rights, there is at present no leadership bold enough to face popular indignation by publicly acknowledging this fact and compromising with Japan. The people therefore feel that China is very much the aggrieved party and that she has technically an unanswerable case because whatever her own misdeeds may have been Japan's are greater in the sight of the world in that she has clearly violated the Covenant of the League, the Nine-Power Treaty and the Pact of Paris.

It is, therefore, natural that China should want to use League to strengthen her position at home. The Chinese Government has acted with sensible moderation and the people, despite their hatred of Japan and repeated provocations, have not committed any excesses. Their disappointment at the League's lack of firmness in dealing with the situation is consequently all the keener and they resent suggestion of direct negotiations with Japan. They demand just and fair settlement consistent with China's dignity and this is impossible if Manchukuo, creature of Japanese militarism, is permitted to live and if flagrant instances of Japan's ruthlessness as at Chinchow, Shanghai and now at Shanhaikwan are to be condoned. The atmosphere of suspense has undoubtedly caused a rising warlike temper in China and the people will no longer wait with folded arms for the impending invasion of Jehol or of China proper. The National Government is not wholly out of touch with popular opinion especially in matters of foreign policy and the leaders have been encouraged to make such military resistance as they can and they vaguely hope even to recover Manchuria by force. It is, therefore, likely that the whole controversy will become a trial of endurance between China and Japan which may last for years. The masses of the two peoples know surprisingly little of each other although the Japanese like to claim that they know China better than the Chinese themselves. So long as a state of strained relations exists it will be extremely difficult to find approaches which will bring these traditional enemies together even though they both realize that an understanding if not actual cooperation is essential for their welfare.

If the League fails in its attempt to reconcile conflicting policies and emotions it is extremely likely that China will turn to the United States for advice. It would be idle to pretend that the thought of

possible hostilities between Japan and the United States has not occurred to the Chinese Government as a logical consequence of our policy to uphold the Paris Pact and the open door and to outlaw the fruits of armed aggression. Our traditional attitude of friendly helpfulness toward China and our important interests in the Far East have led China to hope that we will insist upon a strict construction of our so-called nonrecognition policy and the principle of consultation. While responsible leaders do not of course count on a rupture of relations between the United States and Japan there is evidence of a hope that in the event of a Sino-Japanese war American commitments as regards the territorial integrity of China would virtually oblige us to bring at least moral pressure to bear upon Japan and perhaps to take the lead in calling a conference to find a *modus vivendi* and to create machinery to deal with the practical difficulties. The United States has given the world to understand that it considers a breach of the peace the common concern of all nations and that public opinion must be the most powerful of all sanctions behind all international intercourse. There is, therefore, an indication of a feeling on the part of some Chinese leaders that we can hardly remain indifferent when not only China's regeneration but the whole future stability of the world is at stake.

By mail to Tokyo.

JOHNSON

793.94/5874 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 13, 1933—7 p. m.
[Received February 13—5:28 p. m.]

105. Following is résumé of report Sweetser has given me in confidence of the meeting of the Committee of Nineteen this morning.

Drummond reported that he had carried out on Thursday⁸⁸ afternoon the instructions given him by the Committee that morning to make verbal representations to Matsuoka regarding Jehol.

Drummond stated that the Committee felt that if military operations on any large scale took place this would completely frustrate any hope of conciliation. Matsuoka requested that the Committee bear in mind the special situation of Jehol. Manchukuo claims Jehol as part of its territory and the Governor of Jehol has fully associated himself with the Manchukuo. Similarly, Japan had a treaty with Manchukuo obligating her to help defend that state's independence and integrity. The Chinese had many troops in Jehol and had

⁸⁸ February 9,

recently moved in many more so that there were now between 100,000 and 150,000 there. The Manchukuo authorities felt that these troops constituted a danger to them and that they must take defensive action. Japan in turn was obligated to support this action. Of course, if China were to withdraw the troops the difficulty would cease to exist.

Drummond replied that if China withdrew her troops she would feel she was withdrawing troops from her own territory and indirectly be recognizing that Jehol did not belong to her. Matsuoka agreed that this was true but said that as these troops would eventually be driven out anyway they had better go peacefully. At the same time it seemed to him that Jehol was an entirely separate question and had nothing to do with the problem of conciliation. In the circumstances he was not able to give any assurances as to the future.

The Committee then read and approved page by page, subject to certain minor changes, the first three sections of the report to be adopted under paragraph 4. Tomorrow, Tuesday, it will finally approve the amendments suggested today which are more of drafting and of emphasis than of substance and will begin examination of the recommendations. It is hoped that the full report, including the recommendations, will have been completed by tomorrow noon or at the latest Wednesday and that the convocation of the Assembly can be immediately issued and the report sent to the printer and distributed in final form to all states by Thursday or Friday. This would allow time for study of the report before the Assembly meets either Saturday or early next week.

Following is authoritative text of final paragraph preceding recommendations in the report (see my 103, February 12, 1 p. m., part 3, paragraph 2) :

“In order to facilitate as much as possible the establishment in the Far East of a situation in conformity with the conclusions of the present report the Secretary General is charged with communicating a copy of this report to states nonmembers of the League signatories of the Pact of Paris or the Treaty of Washington, expressing to them the hope of the Assembly to see them disposed to associate themselves with the views expressed in the report and, if occasion warrants, to concert their action and attitude toward the development of events in the Far East with members of the League.”

I am reliably informed that the report will be some 45 pages long. We shall make every effort to mail it to you in confidence via *Bremen* sailing February 17 if report has been agreed to by Committee of Nineteen by that time as the present “time table” would seem to indicate as likely.

WILSON

793.94 Commission/790 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 13, 1933—8 p. m.

[Received February 13—4:50 p. m.]

106. Reference last paragraph my 101, February 9, 8 p. m. For the Department's strictly confidential information the following is text of Drummond's letter to Matsuoka.

"Your Excellency. The Committee of Nineteen considered most carefully the new proposals which Your Excellency submitted to it yesterday. The Committee desired me to express to Your Excellency its sincere appreciation of the efforts made by the Japanese Government to meet the Committee's views.

There is, however, one essential point on which the Committee desires further information. The Japanese Government declares its willingness to accept as the basis of conciliation the principles and conclusions set out in chapter 9 of the report of the Commission of Inquiry. Principle 7 of that report is as follows (quotation omitted).

The Committee therefore assumes that as by the acceptance of this principle the Japanese Government recognizes that the continuance of the existence of the Manchukuo which it has recognized as an independent state cannot afford a solution of the present dispute, it agrees that when the Committee of Conciliation meets its task will be to find a solution which, while being neither the continuance of the Manchukuo nor the return to the previously existing state of affairs, will secure, consistently with the sovereignty and administrative integrity of China, good order in Manchuria and the proper protection of Japanese rights and legitimate interests in Manchuria.

The Committee would be grateful if Your Excellency would inform it at the earliest possible moment if it has correctly interpreted the attitude of the Japanese Government in this vital question.

I have the honor to be, et cetera".

WILSON

893.01 Manchuria/851

*The Consul General at Mukden (Myers) to the Minister in China (Johnson)*⁸⁹

No. 723

MUKDEN, February 13, 1933.

SIR: I have the honor to refer to my despatch No. 707 of December 15, 1932,⁹⁰ relative to the so-called "Fushun Massacre", and to submit the following additional information, which, it is believed, constitutes the most credible account yet obtained of the incident.

A reliable American business man, well-known to the Consulate

⁸⁹ Copy transmitted to the Department by the Consul General at Mukden in his unnumbered despatch of February 14; received March 13.

⁹⁰ *Foreign Relations*, 1932, vol. iv, p. 435.

General, who is in charge of the Manchurian sales operations of a large American concern, reports that shortly after the date of the "Fushun Massacre", he took occasion to ask a Japanese assistant why the firm's business at three villages near Fushun had apparently collapsed. His question was received in an amused manner by the assistant and other Japanese present, who explained that the villages had been destroyed by Japanese troops. Further questioning elicited the following information, which was told with freedom approaching enthusiasm, without the slightest indication that the tellers were concealing or desired to conceal any part of the pertinent facts.

A group of bandits laid plans to sabotage the Fushun Collieries. They conceived the scheme of facilitating the attainment of their design by having some of their number borrow miners' identification tags, with which all Fushun miners are provided, thus obtain entrance to the collieries, overcome the guards and let in their comrades. This scheme was successfully carried out. The Japanese Military, however, later discovered the trick and found that the identification tags had been secured by the bandits from miners residing in three villages. The plea of these miners that the bandits had coerced them into giving over the tags was disregarded. Troops summoned out the entire populations of the three villages, totalling about three thousand persons, separated the men from the women and children, marched off the former, shot them to a man, burned the corpses, and destroyed the villages. In reply to inquiry, the Japanese informants stated that the total number of men shot was somewhere between 600 and 1000.

While the above information confirms the culpability of the Japanese military officer responsible for the drastic action taken, it also supports this office's previous conclusion that estimates of the victims in the neighborhood of three thousand were greatly exaggerated.

Respectfully yours,

M. S. MYERS

793.94 Commission/791 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 14, 1933—9 p. m.

[Received 10:10 p. m.]

107. My 106, February 13, 8 p. m. Following is text of Matsuoka's reply of February 14 to the letter of February 9 addressed to him by the Secretary General:

"I have the honor to acknowledge receipt of your note of the 9th instant regarding the proposed resolution and the draft declaration by the President under discussion in the Committee of Nineteen.

In reply I beg to state that the point you raise is one on which the Japanese Government have made repeated and unequivocal declara-

tion and on which I myself have taken pains to make full explanations to you, to the President of the Committee of Nineteen and to the Council and the Assembly of the League of Nations not only verbally but also in writing.

In my explanations I laid emphasis on the point that while the Japanese Government were not in a position to have their recognition of the independence of Manchukuo made a subject of contentious discussion they would nevertheless be able, I was and remain confident, to make the world understand the fairness and unassailable character of their position provided that ample time were given for the thorough explanation of this and other relevant points. I understood from you that the members of the Committee of Nineteen had been fully apprised of the tenor of our conversations and that there would be no misunderstanding on their part of the Japanese attitude in this matter.

I would further call your attention to the fact that the time when the Committee of Nineteen expressed their agreement to the deletion from the proposed resolution and draft declaration by the President of the portion relating to the invitation of the nonmember states while expressing the wish that the Japanese Government would see their way to accepting the rest, you and the President of the Committee of Nineteen made to me on the 18th January last a suggestion that the Japanese Government might make an *ex parte* declaration of reservation in elucidation of Japan's attitude in regard to the last paragraph of the draft declaration by the President.

I was then given to understand that the Committee of Nineteen would not object to Japan's taking such a course. The suggestion, I am confident, would never have been made if the Committee of Nineteen had not acquired a clear conception of Japan's position as regards the question raised by your note under acknowledgment. But it was not only made but was actually confirmed by the official communiqué of the 14th February.⁹¹

The Japanese Government have no objection to inclusion in the draft resolution and declaration of the principles of chapter 9 of the report of the Commission of Inquiry, on the understanding that they will be applied with due regard to the actual development of events, and with like regard to the principle that the very nature of conciliation involves an impartial abstention from prejudgment of the issues.

In taking this conciliatory stand the Japanese Government have naturally been acting on the assumption that the Committee of Nineteen were fully aware of their attitude in the matter, namely, that the Japanese Government are convinced that the maintenance and recognition of the independence of Manchoukuo are the only guarantees of peace in the Far East and that the whole question will eventually be solved between Japan and China on that basis. They have also entertained throughout a just expectation that the Committee of Conciliation would give ample time to have these and other points fully explained, and that they could finally convince every impartial mind of the justice and moral strength of their position.

I trust that from the above the standpoint of Japan as regards the subject of your inquiry has been made clear and I may add that the Japanese delegation also sincerely appreciate the efforts which you and the Committee of Nineteen are exerting in the matter".

⁹¹ See *infra*.

Following is a further communication to Matsuoka by the Secretary General under date of February 14 in rejoinder to letter above quoted :

"The Committee of Nineteen desire me to acknowledge the receipt of your letter of the 14th February.

The Committee is grateful for the statements contained in that letter, which indicate the attitude of your Government as to Manchukuo.

Your communication makes it clear that the Japanese delegation, in accepting as a basis for the settlement of the dispute the 10 principles and conclusions set out in the 9th chapter of the report of the Commission of Inquiry, intended that the additional words proposed by the delegation 'applying such principles and conclusions to the events which have developed,' should modify the scope of the 7th principle. The Committee understands that, if a committee of conciliation had been constituted, the Japanese representative at such a committee would not, in fact, have been prepared to accept, as part of the basis of its work, that, as stated in the report of the Committee of Inquiry, the maintenance and recognition of the existing regime would not afford a satisfactory solution of the Manchuria problem. This being so, the Committee, to its deep regret, feels bound to hold that the Japanese proposals put forward on the 8th February do not afford an acceptable basis for conciliation. The Committee has given full consideration to the various points raised in your letter, but in the circumstances it does not feel that to enter into a discussion of them could lead to any fruitful result. The Committee is of course willing to examine with the greatest care, up to the date of the final meeting of the Assembly, any further proposals which your Government may wish to make, but the Committee feels sure that Your Excellency will realize that any aggravation of the existing situation must render more difficult, if not indeed frustrate, fresh efforts at conciliation."

The two letters and Sir Eric's communication to Matsuoka of February 9 have been made public.

WILSON

793.94 Commission/792 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 14, 1933—10 p. m.

[Received February 14—7:43 p. m.]

108. My 105, February 13, 7 p. m. The Committee of Nineteen met this afternoon and issued the following communiqué :

"It first considered the reply of Mr. Matsuoka, head of the Japanese delegation to its letter of February 9 and agreed upon an answer to be made by the Secretary General on its behalf (text already distributed to the press).

The Committee thereupon, after reading and approving the draft amendments suggested yesterday adopted the first three sections of

the report which in the event of the failure of conciliation would be recommended to the Assembly under paragraph 4 of article 15.

It then proceeded to a first reading of the fourth section of the report embodying the recommendations which with certain drafting changes it also approved.

The Committee decided to convoke the Assembly for Tuesday ⁹² next. The full texts of the report will be distributed to all states members of the League as soon as printed, probably at the end of the week, and will at the same time be transmitted by wireless telegraph from the League station to all government stations." ⁹³

Following is a résumé of a brief report on the meeting furnished me confidentially by Sweetser.

The report, including the recommendations submitted by the drafting committee of nine, was adopted with only minor drafting changes with the single exception that the states which would be invited to form part of the negotiation committee would consist of the signatories of the Nine-Power Treaty plus members of the Committee of Nineteen desiring to participate plus the special invitation previously foreseen for the United States and Russia.

The Secretary General hopes to have the report printed on Friday for distribution to the delegations on Saturday. As in the case of all League documents distributed to all states members it will automatically go to the press at the moment of this distribution.

Regarding the transmission by wireless telegraph there will be two emissions, one eastward, and one westward. The time of these emissions will shortly be announced by a special service message. It will aim to suit the convenience of stations desiring to receive. One of the principal reasons for this wireless transmission is to decrease justification of any plea for delay based on the fact that the full text was not available in either Tokyo or Nanking.

As foreseen at present the Assembly would open with an introductory speech by the President after which a period of 3 days would elapse before the detailed discussion would begin. This would give delegates full time to consider the report in all its implications. The actual debate would thus begin on Friday or Saturday and probably be terminated quickly unless some new suggestions were put forward by the Japanese.

Sweetser added that an effort would be made to furnish us with an advance proof copy of the report which will be mailed to you at once.

WILSON

⁹² February 21.

⁹³ This took place on February 17.

793.94/5903

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁹⁴

NANKING, February 14, 1933.

Peiping reports gave a detailed account of a fierce battle fought between the Chinese and the Japanese at Kailu on February 6. The Chinese troops under Li Fang-ting bore the brunt of the Japanese attack, resulting in heavy casualties on his side. The Japanese at first succeeded in pushing Li's forces back for some fifty or sixty li but, reinforced by Chieh Kuo-chum and Kuo Erh-chia and the Fifth and the Eighth Divisions, Li's forces were finally able to force the Japanese to retreat on February 9. The forces under Kuo, in co-operation with the Fifth and the Eighth Divisions, pressed on until the Japanese were compelled to evacuate their occupied territory in the morning of February 10. In the afternoon of February 10, the Japanese launched a counter-attack with more than three hundred soldiers and seven armored cars armed with machine-guns but were severely repulsed by the Chinese.

793.94/5982

Memorandum by the Under Secretary of State (Castle)

[WASHINGTON,] February 15, 1933.

The Japanese Ambassador said that he had nothing particular to say, that he just wanted to talk over the situation and ask some very indiscreet questions. I told him that I should have to use my own judgment as to whether I should answer his indiscreet questions.

He brought up first the question of the fleet in the Pacific and said that he had nothing further to say on that subject except that he was sorry to see that the fleet was remaining for another year in the Pacific. I reminded him that the Navy Department had said that this was done for purposes of economy, that this was a very real matter. He said that presumably, also, the Navy felt it was just as well to have the fleet in a disturbed area. I told him that the Navy naturally looked at all sides of a question and that if it felt the Pacific was the best place to have the fleet, it would certainly keep it there.

The Ambassador then went on to say that since the Shanhaikwan incident the League, particularly Great Britain, had taken a much more definite stand against Japan than it had taken before. I said this was quite true and reminded him that I had told him at the time that this act of Japan would inevitably worry the British, but that it seemed to me that the British attitude at the present time

⁹⁴ Translation of telegram transmitted to the Department by the Chinese Legation on February 14.

was based on the treaties which Japan had overridden. He said that he thought the small nations in the League were going altogether too far in their condemnation of Japan and that it was really absurd to make any demands now that the Japanese troops be withdrawn to the railway zone. I reminded the Ambassador that it was hardly fair to say that the present attitude of the League was merely the attitude of the small nations inasmuch as Great Britain and the others were presenting a united front.

The conversation then turned to some of the stories which were being published, for example, that Great Britain had offered us the use of the Singapore base. I told the Ambassador that if the Japanese military people ran wild and brought on war, it stood to reason that the British would give all the facilities at Singapore or anywhere else to the nations which were on the British side. He also spoke of the foolish story that this country had advanced a large sum of money on the security of the Chinese treasury. I told him that stories of this sort were not anywhere nearly as mischievous as stories being continually given out by the spokesman of the Japanese Foreign Office for the purpose of raising anti-American feeling in Japan. I cited Shiratori's⁹⁵ statement that large numbers of American officers were going to China to train the Chinese to fight against the Japanese, which stories the Ambassador knew were false and particularly his last story that there was a secret understanding and alliance between Russia, China and the United States. The Ambassador said that he thought that Shiratori's outbursts were a great trial to Count Uchida and that he has never been able to understand why Shiratori was allowed to remain in the position he holds.

The Ambassador spoke of the probable advance on Jehol. He tried to defend this on the ground that Jehol had been incorporated into Manchuria by Chang-tso-lin⁹⁶ and that the puppet state of Manchukuo (he used the word puppet himself) naturally would include all that had formerly been called Manchuria. He said he thought it was probably true that the Japanese military would order Chang Hsueh Liang⁹⁷ to remove his troops from Jehol, in order to prevent fighting, that it was a peaceful move. I answered that the world would not consider it as a peaceful move, that if he was quoting history we could come down to very much more recent history by

⁹⁵ Toshio Shiratori, director, Bureau of Information and Intelligence, Japanese Foreign Office.

⁹⁶ Former ruler of the Three Eastern Provinces; mortally wounded in train explosion June 1928.

⁹⁷ Acting Chairman, Peiping branch, National Military Council; member Kuomintang Central Supervisory Committee.

quoting the affirmation of Japan that Manchuria was Chinese territory, that if Manchuria was Chinese territory it was obvious that one part of it was also Chinese territory. The Ambassador admitted that history was a dangerous argument. He said that people took the Jehol situation altogether too seriously, that it was a great plain, very sparsely inhabited and that the only purpose of taking it over from the Chinese was to prevent the revenue going to Chang Hsueh Liang to support his armies. I told him that if it was, as he said, a sparsely settled country, I saw no reason why Japan should be willing to incur the enmity of the whole world by attacking.

The Ambassador reminded me that I had said I did not see any immediate danger of an attack on Peiping. I told him that that statement remained true, but that it might not be true in the future if the Japanese were in control of Jehol and, therefore, only a few miles distant from Peiping. The Ambassador said that if he were defining Japanese policy he would make it very clear to the world that the Japanese would never interfere with China, taking the ground that in the north it ended at the Great Wall. I told him that, although that might be his policy, it, nevertheless, remained true that if at some future time the Japanese military got the idea that Chang Hsueh Liang was concentrating too many troops in Peiping they might consider an attack on Peiping necessary for the usual "self-protection." The Ambassador admitted this was a danger. He said, however, he felt it was impossible to turn back the hands of the clock, that the vast population of Manchuria was ignorant and wanted only peace and a chance to work, that Manchuria had great resources, that Manchurian money was already at premium on account of the balance of trade and that if Japan could be let alone he felt that, with Japanese assistance, Manchukuo would become in ten years a model state, prosperous and hard working. He said that people claimed that the Japanese would close the door into Manchuria, that even if there were not cooperation with other nations, it will still be useful to the United States because the raw materials for goods sold by Japan in Manchuria all come from this country. He ended by saying that he hoped ten years from now we could compare notes as to what had happened. I told him that I hoped we could, but that I was afraid he was an optimist.

W. R. CASTLE, JR.

793.94/5898

Memorandum by the Secretary of State of a Conversation With the Danish Minister (Wadsted)

[WASHINGTON,] February 16, 1933.

The Minister of Denmark expressed his congratulations at Mr. Roosevelt's escape and his horror at the crime which was committed.⁹⁸ I thanked him for it. He said he spoke without any message from his Government and on his own initiative. He then asked what news I had in regard to the Far Eastern situation. I told him I had none except what he presumably had seen himself in the newspapers. He made some remark about the nonrecognition policy being the center of the controversy. I took occasion to explain carefully what our position was in regard to that, emphasizing it was a policy designed to express moral disapproval by public opinion and not to involve an act of force, and he, himself, said that it seemed to have been found very welcome among the other nations who were a little afraid of the military and force provisions of the Covenant of the League. He spoke also of mandated islands. I told him that I had made no representation about those; that they were a matter which would not come up unless Japan resigned from the League and then it would seem to be a disputed question between the League and Japan as to whether the mandate continued, and that I had not entered into this question.

H[ENRY] L. S[TIMSON]

793.94/5895 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, February 17, 1933—noon.
[Received February 17—5:05 a. m.]

157. According to report obtained by the American Military Attaché's office from Japanese sources two Japanese divisions will probably start drive on Jehol about February 21st in order to reach Chengteh before March 1st, the anniversary of establishment of Manchukuo. As terrain is difficult for infantry, bombing planes are to be extensively used and if progress through Jehol proves very slow Japanese may occupy parts of North China south of the Wall. In any event reconnaissance flights will probably be made over Peiping

⁹⁸ Reference is to the attempted assassination of President-elect Franklin D. Roosevelt and the killing of Mayor Cermak (of Chicago) at Miami, Fla., on February 15, 1933.

by planes from Chinchow or from airplane carrier off Taku. Such planes may bomb the two flying fields near Peiping in order to cause a panic in the city which might force Chang Hsueh-liang to resign. It is not intended to bomb the city itself unless planes are fired upon by Chinese troops.

By mail to Tokyo.

JOHNSON

793.94 Commission/805 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 17, 1933—3 p. m.
[Received February 17—6:07 a. m.]

41. In informal conversation with a member of my staff the Vice Minister for Foreign Affairs last evening stated that Japan would make no further gestures at Geneva and added "we are now awaiting sentence". Asked what it was proposed to do, he stated that Matsuoka would remain for the Assembly meeting and would vote against the adoption of the report of the Committee of Nineteen. If the report as now drafted is adopted Arita⁹⁹ said that the Japanese will withdraw their delegation and await developments. He said that the question of withdrawal from the League of Nations is not immediately before the Foreign Office. This question would have to be considered by the Cabinet and referred to the Emperor for consideration by the Privy Council. Before anything could be done about it so many steps would have to be taken and so many people consulted that he felt that the Foreign Office could not express an opinion at the present moment.

Opinion in Japan regarding the advisability of withdrawal from the League is divided, the chauvinists and active militarists being in favor of immediate withdrawal if the Assembly adopts a report adverse to Japan, while the moderate elements favor withdrawal only after careful deliberation, if at all, and are steadily working to prevent precipitate action. The newspapers report conferences between Shidehara, Makino and Prince Saionji¹ and assume that the former are working against withdrawal. I am reliably informed that these reports are correct. To Peiping by mail.

GREW

⁹⁹ Hachiro Arita, Japanese Vice Minister for Foreign Affairs.

¹ All members of the House of Peers.

793.94/5896 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 18, 1933—10 a. m.

[Received February 18—4:40 a. m.]

160. Following from American Consul at Nanking:

“February 17, 11 a. m. I have been reliably informed that on the evening of February 16 some Japanese official called at the Foreign Office and inquired whether it was true that China intended to withdraw the Chinese Minister to Japan. Vice Minister Hsu Mo replied that this would depend upon the actions of Japan. (I asked Lo same question last night and he gave me the same answer.) Vice Minister is reported to have asked the Japanese official whether Japan was going to invade Jehol to which the reply was that this appeared to be the orders from Tokyo. Asked whether Japanese would take action inside the Wall the Japanese official replied this would depend on needs of military strategy.”

JOHNSON

793.94 Commission/832

Memorandum by the Secretary of State

[WASHINGTON,] February 18, 1933.

Mr. Osborne, the British Chargé, called at my request.² I told him that I had heard of his conference with Mr. Castle yesterday, and that the matter was so important that I wanted to hear it direct from him. He told me that he had received a message asking him to inquire of us (1) whether we would continue our cooperation with the League in regard to the Sino-Japanese matter and (2) whether we would make a public statement of approval of the proposed report made public yesterday by the Committee of Nineteen, for action by the Assembly, at once and before the Assembly acted. I told him that so far as cooperation with the League was concerned, our policy remained unchanged; that it was the same as had been announced publicly in October, 1931,³ namely, that in this matter we would continue to cooperate with the League, using our independent judgment on each matter as it arose and acting in general through the diplomatic channels; that in this respect the policy of this Administration was quite unchanged and I had no reason to believe that there would be any change by the new Administration.

But as for making a public statement before the Assembly acted, I thought it would be most highly unwise both from our standpoint

² At Mr. Stimson's residence, "Woodley", at 10 a. m.

³ See telegram No. 73, October 9, 1931, 6 p. m., to the Consul at Geneva, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 17.

and from the standpoint of the nations in the League, as well as from the standpoint of the common objective which we are all seeking to attain. I said that if we should do so, it would inevitably be seized upon by Japan as evidence that the United States was behind the whole movement of the Assembly and was now seeking to impose its will upon the Assembly in the adoption of this report. Furthermore, such action could hardly fail to arouse resentment on the part of some of the nations in the League itself as an unwarranted interference with League action by an outsider.

Mr. Osborne replied that he completely agreed with me on this last point, and that he had been unable to understand the putting of the question and still thought that it might be some mistake in transmission. He said that he, himself, could see how for us to do so might completely destroy the effect of the moral judgment of the League. I asked him whether Sir John Simon was in London and whether the message came from him and he said that it did.

H[ENRY] L. S[TIMSON]

793.94 Advisory Committee/39

Memorandum by the Secretary of State of a Conversation With the Canadian Minister (Herridge)

[WASHINGTON,] February 18, 1933.

At 5:30 the Canadian Minister called upon me at Woodley at his request. He began by saying that his Government had been asked whether they would accept an invitation to go on the committee which is proposed to be created by the Assembly of the League to negotiate a settlement between China and Japan. He told me that they were immensely interested in the situation by reason of their being one of the Pacific powers, but he said that they would be very much disinclined to go on such a committee unless the United States also went on. I pointed out to him that evidently an invitation was going to be extended to us; that, however, it would not be done unless China and Japan accepted the report, and that that at present looked unlikely. I told him that if they did, although I could not speak for the coming administration, I thought that our Government ought to consider it with an open mind and with a desire to help out, always assuming that both China and Japan wanted our help. He then said that his Government would answer that they would be inclined to consider it favorably in case it should be tendered under the circumstances mentioned.

H[ENRY] L. S[TIMSON]

893.01 Manchuria/828 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 19, 1933—10 a. m.

[Received February 19—3:18 a. m.]

164. Manchukuo authorities at Changchun yesterday announced decision to relieve General Tang Yu-lin of governership of Jehol and to appoint General Chang Hai-peng, principal aide to Chief Executive Pu Yi, as Acting Governor.

JOHNSON

793.94 Commission/811 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 19, 1933—11 a. m.

[Received February 19—3:18 a. m.]

165. Reuter from Jehol 18th:

"This city is *en fête* today with arrival of Marshal Chang Hsueh-liang, T. V. Soong and Marshal Chang Tso-hsiang⁴ by car from Peiping. Great mass meeting was held today attended by provincial leaders and military officers who traveled from distant places to meet government leaders. T. V. Soong made an inspiring speech which evoked great enthusiasm.

Soong said:

'As I proceeded along the highway of the Province I saw posters which said, "Long Live International Justice." The League of Nations representing world conception of justice will not fail us. Committee of Nineteen after long and painful hesitation to offend another member of the League has completely and finally vindicated our cause. Our cause has therefore become the world's cause. For us too have died the ten millions in the Great War who gave their lives to make a better world. Reckless and ambitious as is Japanese military it cannot believe that one nation can defy the awakened conscience of the world. We can safely rest assured that eventually victory will be ours. But we must steel ourselves to temporary disappointments and adversities. Japan is going to launch a last attack on us. The unspeakable cruelties and nameless horrors she inflicted to our brothers in the Northeast, in Shanghai and recently at Shanhaikwan are to be visited on us again. You must now color that map with your own heart's blood to show the world that Jehol like the Three Eastern Provinces is Chinese territory. On behalf of the Central Government I pledge to you that we will never give up the Northeast. We will never give up Jehol. The enemy may blockade our ports; they may capture Nanking, but there will be no one there to sign terms of surrender.'

Chang Hsueh-liang, Soong and Chang Tso-hsiang are here to complete Chinese plans for defence of the Province and they expect to return to Peiping later today."

JOHNSON

⁴ Uncle of Marshal Chang Hsueh-liang.

793.94/5909 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 21, 1933—10 a. m.

[Received February 21—2:35 a. m.]

170. Following from Consul General at Mukden :

“February 20, 2 p. m. All indications are that major operations in Jehol will begin this week and probably will be preceded by a demand to Chang Hsueh-liang to withdraw his forces therefrom and by formal invitation to Tang Yu-lin to acknowledge his allegiance to Manchukuo. Military admit that more than 2 Japanese divisions supported by special units, all available aeroplanes and 31,000 Manchukuo troops in which there are many Japanese, will comprise the attacking force. The figure for Japanese divisions is believed to be low. Indications are that detachment from Kailu will advance south before the major drive is started in southern Jehol. Very little opposition is expected in the Northeast. Japanese military are eager to surround and inflict a severe defeat on Chang's regulars. Part of the Kwantung Army headquarters under General Koiso⁵ will be moved to Mukden or Chinchow.

Japanese military assert that developments at Geneva will not affect their plans. Indications that the Peiping-Tientsin district may become involved are increasing.

Insurgents have become active in the Tungpian area.”

JOHNSON

793.94 Commission/822 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 21, 1933—5 p. m.

[Received February 21—1:30 p. m.]

54. In conformity with forecasts in previous telegrams the procedure in the special Assembly which met this afternoon was confined to a speech by Hymans in which, after a detailed résumé of the Sino-Japanese case before the League, he treated the important question of the “end of conciliation” in the following terms:

“The procedure of conciliation is of course not yet closed. It cannot be formally closed until the adoption by the Assembly of the report provided for in article 15, paragraph 4, of the Covenant. I hesitate, however, to make a new appeal with a view to the conciliation for it would be necessary not only that fresh proposals which the Assembly could accept should be made to it but also that it should receive the assurance that the existing situation would not be aggravated and that fresh military operations would not be undertaken.”

⁵ Kuniaki Koiso, Japanese Chief of Staff, Kwantung Army.

His proposal that the discussion of the draft report of the Committee of Nineteen should be begun by the Assembly on February 24 was adopted.

GILBERT

793.94/5912 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 21, 1933—6 p. m.
[Received February 21—8:25 a. m.]

44. The Vice Minister for Foreign Affairs in conversation today with a member of the Embassy stated that it had been the intention of the Japanese Army to start the offensive into Jehol on the 22nd or the 23rd of February but that there seemed to be some delay although he did not expect the delay to be more than 3 or 4 days. He said the Army expected to reduce the Province in about 2 weeks, but his own opinion was that it would be longer, probably about a month.

In this connection the Military Attaché reports that troops of the Ninth Division are in action against the Chinese One Hundred and Seventh Brigade and volunteers in the vicinity of Chaoyangsu, 60 kilometers north of Chinchow; the "Young Officers Union" is again very active, having circularized the Army and others, demanding withdrawal from the League. This action probably influenced the Cabinet's decision yesterday. Direct action against Shidehara, Makino and Admiral Suzuki is considered possible.

Repeated to Peiping.

GREW

793.94 Commission/830 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 21, 1933—6 p. m.
[Received February 21—3:10 p. m.]

118. Immediately after the meeting of the Assembly (see Gilbert's 54, February 21, 6 [5] p. m.) Sawada⁶ visited me and acting under instructions of Matsuoka handed me a copy of the "observations of the Japanese delegation on the draft report submitted to the Assembly by the Committee of Nineteen". Sawada explained that Matsuoka will take a similar line at the Assembly but that the "observations" are not a draft of Matsuoka's speech. The "observations" will be handed to the Secretariat tomorrow for circulation.

⁶ Setsuzo Sawada, Director, Japanese Bureau of League of Nations.

According to Sawada after the adoption of the resolution which he regards as inevitable the Japanese delegation will leave Geneva. This does not mean that Japan immediately leaves the League since Sawada explained certain constitutional procedure will be necessary within Japan before such a step is taken; also the Government have not reached final decision on this point.

He added that it has not yet been decided what the Japanese Government will do regarding its participation in the Disarmament Conference.

Matsuoka will proceed to the United States en route for Japan in the near future. Sawada who is chief of the Japanese League of Nations Office in Paris will return to Paris to await the decision by his Government as to whether Japan will definitely separate from the League or in what form its participation will continue.

See my 119, February 21, 6 [7?] p. m.⁷

WILSON

793.94 Commission/823 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 21, 1933—8 p. m.

[Received February 21—6:35 p. m.]

120. Following is a communiqué of the meeting of the Committee of Nineteen this afternoon:

"The Secretary General reported that, in conformity with the instructions of the Committee, he had asked various states whether they desired to take part in the Committee of Negotiations which would be constituted under the terms of the report of the Assembly. The following states have notified their acceptance of the invitation: Belgium, Czechoslovakia, France, Germany, Great Britain, Irish Free State, Italy, Netherlands, Portugal, Spain, Turkey.

The following states have not accepted: Colombia, Guatemala, Hungary, Mexico, Norway, Panama, Sweden, Switzerland.

The reply of Poland has not yet been received.

The Secretary General said that he was not sure whether the Committee had realized that the signatories to the Nine-Power Treaty included Canada, Australia, New Zealand, South Africa and India. He had felt it right to draw the attention of the Committee to the point before sending out letters of invitation to these members of the League to participate in the Committee of Negotiations.

The Committee of Nineteen was of opinion that such letters should be issued and instructed the Secretary General to do so.

The Committee examined certain points of procedure in connec-

⁷ Not printed; it summarized the Japanese observations; for text of the observations, see League of Nations, *Official Journal*, Special Supplement No. 112 (Geneva, 1933), pp. 85-87.

tion with Friday's⁸ Assembly and there was a short exchange of information as regards the situation in Jehol.

The Committee will meet again on Thursday afternoon before the Assembly session which has been fixed for Friday morning at 10:30."

WILSON

793.94 Commission/824 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 21, 1933—8 p. m.

[Received 9:30 p. m.]

121. My 120, February 21, 8 p. m. Following is résumé of report of meeting of Committee of Nineteen today given me confidentially by Sweetser.

Drummond drew the Committee's attention to the fact that Canada, Australia, New Zealand, South Africa and India were signatories of the Nine-Power Treaty and that as such several of these members of the League had expressed the view that they should receive letters of invitation to the Committee of Negotiation. He thought that while they were anxious to receive such invitations their purpose was very largely to preserve their position under the Nine-Power Treaty. If the Committee decided the invitations should be sent he was in a position to add that only Canada would actually accept as she had in any case intended to ask to be invited because of her great interests in the Pacific. Lester, Motta, Hymans and other members of the Committee agreed that the invitation should be sent.

Hymans then asked the Committee's views in anticipation of a very delicate session on Friday. He took it for granted that both the Chinese and Japanese would speak; indeed Matsuoka had just informed him that he wanted to do so. Hymans raised the question whether the various members of the Assembly should also speak.

Lange⁹ thought it would be far more dignified if they did not. The Assembly should sit in part as a tribunal. The President should be authorized to speak in its name. Except for the unexpected he thought all present should forego speaking. The other members of the Committee unanimously supported this view.

Beneš then raised the question as to the continuation of the League's work after the Assembly's vote. Should the Nineteen carry on or should there be special new arrangements? Hymans felt that this was a very delicate point which obviously required reflection and suggested that the members of the Committee discuss it informally

⁸ February 24.

⁹ Christian L. Lange, Norwegian delegate to League of Nations.

before a further meeting of the Committee of Nineteen which would be held on Thursday.

Madariaga stated that he had been informed that the Chinese intended to raise the question of Jehol on Friday and that it might perhaps be well for the Committee to have an interchange of views in the matter. Eden agreed expressing the hope that the Nineteen would meet sufficiently early on Thursday to allow it to discuss the two points raised by Beneš and Madariaga. Meeting was arranged.

Sweetser further states that subsequent private discussions developed some uncertainty as to the best method of continuing the League's relationship to this dispute after the adoption of the Assembly report. One view originally put forward by the groups of eight powers brought together by Beneš and Madariaga held that the best course would be for the Nineteen to continue its work with, of course, the invitation to the United States and Russia to associate themselves with it. The other view was that once the efforts for conciliation had failed it would be better to begin entirely anew with a committee of consultation which though created by the League would by its constitution mark the opening of a different phase of the dispute. With this committee equally the United States and Russia would be invited to associate themselves.

WILSON

793.94/5915 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 22, 1933—11 a. m.

[Received February 22—1:06 a. m.]

174. Following from American Consul General at Mukden.

"February 21, 4 p. m. Spokesman of military headquarters admits that Japanese troops have crossed Jehol border and are proceeding toward Peipiao.

Unconfirmed, but reliable, reports state what skirmishes have occurred in the direction of Kailu and Nanling on the Chinchow-Peipiao Railway, and that a large number of Japanese troops left Mukden for Shanhaikwan yesterday and today.

Many motor trucks, hundreds of carts and 2,000 coolies, according to reliable information, have been commandeered within the past few days and have left Mukden over the Fengshan."¹⁰

JOHNSON

¹⁰ Mukden-Shanhaikwan Railway.

793.94/5961

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*¹¹

NANKING, February 22, 1933.

(1) General Tang Yu-lin, Governor of Jehol Province, telegraphed to the Ministry of Foreign Affairs reporting severe fightings between the Chinese and the Japanese troops at Chaoyangssu, Nanlin and Kuopeiyingtse on February 21st. The Japanese, Governor Tang stated, were massing large numbers of troops in Chinchow and Ichow preparing for a large-scale attack upon Jehol. As Governor of Jehol charged with the duty of defending it against aggression, Governor Tang pledged that he would survive or perish with his Province.

(2) The Jehol National Defense Association in the Northeastern Provinces, formed by the Chinese population for the defense of Jehol, sent a telegram to all the public bodies and organizations throughout China stating in part as follows:

The Jehol of today is the Liaoning and Kirin of 1931; the North China of today is the Heilungkiang of last year. If we do not defend Jehol, North China and even the whole country will be endangered. We have but one plain duty before us, that is to summon all our citizens to sacrifice whatever they have in our supreme effort to maintain our territorial integrity. The National Government should pursue this course without the slightest hesitation. The soldiers at the front should be ready to make their supreme sacrifice for their country. Such is the will of the people and such a course the Government must pursue. The people should support their government to the fullest extent, even to reduce and limit our food and economize on all our living expenses, in order to give our government and army every support.

(3) The National Salvation and Defense Association in the Province of Chahar, amalgamated from various organizations for the same purposes in the Province, sent a telegram to all public bodies and organizations throughout China stating in part as follows:

The Japanese invaders, after invading and occupying our Northeast (the Three Eastern Provinces) and after taking Shanhaikwan, are now exhausting the military strength of the whole island Empire for the invasion of Jehol. This is indeed the nadir of aggressiveness and treachery. It is gratifying that our National Government has determined to defend against the invaders as evidenced by the gallantry of the forces in the battlefield, the grim determination of Governor Tang of Jehol, and the inspection tour of Acting Chairman T. V. Soong and Marshal Chang Hsiao liang¹² at the front. The

¹¹ Translations of three telegrams transmitted to the Department by the Chinese Legation on February 24.

¹² Chang Hsueh-liang.

time for national salvation is now here. The Province of Chahar, contiguous with Jehol, will flourish or perish in unison with it. Our patriotism impels us to do our best to support our nation's defenders and to relieve the sufferings of the war victims until victory is achieved.

793.94/5916 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 23, 1933—10 a.m.

[Received February 23—2:05 a.m.]

175. Reuter from Nanking, 22d.

“When interviewed regarding suggestion made abroad that there should be an arms embargo in regard to China and Japan, spokesman of the Foreign Office said it should be confined to Japan alone if it was imposed at all. He declared China was acting in self-defense while Japan was waging an aggressive war and to treat the two countries similarly in this matter would be not only unjust but tantamount to assistance [for] Japan who already was armed to the teeth.”

JOHNSON

894.00/467 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 23, 1933—1 p. m.

[Received February 23—7:42 a. m.]

45. In any estimate of the situation in the Far East the following elements should be given consideration.

1. By the decision of the Cabinet to secede from the League of Nations Japan has prepared to burn her most important bridge with the outside world. This step indicates the complete supremacy of the military and a fundamental defeat for the moderate elements in the country. Every important step by the League of Nations has been forestalled or succeeded by a *fait accompli* here in order to demonstrate Japan's independence of and disregard for Western interference with what she conceives to be her own vital interests. There is no bluff in her attitude. The military themselves, and the public through military propaganda, are fully prepared to fight rather than to surrender to moral or other pressure from the West. The moral obloquy of the rest of the world at present serves only to strengthen not to modify their determination. Any tendency on the part of the Government to compromise would almost certainly result in further assassinations if not in internal revolution.

2. In this national temper the following elements play their part:

(a) The desire of the military to maintain prestige and their determination to brook no interference whatever;

(b) The essential importance of saving face which permits no backward step;

(c) The carefully nurtured belief that Manchuria is the "life line" of Japan;

(d) Long strained exasperation with the former chaotic conditions in Manchuria and the failure of the Chinese to fulfill their treaty obligations;

(e) The total disregard by the military of future financial difficulties arising out of the huge expenses of the Manchurian campaign;

(f) The basic inability of the Japanese to comprehend the sanctity of contractual obligations when opposed to their own Far East interests.

3. With regard to the drive into Jehol, it is believed that special measures have been taken to avoid going south of the Great Wall even although this decision may render the campaign considerably most [*more?*] difficult and costly. Nevertheless, it would be unwise to disregard the possibility that unforeseen developments or incidents may in future lead to the taking of the Peiping-Tientsin line. If the League of Nations should apply active sanctions Japan's reply would very likely be to occupy North China. This, of course, would bring foreign interests into direct conflict with Japan and constitutes the greatest future potential danger.

4. Finally, it may be said that a large section of the public and the Army has been led by military propaganda to believe that eventual war between the United States and Japan or Russia and Japan or both is inevitable. The military and naval machines are in a state of high efficiency and are rapidly being strengthened. They possess complete self-confidence and arrogance. The Navy is becoming more bellicose. In the present temper of the Army and Navy and the public there is always the risk that any serious incident tending to inflame public opinion might lead Japan to radical steps without counting the cost thereof. In this respect conditions are still precisely as set forth in my 224, September 3, noon.¹³

5. The foregoing brief summary represents the opinion of all the principal members of my staff as well as of most of my diplomatic colleagues and other foreigners here.

6. Strict press bans are in force preventing the publication of any information concerning the present operations in Jehol so that the Embassy is in the dark concerning military developments.

Repeated to Peiping.

GREW

¹³ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 102.

793.94 Commission/842

Memorandum by the Secretary of State

[WASHINGTON,] February 23, 1933.

After discussing the debts, the British Ambassador spoke of the Far East. I expressed my gratification at what the European nations had done in Geneva, and he responded that he thought they had worked slowly but they had finally done a good job. As he expressed it, "The mills of the Gods had ground slowly but they had ground exceedingly small", and he added that he thought I had hothoused them a little into "more prompt action than they would have taken."

H[ENRY] L. S[TIMSON]

793.94/5959

*The Military Attaché in Japan (McIlroy) to the Adjutant General of the Army (Bridges)*¹⁴

[Tokyo, February 23, 1933.]

Number 268. Have reliable information that General Liu¹⁵ and 10,000 volunteers near Kailu have ceased opposition and pledged allegiance Manchukuo. Japan has begun such military preparations in Bonin and Mandate Islands as she deems it necessary, in the opinion of this office. On February 21st Peipiao was occupied by 31st Infantry 8th Division in face of slight resistance.

MCLROY

811.113/244

Memorandum by Mr. Joseph C. Green, of the Division of Western European Affairs, of a Conversation With the Chinese Minister (Sze)

[WASHINGTON,] February 23, 1933.

Dr. Sze called this afternoon to inquire in regard to the status of the arms embargo resolution now pending in Congress.¹⁶ He stated that press despatches published in China made it appear that any embargo in connection with the Manchurian situation, proclaimed in pursuance of the resolution now pending, would necessarily have to apply equally to Japan and China. The Foreign Office, he said, was disturbed by this report and had telegraphed him asking for full information.

¹⁴ Copy transmitted to the Department by the War Department.¹⁵ Gen. Liu Kuei-tang.¹⁶ See vol. I, section entitled "Efforts to Secure from Congress Authority for the President to Prohibit the Export of Arms and Munitions from the United States Under Certain Conditions."

Dr. Sze reviewed at length in chronological order the recent Presidential messages, action by Congressional committees and action by the Senate in regard to the extension of the power of the Executive in the matter of arms embargoes. He asked me to correct him if he was in error in his understanding of these developments and of the present situation. He had evidently made a careful study of the whole matter and it was not necessary for me to correct him in any particular.

Dr. Sze showed special interest in the memorandum which the Secretary left with the Foreign Affairs Committee of the House on February 8, 1933.¹⁷ He evidently assumed that the difficulties in Manchuria fell into the category of cases described in Paragraph Second (b), i.e., "a situation in which as a result of investigation and consultation on a large scale there was a clear definition agreed upon by all the cooperating powers that one side or the other was the aggressor". He quoted the text from memory almost verbatim. I made no comment on his assumption.

Dr. Sze stated before he left that he was about to send a telegram to his Foreign Office covering the points included in his statement to me.

J[OSEPH] C. G[REEN]

793.94 Commission/831 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 23, 1933—9 p. m.

[Received 11:40 p. m.¹⁸]

123. The Committee of Nineteen met this afternoon to consider the procedure for tomorrow's Assembly. Following is résumé of report given me confidentially by Sweetser.

Hymans reported a visit from Matsuoka who said that the Japanese declaration would be on the lines of their recent "observations" (see my 119, February 21, 7 p. m.¹⁹). Hymans, therefore, suggested to the Committee that as these had been widely distributed it would be well for him at the opening of the session to say that the Committee had given due consideration to all the points raised but that it had no change to suggest in its report.

Yen also had seen him this morning stating that the Chinese did not at this moment intend to speak of the actual vote on the report. In these circumstances Hymans would open the meeting with a short

¹⁷ See telegram No. 67, February 13, 6 p. m., to the American delegate to the Disarmament Conference, vol. I, section entitled "The Conference for the Reduction and Limitation of Armaments."

¹⁸ Telegram in two sections.

¹⁹ Not printed; see footnote 7, p. 191.

statement, Matsuoka would then make his statement and several other members of the Assembly—the representatives of Venezuela, Lithuania and Canada—would also make declarations.

These three had said they felt that as they had not sat on the Nineteen it was their duty to express their views but that all had promised to be brief. Hymans had pointed out to them that the Nineteen felt it would be more dignified if no one at all spoke as in this way also any differences of interpretation or proportion could be avoided. In short he had used every argument possible to keep them from speaking but unsuccessfully.

Hymans felt that after these declarations he as President of the Assembly should make a further short statement summarizing the views of the Nineteen. He would then put the report to the vote by roll call with all states present having the right to vote but with the votes of the parties concerned not counted.

After the vote Hymans would make a further declaration recalling the obligations under paragraph 6 of article 15 of the Covenant that states members of the League should not go to war with a party conforming to the report and also to article 12 that recourse to war should not take place within 3 months of the publication of the report. He would then make a short statement on the political consequences of the report pointing out that it was not an arbitral judgment but showed the Assembly's desire to cooperate with the parties for a solution. He would express regret that the offer appeared unreasonable to one of the parties, that that party was unable to accept it and that therefore it was isolating itself from the other nations. He would then express the hope that no irreparable action would be taken.

Hymans then raised the question in the Committee as to whether after the adoption of the report the Assembly would continue to be concerned with the affair or not and alternatively whether the Committee of Nineteen would continue.

Drummond explained that there were two contradictory schools of thought as to the further play of the Covenant in such circumstances and that there was good legal opinion on both sides even among his own advisers. One view held that the Covenant is in fact a single whole and that if its whole procedure has been pursued clear through article 15 it is thus exhausted and offers no further procedure of any sort. By this view, to adopt further action under the Covenant would be unnecessary. The second view, a much broader one, was that even if the League had exhausted the possibilities of article 15 it must still watch over the situation under paragraph 3 of article 3 of the Covenant which gives the League a general responsibility for the maintenance of world peace. Drummond himself felt that

the second interpretation was the far more reasonable one and therefore submitted a draft resolution based upon this view.

Hymans interpreted this draft resolution to mean that the Committee of Nineteen as now constituted will disappear and be replaced by a new committee with wide advisory functions. The United States and Russia would be invited to associate with that committee and the Assembly itself would remain in being subject to call. Drummond added that it did not seem the wisest political course to maintain the Nineteen as such. The Committee was indeed hoping for collaboration with the United States which he thought would be more difficult if the Nineteen with all its background and commitments was the agency of assisting. He had therefore foreseen a new committee which would include all the Nineteen plus Canada and Holland and which therefore in effect would be very much the same thing. Nevertheless he thought that if something new were created American cooperation would be facilitated.

Madariaga was surprised at this interpretation. He would not have thought that a mere change of name would have made any great difference. He felt it was desirable for other reasons to go on with the Nineteen.

Motta, while thinking it impossible to admit that the League had exhausted all its possibilities in the dispute, felt that the Assembly must continue in being and that if it did so the Nineteen should also continue. He was entirely favorable to considering the susceptibilities of nonmember states, but wondered if suggestions made were not pushing those susceptibilities too far. After all was there any reason to think that the United States would not cooperate with 19 members but would cooperate with 21? Hymans recalled the March 11 resolution creating the Committee of Nineteen and thought that under its terms the Committee had fulfilled its mandate in presenting its report.

Eden suggested that the committee which had been proposed under the recommendations for negotiations might be set up as the new committee with, of course, the cooperation of the United States and Russia. But Drummond thought that if this were done the Japanese would have a real grievance in that the new committee proposed would have entirely different functions from those foreseen for the Committee of Negotiations.

Massigli felt that the question was that of practicability. Namely, was it desirable or not to create a new committee rather than to continue an old one? In his view it was of great importance to have the cooperation of the United States. If the creation of a new committee would facilitate this he was strongly for it. In any event, however, mere fact of adding Holland and Canada to the 19 would already create a new committee.

Drummond also inclined to the view that the mandate of the Committee of Nineteen had been fulfilled. He would not say that the United States would refuse to participate in the discussions simply because they were held through the Committee of Nineteen but he thought that it might be easier for them with a new administration just coming into office, if there were also an entirely new committee over here.

Hymans felt hesitant about any kind of a committee, averring that it would be constantly called into session, but it did not seem to him possible to avoid it as there were certain to be cases and incidents where it would be impossible for the nations not to consult, as for instance the Chinese gave notice of intention to bring up Jehol in the Assembly.

Keller stressed the need of making the situation clear to world public opinion. He fully appreciated that the creation of a new committee would have had American cooperation and he felt it otherwise necessary because that committee would in effect have a new competence and different powers.

The Secretary General then suggested a re-drafting of the resolution he had put forward to allow for the creation of a new committee which would be composed, however, of the members of the Nineteen plus the United States and Russia, Canada and Holland. The Committee accepted this compromise and this draft resolution will be put forward tomorrow in that sense. Sweetser further states that the anticipation now is that the report will be voted before noon tomorrow; that the Chinese will bring forward the Jehol matter thereafter and that the Assembly will then adjourn until the afternoon in order to create this new committee and to refer the Jehol matter to it. In these circumstances the invitation to the United States which has already been drafted will be at once despatched with a request for as early a reply as possible.

WILSON

793.94/5962

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*²⁰

NANKING, February 23, 1933.

Mr. Uyemura, Secretary of the Japanese Legation, handed to Dr. Lo the following memorandum at five p. m. today:

“(1) The presence of troops under Chang Hsueh-liang and other anti-Manchukuo forces is incompatible not only with the sovereignty of Manchukuo but also with the restoration of peace and order in

²⁰ Copy of telegram transmitted to the Department by the Chinese Legation on February 24.

Jehol. The Manchukuo army is now putting into execution its plan to exterminate bandits and remnants of soldier-bandits in the Province of Jehol and the Japanese army is obligated to give assistance to it under the terms of the Protocol concluded between Japan and Manchukuo. Manchukuo government has repeatedly demanded Chang Hsueh-liang to withdraw his troops to regions inside of the Great Wall but these demands were unheeded. Should this campaign in Jehol lead to an armed conflict between the Japanese army in cooperation with the Manchukuo army and Chang Hsueh-liang's troops and other anti-Manchukuo forces, it will be entirely due to the presence of Chang Hsueh-liang's troops in Jehol and the responsibility shall therefore rest with China who has rejected the demands of Manchukuo.

"(2) The activities of the Japanese troops in Jehol whose aim is the purification of Jehol Province as stated above and who are in cooperation with Manchukuo forces have no other objective than to insure order and tranquility in that Province. In principle, they will remain within the territory of Manchukuo. But if Chang Hsueh-liang's troops and other anti-Manchukuo forces persist in taking positive action it will be difficult to guarantee that fighting will not spread to North China. If any situation should arise as a result thereof the responsibility shall rest entirely with China.

"(3) Manchukuo has always accorded generous treatment to anti-Manchukuo forces who surrender themselves. Should Tang Yu-lin and his troops as well as other anti-Manchukuo forces surrender to Manchukuo, they will be dealt with leniently in accordance with the policy hitherto followed."

793.94/5993

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*²¹

NANKING, February 23, 1933.

The following is the reply to the Japanese memorandum already despatched to the Japanese Legation:

"(1) Since September 18, 1931, Japan has effected the military occupation of the Three Eastern Provinces and has established therein a puppet regime. Japan is now again concentrating large forces and attacking Jehol which, like the Three Eastern Provinces, is an integral part of China's territory. The Chinese Government, in despatching troops to Jehol for the defence against external military aggression, is exercising its inherent sovereign right. That the Japanese Government should demand the withdrawal of Chinese forces from Jehol is manifestly to extend the sphere of such aggression and to further violate the territorial sovereignty of China. The Japanese Government should therefore be absolutely responsible for the invasion of Jehol. As for the puppet regime in the Three Eastern Provinces, it is a Japanese creation pure and simple—a fact which is known to the whole world. For all its illegal activities, Japan

²¹ Copy of telegram transmitted to the Department by the Chinese Legation on February 25.

should all the more bear the entire responsibility. Against the puppet regime in the Three Eastern Provinces and the so-called Japan-Manchukuo protocol,²² the Chinese Government has repeatedly lodged strong protests with the Japanese Government, declaring that the Chinese Government could never give them recognition. It is therefore unnecessary to enlarge on this subject.

"(2) That Japan should bear the full responsibility for the attack on Jehol has already been stated. The fact that Japan is not only bent upon attacking and seizing Jehol but also declares that her military operations may be extended to North China is sufficient to prove that her long cherished policy of aggression remains unchanged. Chinese troops, in resisting Japanese troops and other forces under Japanese direction or command in Jehol or in taking necessary defensive measures in any other part of Chinese territory, will be acting within their rights. If the Japanese military operations should spread to North China, Chinese troops will naturally exercise their right of self-defence in protection of Chinese territory. Full responsibility for any situation which may be thus brought about should be borne by Japan.

"(3) General Tang Yu-lin, Chairman of Jehol Province, is the high Provincial authority of the Chinese Government. Being in command of Chinese military forces in Jehol, he has the duty to defend that Province. The statement made by the Japanese Government concerning the Chairman of Jehol Province must be regarded as a deliberate affront. The Chinese Government hereby lodges its protest."

793.94/5920 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 24, 1933—11 a.m.

[Received February 24—12:25 a.m.]

178. Following from American Consul General Mukden :

"February 23, 5 p.m. Japanese military state that volunteer commander Liu Kuei-tang and approximately 18,000 of his men surrendered at Lupei near Tunghiao and joined the Manchukuo army. Commercial aeroplanes of the Manchukuo air service will be used for transporting army supplies to the front."

JOHNSON

793.94/5923 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 24, 1933—2 p.m.

[Received February 24—6:05 a.m.]

180. Following from American Military Attaché now at Chengteh, Jehol dated 23 :

"General Tang Yu-lin states Japanese troops, including infantry,

²² Signed at Changchun, September 15, 1932, *Foreign Relations, 1932*, vol. iv, p. 253.

artillery, tanks, armored trains, armored motor cars and aircraft launched an attack February 21 in the direction Peipiao-Chaoyang; that Japanese total concentration on Chinchow front about 40,000 including about 10,000 Manchukuo troops; that Japanese planes bombed Chaoyang and adjacent villages for last 3 days; that 2,000 of Lei's²³ troops formerly defending Peipiao were forced to withdraw to Chaoyang where Lei's troops now defending. He expects Japanese or Manchukuo troops to attack Kailu and from there sweeping westwards shortly. Manchukuo troops about half Japanese; no Japanese planes have appeared over Chengteh recently."

Please inform War Department.

JOHNSON

793.94 Commission/826 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, February 24, 1933—10 a.m.

75. Your 122, February 22, 7 p. m.²⁴ You may in your discretion tell Drummond in confidence that I am assuming that upon being informed of your receipt of such a letter and after examination by me of text, I shall be able to reply promptly and favorably and make his letter and my reply public.²⁵ Please obtain his authorization for my thus, in such event, making text of his letter public.²⁶

STIMSON

811.113/235

Memorandum by the Secretary of State

[WASHINGTON,] February 24, 1933.

The British Ambassador brought an inquiry from his Government about the possibilities of action in regard to an embargo on munitions. He said, as I remember it, that his Government regarded our common action with them in this respect as vital and wanted to know about it.²⁷

In the first place, I reminded him of my efforts to get the passage by Congress of legislation which would permit us to act in coopera-

²³ Possibly Li Fang-ting.

²⁴ Not printed.

²⁵ For texts of Drummond's letter and the Secretary's reply, see telegrams No. 125, February 24, 1933, 7 p. m., from the Minister in Switzerland, and No. 78, February 25, 6 p. m., to the Minister in Switzerland, *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 114 and 115.

²⁶ The Minister in Switzerland replied as follows: "Drummond much pleased and authorizes you to make public text of his letter" (793.94 Commission/836).

²⁷ The British Embassy made a further inquiry on March 27.

tion with the other producing nations in placing such an embargo and which would give authority to the President for that purpose. I told him that we had failed in obtaining passage of the legislation at this Congress and that the advice of the Chairmen of the two committees was that it had now no chance for passage until the next session.

In the second place, I reminded the Ambassador that as matters now stood, in case of war between Japan and China an attempt to lay an embargo upon both countries would not materially injure Japan and might injure China, although the Japanese fleet would probably institute a blockade anyhow, and that the beneficial result of such action would therefore probably be small for the present at least.

In the third place, I told him that the world was today delivering a most forceful moral judgment against Japan and my hunch was that the moral judgment might lose force if we attempted to couple it with ineffective material action. My own feeling, I said, was in favor of giving time for the moral judgment to have its effect even if we were in a position to follow it up with an embargo on arms, which we were not. I told him that we were about to send a message showing our concurrence on the basis of the facts in our hands with the judgment of the League just as soon as we had seen that judgment.

H[ENRY] L. S[TIMSON]

793.94 Commission/841 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 24, 1933—5 p. m.

[Received February 24—3:36 p. m.]

58. Consulate's No. 57, February 24, 2 p. m.²⁸ The following are the chief points in the consideration of the Sino-Japanese dispute in the meeting of the special assembly this morning.

1. President Hymans announced an addendum to the draft report as follows: Pertinent portion of paragraph [*part*] 4, section 2, paragraph B, subparagraph 3, now reads:

"The Assembly hereby invites the Governments of Germany, Belgium, Great Britain, Canada, Spain, France, Ireland, Italy, Netherlands, Portugal, Czechoslovakia and Turkey each to appoint a new committee [*a member of the committee*]."

²⁸ It reported: "Special Assembly has just adopted report in Sino-Japanese [dispute?] under article 15, paragraph 4" (793.94 Commission/835.) For text of the report, see League of Nations, *Official Journal*, Special Supp. No. 112, p. 56.

2. Hymans made an opening statement which included the following declaration on behalf of the Committee of Nineteen (Wilson's 119, February 21, 7 p. m.²⁹).

"All the considerations set forth by the Japanese delegation have been carefully weighed by the Committee of Nineteen during its discussions. The Committee does not desire to make any change in the draft report which it has submitted to the Assembly."

Hymans also announced that as the draft report represented the unanimous opinion of the delegates on the Committee of Nineteen these delegates had decided not to take part in the present discussion.

3. Yen discussed in detail the draft report stressing various elements but adducing nothing new. He concluded by declaring that acting under instructions from his Government "upon the adoption by the Assembly of the report the Chinese delegation will inform the Secretary General of the League that the Chinese Government accepts without reserve the recommendations which the report contains." He then stated: "For Japan as for China the only reservation is the one mentioned in the report. If, however, Japan should not accept but should reject the report and its recommendations the rights of China as a party complying under paragraph 6 of article No. 15 remain wholly unaffected."

4. Matsuoka declared that Japan could not accept the draft report.

Then in a forceful speech he appealed to the Assembly not to accept the draft report basing his contention on:

(1) The special historical and present situation in Manchuria was not sufficiently understood by the members of the Assembly for them to pronounce a competent opinion;

(2) The disorganized status of China rendered the recommendations inapplicable and their carrying out impossible, in particular that no mere technical assistance to China would suffice to restore order, that under present conditions no great nations would be willing to participate in a really effective international control and he questioned whether China would herself agree to an adequate international control.

5. The delegates of Venezuela, Canada and Lithuania, made short speeches which dwelt chiefly upon the obligation of League states to maintain the sanctity of treaties. The only striking statement was that of the Lithuanian representative who in conclusion expressed the hope that League action in this matter would be maintained and not suffer the fate of the Vilna affair.

* Not printed.

6. Hymans then read the paragraphs of article No. 15 pertinent to the taking of a vote on the report notably paragraphs 4, 5, 6, 7 and 10. The Assembly proceeded to a roll call vote with the following result:

- (1) Number of states voting 44;
- (2) number of states voting affirmatively (including all 12 Council members other than the parties to the dispute) and including China 42;
- (3) number of states voting negatively 1, Japan;
- (4) states present but abstaining 1, Siam;
- (5) states absent, 10, as follows: Bolivia, Chile, Cuba, Ethiopia, Iraq, Liberia, Nicaragua, Paraguay, Peru, Salvador.³⁰

Hymans then announced that under the applicable procedure the report was unanimously adopted by the Assembly.

7. Hymans pointed out the obligations of League members under article 12, paragraph 1, and article 15, paragraph 6.

He continued by stating that the recommendations of the report are not executory as an arbitral award is executory but that they remain as "an offer of collaboration for the settlement of the dispute."

8. Matsuoka made a "final declaration" in which he expressed the profound [regret] and disappointment of the Japanese delegation at the result of the Assembly's vote. He concluded in the following terms:

"The Japanese now find themselves compelled to conclude that Japan and the other members of the League entertain different views on the manner to achieve peace in the Far East and the Japanese Government are obliged to feel that they have now reached the limit of their endeavors to cooperate with the League of Nations in reference to the Sino-Japanese differences.

The Japanese Government will however make their utmost efforts for the establishment of peace in the Far East and for the maintenance and strengthening of good and cordial relations with other powers. I need hardly add that the Japanese Government persist in their desire to contribute to human welfare and will continue their policy of cooperating in all sincerity in the work dedicated to world peace."

9. No statement was made by the Japanese representative respecting Japan's future status vis-à-vis the League except as may be re-

³⁰ Corrected by telegram No. 63, February 27, 5 p. m., from the Consul at Geneva, as follows:

"States absent, 11. Add Dominican Republic. Number of states members of the League but who have not accredited a representative to the Special Assembly, 2, Argentina and Honduras.

"This will indicate the action of the total 57 members of the League." (793.04 Commission/855)

motely inferred from the foregoing citation. Immediately following the end of Matsuoka's declaration however the entire Japanese delegation left the Assembly room.

10. The Assembly adjourned until 5 p. m. this afternoon.

GILBERT

793.94 Commission/839 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 24, 1933—6 p. m.

[Received February 24—3 p. m.]

59. Supplementing my 58, February 24, 5 p. m.

1. The following addendum was also made to the draft report as follows:

Part 4, section 3, pertinent portion of final paragraph now reads:

“Who are signatories of or have acceded to the Pact of Paris or the Nine-Power Treaty.”

GILBERT

793.94 Advisory Committee/1 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, February 24, 1933—7 p. m.

[Received February 24—3:58 p. m.]

60. Consulate's 58, February 24, 5 p. m.

Paragraph “10”.

The following procedures occurred in the meeting of the Special Assembly this afternoon:

1. Koo spoke on the situation in Jehol stressing its extreme seriousness. He called on the Assembly for prompt action and pledged that the Covenant provided for sanctions to meet just such a situation as now prevails in the Far East.

2. A resolution was unanimously adopted of which the following is the complete text:

“Whereas, in virtue of article 3, paragraph 3 of the Covenant, the Assembly may deal at its meetings with any matter affecting the peace of the world, and therefore cannot regard with indifference the development of the Sino-Japanese dispute;

And whereas, according to part IV, section III, of the report adopted by the Assembly in virtue of article 15, paragraph 4, the members of the League ‘intend to abstain from taking any isolated action with regard to the situation in Manchuria and to continue to concert their action among themselves as well as with the interested states not members of the League’ and, ‘in order to facilitate as far

as possible the establishment in the Far East of a situation in conformity with the recommendations of the present report, the Secretary General is instructed to communicate a copy of this report to the states nonmembers of the League who are signatories of or have acceded to the Pact of Paris or of the Nine-Power Treaty informing them of the Assembly's hope that they will associate themselves with the views expressed in the report, and that they will if necessary concert their action and their attitude with the members of the League;'

The Assembly decides to appoint an advisory committee to follow the situation, to assist the Assembly in performing its duties under article 3, paragraph 3, and, with the same objects, to aid the members of the League in concerting their action and their attitude among themselves and with the nonmember states.

The Committee will consist of the members of the Committee of Nineteen and the representatives of Canada and the Netherlands.

The Committee will invite the Governments of the United States of America and the U.S.S.R. to cooperate in its work.

It shall report and make proposals to the Assembly whenever it thinks fit. It shall also communicate its reports to the Governments of the states nonmembers of the League which are cooperating in its work.

The Assembly shall remain in session and its President, after consulting the Committee, may convene it whenever he thinks fit."

GILBERT

894.00/463

President Hoover to the Secretary of State

WASHINGTON, February 24, 1933.

MY DEAR MR. SECRETARY: I have received, at your direction, the telegram from our Ambassador at Tokyo, of February 23rd.³¹ This raises a most serious question.

As you are aware, I have all along been inflexibly opposed to the imposition of any kind of sanctions except purely public opinion. The imposition of any kind of sanction, military or economic, would in the present state of mind of the Japanese people, provoke the spread of the conflagration already in progress and might even involve the United States.

As it is not our intention to ever engage in sanctions other than that of public opinion, it would seem to me that some occasion should be taken to make it clear. It would certainly relax the tension to some extent. It would in no way undermine the importance of public opinion in this controversy for under the nonrecognition doctrine that would be continuous and will ultimately be triumphant.

The whole doctrine of nonrecognition is not alone a method of

³¹ *Ante*, p. 195.

invoking world opinion but it is equally important in the phase that it avoids precipitant action and allows time to work out proper solutions. It occurs to me therefore that we should make it clear somehow. It would, I believe, relax a considerable amount of present tension.³²

Yours faithfully,

HERBERT HOOVER

793.94 Advisory Committee/4 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 25, 1933—5 p. m.
[Received February 25—12:50 p. m.]

129. The new committee created by the Assembly's resolution of February 24 met this morning. Sweetser informs us that communiqué which is transmitted herewith covers the discussion adequately.

"The Advisory Committee created by the Assembly yesterday for the purpose of following the Sino-Japanese dispute and of assisting the Assembly to perform its duties under article 3, paragraph 3, of the Covenant, met this morning under the presidency of Hymans.

The Committee decided in conformity with the Assembly resolution to invite the United States and Russia to cooperate in its work.

The Committee was also informed that the British Government had approached other interested Governments as to the shipments of arms to the Far East. The Committee requested that it be kept informed of developments which must be of great interest to its work.

Mr. Hymans who presided stated that he did so as president of the Assembly. The Committee decided as a result of certain views expressed by him to leave the question of the president in abeyance until the next meeting."

WILSON

793.94 Advisory Committee/5 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, February 26, 1933—11 p. m.
[Received February 26—8:25 p. m.]

131. I have delivered to Drummond the letter contained in your 78, February 25, 6 p. m.³³ He gave it immediate publicity.

As I read your reply to Drummond, we have neither "associated the Government of the United States" with the views expressed in the Assembly's report although we declare ourselves to be in sub-

³² The Secretary of State added the following penciled notation: "I talked with the Pres[ident] re this after Cabinet & he agreed with me that we should not do this at present. H. L. S."

³³ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 115.

stantial accord therewith nor have we stated that we would "concert our action and attitude if necessary". It has occurred to me that this may be because of a part of the Assembly's report which gives me some concern. Although you have doubtless considered it I venture to raise it again. It would appear from a reading of chapter 9 of the Lytton Report that the first 9 points or as the report describes "conditions of a satisfactory solution" are predicated on the carrying out of the 10th point. To reverse the phraseology the 10th point would appear to be a condition precedent to the other points and the keystone of the whole structure which these 10 principles would erect for the solution of the Sino-Japanese problem.

My apprehension is lest the governments who have voted for the report or who may "associate" themselves with the report or who may agree to "cooperate with the Advisory Committee" assume a certain obligation to engage in the internal reconstruction of China.

The invitation to "cooperate" with the Advisory Committee (transmitted in my 128, February 25, 4 p. m.)³⁴ is now before you and I have ventured to bring the foregoing thoughts to your consideration in connection with your reply to this invitation.

WILSON

793.94/5928 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 27, 1933—11 a.m.

[Received February 27—4:45 a.m.]

186. Following three telegrams have been received from American Consul General at Mukden:

"February 25, 5 p.m. Military spokesman today announced that troops from Chinchow garrison occupied Peipiao February 24th and Chaoyang this noon, encountering very little resistance. The railway suffered practically no damage. Indications are that all irregulars are falling back to first main line defenses extending roughly from Chihfeng through Chienping and Wukungpu to border. All Japanese columns are expected to reach this line in about 1 week's time unless delayed by unlooked-for opposition.

Combined Japanese-Manchukuo force occupied Kailu yesterday and is advancing south and west by all roads.

This morning General Muto issued a statement indicating that if Chang Hsueh-liang reinforces his regulars in Jehol and attacks the Japanese troops North China may become involved".

"February 26, 11 a. m. Referring to the last paragraph of my telegram February 25, 5 p.m., General Muto's statement according to Manchukuo news agency translation, after outlining conditions in

³⁴ *Foreign Relations, Japan, 1931-1941, vol. I, p. 114.*

Jehol and the necessity of adopting pacific measures which are described as a domestic affair of Manchukuo contains *inter alia* the following:

'The Japanese troops, however, are absolutely opposed to carrying their military operations outside Manchukuo territory. However, every one must agree that should the authorities in North China undertake positive military action against our troops hostilities may inevitably spread to North China.'

This statement seems to be a warning that military operations will be extended to North China if serious resistance is encountered in Jehol and also a movement towards the elimination of Chang.

Manchukuo Foreign Minister telegraphed a similar warning to Nanking and Chang Hsueh-liang."

"February 26, 5 p. m. Military spokesman reports that Japanese column from Sunlingchung started moving forward this morning and that all other columns have continued to advance without encountering considerable resistance. According to an unconfirmed report a Japanese detachment from Shanhaikwan is moving all along Wall to cut off retreating irregulars."

JOHNSON

793.94 Commission/850 : Telegram

The Chargé in Mexico (Lane) to the Secretary of State

MEXICO CITY, February 27, 1933—noon.

[Received 3:25 p. m.]

36. Department's 21, 11 a. m.⁵⁵ Following is translation of the statement issued by Minister of Foreign Affairs Puig on February 24th as it appeared in the press of February 25th:

["]Under date of January 9th last cable instructions were issued to our representative in Geneva before the Council of the League of Nations to make a statement, when he considered it opportune, defining the attitude of Mexico in accordance with the following points:

1. Mexico cannot approve that Japan, weakening the ideals of international justice and in opposition to the letter and the spirit of the League Covenant, the Briand-Kellogg Treaty, [and the Nine-Power Treaty,] should not resort to peaceful means to settle the China conflict.

2. Mexico appreciates the high importance of the material interests of Japan and China and its right to secure protection for those interests. Consequently from a general point of view the suggestions of the Lytton Report appear acceptable to Mexico, it being considered, however, that those suggestions perhaps indicate excessive incapacity on the part of the Chinese Government to offer proper guarantees to foreigners and capital.

3. Mexico cannot approve of the violation of Chinese sov-

⁵⁵ Not printed.

ereignty implied in the protection and the premature recognition of [by] Japan of the Manchurian state.

4. Mexico believes that international cooperation in the case of China should be effected only to the degree consented to by that country.

5. Mexico, while not representing material interests in China (but) with a clear vision of the future, cannot ignore developments in the Far East, because of its littoral position on the Pacific.

6. Only aspirations towards international peace and justice lead Mexico to assume the attitude indicated, which should in no wise be interpreted as an unfriendly act towards Japan, with which country the Government and the people of Mexico have maintained unalterable friendship.

Our representative received supplementary instructions to withhold the presentation of these points of view so long as there was hope that the plan of conciliation in preparation by the League of Nations would meet with success, in order not to obstruct attempts at conciliation by an attitude which might be considered too radical on the part of Mexico; but, with conciliation a failure, the communication entrusted to the representative of Mexico, Mr. Pani, was delivered to the Secretary General of the League of Nations on the 9th instant. (Signed) Puig."

LANE

793.94/5930: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 27, 1933—3 p.m.

[Received February 27—7:36 a.m.]

188. Commander [of] Marshal Chang Hsueh-liang's Department of External Relations called today and informed member of my staff unofficially and personally that the Chinese were preparing defense works at Peitaiho, summer resort near Chinwangtao, which will necessitate using two pieces of land belonging to American Methodist Mission. He added that upon the conclusion of military operations the Chinese would of course restore the property to its present condition.

Consul General in Tientsin is being informed.

JOHNSON

793.94/5929: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 27, 1933—4 p.m.

[Received February 27—7:30 a.m.]

189. [1.] Informant mentioned in Legation's 188, February 27, 3 p.m., stated incidentally that the Chinese had good reason to believe

that the Japanese were preparing a thrust into the Lwan River triangle south of the Great Wall which would enable them to operate against Chengteh from the southeast and also cut off communications between Peiping and Chengteh. He thought Japan was anxious to add the Lwan River triangle to Manchukuo as affording a better natural boundary than the Great Wall.

2. Similar information has also reached the Legation indirectly from a Japanese news source according to which it would take the Japanese at least a month to reach Chengteh unless they also moved up the Lwan River.

JOHNSON

811.113/237

Memorandum by the Secretary of State

[WASHINGTON,] February 27, 1933.

The Belgian Ambassador said he had been instructed by his Government to ask me about the intentions of this country as to an embargo on arms to the Far East. I told him in reply that my best answer was to call his attention to the fact that at present the Executive of this Government had no power to levy an embargo on arms except in cases of domestic strife. But I told him that the sentiment of the country seemed to be indicated perhaps by the fact that the President had recommended the conferring upon the Chief Executive of the power to levy such an embargo on arms in all cases of international strife; that such a measure had passed the Senate unanimously, although it was subsequently held up on a motion for reconsideration; and that in the House, I had been informed, such a measure was favored by a very large majority of the Committee on Foreign Affairs, although for tactical reasons the measure which they had reported out had been limited to this Hemisphere.

I told the Ambassador that that was as far as I could go in regard to expressing the intention of this Government, and that when he asked me as to whether it was proposed to go on with this legislation in the new Administration, I should have to refer him to that Administration. I then, however, reminded him that forty-two nations in the Assembly had delivered a moral judgment on the situation in the Far East, the most dramatic and formal which had been delivered in human history. I said that this country had associated itself with that action, and my own private opinion was that it was perhaps more effective to be deliberate and await the effect of this solemn moral judgment, rather than to immediately try to couple it with an action as to arms which at best would be rather ineffective so far as Japan was concerned, because Japan was not dependent to any large extent on the importation of arms, being a large manufacturer herself.

H[ENRY] L. S[TIMSON]

793.94/5936 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 28, 1933—10 a.m.

[Received February 28—2:10 a.m.]

191. My 172, February 21, 3 p.m.³⁶ Drysdale³⁷ returned last night reports forces of Tang Yu-lin as retreating from Chaoyang in a westerly direction towards Chihfeng leaving forces of Chang Hseuh-liang to meet Japanese main thrust Chaoyang, Lingyuan, Pingchwan, Chengteh. Chinese first line of resistance at Lingyuan. Chinese plan contemplates Japanese advance Shanhaikwan, Lulong, Fengjun, Yütien, Sanho, Tungchow-Peiping Road, aimed at cutting off Peiping-Jehol communications. It is not expected that Japanese thrust inside Wall will occur unless Japanese thrust from Chaoyang is held up. Drysdale reports civilian population as far as Lingyuan and beyond calm while Chinese forces moving forward to positions with determination and desire to fight. Chief weakness Chinese forces lies in supply and leadership. Chinese now concentrating with the assistance of Nanking on problem of supply.

By mail to Tokyo.

Please inform War Department confidentially.

JOHNSON

793.94 Advisory Committee/3 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, February 28, 1933—6 p.m.

82. Your 128, February 25, 4 p. m.³⁸ Please inform Drummond informally and orally that, due to the imminent change of administration here, it seems inadvisable to attempt to make any formal reply to his letter at this time. You may assure him that the present Administration will continue as in the past to cooperate with the League or duly constituted bodies thereof in exchanges of views and of information, and, when definite courses of action are proposed, to examine the proposals with sympathy and with care.

You may also tell Drummond in confidence that, without endeavoring to speak for the new Administration, we have no reason to suppose that the new Administration will adopt any different attitude.

STIMSON

³⁶ Not printed.³⁷ Lieut. Col. Walter S. Drysdale, Military Attaché in China.³⁸ Transmitting invitation for the Government of the United States to cooperate in the work of the Advisory Committee of the League, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 114.

793.94/5940 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 28, 1933—7 p.m.
 [Received February 28—9:15 a.m.]

50. I am reliably informed that the present Japanese military operations in Jehol consist simply of a wide turning movement with the pivot at Shanhaikwan and designed to sweep the Chinese troops south and west out of Jehol, without requiring or contemplating military action south of the Wall. I further learn from a reliable Japanese source in close touch with the military authorities that while explicit instructions have been issued to the army in Jehol not to cross the Great Wall, the war office here is apprehensive lest the more hotheaded officers force the issue by carrying the offensive into the Peiping-Tientsin region, especially if Chang Hsueh-liang should send bombing planes into Jehol from Peiping. According to this source General Araki does not feel certain of being able to control the situation and will shortly send General Mazaki, vice chief of staff, to Jehol with a view to restraining the troops from violating the foregoing instructions.

At the same time the *Asahi* this morning contains a statement purporting to come from the war office to the effect that the Japanese military authorities will take self-defense measures in North China should the lives and property of Japanese residents in the Peiping-Tientsin region be threatened by disorders arising from the expected defeat of the Chinese forces in Jehol and the possible overthrow of the present administration in Peiping.

The Embassy is of the opinion that the Japanese high military authorities genuinely wish at present to avoid carrying the Japanese operations south of the Wall and will not do so unless such operations are forced upon them by disorderly elements among either the Japanese or Chinese forces or both.

Repeated to Peiping.

GREW

793.94/5966

The British Embassy to the Department of State

AIDE-MÉMOIRE

On January 23rd an *aide-mémoire* was left at the State Department³⁹ recording the view of His Majesty's Government that it would be desirable that the Powers signatories of the Boxer Protocol should represent in a friendly manner to the Japanese Government their

³⁹ *Ante*, p. 122.

anxiety that the régime set up by this protocol, in which they are directly interested, should be observed independently of any condition arising out of the Sino-Japanese conflict. The French, Italian, Spanish, Belgian and Netherlands Governments had been similarly approached.

The views of the United States Government on this proposal were recorded in the State Department's *aide-mémoires* numbered 793.94/5794 of January 24th and February 1st [*January 31st*].⁴⁰ These were duly conveyed to His Majesty's Government. Sir Ronald Lindsay has now been informed by His Majesty's Principal Secretary of State for Foreign Affairs that in view of the lack of unanimity with which their proposal has been received and in view of the changed situation, His Majesty's Government are not disposed, as at present advised, to pursue the proposed policy of representations to the Japanese Government. In conveying this information to the Government of the United States Sir Ronald Lindsay has been instructed to add that the other Governments concerned have been similarly informed.

WASHINGTON, February 28, 1933.

893.113/1454

The Ambassador in Great Britain (Mellon) to the Secretary of State

No. 697

LONDON, February 28, 1933.

[Received March 9.]

SIR: I have the honor to report that on February 27 the Foreign Secretary announced to the House of Commons that as from that date, and pending the opportunity of international consultation and decision, the British Government would not authorize the issue of licences for the export to either China or Japan of any articles mentioned in the Arms Export Prohibition Order of 1931. Six copies of the Parliamentary debate, as reported in the *Times* of February 28, are enclosed.⁴¹

The Government's announcement has caused considerable surprise, since as recently as February 21 the Foreign Secretary quoted President Hoover's language that one nation's prohibition of arms shipment would be futile, and the Prime Minister on February 22 stated that the question of an arms embargo must be the subject of an international agreement. However, it is realized that the embargo may result in being nothing more than a gesture, since (a) the Government's decision does not contemplate an embargo for an indefinite period, but merely "pending an opportunity of international consultation and decision," and (b) it is administratively impracticable to

⁴⁰ *Ante*, pp. 123 and 141.

⁴¹ Not reprinted.

prevent the export of arms to a neutral country, Siam for instance, for re-export to Japan or China.

Despite the apparent lack of continuity in policy, the Government's decision is of great importance and has received widespread comment most of which has not been favorable. There are two reasons for this. In the first place, the Government's decision does not satisfy that large body of public opinion which wants an embargo on arms shipments to Japan, or that other important group in England which wants to keep out of the Far Eastern embroglio except in so far as the League of Nations or the Community of Nations take international action. An interesting item brought forth during the course of the debate was Sir John Simon's statement to the effect that, however the embargo was handled, he did "not intend my own country to get into trouble about it". This statement, it should be observed, was received with great enthusiasm by the House.

The main criticism of the Government's action came from Sir Austen Chamberlain,⁴² Sir Herbert Samuel⁴³ and Mr. Amery.⁴⁴ Sir Austen urged the Government to obtain international action, pointing out that a very imperfect justice would be done if assistance were to be withheld impartially from nations which suffered unjustifiable aggression and nations which acted in defiance of a treaty. He conceded, however, that for the time being the compromise adopted by the Government seemed to be the only wise one.

Mr. Amery, on the other hand, pointed out that the Government's action was against China rather than Japan, since the latter enjoyed an immense superiority in armament factories. Japan had a very powerful case based upon "fundamental realities" and there was no reason why Great Britain should in act or word go individually or internationally against Japan.

Sir Herbert Samuel likewise declared that to stop the export of arms to both China and Japan would be injurious to China's interests and an enormous advantage would be given to the Japanese attack which was fed by her great arsenals. He trusted therefore that the temporary arrangement would prevail only for a very brief interval.

[Here follows summary of press views.]

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

Counselor of Embassy

⁴² Former Secretary of State for Foreign Affairs.

⁴³ Liberal member of Parliament.

⁴⁴ Leopold Charles M. S. Amery, Unionist member of Parliament.

793.94/5950 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 1, 1933—9 a.m.

[Received February 28—11:30 p.m.]

196. Reuter from Nanking, 28th:

“Announcement of British arms embargo has been received here with mixed feelings. Chinese circles fully sympathize with British attempt to assist in preventing widening of field of conflict or prolonging bloodshed but they are convinced that British step will not help cause of peace but will increase power of Japanese military aggression. It is pointed out that Japan is well equipped with weapons but China is practically without them. If arms do not come to China she will be helpless before onslaught of Japanese forces. Furthermore, Chinese circles state Japan is fully prepared for such an emergency as she is alleged to be able to buy arms through Siam. It is urged that powers through international action should place embargo on the aggressor thereby contributing to world peace.”

JOHNSON

793.94 Advisory Committee/9 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 1, 1933—1 p.m.

[Received March 1—9:25 a.m.]

134. Your 82, February 28, 6 p. m. I have delivered the message to Drummond.

In view of the acute interest among the press correspondents in this question and of the fact that Drummond must report this information to members of the Advisory Committee we first discussed what should be said in this connection and decided that we would state that I informed Drummond informally under instructions that due to the imminent change of administration it seemed unadvisable to attempt to make a reply at this time. If you think it advisable to make any statement in Washington further than this will you please telegraph me text thereof.

Concerning the word “cooperate” used in the invitation Drummond explained that the idea of the Committee of Nineteen had been to make the invitation as acceptable as possible to the United States. They had had in mind the fact that we had authorized Nelson Johnson to “cooperate” with the round-table discussions in Shanghai relative to the withdrawal of the Japanese troops. It had been felt that it might be possible for the Government of the United States to “cooperate” with the Advisory Committee by naming a member under such conditions as we might choose to set forth.

Drummond pointed out that the Advisory Committee had its mandate under paragraph 3 of article 3 of the Covenant and that the mandate had been so drawn—and deliberately so drawn by the Secretariat—as to exclude from the functions of the Advisory Committee deliberations arising under article 16 of the Covenant.

Drummond says that he does not desire to convene the Advisory Committee until the attitude of the United States towards the invitation has been made clear.

WILSON

793.94 Advisory Committee/11

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] March 1, 1933.

The Chinese Minister called and inquired whether press reports to the effect that the American Government had accepted the League's invitation to cooperate with the League's Advisory Committee were true.

Mr. Hamilton replied that the Secretary at the press conference on February 27 had explained to the correspondents the difference between various committees of the League, pointing out that one committee had been provided for by the Assembly Report adopted on February 24 but that this committee did not come into existence or begin to function until both China and Japan had accepted the Assembly Report. With regard to the Advisory Committee, the Secretary explained that this Committee had been created by a resolution of the League Assembly adopted on February 24 to follow the situation and that the Committee was, by the terms of the Resolution creating it, to invite the United States and Russia to cooperate in its work. The Secretary called attention to the fact that the United States was not expected to become a member of the Committee but was merely to be invited to cooperate in the work of the Committee. The Secretary stated also that he was not attempting to speak for the new Administration but that so far as he was concerned, he would continue to cooperate, as in the past, with the League and its duly constituted bodies in exchanges of information and of views, of course with the same restrictions that have characterized American cooperation with the League as to the exercise by the United States of independent judgment with regard to any action proposed.

Mr. Hamilton informed the Chinese Minister that the Secretary's comments to the press correspondents as outlined above were evidently the basis for the reports that the Minister had seen in the papers. Mr. Hamilton did not say whether a reply, either

formal or informal, had as yet been made to the League's invitation to the United States in reference to cooperating with the work of the Advisory Committee.

M[AXWELL] M. H[AMILTON]

793.94/6003

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] March 1, 1933.

During the course of a call the Chinese Minister remarked that he had been subjected to a good deal of criticism because he was urging the Chinese Government not to sever diplomatic relations with Japan. He stated that he believed that the soundest course of action for China to pursue was to prolong the controversy, thereby weakening Japan, and that he did not think it advisable for China to do anything that would give Japan an excuse for drastic action which would settle the matter rapidly. He stated that the report which appeared in the newspapers several days ago that China had recalled her Minister from Japan was not true.

811.113/245

Memorandum by Mr. Joseph C. Green, of the Division of Western European Affairs, of a Conversation With the Chinese Minister (See)

[WASHINGTON,] March 1, 1933.

Dr. Sze called this morning to ask whether there had been any further action in Congress on the arms embargo resolution since his conversation with me on February 23, 1933.⁴⁵ I told him that the situation remained unchanged except that certain members of Congress had, according to press reports, expressed opinions in regard to the proposal. He was familiar with the press reports in question.

Dr. Sze expressed his indignation at the action of Great Britain in imposing an embargo on arms to apply equally to China and Japan. He asked me what we thought was the real motive of this action on the part of the British Government. I replied that we had no information on that point, at the same time inviting his attention to the fact that, according to press reports, the British Government had taken this action as a temporary measure pending such agreements as might be reached by the League of Nations and with the United States in regard to the matter.

JOSEPH C. GREEN

⁴⁵ The Chinese Minister made further inquiries on March 20 and 23, May 11 and 31.

711.94/755 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 1, 1933—6 p.m.

20. Your 278, December 12, 10 a.m. and 284, December 19, 10 p.m.⁴⁶ Reports indicating that the recent principal Japanese delegate at the recent session of the League Assembly intends to visit the United States for the purpose of "discussing the political situation with the incoming President" have been appearing in the press. The Department is not in position to take any initiative toward discouraging such visit, but it does not wish to encourage it. A conversation, if held, between high officials of this Government and the recent principal Japanese delegate would probably lead to highly undesirable public speculation and conjecture. If you are approached on the subject of such a visit to the United States, the Department suggests that you discreetly and as on your own responsibility encourage the impression that it would be desirable if that delegate did not seek to visit this country for the purpose of conferring with high officials here.

STIMSON

793.94/5970 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 3, 1933—11 a.m.

[Received March 3—1:25 a.m.]

204. Japanese claim to have occupied Chihfeng where Chinese troops under General Sun Tien-ying are refusing to fight. Japanese have driven Chinese out of Lingyuan. Loyalty of troops of Tang Yu-lin is extremely doubtful. One brigade has already gone over to Japanese. This leaves Jehol City defended only by troops of Chang Hsueh-liang who are preparing rearguard defense to cover general withdrawal. Japanese advancing from Lingyuan down main road through Jehol to Pingchüan against resistance.

Please inform War Department.

JOHNSON

⁴⁶ Neither printed.

793.94/5973 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 5, 1933—8 a.m.

[Received March 5—5:10 a.m.]

213. From Consul General Tientsin, March 4, 3 p. m.

“Today’s vernacular newspapers allege that General Yu stated yesterday that Japanese Consul General has lodged three protests as follows:

1. That there should be no troops stationed in Tientsin.
2. That no fortifications should be erected at Tangku and,
3. That the Chinese troops stationed at Machuangtze should be evacuated.

A responsible official in General Yu’s office today informed me confidentially the three successive protests substantially as above have been lodged with Provincial Chairman. Replies to first two were made saying that protocol would be observed. When third note was received matter was referred to Nanking and no instructions have thus far been received in reply. Troop movements eastward through Tientsin have practically ceased.”

JOHNSON

793.94/5974 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 5, 1933—9 a.m.

[Received March 5—5:10 a.m.]

214. Chinese authorities announced here last night that Chengteh, capital of Jehol Province, was occupied by Japanese yesterday noon. *Peiping Chronicle* this morning ascribes raid [*rapid*] advance of Japanese to political intrigues rather than military successes and accuses General Tang Yu-lin of hampering supply service by commandeering motor trucks for removal of his personal property. It also asserts that inhabitants of Jehol were dissatisfied with Tang Yu-lin’s oppressive administration; that many secretly assisted Japanese by acting as guides, cutting Chinese telegraphs and setting fire to villages.

General Ho Ying-chin, Minister of War, is expected from Nanking this afternoon to consult with Marshal Chang Hsueh-liang regarding military situation.

JOHNSON

793.94/5976 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 6, 1933—10 a.m.

[Received March 6—1 a.m.]

215. Following from American Consul General at Mukden :

"March 5, 5 p.m. Army spokesman today stated that the occupation of Jehol city practically concludes commenced military operations and that the passes in the Wall are being occupied. He also stated that cleaning-up operations will be undertaken immediately.

He reported that foreigners at Lingyuan safe including one unidentified American."

The American referred to is presumably Miss Harriet Minns.⁴⁷ See Legation's 207, March 3, 5 p. m.⁴⁸

JOHNSON

793.94/5977 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 6, 1933—11 a.m.

[Received March 6—2:45 a.m.]

216. My 204, March 3, 11 a.m., and subsequent telegrams. Japanese forces using motorcars to move troops from point to point occupied Jehol city with 200 odd men about noon on the 4th. Rapid advance of Japanese aided by lack of cooperation between forces of Tang Yu-lin and other Chinese forces in Jehol. Chinese population of Jehol hostile to Tang Yu-lin, aided and welcomed Japanese attack on him. Japanese effort limited to keeping Chinese forces on the move, preventing looting and destruction of life and property which thus far they have succeeded in doing. Forces of Chang Hsueh-liang now engaged in effort to prevent fleeing and disorganized soldiery from penetrating into Hopei and Chahar. It is anticipated that the countryside hereabouts will become dangerous due to wandering bands of defeated soldiers still armed but in plain clothes. All Americans safe.

JOHNSON

⁴⁷ Protestant missionary.

⁴⁸ Not printed.

894.113/53 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 6, 1933—2 p.m.
[Received March 6—2:45 a.m.]

55. The British Ambassador tells me that he believes there is a movement in his own country to force the British Government to restrict the arms embargo to apply to Japan exclusively, and that he has emphatically warned his Government of the danger of such a step which would very likely cause Japan to blockade Chinese ports resulting in the grave risk of a general war. I share his views in this respect. Repeated to Peiping.

GREW

793.94/5980 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 7, 1933—4 p.m.
[Received March 7—7:02 a.m.]

221. Following from American Consul General at Tientsin:

“March 6, 5 p. m. My March 4, 3 p. m. Instructions were received from Nanking yesterday and Chinese have replied alleging that Japanese have illegally made use of the special privileges of the protocol and abused its terms by occupying Shanhaikwan by force and stationing great number of troops Tientsin. Chinese claim obliged under this pressure temporarily station troops at Moukailsang and some other places maintenance peace and order and protection lives and property foreigners and Chinese. Reply also stated this does not violate in the least protocol or the 1902 exchange of notes. Japanese reminded that other nations are signatories and that abuse of privileges by Japan has created existing situation North China for which reason Japan not entitled to demand withdrawal of troops. Trench digging vicinity Tangku attributed to practice maneuvering in preparation for self-defense which action does not violate spirit of protocol. Reply delivered to Japanese today.”

JOHNSON

893.113/1459

The British Embassy to the Department of State

AIDE-MÉMOIRE

In reply to a question put yesterday in Parliament enquiring as to the present position and prospects in regard to the embargo imposed by His Majesty's Government in the United Kingdom on February 27th on the export of arms and ammunition to China and Japan His Majesty's Principal Secretary of State for Foreign Affairs

replied as follows: "There is no indication of universal agreement. This leaves this country in a situation which cannot be allowed to continue; and this is the first matter which will be taken up by the Prime Minister and myself at Geneva this week".

WASHINGTON, 7 March, 1933.

793.94/6007 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 8, 1933—10 p.m.

[Received March 9—12:23 a. m.]

225. Chiang Kai-shek is expected in Paotingfu whither Chang Hsueh-liang is expected to go for a conference with him. T. V. Soong is also understood to be expected here in the North to attend conference.

Chinese appear still to hold Kupeikou and Western marches of Jehol where fighting has been going on. Spectacular collapse of Chinese defensive in Jehol is producing feeling of resentment against above-named leaders who are now on the horns of a dilemma. This leadership is, I believe, opposed to any attempt to dislodge Japanese from Jehol but public resentment may make them feel it necessary to take some such action. If they take action against Jehol Japanese will without doubt invade this area. If they do not take some such action popular resentment may succeed in disrupting Government.

JOHNSON

793.94/6005 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 9, 1933—9 a.m.

[Received March 9—12:20 a.m.]

226. Reuter reports from Nanking and Tokyo yesterday that both the Chinese Government and the Manchukuo authorities have issued mandates depriving General Tang Yu-lin, former chairman of Jehol of all his civil and military posts. Nanking has also ordered his arrest and punishment for desertion.

Manchukuo has appointed General Chang Hai-peng Governor of Jehol.

JOHNSON

793.94 Advisory Committee/12: Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, March 9, 1933—noon.
[Received March 9—8:05 a. m.]

76. Drummond has just circulated a communication from Litvinoff,⁴⁹ dated March 7, declining the invitation to be represented on the Advisory Committee in the Sino-Japanese dispute. The letter goes at some length into the Soviet position vis-à-vis international relations in general and the League action in the Sino-Japanese question in particular. The chief points in the declination to serve on the Committee are as follows:

(a) Decisions of the League and the report of the Committee of Nineteen are based on the Covenant of the League of Nations, the Nine-Power Treaty and the Pact of Paris. Although the Soviet Union has acceded to the Pact of Paris it is not a party of the two other instruments.

(b) The Pact of Paris and analogous international agreements only cover part of the announced principles of the Soviet Union respecting international relations which include proposals which it has made in the Disarmament Conference.

(c) The decisions of the League, although to a certain extent in keeping with these principles, contain certain recommendations which are not entirely compatible therewith.

(d) The Advisory Committee is to submit its proposals to the Assembly on whose declaration the Soviet Union not being a member of the League can exercise no influence.

(e) "The Advisory Committee has to help the members of the League of Nations to coordinate their activities among themselves and with the states not members of the League. But the majority of the states which belong or will belong to the Advisory Committee, to be exact 13 out of 22, maintains no relations with the Soviet Union and consequently show hostile dispositions towards it. It would clearly be difficult for a committee thus constituted to cope with this task of coordination as regards the Soviet Union, which is deprived of the possibility of having any contact with the majority of its members and individually with those whose interests are most likely to coincide with its own. It may also be doubted whether the states in this category can really take into account the interests of the Soviet Union which are mentioned in the recommendations of the report".

(f) The letter concludes with the following statement: "From the outset of the Sino-Japanese conflict the Soviet Government, wishing as far as lay in its power to prevent a further expansion of the armed conflict which might eventually give rise to a fresh world conflagration, took up an attitude of strict neutrality. In accordance with this attitude the Soviet Union faithful to its policy of peace will always associate itself with any action and any proposal emanating from international bodies or individual governments and aiming at the

⁴⁹ Maxim Litvinoff, Soviet Commissar for Foreign Affairs.

speediest and most equitable settlement of the conflict and at the consolidation of peace in the Far East".

GILBERT

793.94/8008 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 9, 1933—4 p.m.

[Received March 9—7:10 a.m.]

230. Following from Consul General Nanking:

"March 9, 11 a. m. Lo⁵⁰ told me March 8, 11 p. m., that Suma⁵¹ has been urging him as a man of courage to consent to some settlement with Japan. Lo steadily refused on the ground that no settlement could be permanent while Japan held recently occupied territory. Lo said he did not want to follow example of Li Hung-chang who yielded to Japan after Chinese-Japanese war and then treated with Russia with the result there was a Russian-Japanese war. He told Suma the only settlement he would consent to would be one insuring permanently friendly relations between all parties concerned."

JOHNSON

761.94/595

The Ambassador in Japan (Grew) to the Secretary of State

No. 316

TOKYO, March 9, 1933.

[Received March 25.]

SIR: I desire to refer to my despatches Nos. 256, of January 13, 1933, and 267, of January 26, 1933,⁵² in which it was pointed out that Japan-Soviet relations prior to December, 1932, had been growing increasingly cordial; that it had seemed probable that a non-aggression pact between the two countries would be concluded before the end of the year 1932; that various events in December, 1932, chief among which was the Sino-Soviet *rapprochement*, had again disturbed relations between Japan and the Soviets; and that it now seemed improbable that a non-aggression pact would be concluded in the near future.

The Embassy recently received certain information from a reliable Soviet source regarding Japanese relations with the United States and with the Soviets, which, while it does not add much to what the Embassy already knew or suspected, does tend to confirm the impressions which the Embassy had received regarding those relations. The following is a brief summary of the remarks of the Embassy's informant:

⁵⁰ Lo Wen-kan, Chinese Minister for Foreign Affairs.

⁵¹ Yakichiro Suma, First Secretary of Japanese Legation in China.

⁵² Latter not printed.

"The Japanese Foreign Office and many Japanese business leaders wish to conclude a Japan-Soviet non-aggression pact, but the Japanese Army, still cherishing its delusions of grandeur, continues to block any moves which may restrict its freedom of action. At the same time, however, Japanese officialdom is afraid of a *rapprochement* between the United States and the Soviets, and is anxiously awaiting the announcement of President Roosevelt regarding his policy toward the Far Eastern situation and toward the Soviets. In the meantime Japan is frantically preparing for war on a large scale, with munitions, airplane and automobile factories working overtime. As the Japanese do not expect much opposition from the Chinese in Jehol or North China, the preparations are obviously for a war with the Soviets, with the United States, or with both. Japan is also making preparations to fortify the Kurile Islands, the Bonin Islands, and the Japanese Mandated Islands in the South Seas. It is expected that all preparations will be completed by the time that the restrictions on such fortifications contained in the Naval Limitation Treaty of 1922⁵³ expire in 1936. (The informant is in error in assuming that fortifications in the Japanese Mandated Islands are restricted by the terms of the Naval Limitation Treaty. Such fortifications are prohibited in perpetuity by the terms of the Mandate. For rumors regarding such fortifications see my despatch No. 296, of February 21, 1933.⁵⁴) The fortification of the Bonin and Mandated Islands is directed against the United States.

"The Soviet Union has an army of 150,000 men in Siberia east of Chita, with headquarters at Habarovsk. This army is somewhat handicapped by the limitations of the single-track railway through Siberia, but to offset this handicap, has large supplies of foodstuffs and ammunition stored in various places in Siberia. The cavalry of the Soviet Army is superior to that of the Japanese, while the Army as a whole is further mechanized than is the Japanese Army. The Japanese realize this and are working hard to bring their cavalry and mechanization up to the Russian standard. The Japanese Army is also working hard on equipment for chemical warfare and is now prepared to wage chemical warfare on a small scale. In case of an American-Russian-Chinese war against Japan, the Chinese would be of little military value but they would be very useful as allies, as they would harass the Japanese on the flank and in the rear. The Soviets are behind in their industrialization program and do not want war at the present time.

"When the Japanese complete their scheme for a Manchurian railway system, the Chinese Eastern Railway will become of little value. Consequently the Soviets are now negotiating with 'Manchukuo' for the sale of the Harbin-Changchun section of the line. The Manchuli-Harbin and Harbin-Pogranichnaya sections would be useful to the South Manchuria Railway as feeder lines and it is possible that negotiations will be conducted in the future for the sale of these sections also.

"The Soviet Union badly needs the resumption of diplomatic relations with the United States. It is able, but cannot agree, to repay

⁵³ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. 1, p. 247.

⁵⁴ *Post*, p. 750.

the old Russian debts owing to American citizens, because to repay one set of debts would make it necessary to repay all. In order to obtain American recognition the Soviets are willing to give economic favors and to grant concessions in return for the cancellation of the old debts."

Respectfully yours,

JOSEPH C. GREW

793.94/6013 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOkyo, March 10, 1933—6 p.m.

[Received March 10—7:24 a.m.]

57. Press correspondents quote Foreign Office spokesman to the effect that the Japanese Legation has been instructed to approach Chang Hsueh-liang in Peiping to induce him to withdraw his forces from the neighborhood of Kupeikow, or to create a neutral zone south of the Wall failing which the Japanese threaten to move into North China in force.

The Military Attaché informs me that the General Staff state that there is some fighting at Kupeikow, where the Great Wall makes a loop; that the Japanese hold the Wall and that there are Chinese troops inside and outside the pass; that the Japanese have insisted that the Chinese withdraw from this area and that it may be necessary for the Japanese to send a detachment down from the Wall on either side of the Chinese force to compel withdrawal; that the Japanese have no further intentions unless the Chinese at the Wall are supported by new troops.

GREW

793.94/6016 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 10, 1933—8 p.m.

[Received March 10—12:20 p.m.]

237. Legation's 233, March 10, 11 a. m.⁵⁵ United Press correspondent learns from Donald that Marshal Chang Hsueh-liang and General Chiang Kai-shek met yesterday briefly at Paotingfu and that Chiang accepted the Young Marshal's resignation. Ho Ying-chin, the Minister of War, with five divisions of Chiang's troops is to take the Young Marshal's place as the representative in North China of the National Government. Chiang assured the Young Marshal that he would take care of the latter's 16 divisions. It is understood that Chang Hsueh-liang leaves tomorrow by train for Shanghai and Europe.

⁵⁵ Not printed.

Elimination of the Young Marshal will probably lead to many changes in the administration of this area. Huang Fu has already been appointed Mayor of Peiping.

JOHNSON

793.94/6018 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 11, 1933—11 a.m.

[Received March 11—1:53 a.m.]

239. Japanese Legation here announces officially that Hsifengkou and Kupeikou passes were occupied by the Japanese on the 9th and 10th instant respectively.

JOHNSON

893.113/1459

*The Department of State to the British Embassy*⁵⁶

President Hoover on January 10 sent a message to Congress⁵⁷ recommending that legislation be passed empowering the Executive in his discretion, after consultation with such other nations as he might deem necessary, to impose an embargo on the export of arms and munitions of war to any nation or nations which he might designate in case there was reason to believe that such articles exported from the United States would be used in international conflict.

A resolution carrying out the President's recommendation was unanimously reported to the Senate by the Committee on Foreign Relations. It was unanimously passed by the Senate on January 19. Shortly thereafter a motion was made to reconsider this resolution and no action was taken on this motion to reconsider before the adjournment of the Senate.

A similar resolution in which the authority conferred upon the Executive was limited to American countries was reported out of the House Committee on Foreign Affairs but no action was taken upon this resolution in the House before the adjournment of Congress.

Unless and until such legislation is passed by the Congress the Executive has no authority to impose embargoes on the export of arms and munitions which might be used in international conflict but it is the purpose of this administration to press for the passage of such legislation. It would therefore appear to be premature for this Government to decide upon the policy which it might eventually

⁵⁶ Handed to the British Ambassador by the Under Secretary of State on March 11, 1933.

⁵⁷ For text of the President's message, see *Congressional Record*, vol. 76, pt. 2, p. 1448.

adhere to in case the Executive were given the appropriate authority. If and when such authority is conferred upon the Executive, this Government will be glad, pursuant to the policy which it has followed in relations to the Far Eastern situation, to exchange with other interested governments views relating to the policy in regard to arms embargoes which might be likely best to meet the requirements of the situation as it then exists.

The Administration is at present giving careful consideration to this question and would be pleased to receive indication of the attitude and probable intention of the League of Nations and/or of the governments members thereof.

In the interval, in all frankness this Government does not perceive that any useful purpose is to be served by the imposing of an embargo on export of arms to China and Japan in and under the circumstances which now prevail in the relations of those countries to each other and to the world at large. Certainly the whole question of the effects of any embargo should be considered carefully in all its aspects before making any final decision.

793.94 Commission/882 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 11, 1933—7 p. m.

[Received March 11—3:50 p. m.]

145. My 142, March 8, 9 p. m.⁵⁸ Simon asked me whether I had any information as to my Government's views on the matter of an embargo to the Far East and I replied that I had not. He stated that he understood from Washington that action by our Government could only be taken after special legislation passed Congress. I replied that this was my understanding of the matter. He stated that since he arrived here he had ascertained that a number of states would require such legislation before taking action. He added that Great Britain had laws by which the Government could stop shipments at the ports by Executive Act but that he had been unable to find any other producing states in the same situation. Therefore his present thought was that common action would necessarily have to be delayed for an indefinite period; that the British Government had taken its action in order to draw attention to the matter; that he was now about to report to the Cabinet what the situation was, and was under the impression that the Cabinet would decide to lift the embargo.

WILSON

⁵⁸ It read: "British delegation had just made an appointment with me to see Sir John Simon on Saturday morning. Simon telegraphed that he desired to talk about embargo on arms to the Far East." (793.94 Commission/869)

893.113/1459 : Telegram

*The Secretary of State to the Minister in Switzerland
(Wilson), at Geneva*

WASHINGTON, March 11, 1933—7 p.m.

85. Your 139, March 7, 10 a. m.,⁵⁹ 142, March 8, 9 p. m.,⁶⁰ 143, March 9, 6 p. m.⁶¹ and 144, March 10, 7 p. m.⁶²

1. On March 7 British Ambassador took up with Under Secretary question of this Administration's attitude and policy on subject of export of arms and ammunition to China and Japan, asking for reply which might be sent to London. This morning, reply is being made orally, with strictly informal *aide-mémoire*, giving account of effort made toward end of previous Administration to obtain legislation empowering the Executive in his discretion, after consultation with such other nations as he might deem necessary, to impose embargoes on the export of arms and munitions of war, and continuing as follows:

[Here follows quotation of last three paragraphs of the informal *aide-mémoire* printed on page 231.]

2. In conversation with Simon, you may make use of the substance of the above. You might also in your discretion ask Simon, as strictly on your own initiative, whether it would not seem that an embargo on export of arms to Japan alone would in effect amount to denial of arms both to Japan and to China, for the reason that, herself subjected to such an embargo, Japan would take steps to prevent delivery in China of arms exported to that country; and whether the net result of such an embargo would not be likely to be that no useful purpose would be served and the possibility of complications between Japan and other powers be greatly increased.

3. With regard to the inquiry which you have from Ruspoli,⁶³ you may talk with Ruspoli in the sense of the above and may say that in general we concur in the views of his Government as reported in your 143, but avoiding reference to the question of legality under or violation of the Covenant of the League. You should state to him that we of course can not impose any embargo unless and until the necessary legislation is passed.

4. In replying to Drummond on the subject of Peru, you may make use of the above and may say that we are obviously not in position at present to participate in imposition of an embargo against

⁵⁹ Not printed.

⁶⁰ See footnote 58, p. 232.

⁶¹ Printed in vol. I, section entitled "The Conference for the Reduction and Limitation of Armaments."

⁶² Telegram No. 144 not printed.

⁶³ Fabrizio Don Ruspoli, Italian representative, League of Nations.

any country; and that in regard to the principles involved, we perceive no reason why the considerations set forth in the *aide-mémoire* quoted in section 1 above should not apply with equal weight in any discussion of embargoes possibly to be imposed in Latin America.

5. Enjoin confidence in such degree as practicable.

HULL

793.94 Advisory Committee/15 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 12, 1933—4 p. m.
[Received March 12—11:40 a. m.]

146. Your 86, March 11, 8 p. m.⁶⁴ I am in entire agreement with this type of cooperation. I am preparing your letter to Sir Eric which I will hand him this evening if possible; if not, tomorrow morning. I shall request him to keep it secret until I am informed by you as to the date and hour when you propose to release. Please advise me as soon as possible of the date and hour in order that Drummond may make simultaneous release.

WILSON

793.94/6039 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 14, 1933—11 a.m.
[Received March 14—4:45 a.m.]

246. 1. Minister for Foreign Affairs Lo Wen-kan arrived Peiping from Paotingfu March 13th and requested British Minister, French Minister and myself to visit him at the Foreign Office building at 10:30 last evening. Following is substance of statement which he made to us.

2. He denied emphatically current rumors that Chiang Kai-shek intended to institute direct negotiations with Japan, saying pointedly that China having referred matters to League and having urged League to reach decisions in the matter and having invited the United States to examine question in light of Nine-Power Treaty and Kellogg Pact, China could not now betray friends by compromising with Japan who had violated treaties and flouted world opinion.

3. He said that Suma, Secretary of Japanese Legation, had called upon him at Nanking a week or so ago and proposed negotiations, arguing that Japan and China were like man and wife, that trouble was one which concerned Asia and the Asiatics and did not concern

⁶⁴ *Foreign Relations, Japan, 1931-1941, vol. I, p. 117.*

outsiders. Lo said that he replied that negotiations would be quite easy provided Japan admitted error of ways, restored seized territory to China, apologized to China, her neighbor, for violation of territory and apologized to the world for violation of treaties solemnly entered into. He told Suma that as long as he was in office there could be no question of negotiations while Japanese soldiers were on Chinese soil.

4. Lo stated that Chiang Kai-shek was now in control, that General Ho Ying-chin had taken charge as his representative in control of the forces at the front, that Chiang would remain on railway with headquarters at Paotingfu and Shihchiachwang. He stated that General Huang Shao-hsiung, Minister of the Interior, had been made Chief of Staff and that Yen Hsi-shan was cooperating; that more troops were coming north from Hankow and that they were determined to resist further advances by the Japanese and would make an attempt to drive Japanese from Jehol although he admitted that they had no hope of defending the latter.

JOHNSON

793.94/6038 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 14, 1933—5 p.m.
[Received March 14—9:30 a.m.]

249. American Consul General Tientsin informed me by telephone today that Japanese have filed another protest with chairman of Hopei Provincial Government, General Yu Hsueh-chung, against stationing of troops and entrenchments in neighborhood of Tientsin and near Tangku as a violation of the Boxer protocol.

JOHNSON

893.113/1461 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 14, 1933—9 p.m.
[Received March 14—4 a.m.]

149. Your 85, March 11, 7 p.m.

1. I put to Simon as on my own initiative the question suggested in your paragraph 2. He replied emphatically that not only did he think it highly possible that no arms would reach China if an embargo were placed against Japan alone but also that such action would risk the gravest complications with Japan.

2. I have carried out instructions in paragraphs 3 and 4.

WILSON

793.94/6065 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, March 15, 1933—3 p.m.

[Received March 16—5:12 a.m.]

Local Chinese officials claim Japanese are bombing villages up to a point 13 miles this side of the Wall between Kupehkou and Hsifengkou. Report not confirmed.

Chinese official told me in course of a conversation yesterday that there is no possibility Chinese agreeing establish neutral zone along Great Wall or to complying with Japanese protest concerning alleged violation protocol and 1902 exchange of notes. Notwithstanding Tokyo protestations of desire confine operations to territory outside Wall, Chinese seem convinced it is only matter of time when Tientsin and Peiping areas will become involved, the excuse being massing of troops this side of Wall and alleged violations of 1901 protocol and 1902 exchange of notes. This general belief has increased anxiety among local Chinese. But little credence is placed in reports that Chiang Kai-shek will compromise situation. Chinese generally hold that such a course would mean the complete downfall of any leader however strong he might be. There seems to exist pronounced determination at least among local Chinese officials to yield nothing to Japan whatever the consequences. A Japanese fleet of 8 or 10 vessels is still in the open sea between Tangku and Shanhai-kwan.

Both sides admit severe fighting at Kupehkou and Hsifengkou within past few days but there is no confirmation that in engagement between Sung Cheh-yuan ⁶⁵ and Thirteenth and Fourteenth Japanese Brigades 6,000 Japanese were killed and 18 field pieces, 7 tanks and over 5,000 rifles captured. Small groups wounded soldiers have been passing through Tientsin en route Peiping past few days.

LOCKHART

793.94/6043 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 15, 1933—5 p. m.

[Received March 15—9:05 a. m.]

254. My 249, March 14, 5 p. m.

1. American Consul General Tientsin reports Japanese Consul General have [*has*] now lodged further protest with Chairman of the Hopei Provincial Government who in turn has requested Nanking

⁶⁵ Chairman, Chahar Provincial Government.

Government's instruction. Protest reviews statement made in note referred to in my 221, March 7, 4 p. m., that position of the Provincial Chairman is not understood and it is deemed unnecessary to argue the point; that the Chinese authorities are responsible for Shanhaikwan incident and imposed restrictions upon movements of Japanese troops making it necessary for them to occupy Shanhaikwan. Protest denies charge that Japanese are illegally abusing privileges of 1901 protocol; suggests that review of terms and articles of exchange of notes of 1902 will clearly establish that previous contentions of Provincial Government are without any basis of fact; asserts that Mokianchwang is within 20-li zone and that stationing of Chinese troops there violates exchange of notes of 1902; states that Japanese will not consent to stationing of Chinese troops there; that charge that Japanese have individually made use of privileges of protocol of 1901 is ridiculous and not necessary to argue; that construction of trenches at mouth of the Haiho violates spirit of protocol; that trenches are semi-permanent and may not correctly be described as constructed merely for practice and maneuvering; that they are threat to safe communication on the Haiho and that protocol prohibits this; that Chinese offer this excuse only to prevent themselves from being accused of violating protocol; that Chinese seek to shift blame to Japanese who cannot understand this procedure and who cannot tolerate it.

Protest then requests that Chinese quickly correct their illegal actions and reminds them that if any unfortunate consequences arise Chinese will be to blame because of their insincere attitude as expressed in the Chairman's note.

2. Lockhart states above summary has been obtained from authoritative source and represents main points of protest received by Provincial Chairman from Japanese Consul General on Sunday.⁶⁶ Lockhart adds that Chinese are somewhat perturbed over insistence of Japanese in the matter and the reply to [of] Nanking authorities is being anxiously awaited.

JOHNSON

⁶⁶ March 12.

793.94 Advisory Committee/23 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 15, 1933—8 p. m.

[Received 9 :45 p. m.]

150. Your 86, March 11, 8 p. m.⁶⁷ As the Committee of Twenty-One was convened for today to deal in the first instance with our reply and that of the Soviet Government to the invitation to cooperate, Drummond asked me to wait in his office until the Committee had acted in the matter. Shortly after the meeting convened this afternoon Drummond brought to me the following acknowledgment of your reply and asked me to join in the deliberations of the Committee, which I did:

"I have the honor to acknowledge the receipt of the communication of the 11th March which you were good enough to send me by the intermediary of the Minister of the United States in Switzerland.

The Advisory Committee, in the meeting held today, took note of this communication. The Committee directed me to express to you its sincere thanks and is happy to invite Mr. Hugh R. Wilson to take part in its deliberations under the conditions which you have set forth."

The Chairman of the Committee Mr. Leip [*Lange?*] of Norway welcomed the presence of an American representative in a courteous speech to which I replied appropriately.

Madariaga then suggested the appointment of a subcommittee to study the duties, rights and possibilities regarding the supply of arms to the countries concerned. This suggestion was generally supported with the idea that the subcommittee should be of those countries interested in the export of arms. Eden finally proposed a formula which he had suggested sometime ago as a mandate for the subcommittee namely "to examine problems of the export of arms in relation to the present situation in the Far East." It was decided to create a subcommittee with such a mandate. The members of the subcommittee were the principal exporting countries and several other states in addition. The American representative was asked to participate in the subcommittee in the general terms of our participation in the Advisory Committee.

Lester then proposed a further subcommittee with respect to the question of nonrecognition, et cetera.

A discussion took place with regard to immediate questions, namely, adherence by the so-called Manchukuo to certain international services such as the Postal Union, Telegraph Union, et cetera.

It appeared from Motta's remarks that Manchukuo had requested

⁶⁷ *Foreign Relations, Japan, 1931-1941, vol. I, p. 117.*

such membership of the Swiss Federal Council which had replied that it could not decide this since it was a question the [*for?*] organs of the various unions to determine.

A suggestion was made by Madariaga to circulate a request to all the states that they should concert their action. Massigli and others objected as superfluous to a circular of this sort or any present reminder to the various Governments with regard to their duties in the premises. It was finally decided to constitute a subcommittee to follow questions arising from the policy of nonrecognition. Our participation in this subcommittee was arranged in similar fashion to subcommittee on the arms question.

It was suggested by Drummond and agreed to unanimously that a brief summary of the meetings of the Advisory Committee should be written up at each meeting and despatched to all the Governments, this résumé not to mention the names of any speakers or particular sentiments they might grasp of the subject.

WILSON

793.94 Advisory Committee/23 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, March 16, 1933—8 p.m.

89. Department's telegrams 85, March 11, 7 p.m., and 86, March 11, 8 p.m.,⁶⁸ and your telegram 150, March 15, 8 p.m.

For guidance:

The Department desires that you do not participate in conversations which may take place in connection with the examination of "problems of the export of arms in relation to the present situation in the Far East" other than, if asked, to state the attitude and policy of this Government as set forth in the pertinent sections of Department's 85, March 11, 7 p.m.

HULL

893.113/1471

The Ambassador in Great Britain (Mellon) to the Secretary of State

No. 744

LONDON, March 16, 1933.

[Received March 25.]

SIR: Referring to the Embassy's despatch No. 697 of February 28, 1933, concerning the British embargo on arms for China and Japan, I have the honor to report that Mr. Baldwin⁶⁹ announced to the House

⁶⁸ For telegram No. 86, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 117.

⁶⁹ Stanley A. Baldwin, British Parliamentary leader of the Conservative Party.

of Commons on March 13 that the Government had decided to raise the embargo as from that date.

In making this announcement, the President of the Council pointed out that the embargo had been a provisional arrangement pending the opportunity of international consultation and decision, but that reports from the Prime Minister and the Foreign Secretary revealed that there was no prospect of any international agreement upon the subject in the near future. In the circumstances, it was useless for the British Government alone to maintain the embargo. Nevertheless the Government remained firmly convinced of the necessity for such an agreement, and it was their intention vigorously to pursue the conversations already begun in an effort to arrive at a form of agreement which would in the future secure uniformity of action on this important subject.

The Hansard text giving Mr. Baldwin's announcement on the embargo, as well as his replies to other questions asked on this subject, is being forwarded with the Embassy's press clippings.

The Government's decision to lift the embargo has not caused much surprise, owing to the unpopular reception accorded to the Government's original announcement regarding the application of the embargo. (See Embassy's despatch No. 697 of February 28.) During the brief period in which it was in force, the arms embargo has been subjected to a vast amount of unfavorable criticism, not only by the Opposition press but by papers which support the Government. Both the idealists and the realists objected to it, although for different reasons. The prevailing view is that the measure was adopted precipitately and contrary to the previously declared policy of the Government.

Single copies of the *Times* and *Daily Mail* editorials of March 14, commending the Government for raising the embargo, have been forwarded with the Embassy's press clippings.

Respectfully yours,

For the Ambassador:
RAY ATHERTON
Counselor of Embassy

793.94 Advisory Committee/24: Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 17, 1933—6 p. m.
[Received March 17—2:05 p. m.]

151. Your 89, March 16, 8 p. m.

1. Under the terms of reference of the subcommittee it is not entirely clear what its functions will be. The subcommittee may well devote itself largely to fact finding.

2. Even before receipt of your telegram it had been my intention to abstain from unnecessary participation (as I quite recognize the possible embarrassment) and to be guided by the instructions set forth in your 85.⁷⁰ However, since we cannot foresee exactly the course of these discussions circumstances may arise at which avowed incapacity on my part to participate might be more embarrassing to you than discussion without commitment.

3. I trust that I correctly interpret the sense of your instructions.

WILSON

894.20/115

The Chargé in France (Marriner) to the Secretary of State

No. 3421

PARIS, March 17, 1933.

[Received March 30.]

SIR: I have the honor to refer to the Embassy's despatch No. WD 1180 of February 7, 1933, and to report as follows with respect to this matter.

In making inquiries during recent months with respect to reported efforts of Japan to borrow on the French money market, a member of the Embassy staff has profited in this respect by his acquaintance with a French authority, who happens to sit in on council meetings of the French General Staff for the purpose of advising on financial questions when international matters are under discussion.

During a conversation yesterday this man was discreetly led to indicate his understanding of the views of the General Staff with respect to the ambitions and the activities of Japan. These views may be summarized as follows: The General Staff does not expect that the present aggressive military activities of Japan will end in Jehol. This body expects Japan to pursue a policy of expansion in the Pacific, and that that country may not stop short of an attempt to take the Philippines.

As of further interest, the statement was made that the General Staff does not entertain a very high opinion of the military prowess of Japan and that, in fact, in reply to a request recently made to it by the Government for a report on the standing of Japan in this respect, the General Staff had expressed the opinion that, from a military point of view, Japan's lack of modern military science (in this respect, this body appears to consider that Japan still clings to almost feudal conceptions), military material, and capital, would not permit her, with any reasonable chances of success, to engage in a war with any first-class European power, or with the United States.

Respectfully yours,

THEODORE MARRINER

⁷⁰ Dated March 11, 7 p. m., p. 233.

793.94/6070 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 19, 1933—10 a.m.

[Received March 19—12:58 a.m.]

263. Reuter from Nanking, 18th :

“An emphatic declaration that there will be no negotiations or compromise with Japan was made by Lo Wen-kan on his return from the North today. He said Chinese people should do their utmost to protect national territory and regain lost provinces while the nations or [of?] world should assume their moral and legal obligations involved by adoption of report of Committee of Nineteen by League Assembly. He added that General Chiang Kai-shek fully supported Government's policy.”

Reuter from Tokyo, 18th :

“Speaking in Diet today Count Uchida, Foreign Minister, said departure from Peiping of Marshal Chang Hsueh-liang would prove favorable for solution of outstanding Sino-Japanese problems. He emphasized that Japanese and Manchukuo troops would not enter North China unless Chinese resort to unwarranted provocations.”

JOHNSON

CHAPTER III: MARCH 20-MAY 31, 1933

Chinese request for specific action against Japan, March 20; attitude of Advisory Committee following Japan's notice of withdrawal from League membership; Japanese incursions across Great Wall; Japanese promotion of separatist movement within the Great Wall; Chinese Foreign Office's desire for foreign aid in arranging cessation of hostilities; American attitude toward armistice question, April 25; review by the Department of its policy respecting use of American armed force at Shanghai, May 1; renewal of Japanese incursions south of the Great Wall; Chinese statement respecting ownership of the Chinese Eastern Railway, May 9; Soviet reply as to ownership question; continuation of Japanese advance toward Peiping; renewed Chinese suggestion of American pronouncement on crisis in the Far East, May 16; joint statement by President Roosevelt and Chinese Finance Minister Soong, May 20; preliminary arrangement for cessation of hostilities on May 23; signing of truce at Tangku, May 31.

793.94/6073 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 20, 1933—noon.

[Received March 20—3:45 a.m.]

265. 1. Situation today is as follows: Chinese hold defensive line along inside the Wall controlling Chinese end of passes at Hsifengkow. There is apparently no present intention on the part of the Chinese to attempt to invade Jehol.

2. Having acquired Jehol and extended their control to the Wall Japanese Government has stopped. Elimination of Jehol and of Chang Hsueh-liang deprives Japanese of any excuse for sending military expeditions into Peiping-Tientsin area south of Wall. Situation now hangs on question of value to Japanese of negotiations and ultimate settlement. Chinese are determined not to negotiate and they seem to believe that negotiations and settlement are of sufficient importance to Japanese to force Japanese to enter this area in the hope that Chinese will be compelled to negotiate.

3. I doubt whether importance of negotiation and settlement to Japanese is sufficient to outweigh expense and difficulty of conducting campaign in this area which would have to be extended as far as Yellow River and therefore believe that situation will continue stalemated for some time.

JOHNSON

793.94/6071 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, March 20, 1933—noon.

[Received March 20—4:45 a.m.]

General Yao Tung-fang has relieved General Ho Chu-kuo as commanding officer in Chinwangtao area. General Ho and his troops, who have been at Chinwangtao for several months, are being moved to Lwanchow.

General Han Fu-chu passed through Tientsin yesterday from Shantung to Peiping en route Paotingfu for conference with Chiang Kai-shek. Unconfirmed reports have been current for several days that Han may assume command of Chiang's forces in North China in the near future.

Both sides still claiming Hsifengkou.

Situation Tientsin quiet.

LOCKHART

793.94/6119

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Chinese Minister (Sze)

[WASHINGTON,] March 20, 1933.

The Minister read to me portions of telegrams which he said were from his Government. In the first telegram there was information to the effect that it had been decided to make counter-attacks at the Great Wall. In the second telegram the Minister was instructed to call on the Secretary of State and urged the imposition of an

embargo on export of arms to Japan, withdrawal of diplomatic representation from Japan and prohibition of imports from Japan.

The Minister requested then an appointment be made for him to see the Secretary of State.

793.94/6079 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, March 21, 1933—1 p.m.

[Received March 21—11:10 a.m.]

Charles O. Kautto, American missionary of Church of the Brethren Mission residing at Taitowying, Hopei, informs me by letter of March 19 that native mission helper has arrived there from Mutowteng and reported that that place occupied by Japanese March 9 and that Japanese troops occupying American mission property and using such things as they need but had broken no locks. Same mission helper reports Shwangshantze occupied by Japanese March 11 and that American mission property there being used by Japanese troops although no locks to private living quarters broken. Japanese soldiers occupying mission property described as follows: Mutowteng Fortieth Machine Company, Tenth Army; Shwangshantze Tenth Company, Tenth Army. Mutowteng and Shwangshantze are in Hopei Province northwest Shanhaikwan and outside the Wall. Mission property not registered this Consulate but red deeds in possession mission authorities. This matter being brought to the attention of Japanese Consul General Tientsin and is reported for such further action as Legation and Department may deem advisable.

Kautto further reports that Taitowying which is situated this side of Great Wall was visited by Japanese airplane on March 18 and two bombs dropped on commercial properties about 250 yards north of mission compound "on which some harmless shrapnel fell". Two Chinese killed on commercial properties by shrapnel.

Telegram published today from Tsunhua (70 li west of Hsifengkou and inside the Wall) states 5 Japanese airplanes visited that place March 20 and dropped 20 bombs destroying 5 houses and killing or wounding 10 persons.

Responsible Chinese returning to Tientsin from Shanhaikwan today reports 7,000 Chang Hsueh-liang soldiers have gone over to Manchukuo at unidentified place north of Wall. Not confirmed.

LOCKHART

793.94/6078 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 21, 1933—9 p.m.

[Received March 21—11:20 a.m.]

269. Vice Minister Liu called this evening under instructions from Lo Wen-kan to say that Lo had received word from Admiral Shen at Tsingtau that four Japanese cruisers had appeared off Taku and that the Japanese battleship *Hirada* (Commander Chita) had left Port Arthur for Taku. Lo stated that Commander Chita had stated that if China does not stop despatching troops toward Jehol there would be some action at Tientsin and Peiping. Vice Minister Liu did not know to whom Commander Chita had made above statement. Lo instructed Liu to say to me that China could not halt efforts to resist attack on Jehol and at same time China would be obliged to resist any attacks directed at Peiping or Tientsin. He pointed out that while this was at the present time only a threat—it might result in action later and Dr. Lo had directed him to express the hope that interested friendly governments would dissuade Japan from action which could not but endanger interests of friendly powers. Liu stated he communicated above to Lampson.

I promised Vice Minister Liu that I would communicate his message to you.

All has been quiet here but this evening rumors have been circulating, some inspired by the Japanese Legation, that Japanese may be intending some action. Tientsin reports all quiet there.

JOHNSON

793.94/6084 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 22, 1933—6 p.m.

[Received March 22—10:25 a.m.⁷¹]

273. My March 21, 9 p. m., third sentence. Vice Minister Liu now informs me that several days ago Admiral Shen of the Chinese Navy at Tsingtau, hearing that Japanese warships were concentrating at Taku, asked Tanaka, Commander of Japanese naval forces at Tsingtau, to transmit to Commander Chita of the *Hirada* a request that "in order that misunderstanding might be avoided" Japanese warships should not enter the Peiho. Tanaka transmitted message to Chita who radioed reply to the effect that he personally would like to see the *status quo* maintained at Tientsin and Taku but that unless

⁷¹ Telegram in two sections.

China desists from concentrating troops along Jehol frontier then it might not be possible to avoid some Japanese action at Tientsin and Taku.

According to latest reports received by Liu's office the battleship *Hirada* and four cruisers are now lying off Taku. Liu calls attention to the fact that Chita referred to Tientsin and Taku as possible scenes of action rather than Tientsin and Peiping as erroneously reported by Liu yesterday.

2. I report the above as communicated but wish to add that insofar as I can learn personally by conversation with local Chinese authorities (outside of Vice Minister Liu who makes the above statement by direction of Nanking) I can see nothing in the present situation that convinces me that either side desires to continue military activities. As I stated the other day I believe military action will continue at a standstill for the time being. Local shifting of Chinese forces indicates a process of gradual liquidation of the positions held by forces loyal to Chang Hsueh-liang and a concentration of forces more amenable to the control of the Government and Chiang Kai-shek.

Repeated to Tokyo.

JOHNSON

793.94/6082 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 22, 1933—7 p.m.

92. Tientsin's March 21, 1 p. m., and your 270, March 22, 11 a. m.⁷² Department assumes that you are keeping in touch with Lockhart and Department authorizes you, if and when you consider such action advisable, to take matter up with the Japanese Legation and/or to telegraph pertinent facts to Tokyo with suggestion that the Embassy at its discretion present the matter to the appropriate Japanese authorities.

HULL

793.94/6073 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 23, 1933—6 p.m.

94. Your 265, March 20, noon, and 273, March 22, 6 p. m. Department appreciates having your estimates. Please keep Department advised of any changes in your estimate and of concurring or dissenting views among your colleagues.

HULL

⁷² Latter not printed.

793.94/6144

The Ambassador in Japan (Grew) to the Secretary of State

No. 341

Tokyo, March 24, 1933.

[Received April 7.]

SIR: In the past it has been generally held that the occupation of Manchuria by the Japanese was initiated and carried out by the Japanese Army (or by that part of it stationed in Manchuria) without the previous knowledge and consent of the civil branches of the Japanese Government. While nothing has been disclosed which would alter this view, it now appears that it may not have been the Army, or the Kwantung Garrison, alone which organized and carried out the occupation, but that an important impelling influence behind the Army may have been the South Manchuria Railway. The Embassy has nothing exact and explicit upon which to base this statement, but numerous small facts point to a larger participation in the affair by the South Manchuria Railway than is generally recognized.

There is no doubt that the South Manchuria Railway had reason for desiring the Japanese control of Manchuria. The Railway was the principal sufferer from the pin-pricking policy which the Chinese administration of Manchuria adopted as a means of resistance to Japanese political and economic encroachment. Despite the Japanese claim that the so-called "parallel railways" were in violation of an agreement, the Chinese were from time to time building railways which served to deflect traffic from the South Manchuria Railway, whose receipts in consequence were steadily decreasing. With the impending completion of the Chinese port of Hulutao, connected with the Chinese net-work of railways, the South Manchuria Railway could foresee its fall from the position of supreme economic factor of Manchuria. Diplomatic protests against this invasion (as it was considered) of the South Manchuria Railway's territory having had no effect, it would not be strange if the Railway backed forcible measures in order to maintain its supremacy.

On June 12, 1931, Count Uchida was appointed President of the South Manchuria Railway by a Minseito Cabinet, although he was formerly supposed to have Seiyukai leanings. Count Uchida is said to be in general a careful, astute diplomat of strong nationalist leanings, but when aroused to be a hot-headed zealot, stubbornly and fanatically devoted to a cause. He has long been an ardent supporter of Japanese expansion in Manchuria, and, according to Tsunego Baba, in an article in the *Chuo Koron* of May, 1932, it was through his efforts, while Minister to China in 1903, that the Russo-Chinese secret agreement of alliance failed of conclusion. Count Uchida is said to have realized then that the agreement would have

“deprived Japan of any pretext upon which she could make war on Russia to assert her interests in Manchuria”, and consequently he “spared neither money nor energy to induce Chinese high officials and other notables to cancel the secret treaty which was then ready for ratification by the Empress Dowager”. It is reported that Uchida spent two million yen (a part of which went to the Empress Dowager herself) to secure the non-ratification of the agreement. The ostensible reasons for the appointment of Count Uchida to the Presidency of the South Manchuria Railway were (1) to take the railway out of Japanese politics, and (2) to provide as President a man of sufficient strength and prestige to be able to conduct necessary negotiations with the Chinese regarding the many pending questions. At that time, however, the Japanese-Chinese relations in Manchuria were rapidly approaching a crisis, and it is possible that influences outside of political circles in Tokyo desired to have as President of the South Manchuria Railway a man of strong nationalistic tendencies and of the moral courage necessary to carry through a plan which would certainly arouse great opposition throughout the world.

The Embassy can adduce no direct evidence that Count Uchida was a party to the planning of the Manchurian outbreak, but it is significant that the outbreak occurred only three months after he took office and that in the October following the outbreak he came to Tokyo to advocate the policy which had been taken by the military in Manchuria. At that time, it will be remembered, there was a fairly open conflict between the apparent views of the Japanese military authorities and those of the civil authorities, and it seemed somewhat strange that Count Uchida, himself a civil official appointed by the civil authority, should plead the cause of the military. A probable explanation of this anomaly lies in the supposition that Count Uchida was a party to the plans of the military, if not the master mind behind the entire scheme.

After the downfall of the Wakatsuki Cabinet, according to Baba, Premier Inukai of the incoming Seiyukai Cabinet, because of an old personal enmity toward Uchida, endeavored to remove him from the Presidency of the South Manchuria Railway, but was prevented from doing so by the influence of the military. Later, when the Saito Cabinet was formed with the concurrence of the military party, Count Uchida was selected as Foreign Minister, although he did not take office until after the Lytton Commission had completed its investigation of conditions in Manchuria. Count Uchida, it will be remembered, was retained in office in Dairen in order that he might advocate before the Commission the cause of the Japanese military occupation of Manchuria and the necessity of a separatist movement in Manchuria. These various circumstances would indicate that Count Uchida, from the beginning of the incident, if not

before, was working in close contact with the military and was thoroughly in accord with their views. By inference it can also be presumed that the organization of which he was head, i.e., the South Manchuria Railway, was likewise in close accord with the actions of the military.

The development of the Manchurian incident itself, at least in its early stages, indicates that it may have been organized at the instigation of the South Manchuria Railway. In the Embassy's despatch No. 374, of October 24, 1931,⁷³ with which was transmitted Mr. Salisbury's⁷⁴ report on his investigations in Manchuria, Mr. Salisbury pointed out that the purpose of the Japanese military actions in Manchuria in September, 1931, appeared to be to obtain control of strategic points (i.e. the railway terminals), rather than to protect Japanese nationals, which was the ostensible purpose of the actions. On September 18th and 19th the Japanese Army occupied Mukden, Changchun, Antung and Yingkow (Newchwang) and on the 21st occupied Kirin. Later operations were extended to Tunhwa, Tung-liao, Taonanfu, Hsinmin and Tsitsihar—all, it will be noted, either railway terminals or important railway towns. The purpose of the military actions therefore undoubtedly was to obtain control of the Chinese railways, either for strategic reasons or in order to permit their operation to be taken over and controlled by the South Manchuria Railway.

This latter objective was attained almost immediately after the occupation, although insurgent operations prevented any extensive use of the railways until the fall of 1932. That the operation of all railways in Manchuria (except the Chinese Eastern Railway, which is half Russian owned) should be placed under the control of the South Manchuria Railway was apparently understood from the early days of the Manchurian affair, as on November 13, 1931, a press ban prohibited the publication of reports that "the South Manchuria Railway is making some preparations with the new Manchurian Government about the construction of the new railways or the extension of its railway lines", and on December 9, 1931, a notice was sent to the newspapers to the effect that "Your attention is called to the fact that publication of the report that such railways as the Ssuping-kai-Taonan and Taonan-Angangchi railway will be placed under the trust management of the South Manchuria Railway upon the establishment of the Heilungkiang government would violate the ban placed on November 13th". Although the South Manchuria Railway operated (as far as possible under the conditions) all the railways of Manchuria from the time of the occupation, no agreement to this effect was made public until March 2, 1933, when the

⁷³ *Foreign Relations*, 1931, vol. III, p. 314.

⁷⁴ Laurence E. Salisbury, Second Secretary of Embassy in Japan at that time.

alleged substance of a contract (no date given) between "Manchukuo" and the South Manchuria Railway Company was published. Under this contract, all loans and advances made to "Manchukuo" or the previous administration, amounting to Yen 130,000,000, by the South Manchuria Railway for the construction of railways in Manchuria, are merged into one loan on the security of the railways, the management of which is entrusted (apparently indefinitely) to the South Manchuria Railway. According to this contract, it appears that the South Manchuria Railway can at any time default in payment to itself of principal and interest on the loans and thereupon claim title to the railways of which it is already in practical possession. If it can be assumed, therefore, that one of the primary influences impelling the Japanese occupation of Manchuria was the desire of the South Manchuria Railway to obtain possession of the Chinese railways in Manchuria, this desire can now be considered to have been fulfilled.

As a more concrete indication of the connection of the South Manchuria Railway with the Japanese military activities in Manchuria, Mr. Tokuzo Komai may be cited. Mr. Komai was one of the leading spirits in the establishment of "Manchukuo", was formerly the head of the General Affairs Bureau of that government, and is now a member of the Privy Council of "Manchukuo". In his recently-published book, *Dai Manshukoku Kensetsu Roku* (Record of the Founding of Great Manchukuo) he states that the South Manchuria Railway Company financed the Kwantung Army (the Japanese Army in Manchuria) during the initial stages of the occupation of Manchuria. Again, he states that the lower class employees of the South Manchuria Railway worked in the first lines shoulder to shoulder with the Japanese troops following the first outbreak in Manchuria. If this is true (and there is no reason to doubt it), the relations between the South Manchuria Railway and the Japanese Army in Manchuria must have been so close as to amount to cooperation from the start of the trouble, if not before.

An effort has been made in the foregoing to indicate that the interests of the South Manchuria Railway constituted one of the strong reasons for the Japanese military occupation of Manchuria, if they were not the primary impelling cause, and that it is strongly probable that Count Uchida, while President of the South Manchuria Railway, in collusion with certain officers of the Japanese Army in Manchuria, engineered the entire scheme for the occupation of the region and its separation from China. If such is the case, it would appear to upset the widespread theory that the Japanese action in Manchuria was simply military aggression, modified to some small extent by economic factors. Instead, while military strategic con-

siderations and the ambitions of the Japanese Army were undoubtedly important factors, the actual and immediate cause of the occupation would seem to have been the irresistible growth of economic forces.

This would not be the first time that local economic and social forces on the edge of a nation's sphere of activity have dictated the policy of the home government.

Respectfully yours,

JOSEPH C. GREW

793.94/6092 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 25, 1933—2 p.m.
[Received March 25—2:30 a.m.]

67. Major Generals Itagaki and Okamura of the Kwantung Army have recently come to Tokyo where it is reported that the purpose of their visit is to persuade the home Government to permit military operations south of the Wall, without which the Kwantung Army will be unable effectively to eliminate the Chinese resistance to the Japanese occupation of Jehol. The Japanese consider themselves to be in a difficult tactical position on the Wall. Ariyoshi, Japanese Minister to China, and Suma, First Secretary of Legation, are also en route to Tokyo, presumably to take part in discussion. A decision whether or not to operate south of the Wall is expected in the near future. The Military Attaché believes that limited operations south of the Wall will probably be authorized.

GREW

793.94/6093 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 25, 1933—3 p.m.
[Received March 25—9:55 a.m.]

277. Joint Commission appointed under article 4 of the agreement of May 5, 1932,⁷⁵ covering cessation of hostilities at Shanghai was requested by Japanese in June 1932 to decide whether previously unnotified movement of Chinese troops by rail through the Markham Road junction on the Shanghai-Nanking Railway was contrary to article 2 of the agreement.

On June 13th neutral members of the Joint Commission made following decision in reference to movements of troops in Shanghai area:

"The unanimous decision of the neutral members of the Joint

⁷⁵ *Foreign Relations, Japan, 1931-1941, vol. I, p. 217.*

Commission on the matter brought before them is that article 2 of the May 5th agreement provides an area within which there shall be no movement of Chinese troops, that area being defined in annex 1 of the agreement referred to. Outside that area there shall be no hostile movement (by either the Chinese or the Japanese side) in the vicinity of Shanghai. In the event any doubt arises the situation in this respect will be ascertained by the neutral members of the Commission."

On February 7th the Chinese moved several hundred troops from Soochow to Chekiang Province through Markham Road junction on the Shanghai-Nanking Railway at Shanghai. Japanese Consul General thereupon made verbal protest to Mr. Yui, Chinese member of the Joint Commission and after many conversations between the two Yui orally agreed to notify Japanese Consul General or the chairman of the Joint Commission whenever Chinese troops were to be moved through the area. Japanese Consul General communicated this undertaking to his Government and the latter replied that it would not accept verbal assurances of this nature but must insist on written assurances. Chinese member of the Commission insists that movement of Chinese troops through Markham Road junction does not come within scope of the agreement of May 5th. Matter is thus deadlocked between Japanese and Chinese members of the Commission.

Japanese Consul General on March 8 complained of further un-notified passage of Chinese troop on February 7th of this year. Chinese expressed willingness to give oral notification of such intended passages of troops in future but have maintained that May 5th agreement was not intended to prevent normal transit Chinese troops by rail and have refused to give notice of such movements in writing. I and my British and French colleagues are in general agreement with Chinese position, for agreement was never intended to prevent normal transit of Chinese troops by that railway.

On March 14th Japanese Consul General at Shanghai informed Cunningham that he believed he might find it necessary very soon to ask the neutral members of the Commission to reaffirm decision of June 13th last. British, American and French Consuls General have requested our instructions as to what attitude they should take should Commission be called upon by Japanese as indicated. British Consul General offered following formula:

"The decision rendered by the Joint Commission on June 13, 1932, regarding article 2 of the agreement is still considered to be the only practical interpretation of the wording of that article. Nevertheless, the neutral members of the Commission feel that the spirit of the agreement was to prevent hostile action against the Japanese troops.

In view of the improved conditions in this area the neutral members of the Commission do not consider that article 2 should any

longer be invoked to prevent the movement of Chinese troops along the railway to other parts of China unless there is definite evidence that such troop movements are hostile to the Japanese in the sense intended by article 1."

As a result of discussion today with my British and French colleagues I have sent following instruction to Cunningham :

"March 25, 3 p. m. Your despatch No. 7491 dated March 17⁷⁶ regarding Joint Commission. British Minister, French Minister and I are in agreement with views expressed by you in penultimate paragraph.

It would be my personal hope, and I believe this hope shared by my colleagues, that Joint Commission should not be faced with the necessity to make decision but if question is put before the Commission we are agreed that Commission shall limit itself to the following statement or decision which is an amendment of paragraph 2 of draft offered by Brenan⁷⁷ enclosed with your despatch under acknowledgment :

"The neutral members of the Commission do not consider that article 2 should now be invoked to prevent the normal transit of Chinese troops by the railway to other parts of China unless there is definite evidence that such troop movements are locally hostile to the Japanese in the sense intended by article 1."

You will note that we have omitted entirely paragraph 1 of Brenan's draft which refers to the previous decision. Please keep me telegraphically informed. I am telegraphing Department of this action."

British and French Ministers are similarly instructing their Consulates General.

JOHNSON

793.94 Commission/915

*Memorandum by the Under Secretary of State (Phillips) of a
Conversation With the Japanese Ambassador (Debuchi)*

[WASHINGTON,] March 25, 1933.

The Ambassador informed me that Japan would officially withdraw from the League of Nations, probably some time next week. He talked at some length about the situation in which Japan would then be, which, in his opinion, paralleled that of the United States; Japan, he said, would continue to cooperate with the League in disarmament matters and would also cooperate with the other powers at the forthcoming International Economic Conference. He emphasized the fact that Japan desired to cooperate in all measures preserving peace.

⁷⁶ Not printed.

⁷⁷ Sir John Brenan, British Consul General at Shanghai.

Mr. Debuchi then referred to the newspaper reports to the effect that Manchukuo was building a navy. These reports, he said, were, of course, utterly absurd, that Japan was building a few patrol boats for the Sungari River and for the coast, very much on the lines of our Coast Guard, that the largest vessels would not be over 200 tons and the smallest would be 15 tons.

The Ambassador then referred to the London Naval Conference and said he wished me to fully understand that Japan would withdraw from the Treaty at the end of the five year period. He explained the difficulties that had occurred in Japan upon the signature of that Treaty and said that Japan had only signed it because of its limited period of duration. It was a question of ratio, he said. Japan had further suggestions to offer and he assumed that the other powers equally had suggestions to offer, but he wished to make it quite clear that his Government would not prolong the existing Treaty.

Mr. Debuchi mentioned the military situation and said that from the reports which he had received no fighting was in process with the exception of a few mild skirmishes. The Chinese, however, were concentrating considerable forces to the south (of the Wall), but he sincerely hoped that they would not come into contact with the Japanese forces. He seemed to feel that the situation was far better than it had been a year ago and mentioned the then problems.

I made no comment other than that I was still worried by appearances in the Far East.

W[ILLIAM] P[HILLIPS]

793.94/6099 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 27, 1933—11 a.m.

[Received March 27—3:10 a.m.]

278. Situation here and on all fronts remains unchanged. Chiang Kai-shek visited Peiping and had conferences with local military on the 24th and proceeded to Nanking arriving there Sunday ⁷⁸ where he had conferences, one of the results of which according to Reuters agency has been the resumption of duties by Wang Ching-wei. It is reported that Wang Ching-wei will come north to inspect military positions shortly.

There is no evidence in any information which either I or the Military Attaché have been able to obtain to confirm reports of disagreement among Chinese military. All evidence points to coopera-

⁷⁸ March 26.

tion among Chinese leaders for the purpose of resisting with all the power they possess any effort by Japanese to drive them from positions which they now hold some of which are north of the Wall at Lowenyu which lies between Kupeikow and Hsifengkow, and at Lengkow which lies between Hsifengkow and Chiumenkow. Chinese posts along Wall are being strengthened by troops which are arriving or have already arrived from the Yangtze Valley. There is no evidence to indicate that Chinese have or will negotiate directly or indirectly with the Japanese. Chinese appear to be convinced that Japanese will make efforts south of the Wall (see Tokyo's 67, March 25, 2 p.m.) for they are busily engaged in transferring all objects of value from palaces and other places south by mail to Shanghai and Tientsin.

JOHNSON

793.94/6101 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, March 27, 1933—noon.

[Received March 27—6:55 a.m.]

My March 21, 1 p.m. Further letter from Kautto dated March 24 states Japanese airplane visited Taitowying at 9 o'clock that morning and dropped a bomb within 20 feet of the northeast corner of Kautto's residence, a foreign style house, landing just outside the compound wall, making two large holes in the wall and shaking brick from the chimney on Kautto's house. Plane circled over the place for about 30 minutes before dropping the bomb. Soon afterwards another bomb was dropped striking about 20 feet from the southeast corner of the compound and breaking some window panes in mission building. An hour later another plane visited the city dropping two bombs. Kautto reports that altogether there were nine civilians killed including men, women and children. Presumably all were Chinese. Only Americans there are Kautto and wife who were uninjured. Commenting Kautto states:

"We have the American flag flying from our flagpole, yet these two bombs were scarcely out of reach of the compound, and while there are native holdings adjoining there was no particular provocative reason for their dropping bombs at either place, in fact no military advantage to be gained so far as we know."

In lieu of representations to Japanese Consul General at Tientsin it would seem advisable that the Legation and/or Department might wish to make representations in appropriate quarters.

LOCKHART

793.94/6100 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, March 27, 1933—1 p.m.
[Received March 27—5:45 a.m.]

280. Reuter from Shanghai today:

"In advancing Chinese thesis that vital interests of United States demand active and positive intervention of America in conflict created by Japan's military action against China, Eugene Chen, former Foreign Minister, has issued lengthy statement on American right and obligation in the Sino-Japanese conflict. Chen urges that America demand in return for cancellation of war debts that Britain and France cooperate with United States in assisting China to secure Japanese observance of Nine-Power Treaty and carry out general disarmament which would insure international security and peace in Far East. Examining situation from many aspects and consideration[s,] Chen believes that, willing or unwilling, America is bound to take leading part in task of preventing Japan breaking up the international system in Far East which rests on doctrine of open door, Nine-Power Treaty and Kellogg Pact. He rejects thesis that Manchuria is a matter of life and death for Japan as a source of raw materials, a barrier against Soviets and a home for Japan's surplus population."

JOHNSON

893.00/12318 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, March 28, 1933—11 a. m.
[Received March 28—2 a. m.]

282. Following from American Consul General at Nanking:

"March 27, 5 p. m. I am reliably informed that Chiang Kai-shek, Wang Ching-wei and 13 other members of the National Defense Council held conference this morning in regard to interrelated military and police [political] problems. It is expected that the conference will be extended for several days. Question of who shall be president of the Executive Yuan has not yet been decided."

JOHNSON

793.94/6106 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, March 28, 1933—2 p. m.
[Received March 28—5 a. m.]

284. Department's 92, March 22, 7 p. m.; and Tientsin's March 27, noon, to the Department and the Legation.

I have summarized those telegrams and Tientsin's March 21, 1 p. m., to Tokyo adding the following:

"In view of care taken by Japanese to drop leaflets in English warning foreigners at Lingyuan, Jehol, of coming air raids with request that national flags be displayed on foreign property and the foreigners take cover when planes appear over city, I in urgent letter to the Japanese Legation have assumed that Japanese aviators failed to see American flag displayed from flagpole on Kautto's property. I have requested that Japanese military authorities be immediately notified of the above facts and that steps be taken to safeguard American lives and property from further danger.

Department in its 92, March 22, 7 p. m., suggested that if deemed advisable I refer matter reported in paragraph 1 above to you for presentation at your discretion to appropriate Japanese authorities. In hope of local settlement I refrained from referring matter to you but in view of subsequent developments both matters are referred to you for such action as you deem appropriate."

Have also informed Lockhart of action taken and, with view to expediting action by military authorities, have suggested that Japanese Consul General at Tientsin be informally notified of this Legation's action.

JOHNSON

793.94/6106 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 28, 1933—6 p. m.

100. Tientsin's March 27, noon, and your 284, March 28, 2 p. m. Department approves and has given Japanese Ambassador here informally an account of the apparent facts, together with statement that you have communicated with Japanese Legation and have informed our Embassy in Tokyo, and comment that incidents of this sort make a very bad impression. Japanese Ambassador concurred in the comment and expressed regret and solicitude, saying he had no doubt but that his Government would take appropriate action and do its utmost to prevent such incidents.

HULL

793.94 Advisory Committee/28 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 28, 1933—10 p. m.

[Received March 28—8:08 p. m.]

158. At a meeting this afternoon of the Advisory Committee on Manchuria the Secretary General reported the telegram from the

Japanese Government concerning notice of withdrawal from the League and his reply thereto.⁷⁹

Lester suggested that a further declaration might be made by the Committee contesting the interpretation of the international law which the Japanese note presented. After some discussion it was decided that no further declaration should be made, since the matter was adequately covered by the debates and the report of the Assembly.

The Chairman announced that the Secretariat had been requested to make a study of the situation bearing upon nonrecognition of Manchukuo. Pilotti, Undersecretary General, who had been charged with this study, made a report of considerable interest touching on various international organizations to which Manchukuo had requested or might aspire to membership, the question of money and the question of passports. It was suggested in the debate that the Secretariat also study the question of contracts and the question of exequaturs for Consuls. Pilotti's report was of a preliminary nature. He will carry his studies further and eventually a report will be circulated to the members of the Committee who will be later summoned to discuss it.

The Chairman raised the question of embargo. It was apparent from the remarks of Great Britain, Germany, Czechoslovakia and others that they did not consider that this question could be usefully studied at the present time; at least until the question raised in the Advisory Committee on the Leticia Dispute (my 155, March 22, 1 [3] p. m.⁸⁰) had been studied further and the attitude of the various governments ascertained.

WILSON

793.94 Commission/916

The Chinese Legation to the Department of State

TEXT OF A STATEMENT ISSUED BY DR. LO WEN-KAN, MINISTER FOR
FOREIGN AFFAIRS, CONCERNING JAPAN'S ANNOUNCEMENT OF
WITHDRAWAL FROM THE LEAGUE OF NATIONS

"After the military occupation of the Three Northeastern Provinces, the attack on Shanghai and more recently the invasion of Jehol, in utter disregard of the sanctity of the international agreements and the resolutions of the League of Nations, the Japanese Government has now formally announced Japan's withdrawal from that International Organization whose object is to promote inter-

⁷⁹ For text of the telegram of March 27 and reply by the Secretary-General of March 28, see League of Nations, *Official Journal*, March 1933, pp. 657-658.

⁸⁰ Printed in vol. iv, section on the Leticia Dispute.

national cooperation and to achieve international peace and security. This step taken by the Japanese Government at a time when the League of Nations is making most earnest efforts to settle the Sino-Japanese problem is nothing less than a deliberate attempt to impair the post-war machinery for the preservation of peace of the world. It is also tantamount to an open declaration rejecting the settlement by pacific means of an international dispute of the first magnitude and compelling China to accept what terms and conditions Japan may choose to dictate.

“There is no need to take up here the usual and fallacious arguments advanced by the Japanese Government in justification of its secession, as these have been conclusively refuted not only by the Chinese Government on various occasions, but also by the League of Nations in its numerous resolutions as well as in its assembly report. But, it must be pointed out that Japan’s declaration of her intention to withdraw from the League of Nations does not absolve her from obligations which she must fulfil before she can claim right to effect her withdrawal. Paragraph 3, article 1 of the Covenant plainly states that ‘any member of the League may, after two years’ notice of its intention so to do, withdraw from the League, provided that all its international obligations and all its obligations under this Covenant shall have been fulfilled at the time of its withdrawal’. As applied to Japan’s announced withdrawal, it means that still binding on her are all resolutions adopted by the Council and Assembly of the League of Nations ever since the League was seized of the Sino-Japanese dispute and that equally binding on her will be all decisions or resolutions which may be adopted by the League in this matter at any time before her secession day regarded as fact in law. It also means that Japan is not entitled to the right to withdraw from the League unless and until she has carried out not only all resolutions and decisions of the League of Nations in respect to present dispute and other obligations under the Covenant, but also all obligations under those international agreements, provisions of which have also been proclaimed by the League as guiding principles for the settlement of the dispute. In short, if Japan claims right to withdraw from the League, it is her duty to implement all provisions of the Kellogg-Briand Pact and the Nine-Power Treaty as well as those of the Covenant, within the two years after she has notified her withdrawal from the League of Nations. If she fails to do so, she remains a member of the League and will be as much subject to its authority as every other Member-State. The just and equitable settlement of the Sino-Japanese question by the League is, therefore, in no way prejudiced by the step which the Japanese Government has taken.

“On the other hand Japan’s announced withdrawal instead of weakening the authority of the League of Nations as she may fondly believe will enable the League to deal all the more effectively and expeditiously with the Sino-Japanese dispute. The Japanese Delegate to the League had repeatedly threatened that Japan would withdraw from the League of Nations. But the fact that the League has ignored his threats and unanimously adopted the Assembly report is a clear evidence of its firm determination to settle the dispute according to its own principles. And since it is the purpose of the League to maintain its authority, attempts of secession of a recalcitrant member who has persistently and deliberately violated provisions of the Covenant as well as resolutions of the League Council and Assembly will only enable it to perform its great task with greater freedom. It is therefore the belief and conviction of the Chinese Government that the League with its strengthened position and its firm determination will not fail to take immediate and effectual steps to deal with the new situation that has arisen.

“Now that Japan has announced her withdrawal from the League of Nations she is confronted with opposition of all countries which give their hearty support to the Covenant as well as to principle of justice and cause of peace. The Chinese Government is convinced that the ideals for which the League stands will ultimately triumph and that the Sino-Japanese dispute will receive just and equitable settlement, while aggression will suffer, in due course, inevitable consequences of its open defiance of the civilized conscience of the post-war world.”

WASHINGTON, March 28, 1933.

793.94 Advisory Committee/29 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, March 29, 1933—11 a. m.

[Received March 29—8:35 a. m.]

159. Supplementing my 158, March 28, 10 p. m. While the United States was not cited by name during the debate, all of the members of the Committee who spoke on the embargo question made reference to subordinating their action to action of other states and to the necessity for a period of time to “clarify the situation”.

It becomes more obvious as I attend these meetings that the arms producing states are reluctant to take any position in this matter at least until the United States is able through legislation to adopt an attitude. I have the feeling that even should enabling legislation be enacted we will still find in the arms producing states the same

reluctance to take a position themselves until they know what our attitude is to be.

If we decide to favor an embargo against Peru, let us say, I am inclined to think that every arms producing state will adopt the same attitude. If on the other hand we decline to declare an embargo against Peru I feel equally convinced that the other states will decline regretfully on the ground that in view of the attitude of the United States they are unable to take any steps in this direction.

As to an embargo on Japan alone the situation is not so clear since Great Britain obviously has grave apprehensions about such action. From private conversations I am inclined to think that France would join in an embargo on Japan alone. I have been unable to obtain any indication of the attitude of the other arms-producing countries with the possible exception of Italy (see my 143, March 9, 6 p. m.⁸¹).

I have put these observations before you since it seems to me that the attitude of the American Government will be in a large measure the determining factor on these questions whether we desire it or not. You may feel therefore that it would be a wise procedure if and when legislative authority is granted to discuss the matter with the representatives of other countries especially Great Britain, France and Italy either in Washington or wherever you may think advisable before we reveal any decision to the Committee.

With reference to this whole question of embargo I cannot escape the feeling that many of the powers involved are happy to feel that the geographical and political factors in the cases involved are such that they can thrust the responsibility for this decision upon the United States.

WILSON

793.94/6201

The Minister in China (Johnson) to the Secretary of State

No. 2031

PEIPING, March 29, 1933.

[Received April 22.]

SIR: I have the honor to transmit herewith four memoranda of conversations⁸² I have recently had with various Chinese personages regarding Sino-Japanese relations and their effect on the local situation.

On March 16th and 20th I called on General Ho Ying-chin, Minister of War, who has been appointed to take Marshal Chang Hsueh-liang's place as head of the Peiping Military Council. On both occasions he seemed anxious to know whether I thought that the Japanese

⁸¹ Printed in vol. I, section on the Disarmament Conference.

⁸² None printed.

would come south of the Great Wall, and he stated that the Chinese intended to resist any further advance.

Dr. H. H. Kung, ex-Minister of Industries and a brother-in-law of General Chiang Kai-shek, called on me on March 20th on his return from Europe and the United States. He said that the fact that diplomatic relations between China and Japan continued permitted the Japanese to know every move the Chinese planned or made; on the other hand, even if relations were broken off the Japanese still had their concessions at Tientsin and Hankow and were represented in the International Settlement in Shanghai. Dr. Kung also said he could not understand why the League was unwilling to impose sanctions, or why the United States was unwilling to join in making them effective. He thought economic sanctions would stop the Japanese at once.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.00/12323 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 30, 1933—noon.

[Received March 30—5:30 a. m.]

291. From American Consul General at Nanking:

“March 29, 3 p.m. It is reliably reported that Wang Ching-wei will resume office as President of Executive Yuan on March 30 and that the National Defense Council has adopted measures for uniting under National Government control all military forces in the country. This means incidentally that the Government assumes responsibility for the support of the forces formerly under Marshal Chang.[”]

JOHNSON

793.94/6224

*The Consul General at Harbin (Hanson) to the Minister in China (Johnson)*⁸³

No. 2578

HARBIN, March 30, 1933.

SIR: I have the honor to report that the Hsinking Government appears to be disturbed because the Soviet Government aided the return to China of several thousand Chinese soldiers formerly under the command of General Su Ping Wen. It will be remembered that

⁸³ Copy transmitted to the Department by the Consul General at Harbin in his despatch No. 5722, March 30; received April 24.

these soldiers fled with General Su into Siberia when the Japanese military made a drive on the western line of the Chinese Eastern Railway in December last. On March 21, 1933, Mr. Hsieh Chieh Shih, Minister for Foreign Affairs at Hsinking, instructed the local Commissioner for Foreign Affairs, Mr. Shih Lu Pen, to file a protest in this connection with the local Soviet Consul General. The text of the protest reads in substance as follows:

"When the Lytton Commission proposed a meeting with Ma Chan Shan last year, your Government refused to visa their passports. Besides, when our Government requested you to prevent the rebel leader from fleeing into Soviet territory, you assured us that, while it was impossible to comply with our request in view of the long distance of the frontier line, the rebel leader and his men, if they should find their way into Soviet territory, would be disarmed and be placed under personal restraint.

"Notwithstanding, when Su Ping Wen and others fled into your territory, our request for their surrender to us was ignored. Much to our regret, these anti-Manchoukuo leaders were sent back home safely by way of Vladivostok, only to allow them to fan anti-Manchoukuo movements in their home country.

"That the Soviet side should have facilitated their landing in Tientsin, close by the scene of bloodshed and complications and to rejoin in anti-Manchoukuo demonstrations is a surprise to our side.

"Such move as taken by your side is considered as a most unfriendly gesture of your attitude, while we have been ever anxious to further the friendly relation with your country. Here, we have to express our deep regret of your unfriendly move."

Respectfully yours,

G. C. HANSON

793.94/6123 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 31, 1933—10 a. m.

[Received March 31—12:42 a. m.]

295. Following from American Consul General at Mukden:

"March 30, 3 p. m. According to strictly confidential information a new treaty, the existence of which is kept secret, has been concluded between Japan and Manchukuo. Contents unknown. Its publication is expected in the near future.

From a reliable source it has also been learned in confidence that the situation along Great Wall has become much more serious during the past week and that influential elements in the Army believe that there is grave danger that North China will be invaded unless Chinese attitude is radically changed."

JOHNSON

793.94/6124 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 31, 1933—4 p. m.

[Received March 31—7:10 a.m.]

296. My 293, March 30, 4 p. m.⁸⁴ Japanese Legation informs me that Japanese Ambassador to Manchukuo had replied to Japanese Legation's report to him of my note of March 28 stating that matter has been referred to the appropriate authorities and that more specific reply must await report of investigation. In answer to this Legation's inquiry as to action taken to prevent recurrence of bombing imperilling Americans and property at Taitowying Japanese Legation stated that all interested parties had been advised of my report of March 28. On March 23 Lockhart reported that Japanese Consul at Tientsin had stated that he had reported matter to appropriate military authorities.

JOHNSON

033.9411 Matsuoka, Yosuke/24

*Memorandum by the Secretary of State of a Conversation With
Mr. Yosuke Matsuoka*

[WASHINGTON,] March 31, 1933.

Mr. Matsuoka came in alone, being introduced by Mr. Cumming of my outer office, to pay his respects. I had already indicated that I would not undertake a discussion of Far Eastern problems with him at this time. He was very affable and after a couple of minutes casual words of greeting and exchange of personal complimentary references, he arose to go. He then expressed his regret and that of his country at the idea of having felt obliged to quit the League. He left a printed pamphlet with me with the request that I read it. The pamphlet seems to comprise a number of speeches of Matsuoka, including the statement of his delegation when it quit the League and when it walked out of this Assembly on February 24, 1933. I assured him that I would be glad to read the different speeches, etc. As he was about to depart, he spoke against the idea of war between the two countries and urged that Japan be given time in which to make herself better understood, et cetera, insisting that he would undertake personally to do his full share in this direction upon his return home.

I was courteous but virtually silent while he was offering these parting remarks.

C[ORDELL] H[ULL]

⁸⁴ Not printed.

793.94 Advisory Committee/29 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson), at Geneva

WASHINGTON, March 31, 1933—6 p. m.

92. Your 159, March 29, 11 a. m. I desire absolutely to avoid being drawn into any discussion of this Government's attitude with regard to any proposed embargo on export of arms until the League shall have made its own decision. I do not intend that this Government shall assume the rôle of mentor to the League or accept a responsibility which initially lies with and belongs to the League under the League's Covenant. You should, by refusing to be drawn into discussion of the subject of embargoes, discourage any hope or expectation on the part of the League to the contrary.

Please review Department's 2, September 23, 1932, noon,⁸⁵ first two paragraphs, and Department's 85, March 11, 1933, 7 p. m., and 89, March 16, 1933, 8 p. m.

HULL

793.94 Advisory Committee/33 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, April 1, 1933—noon.

[Received April 1—8:20 a. m.]

160. Your 92, March 31, 6 p. m. I entirely share your views as to the inadvisability of our accepting any responsibility as to a decision which rightly rests with the League of Nations. Nothing was further from my mind than to urge such a course. My telegrams which I have just reviewed were written with the idea of conveying a warning as to how the situation was developing here.

WILSON

793.94/6127 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 1, 1933—1 p. m.

[Received April 1—4:35 a. m.]

Telegraphic reports from two reliable sources Chinwangtao state that Japanese occupied Hsimenchai this morning, short distance north

⁸⁵ Telegram to the Acting Chairman of the American delegation to the General Disarmament Conference, *Foreign Relations*, 1932, vol. iv, p. 271.

of Chinwangtao and well inside the Wall. The situation in region of Shanhaikwan is becoming more tense, considerable fighting west and northwest that place having occurred. Japanese planes have been engaged in reconnoitring that region for several days and in some instances dropping bombs.

LOCKHART

793.94/6125 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 1, 1933—3 p. m.

[Received April 1—9:30 a. m.]

299. Legation's 295.⁸⁶ Following from Mukden:

"March 31, 4 p.m. According to information from a reliable source the treaty referred to in my telegram of March 30, 3 p. m., provides for the transfer to Japanese control of the Manchukuo telephone, telegraph and wireless systems."

JOHNSON

793.94/6129 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 1, 1933—4 p.m.

[Received April 1—11:35 a.m.]

300. Following from American Consul General at Nanking:

"March 31, 10 p. m. Lo Wen-kan is confined to his house with serious eye trouble but I saw him this afternoon just after Wang Ching-wei called on him. I told Lo rumors were about that Wang and Chiang Kai-shek were willing to begin direct negotiations with the Japanese and Lo admitted that direct negotiation rumors were current everywhere but he insisted they were being spread by the Japanese. Without confirming reported willingness of Chiang and Wang to negotiate Lo said that while he was in Nanking they could do nothing in that direction and he denounced direct negotiations as unthinkable. Lo will consider nothing but stubborn and at least passive resistance but my strong impression is that Chiang and Wang feel that some positive action is required and that they are at a complete loss what step to take. It is impossible to predict course of events."

JOHNSON

⁸⁶ March 31, 10 a. m., p. 263.

711.94/800a

The Secretary of State to the Ambassador in Japan (Grew)

No. 239

WASHINGTON, April 3, 1933.

SIR: There is enclosed a copy of a Universal Service report under Tokyo date line March 22⁸⁷ which appeared in the March 23, 1933, issue of the *New York American*, the first sentence of which reads as follows:

“American money and United States diplomatic, military and naval advisers dominate the Canton Government in Southeastern China, stronghold of Japan’s bitterest foes, the Tokio and Osaka *Asahis*, Japanese newspapers, charged today.”

The newspaper report is so utterly fantastic and without basis in fact that it seems inadvisable to dignify it with a formal denial. The Department is, however, sending you a copy of the report in order that you may be in position in your discretion and if and when an appropriate opportunity presents itself to mention informally to appropriate authorities of the Japanese Government how mischievous such reports are to the best interests both of Japan and of the United States.

In this connection it may be mentioned that the Department has noted from time to time the appearance in American newspapers of other reports emanating from Japan similar to the report which is enclosed.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

793.94/6134 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 4, 1933—noon.
[Received April 4—10:30 a.m.]

Reverend Kautto called this office today and stated mission property is located immediately outside Taitowying city wall and extends from southeast corner of wall, a distance of approximately 300 feet, towards east gate city wall. Just outside of mission compound north wall is a Chinese incense factory occupying rather long narrow building. On south side of mission wall are a number of small Chinese stores among them being a fruit shop. Across the street from mission compound several hundred feet away to southeast is Chinese inn. Distance from north wall mission compound to east gate city wall is approximately 600 feet.

⁸⁷ Not reprinted.

Mr. Kautto said, and subsequently repeated the statement, that 30 or 40 Chinese soldiers were quartered in the incense factory immediately adjoining mission compound wall when bombing took place. This confirms statement of Japanese information bureau in second paragraph my April 1, noon,⁸⁸ stating bomb which fell just outside mission compound wall barely missed incense factory building in which the Chinese soldiers were quartered.

Bomb which fell outside southeast corner mission compound was apparently aimed at Chinese inn in which there was also small detachment Chinese soldiers. It is evident bombing was directed at Chinese troops. Kautto states there was no firing by Chinese soldiers prior to bombing but that one shot was fired by them at bombing plane. Immediately after bombing Chinese vacated factory building and inn.

Kautto reported that March 28 Chinese mission worker arrived Taitowying from Shwangshantze and reported Japanese soldiers had vacated mission property there and that no Japanese soldiers were in that city when he left. Meantime Chinese reported to Kautto that mission property Mutowteng had also been vacated by Japanese soldiers. Kautto has not had opportunity to confirm these reports but believed them correct. It was reported to him that notices had been posted on Shwangshantze property by Japanese forbidding anyone enter or damage the property.

Kautto further reports that occupation Taitowying by Japanese appeared imminent. I strongly advised him to have his wife leave Taitowying immediately and come to Tientsin. He is leaving for Taitowying tonight to bring his wife here.

Artillery firing in considerable volume being heard in region of Chinwangtao to the west and northwest and also north of Changli.

LOCKHART

793.94/6138 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 5, 1933—4 p.m.
[Received April 5—1:45 p.m.]

308. Local situation continues unchanged although serious situation which has developed in Kiangsi and which has forced Chiang Kai-shek to proceed to that point is portentous. Japanese advance through Hsimenchai and Haiyang does not at present appear to have any significance other than an attempt to clear that area of Chinese forces which have been threatening Japanese at Chiumenkou and Shanhaikwan.

JOHNSON

⁸⁸ Not printed.

793.94/6185

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] April 6, 1933.

When the Chinese Minister called today, I inquired whether he had any news from the Far East, to which he replied that he had nothing since two days ago, that the then reports indicated that the Chinese were withdrawing to Lwanchow, in order to avoid a clash with the Japanese forces; the Chinese were not able to put up a strong fight, but if the Japanese pushed through as far as the Lwanchow-Peiping region, the Government would have to put up a strong resistance, otherwise it would fail; the Chinese people throughout the country were demanding resistance, yet it was apparent that the Chinese Government were not in a position to offer such resistance.

WILLIAM PHILLIPS

793.94/6141 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 7, 1933—11 a.m.

[Received April 7—9:30 a.m.]

Three trains of Chinese troops moved eastward through Tientsin yesterday afternoon.

Officer in charge Fifteenth United States Infantry detachment Chinwangtao reports fighting north of camp between Chinese forces and Manchukuo troops consisting of Koreans, Chinese and Japanese wearing divisional uniform as Chinese with white band left sleeve. Also reports brisk fighting village about 3 miles north of camp, some stray but spent bullets falling around soldiers club Chinwangtao. He further reports no troops (presumably no Chinese troops) at Haiyang and that two battalions Chinese troops have left Chinwangtao for Peitaiho, only one platoon now remaining Chinwangtao.

Although area above mentioned is in territory under the jurisdiction of General Nakamura, so far as Japanese troops are concerned, with headquarters at Tientsin, it is understood that officers and men of this command are not concerned with operations which are apparently being carried out by troops from behind the Wall many of whom belong to Manchukuo army and some of whom may embrace former Chinese officials and volunteers who are said to have gone over to Manchukuo during Jehol campaign. Present operations variously supported by Japanese air forces.

LOCKHART

793.94/6142 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 7, 1933—3 p.m.

[Received April 7—9:55 a.m.]

312. My 296, March 31, 4 p. m. Following from American Embassy at Tokyo:

“April 6, 3 p. m. Your March 28, 2 p. m. Kautto. Japanese Vice Minister for Foreign Affairs today stated that the matter of occupation of American mission property at Mutowteng and Shwangshantze was still under investigation by the Army and that complete report was not yet available.

Regarding dropping of bombs at Taitowying the Japanese authorities state that it is possible that damage may have been done to property. Japanese scouting planes were operating over this place at the time mentioned against Chinese forces. They were flying at a height of 1,500 meters. At that height it is impossible to make out a flag flying vertically from a pole and suggest that it would be better to place the flag horizontally over the ground or roofs. If damage was done the military sincerely regret it as they have strict instructions to cause no trouble to foreigners and they had and have no intention of so doing.

This information will probably be communicated to you by the Japanese Legation and to Department by Japanese Embassy in Washington.”

2. Nakayama, First Secretary in charge of Japanese Legation, called yesterday and stated that he had been instructed by his Government to see me and express regret for the damage done to American property and the danger caused to American life by Japanese bombing at Taitowying; that Japanese investigation of damage done is impossible at this time since property concerned is within Chinese lines; that Japanese military state that it was not their intention to attack or damage foreign life or property; that on the contrary they were doing everything possible to assure protection thereof; that Chinese on occasion use foreign property as shield for staging attacks and that in such Japanese have no other recourse than to resist such attacks; that Japanese authorities hope that Legation warn Kautto to take cognizance of this aspect of the matter and repair to place of safety.

3. I thanked Nakayama for his expression of regret, expressed appreciation of attitude of the Japanese military as stated by him and as indicated by operations in Jehol and concluded with statement that Taitowying bombing was brought to his attention in the hope that this knowledge will assist Japanese in their efforts not to interfere with American property.

4. Lockhart's April 4, noon, to the Department and the Legation and previous reports appear fully to bear out statement of case as made by the Japanese Legation. Location of mission property has been notified to the Japanese Legation.

JOHNSON

793.94/6142

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Taketomi)

[WASHINGTON,] April 7, 1933.

Reference Peiping's telegram 312, April 7, 3 p. m.

Mr. Taketomi called on me yesterday afternoon and, stating that he had come under instruction from the Japanese Ambassador, referred to the conversation which I had had recently with the Ambassador on the subject of the Kautto incident, and said that the Ambassador now had an account of the matter from the Japanese Government which he wished to have Mr. Taketomi give me.

Mr. Taketomi then made to me a statement substantially in accord with the statement contained in the telegram from our Embassy at Tokyo, cited above (but omitting what appears in the first paragraph of the said telegram).

There followed some conversation, in the course of which I expressed to Mr. Taketomi the Department's appreciation of the Embassy's courtesy in giving us this account. Mr. Taketomi said that he assumed that the same account was being given to our officers at Tokyo and at Peiping. I said that I assumed the same and that we would doubtless in due course receive reports in that connection from those officers.

I then took occasion to express regret that the hostilities continue and remarked that it is to be hoped that at all times the combatants on both sides will take account of the fact that in ultimate analysis the jeopardy to which foreign lives and property are subjected arises out of the fact that the hostilities are engaged in; and I remarked further that it is to be hoped that both will so conduct the hostilities as to avoid as far as possible combat in neighborhoods where foreign persons and property are rightfully established. Mr. Taketomi said that he was sure that his people did not wish to imperil or interfere with the rights and activities of third parties.

S[TANLEY] K. H[ORNBECK]

493.11 Shanghai/54

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, April 7, 1933.

[Received May 6.]

SIR: I have the honor to invite the attention of the Department to a communication received by this Consulate General from the office of the Mayor of Greater Shanghai in which that official quotes the Ministry of Foreign Affairs' opinion as well as his own relative to the Government of China's responsibility for losses (included in four claims numbered 1556WD to 1559WD) in the amount of U.S. \$3,857.84 sustained by the Socony-Vacuum Corporation during the Shanghai Incident. The communication in question reads as follows:

"I have the honor to acknowledge the receipt of your letter pertaining to the claim for damages of Gold \$3,857.84 lodged against the Chinese Government by the Socony-Vacuum Corporation and transmitting a statement of loss with the request that an early settlement of the matter be effected.

In reply I have to inform you that after having transmitted your letter to the Ministry of Foreign Affairs, I am now in receipt of a reply therefrom which is quoted in part as follows:

'Relating to the Shanghai hostilities last year whereby the Japanese utilized the Settlement as a base of military operations for attacking the Chinese, it is to be recalled that this Ministry had repeatedly lodged protests with the British, American and French Ministers and reiterated the statement that the Chinese Government would not be responsible for any damage or loss to life and property resulting from Chinese fighting in self-defense against the Japanese who made continuous attacks on the Chinese troops in Chinese territory. This Ministry realizes that the loss sustained by the Socony-Vacuum Corporation is a result of the Japanese forces being permitted by the International Settlement authorities to utilize the Settlement as a base of military operation. It has been noted when checking up the location and dates in the statement that the places in question were all at that time occupied by the Japanese. It is quite apparent therefore that the losses sustained by the foreign nationals were recklessly created by the Japanese, for which China can bear no responsibility whatsoever,' etc.

As regards the permission of the Settlement authorities or their failure in restraining the Japanese forces from using the International Settlement as a base of operations in attacking the Chinese troops during the Shanghai War last year, I had on several occasions requested your good self as well as the consuls general of the other nations to give stringent orders to the Shanghai Municipal Council to take effective measures to stop the Japanese troops from engaging in an operation as mentioned above. At the same time I emphatically declared that the National Government would bear no responsibility whatsoever for any damage which might be done to the life and property of foreign nationals, when such damages were caused by war operations and when the Chinese were fighting in self-defense against the Japanese who were using the International Settlement as a base of operations. All these facts are on record.

Since I have received the above communication (from the Ministry of Foreign Affairs) it is my duty to transmit it to you for your perusal."

For purposes of reference the Department is respectfully referred to its instruction to the Legation No. 881 dated September 21, 1932, its memorandum with enclosure to this office dated November 29, 1932 and to my despatch No. 8679 dated December 29, 1932.⁸⁹ The four claims under review were submitted on January 18, 1933 to both the local Chinese and Japanese representatives. The Japanese acknowledged receipt of the four claims making only the usual reply that they had transmitted them to the Japanese military authorities.

The Chinese, as the Department has already been informed, failed to acknowledge receipt of any of the claims previously presented until so requested. It may be of interest to the Department to learn that the first claim (1554WD) covering losses sustained by the Socony-Vacuum Corporation and referred to in my despatch No. 8699 [8679?] of December 29, 1932 was presented to Chinese on November 16, 1932 without causing any disclaimer of responsibility.

To date this office has transmitted on behalf of the Socony-Vacuum Corporation to both the Chinese and Japanese authorities five claims identified by the markings 1554WD and 1556WD to 1559WD inclusive. It is believed that a copy of each of these claims has been filed with Department by the Legation.

Respectfully yours,

EDWIN S. CUNNINGHAM

793.94/6186 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 11, 1933—6 p.m.
[Received April 11—6:37 a.m.]

75. My 67, March 25, 2 p.m. The limited objective attack referred to has been approved. According to statement of Japanese General Staff to Military Attaché the attack was launched April 10 by Japanese line from Kupeikow to Shanhaikwan in order to dislodge Chinese from commanding positions immediately south of Great Wall, and there establish Japanese outpost line of resistance to cover main line of resistance along Wall. No advance in force into North China contemplated.

The situation on the Manchuria-Soviet border occasioned by dispute over Chinese Eastern Railway rolling stock appears to be somewhat

* None printed.

tense but the Japanese General Staff state that they do not expect it to develop into a serious armed clash. Not repeated to Peiping as above information considered confidential by Japanese military authorities.

GREW

793.94/6174 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 12, 1933—1 p.m.

[Received April 12—12:45 a.m.]

321. Following from American Consul General at Mukden :

“April 11, 8 p. m. Army spokesman announced :

1. That general attack along the Wall has been in progress since April 10th in order definitely to suppress Chinese counterattacks.

2. That Lengkou was captured this morning and that Japanese are advancing toward Chienchangying.

3. That aeroplanes bombarded Chinese base of operations at Dolonor.”

JOHNSON

793.94/6176 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 14, 1933—1 p.m.

[Received April 14—5:05 a.m.]

330. Yoshizawa ⁹⁰ visited Peiping. I am informed that he was not able to see any Chinese of importance here or in the South. I believe purpose of his visit was to inform himself of current Chinese reactions to Japanese occupation of Jehol and activities along Wall. He left impressed with fact that for the time being no Chinese are prepared to commit themselves to negotiations direct or indirect. I believe that he expects a change of government in May or at latest in July and that Seiyukai ⁹¹ will succeed present government and that he will be Minister of Foreign Affairs. He was accompanied by Count Iwaki of the House of Peers and Mr. Hashimoto of the Diet.

Repeated to Tokyo.

JOHNSON

⁹⁰ Kenkichi Yoshizawa, member Japanese House of Peers.

⁹¹ Seiyukai Party.

793.94/6180 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, April 15, 1933—11 a. m.

[Received April 15—5:58 a. m.]

80. Reference Peiping's 330, April 14, 1 p. m. While it is unwise to make political predictions in Japan under present circumstances, the press reports of an early fall of the Cabinet are probably premature. A change in the Government will in all probability take place before very long, but I am informed on reliable authority that Prince Saionji desires the present Cabinet to remain in power for the present. As one influential Japanese said to me, "Japan is in a serious rut and does not know how to get out of it. We do not wish a new cabinet until that way out can be found, but when a new government does come in it will follow a more conciliatory policy in international affairs than the present one." The consensus of opinion among the moderate thinkers is that the policy hitherto followed has brought the country into a deplorable international position from which Japan must extricate herself by a new orientation. Japanese history, they point out, shows that the country has passed through periodical cycles of antiforeign chauvinism which in every case have been followed by periods of international cooperation, as in the Meiji era.⁹² These liberal thinkers, many of whom are substantial and influential men in high position, confidently predict a similar outcome in the present situation and they aver that the military leaders themselves are now more willing to listen to reason.

Similar statements have been made to me for many months past but the present asseverations appear to carry more conviction and assurance than those made previously. I am aware that they come directly from the Genro himself.⁹³ The decision to withdraw from the League of Nations, by which Japan is placed in an unenviable position before the world, is the climax which may conceivably give the moderates the foothold for which they have waited during the past 18 months.

In view of the effective occupation of all Manchuria it is difficult to foresee precisely what form a new and conciliatory orientation in foreign policy will take. Nevertheless there exists a feeling here that the political pendulum has now swung as far in the direction of chauvinistic nationalism as it will go and that the eventual future tendency will be towards international conciliation rather than a continued isolated defiance.

Under the present domination of the nation's affairs by the mili-

⁹² The period of the reign (1868-1912) of Emperor Mutsuhito.

⁹³ Prince Saionji, last survivor of the "Elder Statesmen."

tary I personally consider that it is idle to predict a change of orientation in international policy until concrete evidence of such a change is forthcoming. The foregoing views and hopes for the moderates are therefore for the present reported as worthy merely of attentive consideration rather than as reliable prophecy. Repeated to Peiping by mail.

GREW

793.94/6179 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 15, 1933—1 p. m.

[Received April 15—3:40 a. m.]

Authoritative information just received from Chinwangtao shows that 9 Japanese airplanes bombed for 2 hours this morning front line from Mafeng to Haiyang to north of that town dropping 60 bombs.

Heavy fighting reported at Lulong last night. Responsible Chinese official informed me today that Taitowying has been captured by Japanese. Large number Chinese troops at Changli were withdrawn last night to Lwanchow, according to information received from railway authorities. Request has been received for 40 railway cars at Changli denoting further withdrawal. Present movement is undoubtedly intended to drive Chinese to west bank of Lwan and appears to be succeeding.

LOCKHART

793.94/6181 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 15, 1933—1 p. m.

[Received April 15—4:47 a. m.]

332. Following from American Consul General at Hankow:

“April 13, 4 p. m.

1. Pressure to prevent Chinese from dealing in Japanese goods is increasing at Hankow. Another Chinese was shot but not killed on April 11th for dealing in Japanese goods. Threatening letters received by Chinese residing in the Japanese Concession have caused a noticeable movement of Chinese from the Concession during the last few days. On April 10th three Chinese pilots of Japanese naval vessels on middle river were kidnapped at Hankow. These men have not, however, been injured.⁹⁴

2. Since April 10 there have been 12 Japanese naval vessels in port: 1 cruiser, 4 destroyers and 7 river gunboats.

⁹⁴ On April 15, the Consul General at Hankow reported the release of the three Chinese pilots (793.94/6190).

3. Although feeling between the Chinese and Japanese at Hankow has become somewhat tense, I believe that neither the Chinese forces nor the Japanese authorities desire rioting or a military clash at Hankow at present."

JOHNSON

793.94/6183 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 17, 1933—10 a. m.

[Received April 17—2:50 a. m.]

1. Chinese have evacuated Chinwantao and Changli and practically all Chinese forces that area have withdrawn to Lwanchow. Detachment of 50 Manchukuo troops in control at Chinwangtao. Heavy bombing by Japanese air forces Saturday⁹⁵ at various places north of Luan River especially at Haiyang which has been evacuated by Chinese. Chinwangtao and Changli quiet with local self governments established. Rail traffic beyond Lwanchow suspended.

2. Letter dated April 13 received from Kautto stating that on 12th Japanese planes visited Taitowying and dropped 8 bombs killing 4 and injuring 3, all civilians, and that on April 13 place was again raided 50 or 60 bombs being dropped more than 20 people killed and many injured. Kautto reports that 3 of the killed were standing "on the outer side of our doorway when a bomb struck in the street about 30 feet in front of them". Another bomb struck about 30 feet from Kautto's servants' quarters. Wooden blinds on one mission building were damaged, holes were made in compound door, walls scarred by shrapnel fragments and nearly half of window panes in mission buildings shattered. During the bombings American flag 5 feet by 9½ feet was flying from flag staff in compound. Flag was hit by shrapnel in 5 places. Japanese officer gave Kautto proclamation forbidding anyone to enter or occupy mission property. All Chinese troops evacuated Taitow night of April 12.

Unless otherwise instructed I shall make no local representations.

LOCKHART

793.94/6188 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 17, 1933—3 p. m.

[Received April 18—6:17 a. m.]

Forces now occupying towns between Lwanchow and Shanhaikwan are described by the Japanese as "anti-Chiang Kai-shek forces." In-

⁹⁵ April 15.

timation being conveyed at Chinwangtao that present movement will not extend westward of Luan River but at the same time it is hinted that everything depends on attitude of the "anti-Chiang Kai-shek forces". These are believed to be the troops recently described by the Japanese as pro-Manchukuo troops. The territory between the Luan River and the Great Wall is now believed to be entirely free of Chinese regulars.

American military authorities at Chinwangtao report improved conditions there with shops in native city reopened and neighboring villages peaceful. Manchukuo soldiers have strict orders to pay for all purchases and anyone looting is to be executed.

LOCKHART

793.94/6184 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 17, 1933—4 p.m.
[Received April 17—5:50 a.m.⁹⁶]

335. My 327.⁹⁷ Following from American Consul General at Mukden:

"April 14, 4 a. m. Referring to my telegram of April 11, 8 p. m. It was again stated by Army spokesman yesterday that object of present campaign is the destruction of counterattack bases and that if Chinese continue to counterattack from new bases it will be necessary to dislodge them. He reported capture of Chienan in the afternoon of 12th and progress of all columns operating east of Luan River in face of initial stiff resistance.

"There is reason to believe that the campaign will in any case be continued until Chinese evacuate territory east of Luan River."

"April 17, 10 a.m. Army spokesman announced yesterday afternoon that Yungping was occupied April 15th, that occupation of Funing was expected soon and that only one Chinese battalion was now at Chinwangtao."

JOHNSON

893.01 Manchuria/879 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 18, 1933—11 a. m.
[Received April 18—2 a. m.]

81. Reports which have reached the Embassy from various sources indicate that Japanese or so-called Manchukuo agents are endeavoring to induce Mongolian princes in Chahar to give allegiance to

⁹⁶ Telegram in two sections.

⁹⁷ Not printed.

Manchukuo. If a sufficient proportion of the Province of Chahar can be brought under the Manchukuo flag in this way we may reasonably expect Chahar to be claimed as a part of Manchukuo territory and the Province to be brought under the influence of the Japanese Army. The latest reports indicate that Manchukuo is about to obtain the allegiance of the Silingol Mongols living along the Kalgan-Urga caravan route, thus closing the route to Chinese trade.

Repeated to Peiping.

GREW

793.94/6187 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 18, 1933—2 p.m.
[Received April 18—4:35 a.m.]

336. Last evening United Press correspondent informed me that Nakayama in charge Japanese Legation visited him and suggested possibility some foreign military officer arrange meeting between the Japanese and Chinese military to afford opportunity for agreement to armistice. His idea was that negotiations should not be conducted in the presence of foreigners and that terms would be that Chinese remain south of motor road connecting Peiping with Shanhaikwan, Japanese to retire to the Wall.

I consider that for anyone at this time to suggest such a proposal to the Chinese would merely court a rebuff and if it became publicly known would subject nationality concerned to undeserved criticism in China and I propose to be guided accordingly should such suggestion be made to me.

JOHNSON

793.94/6187 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 18, 1933—5 p.m.

122. Your 336, April 18, 2 p. m.

First paragraph. This method of approach is apparently much employed and must be guarded against. It affords, however, useful information.

Second paragraph. Department concurs and approves.

HULL

793.94/6183 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 18, 1933—6 p.m.

123. Tientsin's April 17, 10 a. m. to Department. Are you taking any action?

Unless you suggest otherwise, Department contemplates giving to Japanese Ambassador here informally an account of the apparent facts as reported in Kautto's letter of April 13, paragraph 2 of telegram under reference; and Department suggests that you similarly communicate with Japanese Legation.

Inform Tientsin.

HULL

793.94/6195 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 19, 1933—3 p.m.

[Received April 19—10:45 a.m.]

Developments last few days tend to confirm growing belief that combination has been formed between Manchukuo forces and rebel groups from the regulars in Changli-Chinwangtao area and that these have been responsible, with energetic assistance Japanese air forces, for driving Government forces to west bank Lwan River. There are increasing signs that this new "anti-Chiang Kai-shek army" or "pro-Manchukuo army" is preparing extend its operations to territory west of Lwan River in which case change of Government this area may be expected. It is significant that general in command of so-called Fifth National Salvation Army which is now in occupation Changli and some other towns east of Lwan River is Li Chi-chun who is alleged to have taken a prominent part in bringing about disturbances in Tientsin November 1931 and who is believed to have either conceived or aided in the execution of the plan to spirit Pu Yi to Manchuria at that time.

Japanese airplanes flew over Peitaiho, Lwanchow and Tangshan yesterday and dropped propaganda leaflets in profusion extolling the virtues of the Japanese pointing to peaceful conditions in Jehol, et cetera.

LOCKHART

793.94/6193 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 19, 1933—5 p.m.

[Received April 19—9 a.m.]

343. Spanish Minister who is also Senior Minister called on me yesterday to say that Tsai Yuan of Chinese Military Headquarters had come to him yesterday and in course of conversation had unofficially suggested possibility that protocol powers might place protocol troops at railroad bridge over Lwan River for the purpose of preventing destruction of the bridge and observing situation there. I discussed matter with my British colleague last night and this morning my British colleague, Senior Minister and Lagarde, Counsellor French Legation, discussed question informally. I stated that original purpose of protocol was to recognize the right of powers to protect Legations at Peiping from attack by Chinese and have free access to the sea in case of evacuation; that we were not threatened with attack by Chinese and access to sea for evacuation purposes was not interrupted; and therefore I did not believe that protocol was involved. I pointed out that both sides in this controversy evidenced a desire to involve protocol powers for their own purposes and I thought it would be wise for us to refuse to become involved under any such conditions. I stated that I did not believe my Government would favor placing American troops between hostile Japanese and Chinese armies.

Lampson agreed with my point of view and stated that he was sure his Government would not agree to the use of troops. Lagarde concurred. In reply to Garrido's question we stated that if Tsai Yuan asked him for an answer he should refer him to us as individuals.

Repeated to Tokyo.

JOHNSON

793.94/6192 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 19, 1933—6 p.m.

[Received April 19—7:30 a.m.]

344. Mr. Tsai Yuan of Chinese military headquarters here gave me today two leaflets printed in simple vernacular Chinese on thin colored paper reading in translation as follows:

"China is now about to be exterminated by the White race. Japan is coming to save China."

"Japanese and Chinese troops are all brothers of the Yellow race."

Both leaflets bore following "signature": "The first middle detachment of the fifth flying corps of the imperial army."

He stated that these had been dropped eastward of Tungchow by Japanese airplanes. If authentic the tenor of these leaflets indicates a new line of propaganda on the part of the Japanese.

In this connection please note Tientsin's April 18 [17], 3 p. m., which reports Japanese as describing forces now occupying towns between Lwanchow and Shanhaikwan as "anti-Chiang Kai-shek forces." There is evidence here that the Japanese are putting into execution a plan to assist forces hostile to National Government authorities. Lockhart informed me over telephone today that Chinese commander in Lwanchow area was one who was prominent in disturbances at Tientsin in the winter of 1931.

Repeated to Tokyo.

JOHNSON

793.94/6194 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 19, 1933—7 p.m.
[Received April 19—9:25 a.m.]

83. 1. It does not now appear that the reported efforts of General Koiso, Chief of Staff of the Kwantung Army, now in Tokyo to obtain substantial reinforcements in Manchuria will be successful. Latest indications are that the Japanese Army along the Great Wall will not be increased and that operations in North China will not extend beyond the foothills south of the Wall. The Japanese intend, however, to drive all Chinese forces beyond the hills and to break up any military units in that region which appear to be a menace. The Japanese will make no statement to that effect because they believe that the Chinese would take military advantage of the information.

2. The Japanese state that they do not anticipate any serious difficulties with the Soviet over the Chinese Eastern Railway. The Foreign Office is of the opinion that the matter can be settled locally between the Russian and Manchukuo authorities. The Japanese will disclaim any responsibility for the actions of the Manchukuo officials, and will suggest that the difficulties be settled by reference to the agreement which the Russians made with Chang Hsueh-liang [*Chang Tso-lin*] in 1924.⁹⁸ I am informed that the Japanese reply to the Soviet memorandum can be expected in about a week and that its tenor will be as indicated above.

Second paragraph repeated to Peiping.

GREW

⁹⁸ See telegram No. 377, October 4, 1924, 5 p. m., from the Chargé in China, *Foreign Relations*, 1924, vol. I, p. 510.

793.94/6221

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) of a Conversation With the Japanese Ambassador
(Debuchi)*^{98a}

[WASHINGTON,] April 19, 1933.

(3) After exchange of statements with regard to the Kautto incident, the Ambassador then said that he was troubled over the reports in the newspapers of fighting south of the Wall: the papers had said that the Japanese had occupied Chinwangtao; he found that difficult to believe, as Chinwangtao was a port which had an international interest and at which there were troops of various foreign powers; he felt that the report must be in error. The Ambassador went on to say that he did not believe that the Japanese troops had any intention of going to Tientsin or Peiping; in fact, he said, his Military Attaché had information from the Army authorities stating that they had no such intention; but, the Army always added the proviso, "unless the Chinese make it necessary." The Ambassador said emphatically that he hoped that the Army would manage to confine its operations to the area east and north of the Luan River. Mr. Hornbeck remarked that he hoped so too.

The Ambassador then said that he wished to say something with regard to Viscount Ishii's visit. (Note: See memorandum (4).⁹⁹)

861.77 Chinese Eastern/1154 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 21, 1933—9 a. m.

[Received April 21—4 a. m.]

347. Tokyo's 83, April 19, 7 p. m., to the Department. Consul General at Harbin reports April 18, 5 p. m., that Manchukuo Ministry of Communications on March 30th told Soviet Vice President of Chinese Eastern Railway that Manchukuo would not compromise. During first week in April about 300 cars and locomotives were removed into Siberia and on April 8th Japanese ordered frontier at Manchuli closed. April 10th demand was made for return of rolling stock within 1 month to which verbal reply was received that cars would be returned but not "decapod" locomotives. Japanese carrying on press campaign with [*against?*] Soviet Vice President and General Manager of the Chinese Eastern Railway demanding their arrest and deportation.

Chinese railway officials and Hanson believe Soviets will yield as

^{98a} This is No. (3) of a series of four memoranda covering conversation with the Japanese Ambassador on April 19. Nos. (1), (2), and (4) are not printed.

⁹⁹ Not printed.

regards return of cars and small locomotives but not as regards "decapod" which had been ordered for railways in Russia proper and not for Chinese Eastern Railway but had been kept in Manchuria due to the overthrow of Imperial regime.

JOHNSON

793.94/6232

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Japanese Ambassador (Debuchi)*¹

[WASHINGTON,] April 21, 1933.

(4) After exchange of observations with regard to the Japanese training squadron,^{1a} the Ambassador said that the press was exaggerating in accounts of what is going on in the Peiping-Tientsin area. He said that he was sure that the Japanese Army did not intend to go to Peiping and Tientsin. I asked whether he had information with regard to the Luan River bridge, whether it had or had not been destroyed or injured. The Ambassador stated that the bridge had been threatened and the British had been worried about it but that it was "safe", it had not been injured. He then said that he thought that everything would be quiet in that area within a little while. (Note: This expression of view on the part of the Ambassador must be taken for what it may be worth as an indication of the hope and/or belief of the Japanese Foreign Office. The Ambassador always expresses himself optimistically in connection with such matters and has repeatedly affirmed his confidence that things would not happen which very soon have happened.)

S[TANLEY] K. H[ORNBECK]

861.77 Chinese Eastern/1156 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 22, 1933—10 a. m.

[Received April 22—1 a. m.]

352. Following from American Consul General at Harbin:

"April 18, 10 a. m. Soviet Consul General has confirmed report that Manchukuo Foreign Office has demanded withdrawal of Soviet customs offices from the Chinese towns Manchuli and Suifenho. Soviet Government has agreed to withdrawal stating that Russian customs offices have been operating these places for years solely for convenience of passengers and shippers, which is true."

JOHNSON

¹ This is No. (4) of a series of four memoranda covering conversation with the Japanese Ambassador on April 21. No. (3) is printed on p. 755; Nos. (1) and (2) are not printed.

^{1a} See p. 755.

793.94/6199 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 22, 1933—11 a.m.

[Received April 22—5:25 a.m.]

85. As reported in my No. 67, March 25, 2 p. m., the Japanese Minister to China has been in Tokyo for the purpose of conferring with the Government regarding the future policy toward China. Certain newspapers now publish what is alleged to be the gist of the decisions, including the statement that while Japan will observe neutrality in the ordinary civil strife in China, the Japanese Government is prepared to consider favorably any force local or central which may sincerely strive for the peace of the Far East and for friendship with Japan, and will give due regard to the safety of the territory of such force and will protect its trade with Japan. This apparently means that the Japanese Government is now prepared openly to support local leaders who are friendly to Japan and willing to restrain the anti-Japanese boycott. This may also possibly be considered to mean that Japan is prepared to lend countenance to the separatists' movement in North China reported Peiping's No. 345, April 20, 2 p. m.²

Repeated to Peiping.

GREW

893.20/427 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, April 22, 1933—11 a. m.

[Received April 22—12:23 a. m.]

76. The following telegram has been sent to the Legation :

"April 22, 11 a. m. I have received fairly reliable information that the Chinese have purchased 50 Italian planes funds for which were obtained from Italian Boxer indemnity. It is rumored that nine Italian mechanics and aviators are now in Hangchow and that there is a possibility that H. H. Kung who is now in charge of aviation matters may replace Colonel Jouett and other American instructors [instructors] at the Central Aviation School with Italian instructors."

CUNNINGHAM

² Not printed.

793.94/6206 : Telegram

The Chargé in France (Marriner) to the Secretary of State

PARIS, April 22, 1933—4 p.m.

[Received 4:05 p.m.]

184. From Norman Davis. Massigli of the Foreign Office called yesterday to discuss disarmament. Before leaving he told me their news from China is most alarming, that Japan is evidently proceeding deliberately to dismember North China assuming that the other powers will not interfere. He said that he thought the United States, England and France should confer with a view of determining what should be done about it and then to agree to act jointly in whatever course should be agreed upon. He also told me that Paul-Boncour had returned to Paris and had just expressed a desire to see me. I accordingly called on Boncour. After discussing disarmament and informing me he could not leave Paris for Geneva next week, Boncour said he was greatly disturbed over Far Eastern developments and that Japan's flagrant disregard of treaties created an intolerable situation. He thought it vital that America, England, and France should act together but felt that once they reach a decision as to a common course of action they should then propose it to, and act only through, the Committee of Nineteen [*Twenty-one?*]. The French obviously feel that if Japan is permitted to tear up treaties as she is now doing the whole machinery for international peace will be so imperiled as to undermine the sanctity of all treaties. I asked him what he would suggest as a wise course of action for dealing with that situation. He said that he did not know but that the first thing that had occurred to him was an embargo. I told him this would most probably lead to war and it should not be undertaken without a full realization of the probable consequences. As regards an embargo solely against the shipment of arms, this might do China more harm than good and would most probably lead to real, serious difficulty with Japan. He said that he did not have anything definite to propose but that France is prepared to collaborate fully with England and the United States in cooperation with the League and to join in any measure or course of action agreed upon. I told him it was a most difficult and serious matter as to which I had no instructions but added that perhaps the President and you might take occasion to discuss it with Messrs. MacDonald³ and Herriot.⁴ [Davis.]

MARRINER

³ James Ramsay MacDonald, British Prime Minister.

⁴ Edouard Herriot, former Premier of France.

793.94/6204 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 22, 1933—8 p.m.

[Received April 23—3:19 a.m.⁵]

357. My 336, April 18, 2 p.m.

1. I have just seen British Minister who tells me that on evening of the 19th Nakayama came to see him and after talking about unwillingness of Japanese to come south of Wall and difficulty of present situation with hostile forces facing one another, suggested possibility of Lampson bringing two sides together to discuss arrangements for an armistice. Lampson pointed out difficulty of making proposal to Chinese who were attempting to defend their own country and special difficulty attending such a proposal from one of the powers party to League who had passed on question. Lampson reported matter to London.

2. Chiang Monlin,⁶ president of Peita University, came to see Lampson on evening of the 20th and stated that on the evening of the 19th there had been a meeting at the military headquarters of Ho Ying-chin at which he, Hu Shih, V. K. Ting and General Yu Hsueh-chung and others had been present and that at this meeting the difficulties of the present situation had been discussed and it was agreed that he should see Lampson and ask whether he would arrange for an armistice between Chinese and Japanese. He referred to Shanghai negotiations as a precedent.

3. Lampson made following four points to Chiang:

(a) Shanghai agreement was subject of misunderstanding among Chinese, British being accused of secret arrangement with Japanese to wink at Japanese occupation of Manchuria if they evacuated Shanghai.

(b) Any question to be discussed at such a conference should be strictly defined.

(c) On Chinese side official spokesman must be appointed by Central Government.

(d) Question of what friendly powers should sponsor discussions should be settled.

Lampson told Chiang matter was one of extreme delicacy, that he would report the talk to his Government and that he wanted to discuss matter with me. Chiang said he would report substance of Lampson's remarks to Nanking and would see him again.

4. Chiang Monlin came to see Lampson again today, the 22nd, and stated that Ho Ying-chin had reported Lampson's four points to

⁵ Telegram in two sections.

⁶ Chiang Meng-lin, chancellor, Peking National University (Peita).

Wang Ching-wei and to Chiang Kai-shek and that Wang Ching-wei had replied substantially as follows:

(a) All China was grateful for what had been done at Shanghai by the powers and there would be no further chance of a misunderstanding.

(b) Wang agreed suggestion that discussions be limited to cessation of hostilities with no discussion of Manchuria or other questions. Suggested that agreement be verbal rather than in writing.

(c) Wang suggested tentatively that Liu Chung-chieh, Vice Minister of Foreign Affairs, be Chinese spokesman acting with advice and support of Ho Ying-chin. Wang Ching-wei as Premier would be solely responsible. He is now Chairman of Defense Commission in charge of situation in North and word of Commission is final. Chiang Kai-shek has delegated whole power to Wang Ching-wei. Chiang Monlin stated that when Wang Ching-wei speaks he carries Chiang with him. Ho Ying-chin is Chiang's representative in the North.

(d) Wang Ching-wei made no comment upon the question of participating friendly powers but referred to Wilden, French Minister, as having expressed willingness to assist in any way possible.

5. Chiang Monlin stated that he thought a verbal agreement, such as Wang suggested, would be dangerous as being liable to misunderstanding. Lampson told him not only would this be true but he was certain Japanese would insist on a written agreement.

6. Lampson told Chiang Monlin he would give further consideration to matter.

7. Lampson and I agreed that matter was one of great delicacy and to be handled with great caution but that if a serious proposal for cessation of hostilities were made it should be transmitted without commitment. He is telegraphing in this sense to London and at same time stating that unless otherwise instructed he proposes to see Nakayama during next few days and refer to his proposal and ask whether he has anything of a concrete character to suggest.

Repeated to Tokyo.

JOHNSON

793.94/6205 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 23, 1933—noon.

[Received April 23—2:56 a.m.]

358. My 357, April 22, 8 p.m. British Minister has just informed me that last night he was handed a letter from Lo Wen-kan stating that situation was hopeless and asking him to do what he could to arrange for armistice.

Repeated to Tokyo.

JOHNSON

793.94/6216 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 24, 1933—7 p. m.

[Received April 24—2 p. m.]

365. My 357, April 22, 8 p. m. I have just received a call from Y. C. T. Shen, Director of the Asiatic Department, Ministry of Foreign Affairs, Nanking. Shen is the one who handed Sir Miles the letter from Lo Wen-kan referred to in my 358, April 23, noon. Shen told me that Lampson had told him of his conversation with me. He intimated that Nanking was loath to participate in any formal negotiations for an armistice. He stated that Nanking looked upon Chiang Monlin's suggestions as being purely personal and said that Nanking's view was that a formal or written understanding was unnecessary; that assuming the Japanese were sincere in their statement that they did not wish to come farther the Chinese on their side certainly did not intend to make any attack and they thought that the Chinese and Japanese military in the field should be able to come to some informal arrangement to that end. He said that Nanking hoped that the friendly powers would warn Japan that China intended to defend the Peiping and Tientsin areas with every means at its disposal and that further advance by Japan would involve international complications. He suggested that protocol powers might do this.

I informed Shen that I would transmit to Washington Nanking's hope that we might participate in a warning but that I did not believe that Washington would find it possible to issue any such warning to Japan and as regards the protocol I pointed out to him that the protocol was between the powers and China and not between the powers and Japan and that I therefore did not see how the protocol was involved.

JOHNSON

793.94/6223 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 25, 1933—3 p. m.

[Received April 25—6:30 a. m.]

Chinese armored train has now moved eastward to Anshan following up withdrawal of Manchukuo forces. Railway authorities report no fighting but Chinese vernacular newspapers persistently report Chinese regulars are engaging the enemy in that area killing many of them and reoccupying territory previously lost. There is reason to believe that the withdrawal is a part of the Japanese-Manchukuo

plan to withdraw their forces to the immediate vicinity of the Wall but if the Chinese as claimed are attacking the forces now being withdrawn a reversal of the present plans of the Japanese may be shortly expected in which it is doubtful whether the invading forces would be willing to stop on the east bank of the Lwan River as they did recently. The situation east of the Lwan River is not entirely clear but the reports of fighting are believed to be propaganda to stimulate support from the south. Local Japanese military authorities have predicted severe fighting in the Miyun-Kupeikow area and announced a determination to drive the Chiang Kai-shek troops from that region whereupon Ho Ying-chin's position will become more untenable at Peiping.

LOCKHART

793.94/6204 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 25, 1933—6 p. m.

133. Your 357, April 22, 8 p. m. Department concurs in view expressed in paragraph 7, first sentence. Department feels that the powers should avoid becoming involved except in response to express initiative and evidence of full authority on the part of Chinese to make approaches; and that, on the part of the powers, effort, if made, to assist in endeavoring to arrange an armistice or promote conclusion of an agreement might well be made under League auspices; and that, in view of Great Britain's membership in the League and extensive interests in North China, leadership in any action of the powers in capacity of a go-between should advisedly be left to the British. You should, with due caution, cooperate, but in a supporting capacity.

Department feels that all who may be concerned with or drawn into efforts toward consummation of an agreement between the Chinese and the Japanese should weigh carefully the ultimate implications of every provision which may be suggested for inclusion in such an agreement. The circumstances under which the Nine-Power Treaty was made, the objectives sought to be obtained in that Treaty and the other agreements related thereto, and the provisions of the whole group of Washington treaties should be kept constantly in mind. The objectives and efforts of the League and the United States in relation to developments since September 1931, the disclosures of the attitudes of various governments, the existing situation in China and in Japan, and the whole question of effecting the best possible adjustment as among conflicting principles and rights and interests should be given fullest possible consideration at each step.

HULL

793.94/6228 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 25, 1933—11 p.m.

[Received April 25—4:25 p.m.]

369. My 365, April 24, 7 p.m. Liu Chung-chieh, Vice Minister for Foreign Affairs, asked me to come to see him this evening. General Ho Ying-chin was there and stated that all quiet on Lwan front but that serious fighting was proceeding at Kupeikou and that he believed Japanese intended to drive Chinese forces out of passes into the plain. He insisted that Chinese had made no attack upon Japanese—that in all cases Japanese were taking initiative and that Chinese were merely trying to resist efforts to drive them back. He said that they knew Chinese could not make a successful resistance but there was nothing else they could do. He did not understand Japanese statements that they would not come beyond the Wall—he feared they might come to Peiping.

2. Vice Minister Liu repeated statements made to me yesterday by Shen, Chief of Asiatic Department of Foreign Office. He stated that Lo Wen-kan had asked him to see interested Ministers and to ask them whether their Governments could not ascertain purposes of Japan. He pointed out that China was in a hopeless situation; they could not negotiate with the Japanese or make terms without breaking faith with the League and the friendly powers party to the Pact of Paris; they were attempting with such force as they possessed to defend themselves and their country against further invasion by Japan—they were not attacking the Japanese—and yet the Japanese continued to push forward their attacks and were now threatening Peiping and Tientsin. He said that they were anxious that some way be found to stop the destruction to life and property now going on. Not being in a position to make direct overtures to the Japanese they had no other recourse but to seek the aid of the friendly powers.

3. I told Liu that matter was fraught with difficulties but that I would inform Department of his conversation. As I left he informed me that T. V. Soong would seek an opportunity to bring to our attention the plight that they were in.

4. I shall see British Minister tomorrow and report his views.

JOHNSON

793.94/6226 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 26, 1933—3 p.m.

[Received April 26—5:20 a.m.]

375. Following is summary of statement of Wang Ching-wei released through Kuo Min April 15th just received from Consul General at Nanking:

“Japan will not give up Manchuria or Jehol or abandon her aggressive policy; China cannot submit to aggression or recognize puppet government of Manchukuo: consequently there can be no direct negotiations between China and Japan.

Armed resistance to Japan even though hopeless must be continued and must be accompanied by efforts to bring League members to realization of their duty to take economic and military measures against Japan as provided in the Covenant since otherwise past League resolutions are meaningless.

If policy of resistance accompanied by diplomatic efforts were replaced by declaration of war by China against Japan defeat, humiliation and permanent loss of sovereignty and territory would inevitably result.”

JOHNSON

793.94/6233a : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 26, 1933—2 p.m.

134. For your confidential information and guidance in case you are approached on this subject by your French colleague:

High officials of French Foreign Office have expressed to Norman Davis great concern over Far Eastern developments, especially North China, and opinion that it is vital that America, England and France act together. Boncour stated that France is prepared to collaborate fully with the United States and England in cooperation with League and to join in any course of action or measure agreed upon.

HULL

793.94/6227 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, April 26, 1933—3 p.m.

[Received April 26—5:20 a.m.]

Withdrawal Manchukuo forces has now reached point between Changli and Chinwangtao. No fighting and except for Chinese armored train no Chinese military units of regular establishment have crossed to east bank Lwan River according to best information

available Tientsin. As situation develops along the railway between Lwanchow and Chinwangtao the inference becomes clearer that the withdrawal is the result of an agreement or understanding as intimated in my April 24, 3 p.m.⁷

LOCKHART

793.94/6229 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 26, 1933—5 p.m.

[Received April 26—7:37 a.m.]

377. Department's 133, April 25, and my 369, April 25, 11 p. m. I saw my British colleague this morning and we are agreed that situation revealed by statements of Chiang Monlin as reported in my 357, April 22, 8 p. m., and more recent statement of Vice Minister Liu indicate lack of agreement between Wang Ching-wei and Foreign Office authorities and we, therefore, propose to do nothing further in this matter. Before doing anything myself I shall, of course, inform Department and obtain its approval.

JOHNSON

793.94/6257

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] April 26, 1933.

The Chinese Minister, after disposal of other matters, said that he had received from his Government information that suggestions were being made at Peiping for some sort of action on the part of the foreign powers toward bringing about a cessation of hostilities in the area north of Tientsin and Peiping. He wondered whether we had been informed of this and whether there was anything that the powers could and would be inclined to do.

I said that during several days past we had been receiving telegrams which indicated that both from Japanese and from Chinese sources efforts were being made to draw the representatives at Peiping of foreign powers into some sort of action in the capacity of potential mediators. I said that in connection with this information we had reports on the situation which, without definitely so stating, made it evident that any move toward an offer or an effort on the part of the powers to go into action in a "go-between" capacity would be a delicate and difficult undertaking—for the reason most of all that China's leaders, both political and military, have not yet

⁷ Not printed.

given evidence of having arrived at any position of unity or solidarity among themselves. I said that, in making that statement, I did not wish to imply or impute blame; that everybody who intelligently observes and studies Far Eastern affairs must realize that China is passing through a period of internal upheaval in the nature of what is frequently referred to as a "five-fold" revolution and that it stands to reason that there must be differences of opinion among her leaders and people and there must be internal political contests over a considerable period of time. These are simple facts which they as well as the rest of the world must take cognizance of and face. Nevertheless, it is particularly unfortunate, in view of China's problems in the field of foreign relations, that such are the facts in her internal situation. It is highly desirable, toward the strengthening of China's position in international relations, that China's leaders "get together" and develop some way of expressing themselves unitedly on questions of foreign relations. It is exceedingly difficult for other countries to assist a nation which talks, in its foreign relations, through a multiplicity of mouths; and still more difficult to exert effective influence in connection with a controversy between that nation and some other country. I said that I believed that the Minister well realized that the world was viewing with regret and abhorrence the military activities which are going on in North China but that, under existing circumstances, the world can hardly be expected to take a firm stand with regard to the problem presented while the Chinese leaders and people show no sign of firmness in terms of singleness of purpose and centralization of authority and responsibility on their own part. The Minister indicated that he concurred in this sizing up of the situation.

The Minister then remarked that he was exceedingly glad that Minister T. V. Soong is coming away from China and coming to Washington, for the reason, especially, that this will make it possible for Soong to see China in a new perspective and to gain an understanding of the point of view from which the American Government and people observe the Far Eastern situation.

The Minister then went on to say that it was his estimate that the Japanese have a definite desire to push forward vigorously in the Tientsin-Peiping area and consummate the seizure of Tientsin and Peiping before the convening of the Monetary and Economic Conference—in order that their participation in the discussions at the Conference may be against the background of such a *fait accompli*.

S[TANLEY] K. H[ORNBECK]

861.77 Chinese Eastern/1161 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 28, 1933—10 a. m.
[Received April 28—3:08 a. m.]

384. Following from Consulate General, Harbin:

“April 27, 5 p. m. Responsible Japanese official here states that he has reason to believe that Koiso is conducting negotiations looking to purchase of Chinese Eastern Railway.

Soviet railway officials state that they have no information on the subject and appear inclined to discredit reports. Soviet consular and railway officials continue to minimize the importance of controversy while Japanese-Manchukuo faction threatens drastic action if demands for return of rolling stock are not complied with.

Disorders continue on eastern line of Chinese Eastern Railway.”

JOHNSON

793.94/6237 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 28, 1933—2 p.m.
[Received April 28—7:18 a. m.]

387. My 377, April 26, 5 p. m. Lampson, Wilden and I dined last night with Vice Minister Liu Chung-cheh. There were present Generals Ho Ying-chin, Sung Che-yuan, Shang Chen, Huan Shao-hsiung and others of the commanding officers of the forces now occupying the line from Kupeikow to the Lwan River. Mr. Chen Kung-po, Minister of Industries, was also present. Chen informed me that he had come north because of rumored political intrigues reported in my 345, April 20, 2 p.m.⁸ He stated that that situation had been more or less liquidated but intimated that it was of greater importance than the fighting at the front. Chinese still hold Nantienmen and are shifting forces from Lwan River area to Kupeikow front to reenforce troops now fighting there. All present seemed in good spirits and General Sung took particular pains explaining to me that all were cooperating together in defensive operations and branded reports of disaffection among their number as being Japanese propaganda intended to weaken public spirit.

Chen Kung-po informed Lampson that Nanking desired cessation of hostilities but would not be party to any written understanding on this question fearing commitments which might jeopardize their position in regard to Manchuria, Jehol and related questions. Lampson intends to see Nakayama shortly to ascertain whether he has any sug-

⁸ Not printed.

gestions of a concrete nature to make. Lampson has received from London approval of his actions thus far but commenting on general question substantially along the lines of your 133, April 25, 6 p. m.

None of us is able to understand Japanese withdrawal from Lwan River sector except on the theory that having driven Chinese forces from the hills they are now withdrawing to Wall and intend to strike at any new movement of Chinese troops within that area. It would appear that Japanese desire to see demilitarized zone on the Chinese side of Wall.

JOHNSON

793.94/6236 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 28, 1933—4 p.m.

[Received April 28—7:40 a. m.]

388. Reuter from Nanking today.

“Wang Ching-wei has issued lengthy statement in which he refuted criticism that the Government’s policy towards Japan was a policy neither of peace nor war. Wang admits that China is in no position to wage war on Japan and adds that it is because of this that Government has decided on policy of resistance which he defines as ‘fighting the invader to the best of our ability but regardless of our military strength or the consequences’. This he says distinguishes resistance from war.

Regarding a policy of peace Wang declares that China cannot acknowledge military defeat and accept terms dictated by Japan but that while at present there is no possibility of direct negotiations eventually there must be negotiations. He declares that whatever form future negotiations may assume China will not concede beyond the minimum in consonance with her national honor but this minimum he leaves otherwise indefinite.”

JOHNSON

861.77 Chinese Eastern/1164 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 30, 1933—10 a. m.

[Received April 30—2:06 a. m.]

392. Legation’s 384, April 28, 10 a. m. Following from American Consul General at Harbin,

“April 29, 11 a. m. Soviet Vice President Kusnetsoff of the Chinese Eastern Railway handed a note to President Li Shao-ken yesterday stating: ‘That the railway belongs to the Union of Soviet Socialist Republics is an incontestable fact’ and renewing protest of the Manchukuo actions in alleged contravention of agreements, which gave

certain privileges but no rights of ownership to the Chinese Government. Manchukuo faction is against the practice of 'aggressive intentions'. Mori, Japanese representative of Manchukuo Ministry of Communications is quoted as stating that if Soviets reject demands 'Manchukuo will be compelled to use force'. Japanese military mission troops reaching Harbin are returning from Jehol."

JOHNSON

793.94/6242 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, May 1, 1933—4 p.m.

[Received May 1—9:20 a.m.]

Two Chinese armored trains have now proceeded as far as Peitaiho and passenger traffic to that place and to Chinwangtao will probably be restored today or tomorrow. Reliable local authority reports that Japanese military have approached railway authorities with the intimation that restoration of passenger and freight traffic to Shanhaikwan would be welcomed.

Five trains of Chinese troops passed through Tientsin moving westward from the Lwanchow area yesterday and, according to railway authorities, are destined to points on the Peiping-Hankow Railway. This represents the first large movement of Chinese troops away from the Lwanchow area and is further evidence tending to confirm that the recent withdrawal of Manchukuo and/or Japanese forces entirely from the Lwan River was by arrangement.

LOCKHART

893.1028/1272

The Secretary of State to the Minister in China (Johnson)

No. 1072

WASHINGTON, May 1, 1933.

SIR: Reference is made to your despatch No. 1973 of February 24, 1933,⁹ in regard to the defense plan at Shanghai in which you comment upon certain remarks made by Consul General Cunningham in his despatch No. 8742 of February 13, 1933,⁹ transmitting to the Department a review of the activities of the Consular Body at Shanghai for the year 1932. The Department notes your observations in regard to the declarations of emergency by the Municipal Council at Shanghai and in regard to the purpose of the American armed forces at Shanghai and your conclusion that steps should be taken without delay to clear up any ambiguities with regard to the purpose of these armed forces and their use in emergencies without the Consul General's knowledge.

⁹ Not printed.

In this connection the Department has reexamined with care its telegraphic instruction No. 47 of February 5, 1930, 6 p. m., to the Legation,¹⁰ in regard to the use of American armed forces in China particularly at Shanghai, (which was circularized to consular officers in China with the Legation's circular No. 7 of February 14, 1930) and the instructions given to the Commander-in-Chief by the Navy Department on September 9, 1932,¹¹ a paraphrased copy of which is enclosed (the general nature of which was indicated in the Department's 306, September 8, 1932, 6 p. m.,¹² and 313, September 14, 1932, noon¹³). As a result of this reexamination, the Department has reached the conclusion that these instructions cover the points you raise. By way of specific comment, however, the Department offers the following:

With regard to the question of cooperation between the municipal authorities and the Senior Consul, your attention is invited to paragraph three, sub-section 6, of the Department's telegram of February 5, 1930, 6 p. m. referred to above, as follows:

"when the Municipal Administration believes that the general interests of the community are specially menaced in a particular case in a manner and to an extent with which the Municipal Administration cannot cope, it would seem logical that the facts be made known by that Administration to the Senior Consul and that the latter take up the problem as a matter of joint concern with the senior officers of the Foreign armed forces present;"

You will also note that the American Consul General at Shanghai, who was also Senior Consul, in his despatch to the Department, No. 8742 of February 13, 1933, page 3, states *inter alia*, as follows:

"The Council, in declaring the state of emergency, took into its confidence and properly acted at the instance of the military authorities who were ashore and of the consular representatives of Great Britain, Japan and the United States;" (underscoring by the Department)

Moreover, that the American Consul General at Shanghai was of the opinion that in the then developing situation the Senior Consul should be consulted is evidenced by a telegram from him to the Department of January 22, 1932, 6 p.m.,¹⁴ repeated to the Legation. In this connection reference is made also to the Department's telegram of January 25, 1932, 6 p. m. to Shanghai,¹⁵ repeated to the Legation

¹⁰ *Foreign Relations*, 1930, vol. II, p. 85.

¹¹ *Ibid.*, 1932, vol. IV, p. 237.

¹² *Ibid.*, p. 235.

¹³ *Ibid.*, p. 245.

¹⁴ *Ibid.*, vol. III, p. 47.

¹⁵ *Ibid.*, p. 64.

as the Department's No. 25 of that date, and the Department's telegram No. 26, January 25, 1932, midnight, to the Legation.¹⁶

On several occasions (see particularly third paragraph of your despatch under reference and paragraph one of your telegram No. 131 of January 27, 1932, 3 p. m.¹⁷) you have referred somewhat emphatically to the fact that American armed forces at Shanghai are not there for the purpose of maintaining the administrative integrity or boundaries of the International Settlement. The Department perceives no need for laying special stress on this point, as its instructions are entirely clear that American armed forces at Shanghai are there strictly for the purpose of protecting American lives and property. The Department believes that this purpose is clearly understood by responsible officers of this Department and of the Navy Department. With regard to the attitude of the Commander-in-Chief in regard to the point which you emphasize, Admiral Taylor¹⁸ stated in a radio message to the Navy Department under date September 18, 1932, a copy of which is enclosed,¹⁹ as follows: "This scheme does not bind the U. S. forces to defend the International Settlement territory as a matter of sovereignty." With regard to the Municipal Council, the Department, in view of Mr. Stirling Fessenden's past experience and connection with that body and notwithstanding the Consul General's remark on page 3 of his despatch of February 13, 1933, that "The mistake seems to have been that the Council regarded the landing force as a protection for the Shanghai Municipal Council", doubts whether the Council as a body was laboring under any misapprehension that American armed forces landed at Shanghai were there for the purpose of protecting *per se* the integrity or boundaries of the International Settlement. The Council had been discussing the situation with the commanders of the defense forces and with certain consuls general and what the Council presumably had in mind was that the most practicable and effective way for the American forces to protect American interests, British forces to protect British interests, French forces to protect French interests, *et cetera*, was not for each defense force to attempt to protect its own national interests separately but to join forces with the Council in a general plan (such a plan existed) of protecting the areas in which all their interests were intermingled. That these areas may at a given time and in a particular set of circumstances happen to correspond approximately to the areas of the International Settlement and the French Concession is a matter of coincidence.

¹⁶ *Foreign Relations*, 1932, vol. III, p. 66.

¹⁷ *Ibid.*, p. 75.

¹⁸ Admiral Montgomery M. Taylor, commander in chief, U. S. Asiatic Fleet.

¹⁹ Not printed.

Although American armed forces at Shanghai are not there for the purpose of maintaining the administrative integrity and boundaries of the Settlement, it may at times be the case that the practical exigencies of a given situation will dictate that those armed forces, in order to carry out their primary function of protection, cooperate with the other military contingents at Shanghai in maintaining the administrative integrity and boundaries of the International Settlement. In other words, the question of the purpose of our armed forces at Shanghai is one thing, which is predetermined, while the manner in which those forces may carry out this purpose is another matter, which must, in the nature of things, be dealt with according to the exigencies of each situation as it arises.

If, in the future, as developments requiring the consideration of a declaration of emergency arise, the Consul General at Shanghai, bearing the above in mind, keeps in close touch with the Consular Body, with the municipal authorities and with the representatives of American armed forces at Shanghai, and keeps the Legation and the Department fully informed of such developments, the Department feels that it will be possible to forestall use of American armed forces at Shanghai for purposes not in accord with the policies of this Government. If, however, you feel that any useful purpose will be served by so doing, the Department authorizes you in your discretion (a) to discuss the matter with the Commander-in-Chief of the Asiatic Fleet in the light of this instruction (a copy of which you should in that event make available to him) and of the instructions referred to therein and (b) to direct the Consul General at Shanghai to explain the American Government's attitude and policy in this respect to his colleagues and to the appropriate authorities of the Municipal Council.

You should send a copy of this instruction to the Consul General at Shanghai for his guidance.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

893.20/433 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, May 1, 1933—4 p. m.
[Received May 2—5:15 a. m.]

83. Referring to my 76, April 22, 11 a. m., I have confirmed through conversation that H. H. Kung is now in control of aviation developments and purchases. I believe he is distinctly pro-Italian although he assures me there is no intention to replace American

instructors at Hangchow nor to establish another school. Aviation [*American?*] Trade Commissioner, Howard, informs me that both American factory proposals are at present deadlocked and that negotiations are being conducted with Fiat and Caproni. Howard views with apprehension the future of American aviation in China and believes that an early decision may be made adversely affecting Americans. Howard and I both believe that occasion should be taken to impress upon Minister Soong while in Washington the importance of outlining an aviation policy to Kung which will give Americans an equal opportunity with Italian and British.²⁰

Will the Department please communicate substance to Commerce. Repeated to the Legation.

CUNNINGHAM

793.94/6275

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the French Embassy (Henry)

[WASHINGTON,] May 2, 1933.

Mr. Henry called and read me a telegram from his Government quoting from a telegram which they had from their Minister in China. In this it was stated that various Chinese, speaking on behalf of various Chinese governmental agencies, had been approaching the British and the American Ministers on the subject of some type of possible intermediation by the powers toward averting Chinese-Japanese hostilities which are a threat to various interests in the area south of the Wall and leading to Tientsin and Peiping. The French Government wished to know the views of the American Government. (Note: A part of what Mr. Henry read bore a striking resemblance to a statement which appeared in yesterday evening's *Washington Star* as an AP despatch under date line Tokyo, May 1. See clipping attached ²¹).

I discussed with Mr. Henry the situation as we see it in the light of information, both official and press, of the past few days. I then gave our view, outlining it in substance along the lines of our recent instruction to Minister Johnson.²² I said that we felt that the foreign governments and their representatives must exercise great caution: not only have approaches to the representatives of the powers at Peiping been made from a number of Chinese sources but such approaches have been made—and were even earlier made—from Japanese sources. Both the Chinese and the Japanese have tried

²⁰ By telegram No. 63, May 20, 2 p. m., the Department replied: "Department has discussed with Minister Soong the question of avoiding any discrimination in supplying aviation needs of China."

²¹ Not reprinted.

²² Telegram No. 133, April 25, 6 p. m., p. 290.

and will try to get the foreign powers involved in some manner. Any efforts exerted by the powers toward inducing the Chinese to come to an agreement at this stage with the Japanese would be likely, if successful, to produce a situation which would be highly advantageous and pleasing to the Japanese but disadvantageous and displeasing in the long run to the Chinese (with the exception of the comparatively few Chinese immediately concerned with present military problems in the Peiping-Tientsin area). This Government wishes to be helpful in anything which it may be practicable to do. We perceive just now no possible course of action toward which we would be inclined to take an initiative. But if the French or the British Governments or their representatives in China have anything definite to propose, we would be prepared to participate in discussions in a frame of mind predisposed toward cooperation. I said that to us the situation seems just now less acute than a few days ago but still cloudy and still one in which, as ever, it is necessary to be very careful. Mr. Henry said that he agreed with all of this and that he would inform his Government.

S[TANLEY] K. H[ORNBECK]

793.94/6249 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 4, 1933—5 p.m.
[Received May 4—10:45 a.m.]

403. Legation's 342, April 19, 4 p. m.²³ As a result of action of this Legation and of American Consul General at Tientsin in calling attention of Japanese authorities to serious damage inflicted on American Methodist mission property at Miyun by Japanese airplane bombing on April 18th the Japanese Chargé d'Affaires on April 29th personally informed me that Kwantung Army would reimburse mission for losses suffered. This was confirmed on May 1st in letter to Lockhart from Japanese Consul General at Tientsin who asked that this mission submit a detailed list of its losses. See Tientsin's despatch No. 368 of April 22nd²³ *et seq.* for details.

No Americans resident at Miyun and so far as known Chinese staff of mission was not injured by bombing.

JOHNSON

²³ Not printed.

793.94 Advisory Committee/40 : Telegram

The Chargé in Great Britain (Atherton) to the Secretary of State

LONDON, May 4, 1933—6 p. m.

[Received May 4—2:15 p. m.]

99. Foreign Office said this afternoon that the British representative at Geneva had been instructed to bring before the Advisory Committee on the Sino-Japanese conflict the question of recognition of import licenses for opium issued by Manchukuo Government. He said that his Government might see the possibility that such recognition might be construed in certain quarters as recognition Manchukuo, but that it is impressed by the possibility that refusal by narcotic exporting countries to recognize Manchukuo import licenses would tend to drive the opium traffic under ground but, in view of difficulties which might arise during transit of opium shipments to Manchukuo, he believed that it would be desirable to obtain uniform practice.

With regard to reports indicating mediation by Lampson between Chinese and Japanese, he said that the genesis of recent developments in Peiping was a remark made to Lampson by the Japanese Chargé d'Affaires to the effect that Lampson was the only person who would be acceptable as mediator. On the following day Lampson received a visit from a prominent Chinese in the confidence of Chiang Kai-shek who expressed the desirability of Lampson using his good offices to bring an end to the hostilities. Lampson next received a letter from Lo Wen-kan, who was then ill in a hospital in Nanking, expressing substantially the same hope. In view of these two messages Lampson sent word to Wang Ching-wei to the effect that if the Chinese were able to state precisely what they wanted Lampson would consider the possibility of mediating with the Japanese. Thereupon Lo Wen-kan informed Lampson that his letter was not a request for mediation but a [suggestion?] that the powers should jointly warn Japan not to advance into China proper. Lampson has since done nothing further.

It was also stated that the impression gained by the British Embassy in Tokyo was that the Japanese did not at this time desire mediation. British Chargé d'Affaires at Tokyo reported that the Japanese Minister for Foreign Affairs informed him of Yoshizawa's recent visit to China "but added with shouts of laughter that Yoshizawa had been unable to get in touch with any Chinese."

ATHERTON

693.001 Manchuria/17 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 5, 1933—10 a. m.

[Received May 5—4:25 a. m.]

405. Legation's 398, May 3d, 1 p. m.²⁴ Reuter from Changchun 4th:

"Important statement which indicates trend of Manchukuo policy was issued here today. It states that Manchukuo authorities see no necessity for resorting to retaliatory measures such as economic boycott against countries not recognizing her, 'but it is only natural to show appreciation in some form or other for those countries which give her friendly assistance by extending to her their recognition'.

In spite of repeated declarations that policy of Open Door in Manchuria will be maintained this is taken here to indicate possibility of preferential tariffs for those countries which recognize her."

JOHNSON

861.77 Chinese Eastern/1175 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 6, 1933—10 a. m.

[Received May 6—4:05 a. m.]

408. Following from American Consul General at Harbin:

"May 3, 4 p. m. Returned this morning. Business dead Manchuli, Hailar other points on Chinese Eastern Railway west section upon which only three east and three west passenger trains operating weekly. No passengers on Siberian express which left Manchuli 17th. Conditions quiet. It was expected that there would be a Japanese Division Headquarters established at Hailar where now about 2,000 cavalry and that 3,000 troops would be stationed at Manchuli where now none. Railway stations near tunnel heavily guarded by Japanese. Our party followed practically everywhere by Japanese and/or Manchukuo secret agents."

JOHNSON

861.77 Chinese Eastern/1176 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 6, 1933—11 a. m.

[Received May 6—6:50 a. m.]

93. The Embassy has been endeavoring to ascertain the local Soviet and Japanese opinion as to the possibility that the dispute over the Chinese Eastern Railway may lead to serious consequences. The information so far obtained indicates as follows:

²⁴ Not printed.

1. The dispute was initiated by Manchukuo officials who failed to take cognizance of the fact that their actions might lead to consequences involving Japan which would be entirely unwarranted by the intrinsic value of the subject matter of the dispute.

2. The above fact is apparently recognized by the Japanese officials. Arita, Vice Minister for Foreign Affairs is reliably reported to have stated that the dispute cannot become serious and that Muto, Japanese Ambassador to Manchukuo, has been instructed to settle the matter locally and to restrain the Manchukuo officials.

3. The Soviet Ambassador to Tokyo is quoted to the effect that the Chinese Eastern Railway case is "only an annoying dispute" and that it cannot lead to war. He states that the Soviets will fight only if their territory is invaded, implying that they will not use force to retain control of the railway.

4. The Foreign Office takes the position that the dispute should be settled by negotiations between the Soviets and Manchukuo, but Moscow is understood to insist that the negotiations should be between Japan and the Soviets because, as Litvinov is reported to have stated, "it is generally recognized that Manchukuo is only a puppet of Japan". Partly to avoid this difficulty the Japanese Foreign Office now proposes a joint Soviet-Japan-Manchukuo Commission to discuss this and other pending problems.

5. In spite of the foregoing views, some of my diplomatic colleagues regard the situation as potentially serious and believe that Soviet Russia cannot afford to allow her position and prestige to be weakened by accepting a rebuff and diplomatic defeat at the hands of Manchukuo without retaliation. I am not inclined at the present juncture to share their pessimism.

Repeated to Peiping.

GREW

793.94/6255 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, May 8, 1933—4 p. m.

[Received May 8—7:40 a. m.]

Chinese forces have retreated to Changli and Japanese-Manchukuo forces have advanced to Peitaiho. There is every probability that Chinese will again be compelled to withdraw to west side of Lwan River.

From a reliable source I learn that through intervention of third party General Ho Chu-kuo had consented to meet with Japanese on Sunday²⁵ to discuss ways and means of ending trouble in area east of Lwanchow but Japanese refused to confer. It is difficult to predict the objective of the new operations but it would not be surprising if territory up to the Lwan River is added to that already under control of Manchukuo.

LOCKHART

²⁵ May 7.

793.94 Advisory Committee/40 : Telegram

The Secretary of State to the Minister in Switzerland (Wilson), at Geneva

WASHINGTON, May 8, 1933—5 p. m.

98. 1. Under date May 4 London telegraphed in part as follows :

"Foreign Office said this afternoon that the British representative at Geneva had been instructed to bring before the Advisory Committee on the Sino-Japanese conflict the question of recognition of import licenses for opium issued by Manchukuo Government. He said that his Government might see the possibility that such recognition might be construed in certain quarters as recognition Manchukuo, but that it is impressed by the possibility that refusal by narcotic exporting countries to recognize Manchukuo import licenses would tend to drive the opium traffic underground but, in view of difficulties which might arise during transit of opium shipments to Manchukuo, he believed that it would be desirable to obtain uniform practice."

2. The Department is of the opinion that adherence to and observance of the principle of non-recognition (as expressed by the Assembly of the League in its resolution of February 24 and by the American Government on numerous occasions) is much more vital and important than an attempt to regularize in theory and in form shipments of narcotic drugs to and from Manchukuo. Moreover, the Department is not inclined to be impressed by the British apprehension that refusal by narcotics exporting countries to recognize Manchukuo import licenses would embarrass to any appreciable degree the international problem of narcotics control.

3. With regard to the narcotics aspects of this matter, the Department desires that you consult Fuller,²⁸ who is due to arrive Geneva May 8, and that he telegraph Department his views.

4. With exception of consulting Fuller and of reporting if the matter is otherwise brought to your attention, Department does not desire that you take any action or initiative in the matter at this time.

HULL

711.94/812

The Ambassador in Japan (Grew) to the Secretary of State

No. 383

TOKYO, May 8, 1933.

[Received May 26.]

SIR: With reference to the Department's instruction No. 239 of April 3, 1933, concerning anti-American propaganda in Japan, I

²⁸ Stuart J. Fuller, Assistant Chief, Division of Far Eastern Affairs, Department of State; representative in expert and advisory capacity, League of Nations Advisory Committee on Traffic in Opium and Other Dangerous Drugs, Geneva.

respectfully invite attention to my despatch No. 364 of April 21, 1933,²⁷ dealing with this general subject. Since the last mentioned despatch was written I had occasion on May 3, to discuss this subject with Mr. Arita, Vice Minister for Foreign Affairs. On the previous day Mr. Matsuoka, just returned from the United States, called on me and in the course of conversation observed that in his opinion the development of good relations between the United States and Japan should be the corner stone of Japanese policy. While repeating this remark to Mr. Arita, who said that he wholeheartedly concurred therein, I took the opportunity to discuss at length with him the whole question of anti-American propaganda in the Japanese press and the unfortunate effect of this propaganda in the United States where an impression of hostility to the United States on the part of the Japanese Government and people was inevitably created thereby. I said that I did not believe that such hostility really existed but that the impressions engendered by these press comments gave rise to mutual suspicions which were really illusory but not the less harmful to the good relations of the two countries. I spoke especially about the spy mania and the fact that American firms, which were conducting an honorable and legitimate business in Japan, were severely handicapped by their inability to seek perfectly legitimate commercial and industrial information, available in every other country, without incurring charges of espionage and sometimes scurrilous comments in the press. All sorts of other charges against America and Americans were continually being published, often of so absurd a nature as not to deserve the dignity of a denial. Mr. Arita indicated that he entirely agreed with my attitude. I expressed the hope that efforts would be made to control this hostile propaganda to the greatest extent possible in future, for, so long as it continued, Japanese-American relations would inevitably continue to suffer as a direct result thereof.

Respectfully yours,

JOSEPH C. GREW

793.94/6263 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 9, 1933—noon.

[Received May 9—3:55 a.m.]

96. The renewed Japanese offensive in North China which started yesterday southwest of Shanhaikwan has evidently been instigated by the continual but desultory attacks by Chinese forces on the Japa-

²⁷ *Post*, p. 700.

nese forces south of the Wall. While the General Staff declines to reveal its intentions or objective, the Military Attaché believes that the offensive may sweep along the old Mandarin Road westward to Peiping. With the investment of Peiping the Japanese would be in a position to demand a cessation of Chinese attacks on the Wall in return for Japanese withdrawal from Peiping, thus offering a face-saving device for the Chinese while securing Japanese occupancy of the Wall without further opposition. Until the present operations develop further, however, the foregoing hypothesis is purely suppositional.

Repeated to Peiping.

GREW

861.77 Chinese Eastern/1190

The Chinese Legation to the Department of State

The Ministry of Foreign Affairs, Nanking, issued the following statement today concerning the report of the Soviet Government's contemplating sale of the Chinese Eastern Railway to Japan:

"It appears that certain questions have recently arisen regarding the status and administration of the Chinese Eastern Railway. The Chinese Government desires to point out that the only parties, which have legal rights and interests in that Railway, are the Republic of China and the Union of the Socialist Soviet Republics, and that, so far as China is concerned, her rights therein will not be impaired or prejudiced by any action on the part of any other party or parties, far less any party which has no legal existence or which has unlawfully seized regions traversed by the Railway. It needs scarcely be emphasized that all matters pertaining to the Chinese Eastern Railway should continue to be governed by the Agreements concluded between China and the Soviet Union in 1924²⁸ and should be exclusively determined by the Governments of these two countries. Any new arrangement concerning this important means of communication, made without China's consent, would constitute a violation of the Agreements of 1924, should therefore be considered null and void, and would never be recognized by the Chinese Government."

Dr. W. W. Yen, Chinese Ambassador to U. S. S. R., had been instructed to hand a memorandum similarly worded to the Soviet Foreign Commissar.

WASHINGTON, May 9, 1933.

²⁸ Signed at Peking, March 31, 1924, *Foreign Relations*, 1924, vol. I, pp. 495-501.

893.114 N 16 Manchuria/21 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, May 10, 1933—3 p.m.

[Received May 10—2:25 p.m.]

115. From Fuller. Department's telegram No. 98, May 8, 5 p.m. Following observations respectfully submitted in regard to proposed recognition of Manchukuo opium import certificates.

1. Proposal thought to be prompted by desire of parties to the Geneva agreement²⁹ to avoid obligation under article 6 thereof to seize opium passing through territorial waters of Malaya and Netherlands India, American support to condone the evasion being desired because that agreement purports to implement the Hague Opium Convention.³⁰

2. Existing Manchurian traffic in Persian opium is already underground. Recognition would, to the benefit of Manchukuo finances, aid exploitation of trade in opium admittedly intended for smoking, while the Hague Convention calls for mutual effort to suppress opium smoking. Refusal of recognition should, through deterring exploitation of Persian and Turkish opium by the Manchurian monopoly, aid rather than embarrass international effort to prevent narcotic abuse.

3. Recognition would be in derogation of article 15 of the Hague Convention.

4. Under Geneva 1925 and Hague Conventions recognition would necessarily imply recognition of Manchukuo as the government of Manchuria. Under Geneva agreement it would in addition recognize the Manchukuo opium monopoly as "affording sufficient guarantees against the possibility of illegitimate use".

5. Recognition would facilitate import of Persian and Turkish opium into Manchuria where comparatively little high morphine opium has hitherto been available. Manchukuo laws and regulations afford inadequate control. Large supplies of the kind of opium in demand in the United States for smoking and for illicit manufacture could thus accumulate in an area which affords menacing possibilities for illicit traffic to the United States.

6. If the question of recognizing Manchukuo opium import certificates arises in the Opium Advisory Committee should I not take the position that strict adherence to the treaties should be observed and requires that Manchukuo certificates be refused recognition unless and until Manchukuo is recognized as the government of Manchuria *de jure* and *de facto*?

GILBERT

²⁹ Signed February 19, 1925, League of Nations Treaty Series, vol. LXXXI, p. 317.

³⁰ Signed January 23, 1912, *Foreign Relations*, 1912, p. 196.

793.94/6266 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 10, 1933—4 p. m.

[Received May 10—9:40 a. m.]

417. Renewed Japanese offensive Lwan River area is difficult to explain. While it is true that units of Chinese forces returned to that area upon withdrawal of Japanese, units were small and presence logical because of disturbed conditions.

2. When Japanese retired to Wall they left Manchukuo forces in Lwan area under the command of General Li Chi-chun which Japanese described as anti-Chiang Kai-shek forces (see Tientsin's April 14, 3 p. m.).³¹ Between April 12 and April 20 interesting developments occurred that area described in the Legation's 345, April 20, 2 p. m.³¹ There is reason to believe that Japanese expected, as a result of activities Lwan area, that agents opposed to Chiang Kai-shek would take advantage of situation to organize a movement against Chiang Kai-shek in this area which Japanese Army would support (see Tokyo's 85, April 22, 11 a. m., to the Department). This plan failed.

3. General Ho Chu-kuo informed me yesterday that through good offices, apparently initiated by Kailan Mining Company and a British naval officer at Chinwangtao, he endeavored to meet Japanese for the purpose of arranging truce but Japanese refused to meet him. Ho Chu-kuo believes failure of plan for uprising here and at Tientsin so infuriated Japanese military that they made use of presence of small Chinese forces in Lwan River as a pretext for launching present attack Lwan area.

4. There is reason to accept accuracy of General Ho's estimate. End of last week General Nakamura at Tientsin informed Hallett Abend that Japanese military intended to launch campaign in this area on unprecedented scale from the direction of Lwan area and from direction Kupeikow extending in latter case southward to cut railway between Peiping and Tientsin with a view to inflicting severe defeat upon National armies and forcing retirement south of Peiping-Tientsin Railway. Implication of Nakamura's statement was that Japanese hoped blow to Nationalists forces would be so severe as to destroy Nationalist control in this area and permit anti-Chiang Kai-shek movement to materialize.

5. Suma, First Secretary of Japanese Legation, recently returned from Japan whither he accompanied Ariyoshi, informed me on the 6th instant that Japanese forces infuriated by Chinese resistance at Kupeikow intended to avenge themselves upon concentration at

³¹ Not printed.

Miyun but would not proceed beyond that point. United Press correspondent informed me that Suma stated to him on the 7th that Japan had certain convictions in regard to situation prevailing in China and would pound away at the Chinese until Chinese accepted these convictions.

6. It is difficult to estimate extent of Japanese intentions behind Japanese movement south of Wall. On the face of events as they are occurring there would appear to be an indication on the part of the Japanese of a determination to carry their activities beyond Manchuria and areas north of Wall with a view to determining political developments in China proper or at least in that part of China north of the Yellow River. On the other hand Suma informed me on the 6th that the Japanese Government derived considerable satisfaction from the setting up of the branch military council at Peiping under the chairmanship of Huang Fu a returned student from Japan and stated categorically that Japan was not concerned with developments south of Wall, its only concern being the security of the Japanese lines along Wall. If this statement is to be accepted it may be that renewed Japanese activities in the Lwan area and at Miyun are to draw Chinese attention to realities of the existing situation and away from the presence of Soong in Washington and afterwards in London where possibly Chinese-Japanese conditions may be discussed.

To Tokyo by mail.

JOHNSON

793.94 Advisory Committee/41 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, May 10, 1933—5 p. m.
[Received May 10—2:35 p. m.]

177. My 158, March 28, 10 p. m. The subcommittee of the Sino-Japanese Advisory Committee appointed to consider measures it may be necessary for governments to take in consequence of the non-recognition of the Manchukuo met this morning to consider the preliminary report by the League Secretariat in that connection.

This report is lengthy and deals with questions relating to international conventions, stamps and postal services, currency, concessions, passports, and consuls. I am sending a copy of report and comment by mailed despatch.³²

The only pressing matter raised this morning was in relation to the status of Consuls in Manchukuo in respect of nonrecognition. The members of the Committee were asked to request their Governments

* Not printed.

to send to the Secretary General all available information in regard to their consular officers in Manchukuo. As one of the principally interested powers information from us on this point would be appreciated.

At the conclusion of the session the British representative on the subcommittee raised the question of recognition of import licenses for opium issued by Manchukuo government referred to in the Department's 98, May 8, 5 p. m. There was no discussion of this subject and the Secretariat was requested to consult with the opium section and make a report. I am in touch with Fuller to whom I have explained what happened in the Advisory Committee and with whom I have consulted regarding your No. 98. He is telegraphing the Department today.³³

WILSON

893.01 Manchuria/911

*Memorandum by the Consul at Mukden (Chase) of a Conversation With the "Manchoukuo Vice Minister for Foreign Affairs" (Ohashi)*³⁴

Mr. Ohashi's manner was very amiable and he seemed more than ready to talk at length to me. While he spoke in a direct, business-like way with apparent conviction, I saw no evidence of his reputed brusqueness.

Starting in with the remark that he had a permanent deep seated regard for America in spite of some rather trying years of consular service on the west coast of the United States, he stated that it had always been his opinion that war with America would be disastrous for Japan as well as quite unnecessary and that one of his greatest desires was to see war with America and with Russia averted. I may insert here that a member of the Japanese Embassy had that same day informed me that Mr. Ohashi, in opposition to government leaders in Japan, had been enthusiastically working for the conclusion of a non-aggression pact with Russia.

Mr. Ohashi then went on to say that he thought America completely misunderstood Japan's position and believed that Japan intended to annex Manchuria. He said that only Japanese jingoists wanted this, that sane Japanese all knew it was impracticable in this day and age. The very fact that Japan had devoted so much energy to bolstering and improving the "Manchukuo" Government and that Japanese were employed in the Government in such numbers was,

³³ See telegram No. 115, May 10, 3 p.m., from the Consul at Geneva, p. 309.

³⁴ Copy transmitted to the Department by the Consul General at Mukden in his unnumbered despatch of May 29, 1933; received June 24.

strange as it might seem, the best possible guaranty against annexation. In the case of Korea, Prince Ito had failed to reform the Government with Japanese blood, leaving the old corrupt organization to function, with the result that conditions grew worse rather than better and Japan's only recourse was annexation. On the day that Japanese are withdrawn from the "Manchukuo" Government, then indeed one might begin to be apprehensive of annexation—not before.

Mr. Ohashi felt sure that in time America and other countries would change their opinion as they came to see the results of Japan's good work. He admitted there were tremendous problems ahead of "Manchukuo" but was convinced they could be solved. "Manchukuo" was in no hurry to secure foreign recognition. In fact, from a selfish point of view, it would prefer to delay such action, since it would thereby have a freer hand in reorganizing the country's development unbound by treaty privileges which would accrue to countries according to recognition. There would, however, he stated, be no discrimination against nations withholding their recognition. At the same time such countries would suffer in that their privileges would remain as accorded by existing treaties, while those countries granting recognition would be able to obtain additional rights and benefits. For example, Japanese were getting the right to lease land on a thirty year basis in any part of the interior, and "Manchukuo" would be prepared to offer the same privilege to other nationals whose governments were ready to enter into formal treaty relations. Asked if the privilege to reside and lease land in the interior would mean relinquishment of extraterritoriality, he said there was an unfortunate difference of opinion between the "Manchukuo" and Japanese Governments on this point, that the latter had been adopting an unreasonable attitude and was holding out for non-abandonment of any extraterritorial rights. He intimated that he was confident the Japanese Government would abandon somewhat its extreme position, and added a rather vague assurance to the effect that in any event foreign countries need fear no precipitate and unreasonable action by "Manchukuo" with respect to extraterritoriality.

Referring to the "Open Door" principle, Mr. Ohashi said that "Manchukuo" was quite ready to buy from any country, the only consideration being quality and price, and that it would welcome foreign enterprise in any field except where the matter of national defence was involved. He remarked that in the beginning there had been some complaints from foreign sources concerning discrimination in the field of insurance; that investigation had proved the allegations unjustified; and that having heard of no more complaints since, he inferred that foreigners found no further grounds for grievance.

Mr. Ohashi thought that the extreme care exercised by American consular offices to avoid any act which might possibly be interpreted as evidence of recognition was somewhat unnecessary. "Manchukuo", he said, was not so puerile as to seek to compromise us on some minor point of etiquette. He spoke with good natured amusement regarding our practice of communicating by personal letter and the quotation marks which he understood were always employed in official correspondence to enclose the word "Manchukuo." He thought Russia's very realistic policy much more practicable, allowing as it did for such things as the establishment of "Manchukuo" consulates in Siberia. He referred to the necessity of getting away from hide-bound conventions and the letter of "rotten old diplomacy."

A. S. CHASE

MUKDEN, May 10, 1933.

740.0011 Four-Power Pact/67 : Telegram

The Ambassador in Italy (Garrett) to the Secretary of State

ROME, May 11, 1933—noon.

[Received 3:10 p. m.]

33. At my farewell audience with Chief of the Government he brought up the state of affairs in the Far East and with great emphasis said that the gravest danger the world was facing was Japan. He could see nothing to prevent her gaining control over China and thought that the whole world would be menaced.

In regard to European affairs he said that the permanent conference at Geneva was at a standstill; they were now haggling over procedure. They could be brought to muster and agreement only if the Four-Power Pact, "my pact", as he called it, were signed. The pact would give Europe 10 years of peace; would prevent the rearmament of Germany and give France the security she craved. Germany had signified her willingness to sign his original pact but this had now been altered by British and French suggestions and he did not yet know whether they would meet with Germany's agreement. The British and French Ambassadors and the Italian Foreign Office had recently drawn up a formula based on the original draft and had recommended it to their respective Governments. It had also been sent to Berlin. If the four powers could not come together on this, war was inevitable. Germany had 800,000 trained soldiers in all but name. It was true that she had no bombing planes or tanks or big guns but such was the condition of her industry and her genius that 2 or 3 years of unrestricted armament would put her in position

to go to war. Europe would be divided into two again. Only his pact could prevent this.

He was very gratified at the cordiality of Jung's³⁵ reception in America.

Not repeated elsewhere.

GARRETT

793.94/6270 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 11, 1933—1 p. m.

[Received May 11—7:12 a. m.]

420. My 417, May 10, 4 p. m. An unidentified airplane flying at great height believed to have been Japanese military plane passed over Peiping flying from north to south and back again at about 5:30 this morning. Shots were fired at plane by anti-aircraft machine guns mounted on northeast city wall. Plane dropped numerous handbills in east section of the city which were promptly gathered up by police. One of these bills has come into my possession through a Chinese employee of the Legation residing in that section of the city. Handbill opens by quoting proverb to the effect that those who are in the right gain help while those who are in the wrong will lack assistance. Invites attention to conditions in China where militarists have been despotic and have usurped authority, people oppressed and soldiers driven to the battlefields. States:

“Our Japan-Manchukuo allied army has marshaled its soldiers and addressed themselves to deliver the people of our friendly country from the hands of tyrants. Wherever our great army has gone those who were hostile to us have been completely routed. This is clear evidence to prove that those who gain the good will of the people will prosper while those who do not will fail”.

Handbill goes on to state that spirit of Japanese-Manchukuo soldiers is very high, their weapons excellent while China and her militarists, a motley force without discipline, can by no means resist.

“You, soldiers, are merely made fun of by Chiang Kai-shek, one person. He borrows your heads to extend his personal power. Should you still fail to be awakened at an early date, to separate yourselves from your army and to become a new people your successor then, our great army, will advance on a punitive campaign, your leader will be exterminated, the good and the evil will alike come to harm and all will lose your stupid lives due to the failure of Chiang Kai-shek, one person.”

Handbill ends with following:

“Our army takes pity upon you impressed soldiers and is distribut-

³⁵ Guido Jung, Italian Minister of Finance.

ing this sincere and solemn commandment. It is hoped that you soldiers will not be silenced any longer lest you might suffer from meaningless sacrifices. Moreover we are all Eastern Asiatic people. Since we have the same language and belong to the same race we should live and prosper together. Why should we slaughter each other? If Chiang continues to be violent and if he fails to repent his error it is feared that the tragedy of Kupeikou will occur at Peiping and at Tientsin."

JOHNSON

893.114 N 16 Manchuria/25 : Telegram

The Secretary of State to the Consul at Geneva (Gilbert)

WASHINGTON, May 11, 1933—6 p.m.

50. Your 115, May 10, 3 p.m. For Fuller. You are authorized, in case there is presented at the meeting of the Opium Advisory Committee the question of recognizing Manchukuo opium import certificates, to take a position contra. The Department desires that you base this position primarily and in so far as practicable upon the narcotics aspects of the situation, but you are authorized, in last analysis, to point out that recognition of Manchukuo certificates would be directly contrary to the commitments made by the Assembly of the League of Nations in the report adopted on February 24 and to the position taken by the American Government in regard to the principle of non-recognition. You should, if practicable, make your comments as on your own responsibility and as not under instruction from the Department and you should endeavor, while taking a firm stand, to avoid assuming a position of initiative or leadership.

Inform Wilson.

HULL

861.77 Chinese Eastern/1183 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 12, 1933—10 a. m.

[Received May 12—3:10 a.m.]

423. Following from American Consul General at Harbin:

"May 9, 5 p.m. Local Soviet Consul General has no official information to confirm reports that Soviet Government has offered to sell Chinese Eastern Railway to Japan or anyone else.

Harbin inhabitants, especially those Russians directly or indirectly connected with the railway, very much excited in regard to what will happen if Soviet side does not return rolling stock by May 20th. It appears that Soviet side will not return decapods.

Soviet general manager of the Chinese Eastern Railway today

handed report to the Board of Directors setting forth a number of incidents resulting in loss of life and of railway property due to the negligence of Manchukuo to protect the same."

JOHNSON

793.94/6272 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 12, 1933—11 a.m.

[Received May 12—3:10 a.m.]

424. My 420, May 11, 1 p. m. Aeroplane marked with large circles on wings flew from the north over Peiping again this morning between 6 and 6:30 o'clock and was seen to drop large number of papers believedly propaganda handbills. Am seeking to obtain copy. Plane was heavily fired upon by Chinese machine guns and possibly anti-aircraft guns since several heavier reports were heard during the plane's flight. Chinese police deny that the plane dropped bombs as rumored. During its flight plane flew low directly over the Legation Quarter. Chinese press reports that after visit of plane yesterday Japanese Legation representative called at police substation seeking copies of leaflets dropped by plane and making inquiries as to effect of plane's visit. Defence Commissioner, through native press, is urging populace not to be alarmed by the visit of plane and states that adequate defence measures have been taken by the military authorities.

Tokyo informed by mail.

JOHNSON

861.77 Chinese Eastern/1184 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 12, 1933—3 p. m.

[Received May 12—9:55 a. m.]

428. Reuter from Moscow today:

"Litvinoff, Soviet Commissar for Foreign Affairs, referring to China's claim to a voice in Soviet-Manchukuo dispute over Chinese Eastern Railway, points out that Nanking Government has ceased to be actual partner with U. S. S. R. in the railway since under the Peiping and Mukden agreements China must send representative to the Board of the Railway but none has been sent for 18 months and nonfulfillment of this condition deprives Nanking Government of any moral right under the agreements.

Litvinoff referred to Sino-Soviet conflict 1929³⁶ and said that with a view to removing source of conflict Soviet negotiated with Mo Teh-

³⁶ See *Foreign Relations*, 1929, vol. II, pp. 186 ff.

hui representing Mukden and Nanking Governments in 1930 regarding sale of Chinese Eastern Railway but Manchurian events in autumn of 1931 caused breakdown.

'From these considerations we proposed to sell the railway and our proposal constitutes a demonstration of Soviet peacefulness.'

Litvinoff declared that Peiping and Mukden agreements did not give China right to redeem railway before the due time nor restrict rights of U. S. S. R. to sell to anyone, especially to a power actually existing in Manchuria, and carrying out the undertakings of the Chinese party in Peiping and Mukden agreements. Since China for 18 months had been unable to carry out her undertakings in Manchuria she was deprived of any moral right of protesting against sale. Litvinoff further asserted that W. [W.] Yen, the Chinese Ambassador to Moscow, tacitly admitted Chinese inability to fulfill obligations to Manchuria."

JOHNSON

793.94/6274 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 12, 1933—10 p. m.
[Received May 12—1:50 p. m.]

429. Mr. Y. C. T. Shen, Director of the Asiatic Bureau of the Foreign Office, came to see me today. He described his call as personal but intimated that Vice Minister Liu knew of his coming and what he had to say. He asked whether I had considered any action in view of appearance of Japanese aeroplane over Peiping, I stated that I had not nor knew of any ground for taking any action. In the course of somewhat lengthy conversation he stated that there were leaders in the Government who had believed that the Japanese would refrain from penetrating into Peiping-Tientsin area in order to avoid international complications and now that it appeared that the Japanese were in fact to invade this area they were disposed to count upon some action on the part of the powers, particularly the United States and Great Britain. He interposed that he himself did not share this view but he thought that if it was clear to those leaders that no action would be taken by the powers, knowledge of this might result in some change in the Government's policy.

I recalled to Shen the policy which the Government of the United States had followed, through statements of policy made at home and in supporting action thus far taken at Geneva. I stated that my feeling of friendship for China demanded that I tell him most frankly that Chinese leaders should not expect the United States to go beyond what had already been said or done by those responsible

for the policy of the United States; that while we were watching developments with undivided interest I was sure that the United States did not wish to become physically involved in this situation. I stated that as American Minister I intended to remain here as long as the situation was tense but that should the Chinese Government authorities, military or civil, be driven from Peiping it would then be necessary for me to follow the Chinese Government to which I was accredited.

By mail to Tokyo.

JOHNSON

793.94 Advisory Committee/41 : Telegram

*The Secretary of State to the Minister in Switzerland
(Wilson), at Geneva*

WASHINGTON, May 12, 1933—5 p. m.

101. Your 177, May 10, 5 p. m., third paragraph.

1. Department does not understand why the question of the status of consuls in Manchukuo in reference to the principle of non-recognition is "pressing". American consular officers are, as you know, continuing to function in Manchuria and to look after American interests in their respective districts in the same manner as consular officers of other nations.

2. As, in the Department's opinion, the question of the status of consuls in Manchuria is more delicate than certain other questions connected with the principle of non-recognition, the Department would deprecate especial stress or publicity in regard to the status of consuls. It appears distinctly inadvisable to do anything which would precipitate any action by the Manchuria regime which would make the position of foreign consuls in Manchuria more difficult than it now is.

3. Although the Department would not object to you, if you consider such action advisable, informing the Secretary-General now along the lines of the second sentence of paragraph 1, it suggests that you defer communicating that information until you ascertain the nature of the information furnished by other governments. In case other governments are communicating more detailed information, please inform the Department of the nature of that information, whereupon the Department will give further consideration to the matter.

HULL

893.20/438

The Chargé in Germany (Gordon) to the Secretary of State

No. 2390

BERLIN, May 12, 1933.

[Received June 3.]

SIR: I have the honor to report that General von Seeckt, who retired in 1926 as Commander of the German Army, left Germany some time ago for China, where he is now reported to have arrived at Shanghai on May 8, presumably for the purpose of assisting in the military training of the Chinese Army.

As early as January of this year, it was rumored that General von Seeckt was negotiating with the Nanking Government which desired to secure his services as military adviser. This rumor was subsequently denied in official circles, and even by the General himself, but from information which has come to hand from reliable and intimate sources since the time of Seeckt's departure, there appears to be no doubt as to the nature of his visit to China. The German press, however, maintains the fiction of the purely private character of the General's visit. Hugenberg's *Lokal Anzeiger*, for example, under a Shanghai date line, stated that the German Consulate there had denied the fact that von Seeckt had arrived in China to undertake the organization of the Chinese Army, that he had visited friends in Batavia, and that he had come to Shanghai for the same purpose.

Although the employment of a German military officer by China, in a capacity as above indicated, would seem to constitute a clear violation of Article 179 of the Treaty of Versailles³⁷ on the part of both Germany and China, military attaché circles in Berlin are non-committal and appear not to attach importance to the matter.

Respectfully yours,

GEORGE A. GORDON

793.94/6278 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, May 13, 1933—11 a.m.

[Received May 13—5:30 a.m.]

Japanese military spokesman states Japanese troops will occupy Tungchow and that Liu Kuei-tang's Manchukuo army will occupy Kalgan and perhaps extend operations southeastward along Peiping-Suiyuan Railway.

³⁷ *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1910-1923* (Washington, Government Printing Office, 1923), vol. III, pp. 3329, 3404.

Japanese aircraft carrier *Komai* arrived at Taku Bar yesterday which event created considerable speculation and concern at Tientsin as regards possible extension of bombing operations. Japanese troops were busily engaged yesterday in filling sand bags and placing them at convenient and strategic points in Japanese Concession. There has apparently been no important change in the Lwanchow area.

LOCKHART

793.94 Advisory Committee/42 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, May 13, 1933—8 p. m.
[Received May 13—5:55 p. m.]

181. Your 101, May 12, 5 p. m.

1. The word "pressing" was used in the sense that the status of the consuls was the only point which immediate information from the governments was requested by the Committee.

2. I have consulted Drummond informally and he states that the point on which information is desired, if possible, is what will be done by the governments in the event that a consul dies at his post, is transferred, or for other reason must leave his post. What would be the procedure of the states in replacing that consul? How would the matter of exequatur be handled? They are anxious to know whether such a case has yet arisen or whether the governments have considered what they would do if such case does arise.

WILSON

793.94/6281 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 15, 1933—4 p.m.
[Received May 15—9:20 a.m.]

438. Refer to Tientsin's May 13, 11 a.m. and May 13, 8 p.m.³⁸ to the Department and the Legation.

Following telegram has been sent to Tientsin:

"May 15, 4 p.m. Confidential report your May 13, 11 a.m. and May 13, 8 p.m. and marked air activity by Japanese. I have in answer to American Board Mission's inquiries advised that women and children be evacuated from Tungchow. I suggest that you issue similar advices to American citizens resident in area which would be affected if advance on Tungchow transpires. It is further

³⁸ Latter not printed.

suggested that you promptly supply Japanese authorities with list of American citizens [and] American-owned properties in that area with descriptive data as to relative location of mission compounds to city walls, et cetera. Please supply Legation with copy of such list which will be transmitted by me to the Japanese Legation for information of the Japanese authorities. Legation is informed that part of Chinese Boys School of American Board Mission at Tungchow now being used as hospital for certain wounded Chinese soldiers. This fact should be mentioned by you in reporting to the Japanese authorities location of this and other Mission property. Department has been informed.[”]

JOHNSON

793.94/6282½ : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 15, 1933—6 p. m.

[Received May 15—9:50 a. m.]

439. 1. Japanese forces have captured Shihsia between Kupeikow and Miyun. Fighting there has been very severe with much loss of life on the part of the Chinese who have been fighting desperately against better equipment on air and land. Advance from Chinwangtao of Japanese troops is proceeding along old government road connecting Chinwangtao with Peiping through Tungchow. Japanese military at Tientsin have informed newspaper correspondents that they propose to take Tungchow and will there stop advance. I have considered it wise to advise American women and children to be evacuated from Tungchow.

2. Peiping quiet but there have been many departures of Chinese. Police have erected sandbag protection at street corners and police stations during last 3 or 4 days doubtless due to reports that with the approach of the Japanese disturbances within the city might be created. It has not seemed necessary to take steps to evacuate women and children from places in the city and particular place of safety (1st) because of the danger of starting a panic in the city, (2d) because there does not seem to exist any real danger within the city. We feel that Americans will be safer in their homes.

3. Huang Fu is expected here day after tomorrow. I understand that he comes with some idea of trying to arrange an armistice for cessation of hostilities pending some settlement of the greater problems involving Manchuria and other questions.

4. Japanese advance with attendant fighting and death or wounding of many thousands of Chinese soldiers who have been putting up an ineffectual defense seems to me a cold-blooded attempt to bring into existence by force conditions more favorable to Japanese policy. Repeated to Tokyo.

JOHNSON

893.114 N 16 Manchuria/34

The Consul General at Mukden (Myers) to the Secretary of State

No. 576

MUKDEN, May 16, 1933.

[Received June 10.]

Subject: "Manchukuo" Opium Monopoly.

SIR: Supplementing my despatch No. 552, of March 10, 1933,³⁹ under the above subject, I have the honor to report upon recent developments in connection with the establishment of the opium monopoly in this consular district.

The monopoly system began functioning in the latter part of March, 1933 and had gradually been extended since then. According to the press the retail dealers in Hsinking, twenty in number, opened their establishments for business on March 24 and at about the same time sixteen establishments were opened at Mukden. The number at Mukden has since been increased to 34 and according to reliable information this city is shortly to have about fifty licensed dealers. They conduct combined retail and opium smoking establishments.

In this connection, it has been learned that many illicit opium "joints" in this city have been closed due to the competition of the licensed dealers but that the authorities have taken no direct action to close them nor to stop the use of illicit opium. Very recently I was told that the police inspected these places and warned the proprietors that any increase in the number of opium lamps would result in their being heavily fined. That more of these poorly furnished illicit "joints" will be closed as the natural result of the availability of the more attractive and luxurious smoking establishments of the licensed retail dealers is expected. However, many unlicensed establishments will continue to thrive unless the authorities take drastic measures to close them. It may be mentioned that monopoly opium is sold to retail dealers in bars containing about 100 Chinese ounces (eight and one-third pounds) which bear revenue stamps.

According to a local press report dated May 6, 1933, the Fengtien Police Bureau ordered the police of the respective districts to notify smokers that they must secure opium smoking permits and that the purchase of illicit opium is strictly forbidden. The order also stated that opium smoking permits are obtainable from the licensed retailers. It is probable that this order is directed against the illicit "joints" as well as those who smoke in their homes; this requirement does not apply to persons who smoke in licensed establishments.

It has been learned from an official source that a cash deposit of Yuan 500 only is required of retail dealers. The cash deposit of

³⁹ Not printed.

wholesale dealers ranges from Yuan 50,000 for Liaoyuan, Chinh sien and Tsitsihar to Yuan 200,000 for Mukden. Interest at the rate of five per cent per annum is paid on these deposits.

According to press reports, the Monopoly Sales Bureau, the name of the governing organ, has ordered that poppy cultivation may be carried on as heretofore in Jehol and Hsingan Provinces but that it shall be limited to twelve specified districts in Kirin Province. The report gives the total area which may be cultivated in this province as 361,000 mou (60,133 acres). No information regarding Heilungkiang Province is available but according to reports cultivation in Fengtien Province is entirely prohibited. However, from a reliable source, it has been learned that poppy is actually being grown in some ten districts. If illicit, as it is surmised, the crop may eventually be destroyed, at least in the more accessible places. Early in April the magistrates were instructed by the Provincial Government that except for the areas specified by the monopoly bureau cultivation shall not be permitted.

[Here follows report of items in a Jehol newspaper on opium traffic.]

In Bulletin No. 52, of April 15, 1933, issued by the Bureau of Information and Publicity, Department of Foreign Affairs, Hsinking, the area devoted to poppy cultivation in Jehol Province in 1932 was given as 600,000 mou (100,000 acres), a figure that seems small. In any case the present authorities hope to double last year's acreage and as an encouragement have reduced the tax by half, or to Yuan 5 per mou. Furthermore, it is apparent from the above statement that the establishment of the monopoly system in Jehol Province is not intended—the same statement seems to be applicable to Hsingan Province also. However, in the interest of the monopoly all opium available for export to other provinces must be sold to the Monopoly Sales Bureau or its collecting agencies which have already been established at Chengte (Jehol), Lingyuan, Chihfeng and other places.

It was recently reported in the press that from April 24, 1933, the opium monopoly system of the Kwantung Leased Territory was extended to the South Manchuria Railway Zone. It is obvious that if the "Manchukuo" monopoly is to be rigorously enforced restrictions must also be placed on the traffic in the railway zone.

Respectfully yours,

M. S. MYERS

793.94/6283 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 16, 1933—4 p. m.
 [Received May 16—5:55 a. m.]

441. Department's 159, May 15, 5 p. m.⁴⁰ Action taken limited to Tungchow and immediate neighborhood. Americans chiefly involved. I have had no information regarding other nationalities. We were chiefly concerned about children in American school at Tungchow. Peiping city and neighborhood quiet. It has not seemed necessary to consider precautionary steps here as no immediate danger expected.

JOHNSON

793.94/6305

*Memorandum by the Chief of the Division of Far Eastern Affairs
 (Hornbeck) of a Conversation With the Chinese Minister of
 Finance (Soong) and the Chinese Minister (Sze)*

[WASHINGTON,] May 16, 1933.

Mr. Soong and Mr. Sze called by appointment. The ostensible purpose of this call was to discuss questions which Mr. Soong had raised, through Mr. Arthur Young, with regard to payments on the American share of the Boxer Indemnity. The Chinese Minister inquired whether we had any late information from Peiping, and Mr. Hornbeck gave him an account of the most recent information which we had (received this morning). Mr. Hornbeck took advantage of this opportunity to state that we had received also two telegrams relating to business or relations between China and the United States and to give account of the contents of these two telegrams: first, a telegram stating that the papers which the Consulate at Nanking had sent to the Foreign Office in August last for signature by the Minister of Finance in connection with the sale of wheat had apparently been misplaced and were being looked for at Nanking; and, second, we were informed that the Ministry of Industries at Nanking was apparently encouraging the imitation by Chinese of American patents or patented articles.⁴¹ Having imparted this information, Mr. Hornbeck suggested that perhaps there were questions which the Minister of Finance would like to bring up before we entered upon a discussion of these or any other questions that were "on the calendar".

⁴⁰ Not printed; it requested additional information regarding protection of life and property by other governments.

⁴¹ See telegram No. 436, May 15, 2 p. m., from the Minister in China, p. 679.

Mr. Soong then said that the matter which was giving him most concern was the immediate situation in North China. He said that the Japanese were rapidly approaching Tientsin; the Chinese had been putting up a good fight; they had had some 30,000 casualties during the past two weeks of which 20,000 were within the past few days; they were about at the end of their resources; and he wondered whether the powers could not do something.

Mr. Hornbeck said that he had noted that the Chinese armies were making a substantial resistance and that the Japanese advance did not seem to be as rapid as the Japanese army had estimated that it would be; he said that he regretted, and all Americans regretted, that these hostilities continued and so much bloodshed is taking place; he wondered whether Mr. Soong had conceived any outline of steps which he envisaged as possible and, if taken by the powers, likely to be ameliorative of the situation under discussion. Mr. Soong had apparently not thought the matter through. He said that he thought that the powers, especially the United States, Great Britain and France and possibly Italy, might take "some stand". There followed a discussion which finally resulted in the suggestion by Mr. Sze that he felt that the American Government, at the time of issuing a communiqué in relation to the conversations between the representative of China and the President might say something indicative of interest by the present Administration in the political situation in the Far East; if nothing else, he said, the American Government might state that it deprecated the continuation of hostilities and bloodshed there; and he went on to say that the world has had as yet no pronouncement from this Administration in relation to the Sino-Japanese conflict—all that the world has had having been the statement issued by the President-Elect before the inauguration affirming solicitude with regard to the sanctity of treaties.

Mr. Hornbeck said that he would make a memorandum of the conversation and bring these points to the attention of the Secretary of State.

The conversation then turned to certain matters outstanding in relations between China and the United States. (See separate memorandum.⁴²)

S. K. HORNBECK

⁴² *Post*, p. 672.

793.94/6466

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] May 16, 1933.

The suggestion has been made that, in view of an expression of concern with regard to the Far Eastern situation made by the Italian Premier as reported by the American Ambassador at Rome,⁴³ the American Government should suggest to the Italian Government that the Italian Government suggest to the French and the British Governments cooperative action on the part of those Governments and the American Government, such action to be taken presumably immediately after the anticipated occupation of Peiping by Japanese armed forces is consummated.

Comment:

It is the estimate and opinion of this Division that action in the sense of this proposal would not be advisable. In the absence of an indication of the end which it is believed might be served by such a concerted move, at such time, by the powers, we do not perceive that any purpose would best be served thereby. We would welcome suggestions with regard to that point from the source from which the suggestion of the action under reference has come.

As we see it, cooperative action by the major powers directed toward preventing the hostilities which are now taking place in the area north of Peiping and Tientsin, had it been possible to take such action before this movement began, might have served a useful purpose. The Ministers of the powers in Peiping have for weeks had under consideration the question of the possibilities, as a practical political matter, of taking such action. The American and the British Ministers in particular are known to have been in frequent conference and constant communication with their governments on that subject. Some time ago, the British Minister (who has had much experience and shown much skill in such matters), after carefully exploring the possibilities and having some conversations both with Chinese and with Japanese representatives, informed the American Minister that he felt it necessary to desist from any activity along that line. The simple fact is there is no firm ground for a would-be "go-between" to stand upon at either end of the pathway on which, as a go-between, he must travel between the two contending parties.

The material interests most menaced by the Japanese advance in the area now under attention are British interests. Next, French. The initiative toward concerted action, if to be taken by any of the major powers without reference to the League of Nations, might best

⁴³ Telegram No. 33, May 11, noon, p. 314.

be taken by the British Government. Next best, by either the French or the Italians. To least advantage, by us. The British Government has as yet said nothing directly to us since the inquiry which they made shortly after the Japanese entered Shanhaikwan at the beginning of January; they have, however, talked with us on this subject through their Minister in Peiping, and we instructed our Minister that he should receive with favorable predisposition any definite proposals which the British or any other of his colleagues there might make—and we told him that he might inform the British Minister of that instruction. The French Government has told us that it was apprehensive with regard to the situation. The Italian Government has now done the same. It may be assumed with reasonable confidence that those Governments have expressed the same views to one another and to the British Government. Even if they have not done so, there is no reason why they should not without prompting from us do so.

We have repeatedly since October 5, 1931, told the Secretary of the League and representatives of the principal governments members of the League that we feel that a greater measure of responsibility in connection with the question of preventing, minimizing or restricting hostilities in the Far East rests upon the League and upon states members of the League than rests upon the United States,—this by virtue of the fact that the members of the League, among whom are the disputant countries, are committed to one another and have a certain special group of rights and obligations *inter se* as the United States is not committed and which the United States does not have. Also, we have repeatedly stated that initiative should come from them rather than from us. In addition, we are in a position of jeopardy in relations with Japan more delicate than is theirs. We have communicated those views to them not only under the late Administration but under the present Administration. Mr. Hugh Wilson and Mr. Norman Davis, on the spot and in contact with their representatives, share our view in that connection and have communicated it faithfully. Our Minister in China and our Ambassador in Japan are of the same view.

From time to time since September 18, 1931, we have offered suggestions and on some occasions we have taken the initiative toward inducing action. Practically without exception the fact of our having done these things has promptly been made known and has evoked unfavorable reactions from Japan. Furthermore, very seldom have we had favorable responses from the other major powers concerned. It has been our experience that where we have waited for and there has come initially from the British or the French Government a sug-

gestion such as we have considered making but have withheld, the chance that the idea be adopted has been greatly increased.

The views of this Division advancing and in support of the thesis that a maximum of caution must be exercised by the powers in connection with any question of becoming involved in a project for inducing the Chinese and the Japanese to negotiate an agreement have already been expressed in a previous memorandum.

There is much more that might be said on this subject, and we would welcome an opportunity to discuss it with any proponent of the suggestion which has occasioned the writing of this memorandum.

S. K. HORNBECK

861.77 Chinese Eastern/1207

*The Chinese Ministry of Foreign Affairs to the Chinese Legation*⁴⁴

NANKING, May 16, 1933.

The Chinese Embassy at Moscow delivered yesterday under the instructions of the Chinese Government a note of protest with the Soviet Foreign Office. The note says the Chinese Government is much surprised at the views expressed by the Soviet authorities which show total disregard of the treaty obligations as well as their inclination to conclude an unjustifiable transaction with the unlawful regime on the part of the Soviet Government.

The note recalls the provisions of Article Nine, Paragraphs Two and Five⁴⁵ of the Sino-Russian agreements of 1924 and concludes, "The Soviet Union has absolutely no right to assign in any form its interests in the railway to whomsoever it wishes."

The note calls the Soviet Government's attention to the pledge mutually made by the Chinese and Soviet Governments in Article Four, Paragraph Two⁴⁶ of the 1924 agreements.

"Recently the Chinese Government has been prevented by *force majeure* from participating in the administration of the Chinese Eastern Railway. But China has not for that reason given up nor will she ever give up any of her contractual as well as sovereign rights in the Railway. Temporary obstruction caused by circumstances for which China is not responsible in the exercise of her administrative rights in connection with the Railway does not affect in the least the validity of the provisions of the agreements of 1924 nor the status of the Railway. The Chinese Government cannot admit for one moment the argument that on account of the state of affairs which must be felt as painful to Russia as to China the Chinese Government should be debarred from claiming the rights under the agreement in ques-

⁴⁴ Copy of telegram transmitted to the Department by the Chinese Legation on May 16.

⁴⁵ See p. 330.

⁴⁶ See p. 330.

tion. U. S. S. R. cannot now dispose its interests in the Railway without China's consent any more than it could do so when the Chinese authorities were actually controlling the administration in conjunction with the Soviet authorities."

The note then points out :

"The present conditions in Manchuria are [rightly] regarded by the whole world as having [been] born of military aggression contrary to the letter and spirit of the Paris Pact of August 27, 1928, [to] which the U. S. S. R. is a party and that all civilized states have pledged themselves not to recognize such a regime *de jure* or *de facto*. To transfer without China's agreement the important means of communication in Manchuria under the present circumstances in the manner contemplated by the Soviet authorities is tantamount to recognition of the entity internationally condemned as unlawful and giving aid and assistance to the aggressive party. Consummation of such a scheme is clearly contrary to the professed desire for peace by the Soviet Government.

"In view of the above legal and political reasons, the Chinese Government is constrained to protest most emphatically against the proposed sale by the Government of the U. S. S. R. of its interest in the Chinese Eastern Railway and expresses the earnest hope that it would reconsider its attitude in regard to this question in the light of the agreements of 1924.["]

NOTE:—

Article 9. Paragraph 2.

1. "The Government of the Union of Soviet Socialist Republics agrees to the redemption by the Government of the Republic of China, with Chinese capital, of the Chinese Eastern Railway, as well as all appurtenant properties, and to the transfer to China of all shares and bonds of the Railway."

Article 9. Paragraph 5.

2. "The Governments of the two Contracting Parties mutually agree that the future of the Chinese Eastern Railway shall be determined by the Republic of China and the Union of Soviet Socialist Republics, to the exclusion of any third party or parties."

Article 4. Paragraph 2.

3. "The Governments of both Contracting Parties declare that in future neither Government will conclude any treaties or agreements which prejudice the sovereign rights or interests of either Contracting Party."

761.9311/8 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, May 17, 1933—noon.
[Received May 17—3:15 a. m.]

442. Reuter from Nanking 16th:

"An unusual article which if signed by Soviet authorities would automatically prevent sale of Chinese Eastern Railway and maintenance of official relations with Manchukuo is included in proposed terms of the Sino-Russian Pact of Nonaggression. Draft containing this article has been handed by Nanking Foreign Ministry to Soviet Ambassador there who has forwarded it to Moscow. Article concerned provides for 'refusal of any recognition *de jure* or *de facto* of situation created by aggression on the part of a third power.'"

JOHNSON

793.94/6284 : Telegram

*The Consul General at Tientsin (Lockhart) to the Secretary of State*TIENTSIN, May 17, 1933—2 p. m.
[Received May 17—7:10 a. m.]

According to a report to railway authorities Japanese occupied Tangshan this morning.

General Huang Fu arrived in Tientsin this morning after having stopped in Tsinanfu yesterday to confer with Han Fu-chu. It is understood Huang Fu will proceed to Peiping this afternoon. His arrival has aroused fresh hopes that an amicable adjustment or at least a better understanding may be arranged with the Japanese. Both Japanese and Chinese officials have privately expressed this view to me within the past few days. General Muto's widely published statement concerning possibility of again withdrawing Japanese forces to the Wall if provocative activities of Chinese are discontinued has also aroused renewed hopes that a way may be found to prevent the occupation of Tientsin and Peiping. There has been considerable exodus of Chinese into the foreign concessions from native city for past 2 days.

U. S. S. *Sacramento* left today for Hsinho preparing to sail for Chefoo on May 22.

LOCKHART

793.94/6286 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, May 18, 1933—noon.
[Received May 18—2:40 a. m.]

446. Reuter from Shanghai 17th:

“Interviewed by Chinese press here this evening spokesman of Japanese Legation emphasized that Japan regarded Great Wall as boundary between China and Manchukuo. He said Japanese attack inside Wall was only intended to compel Chinese troops to refrain from attacking Manchukuo border and he declared that Japanese operations would cease if responsible Chinese leader was able to guarantee cessation of hostilities by Chinese troops thus preventing war operations from spreading to Peiping. He said Chinese authorities in North China intimated a desire to arrange armistice but as Chinese Government was determined to continue fighting Japan was unable to consider these peace overtures at present.”

JOHNSON

861.77 Chinese Eastern/1191 : Telegram

*The Minister in China (Johnson) to the Secretary of State*PEIPING, May 18, 1933—1 p. m.
[Received May 18—4:10 a. m.]

447. Reuter from Canton today:

“Southwest Political Council has telegraphed to Foreign Office in Nanking and to Chinese Ambassador in Moscow urging that everything possible be done to prevent proposed sale of Chinese Eastern Railway by Russia. Council has also decided to telegraph to Central Party authorities urging them to send big army to safeguard Tientsin and Peiping against possible Japanese invasion of that area.”

JOHNSON

793.94/6287 : Telegram

*The Consul General at Tientsin (Lockhart) to the Secretary of State*TIENTSIN, May 18, 1933—2 p. m.
[Received May 18—4:10 a. m.]

The explosion of a bomb on a railway bridge near Tientsin central station yesterday just before the arrival of Huang Fu's special train is interpreted as an attempt on the life of Huang and resulted in the arrest and execution of a slightly wounded Chinese caught near the bridge shortly after the explosion. The Chinese is said to have confessed receiving money for placing the bomb on the bridge. Bombings are of almost daily occurrence here now.

There has apparently been little actual fighting in the Lwanchow region and progress west of that place has been slow. Considerable looting by retreating forces has occurred. The damage to the Lwanchow bridge previously reported will require about 3 weeks to repair, according to American military report.

The Tientsin Bureau of Public Safety has been put under the direct control of the Provincial Government.

LOCKHART

793.94 Advisory Committee/42 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, May 18, 1933—6 p. m.

103. Your 181, May 13, 8 p. m. It seems to the Department that such information as it possesses pertinent in reply to these questions is substantially identical with that which is possessed by the British and French Governments, members of the League.

However, our knowledge of practice is as follows:

The usual procedure, upon assignment of American consular officers to posts in China and upon transfer of such officers from one post in China to another post in that country, is for the American Government to notify the Chinese Government through the Legation in Peiping. Under long existing practice the American Government does not request exequaturs for American consuls in China. The Department understands that this is the practice which is followed by other powers exercising extraterritorial jurisdiction in China. In February of this year an American Vice Consul at Canton was transferred to Mukden and an American Vice Consul at Tsinan was transferred to Harbin. In these two instances, so far as the Department is informed, the usual procedure indicated above was followed. It is believed on good authority that there have been similar instances of British transfer of consular officers, with same procedure.

HULL

793.94/6288 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 19, 1933—1 p. m.

[Received May 19—2 a. m.]

452. Following from American Consul General at Harbin:

"May 16, 1 p. m.

1. Railway Administration confirms report of shooting on May 14th near Chalantun into eastbound train from Manchuli which

connected with the Siberian express. Several passengers wounded, cars riddled.

2. Local Japanese-inspired Press has commenced publishing articles alleging that Halha (Outer Mongolia) Mongols have expressed desire to unite with Manchukuo.

3. Negotiations regarding Chinese Eastern Railway have apparently been switched into diplomatic channels."

JOHNSON

793.94/6291 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 19, 1933—4 p. m.
[Received May 19—11:50 a. m.]

455. My 424, May 12, 11 a. m. Airplane believedly Japanese bi-plane bomber with bombs in racks circled high over Peiping and environs for half an hour this morning then departed in northeastern direction. So far as known no propaganda leaflets were dropped as on previous visits of Japanese planes. Sporadic machine-gun fire by Chinese was frequently heard during airplane's visit.

JOHNSON

793.94/6289 : Telegram

*The Standing Committee of the Southwest Political Council at Canton to the Secretary of State*⁴⁷

CANTON, May 19, 1933—[5 p. m. ?]
[Received 5:22 a. m.]

The Southwest Political Council is constrained to address this communication to the League of Nations, which is seized of the Sino-Japanese dispute relating to Manchuria, and to the signatories of the Nine-Power Treaty which guarantees the territorial sovereignty and administrative integrity of the Chinese Republic, as well as to the Government of the Union of Soviet Socialist Republics as a signatory of the Sino-Soviet agreement of 1924.

2. The Chinese people as a whole are irrevocably opposed to any compromise or agreement with Japan based on Chinese recognition of the Japanese-created state of Manchukuo. Manchuria together with Jehol is an integral and vital part of the Chinese Republic whose territory is one and indivisible; and for this reason among others, the tearing away of Manchuria and Jehol cannot be suffered by China save at the risk of such material and moral enfeeblement that her survival as an independent and sovereign state would become a matter of incalculable difficulty.

⁴⁷ This communication was filed without acknowledgment.

3. This Council is informed that negotiations are in train between agents of the Japanese General Staff, which is the real government of Japan, and emissaries of the Nanking Military Commission, to which the government at Nanking is entirely subservient, for a settlement of the dispute relating to Manchuria including Jehol on terms not only inconsistent with the League of Nations' resolution condemning Japanese policy and action in Manchuria as well as with the provisions of the Nine-Power Treaty but in utter disregard of the vital interests of China as a self-respecting and independent country.

4. The terms under negotiation include the following:

(a) The Japanese Government considered it impossible to demand the Chinese National Government to recognize the independence of Manchukuo, but hopes that the Chinese Government will, from the commencement of negotiation, effectively stop all activities toward disturbing the peace of Manchukuo and will consider the Manchukuo Government as *de facto*. To ensure everlasting peace between China and Japan, these two Governments will mutually agree to include provinces north of the Yellow River as "non-war" area.

(b) The Chinese Government will give full guarantee that the boycott of Japanese goods will not be a measure of national policy.

(c) Should the foregoing two principles be agreed to, the Japanese Government will voluntarily abolish unilateral treaties, and will surrender all rights and privileges pertaining to concessions, extraterritoriality and river navigation, and will further proceed to conclude treaties with the Chinese Government on equal and reciprocal basis with a common object of maintaining an "Asiatic Monroe Doctrine".

5. A fourth term is also under negotiation which pledges the Japanese Government to give "the Chinese Government every assistance economically, financially and militarily" in order (according to one version) "to suppress Red bandits" but, according to another version, to enable the Nanking Military Commission to suppress other military forces in China.

6. The real meaning of the foregoing terms is clear. Not only must the Chinese Government agree to a *de facto* recognition of Manchukuo and thus in effect consent to the permanent severance of Manchuria and Jehol from China but Japan is to extend over the rest of China the system of "cooperation" which the Japanese General Staff and its agents are working out in Manchukuo. It is hardly necessary to emphasize the danger to the Chinese people and the menace to the world involved in these terms.

7. As there does not exist political machinery enabling the Chinese people to effect (otherwise than by civil war) a change of government in Nanking in order to mark their opposition to the aforesaid terms, it devolves on the Southwest Political Council as a duly constituted and nationally recognized political organ, first, to register

the nation's opposition to the negotiations now in train between the agents of the Japanese General Staff and the Nanking Military Commission or its emissaries whether or not the said negotiations are being conducted, at this stage, with the knowledge of the members of the Government at Nanking; and, secondly, to inform the League of Nations and the friendly powers to whom this communication is addressed that the Chinese people will refuse to recognize the validity of any agreement which the Government at Nanking may be coerced to conclude with the Japanese Government in violation of Chinese territorial sovereignty and administrative integrity in Manchuria and Jehol and in contradiction with the terms of the League of Nations' resolution relating to the Manchurian question as well as with the provisions of the Nine-Power Treaty.

TONG SHAO-YI SHAO FU-SHENG TANG CHAK-YUE
 CHAN CHI-TONG LI CHUNG-YEN CHAU LU

*Members of the Standing Committee of the
 Southwest Political Council, Canton*

793.94/6295 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 20, 1933—1 p.m.
 [Received May 20—6:12 a.m.]

104. The Japanese General Staff office states that Japanese troops are now within 25 miles of Peiping on both northern and eastern sides; that occupation of Peiping will probably not be necessary; that there is no intention of occupying Tientsin, which is not and never has been one of their tactical objectives; that the Japanese forces have now practically accomplished their purpose in North China; that General Liu Kuei-tang has declared independence of Chahar Province from China and that it is rumored that the movement for the independence of North China is gaining ground in the Tientsin area.

Not repeated to Peiping.

GREW

550.S 1 Wash./555 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, May 20, 1933—1 p. m.

171. On May 19 the President and T. V. Soong issued a joint statement to the press reading as follows:

"At the conclusion of our conversations,^{47a} we note with profound gratification that we are in agreement in regard to the practical measures which must be taken for a solution of the major problems which today confront the world.

We agree that economic stability cannot be achieved without political tranquillity and that economic disarmament can be attained only in a world in which military disarmament is possible. It is our ardent hope that peace may be assured and that to this end practical measures of disarmament may soon be adopted. In this connection our thoughts naturally have turned to the serious developments in the Far East, which have disturbed the peace of the world during the past 2 years. There the military forces of two great nations have been engaged in destructive hostilities. We trust that these hostilities may soon cease in order that the present effort of all the nations of the world to re-establish political and economic peace may succeed.

We are in entire agreement that present unreasonable obstacles to international trade must be removed and that the present financial and monetary chaos must be replaced by order. In this connection we consider it essential that the price of silver, the great medium of exchange of the East, should be enhanced and stabilized. We are in the closest agreement as to many other measures which must be adopted for the rehabilitation of the economic life of China and of the world, and we are both resolved to approach the problems of the World Economic Conference, as well as the problems of the Disarmament Conference, with the determination necessary to bring their labors to success."

Please inform Nanking and forward to Tokyo by mail.

HULL

793.94/6297 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 20, 1933—3 p.m.

[Received May 20—9:25 a.m.]

460. My 455, May 19, 4 p. m. At 9:30 this morning 11 Japanese bombing planes flew over Peiping and environs and departed north-eastward. So far as known Chinese refrained from anti-aircraft fire. It is believed that demonstration was largely to encourage continued withdrawal of Chinese troops toward Peiping in accordance with rumored agreement the existence of which however no definite confirmation can yet be obtained. Present orderly withdrawal of Chinese troops toward Peiping from north and east however tends to confirm report that some understanding has been reached between Japan and Chinese.

2. At 10:30 this morning a lone Japanese plane flew over Peiping.

^{47a} Conversations between American and Chinese representatives were held May 9 and 10; see memoranda of May 10 and 11 by the Chief of the Division of Far Eastern Affairs, printed in vol. I, section on the Monetary and Economic Conference (part II).

Japanese sentry at gateway to the Japanese Legation guard compound while gazing skyward at this plane was attacked and severely injured by a Chinese who alighted from a motorcar wielding a big sword, then sought to regain motorcar which, with engine running, waited. Chauffeur started car too quickly however and assailant was captured by Japanese guard and taken into barracks while guard hastily erected sandbag barricades at gate. A representative (allegedly of Swiss nationality) of Ullstein press in Germany took photograph of scene, was invited by Japanese guards to enter compound and was then manhandled and arrested for taking such street photograph without permission of Japanese guard.

JOHNSON

793.94/6291 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, May 20, 1933—4 p. m.

174. Your 455, May 19, 4 p. m. If United Press accounts of this incident are approximately accurate, Department feels that on the basis of this incident and/or any other similar incidents a protest by the diplomatic body or Ministers of the leading powers would be in order. You should take no initiative in the matter but in case the question is raised by one of your colleagues you are authorized in your discretion to take, as of your own conception, that position.

HULL

793.94/6283 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, May 20, 1933—5 p. m.

175. I desire that you telegraph in some detail your considered estimate of the present situation and that you outline the various possibilities that might eventuate in case Japanese forces occupy Peiping. I desire particularly your estimate of the likelihood of American lives being endangered and of the likelihood of the American marine guard becoming involved.

As the situation develops I desire that you keep the Department informed as promptly and fully as possible not only with regard to your own views and action taken by American authorities but also in regard to the views of and action taken by your most interested colleagues.

HULL

793.94/6299 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 21, 1933—1 p. m.

[Received May 21—6:03 a. m.]

465. Legation's 457, May 20, 9 a. m.⁴⁸ Central Executive Committee of Kuomintang in Nanking yesterday replied to Southwest leaders denying alleged terms of an Armistice and asking them to cease attacking Central Government:

"You have unreasonably given a credulous ear to rumors and circulated false Sino-Japanese terms to confuse public opinion both in China and abroad. Furthermore you have formally communicated your statement to foreign countries thereby displaying our weakness. Your action is as greatly deplored by us as it is welcome to our enemy."

Reply then urges Southwest leaders to bear in mind present national difficulties and to help carry out Government's plan by sending troops against Communists so as to enable Nanking deal with Japanese invasion.

JOHNSON

793.94/6301 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 22, 1933—noon.

[Received May 22—4:45 a.m.]

470. Reuter from Changchun, 21st:

"Interviewed today General Koiso, Chief of Staff to Marshal Muto, [who?] indicated that halt in Japanese advance line at Miyun and Tangshan marked completion of campaign to eliminate Chinese bases of attack on Great Wall. He continues:

'Future peace now depends entirely on the Chinese attitude. If we are convinced that the Chinese will not advance beyond their present positions we are prepared to withdraw our main strength leaving only observation outposts.'

Questioned concerning activities on western frontier General Koiso stated control of Kalgan was essential to security of Manchukuo west boundary but asserted that as population north of the Dolonor-Kalgan line was friendly to Manchukuo's [*sic*] operations in that area were not required.

He expresses optimism concerning early peace explaining that formal delimitation of neutral zone might be left to diplomatic conversations in Nanking, Peiping or Tokyo or conclusion of an armistice between the commanders in the field.

⁴⁸ Not printed: see telegram from the Standing Committee of the Southwest Political Council at Canton, May 19, to the Secretary of State, p. 334.

Koiso emphasized that fears of foreigners that Peiping and Tientsin might become a battleground could be removed by Chinese forces abandoning an aggressive attitude."

JOHNSON

793.94/6302 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 22, 1933—2 p.m.
[Received May 22—5:56 a.m.]

469. Your 175, May 20, 5 p. m.

1. Chinese retirement along entire front continues. They now occupy a line running roughly from about halfway between Peiping and Miyun and through Tungchow and generally along river to Tientsin. Japanese appear to be following Chinese as they retire. No fighting reported. Last night Japanese cavalry reported about 4 miles from Tungchow. Missionaries at Tungchow believe that Chinese are not preparing to make a stand at Tungchow. Retirement of Chinese is orderly.

2. It seems at the present moment entirely possible that Japanese will continue forward movement until they have occupied or encircled Peiping. I have been unable to obtain any accurate information as to understandings either arrived at or in process of arrangement between Chinese and Japanese. Japanese are reported to have demanded that all Chinese troops evacuate south of Peiping and Tientsin. I am informed by private sources here that Ho Ying-chin intimated yesterday to the local heads of educational institutions that they should allow their students to go elsewhere as arrangement which he had made with Japanese was not being adhered to by them because of attack on Japanese sentry on Saturday⁴⁹ and Japanese would come in.

3. It is impossible to forecast events in Peiping should Japanese occupy city but if retirement continues as at present Japanese occupation should be orderly and without danger. Neither my colleagues nor I have considered situation in Peiping dangerous. I know of no reason why American Legation Guard should become involved unless it would be for the purpose of cooperating with other guards for the maintenance of the neutrality of the Legation Quarter.

Repeated to Tokyo.

JOHNSON

⁴⁹ May 20.

793.94/6304 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 22, 1933—7 p. m.

[Received May 22—10:20 a. m.]

474. My 469, May 22, 2 p. m.

1. I have just seen my British and French colleagues. Lampson informed us that this morning Vice Minister Liu⁵⁰ called upon him and discussed present situation. Liu stated that Huang Fu had not had any discussions with the Japanese. He said that acting on the authority of the Minister of War he had come to say that the Chinese pursuant to recent statement by General Muto, had withdrawn their forces to the line mentioned in my telegram above referred to, but that Japanese continued to press forward and that Japanese occupation of Peiping and Tientsin was imminent. Liu stated that they would resist if Japanese approached Peiping. He asked whether Lampson would be willing to act as go-between. Lampson said yes provided Chinese put request in writing and spoke as one man, and also suggested that Chinese draw up formula which would be acceptable to the Chinese. Liu asked whether Lampson thought Japanese would be receptive. Lampson undertook to find out. Liu suggested that inquiry as to Japanese attitude should be made at Tokyo and not here at Peiping where no responsible Japanese was present. Lampson has repeated this to Tokyo with the suggestion that the British Chargé d'Affaires at Tokyo sound Japanese provided London approves. We discussed present situation. We agreed that there was no occasion at present for us to take any action vis-à-vis our local communities. We can only watch situation and be prepared to take action should that become necessary.

3. We discussed question of Legation guards. We agreed that it would be impossible for us to force neutrality of diplomatic quarter. We are without information as to intentions of local Japanese guard and feel that it would be inadvisable here or at Tokyo to make inquiries. Guard is independent of diplomatic secretary now in charge of the Japanese Legation.

Repeated to Tokyo.

JOHNSON

⁵⁰ Liu Chung-chieh.

893.01 Manchuria/916

*Memorandum by the Vice Consul at Mukden (Hall)*⁵¹

The strictly confidential information submitted in this memorandum was obtained from a reliable Japanese official who is in a position to be thoroughly informed on the subject.

Immediately after the "Manchurian Incident" of September 18, 1931 Colonels Itagaki and Ishihara were very much concerned because the Japanese Consulate General at Mukden would not support the policy of the Kwantung Army. Colonels Itagaki and Ishihara were, of course, the real power behind Lieutenant-General Honjo⁵² who was merely a puppet. The policy of the Kwantung Army was the one which in general has actually been carried out in Manchuria. On the other hand, as is well known, the policy of the local Japanese Consulate General, in accordance with that of the Foreign Office, the Kwantung Government, and the War Minister, General Minami (Minseito), was to confine military action to the occupation of Mukden; and then with Mukden occupied to negotiate with Chang Hsueh-liang for the settlement of outstanding Manchurian questions. In that way Japan could have obtained everything it wanted. The War Minister instructed the Kwantung Army to follow this policy but his order was not observed.

A few days after September 18th Major Hanaya, "a simple-minded man" and a subordinate of Itagaki and Ishihara on the staff of the Kwantung Army, becoming incensed at the refusal of the Japanese Consulate General to concur with the policy of the Army, called on Consul Morishima⁵³ (now Consul General at Harbin) who was the most active member of Consul-General Hayashi's⁵⁴ staff. During the interview the Major lost control because he could not win Mr. Morishima over to the Kwantung Army's policy, and drew his sword with the intention of attacking Mr. Morishima. The latter pushed an alarm button and ten consular police rushed in and prevented the infuriated Major from carrying out his plan.

In reply to my expression of surprise at his statement, that the Kwantung Army did not heed the orders of the Minister of War, my informant replied that the Kwantung Army considered itself responsible only to the Emperor. He added, as an example, that the Kwantung Army was so completely out of Government control that it was necessary to issue an Imperial Ordinance to stop the first drive on Chinchow, and that it did not take long for the Army to obtain permission for the second drive.

⁵¹ Copy transmitted to Department by the Consul General at Mukden in his unnumbered despatch of June 5, 1933; received July 1.

⁵² Gen. Shigeru Honjo, Japanese Supreme War Councilor.

⁵³ Morindo Morishima, former Consul at Mukden.

⁵⁴ Kiujiro Hayashi, former Consul General at Mukden.

In conclusion my informant stated that liberal Japanese consider it a good thing that the Army was not checked in Manchuria by the Government. He believes that if the Army had submitted to Government control on the Manchurian question, the "Young Officers" group would have become sufficiently incensed to start a revolution in Japan.

MUKDEN, May 22, 1933.

MONROE HALL

793.94/6310 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 23, 1933—3 p.m.

[Received May 23—6 a.m.]

477. Following from American Consul General at Nanking:

"May 22, 4 p. m. I am confidentially and I think reliably informed that Wang Ching-wei in address at the memorial service May 22 denied that the Chinese Government is making any approaches to Japan for a settlement. No positive action whether diplomatic or military to remedy the situation is possible for China. However, if Japan attacks Peiping opposing intervention will be inevitable. In these circumstances only course open for China is watchful waiting. Proposals for settlement can be made only from the invaders and those invaded cannot originate them. This is the reply to criticisms that the Government has no policy."

JOHNSON

793.94/6308 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 23, 1933—8 p.m.

[Received May 23—8:02 a.m.]

105. I have just been told by what is believed to be a reliable source that instructions have been sent to the Japanese troops in North China not to enter Peiping and that in case of any tendency to break in, another more drastic order to the same effect is in readiness.

Repeated to Peiping.

GREW

793.94/6314 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 24, 1933—11 a. m.

[Received May 24—4:20 a. m.]

480. Following from Consul General, Nanking:

"May 23, 7 p. m. Minister of Foreign Affairs informed me May 23, 6 p. m. that the best troops in the North except forces of Yu Hsueh-chung had been destroyed and that further resistance was impossible because of the lack of money. He led me to infer that the Japanese will be allowed to enter Peiping unobstructed if they desire to enter but that attempt to capture Tientsin is to be opposed by General Yu. He remarked that China had done her best to prevent Japanese advance but was now helpless and that it was the duty of the League powers to act. He reiterated his determination never to sign any document giving territorial or other concessions to Japan."

JOHNSON

793.94/6315 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 24, 1933—1 p.m.

[Received May 24—3 a.m.]

482. Mr. S. G. Cheng, confidential aide to Huang Fu, called this morning and informed me that a preliminary arrangement had been arrived at between Japanese and Chinese military for a cessation of hostilities beginning last night; that this was to be followed by discussions between delegates duly appointed by the Japanese and Chinese military for final arrangements.

Repeated Tokyo.

JOHNSON

711.94/818

The Ambassador in Japan (Grew) to the Secretary of State

No. 410

Tokyo, May 24, 1933.

[Received June 10.]

SIR: I wish to inform the Department that General Araki, the Japanese Minister of War, in speaking before the Hyogo-ken National Defense Association at the Chamber of Commerce and Industry in Kobe, was reported in the press to have made remarks of an extremely unfriendly, if not insulting, nature as regards the United States. The report, which first appeared in the *Kobe Shimbun* of May 10, was published in English in the *Japan Chronicle* of May 11,

a copy being enclosed herewith.⁵⁵ As will be seen it contained the following passage:

“What, then, are the country’s international relations? America, who was friendly to Japan at the time of the Russo-Japanese War, exacerbated Japanese feelings over the Californian question and she is fortifying the Panama Canal. What an unedifying spectacle! Soviet Russia is for the despotism of the proletariat against the monarchical regime. It is clear that her policy is absolutely incompatible with the policy of this country which is ruled by the Emperor. *Japan must defend herself against these wolves which are sharpening their fangs, and castaway cats showing their teeth for attack.*”

Although I have refrained from calling the attention of officials of the Foreign Office to many of the examples of anti-American propaganda which have appeared in the Japanese press, most of them being attributable to the newspapers themselves and not directly to Government officials, I consider that the foregoing statement, alleged to have been made in public by the Minister of War of the Japanese Empire, justified action. Consequently on May 13 I called on Mr. Arita, who was then Vice Minister for Foreign Affairs, and had a very frank but friendly talk with him concerning the affair. I stated that I had been very patient with regard to the anti-American propaganda which was continually appearing in the Japanese press but that I could not let the present incident pass without drawing it to the attention of the Foreign Office in the interests of Japanese-American relations. I further pointed out that the statement as published was an insult of the worst character and said that I hoped the Vice Minister would make a prompt inquiry.

During the following week Mr. Arita resigned and was succeeded by Mr. Shigemitsu. During my initial call on the new Vice Minister, after discussing in general terms the anti-American propaganda in Japan and its unfortunate effect upon the relations between our two countries, I told him of my representations to his predecessor the week before. He had evidently not heard of the matter but promised to look into it immediately. Later on the same day, May 20, Mr. Okamoto of the Foreign Office called on Mr. Neville of this Embassy. He stated that he was instructed to say that Mr. Arita had taken up this matter with the War Department immediately after my first visit and the latter had just replied. The War Minister stated that he had made no set speech, that he had given no copy of his remarks to any newspaper, and that the account published in the press had greatly exaggerated what he had said. He insisted that he had made no derogatory remarks about foreign nations. Mr. Okamoto stated confidentially that General Araki talks far too much and,

⁵⁵ Not reprinted.

as he discusses any matter about which he is asked, he is the source of some embarrassment to other departments. However, Mr. Okamoto pointed out that under such circumstances, it is inevitable that he should be misquoted on many occasions.

In view of the above explanation and as the remarks do not appear to have received any extensive publicity, I have thought it best to let the matter rest. The fact that I took official notice of it may possibly have a salutary effect in future.

Respectfully yours,

JOSEPH C. GREW

861.77 Chinese Eastern/1216

*Memorandum by the Minister in China (Johnson) of a Conversation With the Counselor of the Soviet Embassy in China (Barkov)*⁵⁶

PEIPING, May 25, 1933.

Mr. Barkov called. He said that he had just returned from Nanking, to which place he had made a hurried visit. He asked me what I thought of the local situation. I told him that I was still unable to say with any certainty, but I thought that fighting had stopped.

Mr. Barkov stated that the Chinese continued to protest against the probable sale of the Chinese Eastern Railway by Soviet Russia to Manchukuo. He said that he felt the Chinese did not understand the situation here in the East. He said that in the war [*sic*] which the Soviets have with Japan the responsibility of the Soviets is very great. He laid particular emphasis on the fact that the President of the United States had addressed his communication on world peace directly to the President of Soviet Russia,⁵⁷ and Soviet Russia's favorable reply to this,⁵⁸ pointing out that it marked a *rapprochement* of great importance and an indication of an understanding beginning to be reached among the powers on the general question of world peace. He said that this fact made Russia's responsibility in the matter of world peace all the heavier, as he was confident that any attempt on the part of Soviet Russia to resist by force Japanese activities in Manchukuo would precipitate a world conflict in eastern Asia. He thought the Chinese did not understand this, nor did they understand that China would be the greatest sufferer. It was Soviet Russia's policy to keep the peace and to that end it was necessary for them to get out of Manchuria, for to stay in Manchuria now meant unavoidable trouble and complications with Japan.

⁵⁶ Copy transmitted to the Department by the Minister in China in his despatch No. 2130, May 29; received June 24.

⁵⁷ See message of May 16, 1933, printed in vol. I, section on the Disarmament Conference.

⁵⁸ Department of State, *Press Releases*, May 19, 1933, p. 359.

As regards China, the sale of the Railway to Manchukuo would be of advantage to China, for if China regains control over Manchuria she will regain her control over the Chinese Eastern Railway, and without cost to herself.

He stated that the situation here in the East according to his belief was extremely delicate and portentous, as without doubt it was Japan's policy to endeavor to change the Government in China and substitute for the Kuomintang Government a government subservient to Japanese dictation. It was extremely difficult for any one to foresee the limits to which Japan's policy might carry her, and therefore it was all the more necessary that Europe and America including Soviet Russia understand the situation and find some basis for world peace.

NELSON TRUSLER JOHNSON

793.94/6321 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 26, 1933—11 a.m.

[Received May 26—2:23 a.m.]

484. My 482, May 24, 1 p. m. That a truce has been arranged there appears to be no doubt, although strictest secrecy is being maintained as to how and where arranged; tension in city much relaxed.

2. Huang Fu and others near him, who are concerned with arrangement for cessation of hostilities, give evidence of extreme fear lest contact with other Legations halt arrangements as Japanese have indicated that they will brook no third party mediation.

3. Real crisis will be reached when negotiations between Japanese and Chinese delegates begin. It is believed Ariyoshi, Japanese Minister, is coming North for these arrangements. Fact will then be that Japanese will be able to dictate terms to Chinese with their army within a few hours' march of Peiping and Tientsin, Chinese will desire to limit negotiations to the question of the cessation of hostilities leaving all questions relating to Manchuria and Jehol and related matters for subsequent settlement. Whether they can succeed in thus limiting discussions remains to be seen.

Sent to Tokyo by mail.

JOHNSON

793.94/6337 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, May 27, 1933—noon.

[Received May 27—5 a.m.]

Japanese military authorities state withdrawal of Manchukuo troops eastward from Lutai-Tangku area has now begun. Railway authorities confirm above. Japanese troops are withdrawing north from Tungchow area according to local Japanese military. Situation here greatly relaxed and exodus of refugees from Chinese areas has practically ceased. There appears to be reasonably good prospect of rail traffic being shortly restored to Peitaiho and Chinwangtao and possibly to Shanhaikwan if the rumored truce proves effective. In view of the conflicting elements in the Chinese military situation, however, some doubt exists as to the effectiveness or permanency of such an arrangement.

LOCKHART

793.94/6338 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 29, 1933—10 a.m.

[Received May 29—12:35 a.m.]

485. Reuter from Canton, 28th:

“Southwest Political Council has despatched telegram further accusing Military Council of compromising with Japan as shown by recent truce in North China. Southwest leaders ask whether Military Council in replacing resistance with truce and withdrawing troops to Tangku and Tungchow, stopping supply of arms to volunteers and forbidding boycott activities had approval of the Central Executive Committee. If so these things not only constitute violation of resolutions of Fourth Plenary Session of the Central Executive Committee but are also contrary to wishes of the people. If approval of Central Executive Committee was not obtained then that body should mete out severe punishment to the official organ or private individual who dared compromise with enemy and commit act of selling the country.”

JOHNSON

893.00/12355 : Telegram

The Consul General at Canton (Ballantine) to the Secretary of State

CANTON, May 30, 1933—4 p.m.

[Received May 30—10:30 a.m.]

Tension in political circles appeared to be developing as a result of the efforts of Hu Han-min and certain other civilian leaders to

launch a new anti-Chiang Kai-shek movement. It is still uncertain what turn events will take from reports but according to the best information available the military leaders particularly are opposed to an overt separatist movement unless strong support is assured from anti-Chiang elements in the North.

On May 27, Southwest Politic[al] Council is reported to have telegraphed Nanking inquiring about the actual terms reached with Japan.

. . . Today's press contains a lengthy statement by Hu Han-min condemnatory of Chiang and peace with Japan which he foresees will lead to the disintegration of China. Repeated to the Legation and Nanking.

BALLANTINE

793.94/6343 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 31, 1933—3 p.m.

[Received May 31—8:40 a.m.]

487. Strict press censorship prevents as yet reliable information regarding truce negotiations which began yesterday afternoon at Tangku. Not even names of Chinese delegates have been officially announced but it is understood they include General Chang Chun, former Mayor of Shanghai, and General Ho Chu-kuo, who until recently commanded Chinese forces at Shanhaikwan. Principal Japanese delegates are said to be Generals Koiso and Okamura.

According to some reports the Japanese will insist that the Chinese recognize Manchukuo but claim only purely military matters will be discussed for the present.

JOHNSON

793.94/6344 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, May 31, 1933—6 p.m.

[Received May 31—10 a.m.]

General Nakamura, Commander of the Japanese garrison at Tientsin, formally announced this afternoon that Major General Okamura, Vice Chief of Staff of the Kwantung Army, signed an agreement at 11 this morning at the Japanese barracks at Tangku with Lieutenant General Hsiung Pin of the Chinese Army terminating the present hostilities. The terms of the agreement are substantially as follows:⁵⁹

⁵⁹ For text as reprinted from League of Nations, *Official Journal*, Special Supp. No. 113, p. 9, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 120.

1. The Chinese troops shall immediately all withdraw to districts south and west of a line connecting Yenching, Changping, Kaoliying, Shunyi, Tungchow, Siangho, Paoti, Lintingkow, Ningho and Lutai. They shall not make advance over this line nor repeat any provocations.

2. The Japanese troops in order to insure the enforcement of number 1 will visit these places occasionally by airplane or otherwise and Chinese authorities shall afford them protection and facilities for inspection.

3. The Japanese troops when fully satisfied that the Chinese have carried out number 1 term will not continue pursuit across the above line but will voluntarily withdraw to the Great Wall.

4. The maintenance of peace and order north and east of the line specified in number 1 term and south of the Great Wall shall be carried out by the Chinese police authorities.

5. This agreement shall come into force immediately.

It appears that the above agreement has [*had?*] its inception on May 25th when General Hsu Yen-mou, a staff officer of Ho Ying-chin, made certain proposals at Miyun for a truce of the Japanese Kwantung Army authorities.

The special train carrying the delegates back to Tientsin is expected at Tientsin between 6 and 7 o'clock this evening.

LOCKHART

CHAPTER IV: JUNE 1—SEPTEMBER 30, 1933

Commencement of negotiations at Tokyo for Soviet sale of Chinese Eastern Railway interests, June 27; American transfer to Soviet Embassy of former Russian section of Peiping Legation Quarter wall, July 18; American Consul General's review of Japanese aggressiveness at Shanghai, August 17; American reaffirmation of non-recognition policy toward "Manchoukuo", September 20-26; Chinese reaffirmation of same policy, September 29; Ambassador Grew's discussion of possibility of eventual war between Japan and Soviet Union, September 29

893.114 N 16 Manchuria/27 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, June 1, 1933—2 p.m.
[Received June 1—11:10 a.m.]

195. My 177, May 10, 5 p.m., paragraph 4.

1. A somewhat lengthy and technical report by the Secretariat was circulated yesterday. A copy has been forwarded to the Department⁶⁰ and one furnished to Fuller,⁶¹ who is leaving for Washington this morning. I only had the opportunity for a brief

⁶⁰ Not printed.

⁶¹ Stuart J. Fuller, Assistant Chief, Division of Far Eastern Affairs, Department of State; representative in expert and advisory capacity, League of Nations Advisory Committee on Traffic in Opium and Other Dangerous Drugs, Geneva.

communication with him before his departure and, therefore, do not feel in a position to comment in detail on the report which Fuller can divulge to better advantage on his return to the Department. I got the impression from Fuller, however, that he considered the report "tricky and full of dynamite".

2. I shall take no part in the discussion of the report at the meeting of the subcommittee set for tomorrow morning, June 2.

WILSON

861.77 Chinese Eastern/1206 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 2, 1933—3 p. m.
[Received June 2—8:15 a. m.]

496. Following from American Consul General at Harbin:

"June 1, 5 p. m. Through freight traffic between Chinese Eastern Railway and Ussuri Railway at Suifenhö (Pogranichnaya) was suspended yesterday by order of the Manchukuo authorities, pending (1) the return by the Soviet of rolling stock removed to Russia and (2) Manchukuo "parity" in control of Chinese Eastern Railway. Passenger traffic as yet uninterrupted.

Chinese designation of Chinese Eastern Railway resumes from today,⁶² but with no change in Russian name."

JOHNSON

893.114 N 16 Manchuria/28 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, June 2, 1933—4 p.m.
[Received June 2—1:55 p.m.]

197. My 195, June 1, 2 p.m.

1. The subcommittee met this morning and discussed (1) a draft of a circular to members of the League with regard to nonrecognition of Manchukuo dealing with the subject of adherence to international conventions, passports, consular officials, et cetera, and (2) the opium importation situation.

2. Regarding (1) the subcommittee adopted a draft report which will shortly be submitted to the committee itself for approval.⁶³ A mailed despatch is going forward on this subject.⁶⁴ Regarding (2) after discussion of several alternative methods of dealing with the

⁶² The Chinese designation was the "North Manchuria Railway".

⁶³ Adopted June 7, 1933, League of Nations, *Official Journal*, Special Supp. No. 113, p. 11.

⁶⁴ Not printed.

matter the Secretary General suggested intermediate method as follows:

3. In the event a firm wished to export to Manchukuo it should produce an import license therefrom. Then the exporting country, if the firm was in good repute, could simply take note of the fact that the firm had this import license from Manchukuo, could issue an export license to the firm but not send a copy of the export license to Manchukuo. The Secretary General believed that such a procedure was covered by article 18 of the Geneva Opium Convention of 1925.

4. In putting forward this suggested procedure the Secretary General expressed himself as believing that a straight-out application of the import and export certificate system to Manchukuo on the same lines as they are now applied in the case of China would be an indirect recognition of Manchukuo and therefore not desirable.

5. After a certain amount of fencing by the British and French representatives there was general agreement that the subcommittee should propose the procedure proposed by the Secretary General to the Advisory Committee at a meeting on Wednesday, June 7.

6. I shall take no part in the discussion at this meeting unless otherwise instructed.

WILSON

793.94/6352: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 2, 1933—5 p.m.
[Received June 2—2:05 p.m.]

497. Tientsin's telegram May 31, 6 p. m. giving text of truce agreement. Vice Minister Liu informs me that this text represents all that was discussed or agreed to and that it was entirely handled by Chinese and Japanese military. He promises me a copy of Chinese official text shortly.

Chinese desired agreement include provision for evacuation of so-called independent troops under Li Chi-chun who have been operating in the Lwan River area with the friendly aid of the Japanese and well armed. Japanese refused to include any provision covering this force. Vice Minister Liu expressed uncertainty in regard to these forces but stated a belief that Chinese could deal with them. Unless Chinese are able to persuade these independent forces to resume their loyalty to the Chinese, situation in area between line named in truce agreement and Great Wall will continue to contain factors capable at any moment of precipitating further trouble for Japanese will oppose entry of that area by Chinese forces sent to suppress these armed independents and it is doubtful whether

Chinese police can handle them. Hallett Abend⁶⁵ informs me that Japanese military at Tientsin state that South Manchuria is taking over Peiping-Mukden line between Shanhaikwan and Lutai and will operate line on same basis as Peiping-Mukden line between Shanhaikwan and Mukden assuming all financial obligations to British bondholders. This indicates permanent occupation of railway right of way. I expect that Japanese will now endeavor to open negotiations at Nanking on all questions outstanding between China and Japan and will probably use threat of encouraging establishment of opposition government in North China for the purpose of furthering these negotiations.

JOHNSON

793.94/6386

*Text of a Statement Issued by Mr. Wang Ching-wei, President of the Executive Yuan, Dated Nanking, June 2*⁶⁶

After the fall of Jehol the Chinese troops along the Great Wall fought fearlessly against the Japanese military forces, in order to defend and recover Chinese territory. Handicapped by the lack of deadly weapons and sinews of war, but thanks to the loyalty and bravery of our officers and soldiers, we were able to engage in the severest fighting continuously for three months without our troops relaxing in the least their energy. The battles, which the troops under the command of Generals Miao Cheng-liu, Sun[g] Che-yuan, Shang Chen and Hsu Ting-yao respectively fought at Lamatung, Shifengkow, Lengkow and Kupeikow, demonstrated their fearlessness of powerful enemies and resulted in the glorious and noble sacrifice of their lives. The recent fighting around Nantienmen during which the casualties of the troops despatched there by the Central Government exceeded one half of the total number was especially terrible and proved unmistakably the patriotic spirit, in which they made their supreme sacrifice.

The Japanese army with such superior offensive weapons as heavy guns, tanks and bombing planes ceaselessly attacked the Chinese troops who fought as it were with their own flesh. But the Chinese troops tenaciously held their ground until their defence works were completely destroyed by the bombing of the Japanese airplanes and it was only then that the Chinese troops were compelled to retreat for strategic reasons. The bombing from the air was not confined

⁶⁵ Chief correspondent in China of the *New York Times*.

⁶⁶ Copy transmitted to the Department by the First Secretary of the Chinese Legation in covering letter dated June 2, together with the Chinese text of the Truce Agreement of May 31, 1933; for English text of the latter, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 120.

to the Chinese military camps, but it was also wantonly extended to the civilian population who took no part in military engagements, resulting in the slaughter of innocent people and the ruthless destruction of their property.

On May 22nd and 23rd, the Japanese troops were advancing rapidly on Tientsin and Peiping, where there is a large population and where foreign nationals and Chinese live in close propinquity. Such atrocities as are mentioned above threw them into a panic fright and they ardently hoped that measures would be adopted to relieve the tension of the situation, so that the catastrophe might be averted.

The Chinese Government urged as well as encouraged the troops to continue the defense of the country with heart and soul and to the best of their ability. At the same time the Government would permit the cessation of local hostilities, provided that the territorial sovereignty of China be not impaired and the various international agreements concerning the maintenance of world peace and justice remain unprejudiced.

The Agreement relating to cessation of fighting in Hopei Province has now been signed by the representatives of the military commanders at the front. Needless to say, it is most painful to examine this document. However, as it is confined to military matters and touches upon no political issues, it does not in the least affect the fundamental policy which the Chinese Government has adopted. China will seek a just and equitable settlement of the whole situation in the Far East under the same principles which have hitherto guided her efforts in this regard and which have been upheld practically by all the nations of the world.

WASHINGTON, June 2, 1933.

793.94/6353 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 3, 1933—11 a.m.

[Received June 3—3:18 a.m.]

499. My telegram No. 497, June 2, 5 p. m. I called upon Huang Fu this morning. He stated that recent discussions had been limited entirely to military questions; that problem now before them was to find means of reestablishing Chinese authority in the evacuated area. With reference to Li Chi-chun, he stated that he was a native of Fengjun; that he had five or six thousand soldiers. Huang Fu said that he formerly knew Li. It is his hope that Li and his forces, after the elimination of disorderly elements, can be amalgamated with Chinese forces and moved elsewhere. As regards railway between

Lutai and Shanhaikwan, Huang Fu stated that it was his expectation that the Chinese would take over railway but that preliminary thereto it was necessary for the authorities of Peiping-Mukden line and the authorities of South Manchuria Railway to liquidate certain expenses to which the South Manchuria Railway had been put because of necessary repairs; it was believed also that South Manchuria Railway may have made payments to the British bondholders for recovering section of line occupied and that this item would have to be liquidated.

Huang Fu expressed the hope that the United States authorities would appreciate difficult situation which China faced here in the North.

JOHNSON

893.114 N 16 Manchuria/30 : Telegram

*The Acting Secretary of State to the Minister in Switzerland
(Wilson), at Geneva*

WASHINGTON, June 5, 1933—noon.

115. Your 197, June 2, 4 p.m.

1. It is the opinion of the Department that it would be highly inadvisable for the League to take the action indicated in paragraph 3 of your telegram as, in the light of the commitments made by the Assembly of the League of Nations in the report adopted on February 24th, "Manchukuo" does not fall in the category of "another country", as contemplated in Article 18 of the 1925 Geneva Convention.

2. Aside from the above phase, which relates to the question of non-recognition of "Manchukuo", it is also the opinion of the Department that the adoption of the procedure indicated would be contrary to the obvious duty of the powers signatory to the Geneva Agreement of 1925 under Article 6 of that Agreement.

3. As the American Government is not party to the Geneva Convention and the Agreement of 1925, it is suggested that you take no initiative in bringing to the attention of the Sub-Committee or of the Advisory Committee the views expressed above. However, in case you are approached on the subject, you are authorized to make, as on your own responsibility, observations along the lines indicated. Please also keep in mind Fuller's observations as set forth in telegram No. 115, May 10, 3 p.m., from Geneva.

PHILLIPS

893.114 N 16 Manchuria/32 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, June 7, 1933—1 p.m.
[Received June 7—11:50 a.m.]

201. My 197, June 2, 4 p.m.

1. At plenary meeting of Advisory Committee this morning the draft circular prepared by the subcommittee regarding nonrecognition of "Manchukuo" was unanimously adopted.⁶⁷ It was decided to send copies of the circular to all members of the League and to those nonmembers to whom had been sent the report of the Assembly of February 24, the idea being that these nonmember states should take into consideration the adoption of an attitude with regard to the circular similar to that of member states.

2. The question was raised respecting the necessity of response to the circular. Carr⁶⁸ suggested that there was no necessity for the reply to express agreement. Drummond took an opposite view believing that the whole situation would be left up in the air if affirmative replies were not received expressing adherence to the line of action suggested in the circular. This latter view was adopted. I understand therefore that the circular will be transmitted to the Department by the League in a covering letter to which a response will be indicated.⁶⁹

3. The following statement in regard to the opium importation situation was incorporated in the circular:

"With reference to the Geneva Opium Convention of 1925 chapter 5 the Committee recommends to members of the League and to interested states nonmembers that applications for the export to 'Manchukuo' territory of opium and other dangerous drugs should not be granted unless the applicant produces an import certificate in accordance with the convention of such a nature as to satisfy the government to which application is made that the purpose for which the importation is intended is not contrary to the convention. A copy of the export authorization should accompany the consignment but governments should refrain from forwarding a copy of the export authorization to 'Manchukuo' since such action might be interpreted as a *de facto* recognition of 'Manchukuo'."

4. Department's 115, June 5, noon. I was not approached on the subject so could not, in view of the Department's instructions, get into contact with the principal members of the Commission and thus

⁶⁷ League of Nations, *Official Journal*, special supp. No. 113, p. 10.

⁶⁸ Edward H. Carr, Assistant Adviser on League of Nations Affairs, British Foreign Office.

⁶⁹ For letter dated June 12, 1933, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 120.

try to cause the Department's views to prevail. Opinion was not very positive on the question and it might well have been possible to influence.

WILSON

793.94/6365 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 9, 1933—11 a.m.

[Received June 9—7:07 a.m.]

507. Legation's 497, June 2, 5 p. m. and 499, June 3, 11 a. m. Yamakami, local correspondent for Rengo News Agency informed Timperley, local A. P. correspondent, that he had interviewed Okamura, General Muto's Vice Chief of Staff, at Tientsin a few days ago and was told by him that at the time of signing of truce agreement the following oral agreements were made by Chinese and Japanese representatives: Chinese to withdraw from North China troops recently sent by Chiang Kai-shek to check activities of Kuomintang in North China; to resume rail traffic with Shan-haikwan; and to enter into unofficial negotiations for resumption of trade through the various passes into Jehol. (Note: It is believed that this refers particularly to Jehol opium exports). In return Japanese to refrain from encouraging any independent or separatist movement in North China and to accept Huang Fu (who is *persona grata* to the Japanese) and his administration here. Timperley states that he is inclined to give full credence to Yamakami's report since in all past dealings with him he has proven very frank and dependable.

JOHNSON

793.94/6400

The Ambassador in Japan (Grew) to the Secretary of State

No. 426

TOKYO, June 9, 1933.

[Received June 24.]

SIR: While the Japanese public in general received the news of the military truce between the Japanese and Chinese forces in North China with satisfaction, believing that it presaged a return of friendly relations and a revival of trade with China, certain sections of opinion, as expressed by official spokesmen and reflected in the press, seem inclined to doubt the sincerity of the Chinese motives and appear uncertain as to the outcome of the political situation in

North China. Thus the Foreign Office statement, issued after the conclusion of the truce, states (*Japan Advertiser* translation) :

"If China makes a new start on the conclusion of this truce and endeavors to restore peace and order in the country, it will be able to escape from the present disagreeable conditions and establish a foundation for the welfare of the nation. Hoping the responsible persons in China, especially North China, will not take a mistaken course, we will watch over developments in the situation."

The War Office statement, as translated by the *Japan Times and Mail*, after recounting the history of the truce negotiations and reiterating Japan's desire to secure peace along the borders of "Manchukuo", states :

"The War Office will calmly watch future developments in North China. We will take a friendly attitude to those who strictly control anti-Japanese activities, but if anyone violates the truce, we intend to make our troops stationed at Peiping and Tientsin take drastic measures."

[Here follows report of Japanese press views.]

Financial, industrial and commercial circles in Japan appear to be relieved by the truce. They are optimistic regarding a revival of trade with China, and they hope that China will not now increase tariffs on Japanese goods or impose anti-dumping duties on imports. It is reported that the Osaka Chamber of Commerce and Industry has petitioned the Foreign and War Offices in regard to future negotiations with China, asking that Japan endeavor to secure the abolition of tariff increases, anti-dumping duties, trade boycotts, and regulations requiring the marking of goods with the name of the country of origin.

In view of the indecisive character of the Japanese activities of the moment, both military and political, in North China, in Tokyo foreign observers of the situation are somewhat puzzled as to Japan's immediate objective. It is evident that any dreams which may have existed of placing Pu Yi on the Dragon Throne in Peiping have been dissipated. Trial balloons sent up to test the reaction to this idea some months ago failed to arouse any enthusiasm in North China or in Occidental countries. The prompt action of Chiang Kai-shek in taking over the government of North China after the abdication of Chang Hsueh-liang forestalled any plans which may have existed for the immediate installation of an independent government friendly to Japan in that region. The consensus of opinion among foreign observers in Tokyo now is that the Japanese authorities are adopting a simple policy of opportunism; that they will wait for further developments, with the hope that a government, independent or semi-independent of Nanking and amenable to Japan's

wishes in regard to "Manchukuo", will evolve from the political chaos of North China. It is possible, according to these observers, that the Japanese intend to assist any faction which may arise and exhibit a friendly attitude toward Japan.

The principal Japanese objective, of course, is to compel or induce any government in authority in North China to consent to the present status of "Manchukuo" and to Japan's position in Manchuria, and the Japanese are prepared to deal with Nanking or with any other government, whether or not subordinate to Nanking, which will offer a possibility of accomplishing this purpose.

Respectfully yours,

JOSEPH C. GREW

793.94/6427

*The Counselor of Legation in China (Peck) to the Minister in China (Johnson)*⁷⁰

NANKING, June 9, 1933.

SIR: I have the honor to enclose herewith a copy of a Kuo Min news release dated Shanghai, June 5,⁷¹ reporting observations made by Dr. Sun Fo, President of the Legislative Yuan, regarding the "truce" concluded on May 29 [31], 1933, between the Japanese and Chinese military authorities.

The observations of Dr. Sun Fo seemed to me so interesting that I submitted the report to him, with a request that he inform me whether it was sufficiently accurate to form the basis of a despatch to the Legation. He has returned it to me with the statement that, after making a few minor revisions, the report is substantially correct. He cordially authorized me to make use of it in any way I liked. His changes have been incorporated in the enclosed copy.

Significant statements made by Dr. Sun Fo include the following:

(1) The truce agreement was signed in order to avert the fall of Peiping and Tientsin and the establishment of another puppet government in North China.

(2) The initiative leading to a truce was taken by the Japanese, at 11 p. m. on May 22.

(3) The truce was concluded by the Chinese under a threat from the Japanese to resume the attack on Peiping on the morning of May 23.

(4) The plot was well under way for the creation of an independent state in North China to be called the "Military Government of the Republic of China" and another compelling reason for the cessation of hostilities was the necessity of averting what might be the loss of the whole of North China.

⁷⁰ Copy transmitted to the Department without covering despatch; received July 14, 1933.

⁷¹ Not printed.

(5) General Feng Yu-hsiang's assumption of command of the so-called "people's Anti-Japanese Allied Forces" placed the National Government in a quandry, since the Government could neither exercise control over General Feng nor assign troops to him for the defense of Chahar; on the other hand, if the Government ignored Feng, this might result in the loss of the provinces of Chahar and Suiyuan to the Japanese.

Very respectfully yours,

WILLYS R. PECK

793.94/6429

The Minister in China (Johnson) to the Secretary of State

No. 2147

PEIPING, June 12, 1933.

[Received July 14.]

SIR: The situation here in Asia which has been brought about by the activities of the Japanese Army on the mainland since September 18, 1931, furnishes a number of problems for the powers which will require consideration and must inevitably bring about a re-orientation of their policies vis-à-vis one another.

Perhaps the power most immediately concerned is Soviet Russia. Russian interests are at this moment being gradually but effectively eliminated from North Manchuria by the Japanese. In a conversation which I had on May 25th with Mr. Vladimir Barkov, Counselor of the Soviet Embassy, the latter stated that it was increasingly necessary for the Soviet Government to liquidate its interests in North Manchuria, as it was impossible for Soviet Russia to retain these interests in North Manchuria without danger of conflict with Japan, an eventuality that Soviet Russia desires to avoid at all costs. We may expect to see Japanese influence extending westward through Inner Mongolia, with consequent threat to Soviet interests in Outer Mongolia, and it is the opinion of those who know conditions in Sinkiang that the recent break-down of Chinese authority there may be expected to bring about a revival of Russian interest in that area.

American policy in the Pacific and the Far East may be expected to be vitally affected by Japanese expansion on the continent, and particularly by the Japanese attitude toward the various treaties under which American policy in the Pacific—in matters relating to naval armament, the status of the Philippines and freedom of opportunity for American business enterprise in China—has been based. The Japanese have served notice upon the world, and upon the United States in particular, that they do not intend to be bound by treaty restrictions when they consider their national interests to be involved.

On May 31st Mr. Roy Howard, of the Scripps-Howard newspapers and editor of the New York *World Telegram*, came to see me. He informed me that he had come to the East for the purpose of acquainting himself with the situation, in order that he might adapt the editorial policy of his papers to the realities growing out of developments in the Far East. Mr. Howard continued his journey to the Philippines and then is to return home by way of Japan. I gathered from Mr. Howard's statements to me that he feels that the potentialities of direct American trade with China and Asia are not of sufficient importance to justify the United States in undertaking the expense that would be necessary to maintain a naval force in Pacific adequate to maintain the United States in the Philippines, and keep open under all conditions access to Chinese ports by American goods in American ships.

It is my personal conviction that northern Asia, densely populated as it is in all of its habitable parts by Chinese, will never satisfy the needs of the Japanese in so far as colonization and relief from pressure of population are concerned, and that the departure of the United States from the Philippines will be the signal for the beginning of a Japanese advance southward. Therefore, American policy as regards the future of the Philippine Islands is a matter of first importance to the British and to the French, and also to the Dutch, who hold valuable colonies in that area.

This fact is brought out in three conversations which I have had within the last few days with Admiral Sir Frederic Dreyer, the newly-appointed Commander-in-Chief of the British Asiatic Fleet, and his Chief of Staff, Commodore Thomson. Memoranda of these conversations are enclosed.⁷² The statements made by the Admiral and his Chief of Staff were not sought by me, but were voluntary in the course of ordinary social meetings, and while both officers insisted that the views stated by them were their personal views I have no doubt that they clearly indicate the tenor of reports which they are making to their own authorities at home responsible for British naval and national policy in the East.

I would invite particular attention to the statements made to me by Admiral Dreyer. While he purposely couched his statements in a somewhat vague and indirect way, I distinctly drew the inference that Great Britain might consider the occupation of the Philippines and the valuable naval harbor of Manila Bay by a friendly power so necessary that there would be a probability of her taking over the Philippines to prevent their falling into the hands of the Japanese.

It is my understanding that the Hawes-Cutting Bill ⁷³ provides

⁷² None printed.

⁷³ Approved March 24, 1934; 48 Stat. 456.

for the retirement of the United States from the Philippines at the expiration of a period of nine years, after the Philippines have adopted a Constitution, and that arrangements are to be made whereby the United States will retain a naval base in the islands,—the islands to be neutralized by agreement among the interested powers.

The value of Japanese participation in any international arrangement for the neutrality of the Philippines naturally becomes somewhat questionable in view of the utter disregard of Japan for its obligations under the treaties of 1922 and the Kellogg Pact; and it would not be unnatural for the British and the French also to take this fact into consideration in any realignment of their policies vis-à-vis Japan as the result of the American intention to withdraw from the East. Great Britain and France, and also the Netherlands, must be prepared either to align their policies with that of the Japanese, or to resist Japanese advance southward. . . .

It is of further interest to note in this connection the following quoted from a personal letter that I have received from General Crozier, informing me of a conversation that he had at Tokyo recently with Zumoto:⁷⁴

“He laid the principal stress on Japan’s economic position, not on the grievances against China or the Russian threat. Said that in modern times a nation must not be economically limited to its political boundaries. Continental Europe was proposing an economic bloc; England had such a bloc in the British Empire, and the United States was so big that it was a bloc in itself. Japan could not survive without one, and so it had been necessary to create it out of Manchuria and herself. He admitted that Japan’s actions could not all be defended in argument, but claimed that she had been impelled by imperative economic necessity.”

Respectfully yours,

NELSON TRUSLER JOHNSON

793.94/6375 : Telegram

The Consul General at Canton (Ballantine) to the Secretary of State

CANTON, June 13, 1933—5 p.m.

[Received June 13—9:40 a.m.]

Referring to my telegrams of June 6, 3 p. m. and June 9, 5 p. m.,⁷⁵ I have today received a note from the Mayor enclosing a communication dated today and addressed by the Southwest Political Council to the League of Nations and to the signatories of the Nine-Power Pact declaring that it will not recognize the validity of the armistice concluded by Nanking and that it will be compelled to take steps to safeguard Chinese honor and vital interests. It states that civil

⁷⁴ Motosada Zumoto, Japanese newspaper publisher.

⁷⁵ Neither printed.

war is certain, that [*to be*] the outcome if the Chairman of the Nanking Military Commission carries out his deal with the help of [*with the Japanese*] General Staff. The Mayor requested that I transmit this communication to the Legation. Copies by mail.⁷⁶

A high official has informed me that this communication was to have been issued a week ago but that there was a delay in obtaining final agreement to the text. This informant stated confidentially that conferences looking to the establishment of this government are proceeding in Canton and Hong Kong, but he doubted whether a formal break would come for 2 months. Another usually reliable informant stated that there is a difference of opinion on policy within the Kwangtung military clique, but that a decision may be expected in a week. There is also a rumor that the discussions have been temporarily checked by dispute between Chen Chi-tang and Chen Ming-shu⁷⁷ over certain privileges in Kwangtung demanded by latter.

Repeated to the Department, Legation and Nanking.

BALLANTINE

693.9412 Manchuria/1 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 20, 1933—10 p. m.

[Received June 21—1:05 a. m.]

542. Reuter from Canton today.

"South China today declared economic war on Manchukuo when Southwest Executive and Political Committees decided to ban entry of goods from Manchukuo into South China. This decision was taken on grounds that profits derived from exports from Manchukuo would eventually go into Japanese war chest. Kwangtung has been great market for Manchuria products notably soya beans, wheat, coal and livestock."

JOHNSON

793.94/6395 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, June 24, 1933—11 a.m.

[Received June 24—4:48 a.m.]

554. Tientsin's May 31, 6 p. m., reporting the text of Sino-Japanese truce agreement, with reference to article 4 of the agreement, my information is that situation in the evacuated area from Miyun to

⁷⁶ Not printed.

⁷⁷ Members of Kuomintang Central Executive Committee.

the east remains obscure. Japanese retirement continues; presence of Li Chi-chun continues to be difficult factor; Li has received at least 1,500 recruits from Manchuria. It is probable that Chinese in the course of negotiations orally agreed to take over Li. This is borne out by what Huang Fu told me, reported in my 499, June 3, 11 a. m. Since then Chinese have found that Li has more men than they thought and in addition it would appear that Japanese are supporting Li in his demand that he be given control of military police force Tangshan-Shanhaikwan area and along railway. This Chinese are naturally unwilling to do. It is estimated that there are some 30,000 Manchukuo troops between Tangshan and north of Miyun. It is also believed that Japanese plan is to keep Li on railway with Shih Yu-san north of Li and between Li and some other general further north. This plan if carried out would effectively establish a buffer between Nationalist China and Manchukuo controlled by Chinese leaders subservient to and dependent on the Japanese.

Japanese are retaining military control of railway between Tangshan and Shanhaikwan and it is believed that Manchukuo Fengtien-Shanhaikwan Railway is using presence of Japanese military to extend its control over section of railway between Tangshan and Shanhaikwan.

JOHNSON

793.94/6410 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, June 29, 1933—3 p.m.

[Received June 30—6 a.m.]

Chinese authorities confirm negotiations are in progress here looking to disposal of Li Chi-chun's troops in Tangshan area and assumption of police control over that area under authority of General Yu Hsueh-chung, Chairman of Hopei Provincial Government, and now concurrently Mayor of Tientsin. An official expressed confidence today that an amicable adjustment would be arranged within a week if no new obstacles arise and that rail traffic to Chinwangtao will be restored immediately thereafter. Successful outcome of negotiations is promising but by no means certain.

LOCKHART

793.94/6461

*The Counselor of Legation in China (Peck) to the Minister in China (Johnson)*⁸²

NANKING, June 29, 1933.

SIR: I have the honor to refer to my letter of June 18, 1933,⁸³ in which I reported a radical change of view point indicated by Dr. Lo Wen-kan, Minister for Foreign Affairs, toward the policy of resistance to the Japanese. The observations of Dr. Lo reported in that letter showed that he was no longer insisting upon forcible resistance to Japan.

I attended a dinner last night at which Dr. Lo was present and in the course of the evening we had another private talk. I reverted to his earlier remarks and Dr. Lo elucidated his position. He insisted that Chinese sentiment was in no way reconciled to Japan's oppression or to the loss of Manchuria and Jehol, but simply that the Government faced the reality that China could no longer fight against Japan. He apologized for the use of the colloquial English expression, but said that the best way to describe the position of the Chinese was to admit that "we're licked".

I remarked that I had been impressed by the arguments which he had quoted to me that China should desist from attempting to follow the historical precedent of Belgium at the beginning of the World War and should, rather, follow the example of France in regard to Alsace-Lorraine after the Franco-Prussian war, namely, accept defeat and defer the recovery of the lost territory until a suitable opportunity should present itself, even if this entailed waiting for many years. Dr. Lo, with surprising frankness, said that this was "eye wash" and was intended merely to throw a cloak of respectability over the Government's unavoidable decision.

I said that, things being as they are, the question which pressed for attention was what the next development would be. I said it was unbelievable to me that the situation would remain static, since the population of China constituted a quarter of the world's people and the Chinese were a nation of persistent and irrepressible activity; every Chinese was continually working at something. Consequently, I inferred that the economic activities of the Chinese would adapt themselves to the present situation and seek to expand under the altered circumstances, thus making these altered circumstances permanent, or there would be another attempt to change China's relations with Japan. I was very anxious, I said, to give my

⁸² Copy transmitted to the Department without covering despatch; received August 15, 1933.

⁸³ Not printed.

superiors some indication of the trend of events and of what the next development probably would be. From what direction, I inquired, would the next change in the situation come?

Following this line of reasoning I recalled what Dr. Lo had said to me on the earlier occasion regarding the possibility that the Chinese nation might decide that its advantage lay in working with, instead of against, Japan. Dr. Lo said that he did not feel that this reorientation was inevitable, but only that it was greatly to be feared. I ventured the supposition that Chinese popular feeling might gradually become accustomed to the idea that Manchuria had been lost and might lose its feeling of resentment. Dr. Lo insisted that the resentment would not disappear and that it would tend to prevent Chinese-Japanese coalition. Dr. Lo did not by any means retract his earlier prophecy, but toned it down in such a way that it was clear that he hoped that his pointing out the threatened danger to Ingram⁸⁴ and me would move the British and American Governments to take some steps to prevent the alinement of China with Japan.

Dr. Lo said that if China were to be dissuaded from following the counsels of despair and following the lead of Japan, there would have to be some indication of assistance from "outside". He referred again to the recent U. S. \$50,000,000 loan for the purchase of American wheat and cotton as an instance of "moral assistance" to China. He observed that international loans were generally of two sorts, one being a mere matter of security offered and interest paid, the other an indication of friendly sentiment. He pointed out that the circumstances under which it was made showed that the American wheat and cotton loan belonged to the second category. The European "war debts" to the United States were, likewise, in the second category. He asked, rhetorically, what it was that won the World War for the Allies? It was not the joint warfare of the Allies, but their joint warfare reinforced by the assistance of the United States. He said that debts in the first category were subject to the ordinary risks of business, whereas debts of the second class were debts of honor and the debtors were in honor bound to make every effort to repay them, whatever the sacrifice involved. He observed that it was not his concern, but he could not approve of the unwillingness of the European debtors to repay loans made to them in the time of their distress.

To make the conversation more concrete, I asked what he thought the Japanese were going to do about the troops of Li Chi-chun in the Luanchow area. He said he thought that the Japanese would leave these troops in that region for the time being, to be utilized

⁸⁴ Edward M. B. Ingram, Counselor of British Legation in China.

as a trading factor in future negotiations with China. He thought that the principal object of the Japanese was to bring about the abandonment of the boycott and that these troops would be retained as trading points to bring about the cancellation of the boycott or to obtain other advantages in a general settlement. He did not think that they would be left in Chinese territory indefinitely.

When I inquired whether Dr. Lo thought the Japanese would continue their incursions into China, he said that that would depend upon circumstances; the Japanese would observe the general international situation and would be guided by it. For instance, the nations are now occupied by the World Economic Conference; consequently, the Japanese are leaving the "Manchukuo" troops in the Luanchow area. If the world situation leaves Japan a free hand in dealing with China, Japan will not modify her past policy.

I asked Dr. Lo what the relations were between Canton and Nanking. He said that Mr. Shih Ying⁸⁵ and Mr. Tuan Hsi-peng⁸⁶ had returned to Nanking on June 27, from their mission of conciliation to Hongkong [*Canton*]. He said he had not been informed definitely what results they had achieved, but he thought that, for the time being, the danger of an independent Government being set up in Canton and of an "anti-Nanking" expedition had been passed. Internal quarrels, Dr. Lo insisted, are merely a matter of "rice bowls" and will adjust themselves. They need not cause apprehension.

Respectfully yours,

WILLYS R. PECK

861.77 Chinese Eastern/1224

The Ambassador in Japan (Grew) to the Secretary of State

No. 455

TOKYO, June 30, 1933.

[Received July 14.]

SIR: Negotiations for the sale of the Chinese Eastern Railway to "Manchukuo" began in Tokyo on June 27th. At the opening session of the Conference, which was held at the Official Residence of the Vice-Minister of Foreign Affairs, the Soviet Government was represented by Mr. Benedict I. Kozlovsky, Director of the Far East Department in Moscow, Mr. Stepan Matvievitch Kuznetsov, Vice-Chairman of the Board of Directors of the North Manchurian Railway (formerly the Chinese Eastern Railway), Mr. Yureneff, the Soviet Ambassador to Japan, and Jean Spilwanek, Counsellor of the Soviet Embassy. "Manchukuo" was represented by Mr. Chuichi Ohashi, Vice-Minister of Foreign Affairs, Mr. Shen Juei-lin repre-

⁸⁵ Mayor of Nanking.

⁸⁶ Vice Minister of Education.

sending the Chairman of the Board of Directors of the Railway, Mr. Wu Tse-sheng, Counsellor of the Chinese Eastern Railway's Governor's office, Mr. Yutaki Mori, of the "Manchukuo" Department of Communications, and Mr. Ting, the "Manchukuo" Minister to Japan. Although Japan, when originally approached by the Soviet Government, insisted that the negotiations be carried on directly between the Soviet and "Manchukuo" governments, she nevertheless stated that she would be pleased to act in an advisory capacity, and consequently appointed as observers, Mr. Nishi of the Foreign Office and Colonel Suzuki of the Army General Staff. Furthermore the initial session of the Conference was dignified by the presence of the Japanese Minister for Foreign Affairs, Count Uchida, whose welcoming address to the delegates described Japan's role in the negotiations.

Inasmuch as the successful conclusion of the sale appears highly desired by all parties concerned, the primary question at issue is one of price. Some indication of the difficulties which will be encountered before a definite figure is ultimately agreed upon can be gained from the fact that the Soviet Delegation is expected to name Yen 700,000,000 as its offering price against "Manchukuo's" reported bid of Yen 50,000,000. However, the eventual price which "Manchukuo" will be willing to pay will be determined by three factors:

1. The physical value of the railroad.
2. The desire to rid its territory of Soviet-owned property.
3. The *de jure* recognition by the Soviet Government which the sale would constitute.

In an informal conversation* at the Japanese Foreign Office between a member of my staff and the "Manchukuo" Vice-Minister for Foreign Affairs, the latter confirmed the fact that it was consideration No. 2 which would carry the greatest weight for, he pointed out, the physical condition of the road was poor and the rolling stock practically worthless. It is, however, the opinion of many well-informed observers that from the "Manchukuo" and Japanese point of view, Soviet acceptance of "Manchukuo" as the successor of the Chinese Government in that region is the important issue at stake.

From the Soviet point of view the disposition of Russia's interests in the North Manchurian Railway at this time would seem of dual advantage, for it would not only terminate a financially unprofitable enterprise but it would remove what has been a constant source of irritation between herself and "Manchukuo". The fact that the railroad is now for practical purposes at the mercy of Japan and "Manchukuo" would indicate that a sale could be concluded more

* See copy of memorandum enclosed herewith. [Footnote in the original; memorandum not printed.]

profitably at the present time than at a later date. Undeniably the prime value of the Chinese Eastern Railway in its early days centered in its role as an instrument of political penetration. However, as was indicated by the Soviet Ambassador to Japan, at the opening session of the Conference, the Soviet Government no longer regards the railway in this light. Furthermore the Soviet Government has chosen to ignore the Chinese protests against the contemplated sale on the grounds that with the establishment of "Manchukuo" China's interest in the line ceased. This action, prompted as it was by realistic motives, would strengthen the belief that Soviets are prepared to withdraw politically from Manchuria and to accept "Manchukuo" as a fact.

In connection with the proposed sale it is a widespread belief that the funds to cover the purchase will be supplied by the South Manchurian Railway to which the control, if not the title, will eventually pass. In this connection see this Embassy's despatch No. 341, March 24, 1933 in which it was suggested that the interests of the South Manchurian Railway constituted one of the strong reasons for the Japanese Military occupation of Manchuria if not the primary compelling force. It is important to remember, moreover, that the successful conclusion of these negotiations would mark one of the final steps in the forty years struggle between Russia and Japan for the control of Manchuria and would liquidate a situation which has at times even aroused fears of a second Russo-Japanese war.

Respectfully yours,

JOSEPH C. GREW

793.94/6412: Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, July 1 [3rd], 1933—noon.

[Received July 3—5:20 a.m.]

A special train having on board 132 Japanese soldiers, fully armed, and approximately 50 railway police, all Chinese and armed only with revolvers, left for Tangshan this morning ostensibly to open traffic on railway. A number of railway workmen accompanied train. So far as can be ascertained no arrangements have been made with Li Chi-chun's forces for passage of train through their territory and there is accordingly possibility of clash. Reliably informed Chinese managing director of railway originated plan and made proposal to Japanese. Japanese commandant offered American, British and French commanders on Saturday ⁸⁷ officially to share in

⁸⁷ July 1.

responsibility of operating train but offer was declined. Japanese commandant also inquired of each commander whether any objection to proposal and received negative reply.

LOCKHART

793.94/6458

*Memorandum by the Minister in China (Johnson) of a Conversation
With the British Minister in China (Lampson)*⁸⁸

PEIPING, July 5, 1933.

I asked Sir Miles whether he had any recent information in regard to conditions along the Peking-Mukden Railway, and more specifically in the area which was to have been mutually evacuated under the truce signed at Tangku.

Sir Miles said that he had no information.

I stated that my information was somewhat vague; that the terms of the truce had been published by the Japanese. So far as I knew, I had seen no official publication by the Chinese, although I had obtained an official copy in the Chinese language from Vice Minister Liu, and upon comparing it with the text published by the Japanese found them to agree. I said that it seemed to me that the text followed pretty closely the text of the truce agreement which had been signed under our supervision at Shanghai on May 5th of last year, except that there was no neutral commission to supervise its performance.

I added that publication of the terms by the Japanese seemed to me to place the onus upon the Japanese of proving that the terms were not being sincerely complied with in so far as the Chinese were concerned. The terms, according to my reading of them, certainly called for evacuation by both sides. In so far as my information went, the Chinese had evacuated the area, while the Japanese had not. I was informed that the Japanese still maintained a force of over a thousand men at Miyun; that they had small forces at other places in the area; and that they were supporting, indirectly, if not directly, the so-called "Manchukuo" or renegade troops of Shih Yu-san and Li Chi-chun now located in the area between Shanhaikwan and Tangshan.

Sir Miles stated that he had been very anxious to keep aloof from the whole situation there. He referred to the conversation which I had had with Mr. Holman of the British Legation regarding the proposal of our respective military units at Tientsin to seek to get a train through to Shanhaikwan. He said that Mr. Holman had

⁸⁸ Copy transmitted to the Department in despatch No. 2203, July 15; received August 12.

reported my views and that he at that time agreed with my views and had instructed Holman so to inform the military.

I told Sir Miles that my feeling about the matter was that we did not wish our troops to go to Chinwangtao either with the permission or under the protection of the Japanese. Sir Miles stated that that was his own attitude in regard to his troops, and that furthermore he felt that, as a military matter, it would be a grave mistake to allow British forces to go to Chinwangtao and Shanhaikwan and there get cut off.

With reference to the proposal which the Japanese military at Tientsin had made to several of the military detachments of the other powers, offering them an opportunity to join in despatching a train to explore the situation between Tientsin and Tangshan, Sir Miles stated that his military had taken the same attitude that our military had taken, and had refused to join in the undertaking. He supposed that the Japanese had put this plan into operation for the purpose of showing their determination to assist directly in the business of opening up communications along the railway.

NELSON TRUSLER JOHNSON

033.9365/1

*Memorandum by the Ambassador in Italy (Long)*⁸⁹

Dr. T. V. Soong, the Minister of Finance of China, called upon me at the Embassy. He had had a conversation with Mussolini and is leaving tonight for Paris and Berlin.

He talked about the aggressions of Japan against China, and characterized it as a permanent policy of Japan and said that she desired to take the whole of China and the three maritime provinces of Russia and then the islands of the Pacific. He said that Japan had the ambition to dominate the world and that sooner or later the other powers of the world would have to stop her. He said that Mussolini had told him that he was of that opinion also and said that Italy would at the proper time take her place in opposition to the aggressions of Japan. He said that the French Government had told him that they were of the same opinion and that at the proper time France would take her position. But he said that England was very slow and would not commit herself and that England had called the problem "an American problem;" that England felt that it was the work of the United States whose interests in the Pacific were paramount and were associated with the interests of Japan and that the United States would have to lead the opposition.

⁸⁹ Copy transmitted to the Department in despatch No. 92, July 21, 1933; received August 2.

Soong felt that England would follow the lead of the United States.

He said that the people of Manchuria resented the presence of the Japanese and that eventually Japan would have to withdraw from Manchuria just as they had been made to withdraw from Shantung.

[ROME,] July 15, 1933.

761.94/612: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, July 18, 1933—noon.

[Received July 18—7:14 a.m.]

127. During recent months a series of incidents has occurred between Japan and/or "Manchukuo" on the one side and the Soviet Union on the other side, including:

1. The Chinese Eastern Railway dispute.
2. The killing of three Japanese fishermen by Soviet agents in Kamchatka.
3. The trespass of a Japanese naval force on Soviet territory.
4. The arresting of fishing vessels of each country by the other country.
5. A border fight in Manchuria between Japanese and Soviet guards.
6. The arrest by the Soviets of a group of White Russian spies who it is claimed were backed by the Japanese military, and
7. The belief in Japan that Feng Yu-hsiang⁹⁰ who recently captured Dolonor is being supplied with arms by the Soviets.

Similar incidents have occurred from time to time in the past but at present there are indications that the Japanese are endeavoring to make capital of the incidents for some as yet undetermined reason. It is possible that the military are utilizing these incidents to create another emergency in order to assist them in obtaining their defense budgets for the next fiscal year, or it is possible that the military have decided that a clash with the Soviets is inevitable eventually and that it had best take place before the Soviets become too powerful, time being on the side of the Soviets. In support of the hypothesis that the present strain between Japan and the Soviets may become serious the following facts may be cited.

(a) In order to maintain their present prestige and authority the Japanese military will find it necessary to proceed to further imperialistic adventures.

(b) It is reasonably certain that the Japanese military hope eventually to control Vladivostok in order to remove the menace of the Soviet air base there.

⁹⁰ Self-proclaimed "Commander in chief of the People's anti-Japanese Allied Armies."

(c) The present method of working up incidents bears a close resemblance to the method used before the occupation of Manchuria.

(d) A spokesman of the War Office recently informed the Military Attaché that relations with the Soviets are becoming more strained and that the situation has "many possibilities".

(e) A spokesman for Manchukuo has announced that it will take possession of the Chinese Eastern Railway by force if the present sale negotiations fail.

(f) The Fourth Fleet of the Japanese Navy is believed to be stationed at present in northern waters and a press ban has been placed on the movements of naval vessels in those waters (this however may be connected only with maneuvers).

(g) The Ninth Division of the Japanese Army has recently been engaged in extensive combined land and air maneuvers on the Japan sea coast opposite Vladivostok.

(h) Extensive air defense maneuvers are to be held in August, while the residents of the large cities are to be instructed in methods of taking refuge during air raids.

(i) Visitors to Hokkaido report an air of tension there.

(j) There are indications that the Soviets are becoming tired of turning the other cheek.

While the Embassy does not believe that there is imminent danger of war, it does believe that the situation has dangerous potentialities and should be closely watched.⁹¹ The headstrong policy and ambitions of the Japanese military clique cannot be gauged by Occidental standards and therefore constitutes a disturbing and unpredictable factor in any attempt to estimate the situation.

In this connection see my despatch No. 472 of July 13, 1933.⁹²

Repeated to Peiping.

GREW

893.00/12387 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, July 18, 1933—3 p.m.

[Received July 18—7:30 a.m.]

601. For the Acting Secretary. Please see this Legation's telegrams 390, April 9, 1 p.m., 1927;⁹³ and 469, April 21, 11 p.m., 1927.⁹⁴ Since May 5, 1927, American Legation Guard has provided guard of Russian Legation wall. British Minister, French Minister and I today received Soviet Ambassador at British Legation. Soviet

⁹¹ In despatch No. 483, July 28, the Ambassador in Japan reported that the recent tension was relaxing and that "The various incidents which led to uncertainty and strain have either been settled or minimized while new developments have not been seized upon by Japan with such aggressive alacrity."

⁹² Not printed.

⁹³ *Foreign Relations, 1927*, vol. II, p. 318.

⁹⁴ *Ibid.*, p. 319.

Ambassador Bogomoloff stated that having arrived and taken over the property here at Peiping he found portion of it occupied by American Marines. He stated that he did not wish to raise question of principle of defense but did desire to take over control of property. British Minister, French Minister and I agreed that we were not interested in interfering with control of property by Soviet Embassy. I informed British Minister, French Minister and Soviet Ambassador that American Marines had remained along wall in question for the purpose of covering this section of general defense plan of quarter; that in view of the fact that property was now reoccupied by Soviet Embassy and without prejudice to the right of the guards of the Legation Quarter to reoccupy wall in question should an emergency occur I would instruct commandant American Guard to withdraw Marines this evening. British Minister and French Minister agreed. Russian Ambassador stated that this would be acceptable to him. Corporal and guard heretofore stationed along Russian compound wall will therefore be withdrawn this evening. American commandant is notifying other commandants that he is doing this in view of reoccupation of the property by Soviet Embassy.

JOHNSON

493.11 Shanghai/58

*Memorandum by the Consul General at Shanghai (Cunningham)*⁹⁵

[SHANGHAI,] July 18, 1933.

I called on Mr. Ishii (Japanese Consul General) and inquired whether there was any new development concerning the payment of the claims which we had filed with him to cover losses by Americans during the Sino-Japanese conflict last year. I reminded Mr. Ishii that the last conversation I had with him resulted in his stating that the matter had been referred to his Government and he had asked for a little delay in making a definite reply to this Consulate General's letter making the claim.

Mr. Ishii replied that he had heard from his Government and that the claims had all been forwarded to Tokyo and would be considered in the very near future—in fact, on August 15th. I asked him if he had any indications as to what the policy of his Government would be. He replied that he would issue a statement within two or three days setting forth the policy of his Government. I did not press him for an advance copy of his statement because I did not

⁹⁵ Copy of this memorandum (together with despatch No. 7629, July 20, to the Minister in China) was transmitted to the Department by the Consul General at Shanghai without covering despatch; received September 1.

consider, from his verbal reply, that he was prepared to furnish such, nor did I see any particular advantage by gaining a copy in advance.

Mr. Ishii said he did not believe that we would get very much. That the claimants would probably get something, but a very small amount. I stated that if they were entitled to anything, then it would seem that they should receive full compensation for the losses they had sustained. Mr. Ishii then stated that the payments were not in the nature of an indemnity. If we wanted to secure an indemnity this must be handled diplomatically and should be presented by the American authorities to the Tokyo Foreign Office. I expressed the feeling that this was but natural as the claims were presented to him as a local official in the hope that the settlement of the claims would be expedited, and not as diplomatic claims; it is not regarded that they were presented in a diplomatic manner in Shanghai and it was in the hope that we might avoid presenting them diplomatically that they were presented to Mr. Ishii.

I have a feeling that the Japanese are going to make a tender of a very small amount; comparatively small percentage of each claim, hoping that it will be accepted rather than suffer the delay of a long-drawn-out diplomatic negotiation. The Japanese would, in this manner, secure the benefit of whatever impression that might be created in the world's public opinion that they were willing to pay for losses that they had incurred and at the same time avoid the possible claim of the American Government on behalf of Americans who suffered losses in the Sino-Japanese conflict. I am not at all encouraged as to receiving an adequate offer of payment but will look forward with a great deal of interest to the statement that Mr. Ishii promises "within 2 or 3 days."⁹⁶

E[DWIN] S. C[UNNINGHAM]

793.94 Advisory Committee/46 : Telegram

*The Acting Secretary of State to the Minister in Switzerland
(Wilson), at Geneva*

WASHINGTON, July 19, 1933—noon.

119. 1. The Department has received without covering despatch a letter addressed by Sir Eric Drummond to the Secretary of State dated June 12⁹⁷ enclosing a copy of a circular⁹⁸ relating to the measures involved by the non-recognition of Manchukuo drawn up

⁹⁶ No Japanese offer was forthcoming until March 1934 (see telegram No. 118, March 22, 1934, 4 p. m., from the Consul General at Shanghai; filed under 493.11 Shanghai/60).

⁹⁷ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 120.

⁹⁸ League of Nations, *Official Journal*, Special Supp. No. 113, p. 10.

by the Advisory Committee; also, without covering despatch, a copy of a circular by the Secretary General, C. L. 117(a). 1933. VII. Geneva, 14 June 1933, which apparently covers to Governments represented on the Advisory Committee which drew up the circular under reference copies of the circular. The second paragraph of the Secretary General's circular of June 14 reads as follows:

"As your Government was represented on the Advisory Committee which drew up this circular, the Committee presumes that, unless you inform me to the contrary, your Government will, as far as it is concerned, adopt the measures recommended".

Under the circumstances, the Department has some doubt with regard to what affirmative action, if any, on its part should be expected or would be appropriate.

2. Please inform Avenol orally and in confidence that the Department has received Sir Eric Drummond's letter under reference and is giving the substance of the letter and its enclosure attentive consideration.

Also, endeavor discreetly to ascertain whether the League has received replies from any governments indicating that they are not in accord with the contents of the Advisory Committee's circular.

PHILLIPS

861.77 Chinese Eastern/1241

*Memorandum by the Minister in China (Johnson)*⁹⁹

PEIPING, July 20, 1933.

I saw Mr. Bogomoloff, the Soviet Ambassador, today and in the course of conversation I asked whether he had any information as to the matter of the negotiations for the sale of the Chinese Eastern Railway. He said that discussions were still proceeding; that there was a considerable difference between the amount offered by the Manchukuo people and the amount asked by the Soviet Government, the Manchukuo authorities having offered 50,000,000 gold yen, the Soviet Government having asked 250,000,000 gold rubles.

He said that the Manchukuo people had now raised the question of ownership and were arguing that they were merely offering to buy the Russian partnership in the line. He said that this argument naturally was based upon the Treaty of 1924 between Russia and China, by which Soviet Russia had offered China a partnership in the operation of the road. He said that the weakness of the Manchukuo argument lay in the fact that, while they were arguing that all Soviet Russia possessed was half of a partnership, they were not

⁹⁹ Copy transmitted to the Department in despatch No. 2227, August 1; received September 1.

willing to admit the rest of the argument, namely, that the Chinese Government owned the other half of the partnership.

He said that Soviet Russia was anxious to liquidate its interest in the railway, as it wished to avoid any difficulties with Japan in North Manchuria. In 1929, during its dispute with China, Soviet Russia had been anxious to dispose of the railway, but at that time it was afraid that the railway falling into the hands of Chang Tso-lin [*Chang Hsueh-liang*] would be passed by Chang Tso-lin [*Chang Hsueh-liang*] over to Japan. It was for that reason that an article had been introduced into the treaties at that time to the effect that no third party should be involved in the matter.

China had recognized Russia's right to sell the road by sending commissioners to Moscow to negotiate for the purchase of the road. In so far as China was concerned there had never been any question of Russia's property right in the road.

NELSON TRUSLER JOHNSON

861.77 Chinese Eastern/1241

*Memorandum by the Minister in China (Johnson)*¹

PEIPING, July 20, 1933.

In the course of conversation to-day I asked Mr. Bogomoloff, the Soviet Ambassador, his opinion as to future developments here in the Far East.

He stated that the Soviet Government recognized the existence of two parties among the Japanese military. There was one party which believed that war with Soviet Russia was a possibility, but that this eventuality might be postponed or obviated by compromise. It was this party that favored the purchase of the Chinese Eastern Railway. There was another party, however, which believed that war between Japan and Soviet Russia was inevitable, and that the sooner this war took place the easier and better it would be for Japan.

Mr. Bogomoloff said that quite privately and personally it was his opinion that the absence of friendly relations between Soviet Russia and the United States made the position of Soviet Russia in the Far East very weak. It was also a factor of weakness in the position of the United States in the Far East. He thought, privately and personally, that the party in the Japanese Government which favored immediate war with Russia took into consideration the absence of friendly relations between Soviet Russia and the United States, believing that in the absence of such relations a war with

¹ Copy transmitted to the Department in despatch No. 2227, August 1; received September 1.

Soviet Russia would more favorably redound to the interests of Japan in popular opinion in the United States, as the absence of such relations would give the Japanese an opportunity to persuade the people of the United States that Japan was fighting, not Soviet Russia, but the Soviet regime.

Mr. Bogomoloff stated that the Soviet Government appreciated only too well the weakness of its position in the Far East; that it was anxious to avoid any war with Japan, for it was afraid that under present conditions a war with Japan might be developed into a general war against Russia.

It was his belief that the Japanese under the leadership of the military were ambitious to annex Manchuria; that it was their desire to set up, as a companion to "Manchukuo", a "Mongolkuo" comprising Chahar and Suiyuan and the rest of Inner Mongolia, under Japanese control and leadership. This would give them control over access to Outer Mongolia. He said that he also believed the Japanese hoped to organize the three northern provinces of China, Hopei, Shansi and Shantung, into an independent Government under Japanese influence.

NELSON TRUSLER JOHNSON

793.94 Advisory Committee/47: Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, July 22, 1933—6 p. m.
[Received 8 p. m.]

203. Your 119, July 19, noon. Avenol returned to Geneva this morning and leaves again tonight. I have just seen him. He is not sufficiently familiar with the work of the Manchurian Committee to discuss this matter usefully. I shall therefore supplement this telegram next week.

In the meantime it may be helpful to state that after the Committee had approved the circular relating to nonrecognition (C L 117)² Drummond consulted me as to the form of the letter which he sent you under date of June 12.³ He explained that inasmuch as I was sitting with the Committee in a special situation he had drafted his letter to you to make clear that the Committee did not assume acquiescence on our part from the fact of my presence thus leaving the government free to express subsequently its acquiescence in the exercise of its own judgment unless of course I announced such acquiescence in the meeting of the Committee. I take it therefore that the circular letter C L 117 A June 14th was sent to you

² League of Nations, *Official Journal*, Special Supp. No. 113, p. 10.

³ *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 120.

for the purpose of information only and that Drummond's letter of June 12th is the one to which reply should be held in abeyance.

WILSON

793.94 Advisory Committee/48 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, July 24, 1933—11 a. m.

[Received July 24—10:50 a. m.]

205. Supplementing my 203, July 22, 6 p. m., I have just seen Walters, Undersecretary General of the Secretariat in charge of the Manchurian Advisory Committee. He entirely confirms what was said in my 203 and adds that if circular C. L. 117 (a) was addressed to the Government of the United States it was done in error. A copy of the document, Walters states, should have been sent to us for information only.

Walters states that no replies have been received from other governments indicating that they are not in accord with the circular. In fact the only communications which he has had have been two formal acknowledgments stating that replies will be sent subsequently.

WILSON

893.00/12392 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, July 26, 1933—noon.

[Received July 26—4:30 a.m.]

624. Situation in Chahar remains indefinite. Region north of Kalgan filled with ex-volunteers and bandit soldiers who are being pushed out of Manchuria and Jehol by the Japanese. Nationalist Government is now moving troops northward along Peiping-Hankow and Peiping-Suiyuan Railways in the direction of Nankou. Purpose of this movement uncertain but I believe, and Military Attaché shares this belief, that Nationalist Government is convinced Japanese will attempt to drive Feng and his newly acquired and badly disciplined forces away from Dolonor and other points along the Jehol border on theory that Feng and those with him may attempt to retire southward through Nankou. That is intended to prevent this.

JOHNSON

893.151 Manchuria/1

The Acting Secretary of State to the Ambassador in Japan (Grew)

No. 320

WASHINGTON, July 27, 1933.

SIR: The receipt is acknowledged of your despatch No. 456 of June 30, 1933,⁴ bringing to the attention of the Department for any action which it might consider appropriate the inquiry made to a member of your staff by the "Manchukuo" Vice Minister for Foreign Affairs with regard to the possible interest of the Foundation Company in the building of the Water Works in Harbin.

You are informed, in strict confidence, that the Department has, after careful consideration, deemed it inadvisable to take any action in this matter. Although the Department does not in the least desire to impede the legitimate activities of American commercial interests in Manchuria or to discourage the Department's representatives in the field from rendering appropriate assistance to such interests in that area, it is the opinion of the Department that in the case under consideration it would be inappropriate for it to take any action which might be interpreted by officials of the present régime in Manchuria as resulting from the initiative of a representative of that régime and which would be open to the interpretation that the Department is interested in furthering the projects of that régime. Such action would involve political implications which the Department believes it would be advisable to avoid.

Very truly yours,

WILLIAM PHILLIPS

793.94/6457

The Ambassador in Japan (Grew) to the Secretary of State

No. 484

TOKYO, July 28, 1933.

[Received August 12.]

SIR: The attention of the Department is invited to the concern with which the Japanese are viewing the activities of the so-called "Christian General", Marshal Feng Yu-hsiang, in the border province of Chahar. Marshal Feng recently commenced an independent military campaign, defeated a pro-"Manchukuo" army under General Li Shou-shen, and with the occupation of Dolonor on July 11th assumed control over a district immediately to the west of the "Manchukuo" province of Jehol, immediately north of the Peiping area, and immediately south of western Heilungkiang in "Manchukuo". The territory under Feng's control includes the important city of Kalgan.

⁴ Not printed.

Marshal Feng's action is a source of great embarrassment to the Nanking Government and to the Kwantung army alike and both sides have registered vigorous protests. His activities have disturbed the comparative quiet in North China and are a menace to the Tangku Sino-Japanese Armistice Agreement.

On the Chinese side, Marshal Feng has been offered several inducements to cease his military activities, the chief inducement being the somewhat mysterious position of "Director General of Reforestation and Reclamation". Inducements being of no avail a Chinese punitive expedition under General Lung has been despatched by the Peiping authorities to deal with Feng, but it is very questionable whether a Chinese punitive expedition will prove as efficacious as its Japanese counterpart.

On the Japanese side, the Kwantung army has not been idle. Feng, whose forces are estimated by the Japanese to number 60,000 men, controls Dolonor, some fifteen miles from the "Manchukuo" border and, facing this town just across the mountains within "Manchukuo" are three Japanese detachments which have been moved there should military action be deemed necessary. The terrain in this part of Jehol and Chahar is exceedingly unfavorable for military operations, an expedition would prove very costly, and accordingly it is reported that the Japanese Army hopes that the troublesome General will be eliminated in some other manner. They further realize that Feng himself would in all probability elude capture.

Meanwhile in Japan the question of Marshal Feng is gradually being brought before the public eye. . . . The public feels that the Kwantung army has been challenged, and it questions whether the "Manchukuo"-Japanese treaty does not obligate Japan to punish Feng despite the fact that he is without the present borders of "Manchukuo". On July 26 an editorial in the *Tokyo Asahi* went so far as to state that "circumstances make it impossible for Japan and Manchukuo to wait" and again that "for the sake of the truce pact guaranteeing order in North China, punitive operations are badly needed".

But more important than the question of whether Japanese military action against Feng will occur are two possibilities latent in the situation. In the first place the War Office in Tokyo is convinced that Feng is receiving money and supplies from Soviet Russia via Urga. If an expedition should be despatched and this fact confirmed, it is apparent that it will have a most deleterious effect on Soviet-Japanese relations, already strained*, and that the Japanese would be provided with a favorable opportunity for calling the

* Embassy despatch[es] No. 472, July 13, 1933, and No. 483, July 28, 1933. [Footnote in the original; despatches not printed. See telegram No. 127, July 18, noon, from the Ambassador in Japan, p. 372.]

Soviets to account. A crisis of some magnitude could hardly be avoided.

In the second place the present situation leads to the realization that the Japanese have been provided with a measure of provocation which might induce them to incorporate this region within the state of "Manchukuo". It is an upland plateau suitable for grazing, includes the important town of Kalgan, and is so situated as to form an undesirable salient into the western flank of "Manchukuo". The opinion has many times been expressed that Chahar would eventually be absorbed by "Manchukuo", and the Department's attention is accordingly invited to the possibility, occasioned by the activities of Marshal Feng, of the westward expansion of Japanese control in the not-distant future.

Respectfully yours,

JOSEPH C. GREW

893.00/12396 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, July 29, 1933—1 p.m.

[Received July 29—5:50 a.m.]

According to the *Yi Shih Pao*, special train carrying newly appointed magistrates and commissioners and newly organized police force for Luantung area proceeding as far as Shanhaikwan distributing officials and police guard at important points but on arriving Shanhaikwan large number Japanese gendarmes and Manchukuo police suddenly appeared at station and refused to let police leave train in absence of orders and requested that police be withdrawn which was done at 11:30 yesterday morning after lengthy negotiation. Except for this development taking over of Luantung zone by the Chinese is being accomplished with fair degree of smoothness but Tangshan-Shanhaikwan section of the railway still being operated by Japanese.

LOCKHART

893.01 Manchuria/954

*Lieut. H. L. Boatner*⁵ to the *Military Attaché in China (Drysdale)*⁶

[PEIPING,] August 7, 1933.

1. As a result of instructions from the American Minister, I was in Manchuria from July 14th to August 1st, inclusive, in connection

⁵ Language officer, Legation in China.

⁶ Copy forwarded to the War Department by the Military Attaché with this statement of approval: "The information contained in this report and the conclusions drawn accord with the estimates and opinions of the best informed and most impartial observers". Copy transmitted to the State Department by the War Department; received September 12.

with the Nielsen kidnapping case.⁷ The trip afforded an opportunity to visit Dairen, Port Arthur, Mukden and Harbin, where an especial effort was made to contact American and foreign military officers, consular officials, newspaper correspondents and other civilians. In the hope that the information gained and my impressions might be of interest they are made the subject of this report.

Troops in Manchuria

Japanese.

It seems the consensus of opinion that there are about 60,000 Japanese troops in Manchuria, although everyone realizes the difficulty of obtaining accurate information. In detail they are as follows:

			<i>Garrison area</i>	<i>Headquarters</i>
14th Division	(14,000)	(Matsuki)	C.E.R.	Harbin
10th "	(9,000)	(Hirose)	C.E.R.	Tsitsihar
6th "	(9,000)	(Sakamota)	S.M.R.	Mukden
8th "	(9,000)	(Nishi)	Jehol	Chengte
14th Mixed Brig.		(Hattori)	Fengshan R.R.	Shanhaikwan
Two Cavalry "		(Mogi)	N.E. Jehol	
Railway Guard Bns. (16,000)		(Inouye)		Mukden

The Railway Guards are also now responsible for the Triangle, Tungpien and Taonan-Tungliao areas.

Manchoukuo.

The so-called Manchoukuo troops are ridiculed by Chinese and foreigners and despised by the Japanese. Never was a word heard of sympathy or condonement. They frankly admit they serve only to obtain Japanese money and intend to give no loyalty or service in return. When actually in combat the Japanese soldier fears them as much as their known enemies. Circumstances require that they be placed in the rear of the Japanese, although the latter know of numerous cases in which their brothers in arms have been treacherously shot by the Manchoukuo soldier. On the contrary relations between Manchoukuo and bandit are most friendly and brotherly. Gifts and sale of ammunition are so common that it is now a matter of regulation that empty cartridge cases must be turned in by the Manchoukuo soldier following a battle.

Bandit.

It is impossible to get accurate figures on the numbers of "bandits" in Manchuria. However, it is positive that Japanese announcements are deliberately falsified. In the same edition of controlled papers announcing that only "professional" bandits remain and they only in small parties of a few hundred, accounts will also be published of battles in which 3,000-4,000 bandits took part. The most recent official announcement of 60,000 bandits is obviously much less than

⁷ See pp. 718 ff.

the real figure. In many cases the "bandits" fight bravely although they are inevitably defeated. It is quite obvious that the Japanese military are extremely concerned because of their failure to quell this illusive foe, who because of their knowledge of the mountains and country, having both sympathy and fear of the local peasantry, and spies within the Manchoukuo army, hover around Japanese troops attacking and disappearing with disconcerting regularity and ease. Foreign observers who have accompanied these "flying columns" of Japanese bandit suppression report them to be in a continual state of nervous excitement and capable of accomplishing nothing.

Bandit Operations

The following statistics on banditry were given out by a minor official at the Japanese Consulate at Mukden about May 1, 1933, to an American newspaper correspondent, but then was recalled and the newspaper man was told he could not use it.

District bounded by Antung, Dairen, Koupangtse, east of Tahu-shan line, up C.E.R. as far as Sungari, Changchun, Kirin, Tunhua, back to Antung.

Area reported by Consular police, S.M.R. zone of influence:

In <u>1932</u> —total cases	26,946
Bandit attacks recorded as follows:	
By less than 10 bandits	4,064
10— 30	4,886
30— 50	3,815
50— 100	3,076
100— 200	3,083
300— 500	2,187
500—1000	1,568
1000	1,133
Uncertain	802
Conspicuous districts:	
Antung	3,735
Kaiyuan	2,675
Penhsihu	2,583
Yinkow	2,416

Details—

Total number of captives taken by bandits	13,468
Civilians killed during raids	530
" wounded "	399
Manchoukuo police killed	1,122
" " wounded	1,016
Bandit corpses left	11,614
wounded	2,134
captured	3,326

Engagements with Manchoukuo troops	2,296
Japanese police	212
Japanese army	201
Manchoukuo police & Manchoukuo army	134
Japanese and Manchoukuo troops	105
Manchoukuo police and soldiers who have been captured by bandits	557
<hr/>	
Police figures, Mukden Consular District only, during autumn of 1932, total number of bandits—	142,000
In February 1933 after drive	22,000
Police estimates for end of May 1933:	
Tungpien area	26,000
In area between railroad—	
I. Mukden-Kirin-Changchun	Very big, uncounted
II. The Antung Railway "triangle"	7,000
District west of lower Liao River	5,000
" " " upper " "	8,000
" " " Chinchow	10,000

Excepting in I and II above all groups are now reported to be small (however, recent Manchuria *Daily News* carried article of attack by gang of 3,000).

In first half of April 1933, 690 cases of banditry in Mukden consular district. 369 captives were taken and 9 were killed.

The following are the latest figures upon banditry in the Mukden consular district—given in confidence about July 18, 1933:

Fengtien Province, total number of bandits—	21,300
Divided as follows:	
Tungpien	11,000
Antung triangle	2,700
Liao valley	1,700
Jehol, north	6,000

Taonan and Tungliao areas are now quiet.

It was learned in strictest confidence from a Japanese official in Mukden that on the night of July 24, 1933, a band of at least 1000 bandits appeared ten miles north of Mukden. The entire garrison, even including consular police, was assembled and rushed out of the city in order to disperse the bandits. During the same week 450 ex-bandits employed on the Mukden-Fushun highway construction rebelled, killed the Japanese Major in charge, disarmed their Manchoukuo guards and escaped to take up their former profession.

Economic Development.

Certain Japanese officials admit that the Army has absolute con-

trol of Manchuria. Parenthetically, as a result disgruntled consular officials are an excellent source of information. They admit their impotence and state that there has been a lowering of quality in Japanese civilian officials as a result. The hand of the Japanese General Staff is apparent in every new venture in Manchuria. All railways are now consolidated under one head and the couplings of ex-Chinese railway cars changed so they can be used with South Manchuria Railway cars, new lines are being built for strategic and not economic reasons, telegraph and radio have been consolidated into one organization, a "fertilizer" chemical plant is being built in Dairen although Manchuria's soya bean cake fertilizer is the country's leading export, a large oil refinery is planned and an aviation company now operates planes and fields far in excess of the normal needs of the country.

Railway Construction (see map ⁸).

The construction of railways in Manchuria is proceeding at a rapid and energetic pace. If not now, then at least within two more years the network of railways in Manchuria behind the Kinghan Mountain range will be such that Russia could neither defend Vladivostock nor invade Manchuria unless helped by unforeseen, unheard of outside forces.

The Kirin-Tunhua-Kainei connection (119 miles) has now been completed and will be formally opened September 1st. The railway, 15 kilometers, connecting line with the new port of Rashin will be finished this year.

The Lafa-Wuchang-Harbin line (150 miles) will also be completed this year, furnishing another line of transport from Japan via Harbin and Tsitsihar to the Kinghan Mountains.

The Koshan-Hailun line (105 miles) is now completed and construction started on the very strategically important line, Koshan-Peianchen-Lungchen-Aigun-Taheiho.

The Taonan-Solun line has been completed to Huayuan (52 miles).

From Koupeiyungtze, two stations south of Peipiao, construction has started on a narrow gauge line to Chaoyang, and from that place construction also started on the line to Lingyuan. It is thought that this will be completed this year and the following year extended to Chengte.

It is difficult to determine which of the projected roads will actually be constructed. A director of the South Manchuria Railway recently stated in an interview with a newspaper correspondent that a line from Yenchi through Ninguta to Ilan would soon be constructed but did not give the actual date.

⁸ Not attached to file copy.

Highway Construction.

In spite of official announcements concerning new motor road construction varying by many thousands of kilometers, Japanese officials have confidentially admitted progress so far has been very disappointing. This is due to bandits harassing the workers and the failure of the plan to use ex-bandits for road construction. One highway official stated that not more than 400 kilometers could be constructed during the current year.

Soviet-Japanese Relations.

During two dinner engagements with the Soviet Consul in Mukden he made the following statements:

- 1) Russia will not fight Japan for Manchuria now;
- 2) Russia will fight if her territory is invaded;
- 3) A railway from the Trans-Siberian line to Urga is planned but he would not admit that work had actually started. He gave the impression, however, that such was the case.

On the other hand, a Japanese consular official during a period of inebriation gave out this information: The Japanese army is not now concerned with making a greater effort to pacify Manchuria but is more concerned with preparing for a war with Russia. It is realized that the troops in Manchuria are now insufficient for the task of pacification, but the army prefers to use the money saved by limiting the expedition to its present strength, for the purchase of material and the establishment of supply depots in strategically important places in Manchuria.

The same source said that the Japanese army annually expends large sums within Russia proper upon espionage. That the Japanese are hard task masters with the White Russians is shown by their imprisonment during July of all White Russian leaders in Mukden for three days. A White Russian source told me this was stated by the Japanese to be a punishment and warning to them as a result of General Horvath's statements to the League of Nations Commission last summer.

Aviation.

This subject will be covered in a separate report.

Conclusion.

There is not the slightest doubt that Japan intends to keep Manchuria and all present indications definitely point to her ability to do so. A *rapprochement* with Russia is hindered only by their mutual natural racial hatred. Provided Japan can forestall the advance of communism within Japan, the advantages to both nations are enormous. . . .

711.94/834

The Ambassador in Japan (Grew) to the Secretary of State

No. 495

Tokyo, August 14, 1933.

[Received September 1.]

SIR: Periodically the Japanese press unearths evidence of American machinations in China, usually in the form of military assistance directed presumably against Japan. The Embassy has reported* the appearance of accounts in the Japanese press during January 1933 of widespread plots and schemes on the part of America in China. On January 13, Tokyo newspapers published telegrams from Nanking stating that the United States had arranged to loan the Nanking Government 20 million yuan for war supplies. On January 16, Mr. Shiratori, the Foreign Office spokesman, asserted that the Foreign Office had learned on reliable authority that some forty American officers had been sent to China to take part in hostilities against Japan. On the same day the Japanese War Office issued a statement to the press that the United States was supplying automobiles and airplanes to China through merchants at Shanghai.

On March 28, the Osaka *Mainichi* reported that the United States was helping Canton to build up a formidable air force and that a 10 million loan had been concluded. Under the guidance of the American Navy bases are being established "which can be made to function as American bases in the event of emergency". The Osaka *Asahi* declared on March 21, that America has so implanted her influence in Canton that the local government is virtually under American control; that an American Vice-Consul dominates the Canton Government; that a \$30,000,000 loan had been concluded on condition that part of the funds be used for armed resistance to Japan; that four American Naval vessels despatched from Manila were ready to hoist the Canton flag when the occasion demands.

In the past few weeks there has been a recrudescence of these sensational stories.

On July 16 the Osaka *Asahi* stated that Mr. Li Ching Chuan, a member of the Railway Fund Committee of the Nanking Government, left for Manila on the mission of raising an American loan for the construction of the Chingchow-Lungyen Railway in Fukien. It also stated that the 19th Route Army is planning to lay out a big aerodrome with foreign capital. The *Asahi* stated that inasmuch as the "21 demands" treaty⁹ prohibited China from making concessions in this province these schemes are being duly watched by the Japanese Government.

* Despatch No. 364 of April 21, 1933. [Footnote in the original.]

⁹ For exchange of notes at Peking on May 25, 1915, see *Foreign Relations*, 1915, pp. 177 and 204.

On July 28th respectable papers such as the *Asahi*, *Jiji* and others published various reports of American activities in China inimical to Japanese interests. These reports, some of them ascribed to official sources, stated that on June 6, a 750,000 yuan loan contract was signed between the 19th Route Army and the United States for a supply of arms; that the American gunboat *Fulton* had landed a large quantity of munitions near Amoy; that on May 18 the 5th destroyer flotilla entered Amoy and landed arms for the 19th Route Army and that through American aid this army was undertaking extensive air defence enterprises at Amoy and Fuchow. In return for this aid a site for a naval base was to be granted the United States Navy at Tungshan Bay near Amoy. These schemes were reported to be giving serious concern to the Japanese military authorities.

On August 4, the Tokyo *Asahi* carried a sensational story, which also appeared in other papers, of official American aid to Chinese aviation.† An elaborate contract alleged to have been signed between Minister Sze and the Department of State, consisting of three chapters and seventeen articles, was quoted in detail. A translation of this astonishing document, as appearing in the *Asahi*, is hereto appended.¹⁰ In view of the Department's express denial of the existence of any such agreement, one can but marvel at the fertility of Japanese imagination.

A few days after publishing this exciting story, the *Asahi* on August 7, dug up a three months old news item for revamping as further evidence of American machinations. This story recounted the conclusion of a contract between the Mackay Wireless Company of America and the Communications Department of the Nanking Government for direct wireless communication between China and the United States. It was reported that the Japanese military authorities regarded this agreement with much concern as it might be used to Japan's disadvantage in case of war.

As the latest evidence of the American menace, the *Kokumin* and other papers carried a story, on August 11, from a "reliable source", of the establishment of an American naval base, not in China this time, but Magdalena bay in Lower California. History seems to have completed a cycle since President Wilson's time. Also, on August 12, the Osaka *Mainichi* carried, as its leading story, a despatch from its Shanghai correspondent stating that the United States was secretly building up the fortifications in Manila bay, in violation of treaty obligations.

These stories and others of similar type published during the past half year or more are practically all due to military propaganda, or

† Reported in telegram No. 130, August 4, 1933. [Footnote in the original; telegram not printed.]

¹⁰ Not printed.

directly to military inspiration, I believe. It will be noted that after the first series of sensational stories early in the year, there has been a comparative hiatus until recently. The incidence of these series upon occasions of importance to the Japanese military lends credence to the suspicion of military inspiration. Early in the year the military were faced by the necessity of justifying their huge budgetary demands. Since the passage of the budget bill in March there has been little need for an American bogey, until recently, when the new budget estimates are being framed. The more recent stories of American activities in China have coincided with an elaborate program of air defence manoeuvres, and a recrudescence of "spy-scares", all aimed at stirring up a war psychology and patriotic ardor. In such an atmosphere the new budgetary demands of the army have assurance of success. While there are plenty of sane minded Japanese who dismiss these rumors as absurd, the general public is excited, and a dangerous xenophobia is created. The newspaper stories, irresponsible as they are, are usually attributed to some official or "reliable" source. It is obvious that they have considerable effect on public opinion, published as they are by the most reputable newspapers in Japan like the *Asahi*.

I have pointed out in previous despatches that the Japanese military are fully aware that there is far greater risk of an eventual clash with Soviet Russia than with the United States, but that nevertheless it has suited the purpose of the military to stir up popular feeling by periodic aspersions against the United States. Why the United States has been made the villain at this time is not clear. Possibly the new American program of naval construction has some bearing, and certainly the Soong loans have annoyed the Japanese.

At the same time I am inclined to speculate as to why most of these sinister American designs are located in Fukien province, and as to whether these persistent alarms do not herald some Japanese move in that region. Japan of course has long shown a particular interest in Fukien. There is said to be an agreement, signed in 1898 that the Chinese Government will neither lease nor cede any part of Fukien to any foreign country.¹¹ Of course the 21 demands demonstrated that the Japanese have a definite interest in that province.

However disagreeable it may be to have this baiting concentrated upon the United States, it is at least some consolation to find that the animus is not exclusive. France has recently aroused some suspicion in Japan by raising the French flag over an obscure group of islands in the South China sea. England has been denounced in recent months because of trade restraints with India. Russia is of

¹¹ See declaration concerning the non-alienation of the province of Fukien on April 26, 1898, in Chinese Foreign Office note to the Japanese Minister in China, MacMurray, *Treaties, etc.*, vol. I, p. 126.

course a chronic enemy, and Chinese hostility is reciprocated in Japan. Although America finds herself the most popular *bête noir*, she may take comfort in the realization that the anti-foreign animus is shared in lesser degrees by all other countries with which Japan has important contact.

I may add that it has not seemed to me wise to enter official protests against the publication of these unfounded rumors and aspersions against the United States or generally to dignify them with denials. Such action, in my opinion, would only have served to focus greater attention upon them and to magnify their importance. The Foreign Office, in any case, is powerless to control the press, and attempts on its part to do so would probably result in renewed bursts of xenophobia. Only in the cases of the National City Bank and the Singer Sewing Machine Company incidents, where American lives and property were placed in jeopardy, and in the case of published aspersions against the United States by a member of the Cabinet, the Minister of War, have I felt it desirable to enter official protests, with favorable results. I believe that this policy of reserving ammunition for acute cases has been justified and that when official representations are made, they are listened to far more attentively than if they were made a habit.

It has come to me from important Japanese sources that the Embassy's policy of patience during the past year has been appreciated in Government circles and has helped to allay some of the anti-American feeling in the country, in spite of the periodical outbursts in the press. The Government itself knows very well that these various inflammatory charges in the press are baseless, and since I am convinced that it, the Government, desires to base its foreign policy upon good relations with the United States—the Prime Minister himself having been quoted to me on more than one occasion as holding this view—it seems well to avoid interference with the shaping of public opinion in Japan, except in so far as constructive work can be accomplished by unofficial contacts and conversations and by occasional public speeches when favorable opportunities occur.

In this connection I am of the opinion that while various factors, as set forth in my telegram No. 114 of June 8, 11 a.m.,¹² have contributed, and will continue to do so, to a renewal of good relations between Japan and the United States, no element will have greater force in this respect than the present plans, as announced in the press, to build up the American Navy, an argument which outweighs all others in effectiveness.

Respectfully yours,

JOSEPH C. GREW

¹² *Post*, p. 702.

893.00/12412: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 15, 1933—1 p.m.

[Received August 15—7:05 a.m.]

687. Legation's 624, July 26, noon. Marshal Feng Yu-hsiang has at last yielded to pressure from Nanking and the Japanese and left Kalgan yesterday to return to his former retreat in Shantung. The sudden changing of his movement is attributed largely to lack of funds and lack of support among northern leaders. The fact that Dolonor was retaken by Manchukuo forces on August 7th must likewise have influenced him. It is rumored that the Nanking Government promised him a large sum of money if he would leave Chahar.

The elimination of Feng should greatly facilitate the return to something like normal conditions in North China and may also dampen the ardor of the Cantonese faction which had given him moral support.

JOHNSON

893.102S/1296

The Consul General at Shanghai (Cunningham) to the Secretary of State

No. 9069

SHANGHAI, August 17, 1933.

[Received September 15.]

SIR: In my telegram No. 156, of March 5 [4], 1 p. m. (1932),¹³ I endeavored to impress upon the Department the importance of the consideration of the following points by the local and home authorities concerned:

"1. Hongkew and Yangtsepoo must be as completely restored to the Shanghai Municipal Council administration as the State of Emergency will permit and that at the earliest possible moment.

"14
 ["2. It is hoped that the powers concerned will give careful consideration to the future of the International Settlement and the safeguarding of the Settlement and all lives and property located therein and adjacent thereto. If it was not known before, recent events have convinced all careful observers that the Land Regulations have served their purpose and have become obsolete; . . ."]

In my cable referred to I gave what is regarded as an important summary of past events and suggestions for future precautions which will be of possible interest in considering this despatch.

I have the honor to attempt to review the happenings since that

¹³ *Foreign Relations*, 1932, vol. III, p. 506.

¹⁴ Omission indicated in the original despatch.

date, so far as they concern the International Settlement and the adverse functioning of the Japanese authorities therein, as well as to attempt to place before the Department as accurately as possible present conditions in that part of the International Settlement and the territory adjacent thereto which was occupied by the Japanese on and shortly after January 28, 1932.

It is asserted without fear of challenge that the Japanese from January 28, 1932, usurped all the municipal authority of the Shanghai Municipal Council in the area north of Soochow Creek and refused to allow the International Settlement Police, Fire, Finance and other administrative Departments to function therein. Therefore, it does not seem necessary to establish the statement that the municipal functions had been entirely usurped by the Japanese military forces. Despatches from this office clearly set forth this fact, and the statement contained in the telegram above quoted clearly sets forth that

"Hongkew and Yangtzepoo must be as completely restored to the Shanghai Municipal Council administration as the State of Emergency will permit and that at the earliest possible moment."

The State of Emergency was withdrawn on June 13, 1932, and the municipal administration in the area mentioned should have been restored completely from the termination of the State of Emergency. The Department will be interested as to whether such municipal administration has as yet been restored completely to the Shanghai Municipal Council. I am of the opinion that it has not been restored, and will endeavor to present to the Department the reasons for this belief.

There is much to indicate that the Japanese have a fixed and determined policy which they intend to carry into effect regarding the International Settlement as a whole, or that part of the Settlement which is dominantly Japanese. The Japanese have been aggressive since the Sino-Japanese conflict of last year and have been rather mandatory in their claims upon the Shanghai Municipal Council. They have not completely restored the administration of that district to the Shanghai Municipal Council, and their demands through their officials and civic organizations are increasing and becoming more exacting.

The Japanese Residents' Corporation, which functions under the Japanese law known as the "Residents in Foreign Lands Corporation law," governs the Japanese within as well as without the Settlement, according to Dr. Shinobu.* The Japanese Chamber of Commerce has also spoken for the Japanese community upon several occasions.

* *International Law in the Shanghai Conflict* (pp. 96 and 127), by Dr. J. Shinobu, LL.D., published by Maruzen Company, Ltd., Tokyo (1933). [Footnote in the original.]

One of the indications of Japanese aggressiveness is that soon after the Sino-Japanese conflict was concluded the Japanese began the construction of a huge building on the plot of land where the Japanese Military Headquarters was situated during and prior to the Sino-Japanese conflict. This building is of a very substantial and permanent nature, and is being erected on North Szechuen Road, and extra-Settlement road, but in Chinese territory between the road and the Shanghai-Nanking railway, in close proximity to Hongkew Park. If any permit for the construction of this building was issued at all, it was by the Municipality of Greater Shanghai. It is not beyond conception that the permit was part of the unpublished agreement of May 5, 1932,¹⁵ nor is it beyond possibility that the construction has proceeded without a permit being given by any municipal authority. The building is apparently constructed for use as a barracks. It is four stories in height, of reinforced concrete construction, 400 x 200 feet, and the ground floor is reported as being suitable for storing artillery. It is understood that it is in this building the fire department is to be housed, reference to which is made on page 10 of this despatch. The building is admirably suited for a civic administration building, as well as for military barracks. As compared with the barracks and radio station that the Japanese maintained in Hankow prior to 1922, it is much larger. The Shanghai building, however, is located not in a Japanese Concession but in Chinese territory abutting on a Municipal Council road. It was surprising to learn that this building is to receive its electricity from the Chinese electric plant in Chapei and not from the Shanghai Power Company's plant. It is not believed that in case of an emergency the building will depend entirely upon the Chinese plant, but that it will have in reserve its own power plant. It has not been confirmed, but it is understood that the water supply for the building is to [be] secured from the Chapei Waterworks, or from a well, or from both. Photographs of this building will follow in this or a later mail.¹⁶

Another indication of aggressiveness on the part of the Japanese is their attitude in regard to the extra-Settlement roads question.¹⁷ The Japanese Consul General made unreasonable objections to the *modus vivendi* in regard to the extra-Settlement roads which had been negotiated by the Municipality of Greater Shanghai and the Shanghai Municipal Council. The Japanese demands in regard to the nationality of the police force rendered it impossible to carry into effect the *modus vivendi* unless the Shanghai Municipal Coun-

¹⁵ Signed at Shanghai, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 217.

¹⁶ Not printed.

¹⁷ See pp. 610 ff.

cil, as it was advised to do by certain consular officers, should proceed to carry it into effect irrespective of the opposition of the Japanese.

As a further indication of the intentions of the Japanese one may mention a letter dated May 26, 1933, addressed to the Chairman of the Shanghai Municipal Council by the Secretary General of the Japanese Residents' Corporation, a copy of which is enclosed.¹⁸ This letter urged that the Council should have a definite policy in regard to the administration and defense of the Settlement should another emergency arise, such as a demand by the Chinese for the retrocession of the Settlement, and suggested that the onerous responsibility for the administration of the affairs of the Settlement lies too much on the nationals of one country, the British people. The memorandum transmitted by the Secretary General of this organization states:

"As a matter of fact, we have several matters to be brought before the Council from the standpoint of the Japanese community, but inasmuch as we consider that to bring up many matters at a time would not be advisable, we hereby express our wishes, first of all, in respect to the reformation or readjustment of the police affairs of the Council, which it is eagerly hoped, would be honoured with favourable consideration of the Council's authorities."

The memorandum insists that there should be no discrimination against the Japanese members of the police force who are now "being treated like a step-child," and states:

"Setting aside our suggestion for fundamental reformation in this connection, we would propose that one Japanese Deputy Commissioner and two additional Japanese Assistant Commissioners be newly appointed and that the discriminatory treatment to which Japanese police officers in the employ of the Council are being subjected be absolutely done away with."

If Dr. Shinobu is correct, and since he is an adviser to the Japanese Government he should be regarded as an authority, the functioning of the Japanese Residents' Corporation in the Settlement and without constitutes a Japanese municipality within the Settlement which is capable of extensive expansion in various directions. The functioning of this Corporation is intelligently administered, probably with the assistance of Japanese officials, and it has created a special committee to present Japanese views to the Municipal Council.

Another indication is that the Japanese Residents' Association has repeatedly made demands on the Shanghai Municipal Council for increases in the Japanese personnel of the police and other administrative departments of the Council. It should be borne in mind that

¹⁸ Not printed.

the Japanese Residents' Corporation is a Japanese organization created under Japanese law, and no doubt functions from Tokyo, while the Japanese Residents' Association is a local organization having no connection with the home government, and it stands in the same position anent the Japanese residents of the community as does the British Residents' Association to British residents.

Another indication is that the Japanese Landing Force, consisting of some 2,000 men (minimum estimate), is more conspicuous in the northern area than are the forces of any other Power in the vicinity of their barracks. It is customary at all hours to see squads of Japanese marines marching from one place to another in that district. This would naturally have a salutary effect on the Japanese residents, but it must have an alarming effect on the residents of the district of other nationalities, particularly the Chinese. There is entirely too much display of military force to be consistent with a state of peace.

Another indication is that the Japanese Consular Police force has been increased from 7 members prior to 1932 to a force variously estimated at from 150 to 200. These Consular Police oftentimes function, so far as Japanese residents in the Settlement are concerned, without consideration of, and adversely to, the Shanghai Municipal Police, who are the legal preservers of law in that part of the Settlement.

Another indication is the large number of Japanese cabarets, restaurants, and bars operating presumably under Japanese consular licenses and certainly without municipal licenses. The Japanese requirements in regard to closing hours for these establishments are observed and not the closing hours prescribed by the Shanghai Municipal Council. Another indication is that these Japanese cabarets, restaurants, and bars, operating under Japanese consular licenses, oftentimes refuse to pay to the Shanghai Municipal Council the taxes that are due, and also refuse to make the usual payment for licenses exacted for such undertakings in the Settlement. There does not seem to have been any serious effort on the part of the Shanghai Municipal Council to force the payment of these taxes and licenses through the Japanese consular court. The reason for this is rather difficult to find, unless it is the fear that failure in one prosecution might result in further loss of municipal revenue. It is realized that the legal enforcement of the Land Regulations and Bye-Laws is exceedingly difficult, and should it occur that for some reason the Japanese disapprove of any particular tax, and refuse to enforce its payment by Japanese, the Council is helpless. The Chinese courts can threaten the very existence of the Settlement by refusing to enter judgment against Chinese who default in the payment of taxes

or licenses. One of the most vulnerable points in the existence of the Shanghai Municipal Council is the fact that the enforcement of the Bye-Laws depends upon the attitude of the courts of various nationalities. It is not beyond conception that the failure of the court of an important nation to enforce the Bye-Laws might be the rock upon which the Shanghai Municipal Council administration would be wrecked.

Another indication is that when the Land Appraisers of the Shanghai Municipal Council increased the valuation on much property in the Hongkew and Yangtzepoo districts where Japanese interests predominate, the Japanese Chamber of Commerce under date of July 10, 1933, addressed a letter to the Secretary General of the Shanghai Municipal Council, a copy of which is enclosed,¹⁹ protesting against the new assessment as being too high, and the letter covering this question defiantly states:

“From a practical point of view, therefore, it would seem that they are actually not able to comply with the new assessment, and it is feared that an attempt at the present time to enforce such assessment might place both the Council and the Japanese community in an extremely embarrassing situation.”

This is virtually defying the Shanghai Municipal Council in its attempt to collect taxes under the new assessment. It is understood that the demand of the Japanese Chamber of Commerce has resulted in the matter being reconsidered by the Council, and the suggestion has been made that the Council would eventually agree to a small rebate of 20 per cent of the increased taxes upon condition that the taxes are paid by September 30th. This rebate, of course, applies to all residents in the particular district which was affected by the Sino-Japanese conflict, irrespective of nationality, but the residents are largely Japanese. A Japanese member of the Municipal Council was consulted and it is understood he stated that this concession would meet the desires of the Japanese. This is a very small concession it is true, as the increase is not great, but it indicates the surrender of a principle and the timidity of the Council in dealing with Japanese demands.

Another indication is the general dissatisfaction of the Japanese community with the administration of the entire Settlement by the Shanghai Municipal Council. This criticism is very pronounced indeed.

Another indication that the Japanese have definite plans and intend to establish a semi-independent municipality within the Settlement, probably using the new barracks building above referred to as a governing center, is that the Japanese authorities on July

¹⁹ Not printed.

20, 1933, sought the advice of the Acting Chief of the Fire Department of the Shanghai Municipal Council as to what kind of fire fighting apparatus should be installed in the barracks. (It is admitted the inquiry was made by a very junior Japanese and probably without authority). The acting head of the Fire Department recommended certain stationary apparatus, and was informed that this was not the equipment they desired but rather engines, ladders, et cetera, comprising a complete equipment to be housed in this building. In response to an inquiry made by the Acting Chief, the Japanese informed him that the Japanese people did not feel that they would be adequately protected by the Shanghai Municipal Council Fire Department, and said that this had been proved at numerous times during 1932. It will be recalled that the Japanese on several occasions have claimed superiority to the Shanghai Municipal Council authorities in municipal administration. This is one of their pet ideas, similar to their standard phrase about language difficulties when they are accused of an abuse of the rights of other nationals.

What the fixed policy of the Japanese is one can but conjecture. They have been suggesting at various times during recent years that they should have increased membership on the Municipal Council. They have not been aggressive in this demand, but it is not beyond possibility that the Japanese could elect more than two members of the Council if they should vote only for the Japanese candidates. After the British the Japanese have the largest number of votes. The Japanese vote as a unit on all questions, and invariably follow the instructions of the Japanese Residents' Corporation. There were in April, 1933, 850 Japanese ratepayers entitled to vote in the municipal election, and this is believed to be their maximum voting strength. There is no way of ascertaining definitely the number of those of each nationality, except the Japanese, who might qualify as voters. It is possible that the Japanese could eliminate the two American members, since the American voters number 312, and do not vote as a unit. The total number of ratepayers registered in April 1933 were 3,785. It is reasonably certain that the ratepayers of no nation except the Japanese are fully registered. The total number of ratepayers might easily be increased by 500 to 1,000. Due to the critical attitude of the Japanese towards the British administration of the Settlement, it is not unlikely that they might so vote as to eliminate one British and one American Councillor as an initial step. An American cannot be elected without the support of the British and/or the Japanese. In 1933, the two American candidates received practically the undivided support of the Japanese. They also received the major part of the British vote. In order that some conception may be had of the possibility of the

success of an effort on the part of the Japanese to increase their membership on the council through ratepayers' votes, it may be mentioned that the successful candidates in the last municipal election held on March 27 and 28, 1933, received the following votes:

T. Funatsu (Japanese)	1,352	votes
O. Okamoto (Japanese)	1,334	"
E. B. Macnaghten (British)	1,030	"
F. J. Raven (American)	1,028	"
H. E. Arnhold (British)	1,014	"
A. D. Bell (British)	1,003	"
C. S. Franklin (American)	959	"
E. F. Harris (British)	759	"
P. W. Massey (British)	758	"

To secure control of the entire Settlement in this manner would require considerable political effort, which might be less easy of accomplishment than the method suggested hereinafter. A simpler method might be to defy the Shanghai Municipal Council administration and take control of such part of the International Settlement north of Soochow Creek as they considered desirable, as they did in 1932. Their control might be extended to include that part of Chapei in which the Japanese are in large numbers. This would be beyond the Settlement area. This could be done in the manner used by them in 1932 in Shanghai and in Manchuria. They might even attempt to justify such conduct under Article III of the Protocol in regard to Japanese Settlements at the Open Ports of China signed at Peking on October 19, 1896,²⁰ if such justification was worth while.

In connection with the question of the Japanese versus the Shanghai Municipal Council, the volume *International Law in the Shanghai Conflict*, by Doctor J. Shinobu, is rather interesting. Omitting entirely Dr. Shinobu's chapters in regard to the happenings in Shanghai, one can turn immediately to Chapters IV, V, VI, VII and VIII, and read his views in regard to the International Settlement and the Land Regulations. Dr. Shinobu is an adviser to the Japanese Government. He arrived in Shanghai with the first Japanese naval reinforcements and was "sometime Legal Adviser to the Imperial Japanese Third Fleet in Shanghai." It is believed, therefore, that he should have knowledge of the views of the Japanese Government, and his statements should possibly be given more than ordinary consideration. His discussion of the Land Regulations is interesting. He says that:

"The recognition, or confirmation, of the Regulations by the foreign representatives in Peking is simply a diplomatic confirmation,

²⁰ MacMurray, *Treaties, etc.*, vol. I, p. 91.

with no binding force as an international compact between sovereign nations, . . ."²¹ (page 128).

He further states that the Land Regulations are simply a conventional agreement between the ratepayers and the foreign representatives concerned. It is possible that he takes the view that the Japanese Government is not bound by the Land Regulations, though this is but a surmise.

It is not believed that much can be done locally towards straightening out the affairs of the Shanghai Municipal Council. There is enclosed a copy of a confidential memorandum²² of a conversation between myself and the Secretary General of the Shanghai Municipal Council which reflects somewhat my views and those of the Secretary General. This memorandum of conversation will perhaps serve the purpose better than a reiteration of views in this despatch. As to whether anything can be done in the way of bringing the administration of the northern area more directly under the Council than has been possible recently, is a question of some doubt. The Council must do all in its power to assert its rights. It is believed, however, that some of these questions may be taken up by the diplomatic representatives concerned in order that the usurpation of the functions of the Shanghai Municipal Council by the nationals of any country might be prevented in the future. There is no justification for such usurpation by any Power during normal times, and there is but little justification for such usurpation in abnormal times, if the Powers concerned will realize that the military forces of the Powers are here for the purpose of supplementing and strengthening the police and municipal administration.

This report is forwarded so that the Department and the Legation may be informed of conditions as I view them, and for such instructions as may be appropriate.

Respectfully yours,

EDWIN S. CUNNINGHAM

893.51 Manchuria/48

The Ambassador in France (Edge) to the Secretary of State

No. 185

PARIS, August 21, 1933.

[Received August 30.]

SIR: I have the honor to refer to the Department's instruction No. 63 of August 4, 1933,²² requesting the Embassy to make an informal investigation of an Associated Press despatch regarding the formation of a Tokyo Franco-Japanese Association to make investments in the new state of Manchukuo.

²¹ Omission indicated in the original despatch.

²² Not printed.

On August 19 the Commercial Attaché of the Embassy had an informal conversation with M. Etienne Fougère, who is President of the Association Nationale pour l'Expansion Economique. M. Fougère stated that a preliminary investigation of conditions in Manchuria is now being made under the auspices of this Association on behalf of a group of French manufacturers and that a representative is now on the ground making personal studies, but that this is being done with the sole object of ascertaining the facts and no decision whatever has been arrived at regarding the action, if any, that may be taken subsequent to the receipt of this representative's report. M. Fougère denied that any plans had been made for the investment of French capital, as indicated in the despatch from Tokyo.

It appears, in other words, that while it is true that France wishes to determine whether Manchuria does offer commercial and financial opportunities and, if so, the channels through which these could be taken advantage of, the matter has not gone beyond the obtaining of basic information, upon the character of which any further steps will entirely depend.

Respectfully yours,

For the Ambassador:

ROBERT M. SCOTTEN

First Secretary of Embassy

033.1100 Tinkham, George Holden/7: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, September 8, 1933—8 p.m.

77. Tokyo telegram in today's *New York Times* states that Representative Tinkham contemplates traveling in Manchuria and Jehol in "army plane" arrangements for which were "worked out by Major Bratton American military attaché in collaboration with Japanese military officials" and also that Mr. Tinkham plans to call upon Manchukuo officials.

For your confidential information, the Department considers that for reasons of policy such calls upon Manchukuo officials would be undesirable. The Department does not desire the Embassy or members of its staff to become involved in arrangements with Japanese military or Manchukuo authorities to provide transportation for American citizens desiring to travel in Manchuria, and it is anxious that the Embassy exercise the greatest care against allowing opportunity to arise for the supposition that a change in the policy of non-recognition is contemplated.

HULL

033.1100 Tinkham, George Holden/8 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, September 18, 1933—2 p.m.
[Received September 18—5:28 a.m.]

143. Department's 77, September 18 [8], 8 p.m. Representative Tinkham will depart tomorrow by commercial plane for Chosen and Manchuria with the intention of proceeding by automobile from the Great Wall to Peiping. From the beginning the Embassy advised Tinkham against crossing Jehol and the Great Wall, but he said that he was traveling entirely in a private capacity and would assume the responsibility for all risks. Air transportation in Jehol is now by commercial plane so that military plane will not be used on any stage of the journey.

Tinkham has given me personal assurances that he will call on no officials of Manchukuo except insofar as may be necessary to reciprocate visits made by them. A projected interview with General Araki has been forestalled in view of possible undesirable publicity. Tinkham appreciates the possibilities that the purpose of his trip may be misinterpreted and he will endeavor so far as possible to avoid creating false impressions. Our conversations along this line were held on my own initiative and gave no indication whatever that the Department had expressed an opinion.

Repeated to Peiping.

GREW

033.1100 Tinkham, George Holden/9 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 18, 1933—5 p.m.

320. Reference Tokyo's 143, September 18, 2 p.m. to Department, repeated by Tokyo to you.

For your strictly confidential information and guidance and that of the Consuls General at Mukden and Harbin.

The Consuls General mentioned should cordially accord to Representative Tinkham all assistance due him as a member of Congress but they should avoid giving any assistance toward making contacts with Manchukuo officials or any involvement in arrangements, if sought, with Japanese military or Manchukuo authorities to provide transportation and they should exercise the greatest care against allowing opportunity to arise for any supposition that any change in American Far Eastern policy is contemplated.²⁴

HULL

²⁴ Congressman Tinkham briefly visited Mukden and Harbin between September 22 and 26, 1933, leaving for Tientsin and Peiping by way of Dairen.

893.51 Manchuria/49

The Secretary of State to the Chargé in France (Marriner)

No. 106

WASHINGTON, September 21, 1933.

SIR: The Department refers to its instruction No. 63 of August 4, 1933, enclosing a copy of an Associated Press article²⁵ from Tokyo relating to the formation of the Tokyo Franco-Japanese Association to make investments in the new state of "Manchukuo", and to the Embassy's despatch No. 185, dated August 21, 1933, reporting on a conversation on this subject which the Commercial Attaché of the Embassy had on August 19th with Mr. Etienne Fougère, President of the Association Nationale pour l'Expansion Economique.

There is enclosed a copy of a telegram to the Department from the American Minister at Peiping, dated September 13, 8 a. m.,²⁶ quoting a Reuter despatch sent on September 12th from Changchun, Manchuria, to the effect that the head of the Economic Mission sent to Manchuria by the Association Nationale pour l'Expansion Economique and "Manchukuo" authorities have reached an understanding for the investment of French capital in "Manchukuo". The report states that the head of the Economic Mission is proceeding to Dairen, where he will meet the Vice President of the South Manchuria Railway Company to enter into definite conversations regarding the form of French investments, and that upon the return of the head of the Economic Mission to Paris the Association is expected to send experts to "Manchukuo" to investigate automobile and electric industries in which French capital will probably be invested.

You are requested to obtain all the information available with regard to the identity and standing of the group of French manufacturers which is reported to have sent the Economic Mission to Manchuria, and to ascertain whether or not there is any basis in fact for the statements set forth in the Reuter despatch under reference. The importance of following any developments along the lines indicated therein cannot be too strongly emphasized.

In the event that you are able to find a substantial measure of truth in the report under reference, the Department desires you informally and orally to inquire at the Foreign Office with regard to the attitude of the French Government towards projected investments of French capital in "Manchukuo".

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

²⁵ Neither printed.

²⁶ Not printed.

893.00/12469 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, September 22, 1933—3 p.m.

[Received September 22—11:15 a.m.]

Personal letter from American missionary [at] Changli states refugees pouring into that city from Funingsien which place was infested by bandits morning of 19th, the bandits, apparently numbering several thousand, coming down from the north and northeast burning and looting as they came.

Vernacular newspapers describe invaders as troops of Fang Chen-wu, Tang Yu-lin, Li Shou-hsin and others of the puppet state, with bandits under Lao Hao-tzu, all wearing brown uniforms with arm bands reading "The Eastern Asiatic Allied Forces".

The situation in the affected area which is in the demilitarized zone is becoming increasingly acute.

LOCKHART

793.94/6504

*The Counselor of Legation in China (Peck) to the
Minister in China (Johnson)*²⁷

L-16 Diplomatic

NANKING, September 22, 1933.

SIR: In the course of a conversation with Dr. Sun Fo, President of the Legislative Yuan, on September 21, I mentioned the current reports that the policy of the National Government towards Japan was to be altered somewhat. I invited his comments.

Dr. Sun Fo assured me that in its fundamentals the policy towards Japan would be unchanged. In minor matters, however, the policy of the Government would be to give Japan no excuse for further encroachments and "no cause for complaint".

The rather unexpected phraseology used by Dr. Sun Fo justifies the inference that the Government is now not averse to talking with the Japanese Government in regard to matters in which contact is unavoidable. This information has been conveyed by public statements by President Wang Ching-wei of the Executive Yuan. It was also conveyed to me by Mr. Tang Yu-jen, Administrative Vice Minister for Foreign Affairs, in a conversation I held with him on the morning of September 21, which I shall report in a separate despatch.²⁸

²⁷ Copy transmitted to the Department without covering despatch; received November 4.

²⁸ Not printed.

It seems to be the general opinion in Nanking that Mr. Wang Ching-wei is sponsor for this deviation from the previous policy of complete abstention from negotiations with Japan on any subject, and that Mr. T. V. Soong, Finance Minister, supports adherence to the previous policy. Those who contend that this controversy exists, point to the departure of Dr. Lo Wen-kan, Minister for Foreign Affairs, on a mission to the North-west, and the appointment of Mr. Tang Yu-jen, a supporter of Mr. Wang Ching-wei, as one of the Vice Ministers for Foreign Affairs, as evidence of the truth of the theory. They allege, also, that Mr. Tang, although the Administrative Vice Minister, has, on his own initiative, taken over largely the duties of Dr. Hsu Mo, Political Vice Minister, who is held to be a follower of Mr. T. V. Soong and Dr. Lo Wen-kan in regard to policy matters. It is reported that Dr. Hsu Mo would like to withdraw from the present uncongenial atmosphere of the Foreign Office, following, in this respect, the example of his erstwhile colleague, Mr. Liu Chung-chieh, lately Administrative Vice Minister.

Respectfully yours,

WILLYS R. PECK

793.94/6480 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 23, 1933—4 p.m.

[Received September 23—11:40 a.m.]

764. Japanese airplanes flew low over Peiping this morning dropping hand bills to the effect that forces of General Fang Chen-wu have occupied territory within the demilitarized zone defined in the Tangku agreement of May 31 and stating that unless these forces have completely evacuated zone by the evening of the 26th of September the Kwantung Army will commence military operations against them. Hand bill bearing yesterday's date is headed "warning to Fang Chen-wu and his allies" and is subscribed "Commander in Chief of the Japanese armies".

According to communiqué issued by Peiping branch military council yesterday afternoon Fang has about 2,000 troops at Huaijou. There are unconfirmed reports to the effect that Generals Chi Hung-chang and Tang Yu-lin are at Heisuikou on the Chahar-Jehol border preparing to join forces with Fang. Further report will be made when situation is somewhat clarified and more definite information is obtainable.

JOHNSON

861.77 Chinese Eastern/1245 : Telegram

The Chargé in Latvia (Cole) to the Secretary of State

RIGA, September 26, 1933—2 p. m.

[Received 2:45 p. m.]

37. *Izvestia* 22nd publishes text of a short note delivered both in Moscow and Tokyo in which Assistant Commissar Sokolnikov declares the Soviet Government has received trustworthy information that the Manchurian authorities propose to effect arbitrary changes in the management of the Chinese Eastern Railway; that the Soviet Government has authorized him to issue a warning in its name that such action will violate the existing treaty status of the railway and will contravene obligations assumed by the Tokyo and Mukden Governments; and that for this, not powerless Manchukuo but Japan, the real master, must bear direct responsibility.

In view of the previous extremely moderate tone of the Soviet Government the foregoing is surprisingly aggressive.

Semi-official *Izvestia* 24th in a leading editorial entitled "Unmasking the Grabbers and a Warning to their Instigators" uses phrases in relation to Japan such as insolent plan, hypocritical tactics, breaking treaties, ignoring obligations, conspiracy to seize, et cetera. Party organ *Pravda* on the same day writes in the same tone concluding that Tokyo should not forget that the Soviet Union is strong enough to defend its interests and rights.

COLE

793.94/6481 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 26, 1933—5 p.m.

[Received September 26—8:55 a.m.²⁹]

771. Legation's 764, September 23, 4 p. m. Shortly after noon today Japanese aeroplanes flew low over Peiping and dropped leaflets reiterating their intention to take military action to force evacuation of demilitarized zone by Fang Chen-wu and his allies by this evening. At 1:30 this afternoon there was fighting at Kaoliying between Central Government forces and Fang's cavalry. It is believed that main action centers at Shunyi although Fang's cavalry is also operating westward toward Tangshan. Yesterday Fang's infantry and cavalry, closely watched by low-flying Japanese aeroplanes, moved from Huaijou to Kaoliying and gave evidence of intention to move eastward along the southern boundary of demili-

²⁹ Telegram in two sections.

tarized zone. Japanese have stated that their forces will not pursue Fang once he leaves demilitarized zone.

2. In the area occupied Fang has announced his intention to take Peiping and to drive from power Chiang Kai-shek who is characterized as an enemy of the Chinese people who must be removed before peace and reunification is possible. Fang also has broadcasted handbills denouncing T. V. Soong and the American wheat and cotton loan.

3. Following from American Consul General at Nanking:

“September 26, 1 p. m. Following from Chinese source believed to be reliable: Shih Yu-san now in Tientsin has boasted he has received guns from the Japanese. The Japanese tried their best to prevent T. V. Soong from resuming office and are now pressing him for commercial treaty or at least revised tariff. Up to September 25, noon, the Chinese Government was determined to resist these demands even though belief is current that the Japanese are backing Fang Chen-wu attack as means of additional pressure. My informant earnestly requests you refrain from communicating this to your colleagues lest it reach the Japanese.”

JOHNSON

793.94 Advisory Committee/46

The Under Secretary of State (Phillips) to the Secretary of the Treasury (Woodin)

WASHINGTON, September 26, 1933.

MY DEAR MR. SECRETARY: Under date June 12, 1933, the Secretary General of the League of Nations transmitted to me a copy of a circular prepared by the Advisory Committee of the League,³⁰ in whose deliberations Mr. Hugh R. Wilson, American Minister to Switzerland, participated as a representative of the American Government, relating to various measures involved in the non-recognition of “Manchukuo”, a new political régime which has been set up in Manchuria, China. Among the measures dealt with in this circular there is one which relates to the currency of “Manchukuo”, as follows:

“After considering the currency question, the Advisory Committee has arrived at the conclusion that a domestic currency is created by a domestic law, and is actually utilised in the same way as any other object of value that is bought or sold in the international market. The Committee thinks it inexpedient to propose that Governments should pass legislation prohibiting transactions in ‘Manchukuo’ currency, but it desires to call the attention of countries which have an

³⁰ For text of the letter of June 12, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 120; for text of the circular, see League of Nations, *Official Journal*, Special Supp. No. 113, p. 10.

official foreign exchange market to the desirability of taking any useful measures in order not to admit official quotations in 'Manchukuo' currency."

In replying to the Secretary General, I informed him under date September 20, 1933,³¹ *inter alia* as follows:

"In reply I am happy to inform you that the views of the American Government with regard to the principle of non-recognition remain unchanged and that the American Government concurs in general in the conclusions arrived at by the Advisory Committee."

So far as I am aware the Treasury Department has not published anything in relation to or in quotation of "Manchukuo" currency, but, in order that our policy in the future in this regard may be in accord with the recommendation of the Advisory Committee in which this Government has concurred, I shall appreciate your taking whatever steps may be necessary to ensure that the Treasury Department will not, without consulting this Department, publish anything relating to "Manchukuo" currency.

I am sending a similar letter to the Federal Reserve Board.³²

Sincerely yours,

WILLIAM PHILLIPS

893.01B11 Manchuria/3

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With Mr. George Bronson Rea ³³

[WASHINGTON,] September 26, 1933.

Mr. Rea said that he had arrived very recently and he felt that his first call should be on Mr. Hornbeck.

Mr. Rea said that he wished to explain his position. He said that he was not an official of or an adviser to the "Manchukuo" government; that he was a "counselor"; that he had felt that if he became an adviser it might jeopardize his position as an American citizen, in regard especially to his extraterritorial rights, but that if he became a "counselor" there could be no ground for objection or question of legality. He said that he had given a copy of his contract to the American Consul General at Harbin for forwarding to the Department.

Mr. Rea made a statement with regard to the present position, attitude and program of the "Manchukuo" government. At most points in the conversation he referred to that government as "we". He said

³¹ *Foreign Relations*, Japan, 1931-1941, vol. 1, p. 122.

³² Assurances were received by the Department in reply to both letters (793.94 Advisory Committee/56, 57).

³³ U. S. editor and publisher, *Far Eastern Review*, Shanghai; Counselor, "Manchoukuo" government.

that they were not now seeking recognition and were not seeking a loan or any other assistance from abroad; what they wanted was to be "let alone" and given an unobstructed opportunity to demonstrate what they can do. He painted a rosy picture of the economic developments which might take place. He talked of building fifty to seventy thousand miles of roadways within the next five years (later he said ten years) and of large-scale purchase of machinery which he said could be obtained only from the United States (as being manufactured here only).

Mr. Rea said that Manchukuoans and not the Japanese were governing in Manchuria. He said that he had talked with most of the leaders of the Japanese Government, in Tokyo, and he was assured by them that they had no desire to annex Manchuria; that they felt it was much more practical from point of view of their interests to have an independent state there. In final analysis, he said, Japan's problem is Russia. They are building up the independent state of "Manchukuo" as a buffer. They expect, sooner or later, to have to fight it out with Russia. He said that they would have their troubles with the Manchukuoans; the Manchukuoans will be irked by the presence and restraint of Japanese advisers and will insist more and more on independence in fact. That situation will have to be met as it arises.

Mr. Rea then referred to the dispute over the Chinese Eastern Railway and gave a somewhat extended account of the current negotiations. He said that he felt that 50,000,000 yen was a fair price and that he had advised the "Manchukuo" government to stand pat on that figure or at least not to raise the bid above 65,000,000 yen.

Mr. Hornbeck inquired what had been the largest figure for any one year's American imports into Manchuria. Mr. Rea replied that he thought it had been about \$8,000,000. There followed some discussion of the potentialities in regard to the increase of the foreign commerce of China as a whole and of Manchuria as a part.

Mr. Hornbeck inquired whether Mr. Rea could throw any light on the Russian protest of last week to Japan in relation to the Chinese Eastern Railway. Mr. Rea talked at some length but without throwing much light. He said that the "Manchukuo" authorities are confronted with a problem in the presence of some thirty thousand Russians who are communists in the employ of the C. E. Railway. He said that these people were making trouble all the time. Mr. Hornbeck inquired what kind of trouble. Mr. Rea replied that he did not know the details but he thought it related mostly to propaganda and perhaps some supplying of arms to Chinese bandits.

Mr. Rea then reverted to the question of his own position. He said he did not wish to do anything which would embarrass anybody or make any trouble; that he was here to try to explain "Manchukuo";

that he was going to take a residence here and be here for at least a year; that he would like to know whether there would be any objection to his using, as he had done at Geneva, a brass doorplate bearing the legend "Manchukuo mission". Mr. Hornbeck replied: "You and I have been acquainted for a long time and have spoken to one another frankly about many matters; I should say frankly that such a plate would be a 'brass plate' with the emphasis on the 'brass.'" Mr. Rea replied that he appreciated having this frank expression of opinion. He continued to the effect that he did not wish to do anything which would be objectionable. Mr. Hornbeck then said that there had been in the press some weeks ago a story to the effect that Mr. Rea had said that he was coming over here to be an "unofficial ambassador" of "Manchukuo"; that that was an unfortunate kind of a story; that now that Mr. Rea had explained that his position was merely that of "counselor", Mr. Hornbeck would suggest that Mr. Rea carefully refrain from making any statements or engaging in any action which might imply or which might cause anyone to infer that he was thinking of functioning as an official representative, in any capacity, of "Manchukuo". Mr. Rea said that he appreciated having that suggestion, as he did not want to do anything "objectionable."

Mr. Rea then took from an envelope and handed to me a document which he said was a copy of his contract with the "Manchukuo" government. While I read it, he said that he would like to give it to the Department. I made mental note of its contents and, remarking that in view of his statement that he had given Hanson³⁴ a copy for transmission to the Department I did not think that we need have this copy, I handed the document back to him.

(See Note on next page.³⁵)

S[TANLEY] K. H[ORNBECK]

(Note: The important items in the document which Mr. Rea handed me as being a copy of his contract with the "Manchukuo" government were to the effect that he was to be a "counselor" of the "Manchukuo" government; he was to receive an annual "retainer" of 60,000 "Manchukuo" dollars; after his return from the United States he was to receive in addition 20,000 "Manchukuo" dollars annually for maintenance of an office; and, while on his trip to the United States, all his necessary expenses were to be paid.)

S[TANLEY] K. H[ORNBECK]

³⁴ George C. Hanson, Consul General at Harbin.

³⁵ *Infra*.

793.94/6482 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, September 27, 1933—11 a.m.

[Received September 27—2:25 a.m.]

148. 1. The Secretary to the Minister of War yesterday made the following statement to the Acting Military Attaché in regard to the situation in Manchuria and in North China.

“(a) Because of certain irregularities on the part of the Russian Railroad officials, the “Manchukuo” *gendarmerie* at Pogradichnaya and Manchuli have taken charge of the stations at both places. No other details are known at present; the Kwantung Army is in no way involved.

(b) Generals Fang Chen-wu and Chi Hung-chang, former subordinates of Feng Yu-hsiang have marched a force of anti-“Manchukuo” and anti-Nanking troops from the vicinity of Dolonor to Hwaiju (40 kilometers north of Peiping) in the neutral zone. This is a direct violation of the Tangku truce. Generals Fang and Chi have been given until midnight today the 26th, to withdraw to the south or westward. In the event that they do not withdraw or if they advance northward or eastward, Kwantung Army Headquarters will take the necessary steps to drive them out.”

2. The Embassy doubts if Japan instigated the action taken by Fang and Chi but believes that it has produced a state of affairs not altogether displeasing to the War Office and Kwantung Army Headquarters. The Embassy is of the opinion that the army has no intention of seizing Peiping and would do so only under extraordinary circumstances.

Repeated to Peiping.

GREW

701.9411/768

Memorandum by the Under Secretary of State (Phillips)

[WASHINGTON,] September 28, 1933.

The Japanese Ambassador came in to say that he had now returned to Washington after a three months' holiday.

The Ambassador mentioned in passing the negotiations with Russia over the sale of the Chinese Eastern Railway; said that it was purely a matter of price-fixing and that the two governments were still far apart in arriving at a satisfactory price; there was no possibility of armed conflict inasmuch as the Chinese Eastern Railway was entirely under the control of the Japanese which left very poor means of transportation to the Russians over their northern route.

W[ILLIAM] P[HILLIPS]

793.94/6484 : Telegram

The Consul at Geneva (Gilbert) to the Secretary of State

GENEVA, September 29, 1933—3 p. m.

[Received September 29—7 :23 a. m.]

206. In his address to the Assembly this morning which chiefly concerned the Sino-Japanese conflict Koo made the following points of policy. The Assembly report strengthened by the approval of the United States remains for China the only satisfactory settlement. China maintains the doctrine of nonrecognition and the present situation in China will remain only as long as it is physically impossible for China and politically impossible for the rest of the world to correct.

GILBERT

893.00/12477 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, September 29, 1933—3 p. m.

[Received September 29—1 :20 p. m.]

My September 27, 3 p. m.³⁶ Approximately 1,500 soldiers of the One hundred eighteenth Division all wearing black police uniforms passed through Tientsin yesterday en route from Yangtsun to Changli to engage in bandit suppression work. Foreigners arriving from Changli report greatly improved situation there and tension relaxed.

LOCKHART

761.94/633

The Ambassador in Japan (Grew) to the Secretary of State

No. 536

TOKYO, September 29, 1933.

[Received October 13.]

SIR: Adverting to my telegram No. 127 of July 18, noon, and to recent despatches * relating to Soviet-Japanese relations, there is submitted below a further report covering recent incidents and developments touching upon this general subject. While the situation between the two countries does not at the present moment appear to be critical, foreign observers in Tokyo are very nearly unanimous that, with a continuance of present political conditions, eventual war between Japan and Soviet Russia is inevitable, such differences of opinion as arise being concerned more with the probable time of the

³⁶ Not printed.

* Embassy's despatch[es] No. 472 of July 13, 1933 and No. 483 of July 23, 1933. [Footnote in the original; despatches not printed.]

eventual clash than with the inevitability of its occurrence. The majority of observers set the spring of 1935 or the spring of 1936 as the most likely dates, basing their opinion on the fact that Japan will then be fully prepared to strike, but it is obviously recognized that unforeseen developments may alter these predictions.

The foregoing opinions are based to some extent on the following factors:

- (1) The Chinese Eastern Railway controversy.
- (2) The continuance of petty but irritating incidents.
- (3) Japanese ambitions in Kamchatka and Mongolia.
- (4) Soviet military preparations and increasing indications of Russian intransigence.

1. *Chinese Eastern Railway Controversy.*[†]

On September 21 the Gaimusho³⁷ received a protest from the Soviet Government which denounced in harsh terms the Japanese "Manchukuo" stand in the Chinese Eastern Railway Sale Controversy and served warning that Soviet Russia would hold the Japanese Government directly responsible should the reported plan to seize the railway be consummated. With this protest the question was transformed from a purely business deal between "Manchukuo" and Soviet Russia to a first class diplomatic issue involving Japan. The Foreign Office, however, preserving the fiction that Japan is not concerned in the matter, has referred the protest to "Manchukuo". With the reported seizure of Pogranitchnaya and Manchuli stations, east and west termini of the Chinese Eastern Railway, the situation contains dangerous potentialities.

2. *The Continuance of petty but irritating incidents.*

The number of border clashes and "incidents" involving Japan, "Manchukuo" and Soviet Russia has not diminished. These include the attack on a Chinese Eastern Railway train near Pogranitchnaya and capture of 37 Soviet citizens by alleged "Manchukuo" agents on September 10; the detention and release six days later of a Mr. Kameyama, "Manchukuo" revenue officer, suspected of espionage by the Soviet border guards; the accusation that the river steamer *Tungshan* carries hidden Soviet guards; the seizure of two Soviet sailing vessels near Anbetsu, West Saghalien; and the detention by Soviet employees of the Chinese Eastern Railway of a train bound from Pogranitchnaya to Harbin on September 25 and its release as a result of a "strong" protest by "Manchukuo" officials. While the above incidents are petty in character, they nevertheless serve to intensify the friction along the border where military outposts are

[†] Embassy's despatch[es] No. 535, September 29, 1933 and No. 471 of July 13, 1933. [Footnote in the original; despatches not printed.]

³⁷ Japanese Foreign Office.

remote from the control of the central command. Bearing in mind the psychology of the younger army officers in Japan, their arrogance and impetuosity, there is an ever present possibility that an insignificant clash may result in serious consequences. Reports frequently reach Tokyo that White Russians in Manchuria are constantly intriguing to that end.

3. *Japanese ambitions in Kamchatka and Mongolia.*

It has become increasingly evident that the important issues between Soviet Russia and Japan are not limited to the liquidation of the Russian sphere of interest in North Manchuria and the settlement of the Chinese Eastern Railway controversy. North Saghalien, the Amur district, the Maritime Provinces, Kamchatka, and Mongolia are frequently mentioned within the scope of Japanese ambitions. The stake is oil, coal, fisheries, lumber, mineral ores, and, in the case of Mongolia, wealthy markets.

In regard to fisheries there is indication that Japan proposes to take an aggressive attitude in furthering her interests in the neighborhood of Kamchatka. Recently it was announced in the press that a conference to settle all the pending problems of this industry will be held at Hakodate, Hokkaido, beginning October 7. The Government will be represented by officials of the Foreign Office, and of the Navy, Communications and Agriculture and Forestry Ministries. The decision of the conference, it is said, will be transmitted to the Soviet Government by the Foreign Office, and owing to the dissatisfaction of the Japanese fishing interests with the present conduct of the fisheries, will certainly include demands directly opposed to the interests of the Soviets. Incidentally the Soviet-Japanese Fishery Convention expires in 1936.

It is also to be noted that the Japanese are actively attempting to dominate Mongolia. As reported in my despatch No. 526 of September 25, 1933,³⁸ the General Manager of the National City Bank for Japan and Manchuria³⁹ told me that he had learned, while in North Manchuria, that hundreds of Japanese secret agents are at work seeking to win the favor of the Mongolians. There are in Tokyo not infrequent rumors of the success which has attended efforts to bribe the Mongol princes. The economic possibilities of Mongolia are frequently underestimated, and it is evident that the conflict of interests in a region which Soviet Russia had successfully appropriated to herself will be a bitter one. Behind Mongolia, moreover, lies a new industrial region vital to the Soviets.

³⁸ Not printed.

³⁹ John L. Curtis.

4. *Soviet military preparations and increasing indications of Russian intransigence.*

On August 29 in Tokyo at a dinner which he was giving to representatives of the Foreign Press the Soviet Ambassador did some very plain speaking. He denounced the Japanese defense propaganda in no uncertain terms, stated that Soviet Russia was at the limit of its patience in dealing with Japan, and declared that not only was his country well prepared to defend its territory if need be but was ready and able to conduct offensive operations. To support this evidence that Russia at last feels able to play a stronger hand is the statement of a Soviet Trade representative who declared that a year ago Soviet Russia would have evacuated the Maritime Provinces but that now she would be prepared for any eventuality by 1935. Furthermore, Russia does not hesitate to retaliate in the give and take of the "Manchukuo" border incidents nor does the uncompromising attitude of the Soviet delegates to the Chinese Eastern Railway sale conference in Tokyo suggest the former defensive attitude of the Soviet Government.

Behind this note of defiance struck by Soviet officials lies the consciousness of growing military strength along the Amur river and in the neighborhood of Vladivostok, a development which has contributed greatly to the conviction that a Soviet-Japanese war can scarcely be avoided. Three hundred bombing planes of the latest types are said to be concentrated at Vladivostok and the realization that it is within the range of these planes to wreak havoc in the wooden cities of Japan is proving disquieting to the Japanese military.‡ The airbase, moreover, commands the new rail route to "Manchukuo" from the port of Rashin, Chosen, through Tunhua. The Kwantung army is informed that, while the Soviets do not have as many men in Siberia as most people believe (number variously estimated at from 150,000 to 600,000) their equipment, tanks, airplanes, machine guns, etc., are of the most modern type and quite complete. It is not always realized that the major part of this military strength has developed from the feverish preparations of the last year and that the contrast between the strategic situation now and a year ago is very marked.

Nevertheless, despite the foregoing factors which have convinced observers of the ultimate likelihood of war, it is not generally believed that such a war could eventuate before 1935. The 6th division has recently been recalled from Manchuria, a member of the Foreign Office section which handles Russian Affairs informed one of my staff that the Kwantung Army is not ready to fight and does

‡ See enclosure, leading article *Tokyo Jiji*, September 29, 1933. [Footnote in the original; enclosure not printed.]

not wish trouble at the present time, and the appointment of Mr. Koki Hirota (former Ambassador to Moscow) as Foreign Minister is frequently interpreted as indicative of a wish to tide over Russo-Japanese problems for several years. It may be said, however, that the hypothesis has been advanced that Japan, as a result of her comprehensive information concerning conditions in Soviet Russia, believes that the Stalin regime may not maintain its grip much longer and that the subsequent deterioration of the U.S.S.R. would enable her to realize her ambitions without the cost of a war. Such a belief would explain the confident contempt in which many sections of opinion hold Soviet Russia.

Perhaps the most important evidence that war is not an imminent possibility lies in the indifference of the public. Patriotic fervor has been kept at high pitch by the military propagandists since September 18, 1931 and it is notable that Soviet Russia has seldom been accredited by them the menace to national security. It is scarcely conceivable that public opinion would not now be mobilized against Russia if war were near. In fact the only recent evidence of public feeling on the subject is an attack on the offices of Mr. Kojiro Matsu-kata, agent for the alleged dumping of Soviet gasoline on the local market, and this may well have been instigated by his commercial rivals.

In conclusion therefore, it appears reasonable to believe that for the present Japan will devote her energies to the exploitation of Manchuria, to the North China situation, to the modernization of her army and the building of her navy, and to her manifold trade problems, although, it may be said, the possibility certainly exists that a crisis may result from the Chinese Eastern Railway situation. For the future only time will tell whether a war will fulfill the logic of the evidence or whether unforeseen forces will obviate a struggle generally predicted for two years hence.

Respectfully yours,

JOSEPH C. GREW

893.00/12479 : Telegram

The Consul General at Tientsin (Lockhart) to the Secretary of State

TIENTSIN, September 30, 1933—10 a.m.

[Received 2:10 p.m.]

My September 29, 3 p.m. The three trains of armed police were turned back at Lwanchow by the Japanese military yesterday afternoon on the alleged grounds that they carried heavy machine guns and a light fieldpiece and on the further grounds that no information had been received from the Kwantung Army Headquarters indicating permission for them to enter the demilitarized zone. It is under-

stood negotiations with the Japanese military authorities will be resumed with a view to again despatching the police to the bandit [area?].

Reverend Kautto and wife of Church of the Brethren mission at Taitowying arrived Tientsin today and report Taitowying thoroughly looted by about 1,000 armed bandits on 23d carrying off 200 men and women for ransom, 2 of whom were from mission compound. Many houses burned and local militia fled. Bandits stated they had instructions not to molest foreigners. Kautto's 2 horses were seized but returned. Kauttos remaining here until situation clears.

LOCKHART

893.102S/1296 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 30, 1933—1 p.m.

332. Reference Shanghai's despatch No. 9069, August 17, 1933, to Department, in regard to Japanese activities at Shanghai.

1. This despatch does not indicate whether the Consul General had discussed the matter with his interested colleagues, particularly his British colleague, and makes no suggestions as to action. The Department perceives no warrant for the formulation by it of an instruction in this connection unless and until the Shanghai Municipal Council shall have formulated and have found impossible of execution reasonable plans for the enforcement of its jurisdictional rights and the members of the Diplomatic and Consular Bodies shall have considered the matter and made recommendations to their Governments.

2. Please inquire of the Consul General (*a*) whether he has discussed this matter with his interested colleagues, particularly his British colleague and, if so, what are their views and suggestions, and (*b*) whether his British colleague has reported the matter to the British Minister. Instruct the Consul General to embody his replies in a despatch to the Legation, mailing copies to the Department.

3. If a report in regard to this matter has been received by your British colleague in Peiping, please endeavor to obtain his views and to ascertain whether he has reported the matter to the British Foreign Office and, if so, whether the activities of the Japanese as reported have been brought by the British Government to the attention of the League.

4. Legation should report its own views by mail.

HULL

CHAPTER V: OCTOBER 1, 1933-JANUARY 5, 1934

Estimates as to unlikelihood of imminent Japanese-Soviet war, October 6; American reply to League Advisory Committee on scope of nonrecognition policy, October 23-25; Japanese press satisfaction with transfer to Atlantic of U. S. Fleet from Pacific; Foreign Commissar Litvinoff's discussion of Far Eastern situation, November 20; Japanese reaction to American recognition of Soviet Union; likelihood of Japanese crisis in 1935; disbelief of Soviet Embassy at Tokyo of Japanese attack on Soviet Union after spring of 1934; Minister Johnson's review of China in 1933, January 5, 1934

861.77 Chinese Eastern/1265

*The Consul General at Harbin (Hanson) to the Minister in China (Johnson)*⁴¹

No. 2703

HARBIN, October 3, 1933.

SIR: I have the honor to enclose herewith, for convenience of reference, a copy of an English translation of a Soviet Government note,⁴² recently addressed to the Japanese Government, stating that the former had knowledge that the "Manchukuo" authorities, acting under instructions of the Japanese Government, had determined to violate the rights of the Soviet Government on the Chinese Eastern Railway and that the Japanese Government would have to bear the responsibility for all violations of the treaties regarding the Chinese Eastern Railway as well as the preparation for seizing the railway.

It will be remembered that the Japanese Government replied to this to the effect that it was wrongly addressed, but that its contents would be brought to the attention of the "Manchukuo", if desired. This translation was published in the local *Harbin Observer* on September 25.

"Manchukuo" answered this note by arresting four chiefs of departments on the railway, as reported in my despatch No. 2686, dated September 25, 1933,⁴² on the subject of "Arrests of Leading Soviet Railway Officials at Harbin."

There is also enclosed a copy of an English translation of a Soviet Government note delivered to the Japanese Government on September 28th,⁴² stating that the arrests, mentioned above, were illegal, that the plan to seize the administration of the railway was initiated by the Japanese military, that the Japanese Government is responsible for the execution of the plan to deprive the Soviet Government of its rights on the railway and that the Soviet Government may consider the action taken by the Japanese authorities relative to the railway as a rupture of the negotiations for the sale of the railway, the responsibility of which lies also with the Japanese Government.

⁴¹ Copy transmitted to the Department by the Consul General at Harbin in his despatch No. 5872, October 3; received October 31.

⁴² Not printed.

It is true that Japanese officials ("Manchukuo") led the parties making the arrests.

A copy of the English translation of this note was kindly furnished this office by Mr. B. Hayton Fleet, owner and editor of the *Harbin Observer*.

Neither the Russian nor the Chinese press has published these notes, evidently having been forbidden to do so by the police.

It might be added that recently the local press has not commented on the fate of the four arrested railway officials. It is known that one of them, Mr. Kubli, chief bookkeeper, has been transferred from a room in police headquarters to the regular jail.

Respectfully yours,

G. C. HANSON

793.94/6519

*Memorandum by the Counselor of Legation in China (Peck) of a Conversation With the Chinese Minister of Finance (Soong)*⁴³

[NANKING,] October 3, 1933.

Mr. Peck said that, as a matter of information merely, he would like to ask for an expression of Mr. Soong's opinion on the present status of the Sino-Japanese relationship. He remarked that there had been a great deal of public discussion recently regarding a slight change of policy in this regard, on the part of the National Government. The change of policy was represented as being the determination of the National Government henceforth to deal with Japan normally and try to avoid friction in minor matters, wherein no question of principle was involved.

Mr. Soong said that, as Mr. Peck knew, the Japanese were very hostile to him. After he, Mr. Soong, had refused to go to Tokyo on his way back to China from abroad, the Japanese had sent a representative to him in Shanghai, to try to persuade him to take a more lenient attitude. Mr. Soong said he had told the Japanese representative that the Chinese Government would take a "correct" attitude. If Japan desired cordial relations with China, Japan must rectify her past actions. It was impossible for the Chinese Government to "cut their losses", forget what had happened, and let bygones be bygones.

Mr. Peck referred to the editorial which had appeared in the *North China Daily News* on October 2, 1933,⁴⁴ as representing one of the two principal lines of thought among foreigners on the question of Sino-Japanese relations. People who thought along the line taken

⁴³ Copy of this memorandum (together with despatch No. L-32, October 4, to the Minister in China) was transmitted to the Department without covering despatch; received December 4.

⁴⁴ Not reprinted.

by the editorial were of the opinion that China should pursue a "realistic" policy, that is, recognize that certain things had taken place which could not, for the time being, be altered, while at the same time, China should recognize that China and Japan were unavoidably neighbors and must have certain relations with each other, come what might.

Mr. Soong said that those persons whose thoughts ran in this direction ignored the fact that Japan would never be satisfied with what she had already acquired. He was not expressing an opinion, he said, but was stating a bald fact of which he had positive proof, that the Japanese were pursuing a deliberate plan of further expansion, one part of which was the alienation of North China, in the same way in which Manchuria had been taken from China. This was the fact which must be faced by those who were in actuality "realists". It was the settled determination of Japan, he said, to reduce China to a condition of subordination to Japan.

Mr. Peck said that during the summer, while Mr. Soong was away, he had been told by a Chinese Official that the two schools of thought to which reference had been made could be illustrated by two historical examples, viz., the example of Belgium, which had resisted invasion from the outset; and the example of France in connection with Alsace-Lorraine, when France had nurtured her strength for, say, forty years and had then recovered the lost territory.

Mr. Soong made the impatient comment that Chinese were fond of deluding themselves with words; that they were fond of drawing such historical parallels, and that these [were] only "words" and nothing more.

Mr. Peck said that if it would not be impertinent for him to make the inquiry, he would like to ask Mr. Soong whether this question of policy toward Japan was apt to cause a split in the Government. He observed that what he had in mind was the fact that General Chiang Kai-shek, Mr. T. V. Soong and Mr. Wang Ching-wei had emerged as a sort of trio, in general control of the National Government.

Mr. Soong pondered Mr. Peck's question a moment and then replied that he did not think that there would be any split, or any general "reorganization" of the Government, as Mr. Peck had suggested on the basis of newspaper reports. Mr. Soong said that the other two officials who had been mentioned needed the support of Mr. Soong, and he needed theirs, which was the plain fact of the situation.

Mr. Soong was explicit in stating that there were cross currents in the political thinking of the Government in reference to policy toward Japan. It was plain that he regards as genuine "realists"

those who grimly realize the fact of Japan's relentless plan for the subjugation of China and resist it, rather than those self-styled realists who advocate recognition of Japan's military superiority and would follow a policy of placating Japan, in the futile hope of not provoking further onslaughts. Mr. Soong observed that whichever policy is followed China will have to deal with Japan's determination to alienate North China.

493.11/1786: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 6, 1933—6 p.m.

338. Your 781, October 2, 11 a.m.,⁴⁵ last paragraph. Your suggestion that the Consuls General at Mukden and Harbin be authorized where necessary and appropriate to address the local authorities in regard to claims of American citizens arising in Manchuria, omitting names of such authorities and any Manchukuo designation in the nature of titles and refraining as heretofore from addressing officials of the Manchukuo central régime, has the Department's approval.

Inform Mukden and Harbin.

HULL

761.94/644

*The Ambassador in Japan (Grew) to the Under Secretary of State (Phillips)*⁴⁶

TOKYO, October 6, 1933.

[Received October 21.]

DEAR MR. PHILLIPS: The liability of armed conflict between Japan and Russia has been present for over thirty years. One such conflict has taken place. As long as the Soviets had no important military forces in the Far East, the Japanese were not particularly apprehensive over the situation. Since 1929, however, when it became apparent that the Russians had effective forces east of Baikal, the Japanese have become increasingly anxious, and ever since the Japanese and Russians were brought face to face by the Manchurian adventure of September 1931, this anxiety has been much in evidence.

At the present time the Russians are stated to have some 200,000 soldiers in the Far East, while their air force, partially based at Vladivostok, is said to be far better equipped than the Japanese. In

⁴⁵ Not printed.

⁴⁶ Despatch transmitted in response to the Department's telegram No. 85, October 2, 5 p. m., requesting "your estimate of possibility of armed conflict between Russia and Japan within near future or eight months or two years." (761.94/624a)

any case, whatever the precise figures, the Japanese consider that the Russian army is a serious military menace. This situation, probably more than any other single factor, has led the Japanese to devote their attention and a large portion of their budgetary appropriations to increasing the combat efficiency of their own army. At the present time they are engaged in a plan for re-equipping their whole military establishment on the most modern lines, a program which is expected to be completed by 1935, and in steadily pushing forward new roads and railroads in Manchuria towards the Russian frontier.

In estimating the liability of war between Japan and Soviet Russia within the next few years, three potential incentives should be considered: (1) the collective force of continual irritating incidents, or even some individual incident of a local character, which might cause either party to lose patience and precipitate a conflict. (2) The increasing menace of the spread of communism southward from Outer Mongolia along the western boundary of "Manchukuo". The eventual straightening out of the Chahar salient, which extends in towards the heart of "Manchukuo", is undoubtedly in the minds of the Japanese military. This would be considered by the Japanese as in the nature of a defensive rather than as an offensive step, but it could readily lead to war. (3) The possibility that Japan recognizes in Russia a permanent obstruction to Japanese plans or ambitions for eventual further political expansion and is determined that this obstruction must be removed at the most advantageous moment. This moment would presumably occur when the Japanese feel that their army has reached the zenith of efficiency, in 1935. After that moment it may be assumed that time will tell in favor of Russia which is potentially capable of eventually mobilizing far greater man power, and perhaps equipment, than Japan. If Japan is determined to strike, she cannot afford to delay too long. There is, however, no concrete evidence to determine whether the present Japanese military preparations are intended to be defensive or offensive in character.

To deal first with point 1, above, namely the causes of local friction, it may be said that these have greatly increased the tension between the two countries in recent months. I have reported them in detail from time to time.

First and foremost is the friction arising out of the determination of "Manchukuo", which at present is to all intents and purposes controlled and directed by Japan, to acquire the Chinese Eastern Railway. The negotiations for the sale of the railroad are dragging along without obvious progress and there is evidence of impatience at the delay. Only recently the authorities of "Manchukuo" seized the two terminal railway stations and arrested the Russian personnel on the grounds of alleged malfeasance in office. While the Japanese disclaim responsibility for this action and insist that it is only the act

of the "Manchukuo" authorities themselves, the burden of proof rests with the former. "Manchukuo" officials have openly stated that if the negotiations for the sale should fail, there would be no alternative but to confiscate the railway, a threat which has been given practical demonstration by the recent provisional seizures. The Russians, at the beginning, showed a conciliatory attitude, but recently a decided stiffening on their part has been manifested. It is however perfectly clear that "Manchukuo" (i.e. Japan) is determined to acquire possession of the railway by fair means or foul. While this situation is a strong irritant in the relations between the Soviets and Japan, I do not believe that it will lead, in itself, to war because (a) the Japanese are not yet fully ready for war and (b) it is not believed that the Russians desire to precipitate hostilities even on so egregious an issue.

Further causes of local irritation are the fisheries question and continual frontier incidents. A number of Japanese have been killed by the Russian police in connection with the fisheries in the last few years. The last incident was particularly notable because the men killed are reported to have gone ashore in a small boat, unarmed, in search of water. The incident was however settled by an apology from the Russians, the payment of an indemnity, and the withdrawal of the Japanese warship sent to investigate. It was obvious that neither side desired a conflict. With regard to the frontier, the Japanese in Manchuria appear to be keeping their armed forces away from the Russian border, but the border between Manchuria and Siberia is in places ill-defined and there are continual complaints by the Russians and "Manchukuo" authorities of armed raids back and forth across the frontier, as well as of firing on ships in the Sungari and Amur rivers. The confiscation of the Russian Sungari docks by "Manchukuo" authorities did not help to ameliorate the general friction.

In spite of the irritation caused by these various incidents, however, I am not inclined to believe that they will directly lead to war, unless some particularly flagrant case should give rise to a situation beyond the control of the home authorities.

With regard to point 2, above, the Japanese aversion to communism is an element in the situation worthy of consideration. Communistic thought is viewed as a crime in Japan; it is feared and hated, and drastic measures are being taken to stamp it out of the country. Japan considers herself as the bulwark against the spread of communism southward and eastward. Given sufficient provocation, the Japanese could readily be aroused to enter Siberia with the intention of completely destroying a regime which it fears and detests.

Adverting to point 3, above, namely the likelihood of a definitely formulated Japanese plan to attack Russia at the most advantageous

moment, any estimate that may be advanced is obviously a matter of conjecture. We have seen the headstrong action of the Japanese army in Manchuria. We are aware of the present omnipotence of the Japanese military machine, capable of over-riding any policy of restraint that may be formulated by the civil government, and we are familiar with the ambitions, particularly of the younger army officers, to advance Japanese hegemony in Asia. The hypothesis that Outer and Inner Mongolia are included in those ambitions is not farfetched, although concrete evidence is not available. The Japanese army has been built for war and, like a trained football team, is eager for action. The army leaders are at present in practically complete control of the policies, decisions and destinies of the Empire.

On the other side of the picture, I may mention the recent remarks of the Soviet Ambassador, reliably reported, to a group of foreign newspaper correspondents at dinner at the Soviet Embassy in Tokyo, to the effect that Russia is fast coming to the end of her patience and is fully prepared to defend herself by force of arms against Japanese action derogatory of her sovereignty or prestige.

To sum up, I do not believe that war between Japan and Soviet Russia is imminent unless some glaringly provocative incident renders it impossible to hold the Japanese army in check. It should not be forgotten that this possibility is always present. Feeling on both sides at the points of contact is tense, and an incident, or a conjunction of incidents, might precipitate an armed clash with far reaching results. I furthermore think it not unlikely that Japan is determined to remove the Russian obstruction from the path of her ambitions at an advantageous moment, and that the most advantageous moment, from data at present available, may occur in 1935. The majority of foreign observers in Tokyo agree with this estimate.

Sincerely yours,

JOSEPH C. GREW

761.94/646

*The Assistant Chief of the Division of Far Eastern Affairs
(Hamilton)*⁴⁷ *to the Chief of the Division (Hornbeck)*

TOKYO, October 6, 1933.

[Received October 21.]

DEAR MR. HORNBECK: [Here follows historical résumé and background of Russo-Japanese relations.]

⁴⁷ Mr. Hamilton was on special assignment in the Far East.

II. THE PRESENT SITUATION

It will be recalled that the present Japanese Minister for Foreign Affairs, Koki Hirota, has recently served as Japanese Ambassador to Moscow. Although his appointment may not have been attributable in any way to the present state of Japanese-Russian relations, his occupancy of the post of Foreign Minister may reasonably be regarded as likely to result in a better understanding of and possibly an improvement in the relations between the two countries. In his first press interview after assuming office as Foreign Minister, Hirota emphasized that the basic feature of his policies would be the cultivating and strengthening of Japanese relations with her three neighbors, the United States, China and Russia.

In gauging the relations between Japan and Russia, it needs always to be borne in mind that the Japanese Government is adamant in its opposition to subversive activities and communistic doctrine characterizing the program of Soviet Russia. In a conversation of October 2, with Eiji Amau, the present Foreign Office "spokesman", Mr. Amau remarked that the question of Japan's relations with Soviet Russia was peculiarly difficult because of the various trends of opinion in Japan on the question, and because of the existence and the activities of the Third Internationale. The active propagation in Japan by agents of Soviet Russia of communistic doctrines would almost certainly result in drastic action by the Japanese authorities and might result in an open break between the two countries.

III. ESTIMATE OF THE POSSIBILITY OF ARMED CONFLICT BETWEEN JAPAN AND RUSSIA

At the present time relations between Japan and Russia are admittedly far from smooth. Petty but annoying incidents threatening good relations arise more or less constantly. There are also more important questions outstanding in the relations between the two countries. Soviet government agents and "Manchukuo" agents (which to all intents and purposes are Japan's agents) are in constant juxtaposition along a frontier ill-defined in various points. The fisheries controversy involves a class of persons among whom there is always danger of brawls and of even more serious incidents. There is reason to believe that the Japanese military at times cast covetous eyes upon Eastern Siberia and Mongolia with their stakes of raw materials. Japan is very much alive to the menace of a neighbor dangerous not only from point of view of military strength but also from point of view of ideas and doctrines which are utterly

repugnant to the Japanese Government. The general situation is fraught with possibilities of serious danger.

However, notwithstanding the foregoing, I do not believe that there is likelihood at present of armed conflict breaking out between Russia and Japan. The problems outstanding in the relations between the two countries are susceptible to adjustment by negotiation. (A responsible official of the Foreign Office told me on October 4 that he thought a settlement would be worked out and agreed upon in the Chinese Eastern Railway sale negotiations, probably the most important problem outstanding in the present diplomatic negotiations between the two government[s].) So far as can be ascertained here, Russia, although manifesting during recent months a somewhat firmer attitude, shows no indication of desiring to assume the offensive. Japan, to judge by present indications, is not preparing and does not wish for an armed encounter at this time. The public is not now being educated or inflamed to a present war. Japan's present warlike activities seem pointed rather toward obtaining by 1935 an already worked-out military and naval program. It therefore seems to me that the weight of evidence is against the outbreak at this time of armed conflict between Japan and Russia.

I also do not see factors in the general situation which would make likely the outbreak of an armed conflict in the next eight months or year.

With regard to the question of the possibility of armed conflict between Japan and Russia in two years, say about 1935, it may safely be said that by 1935 Japan will, in case she carries to completion her present military and naval program, which seems very likely, be fully prepared for an armed encounter with Soviet Russia. It is impossible to estimate, due to the scarcity of reliable information about the general situation in Russia, whether Russia at that time will be more ready for war than she now is. In case Russia develops in strength, it seems reasonable to assume that she will be prepared to resist further Japanese aggrandizement on the north Asiatic continent, if not actually to attempt to wrest from Japan territory formerly dominated by Russia. Given a stronger Russia, we would have by 1935 two fully armed antagonists, each ready and willing to fight. In that situation a war is very likely to result. Even in case Russia is not ready to fight, Japan by 1935 will be at the zenith of her military preparations and may readily decide that the moment is ripe to remove from the Far East the menace of Russia.

It seems likely, then, that by 1935 Japan will be ready and willing to engage Russia in armed conflict. Japan may wish to postpone that engagement until after the next naval conference, provided she

then thinks that she can obtain by diplomacy her naval demands. In case in 1935 the general situation is such that Japan should conclude that she could not attain her naval demands by diplomacy, that would be added reason for Japan to proceed to an armed conflict with Russia, during which Japan would disregard any outside restrictions on her naval building program.

It is of course possible that within the next two years the situation at present existing between Japan and Russia will improve materially and remove at least for the time being the danger of an armed conflict. During that period the Japanese military is certain to be much occupied in pacifying and assisting in organizing the administration of Manchuria. If reasonable and satisfactory progress is made in that direction, the attention of the Japanese military may be diverted from thought, or the feeling of need, of armed conflict with Russia. During that period also, the present Soviet regime may collapse or become so weakened that it will no longer be considered by Japan as a menace. It is conceivable, too, that the domestic situation in Japan would by 1935 change so fundamentally as to make improbable an armed conflict with Russia; but I see no strong evidence pointing toward such a change in Japan within that period.

In conclusion it is my estimate that, given a continuation of the present general situation, an armed conflict between Russia and Japan is not likely to occur at the present moment or in eight months or a year; but that there exists serious danger of armed conflict between the two countries two years from now. Such a conflict may of course come at any moment through the outbreak of a local incident which might easily expand to serious proportions. And a conflict may come before 1935 in case the internal situation in Japan should alter in such a way as to jeopardize the present dominant position of the military, thereby causing the military to resort to a foreign war, most probably against Russia, in order to divert domestic attention from the military and enable it to maintain itself in power. In the circumstances existing in the relations between Japan and Russia, it will always be a very easy matter for Japan to invent a pretext for war if she so desires. The Japanese military, however, continue to be strongly entrenched in power and there are no definite indications that a situation will develop within the foreseeable future where their present dominant position will be challenged.

Sincerely yours,

MAXWELL M. HAMILTON

711.94/845 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 7, 1933—noon.

90. Department's 89, October 6, 1933, 5 p.m.,⁴⁸ paragraph numbered 2.

The Department assumes from your 149⁴⁹ that you will discuss this subject only in response to invitation from Hirota for suggestions. In view of likelihood that premature disclosure by Hirota of your conversation on this subject might, by leading to undesirable publicity, prejudice successful intervention by Hirota with Manchukuo, you should impress upon him that if he considers it necessary to inform his colleagues of the conversation he must make it clear to them that it was he who initiated his conversation with you.

HULL

761.94/629a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 10, 1933—noon.

92. What significance do you attach to statement reportedly made yesterday by War Office spokesman to Associated Press correspondent concerning possible Japanese demand on Russia for "amends, retraction, and guarantee of future good faith. Otherwise stronger measures may be necessary."?

HULL

761.94/630 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 11, 1933—7 p.m.

[Received October 11—7:43 a.m.]

157. Your 92, October 10, noon. The statement of the spokesman of the War Office is directly in line with the habitual policy of the Japanese military to rattle the saber. Until the present controversy in the Cabinet described in my 156, October 11, 11 a.m. [noon],⁵⁰ leads to some decision which will determine the future provocative or peaceful policy of the Government it would be premature to interpret the full purport of the War Office statement. The Foreign Office is reported to be debating the action to be taken in connection with the publication of the documents relating to Japan's alleged

⁴⁸ *Foreign Relations, Japan, 1931-1941, vol. I, p. 125.*

⁴⁹ Dated October 3, 1933, 2 p. m., *ibid.*, p. 123.

⁵⁰ *Post*, p. 710.

determination to seize the Chinese Eastern Railway which the Japanese have branded as forgeries. No decision has yet been reached. The Minister for Foreign Affairs states that he regards the incident as a Russian maneuver in the Chinese Eastern Railway negotiations and not a matter of major importance.

In view of the troubled condition of domestic Japanese politics there is always the possibility that some incident in the present state of tension in Russo-Japanese relations may have serious consequences.

I shall carefully follow developments.

GREW

793.94 Advisory Committee/59 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, October 13, 1933—11 a. m.

[Received October 13—6 :20 a. m.]

213. Reference your despatch No. 2319, September 20 to the Legation, Berne,⁵¹ and your 121, September 23, 4 p. m. here.⁵² I am not transmitting enclosed note⁵³ since it is nearly certain that any written communication to the Secretary General will shortly become public knowledge.

I suggest you authorize me to talk to Avenol and explain our position informally and confidentially and to state that at such time as the Manchurian Committee again meets I will explain my Government's position to the members of the Committee.

I have heard no one express concern because we have not replied nor is there for the moment a probability of calling the Committee.

WILSON

711.94/864

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck)

[Extracts]

[WASHINGTON,] October 13, 1933.

Mr. Hornbeck called on and had tea with the Japanese Ambassador. The conversation was leisurely and long.

⁵¹ *Foreign Relations, Japan, 1931-1941, vol. I, p. 121.*

⁵² Not printed.

⁵³ Note of September 20 addressed to the Secretary General of the League of Nations, enclosed in Department's No. 2319 to the Chargé in Switzerland, *Foreign Relations, Japan, 1931-1941, vol. I, p. 122.*

The Ambassador's mention of Mr. Hirota afforded opportunity for Mr. Hornbeck to introduce the subject of Mr. Hirota's recent approach to Mr. Grew on the subject of a possible Japanese "good will mission" to this country.⁵⁴ Mr. Hornbeck said that he had noted with great gratification Mr. Hirota's statement to which the Ambassador had just referred. The Ambassador would remember that Mr. Hornbeck had mentioned this matter at the time when the news had just been received that Mr. Hirota had made that statement. He was sure that the Ambassador realized that we believed that he was committed as are we to the important objective of maintaining peace and promoting friendly relations between his country and this country. The Ambassador said that this was absolutely correct. Mr. Hornbeck then remarked that it was gratifying to observe that Mr. Hirota was apparently committed to the same objective. There have been various evidences of this since Mr. Hirota assumed office. It would seem that Mr. Hirota was casting about for ways and means of promoting friendly relations. Mr. Hirota had indicated this to Mr. Grew. Among other things, Mr. Hirota's inquiry of Mr. Grew with regard to the possible advisability of sending from Japan a "good will mission" to the United States was an evidence. The Ambassador asked: "Has Mr. Hirota made such an inquiry?" Mr. Hornbeck asked: "Have you not been so informed?" The Ambassador replied: "No, I have had nothing from the Foreign Office about that". Mr. Hornbeck said that the Ambassador would remember that there had appeared in the press about ten days ago statements from Tokyo to the effect that there was being considered in Japan the possibility of sending a good will mission. The Ambassador said that he remembered that. Mr. Hornbeck said that the stories from Japan had stated that news of this had been given out as a sort of "trial balloon" with a view to seeing what would be the reaction of public opinion in the United States; shortly thereafter, Mr. Hirota had asked Mr. Grew for Grew's opinion; Mr. Grew had replied on his own responsibility that he did not believe that there was any need for such a gesture, as there was very little anti-Japanese feeling in the United States and the public, if not apathetic toward good will missions, was inclined to inquire "Why?" and "What for?" in connection with them; Mr. Grew had reported the conversation to the Department; and the Department in reply had expressed its concurrence in the views which he had expressed.⁵⁵ The Ambassador said that he felt the same way about it. Mr. Hornbeck said that he

⁵⁴ See telegram No. 149, October 3, 1933, 2 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 123.

⁵⁵ Telegram No. 89, October 6, 1933, 5 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, p. 125.

hoped the Ambassador would not report to Tokyo that an officer of the Department had mentioned this matter and that he assumed that the Ambassador would probably not feel inclined to say anything to Tokyo on the subject unless the Foreign Office first raised the question with him. The Ambassador said that if and when his Foreign Office sent him any inquiry on the subject his reply would be confined to an expression of his own opinion which would be to the effect that the sending of such a mission would not be likely to serve a useful purpose; he would tell them that Viscount Ishii had been here and had been well received, that Matsuoka had been well received, that Komatsu had been shown every possible courtesy, that the sending of a mission, unless it came for a definite and announced purpose of transacting some business, would be gratuitous, and, in addition, that the American Government is at present very much preoccupied with urgent and pressing matters.

The Ambassador said that this idea probably had a background which he would like to explain. A year or so ago there had been talk of sending such a mission with Viscount Kaneko as its head and Baron Dan as a member. Kaneko had been a friend of Theodore Roosevelt and it was felt that he would have prestige in this country and the Japanese people would assume that to be the case. Then Baron Dan had been assassinated and that project had been dropped. Later, there had been talk of sending a mission headed by a prominent business man, Mr. Matsukata. But that idea did not come to fruition. Then there had come the accounts of Ishii's conversations with the President and discussion of a possible arbitration treaty, and the thought had developed that there should be some sort of a follow-up. Now, it happens that there is a clan affiliation between Mr. Hirota and Viscount Kaneko. Probably admirers of Kaneko have conceived the idea, putting all these things together, of doing Kaneko honor and promoting a political objective at the same time: hence the idea of a mission. Then too, there is constant recollection of the success which Viscount Ishii achieved when he came over in 1917 on a general mission and succeeded in achieving a particular thing, the negotiation of the Lansing-Ishii Agreement.⁵⁶ Mr. Hornbeck remarked that the whole situation, viewed from many angles, is very different now from the situation which prevailed in 1917. The Ambassador said that he fully shared that view.

Mr. Hornbeck then said that he would like to ask an indiscreet question,—and the conversation turned to a discussion of the present Russo-Japanese situation. (Note: Account of this is given in a separate memorandum.)⁵⁷

⁵⁶ Signed at Washington, November 2, 1917, *Foreign Relations*, 1917, p. 264; for unpublished protocol, see *ibid.*, 1922, vol. II, p. 595.

⁵⁷ *Infra*.

When that item in the conversation had been disposed of, the Ambassador said that he, too, would like to ask what might be considered an indiscreet question: he would like to know what Mr. Hornbeck thought and what might be the attitude of the American Government on the subject of a possible arbitration treaty. He said that there was actually outstanding between the two Governments a draft of such a treaty.⁵⁸ The department had given him that draft a good while ago and his Government had never acted upon it. Mr. Hornbeck said, in reply, that it would be remembered that in certain periods the American Government had been especially interested in the concluding of arbitration treaties. In those periods there had been developed certain types of treaty and we had concluded several groups of treaties. The present Administration had so far not turned its attention to that subject and had apparently not made any effort to expand those groups. It would probably be a simple matter for any country which wanted to have with us an arbitration treaty of a type to which we were already committed to conclude with us such a treaty. But, if the Japanese Government were to conceive of making a project for the conclusion of such a treaty an instrument for introducing new features such as it had been reported that Viscount Ishii has in mind, if this were to involve a proposal for a "regional understanding" or some other new and special political undertaking, that would be quite another question; and he doubted whether the American Government would consider this an opportune time to discuss any such project. It therefore was his personal opinion that it would be inadvisable to bring up any such matter at this time and that it would be better if there were not newspaper discussion of such matters as possibilities. The Ambassador said that this was completely in accord with his own estimate. He said that he had doubted whether the American Government would be willing to conclude even the kind of an arbitration treaty the text of which was in his files if, in connection therewith, Japan sought to make special reservations.

(Note: For other items see separate memoranda.)

S[TANLEY] K. H[ORNBECK]

⁵⁸ *Foreign Relations*, 1928, vol. III, p. 140.

761.94/637

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) of a Conversation With the Japanese Ambassador
(Debuchi)*

[WASHINGTON,] October 13, 1933.

At a certain point in the conversation of this date, record of which is given in a separate memorandum,⁵⁹ Mr. Hornbeck said that he would like to ask an indiscreet question. The Ambassador said that he hoped that Mr. Hornbeck would ask any question which he felt disposed to ask.

Mr. Hornbeck said that he would like to have as far as the Ambassador might care to express them the Ambassador's views with regard to the present Japanese-Russian situation.

The Ambassador said that he was frankly quite worried about this situation. He said that the Russian Government had published the alleged documents. That the Japanese Government had declared those documents a forgery. That his Government had declared to him that the documents were forgeries. That this made the situation one in which the Russian Government had shown itself definitely and deliberately unfriendly, even hostile. Even if the documents were authentic, the publication of them was distinctly improper and an act of unfriendliness; they would have had to have been stolen and that in itself would be a ground for great irritation in Japan. But, being fabricated and being published, the whole transaction indicated great unfriendliness and was occasioning excitement and bitterness in Japan—especially among the military element. In such a situation unpleasant incidents might easily occur. All of this makes the problems of people in authority who wish to maintain peace increasingly difficult. He hoped that the excitement would die down, but constant and recurring irritation and excitement were very disturbing.

S[TANLEY] K. H[ORNBECK]

711.94/845: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 14, 1933—3 p.m.

96. Department's 89, October 6, 5 p.m.,⁶⁰ [paragraph] 1. An officer of the Department has spoken with the Japanese Ambassador on the subject of the mooted good will mission, in discouragement thereof. The Ambassador states that he has not been informed or interrogated

⁵⁹ *Supra.*⁶⁰ *Foreign Relations, Japan, 1931-1941, vol. I, p. 125.*

by his Foreign Office with regard to this project, but that he shares the view that such mission would serve no useful purpose and if interrogated would advise to that effect.

HULL

893.1028/1301 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 17, 1933—1 p. m.
[Received October 17—2:55 a. m.]

800. Legation's 793, October 6, 1 p. m.⁶¹ Following from American Consul General at Shanghai:

"October 16, noon. I have not discussed subject in question with British or other interested colleagues. There have been no new developments."

2. The Legation considers that any action in regard to this alleged encroachment on jurisdictional rights of the Shanghai Municipal Council should originate with the Council and be referred by it to the Consular Body for reference to the Diplomatic Body. Council has failed to take any action and I perceive no reason why American authorities should take any advanced position in the matter.⁶²

JOHNSON

861.77 Chinese Eastern/1268

The Ambassador in Japan (Grew) to the Secretary of State

No. 560

TOKYO, October 20, 1933.
[Received November 4.]

SIR: Referring to my telegram No. 157 of October 11, 7 p. m. and 160 of October 13, 5 p. m.,⁶³ and to recent despatches on the subject of Soviet-Japanese Relations*, I have the honor to report that the events of the past two weeks appear to justify the contention that Japan does not wish hostilities at the present time. Nevertheless it can be said that these events may react sharply on the internal political situation and have served to demonstrate to a wider public the likelihood of an eventual recourse to arms to solve the Russian problem.

The acute situation which arose last week developed from the

⁶¹ Not printed; see Department's telegram No. 332, September 30, 1933, 1 p. m., to the Minister in China, p. 417.

⁶² The Department concurred in this view.

⁶³ Latter not printed.

* Embassy's despatch No. 536 of September 29, 1933. [Footnote in the original.]

Chinese Eastern Railway problem. At the time of the reported seizure of the Pograditchnaya and Manchuli stations, the arrest of Soviet officials of the Chinese Eastern Railway and the ineffectual protests of Slavutsky, U.S.S.R. Consul-General at Harbin, Ambassador Yureneff in Tokyo is said to have threatened the Japanese Government with the publication of documents "revealing Japan's complicity in an alleged plan to seize the Chinese Eastern Railway". On October 8 the Soviet Government carried out its threat by publishing four documents allegedly written by Japanese officials in "Manchukuo" and purporting to indicate illegal intentions prejudicial to Soviet rights in the Railway†. While *Rengo* declined to circulate the text the local Soviet Tass representative proved more obliging and through his efforts digests appeared in the vernacular papers which led to widespread publicity and discussion.

It is hard to determine the motive for the Soviet action in publishing these alleged documents. Obviously it could not have been hoped that the publication would expedite the sale of the Railway. Various theories have been advanced stating that Soviet Russia was endeavoring to expose to her own advantage Japanese Imperialism before the world; that she was trying to strengthen the hand of those in Japan who favored acquisition of the road by reasonably honorable means; and that she was striving to destroy the fiction that the Chinese Eastern Railway problem concerned only "Manchukuo" and Soviet Russia. Only in respect to the last theory was her extraordinary diplomacy successful for Japan could not, of course, ignore a direct accusation of illegal intent. Perhaps the basic motive for publishing the alleged documents was that they provided the only material to hand with which to carry on the apparent new policy of resistance to Japan. Moreover, Soviet Russia apparently was convinced of a Japanese-"Manchukuo" plan to seize the railroad, and her *démarche* may be interpreted as a consequent attempt to stave off seizure.

Whatever the motive the reaction in Japan was instantaneous. Army circles were highly indignant, and the War-Office spokesman issued a sabre-rattling statement which was offset by remarks of General Araki who, three days later, declared that the Japanese Army had no intention of going to war with Soviet Russia. It seems certain that the Army realizes the value of the latest developments for furthering the cause of national defence, but to date, no aggressive anti-Soviet propaganda has appeared.

The Foreign Office immediately denied the receipt of any documents similar to the alleged ones. Various projects were discussed such as deportation of the Tass representative in Tokyo, withdrawal

† See enclosure No. 1. [Footnote in the original; enclosure not printed.]

of Japan's "good offices" in the conference in Tokyo for the sale of the Chinese Eastern Railway, and a demand that Soviet Russia retract her accusations. The Foreign Minister, however, minimized the importance of the incident on the grounds that, after long experience in Moscow, he had concluded that acts of the Soviet Government were frequently irresponsible and unintelligible. Apparently his view has prevailed for no drastic action has been taken pending receipt of a full report from Ambassador Ota in the Soviet capital. A second Foreign Office statement merely concluded that the Soviet action was unsuccessful propaganda and advised the U.S.S.R. to "reconsider its attitude".

The press reaction was at first violent, the *Yomiuri* stating on October 10:

"If Soviet Russia should not alter her antagonistic attitude and continue to commit unwarrantable actions against Japan, there would be no alternative for Japan but to take a decided step against Soviet Russia".

Later editorials, however, are more in the vein of the *Kokumin*, which on October 14 acknowledged that Japan is directly concerned in the Chinese Eastern Railway controversy and stated that "Japan is called upon to see that the railroad is acquired by "Manchukuo" in a manner which will serve to remove the impression that Japan is bent on making mischief". The *Nichi Nichi* has several times in recent weeks pleaded for Soviet-Japanese *rapprochement* and the Fukuoka *Nichi Nichi* on October 16 aptly stated that there is no need for Japan to fight Soviet Russia and inquires "What is all the fuss about"?

It is difficult to determine whether the "fuss" has occurred over authentic or forged documents. The Polish Minister recently told me that he was convinced of their authenticity, but, as he had just called on the Soviet Ambassador, his opinion can scarcely be taken at face value. However, the question is immaterial as may be deduced from the fact that Mr. Ohashi, "Manchukuo" Vice Minister for Foreign Affairs who is at present in Tokyo, intimated to a foreign correspondent that if the documents did not in fact exist they might just as well exist. It appears certain that "Manchukuo" with Japan behind her remains determined to have the Railway and that, therefore, the issue will soon be squarely put up to the Soviets.

With the principal event of the last two weeks at the stage outlined above there are a number of new petty incidents of Soviet-Japanese friction which are here reported for the sake of record. On October 2 surprise and resentment were expressed by the Moscow press that one Hajime Suritame who broke into the office of the Soviet Commercial representative in Tokyo with a samurai sword last summer received only six months imprisonment with a stay of execution

for five years. On October 7 in Vladivostok and Khavarovsk civilians and troops carried out special defense manoeuvres specifically designed to combat possible Japanese air attacks. Two hundred airplanes and 100,000 soldiers are said to have participated. It was reported on October 15 that the Foreign Office was greatly annoyed by the delay of the Soviet authorities in granting visas to three Japanese Consuls-General appointed recently to Vladivostok, Alexandrovsk, and Khavarovsk. On October 13, Mr. Amau, the spokesman of the Foreign Office, in discussing the intentions of the Soviets in publishing the alleged Japanese documents used the Japanese proverb "Cowardly dogs bark loudly" which provoked an immediate protest from the Soviet Embassy which the Foreign Office declined to accept. Mr. Amau, however, remarked that brave dogs also bark. A more serious cause of friction is a dispute over the yen-rouble exchange in connection with pilotage, tonnage taxes, and official fees, at Vladivostok and other Soviet ports. It is said that the existing agreement in connection with payment of rents on fishing grounds in northern waters provides for an exchange rate of 32.5 sen per rouble whereas the above-mentioned fees are now being claimed at the rate of Yen 2.75 per rouble. As the result of a resolution of the Hokkaido Ship Owners Conference it is stated by *Rengo* that the Foreign Office will lodge a strong protest with the Soviet Government. Recently there have been frequent reports of excessive activity on the part of OGPU agents in the harbor of Vladivostok as well as complaints against the new and allegedly unnecessary requirement of a pilot for all foreign ships.

In appraising the significance of the events outlined above it is evident first that reasonable proof has been offered that Japan does not wish to provoke hostilities with Soviet Russia at the present time. Moreover, with every day that passes, likelihood of military action in the bitter cold of the far north grows more remote. In the second place it is clear that the Soviet-Japanese situation has come before the public in a more menacing light than heretofore and that the Soviet *démarche* has added to the friction which at present characterizes the relations between the two countries. The question has received extensive publicity as a major issue for the first time and a state of mind has been produced which may readily be molded by the military to suit their purpose. It is probably in connection with the plans of the military for the immediate future that the aggravation of the Soviet-Japanese situation is most serious at the present time. The serious difference of opinion which appears to have developed in the Cabinet‡ seems to indicate that the Army Minister is engaged at the moment in a struggle to dominate not only the question of national

‡ Embassy's telegram No. 156, October 11, noon. [Footnote in the original; for telegram under reference, see p. 710.]

defence but national policy on diplomacy, finance, agriculture, and social reorganization. It is evident that Soviet-Russia has provided the War Minister with ammunition which, adroitly used, might entail far-reaching consequences.

Respectfully yours,

JOSEPH C. GREW

893.51 Manchuria/56

The Chargé in France (Marriner) to the Secretary of State

No. 338

PARIS, October 21, 1933.

[Received November 1.]

SIR: I have the honor to acknowledge the receipt of the Department's Instruction No. 106 of September 21, 1933 (file No. 893.51 Manchuria/49), referring to Instruction No. 63 of August 4, 1933,⁶⁴ enclosing a copy of an Associated Press article from Tokyo relating to the formation of the Tokyo Franco-Japanese Association to make investments in the new state of "Manchukuo," and to the Embassy's despatch No. 185 of August 21, 1933, reporting a conversation on the above subject which the Commercial Attaché of the Embassy had on August 19th with M. Etienne Fougère, President of the Association Nationale Pour l'Expansion Economique.

It is now noted, with reference to the above, that the Department encloses a copy of a telegram received from the American Minister at Peiping, dated September 13th, 8 a. m.,⁶⁵ quoting a Reuter despatch sent on September 12th from Changchun, Manchuria, to the effect that the head of the Economic Mission sent to Manchuria by the Association Nationale Pour l'Expansion Economique and "Manchukuo" authorities had reached an understanding for the investment of French capital in "Manchukuo". The despatch stated further that the head of the Economic Mission was proceeding to Dairen, where he would meet the Vice-President of the South Manchuria Railway Company to enter into definite conversations regarding the form of French investments, and that upon the return of the head of the Economic Mission to Paris the Association was expected to send experts to "Manchukuo" to investigate automobile and electric industries, in which French capital would probably be invested.

In compliance with the Department's instruction to investigate the accuracy of the foregoing, I now have the honor to report that the Commercial Attaché of the Embassy had a conversation on October 14th with M. Etienne Fougère, President of the Association Nationale Pour l'Expansion Economique. The Commercial Attaché

⁶⁴ Latter not printed.

⁶⁵ Not printed.

has informed me that M. Fougère had no hesitation in confirming the statement that he had previously made last August, to the effect that nothing whatsoever had been done in "Manchukuo" except to make certain preliminary studies with a view to determining whether an opportunity exists for advancing the economic interests of France in that area, and denied categorically that there was any foundation for the reports that had appeared in the press to the effect that an understanding for the investment of French capital had been arrived at. The Commercial Attaché informs me further that he has known M. Fougère for approximately six years and has no reason to question the accuracy of his statement. The Embassy is aware that obviously M. Fougère might have preferred not to commit himself on the subject, but as he showed no hesitancy in answering the Commercial Attaché's question, his statement must at the present be accepted at its face value.

In connection with the foregoing, the Department may wish to note the Embassy's despatch No. 334 of October 20, 1933,⁶⁶ reporting a conversation with M. Dayras of the Ministry of Finance on the subject of war debts, French finances, and a rumored loan to "Manchukuo."

In that despatch M. Dayras is reported to have informed a member of the Embassy that it was not likely that a loan to "Manchukuo" would be considered in France at the present time. Not only that, but M. Dayras emphasized that the large banks are practically forced to consult the Government and give consideration to its views with regard to foreign loan proposals, and that the Government would almost certainly refuse to consider at this time a loan to "Manchukuo" on either long or short terms. Should M. Dayras' opinions be correct they would appear to substantiate M. Fougère's statement which denies the persistent rumors concerning the activities in "Manchukuo" of the Association Nationale Pour l'Expansion Economique.

Respectfully yours,

THEODORE MARRINER

793.94 Advisory Committee/60 : Telegram

The Minister in Switzerland (Wilson) to the Secretary of State

GENEVA, October 23, 1933—1 p. m.

[Received October 23—8:30 a. m.]

215. Your 125, October 13, 2 p. m.⁶⁷ I discussed the matter informally with Frank Walters, Undersecretary General of the League, in the absence of Avenol. I find that the Secretariat is contemplating

⁶⁶ Not printed.

⁶⁷ Not printed; it approved the second paragraph of the Minister's telegram No. 213, October 13, 11 a. m., p. 429.

issuing a circular to apprise members of the League of the replies received to the proposal of the Advisory Committee. The circular will contain brief summaries of those replies and not copies of documents presented. Walters hopes he will be able to include something as to the attitude of the American Government in this circular and I am inclined to think that since we were specifically invited to reply our silence might cause comment. The circular offers us an innocuous method of procedure.

I have accordingly drafted a minute which, if it meets with your approval, I could arrange with Walters to accept as the League's record of our position and so to be included in the circular. Such a statement of our position would not, of course, preclude our explaining our attitude with respect to narcotics, et cetera, at a later date if it then would seem desirable. Text of minute follows:

"The American Minister, Mr. Hugh Wilson, advised the Secretary General that the view of the American Government with regard to the principle of non-recognition remains unchanged and that, with certain exceptions, the American Government concurs in general in the conclusions arrived at by the Advisory Committee."

WILSON

894.00/490: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 23, 1933—2 p. m.

[Received October 23—5 a. m.]

164. My 156, October 11, noon.⁶⁸ Latest indications are that the Army and Navy will secure most of their monetary demands in the next budget, but that the Minister for Foreign Affairs will obtain general acceptance of his contention that the country is in no danger of attack at this time; and that the increased expenditure for the Army and Navy, especially the former, will be based largely on their technical and reasonable need of much new equipment because of the general advance in military and naval armament in recent years of which Japan must keep abreast.

Outwardly this does not look like a victory for the moderate elements; as a matter of fact it is a recognition of the position of the Minister for Foreign Affairs to an extent which seemed unlikely a few months ago. Consequently we may expect less bluster and truculence on the part of the military in matters affecting foreign affairs; they will have most of the money they want, but will admit that the Minister for Foreign Affairs should not be embarrassed in

* *Post*, p. 710.

the conduct of his office by provocative measures and statements which tend to nullify his efforts towards improving Japan's international relations.

In view of the foregoing situation, which amounts to a compromise between the discordant elements in the Cabinet, the outlook for a continuance of the present government appears more favorable than when my 156 was sent.

GREW

793.94 Advisory Committee/60 : Telegram

*The Secretary of State to the Minister in Switzerland (Wilson),
at Geneva*

WASHINGTON, October 25, 1933—3 p. m.

127. Your 215, October 23, 1 p. m. I approve suggested procedure.

The Department desires that you amend your minute by substituting the following after "unchanged":

"that the American Government concurs, except in a few particulars, in the conclusions arrived at by the Advisory Committee, and that the procedure followed by the American Government is in substantial accord, except in a few particulars, with the procedure recommended by the Advisory Committee."

HULL

761.94/664

*Memorandum by Mr. Eugene H. Dooman of the Division of Far
Eastern Affairs*

[Extract]

[WASHINGTON,] October 25, 1933.

The Japanese line of advance on the Asiatic Continent is primarily to the west and to the south. The Russian line of advance was originally to the east, and having reached the Pacific it turned southward until it met the Japanese line of advance, where it was checked. The possibility of war between the two countries becomes imminent as soon as Japan advances northward through Manchuria and/or Mongolia or Russia southward from Siberia.

In view of the strategic and economic factors above outlined, it is doubtful whether Russia would today initiate any movement which would lead to war with Japan. If this assumption is correct war between the two countries could arise only upon Japan initiating a movement northward into Siberia.

However insecure Japan's position may be today, she will in 1935 enter an even more critical period. The question of making effective

her notice of withdrawal from the League will arise and she may perhaps face an attempt by the League to cancel the Japanese Mandate over the South Sea Islands and possibly an attempt on the part of the League to transfer the Islands to the jurisdiction of some other power. In the following year, Japan will presumably withdraw from the agreements covering naval limitation, as it is not to be supposed that her demands for parity or even for an increased ratio will be acceptable to the other powers; and she will accordingly be confronted with the possibility of engaging in a naval competition with other powers.

If Japan were successful in seizing the maritime provinces in Siberia, the benefits derived therefrom, such as the fisheries, lumber and mineral resources, although considerable, would not, it is believed, be sufficient to compensate Japan for the weakening of her resources by a war with Russia, particularly in view of the critical period facing her some years hence.

There is no certain way of gauging Japanese national policies at the present time, as they are being formulated by a small group of leading figures and then handed down to the people for adoption. Nor is there any way of foreseeing incidents, whether arising spontaneously or artificially created, which may lead to war (and there is today a grave risk of war being brought about by some incident of small intrinsic importance). An objective appraisal of facts and of certain assumptions which may fairly be considered to have the force and effect of facts leads to the conclusion that the political strategy of Japan, as well as that of Russia, does not call for a war between the two powers at the present time and perhaps not before 1936.

893.01 Manchuria/964: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 27, 1933—2 p.m.
[Received October 27—3:57 a.m.]

168. A press ban has been issued here forbidding comment on the "current negotiations between the government of "Manchukuo" and the administration of North China."

The Embassy has no further information concerning the matter.
Repeated to Peiping.

GREW

711.94/860 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, October 27, 1933—5 p.m.

[Received October 27—6:44 a.m.]

170. In the course of an interview today with the Minister for Foreign Affairs, for the purpose of complying with the Department's telegram No. 102, October 26, 5 p.m.,⁶⁹ concerning the Nielsen case,⁷⁰ Hirota again asked me for suggestions for improving the relations between Japan and the United States. I was, therefore, enabled in response to his invitation to talk along the general lines of your telegram No. 89, October 6, 5 p.m.,⁷¹ concerning discrimination against our interests. The Minister listened with attention and then observed that certain French interests had sent representatives to study the opportunities for business in Manchukuo and that he hoped American merchants might do likewise. I replied that numerous American concerns were already represented there. It seemed to me better in this initial discussion of the subject to restrict my remarks to general lines, while leaving with the Minister a clear conception of the unfortunate effects of discriminations against American trade in Manchuria. Hirota said that this phase of our talk would be given no publicity. He was extremely friendly and said that he intended shortly to arrange an informal dinner at his residence and to invite some of our mutual Japanese friends so that we could have a further opportunity for informal conversation.

GREW

793.94/6498 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 28, 1933—noon.

[Received October 28—2:11 a.m.]

818. In conversation Japanese Minister informed me that he would be here until about 20th of November. He expressed himself as optimistic that discussions which he is having with Generals Huang Fu⁷² and Ho Ying-chin⁷³ would lead to an amicable settlement of troubles in North China. Most difficult problems were customs, postal facilities and railway connections, but he was optimistic that these also would be amicably settled before the end of the month.

Tokyo informed.

JOHNSON

⁶⁹ Not printed.⁷⁰ For correspondence concerning this case, see pp. 718 ff.⁷¹ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 125.⁷² Chairman, Peiping Political Council.⁷³ Minister of Military Affairs; member, Kuomintang Central Executive Committee; chairman, Peiping branch, National Military Council.

893.00/12495 : Telegram

The Consul General at Shanghai (Cunningham) to the Secretary of State

SHANGHAI, October 29, 1933—7 p. m.

[Received October 29—6:45 a. m.]

T. V. Soong has presented his resignation as Minister of Finance which has been accepted, H. H. Kung has been appointed as successor. Soong will continue to be connected with the National Economic Council.

Repeated to Department.

CUNNINGHAM

893.00/12497 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 31, 1933—4 p. m.

[Received October 31—8:30 a. m.]

825. Reference Shanghai's October 29, 7 p. m. There would appear to be a number of causes for Soong resignation.

1. Dissatisfaction with treatment accorded him by Chiang Kai-shek.

(a) Chiang insisted on allocation of some \$20,000,000 for communist campaign although Government's monthly deficit is reported \$10,000,000.

(b) Contrary to Chiang's assurances to Soong that no changes in Foreign Ministry would be made prior to Soong's return Lo Wen-kan was sent to Sinkiang 2 days before Soong's return to China apparently because of Lo's opposition to a conciliatory policy toward Japan.

2. Soong's opposition to this policy of conciliation brought pressure from Japan partially directed through Huang Fu with whom Soong is alleged to have recently quarreled. I am informed that Ariyoshi⁷⁴ and Sugimura⁷⁵ have repeatedly warned Chiang and Wang Ching-wei they must get rid of Soong.

3. Japan was attempting to obtain from Soong a revision of duties favorable to Japan. Soong's resignation will probably result in strengthening the position of those Chinese who favor a policy of conciliation towards Japan as a corollary of which it may be anticipated that China will look less towards the United States and the League for cooperation.

⁷⁴ Akira Ariyoshi, Japanese Minister to China.

⁷⁵ Yotaro Sugimura, former director, Japanese Bureau of League of Nations.

It is as yet too early to estimate whether Soong's resignation is of a temporary character. It is thought he will not continue as a member of the standing committee of the National Economic Council.

JOHNSON

761.94/644

The Under Secretary of State (Phillips) to the Ambassador in Japan (Grew)

WASHINGTON, October 31, 1933.

DEAR MR. GREW: I acknowledge receipt of your confidential letter of October 6 giving a review of factors in the Russo-Japanese situation and an estimate of possibilities. We have found this material very useful and are very glad to have your views. Your estimate and ours are in accord. I am sure that you will continue to watch this situation closely and we will of course count on you to inform us of any developments of importance in connection therewith.

Yours sincerely,

WILLIAM PHILLIPS

793.94/6500 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 4, 1933—2 p. m.
[Received November 4—10 :25 a. m.]

836. A Secretary of the Japanese Legation stated this morning in a conversation that the Manchukuo civil administrative office at Shanhaikwan has been abolished and that the personnel will be withdrawn within a few days but that the Manchukuo post office, telegraph office, customhouse, railway office and quarantine office at Shanhaikwan will be maintained as at present after retrocession. He further stated that Japanese troops have been withdrawn to the Great Wall with the exception of those along the Peiping-Mukden Railway which are there under the protocol of 1901; that the passes in the Great Wall will not be retroceded until next spring if then; and that negotiations are going on between Chinese officials and Manchukuo officials, not Japanese military, to establish through traffic on the above-mentioned railway.

From statements made to me on the 26[th] by the Japanese Minister I inferred that the Japanese would take steps to establish Manchukuo customs offices on the Chinese side of the Wall as there was no proper accommodation for such offices at the gates in the Wall.

JOHNSON

793.94/6518

*Memorandum by the Counselor of Legation in China (Peck) of a Conversation With the Chinese Administrative Vice Minister for Foreign Affairs (Tang)*⁷⁶

[NANKING,] November 6, 1933.

What follows is the gist of a somewhat lengthy conversation.⁷⁷

Mr. Tang observed that considerable time had elapsed since their last conversation (on September 21, 1933, see despatch to the Legation No. L-19 Diplomatic, of September 23, 1933)⁷⁸ and he had for some time desired to continue with Mr. Peck the subjects they had then discussed.

Mr. Tang pointed out that many rumors had gained circulation as the result of the substitution of Dr. H. H. Kung for Mr. T. V. Soong as Minister of Finance, to the effect that this change was caused by a difference of opinion within the Government itself on the matter of Sino-Japanese relations. Rumors were to the effect that the Government is now prepared to enter into direct negotiations with Japan for the settlement of all kinds of outstanding questions.

Mr. Tang said that the resignation of Mr. T. V. Soong was not connected with foreign policy in any way. It was only concerned with fiscal questions. (Mr. Li interposed in English that, as Mr. Peck probably knew, there were certain "family" questions involved. The conversation between Mr. Tang and Mr. Peck was in Chinese. WRP.)

Mr. Tang explained that there is only one party in China, i.e. the Nationalist Party. Nevertheless, within the Government itself there must arise differences of opinion in regard to governmental policies. These differences sometimes result in changes of personnel, as had happened in the case of Mr. Soong.

Mr. Peck said he understood this explanation and added that he had heard that Mr. Soong had been unwilling to acquiesce in the desire of General Chiang to utilize large funds for military purposes, in excess of the present budget.

Mr. Tang said that this was precisely the case. He observed that Mr. Soong recently had reorganized the bonds of the National Government, extending the period during which they are to run, lowering the interest, etc. He had then declared that so far as should be within his power no more bonds would be issued. When it recently became, therefore, unavoidable that additional bonds should be

⁷⁶ Copy transmitted to the Department by the Counselor of Legation in his despatch No. D-566, November 7; received December 4.

⁷⁷ Li Sheng-wu, newly appointed director of the Department of General Affairs of the Chinese Foreign Office, was also present.

⁷⁸ Not printed.

issued for military purposes, Mr. Soong had no alternative but to resign in the interests of consistency.

In regard to the rumored direct negotiations at Peiping between the Chinese and Japanese Governments, Mr. Tang said that General Okamura, of the Kwantung Army, was bringing up certain matters for negotiation with the Peiping Political Council and the Peiping branch of the Military Affairs Committee. The most important related to railway through-traffic, postal matters, and customs matters.

Mr. Tang thought that some arrangement would be made for the resumption of through traffic from Peiping to Manchuria.

Postal matters, Mr. Tang said, would not be discussed, since there is in existence a League of Nations resolution in regard to these.

Customs matters concerned arrangements covering the customs house at Shanhaikwan. He pointed out that it might be alleged that it was improper for China to discuss with Japan any arrangement concerning the customs house at Shanhaikwan. From a practical standpoint, however, unless such arrangements were made, Japanese goods would enter China without restriction. It was necessary from the practical standpoint, he pointed out, to come to some arrangement.

Mr. Peck remarked that he had read in the papers a Japanese statement that the matter of customs houses along the Great Wall would be taken up with China. Mr. Tang evaded this point, but intimated that only the Shanhaikwan customs house was under discussion. Mr. Peck observed that presumably the difficulty regarding the entrance into China of Japanese goods would arise along the Great Wall, but that this would be a very difficult matter to discuss with Japan.

Mr. Tang said that he wished to make it clear that the National Government's policy of not discussing with Japan matters involving principle, e.g., Manchuria, was unalterable. China would continue to look to the "friendly nations" in such matters. In questions of practice it might be necessary to change from time to time.

Mr. Peck remarked that it seemed to be the general foreign opinion that complete non-intercourse between the Chinese and Japanese Governments was, of course, impossible, owing to the fact that the two countries are neighbors. Consequently, it seemed desirable to provide for this inevitable day-to-day intercourse.

Mr. Li remarked that the Japanese pursued the policy of negotiating with regional authorities, instead of with the Government.

Mr. Peck said that he had noticed a statement in the papers attributed to a prominent Japanese statesman to the effect that the Japanese Government found the Chinese authorities differing in policies and

found the National Government unable to enforce its policy in different localities; the Japanese Government would, therefore, henceforth follow the practice of dealing with local authorities or Government factions separately.

Mr. Tang confirmed the fact that the Japanese Government had criticized the Chinese Government as not being of one will in respect to foreign policy. Mr. Tang said that, on the other hand, the Japanese Government itself was very much divided. For instance, there is a diplomatic party and a militarist party, while within the militarist party there are the Kwantung Army and other factions.

Mr. Peck said that he had read in the newspapers that the Japanese Government was intending to take up with the Chinese Government the matter of the Chinese import tariff. He inquired whether the Japanese Government had done this.

Mr. Tang said that there had been no formal correspondence between the two Governments on this subject and that even those *aide-mémoire* exchanged in the course of conversations had not had any formal character. Mr. Tang confirmed the fact, however, that the Japanese Government regarded the question of the Chinese import tariff as being a very serious one. He said that the Japanese Government professed to regard the present tariff as being, from a factual standpoint, unjust to Japan, as bearing more heavily on Japanese imports than on, for instance, British and American imports. As for the statements emanating from Japan that the Japanese Government would insist upon an alteration of the customs tariff, this was merely an attempt to create an "atmosphere", with a view to influencing the Chinese Government. The Japanese claimed that the Chinese Government was utilizing the customs tariff as a retaliatory weapon against Japan.

Mr. Peck observed that the Japanese and the British were engaged in negotiations in India regarding tariff questions and he wondered whether the Japanese also claimed that Great Britain was using the tariff as a retaliatory weapon. Mr. Peck recalled that Viscount Ishii when he returned to Japan from the Economic Conference in London was reported in the press as stating that he found foreign countries aroused against Japan less by the Manchurian incident than by the economic penetration of Japanese trade into their respective areas.

Mr. Peck said that he had observed in the press, also, a statement that the Japanese Government was going to instruct the Minister to China to press the Chinese Government for the repayment of loans advanced to China by Japan.

Mr. Tang said that in this regard, also, there had been no formal correspondence between the two Governments. He thought that the

statement to which Mr. Peck referred was another attempt to create an "atmosphere" with a view to influencing the Chinese Government.

Mr. Peck said that he had seen an item in the press to the effect that the Japanese Government might insist upon taking over the Chinese telephone service, and he recollected that there was some stipulation in the Telephone Loan authorizing Japan to do this in the event of default in the amortization of the loan. Mr. Tang said it was true the Japanese had this technical right, but he thought they would realize the practical difficulties which would interpose to such a step.

Mr. Tang said several times in the course of the conversation that he cordially invited Mr. Peck to ask him any questions regarding China's diplomatic matters which he had in mind. He said the present was no time for "diplomatic procedure" and that frankness should prevail. He professed a great desire to clear up, or prevent, misunderstanding in regard to China's position or policies.

Mr. Peck said that he was grateful to Mr. Tang for his attitude and he remarked that it was of great assistance to him, Mr. Peck, in the performance of his duty of reporting fully on these matters to the Department of State.

Mr. Peck said that Mr. Johnson, the American Minister, would be coming to Nanking in a few days and would undoubtedly be glad of the opportunity to talk with Vice Minister Tang on all these subjects.

Mr. Tang said that he would be very pleased to see Mr. Johnson.

711.94/863 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 7, 1933—3 p.m.

[Received November 7—4:03 a.m.]

172. Report of transfer of American Fleet to Atlantic is given unusual publicity and received with great satisfaction in Japanese press. The move is interpreted generally as further evidence of the Administration's desire to better relations with Japan. The Administration is reported as making friendly gesture to counteract any anxiety occasioned by impending Russian recognition, and in order to create an atmosphere favorable for the 1935 conference. The only dissenting voice is the Navy's whose unidentified spokesman is reported as declaring that the transfer has no significance and that it is premature to conclude that ill-feeling created over Manchuria can be removed by mere transfer. The Navy Department's reported attitude is apparently considered by the press to be influenced by fear of the effect on its budgetary demands.

GREW

893.00/12511 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 8, 1933—11 a.m.
[Received November 7—11:20 p.m.]

841. Following from Nanking:

"November 7, 5 p.m. I have received information believed to be reliable that the anti-communist campaign in Kiangsi was abandoned November 5th. Reason assigned by my informant was pro-communist sentiment among Government troops and general unwillingness to fight."

For the Minister:
GAUSS

893.00/12512 : Telegram

The Counselor of Legation in China (Gauss) to the Secretary of State

PEIPING, November 9, 1933—11 a.m.
[Received November 9—12:13 a.m.]

844. Following from Minister at Nanking:

"November 8, 6 p.m. On November 8 Central Political Council, disturbed by the change in foreign policy which may result from resignation of T. V. Soong, demanded from Administrative Vice Minister of Foreign Affairs Tang Yu-chen full report of progress of Sino-Japanese negotiations. Result was that Central Political Council passed resolution directing Government to despatch instructions to Huang Fu to suspend conversations with Okamura immediately.
2. Resentment against Wang Ching-wei has developed because of his acquiescence in T. V.'s resignation and his alleged pro-Japanese orientation in foreign policy. H. H. Kung left for Nanchang by plane in order to inform Chiang Kai-shek of developments. Wang's resignation is a possible outcome."

GAUSS

793.94/6532

*Memorandum by the Minister in China (Johnson) of a Conversation
With the President of the Chinese Executive Yuan and Acting
Minister for Foreign Affairs (Wang)*⁷⁹

NANKING, November 9, 1933.

In the course of a conversation this afternoon,⁸⁰ Dr. Wang Ching-wei stated that he wished to explain to me the situation which had arisen in connection with Sino-Japanese relations. He commented upon the fact that there were numerous rumors current to the effect

⁷⁹ Copy transmitted to the Department by the Counselor of Legation in his despatch dated November 16; received December 18.

⁸⁰ Mr. Peck, Counselor of Legation, was also present.

that the Chinese had made arrangements with the Japanese military in Peiping, through General Huang Fu, in regard to certain matters, and that this indicated that there had been a change of policy on the part of the Government in favor of more intimate relations with Japan—a pro-Japanese policy, in other words.

Dr. Wang pointed out that both in and out of the Government there were opinions both for and against a more friendly situation between China and Japan. He wished to take this opportunity, however, to assure me that there was no ground for these rumors; that both he and General Chiang Kai-shek had given instructions that all questions between China and Japan should be approached with the greatest caution. They, of course, did not want trouble and would do nothing to provoke the Japanese, but on the other hand, they were determined not to make any settlements which might be interpreted as an abandonment of the policy pursued at Geneva. China was grateful for the friendly and interested attitude of the United States throughout this difficulty and he wanted us to know that China would continue to follow the policy which had previously been outlined; that there was no truth in stories to the effect that the Government intended to adopt a pro-Japanese policy.

893.00/12513 : Telegram

The Counselor of Legation in China (Gauss) to the Secretary of State

PEIPING, November 11, 1933—11 a.m.

[Received November 11—5:47 a.m.]

847. My 844, November 9, 11 a.m. Following from the Minister at Nanking dated November 10, 3 p.m.:

“I have had conversations with Wang Ching-wei and Chen Kung-po. From statements made by them and others situation appears to be as follows:

Central Political Council became excited over rumors of settlements either contemplated or arrived at between Huang Fu and Okamura at Peiping and forced Wang Ching-wei and Chiang Kai-shek to reaffirm policy of avoidance of trouble and no negotiations capable of interpretation as recognition of Japanese position in Manchuria. Wang Ching-wei stated that Government intended to pursue discussions with extreme caution. Chen Kung-po stated that no settlements could be reached until a commission already appointed, consisting of Communications, Foreign Affairs, Railways and Finance, had come into existence and could consider and approve settlements.

I infer that Chinese leaders are convinced that hostilities between Japan and Soviet Russia are inevitable in the near future and are confronted with the question of China's conduct in the presence of such hostilities, which they realize must be conducted or at least based

on Chinese soil. They realize that China stands to lose whatever the outcome and must find some method to reduce their loss. It would appear that they intend to prolong discussions with the Japanese avoiding settlements in the hope that hostilities will still find questions unsettled and no commitments made. I am informed that Sino-Soviet negotiations regarding nonaggression agreement are deadlocked over insistence of Chinese upon a clause committing Soviet Russia to nonrecognition of "Manchukuo". Soviets are insisting on elimination of such clause."

GAUSS

893.01 Manchuria/968 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, November 11, 1933—noon.

[Received November 11—2:02 a. m.]

174. A press ban has been issued forbidding comment on the reports of the establishment of a monarchy in Manchukuo. Mr. Chao Hsin-po, the chief of the Legislative Yuan of Manchukuo, has been in Tokyo for several weeks and it is reported that he has drafted a constitution for Manchukuo modeled on that of Japan. It is also indicated that this ban is related to that reported in my telegram 168, October 27, 2 p. m. regarding current negotiations between Manchukuo and the administration of North China. The assumption is that the Japanese are trying to bring North China within an eventual Manchukuo monarchy.

Repeated to Peiping.

GREW

793.94/6531

*Memorandum by the Counselor of Legation in China (Peck) of a Conversation Between the American Minister in China (Johnson) and the Chinese Administrative Vice Minister for Foreign Affairs (Tang)*⁸¹

[NANKING,] November 14, 1933.

Mr. Johnson called on Mr. Tang at the Foreign Office, accompanied by Mr. Peck. The conversation was interpreted by the latter.

Mr. Johnson inquired whether Mr. Tang would be willing to summarize briefly the present situation of the National Government with reference to its internal and external problems. What follows is the gist of remarks made by Mr. Tang in reference to Sino-Japanese relations. In general, Mr. Tang was not prompted by questions from

⁸¹ Copy transmitted to the Department by the Counselor of Legation in his despatch dated November 15; received December 18.

Mr. Johnson, but proceeded from point to point in a systematic survey.

Referring to the Sino-Japanese controversy, Mr. Tang recalled that just before the Tangku Truce was negotiated (May 31, 1933) the larger part of the Government's forces were in Kiangsi, to oppose the Communists. It is true that there were some 70,000 or 80,000 troops in North China but only four or five divisions, a small portion, could have been counted on to fight against the Japanese, if that course had been decided upon. Under these circumstances, to have fought with the Japanese would have been merely to invite the occupation of North China down to the Yangtze by Japanese troops, who would have come over in ever increasing numbers. It was impossible, therefore, for China to fight Japan and the truce was unavoidable.

The Government has been brought to a change in its manner of handling the Sino-Japanese controversy. It adheres stedfastly, however, to the principles it has followed from the beginning. That is, under no circumstances will the Government perform any act which could be construed as recognizing the existence of "Manchukuo" or as admitting that Manchuria has been alienated from China. At the same time, the Chinese Government is willing to negotiate with Japan on small matters not involving fundamental principles. The Government will avoid a contentious attitude in such small matters.

Among the fundamental principles to which the Government stedfastly adheres is that of continuing its free intercourse with Great Britain and the United States. It will not consent to confine its relations to Japan. One reason for the Government's resolute determination in regard to this is the fact that it regards the question of Manchuria as a world question, and not as a Sino-Japanese question. The world must decide the fate of Manchuria, not China and Japan.

Mr. Tang alluded to the fact that he was commonly spoken of as being "pro-Japanese". He said that whatever might be the truth or falsity of that designation, he was on such terms with Japanese civil, naval and military authorities that he could converse with them, and he had pointed out to them unequivocally that nothing whatever would be gained if Japan by *force majeure* compelled China to cede Manchuria to Japan. The United States and Great Britain would never acquiesce in such a transaction, nor would the Soviet Government. The fate of Manchuria involved dangers for Japan, but not because China would in the near future be able to wreak vengeance on Japan. The danger lay in the fact that Great Britain and the United States and especially the Soviet Union would never acquiesce in such a settlement.

With special reference to this phase of the subject, Mr. Tang

expressed the hope that the United States would maintain unchanged its announced policy of justice in regard to Manchuria. In saying that China must rely on the United States to safeguard its rights in Manchuria, he did not mean that China had any desire that the United States should fight Japan. It was his opinion, he said, that if the United States maintained its announced policy, Japan would ultimately come to a realization of the mistakes it had committed and would, itself, revise its Manchurian policy.

Replying to the implied question, Mr. Johnson answered that so far as he was aware the American Government had not altered its announced stand in regard to the Manchurian question.

Referring to negotiations between General Huang Fu and General Okamura in Peiping recently, Mr. Tang made substantially the same statements which he had made to Mr. Peck in an interview on November 6 (see despatch No. 4-566, November 7, 1933⁸²). The point he emphasized was that the National Government would under no circumstances concede anything in principle to Japan in reference to Manchuria. In this connection, Mr. Tang made a statement the accuracy of which may be questioned. He said that the discussions regarding the "passes" in the Great Wall related only to their military occupation and not to "Customs stations". (In Chinese, ambiguity is possible. Press despatch indicate[s] that Huang Fu and Okamura discussed branch Customs stations at these passes in the Great Wall and that "Customs authorities are reported to have drawn up a list of 36 categories of Chinese goods produced in Manchuria which will be exempt from payment of import duty when entering the Great Wall".) Mr. Tang's statement is somewhat explained by the Reuter message just quoted. What he said was that, however, the establishing of the proposed Customs stations would mean free entry into China for goods from Manchuria and no free entry for Chinese goods into Manchuria, through the Great Wall, a situation which the National Government would not tolerate.

Mr. Tang observed that he was not by profession a diplomat and might be allowed, therefore, to say an undiplomatic thing. This was that, to his regret, Chinese leaders were often classified as "pro-British and pro-American" or "pro-Japanese". These parties, unfortunately, seem to give their attention to schemes for the benefit of the countries to which they are supposed to be partial, instead of to schemes for the benefit of China. What Mr. Tang hoped for, he said, was an ever increasing number of Chinese who would devote their energies to the welfare of China. After all, China must extricate itself from its difficulties by the use of its own resources.

⁸² Despatch not printed; for its enclosure, see memorandum by the Counselor of Legation dated November 6, p. 446.

Mr. Johnson thanked Mr. Tang for his lucid and frank exposition of the political situation in China today. He said that he hoped that Mr. Tang would find time to have a conversation with Mr. Maxwell M. Hamilton, of the Far Eastern Division of the Department of State, when Mr. Hamilton should come to Nanking in the course of the next two or three weeks and that Mr. Tang would talk with equal frankness to him. Mr. Tang said that he would be glad to talk with Mr. Hamilton.

893.20/463

The Consul General at Nanking (Peck) to the Secretary of State

No. D-574

NANKING, November 14, 1933.

[Received December 18.]

SIR: I have the honor to report that in connection with the celebration of the birthday of Dr. Sun Yat-sen on November 12 high-ranking Chinese officials attended the first official review of the embryo China air force.

One squadron of Fleet training ships, one squadron of Douglas observation planes and two squadrons of Curtiss-Hawk pursuit ships, participated in the event. Formation flying, message transmitting on the wing, stunting and a grand finale in the shape of a parachute jump entertained and thrilled the 10,000 spectators.

The "show" was above all a Chinese triumph. The pilots were youngsters, Chinese cadets, still students at the Military Aviation School at Hangchow. They flew their own planes to Nanking and performed like seasoned birdmen. There were slips, to be sure—one element of the pursuit squadron missed its signals and passed the reviewing stand ten minutes late; the star aerobat locked his brakes on landing and came within a hair's-breadth of somersaulting; the parachute jumper miscalculated the wind velocity, overflew the field by a mere matter of some two miles and came down in a pond outside the Hansimen—but as a whole the review was creditable, and in view of its pioneer character, it was indeed remarkable. Chinese officialdom had ample justification for its manifestation of pride in China's youth and it is easy to understand the spirit which prompted the crowd to roar its applause at the Chinese air units as they soared and cavorted overhead.

The spectacle had a special significance for the American viewpoint. Every participating ship was American-made and practically every pilot was American-trained. Colonel Jouett and Mr. Knight, Americans, engineered the review and there is no doubt that their presence and supervision accounted for a large measure of the success of the program.

That the program was a genuine success is an indisputable fact.

That it has enhanced the prestige of American ships and American aviation instructors is equally certain. It must have given much food for thought to Italians, British and others who would supplant the American influence in Chinese aviation circles.

On November 13 I had occasion to discuss the occasion with Colonel Jouett and during the short conversation which I had with him when he called on me I asked him if there were prospects that Italians would replace Americans as instructors at the Hangchow school. He replied that he had flown to Nanchang recently for the purpose of asking Chiang that very question. He said that he had never found the Generalissimo in such a cordial mood and had never received more definite assurance of Chiang's satisfaction with the progress of the work at Hangchow. Chiang told Colonel Jouett in so many words that he (Jouett) was the senior adviser even if Major Bernhardt (Italian) should come to China and that there was no intention of substituting Italian instructors for the Americans now under contract to the Chinese Government.

Colonel Jouett also said that there were at present some ten Italian pilots in China whose status vis-à-vis the National Government has not as yet been determined. It is likely that they will be employed to give an advanced course in bombing and that they will settle perhaps in Loyang, perhaps in Hankow but undoubtedly not with the Americans at Hangchow.

A memorandum of my conversation with Colonel Jouett is enclosed.⁸³ I may add that no officer from this office attended the review, although two of them witnessed it from a nearby vantage point.

Very respectfully yours,

WILLYS R. PECK

893.00/12516 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 15, 1933—10 a.m.

[Received November 15—2:30 a.m.]

854. Following from Foochow:

"November 14, noon. Generals Chen Ming-shu, Chiang Kuang-nai and Tsai Ting-kai are in Foochow. A Provincial Government source close to those in authority states that Generals Tai Chi and Weng Chao-yuan will soon arrive here. The same source states that a conference is to be held to determine the Nineteenth Route Army's policy vis-à-vis General Chiang Kai-shek. The same source states that a tacit understanding has been reached between the Kiangsi Communists and the Nineteenth Route Army not to molest one another on the ground that both are opposed to Chiang Kai-shek's policy towards Japan."

For the Minister:

GAUSS

⁸³ Not printed.

893.00/12517 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 15, 1933—4 p.m.

[Received November 15—6:30 a.m.]

858. Following from Peck at Nanking:

“November 15, 9 a.m.

1. Minister Johnson during 6 days in Nanking interviewed principal Government officials and left for Shanghai November 14, 11 p.m.

2. *Shanghai Evening Post* of November 14th published reports that the Nineteenth Route Army in Fukien may join with communist forces on a Socialist platform attack on the Nanking Government.

3. Report mentioned above was not published in Nanking on November 14th but several important officials spoke to the American Minister very confidentially about this possibility and seemed greatly concerned although professing to believe that the plot would not actually be carried out.”

With reference to paragraph 3 above, see Legation's 854, November 15, 10 a.m.

For the Minister:

GAUSS

893.00/12520 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 17, 1933—4 p.m.

[Received November 17—8:55 a.m.]

861. Reference Legation's 847, November 11, noon [11 a.m.?] It is apparent that negotiations between Chinese officials at Peiping and Japanese have ceased as a result of the instruction sent from Nanking to General Huang Fu to refrain from making agreements with the Japanese with regard to customs, postal facilities and through railway traffic. The Vice Chief of Staff of the Kwantung Army left Peiping on November 10th after a stay of 4 days and the Japanese Minister who has been in Peiping for the past month will leave for Shanghai on November 19th, both seemingly without accomplishing their objectives.

Local Chinese officials are extremely reticent about commenting on the situation but the First Secretary of the Japanese Legation, Mr. Suma, accompanying his Minister stated yesterday to a member of Legation staff that all negotiations had ceased and would not be resumed until they could be conducted on a solid basis. By this he apparently meant that they would not be resumed until the officials at Nanking had studied the proposals discussed at Peiping and had clarified their attitude toward negotiations with the Japanese.

The Japanese are apparently waiting quietly for the situation in

Nanking to clear. Political observers point out, however, that if necessary the Japanese can bring pressure at the proper time to influence Nanking's decisions by inciting disturbances such as those which occurred in the demilitarized area this autumn.

Tokyo informed by mail.

For the Minister:
GAUSS

761.94/671

The Ambassador in Japan (Grew) to the Secretary of State

No. 593

TOKYO, November 18, 1933.

[Received December 18.]

SIR: In my despatch No. 573 of November 2, 1933,⁸⁴ on the subject of Soviet-Japanese Relations, it was stated that "the tension which recently characterized Soviet-Japanese relations has, for the moment at least, moderated." It may now be said that events occurring within the past two weeks have renewed this state of tension for the fourth time since the commencement of 1933. The present instance, however, differs from its predecessors in that it is the first time that the friction appears essentially due to Soviet *intransigence*. It seems that Soviet Russia now feels prepared to dispute any extension of Japanese ambitions which may conflict with Soviet interests.

The factual basis for the current tension appears meagre although the following three developments are principally responsible:

(1) Reports from Soviet sources alleged that on November 3 nine Japanese military planes had crossed the frontier in the vicinity of Vladivostok and had cruised about 30 miles into Soviet territory. Government authorities called the attention of the Japanese Consul General in Vladivostok to the alleged flight and, on November 6, Ambassador Yureneff in Tokyo is said to have officially protested the flight of six (not nine) planes over Soviet territory. At the request of the Foreign Minister the War Office conducted an immediate investigation and received denials of the report from the Kwantung Army and the Korean Garrison. Mr. Hirota, it is said, pointed out the discrepancy in the number of planes and emphasized the need for a revision of Soviet policy towards Japan if an amicable solution of pending problems was to be found.

(2) The above incident, true or false, provided an excellent spring-board for violent anti-Japanese propaganda on the Red Anniversary Day, November 7. It was reported in Tokyo that Mr. Molotov, President of the Council of People's Commissars, in a speech designed for the utmost publicity in Russia, envisaged war with Japan, declared that Soviet Russia was fully prepared for "the possibility of an unexpected attack by Japan" and stated further that

⁸⁴ Not printed.

"if such an attack occurs, our job will be a clear and simple one—complete destruction of the enemy and complete victory of the Red Army." With this speech the Japanese people were forcefully reminded of Soviet animosity for the second time within a week.

(3) On November 12 the Soviets appeared responsible for a third incident. A United Press despatch* from Moscow stated that six out of the nine Japanese planes which had crossed the Siberian border on November 3 had been shot down and that in addition two Japanese auxiliary naval vessels had been blown up several weeks ago off the Kamchatka coast. Inasmuch as it is generally believed in Japan that the Soviet censorship of press reports is very efficient, many Japanese comments intimated that publication of this provocative report must have had the sanction of the Soviet government. At any rate, officials of the War, Navy, and Foreign Offices, characterized the story as ridiculous. There is no question of its falsity. The Soviet Foreign Office also denied the report but insisted, it is said, that nine planes had violated the frontier. Soviet authorities are also supposed to have warned the Japanese Government that henceforth any planes which invade Soviet territory will be shot down.

Besides the three principal irritants outlined above, Japanese feeling against Soviet Russia was aggravated by the following minor occurrences which were reported in Tokyo newspapers:

(1) Another Japanese fishing vessel, the *Choei Maru*, has been detained by the Soviets. The Japanese maintain that it entered Soviet waters because of engine trouble while the Soviets insist that the invasion was deliberate.

(2) On November 7 from Harbin came a report of the massacre of 200 villagers, "Manchukuo" citizens, by Red troops in the Soviet town of Petrovsky near Blagoveschensk. "Manchukuo" authorities are supposed to have started an investigation. It is also reported from Harbin that gold is being smuggled out of "Manchukuo" by means of a Soviet Consulate launch which transports it from Taheiho to Blagoveschensk across the Amur. "Manchukuo" will protest if confirmation is received.

(3) On November 11 at Manchuli "Manchukuo" officials lodged a vigorous protest against "undue rigor exercised in the discharge of duty at the expense of passengers crossing the border." Retaliation is threatened. On November 13 the reported arrest at Manchuli of the Soviet Commercial Representative at Seoul may be so regarded. The charge was espionage based on documents found in his luggage.

The major instances of Soviet unfriendliness mentioned in this despatch could not but have an unfortunate effect on Japanese opinion. Nevertheless, in Foreign Office circles, the latest expressions of Soviet policy have only served to stimulate efforts for a restoration of normal relations. On November 8 the Foreign Office issued a summary claiming that war is a remote possibility, branding Soviet diplomacy

* Telegram No. 175, Nov. 12, 6 p.m. [Footnote in the original; telegram not printed.]

as an ineffectual attempt to promote communism in Japan, and arguing that the Stalin régime is attempting to save a desperate internal situation by creating an artificial foreign menace. Later, in an official statement on November 12, the Foreign Office stated its belief that the Soviet Government was attempting to crystallize anti-Japanese sentiment to gain favor with America and intimated further that the Soviet Government would interpret recognition by America to its people as endorsement of its anti-Japanese program. As concrete evidence that the Foreign Minister is energetically striving to maintain peaceful relations came the report that Mr. Hirota is seriously considering proposing an extension to the Soviet-"Manchukuo" frontier of the prohibition in the Portsmouth Treaty⁸⁵ of menacing military measures on the frontier between Korea and the Maritime Provinces. Whether the Foreign Minister would ever be in a position to propose a demilitarized zone or not, this report, which was given out by the Foreign Office, indicates that Mr. Hirota will leave no stone unturned in his efforts to relieve Soviet-Japanese tension.

Army circles have shown considerable restraint in the face of Soviet *intransigence*. Nevertheless, the younger officers together with reactionary elements in Japan are said to be fast losing patience with Soviet Russia and to favor immediate war. This is probably the most serious single element of danger in the situation at the present time, but there is as yet no indication that the responsible heads of the army cannot control the situation. General Araki was recently quoted as follows:

"It is beyond my conjecture what Russia is thinking about. It seems that the Soviet is strengthening its military forces on Far East Frontiers, but we are entirely in the dark regarding what their intention may be in doing this. At any rate I do not think that Russia is doing anything worthy of our consideration."

While the hypocrisy of General Araki's last remark was probably patent to everyone, it is indicative of a certain attitude sometimes heard in Japan that Soviet Russia is not an antagonist who would severely try Japan's strength. Nevertheless the weight of evidence indicates that the Japanese Army is not yet prepared to fight and that it will continue to take a negative attitude in the face of Soviet hostility until Japan is fully prepared.

The general public and the press have been slow to react to the surprising idea that the Russian bear no longer seems afraid of Japan. The most usual comment is that Soviet Russia must show "more sincerity" which, being interpreted, generally signifies to comply with Japan's wishes. Japan's wishes in this case seem to be a

⁸⁵ Signed September 5, 1905, *Foreign Relations*, 1905, p. 824.

unilateral demilitarization of the "Manchukuo"-Soviet border with Soviet Russia doing the disarming. There follow representative extracts from recent editorials on this subject:

Hochi Shimbun, November 8:

"If the Soviet Government is really sincere enough to aspire to friendly intercourse between the two nations and the establishment of peace in the Far East, the first thing it ought to do at this moment is to restrict its own military policy in the Orient."

"The bad faith and the unrestricted military demonstrations for which Soviet policy in the Far East is ever so conspicuous are twin setbacks preventing the peaceful development of Soviet-Japanese relations."

Miyako Shimbun, November 8:

"For the sake of Soviet-Japanese relations and of Far Eastern peace, the inconsistency so disgustingly marking the Soviet policy should be put to an end at once."

Nichi Nichi, November 9:

"If there is to be friendship between Japan and the Soviet Union, there must be a change in the policy of the Soviet in the Far East. It is incumbent on the Soviet to reduce the forces it maintains in the Far East to the strength necessary for defense purposes."

Yomiuri, November 9:

"The Soviet-Japanese situation has never been under greater necessity than at the present time for efforts towards improvement, and diplomatic operations, judicious and sincere on either side, are the most practical measures, we believe, to ensure the happiest attainment of the aim in view."

In evaluating the seriousness of this latest threat to the peace of the Far East it may be remembered that observers have from time to time maintained that the trouble between Soviet Russia and Japan has been exaggerated by the army to facilitate acceptance of its demands for appropriations and that when the army budget was accepted, the Soviet-Japanese crisis would disappear. While the present tension has developed from Soviet activity, and while it is probable that army leaders do not now wish to involve Japan in a critical war, it is perhaps significant from another point of view that the Japanese army has neglected to capitalize on the present situation and has apparently done nothing to aggravate the crisis for purposes of propaganda. Either the army feels confident of realizing whatever demands it may make on the nation or else it is seriously impressed with the threat offered by Soviet military force in the Far East. In this connection it is often noted that the Japanese are openly worried by the existence of the formidable Soviet airplane base at Vladivostok.

In conclusion the outstanding fact in the events of the last few weeks is the exchange of roles between Soviet Russia and Japan. Soviet Russia is now the source of irritating incidents while Japan appears to temporize. The outstanding question, however, is the motive behind the new Soviet policy, a departure which was forecast by the fulminations of Ambassador Yureneff at a press dinner last August.† Some observers note that recent incidents have coincided with the Soviet-American negotiations in Washington which will further strengthen the international position of Soviet Russia. Other experienced observers point to the previous mistakes of Soviet policy in the Far East and claim that the incidents which commenced with the publication of the so-called "Hishikari documents"‡ are additional proofs of the aimlessness, irresponsibility, and stupidity of those who conduct the Soviet's foreign relations. These observers lay great stress on the belief that the latest chain of incidents is primarily designed for domestic consumption. On the other hand, there are those who believe that there is now a logical and consistent policy in the minds of the Soviet leaders and that the recent incidents are the express indications of such a policy. According to their theory Soviet Russia realizes that Japanese ambition has never been thwarted nor her interests limited by any other agency than superior force. It is for this reason that the Soviet Union has concentrated a formidable army in the Far East although the primary purpose of her diplomacy is to avoid war. Furthermore, fearing that Japanese imperialism is insatiable and that only force will thwart its ambitions, Soviet Russia has now embarked on a campaign to make Japan fully aware that the Soviet is willing and able to employ that force. Viewed in this manner the incidents outlined in this despatch become the logical and consistent expressions of a policy of self-defence, a policy which depends not only on the "big stick" but on "talking big" as well.

For the immediate future at least, the situation does not appear to threaten war, barring always the possibility of a chance conflagration. If it is true that the policy of Soviet Russia is concerned only with self-defence, the question of war or peace devolves upon imperialist Japan. Within Japan it is apparently largely a matter of internal politics. If militaristic elements prevail, war may in time be unavoidable. If moderate elements under the energetic leadership of the present Foreign Minister should regain control, there would be small likelihood of armed conflict. It is encouraging to note at the present that the press has expressed frequent and

† Despatch No. 536, Sept. 29, 1933. [Footnote in the original.]

‡ Despatch 560, Oct. 20, 1933. [Footnote in the original.]

hearty approval of Mr. Hirota's efforts to restore friendly relations between Japan and Soviet Russia.

Respectfully yours,

JOSEPH C. GREW

711.94/872: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 20, 1933—4 p.m.

[Received November 20—5:45 a.m.]

178. Press despatches from Nanking published here allege that in connection with the recognition [of] Soviet Russia the United States has approached China through Minister Johnson with the proposal for the formation of a group or bloc of three friendly powers, the United States, Soviet Russia and China, against Japan. *Nichi Nichi* adds that

“By the proposed transfer of squadrons from the Pacific to the Atlantic Ocean the United States has outwardly assumed an attitude as if it is considering its relations with Japan in a friendly manner, but inwardly the United States is stretching its magic hands toward China in dealing with Japan. It is quite apparent that China, with the United States and Soviet Russia on its side, will assume an antagonistic attitude toward Japan”.

In this connection Hirota gave me the impression on Saturday night ⁸⁶ that he was much pleased with the Department's gesture in giving Debuchi copies of the communications between the President and Litvinov with the comment that the recognition of Soviet Russia by the United States had nothing whatever to do with the Far East.

Nevertheless, the Department may think it well to make some further calming allusions in press conference which would probably be cabled to Japan and published here.⁸⁷

Copy to Peiping by mail.

GREW

701.6111/742

Memorandum by the Under Secretary of State (Phillips) of a Conversation With the Soviet Commissar for Foreign Affairs (Litvinov)

[Extract]

[WASHINGTON,] November 20, 1933.

I said that the President and Mr. Norman Davis had indicated to me briefly the nature of Mr. Litvinov's views regarding disarmament.

⁸⁶ November 18.

⁸⁷ The Department replied in telegram No. 110, November 20, 7 p. m.: “If anyone inquires you may state that there is no truth whatever in that story.”

ment, but that I would be glad to have him say anything that was on his mind on this subject. He launched forth at considerable length on the hopelessness of the Geneva Disarmament Conference; there could be no satisfactory European solution, he said, because Europe was too closely tied to Russia and Russia was too closely tied to Japan; Poland could not disarm because of Russia, Russia could not disarm because of Japan and, therefore, any attempt at European disarmament was impossible at the present time. This led the conversation to the Far East and Mr. Litvinov talked frankly about Soviet relations with the Japanese; he gave me a brief historical survey of the Chinese Eastern Railway situation, concluding with the difficulties which had arisen over the proposed sale of the railway to Japan; he said that as Manchuria was Japanese territory in fact, the railway was no longer of any use to Russia and, in addition, the Japanese were building competing lines to it; the Japanese, however, had taken the position that they could get the railway for nothing and had proceeded to displace the Russian railway officials, in order to illustrate to Moscow that already control of the railway had passed to Japan; he referred to the tension which now existed on the border; fortunately, he said, the Russians had been concentrating along the border for over a year and their forces, together with the fortifications which they had erected, were sufficient to hold the Japanese in check for the time being; he thought that if war broke out the Russians would have the first advantage. Mr. Litvinov referred to the designs of the War Party headed by General Araki to create an Asiatic empire which would dominate all of China; he also mentioned the fact that over a period of months France had encouraged the Japanese in their ambitions (though he did not indicate that this was the present attitude of France).

Mr. Litvinov then mentioned the various pacts of nonaggression which he had concluded with the neighboring states to the west and his twice-made attempt to conclude a similar pact with Japan; he expressed the thought that the United States might be willing to conclude a nonaggression pact with Russia co-incident with certain other pacts covering the Far East—United States—Russia; United States—Japan; Japan—Russia; Japan—China. I reminded him that we already had, under the Kellogg Pact, similar engagements with those countries. Mr. Litvinov replied that the Kellogg Pact was no longer in existence in the Far East, since Japan had broken it and that, any way, individual pacts between nations gave a greater sense of security than a world-wide pact including all nations. I told him that his suggestion was a very interesting one and that, of course,

we should give it careful study. I did not, however, indicate any enthusiasm for it or any certainty that we could go along with him in his proposal.

WILLIAM PHILLIPS

711.61/366 : Telegram

The Ambassador in Italy (Long) to the Secretary of State

ROME, November 20, 1933—7 p.m.
[Received November 20—6 p.m.]

132. Department's circular telegram November 17, 4 p.m.⁸⁸ I established official relations with the Soviet Ambassador and have just had my first conversation with him. He emphasized two points: (1st), the possibilities for cooperation between the great Governments of England, Russia, Italy and the United States; (2d), the great political advantage accruing to Russia in the Far East as already evidenced by a changing and more conciliatory attitude on the part of Japan. In this connection he said that a Japanese aviator flew well inland along the Manchurian side of the border and up to and then along the Amur River and that that flight had disclosed to the Japanese complete preparation in the line of fortifications on Russian territory along the border. That discovery together with the recognition of the Soviet state by the American Government had caused a change in Japan already evident. In that connection I may add that there has appeared in the Italian press recently a statement to the effect that Japan would consider a non-aggression pact with Russia only after the frontiers had been demilitarized and a wide neutral zone agreed upon. Potemkine⁸⁹ also said he had called on Suvich⁹⁰ immediately after learning resumption of relations was imminent and had suggested a favorable treatment by the Italian press with emphasis on the political consequences of recognition.

The Russian Ambassador also told me that Litvinov would probably come directly to Rome sailing from New York the 25th and arriving in Naples the 2nd.

Cipher mailed Geneva.

LONG

⁸⁸ See vol. II, p. 816.

⁸⁹ Vladimir Potemkine, Soviet Ambassador to Italy.

⁹⁰ Fulvio Suvich, Italian Under Secretary of State for Foreign Affairs.

893.00/12527 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 21, 1933—1 p.m.

[Received November 21—6:45 a.m.]

864. Following is substance of a telegram from the Consul at Amoy dated November 20, 3 p.m.:

Representatives of General Tsai Ting-kai have taken over local branch of the Central Bank of China proclaiming that its funds and those of various tax bureaus are to be used to defray military expenses which Nanking has failed to provide for. Li Chi-shen and Eugene Chen passed through Amoy to Foochow November 18. Consul also reports local situation quiet but general situation obscure.

Following telegram has been received from Nanking:

"November 20, 9 p.m. Reliably informed Smith, American pilot General Chiang's plane, is detained but unharmed at Foochow.⁹¹ Orders of the National Government for punitive expedition against the Foochow regime which declared independence November 20 are expected to be made public shortly."

Reuter reports from Shanghai, Nanking and Canton state that a People's Government was reported to have been formally organized at Foochow on 20th with Li Chi-shen as chairman, Chen Ming-chu as chief of executive committee, Tsai Ting-kai as chief of military committee and Eugene Chen as chief of foreign affairs committee; Nanking Central Political Council is reported to have decided "to take drastic measures"; and that military preparations by Canton are progressing and defense forces are being stationed Fukien-Kwangtung border.

No reports received from Vice Consul at Foochow. Communication probably has been interrupted or subject to censorship.

Legation is telegraphing Vice Consul.

For the Minister:
GAUSS

893.00/12531 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 22, 1933—11 a.m.

[Received November 22—2:33 a.m.]

865. Reference Legation's 864, November 21, 1 p.m. Following telegrams have been received from Vice Consul at Foochow:

⁹¹ In telegram No. 872, November 23, noon, the Legation in China relayed the following message from the Vice Consul at Foochow: "Local authorities assert that information is not correct and that neither Smith nor any other American is being held here." (893.00/12535)

"November 20, 5 p.m. My November 18, 3 p.m. A mass meeting estimated at 20,000 was held this morning, principally of soldiers and students. Guild representatives found it advisable to be present. The following were the principal speakers: Eugene Chen, Chen Ming-shu, Li Chi-shen, Tsai Ting-kai, Chiang Kuang-nai, Admiral Sah Chen-ping and Huang Chi-hsiang, representative of Madame Sun.

The themes of the speeches were: Down with the Kuomintang, down with the Nanking Government, down with Chiang Kai-shek and opposition to Japan. It was declared that the spirit of Teng Yen Ta of Hankow fame would never die."

"November 21, 11 p.m. Peck's telegram received today at 6:50. My telegrams not subject to censorship and have been accepted by telegraph office.

Although all indications are that independent government has been established here, still no definite proof of declaration of independence can be found after diligent search. My British colleague is also of this opinion. Reports here conflicting and facts fairly well concealed. Now reported that formal declaration of independence will be issued November 22 and that new flag will be flown. New flag has upper fieldpieces red and lower half with yellow star center. Nineteenth Route Army has taken over pagoda anchorage and forts at entrance to Min River from the Navy. Chen Ming-shu now reported not to have attended mass meeting yesterday morning on account of illness. Salt Gabelle has been taken over by the local authorities but not customs as yet. A new superintendent of customs has been appointed."

For the Minister:
GAUSS

893.00/12530 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 22, 1933—5 p.m.
[Received November 22—6:10 a.m.]

180. I learn on reliable authority that the Foreign Office is apprehensive with regard to the autonomy move in Fukien Province. Although it is believed to be primarily an anti-Nanking and anti-Chiang Kai-shek movement, it nevertheless has a strong communistic tinge and it is feared that a definite anti-Japanese movement may arise. My informant states that the situation is being very closely watched and that if any indication of anti-Japanese activities appears, Japan will be forced to act. Due to the proximity of Fukien Province to Formosa Japan feels a special interest in the situation.

Repeated to Nanking.

GREW

793.94/6530

The Minister in China (Johnson) to the Secretary of State

No. 2392

PEIPING, November 22, 1933.

[Received December 18.]

SIR: I have the honor to enclose herewith, as of possible interest, a memorandum of a conversation held on November 16⁹² between Mr. Y. Suma, First Secretary of the Japanese Legation, who accompanied his Minister on the latter's recent trip to Peiping, and a member of the Legation staff.

Mr. Suma discussed negotiations at Peiping between Chinese officials and Japanese military and other authorities, asserting that negotiations had ceased and would not be resumed until they could be conducted on a solid basis; the separatist movement in Fukien Province, which he interpreted as being principally directed toward ousting certain allegedly pro-Japanese Chinese officials and as possibly having some connection with Mr. T. V. Soong; General Chiang Kai-shek's anti-communist campaign, which Mr. Suma does not believe will succeed; and rumors with regard to American assistance to China, which he felt could be allayed to some extent by a freer interchange of information between Japanese and American officials.

Respectfully yours,

For the Minister:

C. E. GAUSS

Counselor of Legation

893.00/12534 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 23, 1933—10 a.m.

[Received November 23—12:05 a.m.]

870. Following telegram has been received from Vice Consul at Foochow:

"November 22, 5 p.m. New government formally established this morning when the members took oath. Highest authority of the new government invested in a central committee of 11 members, 6 of whom are Nineteenth Route Army adherents. Under this committee are 3 departments and 2 ministries. The departments are Culture, Defense, and Economics; headed by Chen Ming-shu, Li Chai-sum, and Chiang Kuang-nai, respectively. Eugene Chen is Minister for Foreign Affairs. The Finance Minister has not yet been appointed. The country is known as the Chinese People's Republic and the government as the Chinese People's Revolutionary Government. Li

⁹² Not printed.

Chai-sum is concurrently President of the People's Republic and Chiang Kuang-nai is concurrently Governor of Fukien.

The new national flag was displayed over all government buildings today; also throughout the city by order of the police.

The new government is opposed by practically all classes of Fukienese here and has been set up by compulsion.

Friction is reported to have already broken out between the militarists and politicians over control. Foochow quiet."

For the Minister:

GAUSS

893.00/12666

*Memorandum by the Minister in China (Johnson)*⁹³

CANTON, November 27, 1933.

Conversation with: Lin Yun-koy,⁹⁴ Marshal Ch'en Chi-t'ang, Commanding the First Group Army Corps; Liu Chi-wen, Mayor of the City of Canton; T'ang Shao-yi, Member of the Southwest Political Council.

Present: Consul General Douglas Jenkins and Mr. Spiker.⁹⁵

Subject: Domestic Politics.

By arrangement I went to call upon the above named Chinese this afternoon and in the course of a long conversation the question of the situation in Fukien arose. Marshal Ch'en stated that this morning a delegate from the authorities responsible for the newly organized government at Foochow had come seeking the support of Canton. He stated that he had asked the Fukien representative why the 19th Route Army and the other leaders responsible for the Fukien movement had made common cause with the Communists and the Japanese, both enemies of China. He said that the delegate could make no proper reply to this question but he had decided to remain in Canton and not return to Foochow. He expressed the opinion that the delegate from Fukien had reached the conclusion that the Fukien movement was not a worthy movement.

Mr. T'ang Shao-yi was asked what evidence the authorities at Canton had that the Fukienese were intriguing with the Japanese. He replied that they had evidence which seemed to convince them of this. He referred to General Chen Chiung-ming, who died at Hongkong about a month ago, and said it was positively known to them that sometime ago the Japanese had approached General Chen and had offered him a million dollars if he would start a revolt

⁹³ Copy transmitted to the Department by the Minister in China in his despatch of December 12, 1933; received January 29, 1934.

⁹⁴ Chairman of the Kwangtung Provincial Government.

⁹⁵ Clarence J. Spiker, First Secretary of Legation in China.

against General Chiang Kai-shek. Mr. T'ang stated that General Chen had told the Japanese that he did not want their money; that if the Japanese would restore Manchuria to China he would start a revolt against General Chiang Kai-shek without money. Mr. T'ang stated that it was known to them that General Chen Ming-shu, former head of the 19th Route Army, had taken up and carried on this intrigue with the Japanese which had been begun by General Chen Chiung-ming. Mr. T'ang stated that the responsible Japanese in this intrigue was General Matsui, Governor General of Formosa, who was known to have been interested in the possibility of the Japanese taking action in Fukien and utilizing the Formosan Chinese in the movement. He stated that there were 20,000 Formosan Chinese in Foochow and that this number had been added to in recent weeks, and that sufficient arms were stored in the Japanese Consulate to arm these Formosan Chinese for the creation of disturbances in Foochow.

NELSON TRUSLER JOHNSON

893.01 Manchuria/993

*Memorandum by the Minister in China (Johnson)*⁹⁸

CANTON, November 27, 1933.

Conversation with: Lin Yun-koy, Marshal Ch'en Chi-t'ang, Commanding the First Group Army Corps; Liu Chi-wen, Mayor of the City of Canton; T'ang Shao-yi, Member of the Southwest Political Council.

Present: Consul General Douglas Jenkins and Mr. Spiker.

Subject: Policy of the United States in Regard to Manchuria.

Marshal Ch'en Chi-t'ang, after expressing appreciation of the action taken by the United States in connection with the occupation of Manchuria by Japan, asked whether there was any intention on the part of the United States to change this policy. I told Marshal Ch'en that I knew of no reason why the United States should change this policy, particularly as it was a policy logically based upon a treaty situation. I outlined the development of this treaty situation from the Versailles Conference and the Versailles Peace Treaty upon which was based the covenants of the League, through the Washington Conference with its settlement of questions regarding navies, Pacific questions, and the treaties, notably, the Nine Power Treaty regarding principles and clauses in reference to China which were the outcome of the Washington Conference. I pointed out that this

⁹⁸ Copy transmitted to the Department by the Minister in China in his despatch of December 13, 1933, from Nanking; received January 29, 1934.

treaty was based upon the conviction that it should be possible for nations to settle their differences by amicable means and through conferences rather than by a resort to force and to arms. I stated that in the case of my own country this treaty development had been taken very seriously; that we had based our policy, internal and foreign, upon the principles and ideals embodied in these treaties. I pointed out that as a logical conclusion of this treaty development there had followed the Kellogg Pact under which the United States, party thereto, had solemnly declared that they would not resort to war in the settlement of their disputes. Thus based, I stated that it seemed to me that the policy adopted by the United States in the Manchurian situation had been a logical policy and that so far as the United States were concerned there would be no change in this policy as long as those reasons remained good.

At this point Mr. T'ang Shao-yi interjected a remark to the effect that treaties are changed by circumstances. Having in mind the bearing of this statement by Mr. T'ang upon the local situation at Canton, where the authorities were lending themselves to an endeavor to deny American citizens their rights under treaties between China and the United States to carry on business, I said that it seemed to me that treaties were altered only in one way, namely, by negotiation and mutual consent, that the other way led in the direction of force, and that of course we must all choose which road we would follow. If nations entered into contractual and treaty relations sincerely and in good faith, then it must be expected that they would abide by such contractual relations until by a process equally amicable they could get together for the purpose of a conference with a view to determining what changes should be made in such treaty relations in order to adapt them more closely to new circumstances or events. Treaties after all marked the steps of progress in peaceful relations between states; any other method of interpretation or change in the terms of treaties invited force and that in the application of force the strong party was likely to determine the course of events. I stated that this was the fundamental question underlying the situation at the present time here in the East and that I thought China could do much to aid the point of view which was expressed in our policy.

Mr. T'ang stated that in Canton there was much interest in the development of industry; they wanted to make themselves independent of foreign markets, particularly in those lines where it was necessary often to send to foreign countries for materials to replace broken equipment ordered from abroad; they wanted a factory capable of making machinery, and sometime ago the authorities had

asked him to visit the United States; circumstances had prevented his going but there was still some chance that he might go.

As an example of what he had in mind he referred to machinery ordered from Germany which, when broken down, had to await the arrival of new parts from Germany before it could be used again. This was the situation which they wished to remedy. What did I think of the possibility of getting some firm in the United States interested in assisting them in this matter? I told Mr. T'ang that I thought it unlikely that big firms in the United States would be interested at the present time in extending their operations abroad, particularly in the financing of undertakings. I pointed out that in the case of Russia it was quite true that American experts were being employed to put up factories and industrial plants but that in this case the work was being done by Soviet Russia and paid for in cash, with little risk to the American engineer or manufacturer of the products used, but that in China I assumed the project would involve the American firm in financing it *ab initio* and receiving its compensation out of earnings.

I said that I was interested in this phase of the developments in Canton; that important American interests were anxious to enter into the manufacture of products, notably oil, and were having some difficulty but that I was glad to learn upon my arrival that the difficulties which had been experienced were well on their way toward being ironed out. I stated that when I told my government that I was going to Canton I discovered that it was very much interested in the fate of these American companies and that I was glad to say that I was now apparently in a position to report that they were on the road to some kind of a settlement which would permit them to do business along with Chinese firms.

Marshal Ch'en inquired as to my opinion regarding the result of the seizure of Manchuria by the Japanese. I said that the results of this situation were of interest to everyone and all countries were considering the matter in the light of treaties and the interests involved and that at the present time no one knew what the result was going to be.

Before leaving inquiry was made about the policy of the Canton authorities in connection with the wolframite market. He stated that it was the policy of the authorities to control the sale of this product, the production of which was now in their hands; that their only difficulty was the question of prices, and that any firm might buy through provincially controlled sales agencies.

NELSON TRUSLER JOHNSON

893.00/12542 : Telegram

The Consul General at Canton (Ballantine) to the Secretary of State

CANTON, November 28, 1933—10 a.m.

[Received November 28—3 a.m.]

My November 18, 5 p.m.⁹⁷ Marshal Chen informed me yesterday that delegates who had arrived from Fukien to urge Canton to join movement were told that Canton could not do this as the Fukien leaders were cooperating with the Communists and Japanese. Public manifestoes are of a similar tenor but harp also on Fukien's repudiation of the Kuomintang.

Public uneasiness appears subsiding.

Repeated to the Department, the Legation and to Nanking.

BALLANTINE

893.00/12541 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 28, 1933—noon.

[Received November 28—3 a.m.]

879. Following telegram has been received from the Consul at Foochow:

"November 27, 4 p.m. Reports multiplying regarding disagreement between the Nineteenth Route Army leaders and the communistic politician element over the overthrow of the Kuomintang and the discarding of the Nationalist flag. George Hsu and Huang Chih-siang,⁹⁸ it is reported maintain that these measures are essential in order that the Kiangsi communist leaders may be assured that the cooperation with the Nineteenth Route Army is sincere. It is reported that the new regime has informed the Japanese that the present movement is strictly anti-Chiang Kai-shek and not anti-Japanese, and that the anti-Japanese phase of it is for propaganda purposes. The anti-Japanese boycott has been suspended. My Japanese colleague informs me that he will be neutral. There are no Japanese naval vessels here. In this connection none of the foreign Consuls General has found it necessary to ask for naval protection.

The radical element has failed to gain control as yet of any one of the three important commissions in the Government, namely Cultural, Economic and Military. This element desires control of the Cultural Commission as this would give it the opportunity to disseminate propaganda."

For the Minister:

GAUSS

⁹⁷ Not printed.

⁹⁸ Members, "People's Government," Foochow.

893.00/12614

The Counselor of Legation in China (Peck) to the Secretary of State

NANKING, November 29, 1933.

[Received January 2, 1934.]

SIR: I have the honor to state that in the course of a call upon Dr. H. H. Kung, Minister of Finance, on November 28, 1933, I endeavored to ascertain his views upon the present situation arising from the independence movement by the 19th Route Army, initiated at Foochow on November 20. Dr. Kung was, as usual, unwilling to express any definite opinion, so I told him that I would take the liberty of stating what I conceived to be, in a general way, the present situation and would ask him to inform me whether my statement was substantially correct. I said that it appeared to an outsider that following the independence movement by the 19th Route Army at Foochow the question confronting the National Government was whether Canton, Kwangsi, and Hunan would be sympathetic with that movement, would be neutral, or would actively support the National Government.

Dr. Kung assented that I had described the situation correctly in general terms, but he remarked that he did not think there was any great danger that the Canton regime would join with the independence movement because, in the first place, it was General Chen Chi-t'ang, the present principal leader at Canton, who had ejected from that position General Chen Ming-shu, who is heading the rebellion in Fukien. As for the possibility that the rebels and Canton might decide to agree not to attack each other, Dr. Kung admitted that this was a possibility, since General Chen Ming-shu might be doubtful whether the soldiers of the 19th Route Army, being Cantonese, would be willing to fight against Canton.

In regard to Kwangsi, Dr. Kung said that the Government had received fairly satisfactory telegrams from General Li Tsung-jen and other leaders; and in regard to Hunan, he said that he did not think that the Chairman of the Hunan Provincial Government, General Ho Chien, would dare to join in a movement against Nanking, because he would be unable to retain his present post if he were to do so.

Dr. Kung went so far as to refer to the well known fact that southern leaders had strongly criticized General Chiang Kai-shek, taking him as a convenient object for their attack.

It is obvious that Dr. Kung, as Minister of Finance and as related to General Chiang Kai-shek by the fact that their wives are sisters,

could hardly venture to be more explicit than he was. Nevertheless, his forced optimism was somewhat belied by the preparations made by the National Government in the way of aircraft mobilization and troop movements to prevent the 19th Route Army from attempting to come to the Shanghai area.

Very respectfully yours,

WILLYS R. PECK

711.61/445

The Ambassador in Japan (Grew) to the Secretary of State

No. 600

TOKYO, December 1, 1933.

[Received December 18.]

SIR: In my telegram No. 166 October 23 [24], noon [1 p.m.],⁹⁹ and my despatch No. 572 of November 2, 1933,¹ it was indicated that the Foreign Office apprehended that a Soviet-American *rapprochement* might so alter the attitude of Soviet Russia or China towards Japan that renewed outbursts of propaganda might enable the military to undo the success which had attended the efforts of the Foreign Minister to divorce the subject of foreign relations from the discussions of the army and navy budgets. With American recognition of the Soviet Union accomplished it may now be reported that these fears have not as yet been realized. As stated in the headlines of the *Japan Advertiser* on November 19, the announcement of recognition found Japan "calm but apprehensive".

Official comments were non-committal. The Foreign Office spokesman did not anticipate a change in America's attitude toward Japan although he was quoted as stating that a stiffening of Soviet Russia's policy was anticipated. The War Office spokesman remarked that recognition did not evidently include a non-aggression pact and that it therefore was to be regarded as a resumption of commercial connections only. The Navy Office recalled Roy Howard's statement that America should recognize Soviet Russia, not only for the purpose of resuming trade relations but also for the peace of the Far East and that therefore "the future movements of the two countries should be carefully watched".

[Here follows report on Japanese press comment.]

In conclusion it may be said that while the immediate reception of the United States recognition of Soviet Russia was reasonable and in accordance with advance indications, there is notwithstanding a perceptible undertone of uneasiness. This feeling has recently been given expression by the *Hokkai Times* of Sapporo which, in the course of an editorial commenting favorably on the recent exchange

⁹⁹ Vol. II, p. 797.

¹ Not printed.

of informal dinners between the Foreign Minister and myself, remarks:

"Then came the establishment of Soviet-American relations and rumors were heard that the United States and the Soviet Union had reached an understanding against Japan. To these developments can be attributed the present unfavorable state of Japanese-American relations".

Nevertheless, with regard to Japan's feeling of uncertainty it is encouraging to note that:

- (1) It has not found expression in an unrestrained form,
- (2) It has not resulted in a resumption of the anti-American campaign of a year ago,
- (3) It has not stimulated a revival of the waning propaganda concerning a "national crisis" predicted for 1935 by the War and Navy Office,
- (4) The Minister for Foreign Affairs has been publicized by *Nippon Dempo* as indicating that American recognition of the Soviet Government will not alter his plans to create amity between America and Japan.

I personally have little doubt that the recognition by the United States of Soviet Russia and the announced plans for building up the American fleet will in the long run tend to exert a favorable influence on the Far Eastern political situation in general and on Japanese-American relations in particular, for whatever the basic incentives and intentions which led to these steps, they are concrete facts spoken in a language which Japan can understand, and no amount of bluster, whether publicly or privately expressed, can do away with the profound moral effect which they have exerted and will continue to exert on Japan's conscious or subconscious outlook.

Respectfully yours,

JOSEPH C. GREW

893.00/12615

The Counselor of Legation in China (Peck) to the Secretary of State

NANKING, December 6, 1933.

[Received January 2, 1934.]

SIR: I have the honor to enclose herewith a memorandum² of remarks made by Dr. Wang Ching-wei, President of the Executive Yuan and Acting Minister for Foreign Affairs, in a conversation held with Mr. Maxwell M. Hamilton, Assistant Chief of the Far Eastern Division of the Department of State, on December 5, 1933.

Dr. Wang attributed the failure of the Chinese Government to carry out its program for the economic betterment of the Chinese

² Not printed.

people largely to obstructive measures of the Japanese Government. At the same time, he did not minimize the impediment offered by recalcitrant Chinese military leaders.

Dr. Wang stated that the present Government had abandoned the former idea of unifying the whole country by force, in favor of a plan to consolidate a few provinces in the neighborhood of the Capital and thence extend its influence gradually.

Dr. Wang denied the truth of the popular prediction that the initiation of diplomatic relations between the American Government and the Soviet Government would make Japan less aggressive in its foreign policies; he observed that the possibility of international isolation seemed to make Japan more aggressive toward the Soviet Union and China than it had been before.

Very respectfully yours,

WILLYS R. PECK

493.11/1817

*The Consul General at Mukden (Myers) to the Minister in China (Johnson)*³

[Extract]

No. 867

MUKDEN, December 6, 1933.

SIR: I have the honor to refer to this office's despatches Nos. 801 and 805 of July 11 and 28, 1933,⁴ respectively, concerning developments in the settlement of American claims arising as a result of the Japanese occupation, and to enclose herewith a copy of a letter⁵ from Mr. H. C. Reed, American Claims Representative, reporting the final settlement of all claims which had been investigated and approved by the Commission for the Liquidation of Claims.

Respectfully yours,

M. S. MYERS

893.00/12559 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, December 7, 1933—1 p.m.

[Received December 8—7:08 a.m.]

902. The Consul at Foochow reports, December 7, noon, that all Americans at Yenping reached Foochow that morning. The following information was obtained from these Americans (source to be treated confidential) that planes of the Nanking Government

³ Copy transmitted to the Department by the Consul General at Mukden in his despatch of December 8, 1933; received January 5, 1934.

⁴ Neither printed.

Not printed.

bombed Shahsien which is held by troops of the Nineteenth Route Army causing casualties; that Kiangsi Communists have joined forces with the Nineteenth Route Army in river districts around and above Yenping, the Communists being scattered through the various units of the Nineteenth Route Army so that the latter may retain control; that the gates of Yenping, Shunchang and Chiangli have been freely opened to the Reds, that the Nineteenth Route Army has disarmed the 56th Nationalist Division at Chiangli and that the former is building an aviation field at Yenping.

The Consul also reports that according to these Americans although the military authorities have issued orders that foreigners be respected there is apparently an anti-foreign feeling which may become active in case the Nineteenth Route Army and its Communist allies should be defeated.

For the Minister :
GAUSS

793.94 Advisory Committee/62

The Department of State to the British Embassy ⁶

Referring to the British Embassy's informal and confidential inquiry of December 7:

The American Government informed the Secretary General of the League of Nations that the views of the American Government with regard to the principle of non-recognition remain unchanged; that the American Government believes that it will be readily possible for it to proceed in substantial accordance with the measures designed to give effect to the principle of non-recognition of "Manchukuo" which are set forth in the circular (C. L. 117(a). 1933. VII Annex)⁷ drawn up by the Advisory Committee appointed by the Assembly of the League of Nations to follow the situation in the Far East;

That, however, the American Government is of the opinion that the procedure with regard to "Manchukuo" accessions to "Open Conventions" recommended in the circular of the Advisory Committee is neither essential in the existing circumstances nor entirely free from objections from the point of view both of practicability and of policy; and that:

With regard to the procedure to be followed in reference to the control of the traffic in narcotic drugs, the Advisory Committee, in making its recommendations, has apparently considered only the

⁶ Given to Mr. Freese-Pennefather of the British Embassy without covering memorandum by the Chief of the Division of Far Eastern Affairs on December 8, 1933, in reply to oral inquiry.

⁷ League of Nations, *Official Journal*, Special Supp. No. 113, p. 11.

Geneva Opium Convention of 1925.⁸ The United States is not party to that Convention. However, its laws prohibit the exportation from the United States or its territories of "any narcotic drug to any other country" unless the importing country is party to the Hague Opium Convention of 1912⁹ and its Final Protocol and has adopted the safeguards prescribed by that Convention. Hence the Advisory Committee's recommendation in this connection cannot under existing laws be adopted by the United States.

The American Government doubts whether the procedure suggested by the Advisory Committee would be in conformity with the Hague Convention of 1912, to which the American Government and most of the Governments members of the League are parties and which is the basic international convention relating to the control of the traffic in narcotic drugs. And, it is believed that acceptance in any way of an import certificate issued by "Manchukuo" as the basis for licensing the exportation of narcotics to Manchuria might readily be construed as an implication of recognition of the government of "Manchukuo".

Except as regards these points, the American Government is proceeding on lines substantially in accordance with the recommendations formulated by the Advisory Committee. We do not understand that the Committee made definite recommendations with regard to procedure in postal matters. The procedure which we are following in that connection is already known to the British Government.

894.00/499

The Ambassador in Japan (Grew) to the Secretary of State

No. 608

Tokyo, December 12, 1933.

[Received January 2, 1934.]

SIR: It is naturally my habit in Tokyo, as it has been in other former posts, to keep in close touch with those of my diplomatic colleagues whom I find by experience to be well informed and to use their minds constructively in diagnosing political situations and in trying to foresee future developments. Boiled down, the number of such colleagues is painfully restricted, and lately the arrival of several new Ambassadors and the absence on leave of other chiefs of mission, has still further limited the intelligence market where views, information and ideas can profitably be exchanged. Among the colleagues with whom I maintain frequent contact and whose information and opinion I find to be generally accurate and intelligent is the Netherlands Minister, General Pabst. A former officer in the

⁸ Signed February 19, 1925, League of Nations Treaty Series, vol. LXXXI, p. 317.

⁹ Signed January 23, 1912, *Foreign Relations*, 1912, p. 196.

Dutch Army, he has been Minister in Tokyo since 1923 and has therefore had longer experience in Japan than any other chief of mission save only the Belgian Ambassador, Dean of the Diplomatic Corps, who came in 1921. General Pabst possesses the phlegmatic hard-headedness and common sense typical of the Dutch and is not at all of the type prone to find sensation where none exists. Furthermore, as a former army officer and Dutch Military Attaché here, he has intimate contacts with the Japanese Army and Navy not generally enjoyed by the diplomats in Tokyo. I mention these facts merely as background in connection with various comments which he has recently made to me in the course of our talks, as set forth below.

General Pabst attaches much importance to the Pan-Asiatic movement in Japan and to the steps being taken to revise and develop the Great Asiatic Association which were initiated last March (Embassy's despatches Nos. 311 of March 7, 1933, and 468 of July 13, 1933).¹⁰ He believes that Mr. Hirota, the present Minister for Foreign Affairs, in spite of his policy of improving relations with foreign countries, is a staunch supporter of the movement, in the initiation of which he participated, and that he is in sympathy with Japan's expansionist ambitions. General Pabst acknowledges, however, that he has no precise evidence to support this theory. The idea, as he understands it, is to develop an Asiatic League of Nations composed of Japan, as the leader, and "Manchukuo", China and Siam, in other words, a bloc of the yellow races against the white. He said that he had recently been looking at a new text-book just issued to the Japanese primary schools in which is included a large map of the Far East, comprising Japan, "Manchukuo", Siberia, China, French Cochin China, Siam, the Straits Settlements, the Philippines and the Dutch East Indies, and that on this map there are printed three flags, those of Japan, China and "Manchukuo". The American, French, British, Russian and Dutch flags are conspicuous by their absence. The Minister said that he had observed a significant thing at the funeral of Princess Asaka on November 12, namely that in the row of funeral wreaths the place of honor was given to the wreath from President Pu Yi, the second place of honor was accorded to that of General Ting, the Minister of "Manchukuo" to Japan, while the wreath from the entire Diplomatic Corps was relegated to third place. His interpreter had read the Japanese inscriptions.

The Minister's chief concern, however, is in connection with the "crisis" which the Japanese, especially the Army and Navy leaders and the press, are continually harping upon as certain to occur in

¹⁰ Neither printed.

1935. As regards the factor of Soviet Russia in this impending crisis, he entirely concurs in the views set forth in my strictly confidential letter to the Under Secretary of State of October 6, 1933. But what gives the Minister most concern is the possible attitude and action of the Japanese Navy if and when it becomes evident in the exploratory conversations preliminary to the Naval Conference in 1935 that Japan presumably cannot hope both for an agreement according to Japan naval parity with the United States and Great Britain and at the same time for a continuance of the restrictions against a fortified naval base for the United States in the Philippines. In the General's opinion there will be grave risk at that time that the Japanese Navy will suddenly descend upon and occupy Guam. "You have noticed," General Pabst said in effect, "that the Navy is no longer content to take a back seat as it was more or less obliged to do during the campaign of the Army in Manchuria. The Navy is now forging to the front as is clearly evidenced by the immense appropriations accorded it in the present budget, partly at the expense of the Army, and in the great naval manœuvres scheduled for next year, the first time that such manœuvres have occurred in two consecutive years. If, at a given moment, the Navy feels that its prestige is at stake and that the future safety, welfare and ambitions of the country lie in its hands, it will no more be subject to restraint by the civil Government than was the Army in Manchuria in 1931." On my referring to the utter stupidity and probable inconclusiveness of an American-Japanese war to which such action would inevitably lead, and the tremendous loss to Japanese trade which would result from such a war, the Minister said, in effect: "Don't for a moment think that questions of economic or financial loss to the country would carry any weight whatsoever with the Navy; the present budget is already likely to bring the country perilously near to financial disaster in future, but the Army and Navy go cheerfully ahead with their plans as if the country's financial status is a matter with which they are not concerned and cannot afford to be bothered, and that economically Japan could get along without America somehow or other if she had to do so. Furthermore from the military and naval point of view, an American offensive would be a negligible factor, because they hold that no American fleet could effectively operate in Japanese waters so far from its Hawaiian base and with its lines of communication liable to be intercepted. Once in possession of the Philippines, with unrestricted naval building in view and having eliminated the dreaded threat of an American naval base in eastern waters, Japan believes that she could disregard the United States and proceed with her Asiatic ambitions. The next step would be the appropriation of New Guinea which offers a considerable

extent of territory for colonization and would, to a certain extent, solve the immediate problem of Japanese emigration."

The foregoing is not a precise quotation of General Pabst's remarks but represents closely the general trend of his ideas as he expressed them in our last conversation. There is no doubt that he has the future safety of the Dutch East Indies constantly in mind, of which the future safety of the Philippines is a corollary. He alluded with emphasis to the fact that the Japanese had recently invited a delegation of natives from Java to visit Japan, with a view to broadening the Japanese market in cheap cotton and other goods in the East Indies, and that this delegation is now here.

After a stay of but eighteen months in Japan I should be loath to characterize as fantastic the considered opinions of an intelligent and conservative observer with ten years' experience of this country and its people. We have already seen the sort of action of which an unrestrained and domineering army is capable. We have had ample evidence that in this country the unexpected can always happen. In previous despatches I have pointed out the uneasiness with which certain of the Japanese regard the year 1935-1936, and the determination to alter the present naval ratios. The prestige of the Japanese Navy has for a time been eclipsed by the spotlight in which the Army has moved during the past two years. Prestige is a powerful factor in the Orient.

So far as the present Foreign Minister is concerned, it is safe to say that he is not a chauvinist, that he believes it in the best interests of Japan to be on cordial terms with all foreign countries, especially the United States, China and Great Britain, and that he does not believe in provoking war in any quarter. He is therefore steadily working to develop better relations abroad because he believes that Japan can carry through her program far more readily and effectively in an atmosphere of friendship than in one of hostility with other nations. At the same time, he is what might be called an ardent nationalist. His views, from all that I can gather, are that politically, economically and culturally, Japan can prove herself the leading nation in Asia. The recent growth of Japanese trade throughout the Far East naturally gives added prestige to the country. Mr. Hirota is undoubtedly sympathetic with Japanese development, and will give what encouragement and help he can to any movements which tend to enhance the country's position. He could not hold office on any other terms. I am unable to state to what extent he approves of the recent adventures in Manchuria. Here again he must, if he is to remain in office, accept the situation as he finds it, a *fait accompli* which he is estopped from criticizing adversely.

To sum up, the Netherlands Minister, an experienced and conservative observer, believes that the year 1935 is likely to produce in fact the crisis which is now being freely predicted in theory, and that the Japanese Navy at that time is fully capable of taking radical action such as the Army has already taken in Manchuria.

Having in mind the various points which I have mentioned in this despatch, it behooves us to approach the year 1935 in all wakefulness.

Respectfully yours,

JOSEPH C. GREW

761.94/677

The Ambassador in Japan (Grew) to the Secretary of State

No. 610

TOKYO, December 14, 1933.

[Received January 2, 1934.]

SIR: Supplementing my confidential despatch No. 606 of December 4, 1933,¹¹ I have the honor to inform the Department that at the dinner at the Soviet Embassy on December 12, given by the Soviet Ambassador for myself and staff, Mr. Yureneff said to me that in his view if the Japanese Army intends to attack Soviet Russia, it will be more likely to open an offensive in the spring of 1934 than at a later date, basing his opinion on the theory that after 1934 time will tell in favor of Russia in point of combat efficiency. The Department will recollect that in the judgment of our Military Attaché, the Japanese Army will not reach the zenith of its combat efficiency until the spring of 1935, and that only after that date will the time factor count in favor of the Russians. Mr. Yureneff however asserted that Soviet Russia is already fully prepared to meet any Japanese menace that may develop at any time, not only in defensive measures but in conducting vigorous offensive operations, on the ground that offense is the best method of defense. He stated that the Russian air force in Siberia is thoroughly strong and includes not only a powerful concentration in Vladivostok but other groups stationed at various points along the Manchurian border. The double-tracking of the Trans-Siberian Railway, he said, is expected to be completed within a few months, but that in case of emergency the "co-operative" labor system which exists in Russia, and in no other country, would enable the Soviet Government to concentrate such a mass of workmen on the railroad as to complete the double-tracking with insignificant delay. The impression made upon me by the substance and tone of the Ambassador's comments was one of complete confidence as to the favorable outcome of a Russo-Japanese conflict, and the not inconsiderable possibility of its occurrence.

¹¹ Not printed.

In the course of conversation between members of my staff and the staff of the Soviet Embassy, it was clearly brought out that the Soviets fully intend to retain their Far Eastern provinces and to continue to develop their intimate relations with Outer Mongolia; that Russia is quite prepared to maintain her position in the Far East by force if necessary; that the Russians believe that the Soviet position is actually unassailable and that Japan, in the event of a conflict, would have to reckon with a far stronger and better organized force than she had ever met before.

The hypothesis was advanced both by the Ambassador and members of his staff that the Japanese were behind the recent so-called independence movement in Fukien, that Japan intends to keep China weak and divided and that the Fukien movement was merely another step in that direction. In reply, it was suggested that all the evils and disorder in China could hardly be laid at the door of the Japanese and that, if reports were true, Soviet activities had likewise played their part, notably in Mongolia which is nominally, at any rate, part of China. This was not denied. In reply to a point raised by Mr. Neville,¹² Mr. Rayvid, the Soviet Counselor, admitted that it was an essential and necessary policy of the central authorities in Moscow to insist upon conformity with their plans by the so-called independent Soviet republics on the borders of Russia proper.

In the course of a separate conversation Mr. Askoff, First Secretary, informed Mr. Lyon¹³ that he believed that the negotiations for the sale of the Chinese Eastern Railway would be renewed and would eventually be settled, but that the Soviets absolutely refused to renew the conversations until the Japanese had released some seven or eight of the Soviet railway officials now held under arrest.

With regard to the recent United Press despatch reporting that Japanese airplanes had been shot down in Soviet Russia, Mr. Askoff observed that "somebody lied" and that the report had originated with troublemakers in Riga. Mr. Askoff is in charge of the press information bureau of the Embassy.

Throughout the evening the Ambassador and the members of his staff showed no reticence about talking and conveyed an impression that they were telling the truth as they saw it. It was perhaps significant that Mr. Yureneff, in his separate talk with me, continually harped upon the very difficult relations of the United States with Japan, Great Britain and other countries.

Respectfully yours,

JOSEPH C. GREW

¹² Edwin L. Neville, Counselor of Embassy in Japan.

¹³ Cecil B. Lyon, Third Secretary of Legation in China.

893.01 Manchuria/983

*The Consul General at Mukden (Myers) to the Minister in China
(Johnson)*¹⁴

[Extracts]

No. 870

MUKDEN, December 16, 1933.

SIR: As of possible interest, I have the honor to report upon local foreign opinion regarding recognition of "Manchukuo" by the Powers and upon certain related matters. It may be explained that I discussed this subject confidentially with several of my Colleagues whose views are given below.

In view of the history of the Manchurian "incident" and in the apparent absence of any substantial advantages to be gained by American interests from early recognition, it is my opinion that recognition should be deferred until a more appropriate time. Thanks entirely to the Japanese, the new state has been established and an effective government organized which functions throughout the limits of its territory. Unless terminated or altered in form by its protector and guardian there is every prospect of its not being short lived. Although not having a direct bearing on the matter, it may be mentioned that China cannot be expected formally to recognize the new state in the near future but that tacit recognition of its *de facto* status may not be far off. Negotiations pertaining to border questions, the establishment of postal relations, and possibly more important matters have been taking place, it is understood, and within a comparatively short period it is to be expected that an agreement on some of these questions will be reached. It has been learned also that the salt and samshu merchants at Yingkow (Newchwang) recently secured the abolition of Chinese restrictions on these products and that they are now being shipped to the Yangtze Valley from that port. Another indication that the Chinese are characteristically reappraising political values according to actualities is that the postal savings accounts of the former Chinese post offices in Manchuria are now being quietly paid at Tientsin through the Bank of China. In my opinion the conclusion of an agreement for the regulation of border problems, implying, as it will, tacit acceptance by China of the altered status of Manchuria will be an appropriate time for seriously considering formal recognition in association with other leading Powers. I would add that my French Colleague holds similar views on this question.

Pending the granting of formal recognition, it seems appropriate

¹⁴ Copy transmitted to the Department by the Consul General at Mukden in his despatch of December 16, 1933; received January 13, 1934.

at this time to recommend for consideration that consular officers in Manchuria be authorized to have informal relations with the *de facto* authorities at Hsinking. As was reported in my confidential despatch No. 837, of September 20, 1933,¹⁶ under the subject "Looting Claims", the German Consul has on a number of occasions had such relations with the Hsinking officials and it would seem from the above that the British intend to initiate regular consular relations in the near future. As is well known, authority in the new government is highly centralized and consequently consular officers who are limited to making representations to local officials only will be greatly handicapped. Judging from the experience of my German Colleague informal relations will not only facilitate the handling of consular protection work but may prove beneficial to the American interests concerned. There are several pending cases in this office, it may be added, the handling of which would no doubt be greatly facilitated and their satisfactory adjustment probably obtained were it possible to take them up informally with the appropriate authority at Hsinking.

It is my impression that local foreign business men are, generally speaking, apathetic toward the question of recognition. They realize apparently that no substantial business advantage is to be gained therefrom and therefore are uninterested. The only definite opinion in favor of recognition which has been expressed by prominent foreign business men to my knowledge emanated from The National City Bank although it is believed that a few others hold similar views. The local manager of the Socony-Vacuum Corporation stated in confidence to me—he expressed the opinion that the other oil companies hold similar views—that he does not favor recognition at present and believes that a waiting policy will prove advantageous both in respect of Manchuria and of China where haste might lead to a boycott of American products. He is however, strongly in favor of direct relations between local consular representatives and the *de facto* authorities at Hsinking because their need is greatly felt.

Brief reference may be made to the views expressed by Mr. John L. Curtis, Manager of the National City Bank for Japan and Manchuria, in favor of early recognition of "Manchukuo" which were referred to in the Embassy's political review for September 1933 (dated October 3, 1933).¹⁶ During his visit to Mukden he called at this office and in the course of the conversation he brought up the matter of recognition and its possible effects on American interests in Manchuria. I remarked that in my opinion it would be premature

¹⁶ Not printed.

to recognize "Manchukuo" at this time but that to all appearances "Manchukuo" in some form of close relationship with Japan seemed to have come to stay. Regarding the possible influence of American recognition on the trend of events, I pointed to Korea as an example of the ineffectiveness of recognition and expressed the view that it could not be expected to have any material effect on American trade.

In this general connection, it may be stated that according to a recent announcement regarding the proposed mining law, the granting of mining rights will be restricted to natives and subjects or citizens of treaty Powers. The most recent announcement is to the effect that this law will not be promulgated before the spring of 1934. It may also be mentioned that reports, believed to be reliable, have been heard from time to time that the Japanese military authorities are actually not anxious that foreign Powers recognize "Manchukuo" before their plans for the new state have been completed. Although it has not been possible to confirm these reports, it seems quite likely that they represent the attitude of a large part of the military who are dictating the policies of the new government. On the other hand, it is believed that the civilian element in the "Manchukuo" Government would welcome recognition at an early date.

Respectfully yours,

M. S. MYERS

893.01 Manchuria/976 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, December 19, 1933—9 a. m.

[Received December 19—7 a. m.]

917. The Consul General at Harbin reports December 18, 11 a. m. that a railway official just returned from Hsinking confirms the rumor that the Ta Ching dynasty will be restored in Manchuria with the coronation on January 1st of Pu-yi.¹⁷

JOHNSON

893.00/12587 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, December 20, 1933—2 p.m.

[Received December 20—7:52 a.m.]

920. Consul at Foochow reports December 19, 1 p.m., that the Fukien movement has not yet developed an antiforeign trend and

¹⁷ The Minister's telegram No. 921, December 20, 3 p. m., reported: "The Consul General Harbin states December 19, 11 a. m., that the coronation of Pu Yi is reported postponed to March 1st." (893.01 Manchuria/977.)

that according to some is ended. The military are friendly. He further states that reports are current to the effect, (1) the Nineteenth Route Army has withdrawn to Yenping leaving cities to the west of Yenping to Communists, (2) local courts are dealing less favorably with wealthy creditors and more favorably with debtors, (3) soldiers in Communists' uniforms have been seen in Foochow and, (4) the Navy and the Nineteenth Route Army have reached an agreement whereby the Navy will reoccupy the Changmen forts and pagoda anchorage.

JOHNSON

793.94/6550*The Counselor of Legation in China (Peck) to the Secretary of State*

NANKING, December 29, 1933.

[Received January 29, 1934.]

SIR: Whether Japan's attitude and policies toward China are determined by any one authority in that country or whether, on the other hand, they are the expression of factional views, it is probably impossible for a foreigner to determine. Nevertheless, the impression I have gained from numerous conversations with Chinese official and private persons in Nanking during the last two or three years is that Chinese are unanimous in believing that Japan's policy in China is one of aggression and that Japan consistently endeavors to retard the political stabilization of China.

As an example in point, I have the honor to enclose a memorandum of remarks¹⁸ made by Dr. H. H. Kung, Minister of Finance, during a conversation with me on December 27. The idea underlying Dr. Kung's observations was that the Japanese military authorities were originally alarmed by the professed anti-Japanese policies of the rebel movement in Fukien Province, but having received from the leaders in that movement assurances that these announced policies were designed merely to enlist popular support in China and that the real attitude of the rebel faction is one of willingness to cooperate with Japan, the Japanese military authorities are now friendly disposed to the said rebel faction.

During the same conversation Dr. Kung informed me that the Japanese Government had forbidden the Japanese cotton mills in China to purchase from the Chinese Government any cotton bought in the United States under the credit granted to the Chinese Government by the Reconstruction Finance Corporation, the reason for this action being the unwillingness of the Japanese Government that

¹⁸ Not printed.

the Chinese Government should realize any profit from this transaction.

Even those Chinese who advocate nonresistance to Japan do not, in my experience, differ from the general belief that Japan is continuously and actively seeking to weaken China, with a view to the strengthening of Japan's power in this country, but defend non-resistance on the ground that China cannot grow in internal strength if it is engaged in constant struggles with Japan, and must postpone resistance to Japan until there is likelihood of success.

On the morning of December 28 I had a conversation with Dr. Lo Wen-kan, Minister of Justice and until August, last, concurrently Minister for Foreign Affairs, and Dr. Lo gave a clear exposition of the reasons for believing that Japan has for some years consistently endeavored to keep alive factional dissensions in China.

Dr. Lo recalled the "Tsinan Incident" in the spring and summer of 1928,¹⁹ at which time he was Minister for Foreign Affairs in Peking, during the last days of the leadership in the North of Marshal Chang Tso-lin. The situation then was that a strong Japanese garrison was astride the Tientsin-Pukow Railway at Tsinan, the capital of Shantung. The Nationalist troops were advancing from the South and Chang Tso-lin, with his formidable army, was prepared to resist their advance. The Japanese Government had issued a general warning that no military activities on the part of either the Nationalist forces or the Northern forces would be permitted at Tsinan and this served as an effective blocking of the northern advance of the Nationalist troops along the Tientsin-Pukow Railway.

Chang Tso-lin was inclined to regard the presence of the Japanese force at Tsinan as being greatly in his favor, since it constituted an additional obstruction to his enemies, the Nationalist forces. In this situation he called Dr. Lo Wen-kan in for consultation.

Dr. Lo said that he told Chang Tso-lin that he must not confuse a foreign problem with a problem which was essentially a domestic one. He pointed out that if the Japanese were opposing the northward advance of the Nationalist army it was not because they wished Chang Tso-lin's faction to acquire supremacy and the Nationalists to be eliminated, but merely because they wished to keep both factions alive, with a view to perpetuating civil warfare. He also pointed out that the only way in which China could become strong enough to bring about the withdrawal of the Japanese force from Tsinan was for both Chinese factions to unite, and he advised Chang Tso-lin to inform the Nationalist forces that no further resistance would be offered to them.

Dr. Lo recalled that his advice to Marshal Chang was followed.

¹⁹ See *Foreign Relations*, 1928, vol. II, pp. 137-178, *passim*.

Fighting ceased and, very shortly, Chang Tso-lin announced that he and his forces were returning to Manchuria. The refusal of Chang Tso-lin to continue the internecine fight angered the Japanese, and Marshal Chang Tso-lin was murdered by them before he actually reached his capital in Manchuria.

Dr. Lo commented in sardonic vein on the fatuousness of his fellow nationals which blinds them to the necessity of sinking their internal differences in order to unite against Japanese encroachments. At the same time he admitted that the predicament of these factions, and of the National Government itself, is now a difficult one.

Dr. Lo insisted that the situation in Fukien has all the elements to create a second "Tsinan Incident". If the 19th Route Army, which is promoting the insurrectionary movement in Fukien, fails to curry favor with the Japanese military authorities in Formosa and to assure them that the 19th Route Army is actually prepared to cooperate with Japan, the rebel faction will not only find itself constantly hampered and harassed by its powerful neighbor, separated from Fukien by only a narrow strait, but may even see Japanese troops landed in Fukien on some pretext or other, it being commonly believed that Japanese military leaders are impatiently waiting for some excuse to dominate China's coast in that vicinity.

Dr. Lo pointed out that Japan, faced with the imminent danger of a conflict with the Soviet Union, has additional reason at this time to fear growing strength and unity in China. On this account, Japan is constantly and successfully seeking to neutralize this danger by instigating internal dissensions, a feat which Japan easily accomplishes by its skillful combination of inducements and threats applied to this or that faction.

In view of the general conviction that Japan is constantly intriguing in China, it is not surprising that Chinese in general attach significance to the removal of Mr. Hidaka, the present Japanese Secretary of Legation and Consul General in Nanking, and to his replacement by Mr. Suma, now Secretary of Legation residing in Shanghai, who is commonly considered the arch schemer and manipulator among Japanese diplomats. The impression among Chinese seems to be that the Japanese Government regards Mr. Hidaka as too much of a conventional diplomat and too considerate of Chinese susceptibilities to make full use of his strategic post in the national capital. It is undeniable that Mr. Hidaka has a most attractive personality and is universally liked, even by Chinese. He came to Nanking from a service of several years in the Paris Embassy.

Very respectfully yours,

WILLYS R. PECK

893.00/12623 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 5, 1934—1 p.m.

[Received January 6—6 p.m.²⁰]

11. The following supplements my estimate of the situation in China contained in the Legation's telegram 137, [February 13,] 1933.

The outstanding events of the year in China were:

1. The capture of Shanhaikwan by the Japanese (January);
2. Hostilities between China and Japan which resulted in, (a) the loss to China of Jehol Province (March), (b) the departure from China of General Chang Hsueh-liang (April) and (c), the establishment of a demilitarized zone south of the Great Wall (May);
3. The return of Wang Ching-wei to the Presidency of the Executive Yuan (April);
4. The establishment of a \$50,000,000 credit by Finance Minister Soong for the purchase of cotton and wheat in the United States (May);
5. Initiation of negotiations between Japanese military and Chinese officials at Peiping appointed by the Nanking Government with regard to Sino-Manchukuo problems;
6. Resignation of Finance Minister Soong (October);
7. Suspension of the above-mentioned negotiations (November) and;
8. Establishment of a rebel government in Fukien Province (November);
9. Departure from Europe for China of General Chang Hsueh-liang.

At no time in my experience have I felt the domestic political situation to be so discouraging. I cannot view this situation as other than one more phase of the revolt which began in 1911 and which is continuing and may be expected to continue for many years before political stability is attained.

I. THE GOVERNMENT

(a) *The Kuomintang.*

The Kuomintang, which was at one time the most potent political force in China becomes increasingly impotent. Its leadership is divided and has deteriorated. . . . The dissension among its leaders in the presence of danger from abroad has caused the Kuomintang to lose what little prestige it still had outside of Canton. The party remains for many merely a rice bowl that is badly cracked because of diminishing support from overseas Chinese due to business depression, fall in exchange value of foreign currency, and dwindling confidence in the party leaders.

²⁰ Telegram in two sections.

(b) *General Chiang Kai-shek.*

The declining power of the Central Government has been transferred to General Chiang Kai-shek. . . . However, he actually controls only the Yangtze Provinces and his authority is threatened by problems of varying importance, namely, (1) the communist forces south of the Yangtze which apparently cannot be defeated decisively; (2) the Fukien rebels who have made common cause with the Communists; (3) the doubtful attitude of the Southern Provinces and of the Northeastern troops in North China; (4) the danger of further separation of Chinese territory by Japanese action; and (5) increasing financial difficulties. There seems to be little if any hope that Chiang can unify China.

(c) *The Provinces.*

Except in the Yangtze Provinces military leaders have bitter animosity toward Chiang's [*Chiang, and?*] eleven provinces of the South, West and Northwest are practically independent of Nanking. The situation in the five provinces of North China is similar although at present there is nominal supervision by appointees of Chiang at Peiping. Between Nanking and the South large areas are occupied by Reds. Outer Mongolia is completely severed from China; Tibet is practically so; and Nanking's hold over the Mongols of Inner Mongolia is doubtful.

Most of these provinces are controlled by militarists who give nominal allegiance to the Central Government but who treat it with the utmost cynicism. They regard their troops as their own concern and contribute little if any revenue to the National treasury. (Their troops which must be diminished if China is to attain stability have not decreased during the year.)

(d) *The People.*

The great mass of the people are not interested in the matter of government. The revolution which began 22 years ago has scarcely touched them except where communism (so-called) has undertaken settlement of tenant and farmer difficulties. Those who may have had interest have suffered disillusionment, and hope for no real good from present leaders.

(e) *Hopeful Developments.*

Only a few recent developments might be regarded as hopeful: (1st) the Central Government appears now to realize the importance of economic and agrarian developments for political stability but has done nothing significant; (2d) I was impressed in my recent trip through China by the amazing construction work in port cities but until these cities feel a mutual need for unity the political situation

will remain unaltered; (3d) there has occurred most substantial progress in such phases of social welfare as education, local sanitation, and public health; (4th) there is a wider realization among the people of need of reform but it is defeated by disillusionment; (5th) during December delegates from Nanking visited the South but there is small hope that something approximating an understanding can be achieved.

II. FOREIGN RELATIONS

(a) *Japan.*

The hope that Japanese aggression in the Northeast would create in China a national feeling is unrealized and China today is less capable of resisting further spoliation by Japan (the danger of which is still acute) than it was 2 years ago. During recent months in North China officials have become surprisingly friendly toward the Japanese; the people appear to regard further Japanese encroachment with at least apathy and the boycott of Japanese goods is practically nonexistent. Leaders in favor of conciliating Japanese however hesitate to resume negotiations, partly from fear of popular feeling and partly because the Chinese are convinced that war between Japan and Russia this spring is inevitable. Chinese leadership is procrastinating while preoccupied with speculations as to the winner in a war where China is bound to lose. These speculations have been given direction by America's recognition of Russia, most Chinese being convinced it was essentially an initial move to stop Japan.

(b) *Western Nations.*

Effective Chinese cooperation with the League of Nations and the United States for the economic restoration of China can scarcely be anticipated because of (1) danger of Japanese action to render such cooperation ineffective, (2) the weakened position of those Chinese favoring cooperation as a result of Soong's resignation and (3) the doubtful benefits to China of the \$50,000,000 American credit, the possible advantages of which have already been in part frustrated by Japan.

There are indications that the pendulum in China is again swinging toward anti-Westernism: (1) hatred of Japan is being dissipated, the Chinese memory of wrongs suffered being proverbially short; (2) the Chinese have been disappointed by the failure of Western nations to assist them against Japanese aggression; (3) with continuing disintegration of China factions may be expected to adopt an antiforeign policy in order to gain popular support of which there are indications already in the Fukien revolt.

CHINA

PROPOSED INTERNATIONAL COLLABORATION FOR THE ECONOMIC RECONSTRUCTION OF CHINA

793.94 Commission/907 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 30, 1933—5 p.m.

[Received March 30—8:15 a.m.]

294. French Minister informed British Minister and myself the other day that his Government had informed him that T. V. Soong¹ had asked League to assign Rajchman² to China to examine conditions under which international cooperation might be brought about for reconstruction in China as recommended by Lytton Report³ and that League had referred matter to French, British and American Governments with a view to obtaining opinions of their Ministers here. French Minister asked whether we had received request for our opinion. He stated that while embarrassed by the request he had informed his Government that he saw no objection. British Minister and I stated that we had heard nothing of the request.

I hope that American Government will not be requested to pass upon this particular question. In my own opinion Rajchman would not be a satisfactory person to do such work because of the feeling of the Japanese toward him on account of his intimate connection with presentation of Chinese cause at League in September, 1931.

JOHNSON

893.50A/49

*Memorandum by the Secretary of State*⁴

[LONDON,] July 14, 1933.

The Chinese Ambassador to Russia called to discuss the proposed program of economic development in China along the lines outlined

¹ Chinese Minister of Finance.

² Ludwig W. Rajchman, Polish director, Health Section, League of Nations.

³ League of Nations, *Appeal by the Chinese Government, Report of the Commission of Enquiry*, Geneva, October 1, 1932.

⁴ The Secretary of State was in London as Chairman of the American delegation to the International Monetary and Economic Conference from May 31 to August 5; copy of this memorandum was transmitted to the Department July 16.

by the late Dr. Sun Yat Sen. This would include improvement of the means of communication, and also the restoration of Chinese credit as well as other phases of economic and financial reconstruction.

To the above ends the Chinese Government seeks to have selected certain outstanding persons from different countries for the purpose of advice and counsel. The committee would study various concrete proposals for the purpose stated.

I stated to him that I would be glad to bring this matter especially to the attention of my Government.

He handed to me a communication from Dr. Soong now in Rome.⁵ In support of the above proposal, the Chinese Ambassador to Russia finally brought up the question of Russian recognition, and earnestly urged that Russia would finally drift into special relations with Japan unless the United States Government gave her recognition.⁶ I stated to him that the matter was under careful consideration at Washington and that all phases were being kept in mind. I did remark that the recent experience of the British was not especially encouraging.

893.50A/53

*The Chinese Ambassador in the Soviet Union (Yen), Temporarily in London, to the Secretary of State*⁷

[LONDON, July 14, 1933.]

Dr. Soong, now in Rome, has asked me to convey to Your Excellency in his name the following communication:—

“In the course of conversations which I have been privileged to have with the President and Your Excellency I explained the desire of the Chinese Government to make immediate progress with plans of economic reconstruction in China and their desire that this reconstruction should be based upon collaboration between China and other countries which have been associated with Chinese economic development in the past.

“I have come to the conclusion that the first step to take with a view to this end is to constitute a Consultative Committee including both Chinese and foreign members to advise the Chinese Government as to the best methods and programme to adopt. The nature and purpose of this Committee are described in the enclosed draft letter of invitation.

⁵ See *infra*.

⁶ For correspondence concerning U. S. recognition of the Soviet Union, see vol. II, pp. 778 ff.

⁷ Copy transmitted to the Department by the Secretary of State, from London on July 20; received August 2.

"I intend to invite certain of the prominent citizens of your country to act as members of the Committee, as well as of France, Great Britain, Germany and Italy.

"I trust that your Government will be sympathetic towards the effort that the Chinese Government is making towards its reconstruction and will do what it can to facilitate this effort.

"I have been discussing generally the above matter with Mr. T. W. Lamont,⁸ who as you know has been interested in Chinese affairs for a long time.

"I intend to come to London in the near future to talk over the matter more fully with you."

[Enclosure]

*Draft Letter of Invitation by the Chinese Minister of Finance
(Soong)*

The Chinese Government has for some time been considering the most effective means for securing the co-operation of both Chinese and foreign interests for the practical realization of a programme of economic development in China along the lines envisaged by the late Dr. Sun Yat Sen.

The Government considers that the present moment is favorable for initiating a programme, and believes that it should be based upon the development of economic enterprises (including particularly the improvement of the means of communication), starting immediately where existing conditions make development most promising and systematically extending.

The Government also desires to review the situation of China's existing obligations with a view to re-establishing her credit on a basis commensurate with her position and resources.

The Government is convinced that the undertaking of economic reconstruction of this character within practicable and extending limits would be of advantage both to China and to foreign countries, by increasing the general standard of living of China, and at the same time as a consequence increasing her purchasing power and facilitating a better arrangement with regard to her existing obligations than would otherwise be practicable.

For the above purposes the Government desires to have the benefit of the advice and counsel of persons both Chinese and foreign of the necessary standing and experience; and is inviting those whose names are given in the enclosed list⁹ to form a committee for such con-

⁸ Partner, J. P. Morgan & Co., New York; representative, American Group, China Consortium.

⁹ List not attached to file copy of this document.

sultative purposes. This Committee will I hope in due course study various concrete proposals, looking towards the inception of prudent and progressive economic development in various directions.

I am writing to invite you to join this Committee, and sincerely hope that you will be in a position to give the Chinese Government your good counsel in this way.

Monsieur Jean Monnet¹⁰ has accepted my invitation to act as Chairman of this Committee and will shortly come to China. Every facility will be afforded to him so as to render the work of the Committee expeditious and fruitful.

893.50A/46

*The Secretary General of the League of Nations (Avenol) to the Secretary of State*¹¹

AIDE-MÉMOIRE

The first meeting of the Special Committee on Technical Collaboration with China just created by the Council of the League, will take place on Tuesday next¹² in Paris for the purpose of formalising and coordinating the several types of international assistance to China which have developed during the past years as a result of the original request for such assistance forwarded to the League Council in May 1931 by President Chiang Kai Shek and T. V. Soong. The States forming part of this Committee, which will be represented at Paris are: Great Britain, France, Italy, Germany, Czechoslovakia, Spain, Norway and China.

The League's technical cooperation with China in the two years since China's original request has extended so variously and developed such possibilities of helpful and non-political cooperation that the Council had deemed it wise to take measures not only to coordinate the different types of work but also to formalise it by closer association and contact with the various Governments interested. During this period an appreciable number of technical experts have been sent to China, either as officials of the League or as appointees of the Chinese Government itself. At the present moment, there are about a dozen such officials in China, including experts in health, civil engineering, agriculture, silk-growing, civil service, telephone, telegraph and education.

The meeting in Paris on Tuesday, which constitutes the first busi-

¹⁰ French banker.

¹¹ Handed to the Secretary of State in London, by Arthur Sweetser, American member of Information Section, League of Nations, on behalf of the Secretary General of the League; copy transmitted to the Department July 16.

¹² July 18.

ness meeting of the new Committee, is for the double purpose of naming a technical liaison officer and of outlining the general lines on which the future work is to be organised. The technical officer, who will be stationed in Nankin, will be responsible for coordinating the work of the experts on the spot, for supplying periodic reports to the Committee for forwarding proposals to the Committee from the Chinese Government and for requesting or recommending the appointment of additional experts. One of the purposes of the Committee is to draw up general principles for the development of this work, which will maintain it on an entirely international and non-political basis and assure wide participation in it.

The Committee has been given power to associate in its work other States, amongst which the United States was particularly in mind. The Committee would be very glad to have an American representative present on Tuesday and to issue whatever form of invitation was desirable to that effect, provided the American Government were known to be favourably disposed. Should the principle of such representation be acceptable, the Committee could arrange the details in any way desired.

This technical cooperation with China is considered to be a matter of international importance, strongly recommended in the Lytton Report and later endorsed by the Assembly report¹³ which was accepted by the American Government.¹⁴ As the United States is already a member of the League Advisory Committee dealing with the Sino-Japanese dispute, the hope is expressed that the United States may also associate itself in one form or another with this more technical Committee.

The Secretary General, while appreciating the difficulty created by the impossibility of advancing this suggestion earlier, would, nevertheless, be deeply grateful if it were possible to have an indication of the American Government's view.

[PARIS,] July 14, 1933.

893.50A/37 : Telegram

The Secretary of State to the Acting Secretary of State

LONDON, July 15, 1933—9 p.m.

[Received July 15—6:06 p.m.]

138. For Phillips and Hornbeck. Through Sweetser, Avenol has today sent me an *aide-mémoire* which states that the first meeting of

¹³ For text of the Assembly report adopted February 24, 1933, see League of Nations, *Official Journal*, Special Supp. No. 112, p. 56.

¹⁴ See telegram No. 86, March 11, 1933, 8 p. m., to the Minister in Switzerland, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 117.

the Special Committee on Technical Collaboration with China, recently created by the League Council, will take place Tuesday next in Paris "for the purpose of formalizing and coordinating the several types of international assistance to China which have developed during the past years as a result of the original request for such assistance" forwarded to the Council in May 1931 by Soong and Chiang Kai Shek. After outlining the form which this cooperation has taken in the past 2 years the *aide-mémoire* goes on to say that the Tuesday meeting is for the double purpose of naming a technical liaison officer to be stationed in Nanking and of outlining the general lines on which future work is to be organized "on an entirely international and non-political basis". The Secretary-General then states that the committee would be glad to have an American representative present on Tuesday and will issue whatever form of invitation is considered to be desirable by the American Government to that effect provided of course the principle of representation is acceptable to the American Government.

Please telegraph urgently any suggestions which you may have as to action which I should take, if any. I have radioed Fuller¹⁵ who has been in touch with Sweetser on this subject to radio you his views.

HULL

893.50A/37 : Telegram

The Acting Secretary of State to the Secretary of State in London

WASHINGTON, July 16, 1933—midnight.

145. Your 138, July 15, 9 p.m. Radio from Fuller not yet received.

This is first knowledge the Department has had of the creation of this committee. Department has been informed intermittently during the past 2 years with regard to the cooperation mentioned, but the American Government has not previously been asked in any way to participate. In view of the short notice given and of the fact that the committee under reference would appear to be meeting for the purpose of taking an advanced and somewhat definitive step with regard to matters which have been developed considerably by the League during the past 2 years, the Department is inclined to believe that the stamp of our approval is being sought for a program already developed without our having been consulted. It may be that the program is such that we could advisedly give it our approval and

¹⁵ Stuart J. Fuller, American representative in expert and advisory capacity, League of Nations Advisory Committee on Traffic in Opium and Other Dangerous Drugs, Geneva.

undertake to make to it our contribution. But it may be otherwise. Department feels that we should avoid becoming definitely or conspicuously involved or committed before knowing what is the set-up. We therefore suggest that arrangement be made to have an officer of the staff of the Paris Embassy, upon informal invitation, if that prove satisfactory to Avenol, attend this meeting in the capacity of an unofficial observer. Later, after he has reported and the League shall have asked for definite collaboration by the United States in the carrying out of the program upon which the League has embarked for collaboration with China, and in the light of more complete knowledge of the character and contents of that program, this Government could decide whether or not it is in position to collaborate. Incidentally, the Department favors in principle the idea of such collaboration and is inclined to believe that a satisfactory program for such collaboration, well carried out, would give greater promise on the side of constructive effort by the powers toward diminishing causes of conflict in the Far East than has appeared in connection with any other of the many possibilities canvassed in that connection in recent years.

For the purpose above indicated, Department suggests that you telegraph to Paris Embassy instructions for attendance by Marriner¹⁶ or Scotten,¹⁷ upon invitation, at the meeting of the Committee.

PHILLIPS

893.50A/40 : Telegram

The Ambassador in France (Straus) to the Acting Secretary of State

PARIS, July 18, 1933—5 p.m.
[Received July 18—4:52 p.m.]

329. Department's 145, to London and Delegation's July 17, 3 p.m., and July 17, midnight to Paris. First meeting of Special Committee Technical Collaboration with China took place this morning at League headquarters in Paris. I received informal communication from Avenol, Secretary-General of the League of Nations, to the effect that committee of Council dealing with technical collaboration with China had instructed him to invite Government of the United States to be represented on technical committee in any such way as it might deem appropriate. I replied informally by letter that our Government, glad of an opportunity to be informed of the work of the Committee in question, was happy to designate an unofficial observer to attend the meeting of the Committee today and that

¹⁶ J. Theodore Marriner, Counselor of Embassy.

¹⁷ Robert M. Scotten, First Secretary of Embassy.

Marriner, Counselor of Embassy, would attend the meeting in question and report on the proceedings.

Marriner attended and took occasion to express his thanks for contemplated invitation to be present unofficially as an observer adding that as he was not aware of the agenda of the meeting in advance he would confine himself strictly to the role of an observer and would take pleasure in communicating to United States Government any action which the Special Committee might take or any decision it might reach in order that our Government might guide itself in the light of the information which the Committee was making available to it through his presence at the meeting. Otherwise, Marriner took no part and offered no observations during the session.

Meeting was brief and was confined to the purpose of stating the general lines on which the future work of the Committee in China was to be organized and to naming a technical liaison officer.

With regard to the first point considerable emphasis was laid on the fact that the guiding principle of this collaboration should be entirely technical, impartial, and nonpolitical, and that it should be administered on the broadest international basis.

L. Rajchman, a Pole and Director of the Health Section of the League of Nations with considerable past experience in China in connection with League health activities, was unanimously appointed as technical liaison officer.

Full report and documents by mail.¹⁸ Repeated to London.

STRAUS

893.50A/53

The Secretary of State to the Acting Secretary of State

LONDON, July 20, 1933.

[Received August 2.]

DEAR MR. PHILLIPS: Dr. Soong of China sent the enclosure¹⁹ to me some days ago by the Chinese Ambassador to Russia, Dr. W. W. Yen, who is in the city. They propose some sort of economic cooperation presumably under the auspices of the League of Nations agencies which would somewhat parallel the cooperation recently referred to in the way of the selection of leading persons in several countries to act as advisers for the economic reconstruction of China.

I stated to Dr. Soong who came in this morning that I had sent the enclosures to the Department for such consideration as might be

¹⁸ Not printed.

¹⁹ See communication from the Chinese Ambassador in the Soviet Union, temporarily in London, to the Secretary of State, p. 495.

deemed advisable. I stated to him that the Japanese are reported to be closely observing these economic cooperation plans of China with the view of lodging objections to the course of other nations in that connection if any ground at all can be found.

With my best regards [etc.]

CORDELL HULL

893.50A/42: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 24, 1933—10 a.m.

[Received July 24—2:25 a.m.]

618. Department's 252, July 21, noon.²⁰ In this connection please see my 294, March 30, 5 p.m. Rajchman's connection with League plan will in my opinion doom effort of League to the suspicious attention and opposition of the Japanese.

JOHNSON

711.94/831

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Taketomi)*²¹

[WASHINGTON,] July 25, 1933.

V. LEAGUE OF NATIONS "ASSISTANCE" TO CHINA

After the exchange of statements with regard to the subject of "a Japanese spy in Panama", Mr. Taketomi said that, with regard to the matter of Mr. Marriner taking part in the meeting of the League committee at Paris last week, the Japanese Embassy would like to have information. Mr. Hornbeck said that the Secretary General of the League had indicated some two or three days in advance of the meeting of this committee that the presence of an American representative would be welcome; on the basis of an entirely informal invitation, we had indicated informally our willingness to have an American official present at the meeting, and we had sent Mr. Marriner as an unofficial and non-participating observer. After a moment of reflection, Mr. Taketomi said: "Then that is all that the American Government will do in that connection?" Mr. Hornbeck said that he could not make any affirmation with regard to future

²⁰ Not printed; it reported telegrams No. 138, July 15, 9 p.m., from the Secretary of State, in London, and No. 329, July 18, 5 p.m., from the Ambassador in France.

²¹ This is No. V of a series of memoranda covering conversation with the Counselor of the Japanese Embassy on July 25. No. II is printed on p. 746; others in the series are not printed.

attitude or action of the American Government, but that this was all that the American Government had thus far done in that connection. Mr. Taketomi then said that the Japanese were unfavorably impressed; that the powers were apparently embarked on an enterprise for the assistance of China from which Japan was excluded; and that it could scarcely be expected that such an effort would have Japanese approval or be successful. Mr. Hornbeck said that he had gained the impression from the newspapers that, so far as this meeting of the committee was concerned, Japan had deliberately abstained from attendance; it would be interesting to have, and he would like to have, accurate information on that point; surely, in connection with the project in general, which is of several years standing, Japan, as a member of the League and being represented on the Council, has had full knowledge of and has at least assented to the steps which the League Secretariat had taken (at least until recently) in that connection. Mr. Taketomi then made a lengthy statement about Japanese psychology and temperament and said that the Japanese people did not think that the time is ripe for the powers to be engaging in an enterprise of assistance to China. Their doing so makes things more difficult for Japan. For some time since, Chiang Kai-shek and his group at Nanking have been showing themselves favorably disposed toward coming to an agreement with Japan; at the same time, T. V. Soong and his group do not want to come to an agreement with Japan; if the powers assist China, it makes it more difficult for Japan and China to come to an agreement—without which there can be no progress in the Sino-Japanese situation. Mr. Hornbeck said that the efforts of the League have apparently been confined to the supplying of experts whose function is to assist the Chinese toward economic and social progress; that the enterprise seems to be non-political and directed toward the laying of foundations for order and internal progress in China. Mr. Taketomi said that this was true, but that it has an inevitable political effect. He then referred to the credit which the American Government has given to China: ²² he said that the Japanese Embassy here realizes that this is strictly a “credit” and constitutes a strictly business transaction and that they have so reported to Tokyo, but that in Japan the people regard it as a “loan” to China and as something that is meant to assist China and as therefore directed against Japan. Mr. Hornbeck said that he was glad to hear that the Embassy had correctly appraised this transaction and was sorry to hear that the Japanese people took the view which Mr. Taketomi had thus reported. He

²² A press release was issued on June 4, by the Reconstruction Finance Corp. regarding its extension of a \$50,000,000 credit to China for the purchase of U. S. cotton and wheat (893.48/708).

wondered whether the Japanese Government might not readily combat any erroneous impressions which the Japanese people might have with regard to such a matter. Mr. Taketomi said that the Japanese Government often finds it very difficult to get the Japanese people to accept the Government's view of facts or of what are the correct conclusions to be drawn. Mr. Taketomi then reverted to the subject of Japanese psychology: he said that the Japanese people felt great concern with regard to China and that they would not tolerate Japan's being excluded from any efforts made with regard to assistance to China; that, in fact, Japan wanted to make an agreement with China and the world ought not make it more difficult for her to do so. Mr. Hornbeck asked whether he might inquire with regard to Japan's thought with regard to the contents of an agreement. Mr. Taketomi said that Japan wanted to make peace with China. Mr. Hornbeck inquired whether that meant peace on the basis of the *status quo*. Mr. Taketomi replied that it did. Mr. Hornbeck asked what was the attitude of the Nanking Government. Mr. Taketomi said that Chiang Kai-shek wanted to make such a peace but that T. V. Soong and others did not. He said that T. V. Soong was endeavoring to stir up the world against Japan and to get financial assistance everywhere which he could interpret to the Chinese people as tantamount to political assistance for China in furtherance of opposition to Japan. He then abruptly inquired whether the American Government in making its credit of \$50,000,000 to China had gotten a "definite assurance" that the proceeds would not be used for political purposes. Mr. Hornbeck replied that, as everybody knows, the transaction had called for purchase by China of cotton and wheat in this country, and that the controlling authorities at Nanking had adopted a resolution to the effect that this \$50,000,000 should in no way be used for political or military purposes. Mr. Taketomi asked whether we had any "guarantee". Mr. Hornbeck remarked that the question of "guarantee", if by it one means an absolute insurance, is a thing that is almost impossible of attainment: in such matters there has to be a certain amount of reliance upon good faith no matter between what parties the transaction takes place. Mr. Taketomi indicated concurrence. Mr. Taketomi then reverted to the subject of the League's effort to assist China. He said that it was ill-advised and ill-timed. Mr. Hornbeck asked what Mr. Taketomi thought the world should do. Mr. Taketomi replied that the world should desist. Mr. Hornbeck remarked that the League has been working on the project for several years, that it has a number of its experts already in China and that its most recent step has apparently been directed to the coordinating of the work of those experts: thus the project has a certain momentum; when something has gained momentum there are certain alternatives: there can be a

certain amount of deflecting as regards direction or there can be a putting on of brakes or an attempt to come to a complete stop; what did Mr. Taketomi think should be done? Mr. Taketomi said that the thing should be "stopped". He thought that the League should let the matter alone and that if the League persisted the United States at least should let it alone. Mr. Hornbeck asked whether that did not amount to a suggestion that the world, in deference to Japanese susceptibilities and opinions and/or policies, should give up its own views (almost unanimously held among the nations) and abandon its wish and effort to be of assistance to an important and numerous population, the Chinese, who are struggling with a great variety of what to them are new and difficult problems. Mr. Taketomi said that it amounted to practically that.

Mr. Taketomi then made a series of observations with regard to the duty of governments and especially of diplomatic officials to try to maintain conditions, especially in the field of public opinion, conducive to peace and national and international quiet. Mr. Hornbeck said that he thoroughly concurred in that view.

S[TANLEY] K. H[ORNBECK]

893.50A/64

*Mr. D. Nohara, Representative of the Japanese Group in the China Consortium, to Sir Charles Addis, Representative of the British Group*²³

[LONDON,] July 31, 1933.

MY DEAR SIR CHARLES: I beg to refer to your letter of the 19th instant, in which you communicated to me a proposal put forward by Mr. T. V. Soong the Chinese Minister of Finance. I duly transmitted the substance of your letter to my principals in Japan and I have now received a message in reply submitting observations in the sense outlined below.

In the first place, it is perhaps superfluous to mention, because, I am sure you realize the fact quite well, that the Japanese Group is always considering not less intently, but probably more so than any other country, the necessity for rendering assistance to China by the more advanced nations, in order to secure her rehabilitation. At the same time, however, it is felt essential that this assistance should be given to her in such a manner and at such a time as to afford every hope of success in obtaining the long desired tranquility at home and bringing about harmonious relations with foreign countries.

With regard then to the present proposal to form a Consultative

²³ Copy handed to the Chief of the Division of Far Eastern Affairs by the Counselor of the Japanese Embassy, August 25.

Committee to be composed of representatives of the several countries named, the Japanese Group feels bound to mention that there are many widely-spread rumours and suspicions prevalent as to the real intention of Mr. Soong in the various plans recently initiated by him, and that even if it be conceded that he wishes to avail himself of the help and advice of a Consultative Committee for the proper purpose, it is not at the same time possible to conceive that such a committee set up in the form suggested, would be complete and that it could be authoritative and effective, in view of the special position and influence of Japan in the Far East. Furthermore, its constitution might easily produce a feeling of irritation in Japan by no means assisting in the development of more friendly sentiments, but perhaps leading to untoward relations between the two countries, and so disturbing the peace.

Turning to the Consortium itself, the true spirit with which it is inspired is that of bringing about co-operation instead of competition between the four countries, Great Britain, America, France and Japan, of which it is comprised and this principle extends not only to the granting of loans but also to the solution of the many other problems which beset Chinese finance. With this thought in mind, therefore, and the possibility that many questions may arise, and perhaps actions be taken in the proposed committee coming within the scope of the Consortium, the Japanese Group cannot but feel that the suggested participation of Representatives of some of the countries concerned in the Consortium may eventually lead to difficulties and produce trouble between the Committee and the Consortium, which might conceivably bring about the disruption of the Consortium itself.

Under all the circumstances, therefore, the Japanese Group very much regrets that for the very potent reasons given, it views with apprehension and disfavour the creation of the Consultative Committees contemplated.

Yours sincerely,

D. NOHARA

893.50A/55

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the First Secretary of the French Embassy (Gaucheron)

[WASHINGTON,] August 8, 1933.

Mr. Gaucheron called and said that the French Embassy had noted the statement in the newspaper that Mr. Soong was in this country and had called on the President and they would like to have what I might feel that I could tell them with regard to this visit.

I stated that Mr. Soong was on his way home to China and that, with agreeable recollection of his contacts with the President while on his way to Europe, he had naturally wished and expected to call on the President on his way homeward. I said that the call had been made yesterday and that I did not know what had been discussed but that, in the light of a conversation which I had had earlier with Mr. Soong, I would assume the conversation was along lines similar to those which Mr. Soong had held while in France with high officials of the French Government. Mr. Soong was interested in the economic development of China and was seeking to enlist international interest in industrial developments. There is nothing that is being "negotiated" between China and the United States. I thought that we might regard Mr. Soong's visit to Hyde Park as a courtesy call; but of course on any such occasion the parties probably discuss questions of "high policy". I said that Mr. Soong is endeavoring to travel as quietly as possible and as rapidly as possible; that he is going straight across the country, having left New York last night; and that he is apparently endeavoring to transact no business whatever and avoid all publicity while on the way. Mr. Gaucheron said that he would regard all of this as confidential.

I then took advantage of the opportunity presented by Mr. Gaucheron's having called to say that, doing just that, I would like to inquire whether Mr. Gaucheron had seen in the papers last week statements to the effect that the Japanese Government had "circularized" foreign governments with an expression of view unfavorable toward the effort of the League of Nations to supply to China technical assistance. Mr. Gaucheron said that he had seen those reports. I asked whether I might inquire whether the Japanese had made to the French Government representations on that subject. Mr. Gaucheron said that he was not informed. I said that I would appreciate knowing—if the Embassy could put the matter to the Foreign Office as a very informal inquiry—whether the French Government had been so approached. Mr. Gaucheron said that he thought the Embassy could readily find out.²⁵ (Note: He made no inquiry as to whether we had been approached, and I said nothing to him on that point.)

Mr. Gaucheron thanked me for having answered his questions, and the conversation there ended.

S[TANLEY] K. H[ORNBECK]

²⁵ The Assistant Chief of the Division of Far Eastern Affairs, on August 12, made the following notation: "Mr. Henry of the French Embassy telephoned Mr. Hornbeck and stated that the French Government had 'not had any protest', except that Matsuoka had indicated previously to the French Government that the Japanese would not like an effort of the League to assist China."

893.48/794

Memorandum by the Secretary of State

[WASHINGTON,] August 10, 1933.

During the call of the Japanese Ambassador he referred very definitely and earnestly to the American sale of wheat and cotton to China, stating that China planned to sell much of it at a discount and then use the proceeds for any and all kinds of purposes, which might seriously affect Japan. He expressed the earnest hope that our Government would keep these phases in mind and would consult with Japan before taking any steps that would or might reasonably affect her interests. He also indicated very definite opposition to the League of Nations and similar proceedings recently instituted at Paris to aid China in her economic restoration. He repeatedly expressed gratification that Mr. Thomas Lamont and other members of the Chinese consortium had declined the Chinese invitation to participate in the present movement. This was one way the Ambassador had of criticizing our Government for not having pursued a similar course. He further suggested that Japan is strenuously interested in Far Eastern affairs and that there was ample room for all of us in a trade capacity and that he did hope there would be consultation.

I stated to the Ambassador that, as to the wheat and cotton transaction, our Government would have acted as it did if China had not been insistent; that the purpose was to aid the price situation at home, which had become intolerable, and that any purposes to affect adversely Japan's affairs was not remotely in mind. He indicated that he was disposed to accredit that statement. I did not refer to the economic restoration movement in behalf of China and his remarks relative thereto. The fact was that our Government had instructed an observer to attend the meeting.

C[ORDELL] H[ULL]

893.51/5813

The Ambassador in Japan (Grew) to the Secretary of State

No. 502

Tokyo, August 18, 1933.

[Received September 1.]

SIR: A successor to Marshal Chang Hsueh-liang in Japan's esteem seems to have appeared in the person of Mr. T. V. Soong. Mr. Soong's success in obtaining loans abroad has received wide and resentful attention in the press and in official quarters.

Since the conclusion of the Sino-Japanese truce in North China on

May 25 [31],²⁶ the Japanese have had high hope that anti-Japanese feeling and the boycott in China would die down. Certain events, such as the abatement of the boycott movement in certain parts of China and the rise of a pro-Japanese league of South-Seas merchants in Canton, had encouraged this hope.

Mr. Soong's foreign borrowings aroused the apprehension that this hope was premature, this apprehension being confirmed by the results of the Lushan Conference, if newspaper reports may be accepted. This conference, called by Chiang Kai-shek to deliberate on the Nanking Government's future policies, is reported to have decided for continuation of the anti-Japanese policy, as well as acceptance of the 50 million dollar loan from America. Japanese have quite naturally interpreted the new loans as furnishing new sinews for the anti-Japanese campaign, and they are not at all pleased.

The unfriendly significance in Japanese eyes of Mr. Soong's activities abroad seems to be further confirmed by the report that he is returning to China in the company of Dr. L. Rajchman, who as technical adviser for China of the League, is regarded with suspicion by Japan. Japanese observers seem convinced that technical assistance by the League is likely to develop into political assistance, and that directed against Japan.

Japanese observers believe that these loans were raised by Nanking to strengthen Chiang Kai-shek and the Soongs against their political rivals, the Kwan[g]tung-Kwangsi coalition and the communists, and at the same time to check Japan. The *Chugai* of August 1 stated:

"We may conclude, from Mr. Soong's activities abroad, that China has confirmed her policy of checking Japan by using foreign influence. In the furtherance of that policy the authorities seem agreed on the unification of military administration as a preliminary to national unification, and military unification will be sought through the establishment of Chiang Kai-shek's despotic power".

Japanese observers see in these foreign loans further invitation to China to resist Japan, and attribute ulterior motives to the Powers which are reported to be advancing the money. They believe that in view of China's defaults on previous loans, these new loans must carry some concession or compensation in return for the risk involved, which will work to Japan's disadvantage. The Fukuoka *Nichi Nichi* stated on July 30th:

"The intent of the Nanking Government is clear. The anti-Japanese movement has rekindled with the news that Mr. Soong is returning. We are led to believe that the Soong loans are connected

²⁶ For text of agreement signed at Tangku, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 120.

in some way with the boycott movement. With the backing of the United States and Britain, the Chinese are quite certain to instigate a malignant campaign against Japanese goods”.

The same paper stated earlier :

“China is reported determined to resist Japan over a long period and is planning to obtain the assistance of Great Britain, the United States, Germany and France by offering them various concessions”.

The Tokyo *Nichi Nichi* stated on July 19th :

“We cannot help feeling that the Powers in advancing loans to China, knowing well the true aspect of the country, are actuated by some ulterior motive. All who know the past and present of China, know in what way she will employ the foreign loans secured by Mr. Soong . . .²⁷ It is imaginable that Mr. Soong is intent on forming an economic bloc with the Powers for positive resistance to Japan”.

The attitude of the Japanese Government in regard to these loans was officially expressed in a vigorous telegram alleged to have been sent by the Foreign Minister to several Embassies abroad. The Department has, in all probability, a version of this telegram, but the text as appearing in the local press, is reproduced here for the sake of record :

“1. While the Japanese Government is little concerned with the activity Mr. T. V. Soong is displaying in obtaining foreign loans, it is advisable that Japanese diplomatic representatives abroad take appropriate measures to remind government authorities, political parties, business leaders and financial groups of the Powers that the loans China is going to raise are apt to be misused for military purposes to oppose Japan and Manchukuo, and that a promiscuous supply of loans to China will tend to disturb the peace of the Far East. The loans China is anxious to raise cannot be regarded as of a commercial nature, for they are used for the purchase of weapons and for the benefit of a certain faction.

“2. Under the circumstances, Japanese diplomatic representatives abroad are asked to explain this well to the governments and financial groups of foreign countries, and call attention to the fact that the Japanese Government is determined to strictly deal with China in the case of the Manchurian and Shanghai emergencies, in case China makes use of the foreign loans to again take measures to positively oppose Japan and Manchukuo, and that the parties which in this way give aid to China shall be held as partly responsible for a recurrence of the Sino-Japanese trouble.”

Japanese observers point to the undoubted misuse of similar loans in the past, including the wheat loan from the United States, and deplore the effect on the Far Eastern situation which these new funds will have. The *Osaka Mainichi* (English edition) stated on July 20th :

²⁷ Omission indicated in the original despatch.

"We do not know if the Powers are advancing substantial loans to China simply for their own profit or with the intent of rescuing China, without a due comprehension of the conditions in that country. But inasmuch as the loans to China are calculated to create further serious trouble in the Far East, the Japanese Government ought to take measures to make this known to the Powers".

The same editorial expresses amazement that in spite of bitter experience with previous loans to China, the United States is willing to risk more money. Japanese point to their own notorious Nishihara loans²⁸ and other loans, on which even the service charges have been defaulted, as outstanding examples of Chinese financial improbity. Exclusive of the Nishihara loans for which China claims no responsibility, various loans made by Japan to China since 1916 are calculated by the *Asahi* to amount, principal and interest, to Yen 300,000,000. The *Asahi* states that if Japan has hitherto taken no decisive steps to collect these debts, it is because she has given sympathetic consideration to China's financial circumstances.

Whether or not "sympathetic consideration" has restrained Japan from trying to collect her debts in the past, it appears that she is now contemplating strong measures to recover them. The *Asahi* of July 30th states:

"If the Nanking Government fails to repay either the part or the whole of these loans, the Japanese Government may be obliged to exercise the right of mortgage. The Japanese authorities are said to be considering the seizure of telegraph, telephone and radio equipment in China, and the War Office is now holding negotiations with the Kwantung Army (Japanese) in regard to this move".

Threats of a similar nature have appeared in several newspapers.

In view of these statements, and of paragraph 2 of the Foreign Minister's telegram above quoted, the question arises whether Japan may eventually attempt to use these defaulted loans as an excuse for employing force in excluding foreign influence and extending her own interests in China.

On the other side of the picture it is of interest that the Prime Minister, in a recent private conversation at his residence, said to me that he wished that the United States could help to get China on her feet. He did not however seem to wish to elaborate the theme nor to specify in what manner such assistance might be rendered.

Respectfully yours,

For the Ambassador:

EDWIN L. NEVILLE
Counselor of Embassy

²⁸ See *Foreign Relations*, 1918, pp. 122-123, 130-133, 147-148, 155-158.

893.50A/64

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Taketomi)

[WASHINGTON,] August 25, 1933.

Mr. Taketomi called and said that he wished to talk about accounts which were current with regard to T. V. Soong's plans. He said that the Japanese had been informed that T. V. Soong was proposing the organization of an international "consultative committee" the purpose of which would be to render assistance, especially in the financial field, to China. He said that Mr. Soong had proposed this in various conversations in Europe; that in Great Britain, Sir Charles Addis had submitted the matter to the British Government which had been unfavorably disposed with the result that Addis had declined to serve on the committee; that in France, Soong had thought of having Mr. Monnet on the Committee, but that the attitude of the French Government was adverse and Monnet's decision was not known; and that, when Soong visited the President at Hyde Park (on August 7) Soong had laid the idea before the President and the President had declared himself favorable. At this point Mr. Hornbeck asked: "From what source have you had such information?" Mr. Taketomi replied that Mr. Monnet had recently had a conversation with Viscount Ishii in the course of which Monnet had stated that he had been informed that such had been the tenor of the conversation held at Hyde Park. He inquired whether Mr. Hornbeck could confirm or correct this report. Mr. Hornbeck replied that he did not know what had been said on either side in the conversation between Mr. Soong and the President; that he only knew that Soong had a plan for a consultative committee which plan Soong had informed him he had put forward in Europe in much the terms in which Mr. Taketomi had just described it.

Mr. Taketomi then said that the Japanese felt that this plan was objectionable: it was premature and it was doomed to failure—without Japanese participation no such plan could be successful. Mr. Hornbeck asked why should not Japan participate. Mr. Taketomi replied that even if the Chinese wanted them to and the Japanese were willing to, Chinese statesmen could not at this time, in the light of Chinese popular prejudice against Japan, foster any plan which would involve Japanese participation in activities in China, and that, for that reason among others, T. V. Soong was excluding Japan from any proposed participation in the projects which he was formulating. Mr. Taketomi said that the Japanese Ambassador had asked him to come especially to state Japan's position.

Mr. Hornbeck said that he would appreciate being given a very definite statement expressive of the Japanese Government's position. Mr. Taketomi said that the Japanese Government was opposed to the idea of an international consultative committee, just as it was opposed, as he had stated in our last previous conversation (July 25), to the League of Nations' project for technical assistance to China; this because the time was not yet ripe, these projects meant encouragement to China to persevere in an attitude of hostility to Japan, and Japan was being excluded from these projects.

There followed a lengthy informal discussion in the nature of an exchange of personal opinions covering in general the subject of Japan's objectives and methods in her China policy.

See pages of Comment—following (attached) :

COMMENT

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In the informal discussion referred to in the concluding paragraph of my memorandum, I made it a point to convey to Mr. Taketomi a distinct impression that I was not in sympathy with and the American Government could not be expected to be sympathetic toward the attempt by the Japanese Government to dictate to the American Government and other governments in the field of policy with regard to China; I pointed out to him that, right or wrong, the League of Nations, of which Japan is still a member, and the fourteen countries parties to the Nine Power Treaty²⁹ have all indicated clearly that it is the policy of the nations to be patient with China and try to help the Chinese toward the development of a new political order within China's boundaries, and that the Japanese Government alone appears to hold the view that no form of outside assistance should be rendered to China. I took occasion, among other things, to inquire whether the Japanese Government had approached other governments in a manner comparable to the approach which it had made to this Government through Mr. Taketomi (as recorded in my memoranda of conversation of July 25) on the subject of the effort by the League of Nations to render technical assistance to China. Mr. Taketomi said that it had done so and he mentioned expressly approaches to the French and British Governments. . . .

It is my opinion that we should not allow ourselves to be substantially influenced by these manifestations of the Japanese Government's attitude. The fact, however, of these approaches should serve to put us on guard. It may well be doubted whether T. V. Soong's

²⁹ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. 1, p. 276.

project will prosper to such an extent and so rapidly as to bring about in the near future a situation which would produce a definite "issue". There is no reason why we should not, and there is sufficient reason why we should, take an attitude favorable toward the project. Assuming that, in course of time, Soong succeeds in organizing an international "consultative committee", the bringing into existence of that committee would probably have as its first result the directing of the attention of that committee to study of ways and means for taking care of existing indebtedness and obtaining new credit, on China's part, rather than the soliciting at once of substantial and definite financial assistance on a large scale from an international (or even a national) foreign source. The Japanese probably do not apprehend immediate and substantial foreign assistance to China. What they fear is the growth of the influence in China and abroad of T. V. Soong. They regard him as an obstacle to the consummation of their plans, first, for forcing upon the Nanking Government the conclusion of a formal agreement favorable to Japan, and second, the consummation of other features of their program achievement of which would be facilitated by the weakening in China of Soong's position and the strengthening in China of the position of personalities more favorable toward or subservient to Japan. Also, it has been their manifest policy over the period of the last twenty years to emphasize the "paramount influence" of Japan as among the foreign powers in relations with China and to warn other powers and as far as possible prevent other powers from exerting substantial political influence in and with China. It is a fact that China and Japan are engaged in a definite conflict which will be prolonged; and that, therefore, anything which tends to strengthen China must have a proportionately weakening effect as regards the policy of Japan to put over Japan's program. That, however, does not alter the fact that at the bottom of the trouble in the Far East lies the weakness of China. There is (or there was), even in Japan, a substantial body of opinion thoroughly in line with the principle, agreed upon by the powers, including Japan, at Washington in 1922, that, toward creating conditions of stability in the Far East, the course should be pursued which was outlined in the preamble of the Nine Power Treaty. That preamble was and is directly in line with the traditional policy of the United States. We should continue to adhere to the principles therein laid down, disregarding, though not failing to take account of, Japan's unique present (and expressed) dissent from these principles and her efforts to dictate to the rest of the world a tacit or express abandonment of them.³⁰

S[TANLEY] K. H[ORNBECK]

³⁰ See letter of July 31 from Mr. D. Nohara to Sir Charles Addis, p. 505.

893.50A/69

Memorandum by the Secretary of State of a Conversation With the Japanese Ambassador (Debuchi)

[WASHINGTON,] September 7, 1933.

During his call the Ambassador referred to the so-called "consultative pact" question, as it related to certain movements in China, and to the attitude of the United States Government and of the President himself regarding this movement. The Ambassador stated that he understood President Roosevelt had made certain commitments in this connection to Dr. Soong. I replied that I had no knowledge of anything to this effect or of this nature.

C[ORDELL] H[ULL]

893.50A/66

The Consul at Geneva (Gilbert) to the Secretary of State

No. 672 Political

GENEVA, September 12, 1933.

[Received September 21.]

SIR: I have the honor to refer to the Consulate's despatch No. 671 Political of September 12, 1933³¹ entitled "Technical Cooperation of the League of Nations with China—Assistance to Agriculture" and to inform the Department that the Chinese Government has requested the Secretariat of the League to recommend an expert on hog-breeding and poultry-raising to serve in China in accordance with the general plan of technical assistance described at some length in my despatch No. 471 Political of January 17, 1933.³¹

I have learned that the League officials with whom the matter of selection primarily rests, namely, Dr. Rajchman, the recently appointed liaison officer between the Chinese Government and the technical organizations of the League, and Mr. Haas, the Director of the Communications and Transit Section, are inclined to favor the nomination of an American citizen for the position in question. I am told that the proposal to appoint an American to join the group of foreign experts now serving in China under the cooperative arrangement between the League and the Nanking Government has emanated not from the Chinese Government but from Dr. Rajchman (Polish) and Mr. Haas (French). The suggestion in my opinion is motivated not only by the supposed availability in the United States of qualified experts on hog and poultry breeding, but also by a desire to forestall any possible criticism that the League,

³¹ Not printed.

in reaching out for specialists in various fields for recommendation to the Chinese Government, has deliberately favored the appointment of European nominees to the exclusion of American nationals who might be considered equally competent in their respective lines.

I refer in this connection to the list enclosed with the Consulate's despatch No. 471 Political of January 17, 1933, of names and nationalities of the various experts (not members of the League Secretariat) who have been associated at one time or another in the League program of technical aid to China. The list includes a group of four educationalists (German, French, British, and Polish), a Swiss geologist, an Austrian professor of geography, and an English professor of literature, an Italian expert on educational motion pictures, a Danish expert on medical education, a Rumanian malariologist, and a Yugoslav epidemiologist, a Polish highway engineer and a Dutch expert in canal and highway construction, three specialists on harbor works and river control (British, French and German), an Italian expert on agricultural economics (Professor Carlo Dragoni, former Secretary-General of the International Institute of Agriculture), and a specialist on silk-growing (also an Italian).

The list, in order to be complete, should now be amended to include two European experts on Civil Service organization (Mr. Somervell, former official of the British Ministry of Labor, and Mr. Wolfgang Jaenicke, former burgomaster of Breslau (German)), and a German specialist on telegraph and telephone administration (Mr. Lange, former head of the Frankfort Telephone Service).

So far as I am aware no previous move has been made on behalf of the Chinese Government by League officials to obtain the services of any American specialist. The proposed appointment may consequently be of some special interest if it should result in creating a precedent favoring the recruitment of other Americans through the agency of the League for specialized work in China. Doubtless also League authorities have in mind the desirability for political reasons of indirectly enlisting American interests in this whole endeavor, which they feel would result from the association of an American national in this work.

The procedure to be adopted in seeking the desired American expert, and the terms and conditions of his appointment, have not as yet been decided on. It would thus at present be premature for this matter to be given publicity in the United States. My League informant states that inquiry on the part of the Secretariat is awaiting the return to Geneva of Mr. Arthur Sweetser of the Information Section. In similar cases advice has been sought from members of

the Economic Committee of the League who have been in a position to recommend the names of qualified fellow-countrymen. It is possible that competent governmental authorities in Washington may be approached informally in regard to this matter or that the good offices of the government may be invoked more formally through the Department of State.

Respectfully yours,

PRENTISS B. GILBERT

893.50A/70

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Chinese Legation (Yung Kwai)

[WASHINGTON,] September 16, 1933.

Mr. Yung Kwai said that he wished to inquire whether it was true as recently stated in the press that the Japanese Government had made representations to the governments of a number of the powers objecting to the program of assistance to China upon which the League of Nations is engaged.

Mr. Hornbeck inquired whether Mr. Yung Kwai had seen the statement in the *New York Times* with regard to the reply which had been made in the Department to that inquiry a day or two ago. Mr. Yung Kwai said that he had. Mr. Hornbeck said that that statement contained about all that could be said: that an officer of the Japanese Embassy here had, in the course of a lengthy conversation with regard to a number of matters, affirmed that the Japanese Government looked with misgiving upon the program upon which the League was embarking, especially as Japan was not being included; this was merely an oral and informal statement; as to what the Japanese Government had or had not done at other capitals we had not been informed. Mr. Hornbeck said that if Mr. Yung Kwai reported this matter to his Government he should do so in confidence and should state that news with regard to the matter had first appeared in the Chinese press and, more recently, in the Japanese press; the State Department should in no way be quoted as having given any information whatever. Mr. Yung Kwai said that he would respect our wishes.

S[TANLEY] K. H[ORNBECK]

893.50A/68

The Consul at Geneva (Gilbert) to the Secretary of State

No. 682 Political

GENEVA, September 26, 1933.

[Received October 7.]

SIR: With reference to despatch No. 121 of July 20, 1933 from the American Embassy at Paris³³ reporting on the proceedings of the meeting on July 18, 1933 of the Special Committee on Technical Cooperation with China of the Council of the League, I have the honor to transmit herewith two reports³³ on the subject: (1) a report to the Council from the Secretary-General (document C.474.M.241.1933.VII) reviewing the action taken in pursuance of the Council's decision on July 3, 1933 to set up a Special China Committee, reproducing the text of the decisions reached by the Committee on July 18, and referring to the invitation to the United States Government to appoint a representative to participate in the work of the Committee; (2) a copy of a report by the representative of Mexico (document C.527.1933.VIII) stating that the Committee would remain at the Council's disposal for the purpose of further consideration of any questions relating to the League's technical cooperation in the reconstruction of China, laid before the Council by the Chinese Government, and to examine statements and reports received from the technical agent (Dr. Rajchman) and discuss questions relating to his duties.

Both of these reports were adopted by the Council on September 23. In connection with the adoption of the latter report, the Council requested the Special Committee to carry out in the future the above-mentioned duties and took "note that the Government of the United States of America, having accepted the Committee's invitation to take part in its work, has nominated a non-official observer to be present at the Committee's proceedings."

Respectfully yours,

PRENTISS B. GILBERT

893.50A/72

*The Counselor of Legation in China (Peck) to the Minister in China (Johnson)*³⁴

L-31 Diplomatic

NANKING, October 4, 1933.

SIR: I have the honor to report that on the morning of October 3, 1933, I received a telephone message from Mr. T. V. Soong, Minister

³³ Not printed.³⁴ Copy forwarded to the Department without covering despatch; received December 2.

of Finance, asking me whether I could come to see him at 4 p.m. that afternoon.

I called on Mr. Soong, as requested, and although I utilized the opportunity to introduce a good many subjects of conversation, the only one which Mr. Soong seemed to desire to discuss with me, was that of the arrival of Dr. Ludvik Rajchman, "Technical Delegate of the Council of the League of Nations with the National Economic Council of China", to quote the inscription on his card. Mr. Soong remarked that Dr. Rajchman had arrived in Nanking and was anxious to get into touch with me, as also with Mr. Ingram, Counselor of the British Legation. He asked when Dr. Rajchman could call on me. I replied that I should be glad to see Dr. Rajchman at any time. Somewhat to my surprise, Dr. Rajchman sent his card to me this morning by the hand of his secretary, instead of calling in person. I shall endeavor to see him when I return his call.

Apropos of the subject of the League of Nations' Technical Collaboration with the National Government, as decided upon at the session of the League Council held on July 3, 1933, and in the resolution adopted by the Committee of the Council with regard to technical collaboration with China at its meeting held in Paris, on July 18, 1933, I remarked to Mr. Soong that I hoped to be able to report to the Department of State a series of notable results achieved through this collaboration, as distinguished from the mere making of plans. Although my observation was intended to convey an impression of my optimism in this regard, Mr. Soong replied, with some sharpness, that results had already been achieved through the joint efforts of the National Government and representatives of the League. I hastened to assure him that I knew that this was the case, especially in the field of road building and the field of public health.

Mr. Soong adverted twice on the desire of Dr. Rajchman to meet me and I received the impression that it was to effect this meeting that he had asked me to call upon him, rather than to discuss the other subjects dwelt on in our conversation, which were of greater special interest to the American Legation.

In view of the prominence which has been given to this new plan of collaboration by the opposition thereto manifested by the Japanese Government, it is natural that Mr. Soong should be anxious that the efforts should receive all the assistance possible, including that of favorable, and, if possible, enthusiastic reports by the representatives in Nanking of the different Legations. In line with the sympathetic interest exhibited by the Department of State in these activities, as indicated, for example, by the sending of its representatives to the meeting of the Special Committee held in Paris on

July 18, I shall endeavor to keep the Legation and the Department informed of the results achieved by the League's experts.

The Legation has probably noted that the National Economic Council, in Nanking, has been constituted the agency through which the Chinese Government will utilize the assistance to be afforded by the League. By a Government Mandate issued on September 23, 1933, Messrs. Wang Ching-wei, T. V. Soong and Sun Fo were constituted the Standing Committee of the Council. The public has already gained the impression that the National Economic Council is to become the dominant feature in the political landscape. According to reports, the construction of the new iron and steel works at Ma An Shan, Anhwei Province, with German capital, has already been transferred from the control of the Ministry of Industries to that of the Council.

Mr. Soong informed me that the National Economic Council would undertake a program of "rationalization" of industries. For example, a "Cotton Control Committee" would be organized, with Mr. K. P. Chen, President of the Shanghai Commercial and Savings Bank, at its head. To this Committee would be given the management of the cotton purchased under the recent credit arrangement with the Reconstruction Finance Corporation. The cotton, and money realized from the sale of any portion thereof, would be utilized in an attempt to place Chinese-owned cotton mills on a profitable running basis. Mr. Soong did not state whether all of the cash proceeds realized from the wheat and cotton loan would be utilized in this one direction, but stated that these funds would be given to the National Economic Council "to play with", leaving it open to be inferred that some of the funds would be utilized in "rationalizing" other industries, such as mines, manufactures, etc.³⁵

Respectfully yours,

WILLYS R. PECK

893.50A/71

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] October 31, 1933.

Mr. Jean Monnet called on me. He stated that he was on his way to China. In view of T. V. Soong's resignation, he did not know

³⁵ The Counselor of Legation, in his despatch No. L-42 Diplomatic, October 26, reporting a conversation on October 24 with Dr. Rajchman, said: "In the course of our conversation I ascertained that it is not true . . . that the Cotton Control Committee of the National Economic Council would be given the management of the cotton purchased under the recent credit arrangement with the Reconstruction Finance Corporation. Dr. Rajchman informed me that the disposal of this cotton would be managed by a committee organized, as he understood, under the Central Bank of China." (893.50A/74)

what situation he would find there, but he had promised Soong some months ago that he would come, and he was on his way. He said that the project which Soong had been working on when in Europe and in the United States for an international consultative committee to assist China had met with opposition in various quarters, in consequence of which it is now in abeyance: In particular, the British Foreign Office had definitely informed Sir Charles Addis that the British Government did not look with favor on the project and had discouraged acceptance of membership on the committee by British nationals; Mr. Thomas Lamont had declined to serve; and when Soong had arrived back in China, Soong had found that there was opposition there in consequence of Japanese pressure.

There followed some discussion in the course of which it developed that both Mr. Monnet and Mr. Hornbeck are of the opinion that, although an international consultative committee might be of value, there is probably nothing which such a committee could do with regard to the problem of China's debts and credit which could not be done equally well or better by a small group of qualified persons who would address themselves to the problem of formulating, with authority from the Chinese Government, a program to be followed by China for the handling of those questions. It was pointed out that for at least seven years past the Chinese Government has been declaring that it would formulate and adopt a plan and that no evidence has been forthcoming of its having done anything serious in that direction. There was concurrence in the view that the adoption and carrying out by China of a program is more to be desired than perfection of the details which may make up the program. Mr. Monnet concluded with the statement that he was going out to China to see what could be done in that direction.

S[TANLEY] K. H[ORNBECK]

893.50A/71

The Counselor of Legation in China (Peck) to the Acting Secretary of State

NANKING, December 18, 1933.

[Received January 29, 1934.]

SIR: I have the honor to state that on the morning of December 16 in a conversation with Dr. L. Rajchman, Technical Liaison Officer between the Chinese National Economic Council and the Special Committee of the League, Dr. Rajchman described briefly to me the present state of collaboration activities.

As the Department is aware, the National Economic Council is

the branch of the Chinese Government designated to receive the collaboration which was approved by the resolution of July 3 and at the meeting of the Special Committee in Paris on July 18, 1933. The National Economic Council is controlled by a standing committee of five members, Mr. T. V. Soong, General Chiang Kai-shek, Dr. Sun Fo, H. H. Kung and Wang Ching-wei, of whom Mr. Soong is the most active. This position, in fact, is Mr. Soong's only important official position at the moment.

Dr. Rajchman said that the general office of the National Economic Council is in Shanghai and that Mr. Soong is extremely active there. The technical offices are in Nanking and whereas it has been Dr. Rajchman's plan to devote his time nearly equally between Shanghai and Nanking, it is his intention henceforth to spend the larger part of his time at Nanking. I inquired whether the resignation of Mr. T. V. Soong from his post of Minister of Finance on or about November 22 had interfered with the activities of the National Economic Council. Prompted, perhaps, by a desire to refute the general belief that the National Economic Council is not extremely active at present, as well as by my question, Dr. Rajchman entered an emphatic denial. He said that the National Economic Council is now engaged in planning; even if it had \$50,000,000 at its disposal it could not begin constructive work until the plans on which it is now engaged were formulated. He said the general offices of the National Economic Council and Mr. Soong, himself, were extremely busy.

Dr. Rajchman said that the Council has established, or will do so in the immediate future, a Cotton Control Commission, a Coal Commission and a Silk Commission. At the head of the first is Mr. K. P. Chen, a prominent Shanghai banker; at the head of the second is Mr. Ku, of the Kailan Mining Administration at Tientsin; and the head of the third is now in process of selection.

The Council is now engaged in a thorough study of the China Merchants' Steamship Navigation Company, which steamship line has been taken over by the Chinese Government and will probably be organized and conducted as a governmental project, with, perhaps, commercial participation. . . . Dr. Rajchman said that if it were thoroughly reorganized and made into a "strong" company, there is no reason why it should not be prosperous. I inquired whether he had heard of any hope on the part of the Chinese that the efficient reorganization of this steamship line would enable China to replace foreign vessels with Chinese vessels, in pursuance of the "recovery of navigation rights" campaign. Dr. Rajchman said he did not think that this motive was animating the Chinese.

Dr. Rajchman said that, as is well known, thoroughly substantial

and satisfactory progress had been made in two branches of technical collaboration between the League and the Chinese Government, viz, road construction and health work. He said that the next important line of activity to be undertaken was rural rehabilitation. He had been gratified to observe among Chinese bankers in Shanghai general recognition of the importance and desirability of improving the economic status of the Chinese farmer, especially the tenant farmer.

Special studies are now being made of rural conditions in the Province of Kiangsi. It has been discovered that eight middle men intervene between the producer of agricultural products and the urban market and the same number between the industrial producer in the city and the rural consumer. To improve the lot of the farmer it is essential to eliminate these middle men, as well as to improve the lot of the farmer in such matters as land tenure, marketing facilities, etc. Dr. Rajchman said that the prospect of accomplishing these objects is extremely bright. Shanghai is congested with idle capital, driven there largely for safety in the hope of profitable investment. To put agricultural economy into operation, say, in Kiangsi, would require an unbelievably low amount of credit; it has been ascertained that as little as \$2 Chinese national currency per capita would accomplish this. I referred to the successful work already done by the Shanghai Commercial and Savings Bank, Limited, a Chinese concern, in connection with rice granaries in Kiangsu Province, (see my despatch of December 16, 1933 ³⁶). Dr. Rajchman agreed that this work was excellent, but that it was limited in extent. The plans of the National Economic Council are far wider in scope and of great political importance.

I inquired whether the League was collaborating with the Chinese Government in lines other than economic. For example, I inquired whether Messrs. Jaenicke (German) and Somervell (British), Political Advisers to the Chinese Government, were working under League auspices. Dr. Rajchman hastily disclaimed any responsibility on the part of himself for the activities of these two men. He said that, it is true, the League named them, acting on requests from Mr. T. V. Soong in the latter's then capacity of Vice President of the Executive Yuan, but they do not submit reports to Dr. Rajchman. They are, in fact, advisers to the Examination Yuan. The League pays one-sixth of their salaries as a "token payment". (I specially inquired about these two advisers, because this office has learned from apparently reliable sources that Dr. Jaenicke and Mr. Somervell have found it impossible to accomplish anything in the way of improvement in the organization and methods of the Chinese Civil Service and are admittedly idle at the present moment.)

³⁶ Not printed.

I inquired whether Premier Mussolini's currently reported project to reorganize the League of Nations had any chance of being carried out. Dr. Rajchman replied that he did not think so. The League is too solidly based to allow the Governments concerned to alter it fundamentally at the suggestion of a solitary Premier. Mussolini's desire is to create a "Seven Power Pact" to replace the "Four Power Pact," which is practically defunct. Ramsay MacDonald is not a friend of the League of Nations; he has a "Great Power complex" and it is galling to him to have to act through an organization. Nevertheless, public opinion in Great Britain is so strongly behind the League that Prime Minister MacDonald and one or two other British Cabinet officials who do not strongly believe in the League would seriously hesitate to do anything to weaken that organization. There is no possibility that Italy will follow the example of Japan and Germany and resign from the League. Mussolini's foremost policy is one of intelligent anticipation of what London and Washington will think on the following day.

The critical question in Europe today is not the safety of the League, but the territorial readjustments and the military equality demanded by Germany. Germany will persist in these demands but Europe will not grant them, for this would precipitate war. The territory whose restoration is demanded by Germany has become vitally necessary to certain countries. Dr. Rajchman did not venture a prophecy of what the outcome of this deadlock would be. (Being a Pole, Dr. Rajchman probably had in mind territorial questions between Germany and Poland.)

Returning to Chinese topics, I observed that Mr. Y. Suma, Secretary of the Japanese Legation residing in Shanghai, had been designated, also, Japanese Consul General in Nanking. I inquired whether the Japanese Government was actively interfering with the progress of collaboration between the Chinese Government and the League. Dr. Rajchman replied that one of his colleagues had had a long conversation with Suma in Shanghai and the latter had said that whether Japan had a part in the collaboration between China and the League, or pursued an independent course, Japan must have "the lion's share" in the work of economic rehabilitation of China. (Note. In official circles, foreign and Chinese, in China, Suma is regarded as being the most influential Japanese official in this country; it is thought by many that his mind is the active force behind the formulation and execution of Japanese policies and that his advice has more weight in the Japanese Foreign Office than that of the Minister, Ariyoshi.)

Respectfully yours,

CLAUDE A. BUSS
For Willys R. Peck

MEASURES TAKEN BY THE UNITED STATES FOR THE PROTECTION
OF AMERICAN LIVES AND PROPERTY IN CHINA *

493.11 Ekvall, Henry/86 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 12, 1933—3 p. m.

[Received January 12—6:50 a. m.]

43. Legation's 1393, December 28, 4 p. m.³⁸ Counselor Peck has been instructed as follows:

"January 12, 3 p. m. Your December 28, 10 a. m. In accordance with latest information available concerning action taken by Nanking Government in regard to indemnity and apology, please address further note to the Foreign Office being guided in its phrasing by paragraph 3 of the Department's instruction of December 23, 5 p. m.³⁹ repeated to you in my December 27, 5 p. m. Also request report as to latest developments and again urge most vigorous action by Shensi Government in its efforts to apprehend remaining murderers.["]

JOHNSON

493.11 Ekvall, Henry/97 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 2, 1933—3 p. m.

[Received March 2—9:55 a. m.]

202. Legation's despatches numbers 1927 of January 20, and 1963 of February 17⁴⁰ concerning Ekvall case. In note dated February 22nd Foreign Office reports that Chi Yuan-wu, one of the actual murderers (see enclosure No. 4 with my despatch January 20th), was arrested on January 22nd, was tried, confessed crime and was executed on February 10th. Legation is requesting transcript of evidence at trial and other particulars.

2. Legation will continue to press for punishment of remaining murderers with the probable result that the Chinese Government will at intervals make unconfirmable reports of arrest and punishments of culprits and will then request that demand for indemnity be waived. In this general regard please see two paragraphs beginning bottom of pages 2 and 3, respectively, of my January 20th despatch, my despatch of February 17th and my telegram No. 1393,

* Continued from *Foreign Relations*, 1932, vol. iv, pp. 464-561.

³⁸ *Ibid.*, p. 560; telegram reported representations in the murder of Henry Ekvall, an American businessman, about July 23, 1932. For previous correspondence concerning the Ekvall case, see *ibid.*, pp. 522-561, *passim*.

³⁹ *Ibid.*, p. 559.

⁴⁰ Neither printed.

December 28, 4 p. m.,⁴¹ reporting that Peck had been unofficially informed that Executive Yuan in closed session had approved payment of exemplary damages. Legation's last two notes to Foreign Office *inter alia* reiterated demand for payment but Foreign Office in its respective replies has seen fit to ignore such demand.

3. In view of the atrocious nature of the crime committed by Government troops I am strongly of the opinion that irrespective of alleged punishment of murderers in this case exemplary damages possibly in somewhat modified amount should be emphatically insisted upon and that recent evasive attitude of the Foreign Office should not be allowed to remain unchallenged.

4. In the absence of instructions to the contrary I assume that the Department has approved the suggestion contained in paragraph 4 of my telegram 65, January 19, 5 p. m.,⁴² that matter of apology be considered as settled.

5. The Department's instructions are requested.

JOHNSON

493.11 Ekvall, Henry/101 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 3, 1933—5 p. m.

73. Your 202, March 2, 3 p. m.

1. Department is inclined to concur in views expressed in your third paragraph but deems it desirable to refrain at present from emphatic representations with regard to the indemnity alone or any discussion of possible reduction of amount of indemnity until further opportunity has been given Chinese authorities to comply with all demands.

2. Department agrees that matter of apology referred to in your fourth paragraph may be considered as settled.

STIMSON

393.1111 Nelson, Bert N./167 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 6, 1933—5 p. m.

113. With further reference to the capture and reported murder of Reverend Bert Nelson,⁴³ Department desires to know whether, in

⁴¹ *Foreign Relations*, 1932, vol. iv, p. 560.

⁴² Not printed.

⁴³ For previous correspondence concerning the kidnaping of Rev. Bert N. Nelson on October 5, 1930, see *Foreign Relations*, 1930, vol. ii, pp. 197-223 *passim*; *ibid.*, 1931, vol. iii, pp. 934-977 *passim*; and *ibid.*, 1932, vol. iv, pp. 470-561 *passim*.

the considered opinions of the Legation and the Consul General at Hankow, every possible practicable effort has been made by Chinese officials to arrive at a solution of this case or whether, as in the Baker case,⁴⁴ more assiduous representations to the Chinese Government might lead to more satisfactory results than have hitherto been attained.

HULL

393.1111 Nelson, Bert N./168 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 13, 1933—4 p. m.

[Received April 13—7:47 a. m.]

325. Department's 113, April 6, 5 p. m. was repeated to Hankow with request for comments in light of latest developments in the Nelson case. Following from Hankow:

"The last communication from the Hupeh Provincial authorities, dated at the end December 1932, maintains that Nelson is still alive. It is believed however that the contention of the Provincial authorities is based not on actual knowledge but on the fear that admission of Nelson's death might be followed by a demand for a large indemnity.

"It is my belief that while the Provincial authorities have at no time made any very strenuous efforts to effect Nelson's release, it is extremely unlikely that sufficient pressure can be brought to bear to cause them to take more than the perfunctory interest which they have evinced throughout the case. However should some specific information be obtained it might be possible to force either the National or Provincial authorities to take effective action and with this in mind the Consulate General is continuing to make private inquiries, the result of which will be promptly communicated to the Legation."

Pending Hankow's further report the Legation contemplates taking no action.

JOHNSON

711.93/299

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck)*

[WASHINGTON,] May 19, 1933.

On Wednesday evening, May 17, I had a lengthy conversation with Mr. T. V. Soong and the Chinese Minister, in the course of which

⁴⁴ Capt. Charles Baker was kidnaped January 16, 1932, and released May 31. For correspondence concerning this case, see *Foreign Relations, 1932*, vol. iv, pp. 465-530 *passim*.

we discussed informally a number of questions which are of concern to the United States or to China or to both and various questions of world concern.

At the conclusion of this conversation, Mr. Soong inquired whether there were any special questions of special concern to the United States in the field of relations between China and the United States, other than those which we had already discussed, to which I would like to have him give special thought. I said that I thought there were a number of questions, some of which we had discussed and some of which we had not, which we would like to have given Mr. Soong's best thought; that there were some questions with regard to which I had not felt that it would be appropriate to consume his time; and that I would make a memorandum jotting down a number of subjects.

The Division subsequently made a memorandum, and of this I gave Mr. Soong a copy on the day of his departure. A copy is attached.⁴⁵

S[TANLEY] K. H[ORNBECK]

711.93/299

*Memorandum Listing Certain Problems of Current Concern in Relations Between China and the United States*⁴⁶

WASHINGTON, May 19, 1933.

1. American claims. Claims commission.⁴⁷
2. Continued occupation by Chinese military forces of American mission property (especially in the Hankow consular district).
3. An increasing tendency on the part of the Commissioners of Customs in China to punish offenders against customs regulations in a legalistic but inequitable manner.

In one recent case (at Lungkow) an entire shipment of kerosene oil belonging to the Socony Vacuum Corporation was seized and sold because the transporting junk, due to adverse weather conditions, had not complied with a customs regulation.

4. Desirability that there be no discrimination in purchase of airplanes.

5. Ekvall murder case (Shensi Province).

Simpson murder case (Kansu Province).⁴⁸

⁴⁵ *Infra*.

⁴⁶ Handed to Mr. T. V. Soong May 19, by the Chief of the Division of Far Eastern Affairs.

⁴⁷ For correspondence on American claims outstanding against China, see pp. 628 ff.

⁴⁸ William E. Simpson, an American missionary, murdered on June 20, 1932.

In the Ekvall murder case, some but not all of the culprits have been apprehended and punished.

In the Simpson murder case, no one has yet, so far as we are informed, been punished.

893.00/12418 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 26, 1933—11 a. m.

[Received August 26—4:10 a. m.]

708. Following from Foochow:

“August 25, 7 p. m. An American missionary at Yenping telegraphed this afternoon that Wangtai, about 45 li from Yenping, had been taken by Communist forces and that the situation at Yenping was critical. He requested that the Consulate telegraph to the officials at Yenping to release a launch for the use of evacuating Americans. The Consulate telegraphed immediately an appropriate request to General Liu Ho-ting, commanding the troops at Yenping, and then succeeded in having similar telegrams despatched from the Provincial Government, Peace Preservation Corps and the local representative of General Liu.

A later telegram from the missionary stated that the local officials requested that he ‘Notify Consul they take responsibility for our safety’.

In its reply, the Consulate urged that he take no unnecessary risks.

There are four Americans in Yenping, two in Kienningfu and one in Kienyang. All have been notified by telegraph.”

JOHNSON

893.00/12420 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 29, 1933—5 p. m.

[Received August 29—10 a. m.]

713. My 711, August 28, noon.⁴⁹ The following telegram has been received from Foochow:

“August 28, 11 a. m. My August 27, 5 [1] p. m. Yenping reported to have fallen to Reds. Fifty-sixth Nationalist Division retreated from Yangkow without firing a shot and now has its main force at Kienningfu. Lu Hsing-pang, since the recent defeat of his government by Reds, has concentrated troublous remnants at Yuki. Nineteenth Route Army has only a small force in this consular district, occupying the Min River between Foochow and a point a little above Shuikow. Families of Cantonese officials left Foochow yesterday. Foochow practically defenseless in the event that the Reds decide

* Not printed.

to come down river. I strongly recommend that an American naval vessel be sent to Foochow for the protection of American lives in the event that evacuation should become necessary. All Americans from Yenping arrived in Foochow last night. Following Americans in danger zone reported to be en route Foochow: Padres Paul Curran, John H. I. [*John H. Grace*] and Bernard C. Werner."

I concur with Burke's recommendation that a naval vessel be sent to Foochow and have requested the Commander in Chief of the Asiatic Fleet to separate one to be stationed there during the present emergency.

JOHNSON

893.00/12422: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 30, 1933—5 p. m.
[Received August 30—10:10 a. m.]

720. My 713, August 29, 5 p. m. The following telegram has been received from Foochow:

"August 29, noon. My August 28, 11 a. m. Yenping now reported not captured by Reds. Situation at Foochow easier but still bears watching. No word yet from the three Americans listed in the above-mentioned telegram."

The following telegram has been sent to Foochow:

"August 30, 4 p. m. Your August 28, 11 a. m. Commander in Chief states gunboat is now en route to Foochow and will arrive there September 1st."

JOHNSON

893.00/12424: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 31, 1933—1 p. m.
[Received August 31—6:22 a. m.]

723. My number 720, August 30, 5 p. m. The following telegram has been received from Foochow:

"August 30, 3 p. m. My August 29, noon. No change in situation. U. S. Ship *Sacramento* arriving at Foochow September 1st. With reference to the whereabouts of Padres Curran, Werner, and Grace the following telegram has been received from Curran at Kienningfu:

'Returned Kienningfu under General Liu's care who promises help, advises wait few days.'

This Consulate has requested General Liu to afford all possible assistance and protection to these three Americans."

JOHNSON

893.00/12441 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 7, 1933—4 p. m.

[Received September 7—11 a. m.]

734. Legation's 727, September 2, noon.⁵⁰ Following from American Consulate at Foochow:

"September 6, 4 p. m. Situation in the up-river districts still very uncertain. Rumors of government reverses in up-river districts still causing the exodus of people from Foochow."

Commander in Chief of the United States Asiatic Fleet in response to request of Consulate and Legation states that the *Sacramento* will remain in Foochow until further orders.

JOHNSON

893.00/12448 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 12, 1933—noon.

[Received September 12—3:47 a. m.]

741. Legation's 739, September 11, 11 a. m.⁵⁰ Following from American Consul at Foochow:

"September 11, noon. My September 9, noon. Local Catholic Mission reports that it has received a radio message from Kienningfu to the effect that Padres Paul Curran, Bernard C. Werner, and John H. Grace have left Kienningfu for Shanghai; presumably by overland route through Chekiang."

JOHNSON

893.00/12463 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 18, 1933—11 a. m.

[Received September 18—1:30 a. m.]

753. Legation's 741, September 12, noon. Following from American Consul [at] Foochow:

"September 15, 3 p. m. My September 11, noon. Following telegram dated September 14 received from Father Curran at Pucheng in Northern Fukien: 'Arrived today Fifty-sixth Nationalist Division escort.'"

JOHNSON

⁵⁰ Not printed.

893.00/12466 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 20, 1933—noon.
[Received September 20—6:55 a. m.]

756. Following from the American Consulate at Foochow:

"September 18, 9 a. m. My September 5, noon. The situation at Yenping has reached an apparent stalemate with the Fifty-sixth Nationalist Division still holding that city; the Communists a short distance to the north of Yenping; and the Nineteenth Route Army to the south. The presence of a United States naval vessel at Foochow is believed to be no longer essential."

2. I have repeated message to Admiral Upham⁵² who is anxious to remove American war vessel elsewhere.

JOHNSON

893.00/12472 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 26, 1933—3 p. m.
[Received September 26—4:30 a. m.]

770. Legation's 753, September 18, 11 a. m. Following from American Consul at Foochow:

"September 25, 11 a. m. My September 15, 3 p. m. American Dominican Procuration reports that Padres Curran, Werner, and Grace have arrived safely at Hangchow, Chekiang."

JOHNSON

493.11 Ekvall, Henry/111

*The American Minister in China (Johnson) to the Chinese Acting Minister for Foreign Affairs (Wang Ching-wei)*⁵³

No. 660

PEIPING, October 18, 1933.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of October 2, 1933,⁵⁴ informing me that Ma Jung-hua and the other culprits involved in the murder on June 25 [20?], 1932, at a point near Lanchow, of Mr. William Ekvall Simpson, an American citizen, had been transferred to the Kansu High Court for trial.

In this general regard, I would observe that nearly one year has

⁵² Admiral Frank B. Upham, commander in chief, U. S. Asiatic Fleet.

⁵³ Copy transmitted to Department by the Minister in China in his despatch No. 2342, October 25; received November 20.

⁵⁴ Not printed.

elapsed since the Kansu Provincial Government, in a communication dated November 11, 1932, informed the American Consul General at Hankow that Ma Jung-hua, Fan Yung-te, and Ma Wei-ho (who had previously been designated by the Kansu Government as the chief culprits in the case) had been tried by court martial but had denied complicity in the murder of Mr. Simpson. The Kansu authorities added that further investigation would accordingly be made in an effort to obtain further evidence against the guilty parties, but later the authorities professed an inability to secure such evidence.

The American Consul General at Hankow thereupon made careful inquiries in the matter through the Reverend W. W. Simpson, who obtained exact and detailed information which clearly indicates that Ma Jung-hua and the band of which he was leader were responsible for the crime. On May 16, 1933, this detailed information was transmitted by the American Consul General both to the Pacification Commissioner for Shensi and Kansu and to the Chairman of the Kansu Provincial Government, and it is hoped that on the basis of the information thus supplied the Kansu authorities have made strict investigation and have obtained evidence which will enable them without further delay to determine the guilt and to punish to the fullest extent of the law those responsible for the brutal murder of Mr. Simpson and his travelling companion.

The American Government is particularly interested in the prosecution of this case, and, in view of the previous dilatory and inadequate efforts of the Kansu authorities to bring the guilty parties to justice, I deem it expedient earnestly to request that Your Excellency again communicate with the Kansu authorities urging that this long standing case be tried without further delay. In making this request, I am keenly mindful of the fact that the murder of Mr. Simpson was one of several heinous crimes which have during the past eighteen months been committed against American citizens in Shensi and Kansu Provinces, and toward which the responsible provincial authorities have shown a most inexcusable indifference unless persistently pressed by the higher Chinese authorities to take action. (The other crimes to which I refer are the Ekvall and Plymire⁵⁵ cases, with which Your Excellency's Ministry is familiar.) Unless those who have murdered and/or robbed American citizens and other foreigners in Kansu and Shensi are apprehended and punished, no foreigner will be safe in those areas, and the lawless elements there will be very definitely encouraged in the belief that foreigners may be murdered or robbed with impunity and with little likelihood that any serious punishment will be meted out to the guilty parties. I accordingly

⁵⁵ Rev. V. G. Plymire, an American missionary, victim of robbery in Kansu Province.

bespeak Your Excellency's assistance in seeking to bring about, without further delay, the punishment of the murderers of Mr. Simpson.

I avail [etc.]

NELSON TRUSLER JOHNSON

893.00/12490 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 24, 1933—5 p. m.
[Received October 24—6:15 a. m.]

809. Following priority message from American Consul General at Hankow:

"October 24, 1 a. m. Chinese Bureau of Navigation [at] Chungking report Wanhsien seriously threatened by Reds and ask all foreign ships transport troops Chungking to Wanhsien in emergency and states that such action will not be considered precedent.

I am, subject to Legation's approval, inclined to agree to proposal as best means of affording protection to American interests Wanhsien provided competent observers on spot agree that force threatening Wanhsien is actually Red and British ships also agree carry troops. Believe it unwise to weaken American-British cooperation on upper river by action differing from theirs in the matter.

We have gunboat at Chungking and Ichang. British have gunboat at Wanhsien.

I request instructions."

2. I have replied as follows:

"October 24, 5 p. m. Your October 24, 1 a. m. Legation does not consider that situation warrants departure from previous position American Government in opposition to the carrying of Chinese troops and/or munitions on American steamers. British Minister states that he has not been approached in regard to present situation but that his views coincide with mine."

Matter was discussed by me with the British Minister.

JOHNSON

893.00/12491 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 26, 1933—noon.
[Received October 26—6 a. m.]

812. Legation's 809, October 24, 5 p. m. Following from American Consul General at Hankow:

"October 25, 5 p. m. Legation's October 24, 5 p. m. Navy informs me that seven missionaries from the nearby interior have arrived at Wanhsien due to the disturbances in the vicinity of their stations. There is some Chinese evacuation from Wanhsien and Hankow mer-

chants are receiving requests from agents in Wanhsien that no cargo be shipped to that port for the present.

The USS *Palos* at Ichang reports British are holding up river ships there pending decision of Chungking authorities as to commandeering of vessels for transportation of troops. *Tutuila* at Chungking reports that British steamer *Wantung* is being held at Chungking by agents and Consul pending receipt of instructions from the British Minister since unfavorable reactions feared should she sail before receipt of reply. *Tutuila* reports that thus far Chinese requests for troop transportation have been in the form of pleas with no hint of threat.

Our registration records show 11 American citizens at Wanhsien, 2 at Yunyang and 1 at Wushan, both places being in gorges below Wanhsien.

The *Tutuila* is needed at Chungking in connection with the safeguarding of Americans and the *Palos* is required at Ichang. The *Guam* left Hankow yesterday for Ichang and will be available for Wanhsien. I am suggesting to Admiral Wainwright that, if possible, the *Guam* endeavor to get in touch with the Americans at Yunyang [and] Wushan on her way to Wanhsien."

British Legation informs me that it has matter under consideration and will inform me of decision reached.

2. Following from American Consul General at Shanghai:

"October 25, 4 p. m. Referring to telegram from USS *Tutuila* to Commander in Chief October 23 regarding transportation of Chinese troops to Wanhsien by American vessels, Admiral Upham requested my opinion on the question and stated as follows:

'(1) While it is no doubt entirely legal that American merchant vessels be chartered by the Central Government to transport their troops, such must be done with distinct understanding that United States naval protection is no longer available.

(2) However, this procedure appears to be undesirable in any case lest it lead to trouble at some subsequent time when rebel troops may control an armored cruiser and demand the use of American merchant vessels to transport their troops, and when our merchant ships would not wish to do so—in such case the rebels might well seek to impress them into service, and thereby precipitate conflict with American naval forces.'

I replied that case in question occurred in Hankow district but that I was fully in accord with the views expressed in his paragraph 2 above. Have so informed Yangtze Rapid's Shanghai office."

JOHNSON

893.00/12493 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 26, 1933—5 p. m.
[Received October 26—1:35 p. m.]

815. Legation's 812, October 26, noon. British Legation informs me that it considers present situation an emergency warranting ex-

ceptional treatment; that Shanghai head offices of British shipping companies concerned are being informed of Legation's general opposition to carrying of Chinese troops but are being told that present question is one of expediency rather than of any legal issue; and that firms after consulting with one another must decide what action they deem expedient, after consulting with British Admiral who is now in Shanghai. British Legation informs me that it will not oppose compliance by British companies with urgent requests of the Chinese authorities that exceptional treatment be accorded them in present case.

2. In his telegram of October 24, 1 a. m.⁵⁶ Consul General Adams referred to desirability of uniform action by American and British in present circumstances. Other shipping interests may not deem it expedient to follow lead of British companies if they decide to carry Chinese troops as requested. It is possible that in such case the Chinese would seek to commandeer American steamers or being prevented by American naval vessel at Chungking will seek to boycott American steamers for noncompliance with Chinese urgent request for germane action in present emergency. As indicated in second paragraph of Admiral Upham's statement (in Cunningham's October 25, 5 [4] p. m.) in my October 26, noon, compliance may ultimately result in situation requiring interference by American naval vessel but noncompliance may similarly result. The situation is accordingly a difficult one but in the event that American shipping companies decide it expedient and to their advantage "to carry troops as an exceptional arrangement not to be considered as precedent" (as this has been designated by the Chinese authorities making [apparent omission]) I would be inclined not to interfere in such arrangement and to confine my action to advising American interests along the lines taken by British Legation. I am opposed to any alteration of our policy in this general matter but action of the British complicates matters and may make advisable exceptional treatment in the event that American companies feel constrained to carry Chinese troops if British do.

3. This discussion of possibilities has been prompted by necessity for promptest possible action if situation becomes acute and by Admiral Upham's statement of his position. I shall, of course, in any event keep in close touch with Admiral Upham, conferring with him before making any further representations.

Repeated to Hankow, Shanghai and the Admiral.

JOHNSON

⁵⁶ See telegram No. 809, October 24, 5 p. m., from the Minister in China, p. 534.

893.00/12493 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 27, 1933—4 p. m.

358. Your 809, October 24, 5 p. m. and 812, October 26, noon. Department concurs in your instruction to Hankow and in Admiral Upham's views as quoted in these telegrams respectively.

Reference also your 815, October 26, 5 p. m.

In this situation, it would seem that American officials should, in discussion both with officials of other governments and with American nationals, advise against such employment by Chinese of any foreign steamers and should make it clear that, although there is apparently no legal impediment, if American steamers are sought by the Chinese for such employment, the American owners thereof must make their own decision with regard to disposal to be made of their vessels; and that, if use is made of American steamers for transporting Chinese troops or munitions, no protection by American armed forces of any sort can be afforded in connection with that use.

Subject to this instruction, the Department desires that you take, in close consultation with the Commander-in-Chief, such steps as you may consider appropriate and advisable. Keep Department fully informed.

Department has discussed the above with high officers of the Navy Department. That Department expresses concurrence in substance, but, in the absence of any report from the Commander-in-Chief, is issuing no instructions.

HULL

893.00/12494 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 28, 1933—1 p. m.

[Received October 28—9 : 50 a. m.]

819. Department's 376 [358], October 27, 4 p. m. Following from Hankow reports situation anticipated in paragraph 2 of my 815, October 26, 5 p. m.:

"October 27, 4 p. m. Legation's October 25, 5 p. m. *Tutuila* at Chungking reports that Yangtze Rapid Steamship Company vessels are being boycotted by labor there because of refusal to carry troops to Wanh sien. Apparently boycott was instigated and is enforced by a "Bandit Suppression Society". *Tutuila* indicates that Jardine⁵⁷ agent is in favor of carrying troops and that Butterfield⁵⁸ agent is

⁵⁷ Jardine, Matheson & Co., Ltd., British shipping firm.

⁵⁸ Butterfield and Swire (China Navigation Co.), British shipping firm.

opposed to such action. Attitude of the Yangtze Rapid agent is unknown to me but I surmise that he is willing to carry troops to end boycott.

Suiting some 60 miles northwest of Wanhsien and Hsuanhan (Tungsiang) reliably reported to have been captured by the Reds. Wang Fang-chow with a considerable force is, however, between Reds and Wanhsien.

Foreigners at Wanhsien are packed and ready to evacuate and many Chinese have already left. The U.S.S. *Guam* should reach Ichang tonight en route to Wanhsien."

2. Department's 358, October 27, 4 p. m. has been repeated to American Consuls General at Hankow and Shanghai for their guidance in discussions with officials of other Governments and with American nationals interested.

3. As is shown in my October 26, 5 p. m., I am opposed to any alteration in our long standing policy in regard to question at issue and if American shipping interests take position indicated as probable in Hankow's October 27, 4 p. m., I shall consult with the Commander in Chief of the United States Asiatic Fleet before modifying my position in any way.

4. Repeated to Hankow, Shanghai and the Commander in Chief.

JOHNSON

893.00/12494 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 28, 1933—2 p. m.

359. Your 819, October 28, 1 p. m., paragraph 3. In Department's 358, October 27, 4 p. m., the phrase "officials of other governments" should be read to include Chinese officials.

You should endeavor in conversations with British officials to persuade them to take the same position which you, acting under Department's instruction as given in 358, will take.

HULL

893.00/12496 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 30, 1933—4 p. m.

[Received October 30—8:35 a. m.]

822. Department's 359, October 28, 2 p. m., has been repeated to American Consul[s General,] Hankow and Shanghai and to Commander in Chief United States Asiatic Fleet.

2. Following from Commander in Chief:

"0029. *Tern*, British gunboat, informs me decision on *Kiawo* reversed and she will enter and unload and see what happens. No definite decision from British Minister. Early this Sunday morning sent Liu Hsiang⁵⁹ another letter stating in view of the fact Chinese shipping being released because eased military situation, no longer necessary hold Yangtze Rapid boats pending further word from American Minister and requesting he order boycott lighted [*lifted?*]. 0940."

"0029. Following received today from U.S.S. *Tutuila* at Chungking quoted for your information:

'A morning paper prints an article stating that since Marshal Liu Hsiang needed ships to take soldiers and the French and Italians had agreed, but the Americans had refused, the Americans were no friendly nation to China and the society therefore gave instructions to break off relations with them. Later report on newspaper articles translates it as boycott on Yangtze Rapid Company only. Will verify translation as soon as possible.' 312".

Have replied to Commander in Chief in part as follows:

"Your 0029-0940 and 0029-312. Legation is not informed concerning steamer *Kiawo* and decision which you state was reversed. Will appreciate information concerning this matter and also concerning letter sent presumably by commander of *Tutuila* to General Liu Hsiang. Will also much appreciate information concerning current developments at Chungking as reported by *Tutuila*."

JOHNSON

893.00/12498: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 1, 1933—3 p. m.

[Received November 1—6:35 a. m.]

828. Legation's 822, October 30, 4 p. m. Following from Commander in Chief:

"0031. *Tutuila* reported British gunboat *Tern* had order turn *Kiawo* around upon arrival Chungking without attempting unload here. My 0940 of 29th refers to this decision. No further details regarding letter to Liu Hsiang other than already reported. Latest information indicates tension relieved. Steamer *Iping* permitted sail from Chungking with cargo and no troops carried. Apparently Chinese efforts have been to play American and British interests against one another confusing the issue. Happily both sides have receded not at all from established policy. 1300."

JOHNSON

⁵⁹ Gen. Liu Hsiang, Chinese commander, Twenty-first Army, in Szechwan.

893.00/12500 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 4, 1933—11 a. m.

[Received November 4—3:20 a. m.]

833. Legation's 829, November 2, 4 p. m.⁶⁰ Following from American Consul General at Hankow :

"November 3, noon. My November 1, 1 p. m. U.S.S. *Tutuila* at Chungking reports that Liu Hsiang has promised to end strike against Yangtze Rapid Steamship Company. *Tutuila* reports that the emergency is apparently over. *Tutuila* reports that 'British Chief of Staff' states that consensus of opinion from Hankow to Chungking is that the British 'missed golden opportunity' in failing to agree to carry troops. British Chief of Staff suggested that fixed policy be decided upon so that in future similar circumstances a quick decision can be made."

Repeated to Cunningham and Commander in Chief for information.

JOHNSON

893.00/12509 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 7, 1933—10 a. m.

[Received November 7—5:10 a. m.]

839. Following from Commanding Officer U.S.S. *Tutuila* to Commander Yangtze Patrol has been repeated for the information of the Legation by the Commander in Chief United States Asiatic Fleet :

"0004. Troop movements down river continue by ship and [junks?] on all vessels except British and American. Question of British and American transporting troops seems settled for the present but I predict that unless offensive soon to be launched against Reds is big success request to carry troops will be repeated, probably from Twenty-First Army Headquarters. Chinese rumor already says if offensive is [un]successful attempt will be made to put blame on British and American squadron for refusing to carry troops [in] time great emergency. I recommend further consideration be accorded subject by Minister so that should serious Red threat again arise which really calls for cooperation permission can readily be granted. In such emergency Yangtze Rapid Company will of necessity carry troops with or without permission. Socony is only other American company operating ships on Yangtze. They do not carry passengers and could probably be exempted [omission?] since Yangtze Rapid really only interested and they will possibly have [to] carry troops [for] self-defense they might as well do so with government sanction. Such permission if granted should be granted for

⁶⁰ Not printed.

particular purpose only. Suggest consulting Yangtze Rapid and Socony head offices Shanghai. These recommendations are my own and have not been discussed with any one and will not be unless you suggest I do so. I feel sure, however, local Yangtze Rapid and Socony agents should approve. 12125."

The message is being repeated to the Minister in Nanking for information and consideration.

For the Minister:
GAUSS

893.00/12514 : Telegram

The Counselor of Legation in China (Gauss) to the Acting Secretary of State

PEIPING, November 11, 1933—1 p. m.
[Received 1 p. m.]

848. Legation's 839, November 7, 10 a. m. Following from Minister at Nanking:

"I am opposed to idea of officially authorizing American merchant ships to carry Chinese troops in present or similar emergency.

2. Understand British position to be the same although both British Minister and I recognize fact that if companies, contrary to our advice, enter into charter arrangements with Chinese authorities on their own responsibility for the purpose mentioned, matter passes beyond our control except that in our case at least I agree with Admiral Upham that responsibility for protection of our ships ceases, at least for duration of such charter."⁶¹

Foregoing repeated to Commander in Chief Asiatic Fleet and to Consul General at Hankow for information.

GAUSS

393.1123 Simpson, William E./52

*Memorandum by the American Minister in China (Johnson) of a Conversation With the Chinese Political Vice Minister for Foreign Affairs (Hsu)*⁶²

NANKING, November 11, 1933.

At the time of my call upon Dr. Hsu Mo this morning, I referred to the Legation's Formal Note No. 660, of October 18, 1933, and to previous correspondence concerning the Simpson murder case, and

⁶¹ The Department, in telegram No. 373, November 13, 5 p. m., informed the Minister in China that the Department concurred in his views.

⁶² The First Secretary of Legation in China was also present. A copy of the memorandum was transmitted to the Department by the Counselor of Legation in his despatch of November 18 from Nanking; received December 18.

expressed the hope that the Foreign Office had taken steps to insure that Ma Jen-hua,⁶³ Fan Yung-te and Ma Wei-ho be speedily tried and punished. I pointed out that these three men had long since been designated by the Kansu authorities as the parties responsible for Simpson's murder but that they had later been subjected to a rather farcical trial by a court-martial, which decided that since the three culprits denied their complicity in the murder, there was insufficient evidence to convict them.

I pointed out to Dr. Hsu that the American Consul General had supplied to the Kansu authorities the most detailed information as to the movements of Ma Jen-hua and his bandit band, their possession and open sale of numerous articles looted from the truck which was being driven by the murdered American, and other pertinent information, which would appear very clearly to establish the guilt of these men. I observed that the Kansu authorities on one occasion wrote to the American Consul General at Hankow, asking that he bear in mind that the Kansu Provincial authorities could not punish military men for their crimes; that at the same time the Kansu Government was conducting anti-bandit activities and was executing a number of bandit leaders, yet showed a most surprising reluctance to proceed against these three ex-soldiers, whom the Kansu authorities themselves first designated as the chief culprits in the case.

I also took occasion to reiterate that unless those who murdered the late Henry Ekvall and William Ekvall Simpson, and other foreigners in Kansu and Shensi are apprehended and punished, no foreigner will be safe in those areas and the lawless element there will be definitely encouraged in the belief that foreigners may be murdered or robbed with impunity and with little likelihood that any serious punishment will be meted out to the guilty parties.

Dr. Hsu stated that he would inquire into the latest developments in this case, taking appropriate action. I informed him that upon my return to Nanking, early in December, I would hope to hear that the guilty men had been duly tried and punished to the fullest extent of the law.⁶⁴

⁶³ Also known as Ma Jung-hua.

⁶⁴ The Chinese Foreign Office on May 26, 1934, announced the execution on March 1 of Ma Jung-hua and sentences of life imprisonment for his two lieutenants on April 9 (393.1123 Simpson, William E./55). No property loss claims were admitted (393.1123 Simpson, William E./65). The Department, in its despatch No. 170, May 14, 1936, to the Ambassador in China, concurred in Embassy's suggestion that the case be listed for eventual submission to a Claims Commission (393.1123 Simpson, William E./66).

493.11 Ekvall, Henry/112

*Memorandum by the American Minister in China (Johnson) of a Conversation With the Chinese Political Vice Minister for Foreign Affairs (Hsu)*⁶⁵

NANKING, November 11, 1933.

Among other representations made at the time of my call on Dr. Hsu Mo this morning,⁶⁶ I called his attention to the unsatisfactory progress made in the Ekvall murder case since January 21, 1933, on which date the Foreign Office transmitted a formal note to the Legation to the effect that the Shensi Provincial authorities had been urgently instructed to exert greater efforts to search out and bring to justice, Chen Te-lu, the ringleader of the actual murderers and the other members of the murder band. I informed Dr. Hsu that the American Government has patiently awaited further reports from the Chinese Government but in spite of the lapse of these many months, has received no information to indicate that any success has attended the measures taken to apprehend the remaining murderers, or that the search has been vigorously pressed by the Chinese authorities.

It was further called to Dr. Hsu's attention that the Chinese Government has also failed to pay the indemnity of \$25,000. U. S. currency demanded as exemplary damages for this atrocious murder of an American citizen by Chinese Government troops, and that this matter has not been pressed, pending a report from the Shensi authorities as to the results of their presumably unremitting search for Chen and the remaining murderers.

Dr. Hsu observed that the Chinese Government had already informed us that the matter is being investigated and in reply was informed that a reiteration of this statement, which was first made many months ago, was not satisfactory, and that I was desirous of learning of concrete results obtained in the matter. Dr. Hsu stated that he would make prompt inquiries into the case and would make reply as to the most recent developments in the case.

893.00/12518 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, November 15, 1933—2 p. m.

[Received November 15—10 a. m.]

856. [Legation's] 848, November 11, 1 p. m. Following from the Minister [at Nanking]:

⁶⁵ The First Secretary of Legation in China was also present. A copy of the memorandum was transmitted to the Department by the Counselor of Legation in his despatch of November 17 from Nanking; received December 18.

⁶⁶ See *supra*.

"November 14, noon. My November 10, 1 p. m. In response to November 13th inquiry of Commander in Chief Asiatic Fleet as to my reaction to report from British Chief of Staff that British ships are carrying Chinese soldiers on daylight run on Upper Yangtze, the arms of the troops being stored in hold of vessels and British armed guards supplied thereon, I replied as follows:

'My position unchanged. I feel that if shipping company desires to charter ship for transportation of troops it must do so on its own responsibility and in the light of its own interests. I feel that during the period of charter for this purpose presence on such ships of armed American guards will establish dangerous precedent.'

For the Minister:

GAUSS

893.00/12518 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, November 17, 1933—5 p. m.

377. Your 856, November 15, 2 p. m.

1. Department shares the Minister's view as expressed in his reply to Commander-in-Chief and takes the position that, if American shipping companies feel compelled by force of circumstance to transport Chinese troops and munitions, they must do so on their own responsibility, and that during the period of charter for this purpose, American armed guards should be removed from such vessels and convoy by American gunboats should be withheld.

2. Guided by final paragraph of Department's 359, October 28, 2 p. m., continue to endeavor to persuade the British authorities to adopt the same attitude and procedure.

3. The Department has informed the Navy Department of its position as specified above. Navy Department, although in accord in substance, does not desire in the absence of any report by the Commander-in-Chief, to issue an instruction.

4. Inform the Commander-in-Chief.

PHILLIPS

893.00/12539 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, November 24, 1933—6 p. m.

[Received November 24—1:15 p. m.]

877. The Counselor of Legation at Nanking reports that Vice Minister for Foreign Affairs requested him to call and informed him that the Government has decided to take effective measures to suppress the rebellion in Fukien Province. The nature of the rebellion and its demonstrated connection with the communist forces necessi-

tates such action. He informed me that exact measures had not been decided upon but a blockade was contemplated. In the meantime the Government requests that American residents in Fukien especially Foochow be warned to hold themselves in readiness to depart when and if this becomes necessary; also to avoid importing into Fukien supplies of any kind but especially munitions which might prolong the conflict if they fell into the hands of the insurgents. Peck asked and was assured that if air bombardment were contemplated due warning would be given.

Legation is communicating foregoing confidentially to the Consuls at Foochow and Amoy for their information and such precautionary measures as they may deem necessary. Legation is suggesting that they cooperate with their British colleagues, and to the Consul at Amoy the Legation has added the caution that he should not take an alarmist view of the situation. Legation is requesting both Consuls to report the number of Americans at their respective ports and at each of outlying places in their districts where Americans are residing. This information is to be communicated to Ministry of Foreign Affairs by the Counselor at Nanking who meanwhile is being furnished with latest available information in the Legation so that Chinese Government may be aware of places where Americans are residing and take necessary measures for their protection in the event of military operations.

I have consulted with British Minister who informs me that his message from Nanking mentions intention of Chinese Government to station ships off Fukien to search all vessels approaching Fukien coast for arms and adds that a blockade of Amoy and Foochow may later be contemplated. His message, however, makes no mention of a request that British vessels be warned to hold themselves in readiness to withdraw.

British Minister is instructing Consuls at Amoy and Foochow to cooperate with their American colleagues in any necessary precautionary measures concerning protection of nationals. He does not propose to ask naval authorities to send vessels to Foochow or Amoy until Consuls request. British naval authorities, however, have been informed and ships are made available if required.

On the question of possible searching of British ships by Chinese naval vessels he has not yet formulated a policy. This question is not likely to concern Americans except perhaps with respect to an occasional Philippine vessel calling at Amoy.

Foregoing repeated to Minister at Canton. Admiral Upham is also reported to be at Canton.

For the Minister:

GAUSS

893.00/12546 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, November 29, 1933—noon.
[Received November 29—7:30 a. m.]

882. Legation's 879, November 28, noon.⁶⁷ Following from Counselor of Legation, Nanking:

"November 27, 7 a. m. For the Minister. Following note dated November 25 has been repeated [*received?*] from the Foreign Office:

"I have the honor to inform you that in regard to the present rebellion in Fukien Province, the Chinese Government has now decided to adopt necessary and suitable measures to deal with the situation. I have the honor to request that you cable instructions to be issued to American nationals and vessels not to supply the rebel faction with munitions of any kind or other articles of any sort which may serve to prolong its disorderly acts of violence, nor to give it any other form of assistance. The Chinese Navy will, when it considers it necessary, search merchant vessels of all nationalities passing the coast of Fukien, in order to prevent assistance from reaching the rebels and to expedite the suppression of the rebellion.

I have the honor to indite this note for your information and I shall deeply appreciate the friendly action if you will take positive steps as indicated."

Sent to the Legation and Canton for the Minister; not repeated elsewhere."

2. Following telegram has been sent to the Minister at Canton:

"November 27, 6 p. m. For the Minister. Nanking's telegram of November 27, 11 a. m. concerning search of vessels passing the coast of Fukien. No action is being taken by the Legation pending expression of your views."

3. Following reply [from the] Minister:

"November 28, 4 p. m. Your November 24, 6 p. m., and November 27, 6 p. m. It does not appear to me necessary to issue any instructions in regard to this matter at this time. Standing instructions should be sufficient to enable Chinese Government and naval authorities to handle situation until question arises requiring more specific instruction.

Please repeat all information concerning matter to the Department as it becomes available with request for instructions. It is assumed that you have already repeated to the Department Nanking's November 27, 11 a. m. to Legation and Canton. Johnson."

4. The British Legation informs me that it will be guided by the policy approved by its Government in connection with the Tientsin customs of 1930⁶⁸ for the [apparent omission] that the British Government could not permit search of British ships on the high seas but that they were prepared to concert arrangements for inspection of ships in Chinese territorial waters by unarmed Chinese vessels

⁶⁷ Not printed.

⁶⁸ For correspondence concerning the Tientsin customs difficulties, see *Foreign Relations*, 1930, vol. II, pp. 223-274.

acting in conjunction with the Maritime Customs under the supervision of one of His Majesty's ships.

5. As directed by the Minister in his telegram quoted above the Legation respectfully requests the Department's instructions.

For the Minister:

GAUSS

893.00/12553 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 3, 1933—1 p. m.

[Received December 3—3:50 a. m.]

894. Legation's 882, November 29, 11 a. m. [noon.] Peck at Nanking reports that Japanese Legation has inquired whether American Legation has made any reply to Foreign Office note of November 25th and volunteers the information that on December 1st Japanese Minister orally informed Acting Minister for Foreign Affairs that Japan adheres to the principle of not interfering in Chinese Affairs but he reserved Japanese rights in connection with the question of the search of Japanese vessels.

For the Minister:

GAUSS

893.00/12556 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 6, 1933—10 a. m.

[Received December 6—2:50 a. m.]

898. The Consul at Foochow reported December 5, 5 a. m. that no effective blockade noticeably enforced there; that the harbor was not mined; and that Foochow was quiet. He stated that all Americans at Kienningfu and all but two at Yenping had arrived at Foochow and that these two are expected to arrive soon.

For the Minister:

GAUSS

893.00/12557 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 6, 1933—11 a. m.

[Received December 6—2:50 a. m.]

899. Legation's 894, December 3, 1 p. m. Following from Counselor of Legation at Nanking:

"December 5, 4 p. m. By direction of the British Legation the British Consul informed me this morning that he was going to deliver

in person to the Foreign Office a note from the British Minister saying that the British Government cannot consent to the search of British ships on high seas but that it is prepared to cooperate by permitting the search of British ships by unarmed Chinese order [*officers?*] acting in cooperation with the British naval authorities. Copy by mail to the American Minister Shanghai."

For the Minister:
GAUSS

893.00/12546: Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, December 6, 1933—5 p. m.

389. Your 882, November 29, noon, 894, December 3, 1 p. m. and 899, December 6, 11 a. m.

In regard to the question of the search of American merchant vessels by authorities of the Chinese Government in connection with the "present rebellion in Fukien Province", the Department is of the opinion that its views, as set forth in Department's telegram to Nanking for the Minister, No. 10 of May 15, 1930, 1 p. m.,⁶⁹ are still substantially applicable. If therefore the Minister feels that a reply to the Chinese note of November 25 is desirable or necessary, the Legation should be guided by the Department's telegram above mentioned.

Department desires that the Legation keep the Commander-in-Chief informed in regard to the Department's views and in regard to developments.

PHILLIPS

893.00/12562: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 12, 1933—11 a. m.

[Received December 12—3:20 a. m.]

906. Reference Department's 389, December 6. Following telegram has been received from the Minister.

"December 11, 11 a. m. I propose to inform Foreign Office orally of Department's views. British method of meeting situation by permitting search in presence of British naval officers seems to me to be a common-sense method. I wonder whether Department would agree to this method in view of British action and in view of physical difficulties attending arrangement for customs search."

For the Minister:
GAUSS

⁶⁹ *Foreign Relations*, 1930, vol. II, p. 117.

893.00/12562 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, December 14, 1933—6 p. m.

394. Your 906, December 12, 11 a. m. Although the British authorities may feel that the presence of considerable British shipping in the area in question warrants the course of action which they are taking in the present instance, the Department, in the light of information now available to it, does not feel that the American shipping likely to be involved would justify a deviation from the position taken in its telegram No. 389, December 6, 5 p. m. by which the Legation should continue to be guided.

PHILLIPS

893.00/12566 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 12 [16?], 1933—6 p. m.

[Received December 16—10:15 a. m.]

913. Department's 394, December 16 [14], 4 [6] p. m. I have instructed Peck at Nanking to hand to the Foreign Office an *aide-mémoire* acknowledging receipt of the Foreign Office note of November 25th and stating the position of the American Government in the same terms as stated in the *aide-mémoire* handed by me to the Foreign Office on May 19, 1930 which [was reported?] in the Legation's telegram No. 355, May 21, 4 p. m., 1930.⁷⁰

JOHNSON

893.00/12588 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 20, 1933—5 p. m.

[Received 9:44 p. m.]

923. Reference Legation's 882, November 29, noon and subsequent telegrams. Consul General Hong Kong recently inquired as to the effect of Chinese naval blockade of Fukien on selling American kerosene and gasoline to Fukien ports stating that a British steamer had been stopped by Chinese naval vessel which inquired whether gasoline or kerosene was being carried indicating that if so such cargo would be liable to seizure as contraband. Consul General stated that Texas Company desired to send one of their vessels to Foochow with kerosene and gasoline for regular customers.

⁷⁰ *Foreign Relations*, 1930, vol. II, p. 121.

2. Legation requested categorical statement from Foreign Office whether instructions to naval vessels prohibit the importation of kerosene and gasoline into open ports of Fukien. Foreign Office replied as follows. It is the wish of the Chinese Government that kerosene and gasoline shall not be imported into Fukien so that the rebels now in control of that Province may not use such articles to prolong the insurrection. Vice Minister of Foreign Affairs states orally that orders to the Navy were general in nature but that they prohibited the importation of any article which would prolong resistance of the rebels and he considered that beyond a doubt kerosene and gasoline were in this category. He added that Chinese Government would assume no responsibility if these commodities were seized by the Chinese Navy from a merchant vessel. He observed, however, that there has been no declaration of blockade.

3. Legation has informed Hong Kong of the foregoing and inquired whether proposed shipments of Texas Company would be by American vessel.

4. Peck reports from Shanghai where he is at present on leave of absence that he has ascertained unofficially from the Inspectorate General of Customs that no orders have been issued to or by the Maritime Customs forbidding shipments of anything but munitions of war. Customs, however, have for some time refused clearance to Chinese vessels to Fukien ports. He adds that apparently Chinese naval vessels have not for some time attempted to search merchant vessels at Foochow and even their presence there seems uncertain. I am requesting from Commander in Chief Asiatic Fleet information as to situation now existing at Foochow. There is an American naval vessel now at Pagoda anchorage but Legation has received no information from naval sources.

5. British Legation states that there has been no recent search of British vessels off Foochow. British Legation suggested to British shipping companies that they refrain from shipping arms and ammunition to Fukien but have as yet given no other advice.

6. Legation is awaiting reply from Hong Kong as to the Texas Company vessels before making any recommendations to the Department but meanwhile offers the following observations:

The question actually involved in this matter is as to the exercise by the Chinese Navy of the belligerent right of visit and search. The Chinese Government by its note of November 25th appears to have recognized the belligerency of the rebel faction in Fukien. While the Government requests us to instruct our ships and nationals not to ship to the rebels munitions or other articles of any sort which may serve to prolong the rebel activities, it at the same time announces an intention to exercise the right of search by vessels of the Chinese

Navy, but does not indicate, except in the broadest terms as set forth in paragraph 2 of this telegram, what goods may be considered contraband. The British Government appears in effect to have indicated its willingness to recognize right of visit and search in Chinese waters if arranged and conducted under the supervision of one of His Majesty's ships with the result that for the time being at least there has been no further stopping of British vessels.

JOHNSON

893.00/12589 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 21, 1933—2 p. m.

[Received December 21—9:30 a. m.]

925. Reference Legation's 923, December 20, 5 p. m. American Consul General Hong Kong in radiogram dated December 20, 11 a. m., reports as follows to the American Consul Foochow:

"Texas Company steamer *Texaco Eleven* probably sailed for [from?] Amoy this morning for Foochow with cargo of kerosene and gasoline. Ship flies British flag but is chartered by Texas Company. Master [has?] written instructions to submit to search on demand of the Chinese Navy and if warned not to enter Foochow, he will proceed to Shanghai with cargo."

Consul General adds that company

"begs United States to advise our naval commander in chief probable arrival of *Texaco Eleven* and to take such other measures as may be possible for safety of ship and cargo."

2. Commander in Chief of United States Asiatic Fleet informs me that he has received no reports from American naval ship indicating presence of Chinese naval vessels which are stopping or searching foreign merchant vessels off Foochow. In view of this report and of that contained in paragraph 5 of my December 20, 5 p. m., it is not anticipated that British steamer chartered by Texas Company will experience difficulty at Foochow.

JOHNSON

893.00/12590 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 23, 1933—1 p. m.

[Received December 23—11:40 a. m.]

927. The Consul at Foochow reports December 22, 11 a. m., that he has received an envelope which had been sent through the regular

mail and censored and chopped by the so-called "6th sub-district Soviet Government of Lienkang district", Lienkang being north of the Min River entrance. He further stated that according to the publicity organ of the new regime the abolition of extraterritoriality and of the Mixed Court at Kulangsu has been decided on; that a Japanese-owned newspaper claims that the new regime has decided to establish an opium monopoly; and that there are press reports to the effect that all private schools will be instructed to register.

JOHNSON

893.00/12592 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 23, 1933—4 p. m.

[Received 6:20 p. m.]

928. The following telegram has been received from Amoy:

"December 22, 5 p. m. Reliably reported that at 11:30 this morning 12 bombing planes from the north dropped 20 bombs on Changchow, 32 miles due west of Amoy, causing considerable damage to buildings and number of Chinese dead and wounded. All Americans in Changchow reported safe. No American property reported damaged."

Substance of this message has been repeated to the Counselor of Legation at Nanking with instructions to bring it promptly to the attention of the Ministry of Foreign Affairs, pointing out that this air bombardment presumably by planes of the National Government, appears to have been carried out without due warning, contrary to the assurances given by the Vice Minister of Foreign Affairs on November 23rd to Peck, that as the Foreign Office is aware from the information furnished by Peck at the request of the Vice Minister there are American citizens resident at Changchow and that while the Consul [at] Amoy states these Americans are understood to be safe and no reports have yet been received of damage to American property the American Government will hold the Chinese Government strictly responsible for any loss of American life, injury to American citizens, and damage to American property resulting from such air bombardments.

JOHNSON

893.00/12593 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 24, 1933—11 a. m.

[Received December 24—4:32 a. m.]

929. The following telegram has been received from Vice Consul at Foochow :

“December 23, 6 p. m. Nanking government plane bombed Foochow this afternoon at 3 o'clock, apparently aiming at the aviation field which is outside the city, and military headquarters within the native city. Reported that four bombs were dropped and several casualties resulted.

This bombing without warning was contrary to the assurances given Peck by Hsu Mo.”

Peck at Nanking has been instructed to bring the report to the attention of the Foreign Office in the same manner Changchow bombing reported in my telegram to the Department No. 928 of December 23, 4 p. m.

JOHNSON

893.00/12595 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 26, 1933—1 p. m.

[Received December 26—5:47 a. m.]

931. By telegram dated December 24, 3 p. m., Vice Consul at Foochow reports that 8 Nanking Government planes bombed Foochow at 1 o'clock on afternoon of that day, dropping 20 to 30 bombs, all north of the river. Bombs apparently aimed at People's Government Headquarters, aviation field, and other military positions.

By telegram dated December 25, 4 p. m., he states that at least 15 Chinese were killed. No foreigners injured. Church and other property [of] American Board Mission within Foochow city was damaged by bombs. He further reports that 6 Nanking Government planes again bombed Foochow at 1 o'clock on afternoon of 25th. Twenty to thirty bombs dropped all north of the river. Extent of damage as yet unknown. No Americans or other foreigners reported injured.

JOHNSON

893.00/12596 : Telegram

*The Minister in China (Johnson) to the Acting Secretary of State*PEIPING, December 26, 1933—4 p. m.
[Received December 26—7:56 a. m.]

934. Reference Legation's 913, December 12 [16?], 6 p. m., and 923, December 20, 5 p. m. Counselor Peck reports by despatch that when *aide-mémoire* was handed by him to Vice Minister for Foreign Affairs on December 18, he stated that Chinese Government did not admit that right of search was limited to Chinese Maritime Customs authorities; that treaties grant customs this right but do not forbid it to other agencies; that as a matter of fact Chinese naval vessels were not likely to exercise their presumed right of search upon any vessels except those which may be regarded as "suspicious" and the Chinese Government could not assent to British proposal for "joint search" or search by the Chinese authorities in the presence of a British naval officer.

2. Legation has received no further report concerning Texas Company's shipment of gasoline and kerosene to Foochow in British steamer as reported in my 925, December 21, 2 p. m.

JOHNSON

893.00/12601 : Telegram

*The Minister in China (Johnson) to the Acting Secretary of State*PEIPING, December 27, 1933—1 p. m.
[Received December 27—10:10 a. m.]

936. The Vice Consul at Foochow has urged the Legation to make representations to the National Government to the end that Nantai Island, on the south bank of the Min River at Foochow, may continue to be free from bombardment by National Government air planes. Up to the present bombardment by the planes has been confined to areas north of the river. Nantai Island is principal place of residence of foreigners and present place of refuge of foreigners and Chinese. Vice Consul reported that Consular Body at Foochow is making representations to Senior Minister to request Diplomatic Body to obtain assurance of National Government that there will be no bombarding of Nantai Island.

By a later message the Vice Consul states that the rebel government and military headquarters are reliably reported to have been removed to Nantai Island from Foochow city.

Notwithstanding this, I am of the opinion that attention of the Government should be directed to fact that Nantai Island is principal

place of residence and refuge of Americans at Foochow and I have therefore instructed Peck at Nanking as follows:

“December 27, 1 p. m. Please inform Foreign Office that the Legation is much concerned for the safety of Americans at Foochow in view of air bombarding by planes of the National Government, that the principal place of residence of foreigners at Foochow is on Nantai Island south of the river and that it is imperative for the protection of Americans at Foochow that there should be no bombing in Nantai Island area. Again state that the American Government must hold the National Government strictly responsible for any loss of American life, any injury to American citizens and any damage to American property as the result of its bombing operations. Standard Oil Company reports that bombs have been dropped in vicinity of its ‘up-town installation’. Bring this report also to the attention of the Foreign Office.”

In informing Vice Consul at Foochow confidentially of the latter, I have suggested that Americans should remove as far as possible from any offices, headquarters or barracks of the rebel regime, whether on Nantai Island or elsewhere.

JOHNSON

893.00/12603 : Telegram

The Counselor of Legation in China (Peck) to the Acting Secretary of State

NANKING, December 29, 1933—9 a. m.

[Received December 29—8:35 a. m.]

Your [*Legation's?*] December 27, 1 p. m. I transmitted the Legation's message to Vice Minister Hsu Mo and have received the following reply dated December 28:

“Dear Mr. Peck, I have just received your letter of today's date concerning the recent aerial operations directed by Central Committee [*government against?*] rebels in Foochow.

In reply I am pleased to inform you that this Ministry has not failed to bring to the attention of the appropriate authorities the observance of the previous communications of your Legation on this subject and that urgent telegrams have now been sent to those authorities apprising them of the principal area of residence of foreigners at Foochow as well as the existence of certain American missionary and commercial establishments outside that area.

I wish to assure you that if further aerial activities are to be conducted, every due precaution will be taken as heretofore by the authorities concerned so as to avoid any unnecessary injury or damage. Sincerely yours, Hsu Mo.”

Repeated to the Legation and the Department.

PECK

893.00/12605 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 30, 1933—noon.

[Received December 30—4:40 a. m.]

940. Reference Legation's telegram 931, December 21 [26], 6 [1] p. m., the Vice Consul at Foochow reports December 29, 3 p. m., that no further air raids have occurred; that British vessel *Verity* refused to allow the Nineteenth Route Army to search British merchant vessel *Haiching*, placing armed guard on board; that northward movement of troops of Nineteenth Route Army apparently continues; that, according to reliable sources, troops are still friendly to foreigners; and that no open break among leaders in the regime is yet noticeable.

JOHNSON

893.00/12604 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 30, 1933—10 p. m.

[Received December 30—1:40 p. m.]

941. The following telegram has been received from Nanking:

"December 30, noon. What follows is the translation of a formal note from the Minister [for Foreign Affairs] to the American Minister dated December 29. I have been notified that this *note verbale* was authorized by General Chiang and has been sent to all the Legations:

'I have the honor to inform you that the military measures now being taken by my Government to settle the disturbances in Fukien Province have for their sole object the eradication of the revolt and are limited as to their character to what is necessary. With a view to the safety of foreigners residing in Fukien I have the honor to request, Mr. Minister, that you cause instructions to be issued to all American citizens in the Amoy area to remove to Kulangsu and thus [to] all those in the Foochow area to remove to Nantai, in order to avoid danger and injury. I shall deeply appreciate your friendly action in compliance with this request.'

Foochow and Amoy informed.

JOHNSON

893.00/12606 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 31, 1933—11 a. m.

[Received 11:30 a. m.]

942. Legation's 928, December 23, 4 p. m. The following telegram has been received from Amoy:

"December 30, 4 p. m. Referring to my telegram of December 22, 5 p. m. As precautionary measure all Americans at Changchow and

Siokhe have come to Amoy. All communications unreliable and troops being sent northward. General Gaston Wang has returned to Amoy. Local situation remains quiet but tense."

JOHNSON

893.00/12607 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 31, 1933—3 p. m.
[Received December 31—11:40 a. m.]

943. Legation's 941, December 30, 10 p. m. Following has been sent to Peck at Nanking:

"December 31, 1 p. m. Your December 30, noon, has been repeated to the Consuls at Amoy and Foochow. You may so inform the Foreign Office, but should state that the advice contained in its note cannot be regarded as in any way absolving the Chinese Government from full responsibility for the safety of Americans and American property not only at Kulangsu and Nantai Island but in all of Fukien Province."

JOHNSON

893.00/12609 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, January 1, 1934—2 p. m.
[Received January 1, 1934—1:40 p. m.]

3. Following from Vice Consul at Foochow:

"January 1, 9 a. m. Your December 30, 10 p. m. The Legation is respectfully informed that in compliance with the advice of this Consulate all Americans have withdrawn to Foochow from Yenping and Kienningfu. The only Americans now residing in the up-river districts of the Min River are at Kutien and Mintsing. These Americans have been advised to withdraw but have as yet failed to follow this advice.

Americans in the Futsing, Haitan, Hinghwa, Ingtai, Hankong and Sienyu districts have not as yet been advised to withdraw. In view of the political turmoil which now prevails in Fukien Province and the uncertainty of communications and since the American Government has no means of affording protection to Americans in the districts named, I respectfully recommend that the Americans residing in these districts be advised to withdraw, and that the responsibility for their failure to do so be placed upon the mission authorities concerned. The Legation's instructions in the premises are requested. My British colleague is in agreement with me and states that he is communicating with his Legation in the sense outlined above.

Americans residing in the Foochow native city and its environs have been advised to withdraw to Nantai Island and have been informed that they continue to reside outside the Nantai Island at

their own risk. Americans at Pagoda Anchorage, Dionglo and the Fukien Christian University have not been advised to withdraw, as the last two named places are accessible to Pagoda Anchorage and therefore the Americans there can be protected or readily evacuated."

The Legation has replied as follows:

"January 1, 6 p. m. Your January 1, 9 a. m. Advice for the withdrawal of Americans from the place of residence mentioned in the second paragraph of your telegram is a matter which the Legation must necessarily leave to your judgment. While at present these places do not appear to be in the area in which military operations are anticipated in the immediate future and presumably they are not military centers or bases likely to be the object of air bombardment, the Legation is of the opinion that in view of the uncertainties of the situation including the affiliation of the rebel regime with communist elements, the Americans at such places should be warned of the grave possibilities of the situation and advised to withdraw while it may still be safe to do so and before means of transportation and lines of communication are interrupted.

Your telegram is being repeated to the Department. The Counselor of Legation at Nanking is also being informed."

JOHNSON

393.1111 Nelson, Bert N./173

*The Minister in China (Johnson) to the Consul General at Hankow (Adams)*⁷¹

PEIPING, January 18, 1934.

SIR: In reply to your despatch No. 434 of January 11, 1934,⁷² in regard to the reported death of the Reverend Bert Nelson, you are informed that the Legation approves of your action in refusing to issue a death report until such time as you are in possession of definite information as to the death of the Reverend Mr. Nelson.

In regard to the suggestion of Dr. Skinsnes that the American Consul at Foochow might be able to obtain information from the communist captors of Mr. Nelson through Mr. Eugene Chen, recently functioning as "Minister of Foreign Affairs" in the "Fukien Government", you are informed that latest reports reaching the Legation indicate that Mr. Chen has fled from Foochow for Hongkong. I agree with you that the suggested consular inquiry appears impracticable, but I perceive no objection to Dr. Skinsnes addressing a personal inquiry to Mr. Chen, if and when his whereabouts are ascertainable.

Very truly yours,

NELSON TRUSLER JOHNSON

⁷¹ Copy transmitted to the Department by the Minister in China in his despatch No. 2477, January 18; received February 10.

⁷² Not printed.

ATTITUDE OF THE DEPARTMENT OF STATE ON THE EXPORT TO
CHINA OF ARMS OR MUNITIONS, INCLUDING MILITARY AIR-
CRAFT ⁷³

893.113/1428a

The Secretary of State to the Minister in China (Johnson)

No. 974

WASHINGTON, January 16, 1933.

SIR: As misunderstandings have arisen concerning the policy of this Government in regard to the export of arms or munitions of war to China, and in regard to the duties of consular officers in relation thereto, it is deemed advisable to set forth, for information and future guidance, the following statements concerning the position of this Government and the attitude to be observed by officers of this Department in China.

The export of arms or munitions of war from the United States to China is governed by the President's Proclamation of March 4, 1922, issued in pursuance of the Joint Resolution of Congress approved January 31, 1922.⁷⁴

Under the provisions of the Joint Resolution, it is unlawful to export to China "except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States" until otherwise ordered by the President or by Congress. The Proclamation authorizes the Secretary of State to prescribe the limitations and exceptions to the application of the Resolution.

Under existing regulations issued pursuant to the authority indicated above, export licenses are required for the shipment to China of the following articles:

1. Aircraft when fitted with armor, guns, machine guns, bomb-dropping or other military devices, or mountings for such guns or devices.

2. Apparatus which can be used for the storage or projection of gases, flame acids, or other destructive agents capable of use in war-like operations.

3. Arms, small arms of all kinds other than those classed as toys, together with spare parts of such arms.

4. Camp equipment for military purposes exclusively.

5. Explosives as follows: Gun powder, powders used for blasting, all forms of high explosives such as dynamite, nitroglycerine and TNT, blasting materials, fuses, detonators and other detonating agents, and smokeless powders.

6. Guns, machine guns, and spare parts thereof, and gun grease.

7. Gun mountings and limbers; tanks, armored motor cars, armored trucks, and armor plate.

⁷³ Continued from *Foreign Relations*, 1932, vol. iv, pp. 580-596.

⁷⁴ *Ibid.*, 1922, vol. i, p. 726.

8. Machinery—such as cartridge-making machines, specially manufactured for use in making arms and ammunition.
9. Mines (submarine) and their component parts.
10. Projectiles, charges, cartridges, and hand grenades of all kinds with their component parts.
11. Range finders and their component parts.
12. Shot, shells and cartridges for small arms, both loaded and empty, and their component parts.
13. Warships, including boats and their component parts of such a nature that they can be used on war vessels.
14. Radio apparatus designed expressly for military use.

The Department provides a form for application for license and requires that applications be submitted to it on such forms fully filled out by the prospective exporters.

With regard to airplanes, licenses are required for military planes. Licenses are not required for commercial planes except in cases where there is substantial reason to believe that the planes can be easily converted into military planes and that the planes are intended for military use, in which event export licenses are required.

In view of present political conditions in China, it is the Department's opinion that arms or munitions of war consigned to Hong Kong or Macao are presumptively destined for China. Unless this presumption can be overcome by the exporter in the United States, an export license is required. Arms or munitions billed to Hong Kong or Macao but with ultimate destination a point in China require export licenses.

In the case of arms or munitions of war to be exported for the use of the Chinese Government (that is, the National Government of the Republic of China) including Chinese officials or Chinese official agencies, licenses are granted when (a) an application for license to export has been submitted by the firm or firms in the United States which desire to make shipments and (b) the Chinese Legation at Washington has informed the Department that it is the desire of the Chinese Government that export of the shipment be authorized. (Note: In connection with (b), a channel other than the Chinese Legation has been used and may again be used, under special circumstances and when the Department has suggested or assented to its use, for communication of the Chinese Government's desire that a license be issued.) The matter of obtaining the authorization or request of the Chinese Government for a shipment of this character is one between that Government and the interested persons.

In the case of arms or munitions of war to be exported not for the use of the Chinese Government or its subdivisions but for the use of the trade in China, an export license is required but no notification from the Chinese Legation. Each such application for license to

export is considered on its merits and the limitations prescribed operate to restrict very closely exportations of this character.

In the case of arms and munitions to be exported for the use of the municipal police of the International Settlement at Shanghai, a license is granted when the application is accompanied by a covering indent from the Shanghai Municipal Council, duly countersigned by an officer of the American Consulate General at Shanghai.

In the case of American citizens desiring to carry with them from the United States to China as personal baggage a limited quantity of arms and ammunition for sporting purposes or for purposes of self-defense, the requiring of an export license has been waived.

It is not the policy of this Government to encourage the export trade in arms or munitions of war. The export of such articles to China is, however, in no wise illegal if it is carried on within the limitations of the procedure outlined above.

American consular officers in China should not, therefore, proceed on their own initiative to promote American trade in arms or munitions of war, and should not endeavor to create trade opportunities for American exporters of such articles. They should, however, when requested to do so by American exporters of arms or munitions of war or their agents, or by prospective buyers in China, follow the same procedure in regard to giving information and advice as they would follow in respect to the trade in any other commodity, except however that they should decline to use official channels for the communication of inquiries or offers between prospective purchasers and sellers, unless a refusal of such assistance would be manifestly inappropriate—the purpose of this limitation being to disassociate the American Government from promotion of export trade in these commodities.

The Department desires to emphasize this authorization, as qualified, in view of the fact that certain consular officers in China apparently have misinterpreted the Department's previous instructions in regard to this subject, as a result of which the replies of such officers to inquiries from American exporters of arms or munitions of war have, in certain instances, been confined to a brief statement that, in view of the nature of the articles under reference, no assistance could be rendered.

The Department desires to receive any information which the Legation or Consulates in China may have, or which they may be able from time to time to obtain, in regard to the importations into China, from any source, of arms or munitions of war.

It is the Department's desire that you make use of the foregoing as a basis for the issuance of a circular instruction to all consular offices in China and to the Consulate General at Hong Kong; also

that a copy of your instruction be sent to the American Embassy at Tokyo for its information.

Very truly yours,

For the Secretary of State:
W. R. CASTLE, JR.

893.113/1437 : Telegram

The Secretary of State to the Consul at Saigon (Waterman)

WASHINGTON, February 4, 1933—2 p. m.

With a view to ascertaining in advance of a specific case the procedure and regulations which will govern and the taxes, duties, et cetera, which will be collected on possible future shipments of American (a) commercial aircraft and accessories and (b) military aircraft and accessories, upon entry of such goods into and transit through Indo-China en route Yunnan, Department desires that you endeavor to obtain, as under express instruction from the Department, the desired information in writing from the highest appropriate authority in Indo-China.

Department desires that you telegraph brief summary of your findings and that you forward by mail complete report, copies of which should be sent to the American Legation at Peiping and to the Consulates at Yunnanfu and Hong Kong.

STIMSON

893.113/1488 : Telegram

The Consul at Saigon (Roberts) to the Secretary of State

SAIGON, May 29, 1933—4 p. m.
[Received May 29—7:10 a. m.]

Referring to Department's telegram of February 4, 2 p. m., Governor General Indo-China in writing states all aircraft and accessories considered war material and transit to Yunnan prohibited. Permission for transit war material may be granted by French Minister for Foreign Affairs and French Minister Finances to whom local authorities refer all applications. Transit duty free all 20 percent former import duties established in 1893. Net transit duties are 9 per cent *ad valorem* on aircraft bodies, 10 to 20 francs per 100 kilograms net on engines, approximately 9 francs same unit on propellers whereas wings are assessed according materials. Reporting by mail.⁷⁵

ROBERTS

⁷⁵ Not printed.

893.113/1501

Statement by the Department of State

[WASHINGTON,] June 30, 1933.

EXPORTATION OF ARMS TO CHINA

In order to make clear the American Government's position in reference to the exportation of arms from the United States to China, the Secretary of State announces that the exportation of arms and munitions of war from the United States to China has been governed and will continue to be governed by the President's Proclamation of March 4, 1922, issued in pursuance of the Joint Resolution of Congress approved January 31, 1922.

Under the provisions of the Joint Resolution and of the President's Proclamation it is, until otherwise ordered by the President or by Congress, unlawful to export to China "except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States". By the provisions of the Proclamation the Secretary of State is authorized to prescribe the limitations and exceptions to the application of the Resolution.

In accordance with the authority thus conferred upon him, the Secretary of State announces that exportation of arms and munitions of war for the use of Chinese official authorities (including those of subdivisions) will be permitted in all cases with regard to which the firm or firms in the United States desiring to make shipment have submitted to the Department of State an application for license to export and with regard to which the Chinese Government has not through authorized channels made to the Department of State request that shipment be not permitted.

In connection with license to export, the Department of State provides a form for application for license and requires that applications be submitted to the Department on such forms fully filled out by the prospective exporters.

Export licenses will be required henceforth for the exportation to China of the following articles:

1. Arms and small arms of all kinds, other than those classed as toys, and spare parts thereof.
2. Guns, machine guns, and spare parts thereof, and gun grease.
3. Gun mountings and limbers; tanks, armored motor cars, armored trucks, and armor plate.
4. Shot, shells and cartridges for arms and small arms, both loaded and empty, and their component parts.

5. Projectiles, charges, cartridges, and grenades of all kinds and their component parts.

6. Machinery, such as cartridge-making machines, specially manufactured for use in making arms and ammunition.

7. Explosives as follows: Gun powders, smokeless powders, blasting powders, all forms of high explosives including dynamite, nitroglycerine and TNT, and blasting materials, fuses, detonators and other detonating agents.

8. Land and submarine mines, bombs and torpedoes.

9. Tear gas ($C_6H_5COCH_2Cl$) and other non-lethal gases and apparatus designed for the storage or the projection of such gases. (No licenses will be issued for lethal gases and flame acids or for apparatus designed for their storage or projection.)

10. Range finders and gun-sighting apparatus and their component parts.

11. Radio apparatus designed expressly for military use.

12. Military aircraft (including all types of aircraft fitted with armor, guns, machine guns, gun mounts, bomb dropping or other military devices) together with spare parts and equipment therefor.

13. Vessels of war of all kinds.

14. Other equipment for military purposes.

893.113/1501

The Acting Secretary of State to the Minister in China (Johnson)

No. 1123

WASHINGTON, July 13, 1933.

SIR: With reference to the Department's instruction No. 974 of January 16, 1933, in regard to the export of arms and munitions of war from the United States to China, there are enclosed two copies of a statement under date June 30, 1933,⁷⁶ which, while in no way altering the basic views of the Department in regard to the subject under discussion, affects certain changes in the regulations pertaining thereto.

In this connection it should be noted that the regulations outlined in the Department's instruction No. 974 of January 16, 1933, remain substantially unaltered with the exception that certain minor changes have been made in the list of articles for which export licenses are required and with the further exception that the Department no longer requires, as a condition precedent to the issuance of export licenses, that it shall have received, through authorized channels, a request for such action from the Chinese Government—a situation which eliminates the provisions of section (b), fourth paragraph, page 3 of the Department's instruction under reference.

The changes outlined above are deemed advisable due to the fact that by demanding, as a condition precedent to the issuance of export

⁷⁶ *Supra.*

licenses, positive action on the part of the Chinese Government in making known to the Department in each instance its desire that shipments under consideration be permitted to go forward, the Department, in effect, placed under a serious handicap American commercial interests attempting to serve the markets of China. American exporters, in attempting to comply with such regulations, have been forced, in many instances, to incur heavy cable charges and to experience costly delays while attempting to cause the Chinese Government to issue the necessary instructions to its Legation at Washington. Furthermore, and of primary importance, these difficulties have proved so irksome to buyers in China, particularly in South China, that valuable orders have been lost to the American trade for no reason except that the Chinese Government is negligent and other governments apparently do not insist upon any such procedure.

In this connection it also may be stated that, by eliminating the provisions of the afore-mentioned section (b), the resulting procedure in regard to export trade with China conforms to the procedure which prevails in regard to the export trade, where restricted, with certain of the Central American countries, in regard to the export from the United States of arms and munitions of war.

The Department desires that a circular instruction based on the foregoing be issued to all consular officers in China and to the Consulate General at Hong Kong, and that a copy thereof be sent to the American Embassy at Tokyo for its information. The Department also desires that there be emphasized in such circular instruction the fact that except for the modifications mentioned herein, the Department's views, as outlined in its instruction No. 974 of January 16, 1933, upon which was based the Legation's circular instruction No. 204 of February 18, 1933,⁷⁷ remain unchanged.

Very truly yours,

WILLIAM PHILLIPS

893.113/1512

The Acting Secretary of State to the Minister in China (Johnson)

No. 1244

WASHINGTON, November 24, 1933.

SIR: Reference is made to your despatch No. 2309 of September 29, 1933,⁷⁷ in regard to a request received from the Ministry of Foreign Affairs (a) that prior information be communicated to that Ministry in regard to all future importations into China of whatever nature by the armed forces of the United States, whether imported on vessels of the United States or on merchant vessels, (b) that such importa-

⁷⁷ Not printed.

tions be certified on arrival, and (c) that the Ministry be kept currently informed in regard to the number of American troops and war vessels stationed in China. You enclose copies of pertinent correspondence exchanged between the Legation and the Naval and Military Attachés.

In view of the opinion of the Naval and Military Attachés that it would neither be practicable nor desirable to comply strictly with the request of the Ministry of Foreign Affairs and in view of the fact that the British Legation informed you that it has not received a similar note from that Ministry, you propose to refrain from replying to the Ministry's note unless pressed to do so. You state that, in the latter event, you propose, subject to the Department's approval, to inform the Ministry that the Legation would be glad to give consideration from time to time to its request for statistical information in regard to American armed forces in China and that, with regard to the importation of supplies for such forces, the Legation does not find it practicable to obtain and submit to the Ministry in advance lists of such supplies but that, as heretofore, where necessary, proper certification will be made by American consular officers for the importation of supplies through the customs at the several ports.

You are informed that your proposals have the Department's approval.

Very truly yours,

WILLIAM PHILLIPS

893.113/1514

The Chinese Legation to the Department of State

AIDE-MÉMOIRE

In view of an insurrectionary outbreak in the Province of Fukien, it is desired that the governments and nationals of foreign powers be urged not to furnish the insurgents with munitions of war, airplanes, funds or other material aid that is calculated to give encouragement to the movement, or to lend them vessels for the transportation of supplies.

These measures are necessary for the suppression of the uprising.

WASHINGTON, November 27, 1933.

PROPOSAL OF THE CHINESE GOVERNMENT THAT A NEW TREATY WITH THE UNITED STATES BE NEGOTIATED TO REPLACE THE COMMERCIAL TREATY OF OCTOBER 8, 1903

611.9331/170 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 25, 1933—10 a. m.

[Received December 25—4:15 a. m.]

930. The following from Peck at Nanking:

"December 24, 10 a. m. Foreign Office note to the American Minister dated December 23rd points out that January 13th, 1934, is the end of the third 10 years' period since the exchange of ratifications of the Commercial Treaty of October 8, 1903,⁷⁹ and states that in view of changes which have taken place the National Government wishes to negotiate a new treaty with the United States. The note requests that the American Minister convey this information to his Government.

Note will reach the Legation by the mail train leaving Pukow December 24, 7 p. m.

Full text of note will be communicated to the Department as soon as received here.

JOHNSON

611.9331/171 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 26, 1933—7 p. m.

[Received December 26—11:40 a. m.]

935. Legation's 930 of December 25, 10 a. m. Following is translation of note of Acting Minister to the American Minister dated December 23rd:

I have the honor to state that the third 10-year period of the Sino-American Commercial Treaty of 29th year 8th month 18th date of Kuang Hsu (October 8, 1903) with annexes dating from the exchange of ratifications on January 13, 1904, will expire on the 13th date of the 1st month of the 23rd year of the Chinese Republic (January 13, 1934).

The Chinese Government finds important matters contained in that treaty have already undergone change, and it therefore desires, from a spirit of friendliness independently to negotiate a new treaty with Your Excellency's Government on the basis of the principles of equality and reciprocity.

I have the honor to request that Your Excellency transmit the above to the Government of the United States for its information and action.

Signed Wang Chao-min. Seal of the Ministry of Foreign Affairs.

⁷⁹ *Foreign Relations*, 1903, p. 91.

Translator's note: Chinese phrase translated above as "independently to negotiate a new treaty" may be interpreted to mean "to negotiate an entirely new treaty."

JOHNSON

611.9331/172: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, December 27, 1933—2 p. m.

[Received December 27—10 a. m.]

937. My 935, December 24 [26], 8 [7] p. m. Chinese addressed a note on April 22, 1931 to the British Minister couched in practically identical terms and referred to Sino-British Treaty of Tientsin 1858.⁸⁰ On April 25, 1931 British Minister acknowledged receipt stating that note had been transmitted to his Government with a request for instructions. British have had no further communication with or from Chinese Government in regard to this treaty.

British Minister planned to take up with Chinese Government question of treaty revision in three different stages as follows: (a) tariff, (b) commercial clauses, (c) extraterritoriality. The tariff question having been settled British Minister proceeded in 1929 to lay before the Chinese Government a draft of a commercial treaty but when they came to grips with the Chinese Government on this question found that the Chinese concentrated on extraterritorial questions. This merged into negotiations which were carried out in Nanking between the [British] and the Chinese and in Washington between us and the Chinese Legation on the question of extraterritoriality. Into these negotiations British Minister introduced many of the safeguards originally intended to be included in the commercial treaty.

Department will recall that when extraterritorial provisions had practically been agreed upon between the British Minister and C. T. Wang the latter shifted the whole question due to the defection of Canton in the spring of 1931 [and?] C. T. Wang's fear that Canton would refuse to support draft which he was prepared to accept.

Unless the Department instructs otherwise I propose to acknowledge communication from Foreign Office stating that its request has been communicated to State Department with a request for instructions.

JOHNSON

⁸⁰ Signed at Tientsin, June 26, 1858, *British and Foreign State Papers*, vol. XLVIII, p. 47.

611.9331/172 suppl. : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, December 29, 1933—4 p. m.

405. Your 937, December 27, 2 p. m. and Department's 402, December 27, 5 p. m.⁸¹ in regard to treaty revision.

As proposed in the last paragraph of your telegram under reference, you are authorized to acknowledge the communication from the Foreign Office, stating that its request has been communicated to the Department but omitting "for instructions".

PHILLIPS

**REPRESENTATIONS AGAINST RESTRICTIONS IMPOSED BY THE
CANTONESE AUTHORITIES UPON THE SALE OF LIQUID FUEL BY
FOREIGN COMPANIES**

693.116/63 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 12, 1933—4 p. m.

[Received July 12—8:25 a. m.]

591. 1. Following from American Consul General at Canton :

"July 8, 11 p. m. The Commissioner of Customs on July 3 orally informed the British Consul General and myself that he had been instructed by the Southwest Political Council that, in accordance with the regulations for the relief of the native refining kerosene oil trade approved by the Council, liquid fuel above 32 degrees imported into Kwangtung would not be released by the customs unless covered by a permit to import issued by the Special Liquid Fuel Registration Bureau.

Regulations have been issued providing that such permits can only be granted to importers registered with the bureau. There have also been promulgated regulations, announced as now effective, requiring the registration of all factories and providing that no factory not under Chinese management and having less than 60 percent Chinese capital shall be allowed to operate.

The above regulations are an outcome of the developments reported in my despatch No. 175 of February 4,⁸² and are evidently designed to prevent competition from the Socony Vacuum Corporation and the Asiatic Petroleum Company with native refiners. The two firms were forced 2 months ago to commence local refining as business in imported brands had ceased owing [to] competition from native refiners who avoid high import duties on refined oil and sell at prices prohibitive to importers of foreign kerosene; now however the two foreign companies are practically out of the market. Accordingly

⁸¹ Telegram No. 402 replied to the Minister's telegram No. 937 as follows: "Defer action pending further instructions."

⁸² Not printed.

authorities orally state that they will not be able to refine kerosene locally and sell it.

Although the British Consul General and I have been making joint representation to the authorities we have not succeeded in inducing them to delay enforcement of the regulations pending reference of the question to our Governments but the mayor has promised that he will take up immediately with the Southwest Political Council the question of whether the regulations violate article 3 of our commercial treaty of 1903⁸³ and he has expressed confidence that if they believe this to be the case they will change the regulations accordingly.

The Legation's instructions are requested whether I should insist that these regulations are in contravention of the treaty. British Consul General is telegraphing in a similar purport."

2. The Legation has replied as follows:

"July 12, 4 p. m. Your July 8, 11 p. m. The Legation considers provisions of the regulations preventing American firms from refining oil locally have been in direct contravention of article 3 of our commercial treaty of 1903 and that refusal to permit importation liquid fuel is contrary to international usage and the spirit of the Sino-American treaty of 1928.⁸⁴ You may insist upon this interpretation."

3. British Legation has replied similarly to British Consul General.

JOHNSON

693.116/63: Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 13, 1933—7 p. m.

249. Your 591, July 12, 4 p. m. in regard to the restrictions imposed by the Canton authorities upon the importation of liquid fuel.

1. Your instruction to Canton is approved.

2. The Legation and the Consul General at Canton should continue to press the matter, keeping the Department informed in regard to developments.

PHILLIPS

693.116/64: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 18, 1933—2 p. m.
[Received July 18—6:05 a. m.]

600. 1. Department's 249, July 13, 7 p. m. Following from Consul General, Canton:

⁸³ Signed at Shanghai, October 8, 1903, *Foreign Relations*, 1903, p. 91.

⁸⁴ Signed at Peking, July 25, 1928, *ibid.*, 1928, vol. II, p. 475.

"July 17, 5 p. m. My July 12, 2 p. m. Yesterday at Mayor's request British Consul General and I sent identic notes to him confirmatory of our representations.

I also communicated the substance of the Legation's July 12, 4 p. m., to the Mayor orally this morning for reference in connection with a meeting which he informed me was being held today to consider this matter, and I am confirming in writing what I said. Later, at a casual meeting, the Mayor's secretary informed me that the local government has decided to prepare a reply to the effect that they are not prohibiting local refining by foreign oil companies but are stopping sales of unregistered brands which they maintain is not in contravention of the treaties. In conversation with Chinese authorities British Consul General and I have made it clear that we were not objecting to reasonable regulations requiring registration but to the fact that existing laws make it impossible for foreign concerns to register. Although I shall not know exactly what their position is until a report is received, I am convinced that the local government intends to adopt an evasive and shifting attitude on the entire question as long as possible, meanwhile glutting the market with products of Chinese refiners.

It is possible that it might be productive of good if the Legation could request National Government to instruct Regional Inspector General of Foreign Affairs here to demand that local authorities discontinue restrictions on sale of brands of kerosene put out by American concerns. Repeated to Nanking."

2. In view of the apparent urgency of this case the Legation has instructed Secretary Smyth in charge at Nanking to take the action suggested in penultimate paragraph but to bear in mind the attitude of the Department towards registration of American firms as set forth in the Department's instruction to the Legation 266, September 26, 1930,⁸⁵ which was circulated to Consuls.

JOHNSON

693.116/65 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 21, 1933—9 a. m.
[Received July 20—11:55 p. m.]

610. Legation's 600, July 18, 2 p. m. Following from Consul General at Canton:

"July 18, 4 p. m. On July 15 Mayor addressed British and American Consuls General identic notes asserting that the foreign oil companies have violated factory regulations in that they are refining oil locally without having registered and requesting that they be ordered to discontinue operations. We are replying separately to the effect that factory regulations were never officially communicated to us, that the foreign firms cannot satisfy the conditions set forth in

⁸⁵ *Foreign Relations*, 1930, vol. II, p. 556.

article 16 requisite to registration and that the provisions of this article are in direct contravention of the Sino-American commercial treaty. We, therefore, regretted our inability to comply with his request.

[July] 17, we received separately Mayor's acknowledgment to our notes of July 13 which acknowledgment stated that the matter had been submitted to the Southwest Political Council.

This morning Mayor's Secretary came to us to sound our views. He could not tell definitely what action the authorities proposed to take. We gathered that they intended either to ignore our protests or attempt to quibble over the treaty interpretation. We told him plainly that, while we would be glad to discuss any honest differences of opinion regarding treaty interpretation and submit them to our Governments, it would serve no useful purpose to attempt to quibble. We dwelt upon the seriousness which would be attached by our Governments to a refusal to meet our protest or to attempt to evade the issue, and the inevitable effect which a breach of treaty would have upon the friendly relations of our countries, and we would be justified in our request that the application of the regulations should at least be held in abeyance until a final settlement could be reached. The Mayor's Secretary promised to present our views immediately to the authorities."

JOHNSON

693.116/66 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 22, 1933—9 a. m.
[Received July 22—12:10 a. m.]

617. Legation's 610, July 21, 9 a. m. Following from American Consul General at Canton:

"July 20, noon. The registration of American firms with the Chinese authorities in the sense of the Legation's instruction of October 30, 1930, has never been contemplated, although I have said that I would consider reasonable and nondiscriminatory regulations which would provide for recording with the competent authorities the brands of kerosene put out by American companies.

In the conversation with the Mayor's secretary, reported in my July 18, 4 p. m., British Consul General and I requested that we be put into touch with the members of the Southwest Political Council concerned in this matter so that we could present our point directly to them. He thought this could not be arranged. I feel that the higher authorities are deliberately keeping aloof, and we have no means of knowing whether our representations have been properly reported. Yesterday and today I asked the Mayor's secretary when a decision to our representations may be expected, but he was unable to say even if Mayor had laid our views before the Council. It might be helpful if I were authorized to inform Marshal Chen and the

Chairman of the Provincial Council that I had been directed by my Minister to seek a personal interview with them in order to discuss this matter. British Consul General is requesting similar authorization. Repeated to Nanking."

The Legation has authorized Consul General to interview Marshal Chen as suggested. British Legation is doing likewise.

JOHNSON

693.116/66 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 22, 1933—2 p. m.

257. Your 610, July 21, 9 a. m. and 617, July 22, 9 a. m. in regard to the restrictions imposed by the Canton authorities upon the importation of liquid fuel.

A representative of the Standard Oil Company called at Department on July 21 in regard to this matter. Department desires that the Legation and the Consul General continue to press this matter both at Nanking and Canton as one of importance and urgency.

CARR

693.116/67 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 24, 1933—11 a. m.

[Received July 24—3 a. m.]

619. Legation's 617, July 22, 9 a. m. Following from Secretary Smyth, Nanking:

"July 22, noon. As Blunt, British Consul in charge during absence of Ingram, had received instructions similar to those contained in Legation's July 18, 2 p. m., we called together this morning on the director of the Department of European and American Affairs, Foreign Office and made representations in accordance with those instructions. He stated that he had not seen the Canton regulations in question, but he promised to telegraph Inspector General of Foreign Affairs at Canton, instructing him to investigate and take such action as he could."

The Department's 257, July 22, 2 p. m., has been repeated to the Consulates General at Canton and Nanking.

JOHNSON

693.116/68 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 27, 1933—3 p. m.

[Received July 27—8 a. m.]

628. My 619, July 24, 11 a. m. Following from American Consul General at Canton:

"July 26, 6 p. m. Legation's July 24, noon. This morning British Consul General and I called by appointment on Marshal Chen and Chairman Lin⁸⁶ and read *aide-mémoire* summarizing previous representations and emphasizing importance and urgency which our Governments attached to this question. Although they affirmed the purpose of the local government to observe the treaties they professed to be unfamiliar with the facts and without authority to deal with the matter. They said that they understood that our representations had been discussed at a meeting of the Southwest Political Council and that a committee had been appointed to consider the situation. We went over the situation emphasizing that although 3 weeks had elapsed since we had first instituted our representations during which time the foreign firms had been shut out of kerosene market and were consequently suffering serious losses, we were still without any word of what action the authorities proposed to take in response to our representations. They promised to present our case speedily and sympathetically to the Southwest Political Council but were unable to give an indication of when an answer might be expected. With that answer we had to be content. Although the interview was cordial, we gained the impression from their tactics of setting up the Southwest Political Council as a shield that the situation is not hopeful. In a casual conversation with an official of the office of the Inspector General of Foreign Affairs yesterday Consul Paxton gathered the impression that up to then no instructions had been received from Nanking by the Inspector.

Commissioner of Customs officially informed me on July 24th that he has been instructed to reimpose prohibition on import without permit of liquid fuel of over 32 degrees specific gravity. Socony has applied to the Special Liquid Fuel Bureau for a permit to import 550 tons of such oil and has been refused. Repeated to Nanking."

Counselor of Legation at Nanking has been instructed to renew representations at the Foreign Office and American Consul General at Canton has been instructed to continue to press for local settlement. Both were again directed to stress importance and urgency with which the Department views the matter.

JOHNSON

⁸⁶ Lin Shen, President (Chairman) of the National Government.

693.116/68 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 28, 1933—5 p. m.

264. Your 628, July 27, 3 p. m. in regard to the restrictions at Canton upon the importation of liquid fuel.

In connection with the representations which are being made to the Chinese authorities, your attention is invited to the first sentence of Article 15 of the Sino-American Treaty of 1858⁸⁷ as being applicable in this case. Inform Nanking and Canton.

PHILLIPS

693.116/69 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, August 3, 1933—2 p. m.

[Received August 3—5 :38 a. m.]

650. Department's 264, July 28, 5 p. m. Following from Consul General at Canton to the Legation and Counselor Peck:

"August 2, 10 p. m. Today I inquired of C. W. Luning, English Secretary of the First Group Army and the Marshal's representative on the Foreign Trade Committee, what was the present status of our protest on the kerosene restrictions. He said that the committee met on July 28, and that a report of the sense of the meeting was to be made today by its chairman to the Southwest Political Council. He could give me no indication of whether or not attitude of the committee was favorable or unfavorable beyond that the chairman of the committee himself was inclined to be favorable. He could not say definitely when a final decision may be expected but he felt that by next Tuesday⁸⁸ action might be taken.

Yesterday I entered formal protest on the action of the Pakhoi authorities in sealing up stocks of kerosene belonging to Socony Vacuum Corporation and I drew attention, as instructed in the Legation's July 29, 11 a. m., to the treaty provisions referred to therein."

The Legation's July 29, 11 a. m. quoted the Department's 264, July 28, 5 p. m.

JOHNSON

⁸⁷ Signed at Tientsin, June 18, 1858; Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 7, p. 793.

⁸⁸ August 8.

693.116/71: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 9, 1933—11 a. m.

[Received August 9—5:40 a. m.]

665. 1. Legation's 650, August 3, 2 p. m. Consul General Canton informed the Legation August 4, 4 p. m., that Inspector General for Foreign Affairs had received no instructions from the National Government.

2. In view of the uncertainty as to the amount of pressure that could be effectively brought to bear upon Canton authorities through the Foreign Office, the Legation instructed Counselor of Legation at Nanking to use his discretion as to the amount and the method of pressure to be brought in Nanking.

3. Following from Counselor Peck to the Legation and to Canton:

"August 8, 9 a. m. Blunt, representing British Legation, and I called at the Foreign Office August 7, noon, and expressed the surprise and disappointment of our Legations that the promised telegram of instructions had not been received by the Canton representative of the Foreign Office up to August 4. Director of the Department of International Affairs stated that the Foreign Office had telegraphed asking for report but must await such report before issuing instructions. We replied insisting that telegram be sent to Canton immediately conveying at least the information that the American and British Legations were strongly protesting against the violation of rights of importation and manufacturing as granted *inter alia* in article 15 of the American treaty of 1858 and article 3 of the American treaty of 1903. This telegram was despatched by the Foreign Office."

JOHNSON

693.116/72: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 11, 1933—2 p. m.

[Received August 11—6:20 a. m.]

673. Legation's 665, August 9, 11 a. m.

1. Following from Canton:

"August 10, 3 p. m. Yesterday British Consul General and I called on the Inspector General for Foreign Affairs. He said he had received a mail instruction from Nanking, which called for a report on the oil situation, and a telegram stating that a protest had been received by the Foreign Office from the American and British Legations regarding this matter and instructing him to express to the local authorities the desire of the Foreign Office that the policies of Nanking and Canton should be in accord. He said he did not think the Central Government would take any definite action or decision until his report now under preparation,

which would set forth Canton's position, is received and studied. We gathered that no speedy local decision is to be anticipated as a deadlock has been reached between those members of the Political Council who wish to quibble over treaty interpretation by arguing that China has a sovereign right to 'regulate' kerosene business and those who maintained that 'regulation' cannot be carried to the point of rendering a treaty right nugatory.

We repeated our frequent suggestions that the restrictions be held in abeyance until decision could be reached and we went as far as we thought we could go in emphasizing the very unfavorable impression that was inevitably being created in our two countries by the apparent disposition to ignore our protests.

We asked the Inspector General whether he would consider advisability of requesting instruction from Nanking to suggest to the Southwest Political Council that the restrictions be held in abeyance pending decision on the question of treaty interpretation. We doubt whether he will do so and venture to suggest representations on that subject be made to the Chinese Government at Nanking by our own authorities.

There are evidences Marshal and the Chairman are favorably inclined on this matter but in view of the delicate political situation are desirous of conciliating Mayor and his group."

2. Counselor at Nanking has been directed to take action suggested in penultimate paragraph provided he thinks it will help matters.

JOHNSON

693.116/71 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, August 12, 1933—2 p. m.

283. Your 665, August 9, 11 a. m. In conversations in New York on August 6 and 7 with T. V. Soong, officer of the Department took occasion to complain of the action of the Cantonese authorities in relation to importation of petroleum. Soong expressed himself as disapproving such action and stated that he would use his influence toward correcting the situation.

HULL

693.116/72

*The Department of State to the Chinese Legation*⁸⁹

The American Government is very unfavorably impressed by the action and attitude of the Cantonese authorities in what those authorities allege to be regulation of importation and sale of kerosene and by the lack of resolute and effective action on the part of the Chinese Government in connection therewith. The action of the Chinese

⁸⁹ Handed to the Chinese Minister August 14.

authorities at Canton is plainly in violation of treaty provisions, and the tactics which they are employing are inconsistent with principles and practices of international amity and peaceful and fair international intercourse. The American Government expects of the Chinese Government and of the Chinese authorities at Canton immediate and effective attention to the representations which are being rightfully and properly made by American officials in China in reference to this situation.

693.116/74 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 15, 1933—2 p. m.
[Received August 15—5 : 15 a. m.]

686. Legation's 665, August 9, 11 a. m.

1. Following instruction has been repeated to the Consul General at Canton:

"August 15, 1 p. m. The Legation realizes the difficulties you are encountering because of the special circumstances involved and desires that in consultation with your British colleague you use your discretion as to the amount and the method of the pressure to be brought in Canton.

(2) The Legation understands that the British Government views these restrictions with concern similar to that expressed by the Department."

2. The following telegram has been received from Counselor, Nanking:

"August 12, 11 a. m. Inferring from the Legation's August 5, 11 a. m. and earlier telegrams that the Legation would approve the action I orally asked the Foreign Office August 11, noon, to send instructions to its representative at Canton in the sense of the penultimate paragraph of Canton's August 10, 3 p. m. I have been informed that Foreign Office telegraphed its representative on August 11 directing him to ask the Canton authorities to delay enforcement of the oil regulations until a definite plan has been reached in the discussion between the Foreign Office and the Legation regarding the bearing of the treaties on the issue. British Legation's Nanking representative informed.

Repeated to Canton."

JOHNSON

693.116/75 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 18, 1933—10 a. m.

[Received August 18—2:15 a. m.]

692. Legation's 686, August 15, 2 p. m. Following from Consul General Canton to the Legation and Nanking:

"August 17, 5 p. m. Nanking's August 12, 11 a. m. Foreign Office representative informed me today that he received telegraphic instructions from Nanking on the 12th to request local government to hold oil regulations in abeyance pending a decision on question of treaty obligations. He said he wrote immediately to all the agencies concerned but still, he stated, too late to get the matter on the agenda for today's meeting of the Political Council, although he hopes that it will be up for general discussion on the 22nd.

British Consul General has received another instruction from his Minister under directions from the Foreign Office to seek again an interview with the Chairman and the Marshal and to emphasize the gravity with which the British Government regards the situation. He has been unable to obtain interview with either of them but has read to the Chairman's secretary a memorandum which he proposes to deliver in person and to supplement with verbal representations. He goes to Hong Kong tomorrow to confer with the Governor on this subject."

JOHNSON

693.116/78 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 21, 1933—11 a. m.

[Received August 21—4:10 a. m.]

697. Legation's 692, August 18, 10 a. m. Following from Consul General at Canton to Legation and Nanking:

"August 18, 4 p. m. My August 17, 10 a. m. I received a note today from the Inspector General of Foreign Affairs quoting an instruction to him from the Southwest Political Council to the effect that the restrictions in article 4 of the provisional regulations of factory establishments are not applicable to firms composed of entirely foreign capital and confirming the promulgation of the regulations governing the importation of special liquid fuel. These regulations were forwarded in my despatch of July 10th.⁹⁰

To test the effect of this announcement the foreign companies are applying directly for registration in accordance with the regulations above mentioned with a view to obtaining permits to import liquid fuel and the release of sealed-up stocks. I am advising them of the contents of the Legation's circular instruction No. 69 of

⁹⁰ Not printed.

October 30, 1930, in case it should develop that registration involves any control of their business by the Chinese authorities."

The Legation's circular instructions referred to was based upon the Department's instruction to the Legation No. 266, September 26, 1930.⁹¹

JOHNSON

693.116/79: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 23, 1933—10 a. m.

[Received 11 a. m.]

701. Legation's 697, August 21, 11 a. m. Following from Consul General, Canton, to the Legation and Nanking:

"August 21, 4 p. m. My August 18, 4 p. m. I am informed by the British Consul General that he was told on August 19 by the Foreign Office representative that foreign and Chinese firms now stood on exactly the same footing in regard to importing, distilling and selling crude or other oil and that all that was required was that foreign firms should comply with the two sets of regulations referred to in my telegram August 18, 4 p. m., with which Chinese firms also have to comply.

British Consul General and I are awaiting outcome of application for registration by our respective firms."

As the regulations in question do not at present appear to involve any objectionable control by the Chinese over the business of the foreign firms, the Legation approves of the Consul General's decision to await the outcome of the application for registration of such firms.

JOHNSON

693.116/80: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 31, 1933—noon.

[Received August 31—6:22 a. m.]

722. Legation's 701, August 23, 10 a. m. Following from American Consul, Canton, to the Legation and Nanking:

"August 29, 10 p. m. Legation's August 23, 10 a. m. British Consul General and I called on Foreign Office representative on August 24 and protested that notwithstanding the assurances given by the authorities on August 17 no action has been taken towards releasing stocks of kerosene of foreign companies in the hands of native dealers which had been sealed nor had action been taken on the applications of foreign companies for registration.

⁹¹ *Foreign Relations*, 1930, vol. II, p. 556.

Yesterday, again we called on Foreign Office representative and told him that the foreign companies had been informed by the Reconstruction Bureau that it would require at least 10 days to act on their applications, that they would be required to fill in a comprehensive questionnaire regarding details of their business which we considered irrelevant, that the local Trademark Bureau could not enforce Nanking trademarks and that special privileges would be granted to factories which had been registered prior to July 23rd in respect to output restrictions. We emphasized that we had understood that 'registration' referred only to recording the names of the factories and their brands and that we considered any regulations which restrict the freedom of trade of oil companies to be in contravention of treaty rights. We asked him to present our views to the meeting of the Southwest Political Council of this morning.

Today Socony obtained form of application for registration which if filled out would engage them to submit to Chinese control and involve loss of extraterritorial rights. We have advised the companies not to register under the circumstances.

Foreign Office representative said that he discussed our representations of yesterday with the Chairman who is concurrently Commissioner of Reconstruction and who promised to give the matter consideration. He said that the matter was not brought up at the meeting of the Political Council.

Under the circumstances the British Consul General and I have requested another interview with the Chairman and Marshal."

The above would appear to indicate that the Southwest Political Council is reluctant to permit the foreign oil companies to compete on equal terms with the Chinese firms in which members of the Council are reported to be financially interested. However, the Legation still believes that a satisfactory solution of this question may eventually be obtained by continued representations at Canton.

JOHNSON

693.116/86 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 9, 1933—9 a. m.

[Received 11:05 a. m.]

737. Legation's 722, August 31, noon. Following from Canton to the Legation and Nanking:

"September 7, 6 p. m. My August 29, 4 p. m. After pressing almost daily for over a week for an interview with the Chairman and the Marshal, I was informed yesterday by the latter's secretary that the subject matter of our proposed interview did not lie within the Marshal's province and that the Chairman did not consider it necessary to see us as he had nothing to add to identic communications which were being addressed to the British Consul General and myself by the Inspector General of Foreign Affairs. This com-

munication, which was received this morning, quotes a letter from the Reconstruction Bureau, taking up seriatim the points in our letter to the inspector of August 28 summarizing our conversation with him of that date as reported in my telegram above cited.

The essential point of the communication is a denial that the registration requirements conflict with treaty rights. It is maintained that the particulars called for in the application form are essential to a proper inspection and supervision of the factories, and that moreover they are in compliance with the factory regulations of December 18, 1931 enacted by the Central Government.

On September 1st British Consul General and I sent identic notes to the Mayor in which we expressed the opinion that the application to our citizens of regulations of the scope and nature referred to in the form of application and of contemplated output restrictions would impair rights guaranteed by existing treaties. We said that while our firms were willing to furnish the Chinese authorities with particulars regarding the names and localities of their plants and the names of their brands it was impossible for them to comply with the requirements of the Reconstruction Bureau and we thereafter requested that they be permitted to import liquid fuel and market their products freely without the necessity of such officer [*registration*]. This note was acknowledged by Mayor who said he had referred it to the Reconstruction Bureau. The communication from the Inspector, however, contains no reference to our letter to Mayor.

I have also received today another communication from Inspector quoting briefly from the Reconstruction Bureau in answer to my protests against the sealing up of stocks of oil put out by the American companies. This letter is offensive in tone and intimates that since the kerosene was refined locally and since the factories were not registered it was only out of consideration for American friendship that the manufacturers have not been severely dealt with for evasion of customs duty.

British Consul General and I are considering suitable reply to the Inspector's communication taking our stand on treaty rights but in view of the tone of his letter and of the attitude of the higher authorities in refusing to see us it seems unlikely that any solution of this difficulty can be achieved by continuing correspondence on these lines."

Following instruction has been sent to the Counselor of Legation at Nanking:

"September 8, 4 p. m. Canton's September 7, 6 p. m. The Legation desires that you call upon an appropriate official of the Ministry of Foreign Affairs and endeavor to impress upon him seriousness with which the Department views this continued palpably flagrant violation of the rights of the oil companies under the existing treaties inviting his attention to the unfavorable impression created abroad by the apparent inability of the National Government to assure American firms in the region in question the freedom from restraints upon trade to which they are entitled and express to him the earnest hope of our Government that prompt and effective measures will be taken in order to bring about a cessation of these discriminative actions on the part of the authorities concerned."

JOHNSON

693.116/86 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 11, 1933—4 p. m.

314. Your 722, August 31, noon, and 737, September 9, 9 a. m. Your action and that of the Consul General at Canton have the Department's approval. However, it is believed that developments in the situation have reached a stage which would justify Peck, either personally or otherwise, in bringing the matter to the attention of Soong. In this connection see Department's 283, August 12, 2 p. m.

HULL

693.116/88 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 13, 1933—noon.

[Received September 13—4:15 a. m.]

744. Department's 314, September 11, 4 p. m.

1. Following from Consul General, Canton, to the Legation and Nanking:

"September 11, 4 p. m. Nanking's September 9, noon. Item 529 of new customs tariff has never been enforced here (see my despatches numbers 175 of February 4th and 226 of August 22,⁹² page 7).

I am of the opinion that protests now should emphasize fact that the prescribed application form for registration is so worded that if it were subscribed to by an American firm it could be interpreted as a renunciation of treaty rights. The Chinese authorities have shifted their grounds so that it might be inadvisable to protest on any other basis.

In view of the fact that the Chinese authorities maintain that their requirements in regard to registration are not in contravention of treaty rights, would the Legation be disposed to approve my suggesting to the local authorities, as a compromise, that the prescribed application form be amended so as to permit foreign firms to reserve rights guaranteed by treaty and so that references to regulation of output and to business tax would be omitted."

2. Peck has been informed of the Department's 283, August 12, 2 p. m. and directed to see Soong as well as an appropriate official of the Ministry of Foreign Affairs.

3. Consul General at Canton has been instructed that the Legation perceives no objection to his endeavoring to obtain revision of the application as suggested by him in third paragraph of his September 11, 4 p. m.

JOHNSON

⁹² Neither printed.

693.116/94: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 25, 1933—4 p. m.
[Received September 25—6:05 a. m.]

768. Legation's 744, September 13, noon. Following from American Consul General at Canton:

"September 20, 11 p. m. My September 7, 6 p. m. On the 18th British Consul General and I discussed proposed modification of registration form with the Inspector General. He considered our objections reasonable, but he held the view that instead of revising the existing form of the application, there should be an exchange of notes making it clear (1st) that the foreign firms would not be expected to conform to regulations which were incompatible with treaty rights; (2d) that they would not be required to submit to a limitation of output; and (3d) heretofore so-called business tax would be defined as referring exclusively to a nondiscriminatory tax per unit of kerosene on the locally refined product. He said that he thought the Reconstruction Bureau might agree to this, as he understood that the Bureau had no intention of limiting output, and he asked that we submit our proposals in writing. We said that we had no objection to the matter being settled by an exchange of notes.

On the same evening we sent the Inspector General a note embodying our plan for a revision of the registration form. We saw him again this afternoon, but he had no information to give us beyond the fact that he had referred the matter to the Chairman with whom we are again endeavoring to get into touch.

Repeated to the Legation and Nanking."

JOHNSON

693.116/95: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 27, 1933—3 p. m.
[Received September 27—8:30 a. m.]

772. Legation's 768, September 25, 4 p. m. Following from American Consul General at Canton to the Legation and Nanking:

"September 25, 4 p. m. My September 21, 6 p. m. On Friday⁹³ Inspector General informed me that our proposal for modification of registration form was being carefully considered but he could give no indication as to whether the attitude was favorable or when a reply might be expected. He reported that the Reconstruction Bureau argues that the existing form has been prescribed by the Ministry of Industry in conformity to the national factory law of December 1931, and has not been devised by the local authorities. It

⁹³ September 22.

might be helpful if the Central Government could be induced to instruct Canton that the form in question should not be considered applicable to foreign oil companies.

It has also occurred to me that, in view of heavy fall of government revenue in Kwangtung from the regular import duty on kerosene, it might be willing to reduce temporarily the kerosene duty to a figure which would enable imported kerosene to compete with the locally distilled product."

JOHNSON

693.116/95 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 27, 1933—6 p. m.

330. Your 772, September 27, 3 p. m.

1. What action has Legation taken or does it propose?

2. Department does not believe that it would be advisable at this stage to act on Canton's second suggestion, namely, that an effort be made to persuade the Central Government to reduce temporarily the duty on kerosene to a figure which would enable imported kerosene to compete with the locally distilled product. If the Central Government took such action, the Canton authorities might raise other difficulties which would prejudice the present negotiations of the American and British Consuls General at Canton. It is suggested therefore that any action toward carrying out that suggestion should be postponed pending outcome of present negotiations.

HULL

693.116/96 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 28, 1933—8 p. m.

[Received September 28—9:10 a. m.]

775. Department's 330, September 27, 6 p. m. The Legation has communicated paragraph 2 to Nanking and Canton for their guidance.

2. Counselor of Legation to [at] Nanking has been instructed that unless he perceives reasons to the contrary the Legation believes that he might properly endeavor to induce Central Government to instruct Canton that the form in question should not be considered applicable to the foreign oil companies.

3. Counselor has not yet seen Soong. The Legation has suggested that he endeavor to see him as soon as feasible.

JOHNSON

693.116/98 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 2, 1933—1 p. m.
[Received October 2—6:05 a. m.]

782. Legation's 775, September 28, 8 p. m. Following from Counselor of Legation at Nanking to the Legation and Canton:

"September 30, 9 a. m. Ingram and I called on the Director of the Department of Internal [*International*] Affairs September 29, 4 p. m. and protested in sense of your paragraph 1. After lengthy discussion the Director agreed to telegraph the Inspector General of Foreign Affairs at Canton that the two Legations had again formally protested against the application of form to American and British companies but might possibly consent to their respective companies applying for registration if all reference to restriction of output and business tax were deleted from application form. Fuller report by mail.⁹⁴"

JOHNSON

693.116/109

*Memorandum by the Counselor of Legation in China (Peck) of a Conversation With the Chinese Minister of Finance (Soong)*⁹⁵

[NANKING,] October 3, 1933.

Mr. Peck said that he was informed that Department of State officials had mentioned to Mr. Soong when he was in the United States the matter of the restrictions placed by the Canton authorities on the sale of oil by American and other foreign firms. He inquired whether Mr. Soong had been able to look into this matter since his return to China.

Mr. Soong said that, to speak quite frankly, the National Government was unable to control the action of the Canton regime in this regard. He said that the case was simply that various militarists, like General Chen Chi-tang, owned private oil refineries, from which they expected to make a fortune. What they had done at Canton was an attempt to reserve the market for these private refineries. However, other Chinese refineries were competing with these specially privileged ones and now the Canton regime had devised a new expedient, namely, the imposing of a tax of Silver \$3 per unit on refined kerosene.

Mr. Peck said that he had seen a report of this in the newspapers in the last day or two.

⁹⁴ Not printed.⁹⁵ Copies of memorandum and of the Counselor's covering despatch No. L-30 Diplomatic, October 4, to the Minister in China, were transmitted to the Department without covering letter; received November 4.

Mr. Soong said that the plan was to levy this tax on all and sundry and then give rebates to the specially privileged factories.

Mr. Peck observed that it was clear that if the National Government could do anything to control the oil situation in Canton, it would do so, if only to protect its own revenue. Mr. Peck observed that the National Government had not been able to impose its additional tax on crude oil imported for refining purposes. Mr. Peck remarked that a great deal of negotiation had been going on between the foreign companies at Canton and the authorities there. The Foreign Office in Nanking had been very helpful in this regard. It now looked as though an arrangement might possibly be made whereby the foreign companies would sign applications for registration with the Canton authorities, provided certain objectionable details, such as limitation of output, etc., could be eliminated.

Mr. Soong seemed to believe that no arrangement would be possible which would not ultimately be manipulated in favor of the oil refineries owned by influential persons in the Canton regime.

693.116/100 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 4, 1933—3 p. m.
[Received October 4—5:25 a. m.]

790. Legation's 782, October 2, 2 [1] p. m. Following from Consul General at Canton to the Legation and Nanking:

"October 3, 3 p. m. Nanking's September 30, 9 a. m. Inspector General yesterday informed British Consul General and me that he had received an instruction from Nanking to inform the local authorities that the two Legations had protested again and to urge the local authorities that they endeavor to effect a settlement. He had already written to the Provincial Government and would send a representative to discuss the matter orally today, but he was unable to give any indication of the present attitude of the Provincial authorities.

It is noted that Nanking's September 30, 9 a. m. contains no mention of our proposal that our oil companies be exempted from conforming to Chinese factory regulations incompatible with treaty rights. I consider such a reservation important as a protection against the possibility of intolerable interference on the part of the Chinese authorities in the organization of foreign refineries."

2. The Legation has sent the following instruction to Counselor of Legation at Nanking and has informed Canton:

"October 4, 2 p. m. Canton's October 3, 3 p. m., second paragraph. In any final revision of the application the Legation believes that there should be included a reservation exempting the oil companies

from conforming to any Chinese law or regulation incompatible with treaty rights. You may use your discretion as to the appropriate time to bring this attitude to the attention of the Foreign Office."

3. British Legation is sending similar instruction to its representative at Nanking.

JOHNSON

693.116/104: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 17, 1933—10 a. m.

[Received October 17—2:55 a. m.]

799. Legation's 790, October 4, 3 p. m. Following from Consul General, Canton, to Legation and Nanking:

"October 14, 6 p. m. Referring to my telegram of October 3, 3 p. m. After repeated efforts [to] expedite a reply to our proposals, I was informed yesterday by Inspector General that, although Bureau of Reconstruction had completed its draft, final approval must await the views which had been sought of the Provincial Commissioner of Finance on the business tax question. With a view to hastening matters British Consul General and I with the approval of the Inspector sought and obtained an appointment with Finance Commissioner this morning.

Commissioner denied that the matter had been referred to him at all and could only tell us that his Bureau proposed shortly to institute a 'business tax' of \$3 local currency per case of imported or locally refined kerosene to be collected from retailers. We told him we were not concerned with taxation upon locally refined kerosene provided there was no discrimination against foreign firms, but we pointed out that such a tax upon imported kerosene was contrary to the undertaking given by Minister Soong to the Standard Oil Company that no tax over and above the regulating import duties would be imposed upon imported kerosene, as well as to the undertaking given by the Chinese Government that upon gaining customs autonomy taxes akin to likin would be abolished. He said he had received instructions from the Minister of Finance not to impose any taxes on foreign oil companies or their factories or sales agents but that this instruction did not apply to taxes upon retailers. As our further arguments apparently had no effect we left after stating that we would refer the question to our Legations. The Legation making representations to the Central Government may consider it advisable to ask that instructions be issued to Canton regarding this tax in respect to imported kerosene.

Subsequent to foregoing interview I communicated with Inspector General who promised to ask Reconstruction Bureau for an explanation of the discrepancy between its statement and that of the Financial Commissioner. It seems probable that the local authorities are trifling with us and possibly also with Inspector. Until we hear

from Inspector there would appear to be no further action we can take."

The Legation does not contemplate representations to the Foreign Office regarding proposed "business tax" until informed that it has actually been instituted.

JOHNSON

693.116/105 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 27, 1933—2 p. m.
[Received October 27—5:45 a. m.]

816. Legation's 799, October 17, 10 a. m.

1. Following from American Consul General Canton to the Legation and Nanking:

"October 24, 6 p. m. My October 14, 6 p. m.

[(1)] Yesterday I received from the Inspector General a letter quoting the Reconstruction Bureau's reply to the proposals contained in my letter September 15th. The authorities refuse to accede to our request for a revision of the registration application form maintaining that their requirements are not in conflict with treaty rights and that to make special requirements for foreign firms would constitute discrimination in their favor. In regard to the capital tax, it was stated that there is no intention of imposing any taxes upon foreign oil companies but only upon retailers of imported and locally refined kerosene, thus ignoring representations which are made to Commissioner of Finance regarding assurances given by Central Government.

(2) Yesterday afternoon British Consul General and I called on the Inspector General and told him that we found it difficult to interpret the spirit of the note and suggested that the necessity of revising the application form, as we had proposed, might be obviated if we could obtain an exchange of notes confirming our understanding that 'the Chinese authorities agree that they will not enforce against American firms, laws and regulations incompatible with treaty rights.' We proposed to embody in the note also a statement reserving the right to make representations as a separate issue regarding the question of collecting from retailers an additional tax on imported kerosene.

(3) We left a draft of the proposed exchange of notes with the Inspector who promised to refer it to the Reconstruction Bureau and we explained that we must refer this to our Legations for their approval before disposing of the question of registration in this way.

(4) The Inspector also informed us that he had just received a telegram from the Foreign Office to take up with the Finance Commissioner the question of tax upon imported oil.

(5) I believe that if the proposed exchange of notes can be effected it will enable the foreign oil companies to resume business. As the authorities have orally assured me that there is no intention to

restrict output it is no longer essential to provide specifically against it. Repeated to the Legation and Nanking."

2. Following instruction has been sent to Canton and Counselor of Legation at Nanking has been informed:

"October 27, 2 p. m. Canton's October 24, 6 p. m. As you believe that foreign oil companies may thereby be enabled to resume business, the Legation approves exchange of notes suggested in your paragraph 2. However, provided no delay or embarrassment will [ensue?], the Legation suggests revision of wording to read 'will not attempt to enforce.'["]

JOHNSON

693.116/112a : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, November 4, 1933—2 p. m.

366. Department's 363, November 3, 5 p. m.⁹⁶ last paragraph and your 835, November 4, 1 p. m.⁹⁷

The Department desires that the Minister also present this matter at Canton. Department feels that in presenting it, use might be made of the points that the action which has been taken by the Canton authorities bears out the contention of critics of China that the Chinese will not observe their treaty obligations unless force is threatened or used; that the American Government has since August 1931 spent over \$500,000, United States currency, in repatriating to China Chinese refugees from Mexico,⁹⁸ practically all of whom were Cantonese; and that the American Government, if it saw fit, might take retaliatory measures against Canton exports to the United States, a course of action, however, which it would be extremely loathe to take. With regard to the idea of possible retaliatory action, the Department desires that the Consul General at Canton make a careful study of the import and export trends of the principal commodities exchanged between the Canton area and the United States in order that he and the Minister as well as the Department might be in position to consider whether such retaliatory measures might be practicable and advisable.

HULL

⁹⁶ *Post*, p. 653.

⁹⁷ Not printed.

⁹⁸ See Department of Labor: *Twentieth Annual Report of the Secretary of Labor for the Fiscal Year Ended June 30, 1932*, p. 79, and *ibid.*, *Twenty-first Annual Report, 1933*, p. 59.

693.116/111 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 7, 1933—noon.

[Received November 7—6:50 a. m.]

840. Legation's 816, October 27, 2 p. m. Following from Consul General Canton to the Legation and Nanking:

"November 4, 4 p. m. My despatch No. 39 [239], October 27.⁹⁹ This morning Colonel Leung¹ on behalf of Chairman called on British Consul General and myself and showed us English text of the reply which Bureau of Reconstruction propose to send to Inspector General for Foreign Affairs as follows:

'Please inform the American and British Consuls that this Department has no idea of making laws and regulations governing the oil factories which are in contravention of effective treaties.'

2. We said that instead of the words 'no idea of making' we would prefer the words 'no intention of enforcing'. Colonel Leung said that the Chamber was very much opposed to the word 'intention' and insisted upon the word 'idea'.

3. After some discussion we agreed to the following wording: 'no idea of proclaiming or enforcing laws and regulations governing oil factories which are in contravention of treaties in force'. Colonel Leung drafted a Chinese translation of this reply which appears to us satisfactory. The Chinese expression for 'idea' might even more appropriately be translated 'intention'.

4. British Consul General and I therefore propose to address to the Inspector General a formal note today, the essential part of which, on my strict interpretation, will read as follows:

'Before advising American firms to sign the prescribed Peiping form, I should be obliged if you would confirm my understanding that the Chinese authorities have no idea of proclaiming or enforcing against American firms laws and regulations governing oil factories which are in contravention of treaties in force.'

5. The concluding paragraph of our note will have the exact wording given [in] the draft enclosed in my despatch No. 239 of October 27.

6. On receipt of the reply from Bureau of Reconstruction in the terms quoted above, we propose, subject to the approval of our Legations, to advise our oil companies to proceed with registration.

Repeated to the Legation and Nanking."

The concluding paragraph of the note referred to merely reserves the right of protest against imposition of business taxes upon American oil companies.

Minister proposes to instruct Canton and inform Department upon arrival at Nanking.

For the Minister :

GAUSS

⁹⁹ Not printed.

¹ Col. C. W. Leung, Chinese Counselor for Foreign Affairs, Canton Military Headquarters.

693.116/112: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 8, 1933—noon.
[Received November 8—8:45 a. m.]

842. Legation's 840, November 7, noon. Following from American Consul General at Canton to the Legation and Nanking:

"November 7, 6 p. m. My telegram of November 4, 4 p. m. This afternoon British Consul General and I have received identic replies from Inspector General for Foreign Affairs stating that he referred our letter to the Reconstruction Bureau and is now in receipt of a reply from the Bureau stating that the Chinese authorities have no idea of proclaiming or enforcing laws and regulations governing oil factories which are in contravention of treaties in force.

2. The Chinese text follows that set forth in our note to Inspector General and we are both satisfied that we can safely accept this assurance that the foreign oil companies will not prejudice their treaty rights by registering. We are of the opinion that the intention of the local authorities now is to concentrate on collection of revenue rather than to restrict activities of foreign oil companies.

3. May I advise American companies to apply for registration in the terms of the application form?"

The Minister will issue instructions to Canton.

For the Minister:
GAUSS

693.116/114: Telegram

The Counselor of Legation in China (Gauss) to the Acting Secretary of State

PEIPING, November 11, 1933—2 p. m.
[Received November 11—1:15 p. m.]

849. Following from Minister at Nanking:

"1. Reference Department's telegrams 363, November 3, 5 p. m.,² paragraph 4; and 366, November 4, 2 p. m.; and Legation's 840, November 7, noon; and 842, November 8, noon.

2. Prior to my departure from Peiping, Netherlands Minister informed me that he had confined action to note of protest against original proposals of Canton authorities in matter. British Minister was absent when I left Peiping. Am now seeking conference with French Minister as to his views in regard to present situation but assume that in view of developments indicated in Canton's two telegrams repeated to the Department by Legation's 840 and 842, the Department will not desire any departure from line of negotiations which have finally had such results in this difficult matter. With the Department's approval, I accordingly propose, in further-

² Post, p. 653.

ance of my instruction to Canton quoted in paragraph 2 of my 817 [816] of October 27, 2 p. m. to the Department, to instruct Ballantine to advise oil companies that they may proceed with the registration which they have long since elected to make."³

By direction of the Minister I have consulted the British Minister who informs me that he has instructed British Consul General at Canton that he may permit oil companies to apply for registration when his American colleague receives similar instructions.

GAUSS

693.116/121 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, January 3, 1934—3 p. m.

[Received January 3—8 a. m.]

5. Department's 374, November 13, 6 p. m.⁴ Following from Consul General, Canton, to the Legation and Nanking:

"December 29, 11 a. m. Present status of kerosene question is as follows: Registration of foreign oil companies effected December 19. Liquid fuel for refining is being imported without restrictions. Although companies have not yet begun to market oil refined from these imports, they do not anticipate that sales will be restricted if they pay the prescribed tax. The tax regulations, as published in the press, however, provide for a system whereby the tax, amounting to \$3 national currency per 10 gallons, can be paid for with debentures purchased for one-third cash down. The foreign companies are apprehensive that this means that the native companies will be relieved of the necessity of paying the balance, thus resulting in a discrimination in their favor to the extent of \$2 per 10 gallons. The foreign companies are now planning to institute test cases to determine how the regulations will be enforced in practice."

JOHNSON

**REPRESENTATIONS AGAINST A WOLFRAM MONOPOLY IN
SOUTH CHINA**

893.6359 Wolfram Ore/2 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 21, 1933—6 p. m.

253. Canton, under date July 20, 1 p. m.,⁴ reports the probable but apparently unconfirmed granting by the Chinese Government

³ The Department, in its telegram No. 374, November 13, 6 p. m., concurred in the Minister's proposal.

⁴ Not printed.

to the British firm of Arnhold and Company of an export monopoly for wolfram ore.

If, upon further investigation, it is ascertained that such monopoly has been granted, Department suggests, providing you concur, that Legation instruct the Consul General at Canton to register appropriate protests, both oral and written, with the local authorities. (See Article III of the Nine Power Treaty of 1922;⁶ Article XV of the Sino-American Treaty of 1844⁷ and Article XIV of the 1858 French Treaty of Tientsin.⁸)

If the action suggested above fails to achieve desired results, Department suggests that Legation lodge a formal protest with the Nanking authorities.

PHILLIPS

893.6359 Wolfram Ore/4: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 26, 1933—9 a. m.
[Received July 26—1:35 a. m.]

623. Legation's 621, July 24, 3 p. m.⁹ Following telegram has been sent Canton:

"July 26, 9 a. m. Your July 20, 1 p. m. On the basis July 20th news reports of monopoly, Legation's Nanking Office addressed informal inquiries to Ministry of Industries which informally confirms report and states plan has the approval of Executive Yuan. Legation seeking confirmation through Foreign Affairs and if confirmation received will lodge immediate formal protest on the ground that monopoly is in violation of article 3 of the Nine-Power Treaty of 1922, article 15 of the Sino-American treaty of 1844 and article 14 of the Sino-French treaty of 1858. If local export situation now indicates that your protest on similar grounds to Canton authorities will be useful you may, pending Legation's further instructions, lodge such protest."

Nanking has been appropriately instructed.

JOHNSON

893.6359 Wolfram Ore/8: Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 28, 1933—6 p. m.

265. Your 636, July 28, 2 p. m.,⁹ and previous. Hankow in its telegram 38 of July 28, noon,⁹ reports, *inter alia*, statement by Arn-

⁶ *Foreign Relations*, 1922, vol. I, p. 276.

⁷ Miller, *Treaties*, vol. 4, p. 559.

⁸ *British and Foreign State Papers*, vol. LI, p. 637.

⁹ Not printed.

hold and Company that on August 1 it will have a monopoly of the initial trade of tungsten in China for 2 years under grant from Nanking Government and that such plan was approved by Executive Yuan July 15.

Irrespective of whether Arnhold and Company will be able in near future effectively to control the total export from China of tungsten, it would appear that what at least in form is a monopoly has been granted to such company. Department therefore suggests that Legation lodge promptly with the Nanking authorities a formal protest against such monopoly based on the treaty provisions indicated in the Department's 253 of July 21, 6 p. m.

PHILLIPS

893.6359 Wolfram Ore/13: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, August 12, 1933—noon.

281. Your 657, August 9, 9 a. m.¹⁰ In conversations in New York on August 6 and 7 with Soong, officer of the Department took occasion to comment adversely on the grant of a monopoly for export of wolfram. Soong expressed the view that the principle involved in the action taken by Chinese authorities was wrong and said he would see what he could do about rectifying the situation.

HULL

893.6359 Wolfram Ore/16: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 30, 1933—3 p. m.

[Received August 30—4 a. m.]

717. Legation's 688, August 16, 10 a. m.¹⁰ Following from Consul General Canton to the Legation and Nanking:

"August 29, noon. I have been informed by the Commissioner of Customs that he is now, provisionally, in position to pass wolfram ore.

Dealers report 800 tons already shipped to Hong Kong without Nanking huchao."

JOHNSON

¹⁰ Not printed.

893.6359 Wolfram Ore/21 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 2, 1933—9 a. m.

[Received October 2—3 a. m.]

789. Legation's 688, August 16, 10 a. m.;¹³ 717, August 30, 3 p. m.; and previous regarding tungsten monopoly. Foreign Office in its note of August 28 in reply to the Legation's formal protest of July 31 states *inter alia*:

"Now the Chinese Government has established a tungsten sales bureau making the sale of tungsten ores an enterprise exclusively operated by the Government and this is by no means for the purpose of restoring the system of hong merchants nor of establishing a system similar to hong merchants. Therefore, there is no conflict with the articles (of the treaties) mentioned."

The treaty articles referred to were those indicated in the Department's telegram No. 253 of July 21, 6 p. m., with the substitution of 1844 for 1858 in the reference to the Sino-American treaty to be cited.

Tungsten note further evasively states that creation of monopoly sales bureau by Ministry of Industries and the appointment of Arnhold and Company as sales agents of bureau are not in conflict with the principle contained in items A and B of article 3 of the Nine-Power Treaty for the following reasons:

"Item A refers only to rights in a region and item B refers to monopolies or preferences enjoyed by foreign countries. The agreement concluded in this instance between the Ministry of Industries and Arnhold and Company is a contract for goods and contains no elements of a sales monopoly."

The Legation has drafted reply to the Foreign Office contravening each of the points raised. In regard to the Nine-Power Treaty citation the Legation has particularly invited attention to the final paragraph of article 3 which Foreign Office refrained from mentioning in its subsequent evasive reply. After quoting this paragraph Legation's draft reads:

"In organizing the monopoly and in placing the machinery for carrying it out in the hands of the British first, the Chinese Government definitely violates the principles clearly enunciated in the above-quoted extracts from the treaty."

The above is believed to be in full accord with the Department's attitude as set forth in its telegram No. 105, March 25, 5 p. m., 1930,¹⁴ in reference to proposed Shansi Provincial Tobacco Monopoly but

¹³ Not printed.

¹⁴ *Foreign Relations*, 1930. vol. II, p. 296.

since Foreign Office implies that present monopoly is not in violation of treaties because it is technically vested in a Ministry of Industries official sales bureau rather than directly in some foreign firms the Legation's proposed reply is indicated to the Department with a request for its instructions.

As stated in my 688, August 16, 10 a. m.;¹⁵ and 717, August 30, 3 p. m., the refusal of the Southwest Political Council, the military leaders of which control 80 percent of the tungsten-producing area in China, to be a party to the monopoly scheme conceived by the Nanking authorities renders the scheme largely nugatory at this time but the principle involved is an important one.

JOHNSON

893.6359 Wolfram Ore/22: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 6, 1933—3 p. m.

336. Your 780 [789], October 2, 9 a. m. Department approves of Legation's proposed reply to Foreign Office but suggests that the portion quoted for the Department's approval in your telegram under reference be amended to read as follows:

"It is the opinion of the American Government that the organizing of the monopoly by the Chinese Government and the placing of the machinery for its execution in the hands of an exclusive agency contravene both the letter and the spirit of the principles clearly enunciated in the above-quoted extracts from the Nine Power Treaty of 1922 as well as those contained in Article XV of the Sino-American Treaty of 1844 and Article XIV of the 1858 French Treaty of Tientsin."

HULL

893.6359 Wolfram Ore/27

The Minister in China (Johnson) to the Acting Secretary of State

No. 2381

PEIPING, November 16, 1933.

[Received December 18.]

SIR: I have the honor to refer to the Legation's despatches, No. 2326, of October 9, 1933, and No. 2355 (confidential) of November 1, 1933,¹⁶ on the subject of the Chinese government wolfram (tungsten) ore monopoly, and to enclose a copy in translation of a Note from the Ministry of Foreign Affairs, dated November 8th,¹⁵ which quotes the Ministry of Industry as stating that the agreement for the export-

¹⁵ Not printed.

¹⁶ Neither printed.

tation of tungsten ore concluded between that Ministry and Messrs. Arnhold and Company has been cancelled.

The Legation is informing the Consuls General at Canton, Hankow, Nanking and Shanghai, of the Note from the Ministry of Foreign Affairs, and in view of the report communicated in the Legation's confidential despatch No. 2355, the Consuls General are being requested to inform the Legation promptly of any indication of a revival of the government tungsten monopoly or of a monopoly sales contract.

Respectfully yours,

For the Minister:
C. E. GAUSS
Counselor of Legation

**EFFORTS OF THE UNITED STATES TO MEET SITUATION CREATED
BY IMPOSITION IN CHINA OF TAXES CONSIDERED UNFAIR TO
AMERICAN TRADE**¹⁸

898.156/63 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 24, 1933—noon.

[Received January 24—3:11 a. m.]

81. Legation's despatch 1831, November 26, 1932,¹⁹ Shanghai foreign shore regulations. Following telegram has been received from Shanghai Consul General.

"On January 16th Land Bureau of Shanghai Municipality demanded from American firms concerned payment of fees for use of shore line including back fees and fee for first half of present year. Land Bureau states payment must be made before January 20th without further delay. In accordance with Department's instruction companies have been advised not to comply with this request."

The Legation is taking no action pending actual attempts to enforce payment upon American companies.

JOHNSON

¹⁸ Continued from *Foreign Relations*, 1931, vol. III, pp. 981-1009.

¹⁹ Not printed.

893.156/63 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 31, 1933—1 p. m.

34. Your 81, January 24, noon. Department suggests that Chinese authorities might be dissuaded from making any serious attempt to enforce the demands against American nationals if the Legation would now address another note to the Ministry of Foreign Affairs referring to the Legation's note No. 519, November 26, 1932,²⁰ and to the demands made on American firms at Shanghai for payment of foreshore fees, and stating that, in accordance with the position of the American Government outlined in the note under reference, the American firms concerned have been advised not to comply with the demand recently made on those firms for the payment of foreshore fees.

STIMSON

893.156/65

The Minister in China (Johnson) to the Secretary of State

No. 2065

PEIPING, April 20, 1933.

[Received May 26.]

SIR: In reference to the Department's telegram No. 34, January 31, 3 [1] p. m., I have the honor to enclose for the Department's information a copy of my formal note No. 545 of February 2, 1933, to the Ministry of Foreign Affairs²¹ in regard to the regulations promulgated by the Shanghai Municipal Government to govern the use of the foreshore along the Whangpoo River within the Municipality of Shanghai. There is also enclosed a copy of the reply of the Foreign Office dated March 31, 1933,²¹ in which there is quoted a lengthy communication addressed to the Foreign Office by the Shanghai Municipal Government which again requests that the American Government instruct American riparian owners to pay the fees required under the Foreshore Regulations. The Shanghai Municipal Government contends that the Regulations do not constitute a unilateral modification of existing agreements between China and the Foreign Powers and do not provide for an exercise by the Shanghai Municipal Government of a control now exercised by the Whangpoo Conservancy Commission in respect of harbor and conservancy matters on the Whangpoo River. The Shanghai authorities further state that the Texas Company (American), the Asiatic

²⁰ Not printed; see telegram No. 380, November 23, 1932, 3 p. m., to the Minister in China, *Foreign Relations*, 1932, vol. iv, p. 607.

²¹ Not printed.

Petroleum Company (British), and other foreign firms have already, in compliance with the Foreshore Regulations, paid the fees required thereunder.

In view of the fact that both the British and American Governments have instructed their respective nationals not to pay such fees, the Legation has addressed an instruction to Consul General Cunningham under to-day's date (copy enclosed ²⁸) requesting information regarding the accuracy of these statements of the Shanghai authorities and requesting the American Consul General's comments, with particular regard to the Shanghai Municipality's claim that its present Foreshore Regulations do not provide for an exercise by the local Shanghai authorities of a control now exercised by the Whangpoo Conservancy Commission under existing agreements between China and the Foreign Powers.

Upon receipt of reply from the Consul General at Shanghai, the Legation will make further report to the Department.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.156/67

The Minister in China (Johnson) to the Acting Secretary of State

No. 2165

PEIPING, June 24, 1933.

[Received July 28.]

SIR: I have the honor to refer to the Legation's despatch No. 2065, April 20, 1933, concerning the regulations governing the use of the foreshore in the Shanghai Municipality, and to enclose for the Department's information copies of subsequent correspondence ²³ upon the subject.

In reply to the inquiries contained in the Legation's instruction to him of April 20, 1933, the Consul General at Shanghai stated that the foreshore fees paid by the Texas Oil Company were levied upon property located upon Gough Island which was registered in the name of a Chinese; that the Asiatic Petroleum Company had paid taxes upon similar property; and that the Nomura Lumber Company (Japanese), had paid the fees upon its property located upon Soochow Creek through error on the part of one of its clerks who was unaware of the significance of such payment, but that so far as he has been able to ascertain these firms have not paid the foreshore fees upon any other property.

As the Consul General also stated that the Engineer-in-Chief of the Conservancy Board, Dr. Chatley, did not consider these regulations as infringing on the Board's control, the Legation, in a tele-

²⁸ Not printed.

graphic instruction of June 7, 4 p. m., informed the Consul General that in its opinion Article 2 and following articles of the Revised Foreshore Regulations vest in the Land Bureau power to block action in accordance with Article 7 of the Whangpoo Conservancy Agreement²⁴ and Supplementary Article (12) regulating registration and sale of *shenko* lands on the Whangpoo. The Legation therefore requested to be informed as to whether the Shanghai authorities contemplated any further revision of the Foreshore Regulations.

The Consul General replied in a telegram of June 15, 11 a. m., expressing concurrence in the Legation's opinion and stating that there was no evidence that a further revision of the Regulations was contemplated. This telegram was supplemented by his despatch No. 7592, June 15, 1933, with which he enclosed a memorandum of a conversation between Consul Josselyn of his office and the Engineer-in-Chief of the Whangpoo Conservancy Board.

From this memorandum it would appear that the basis for Dr. Chatley's statement that these regulations do not infringe on the Conservancy Board's control is the fact that the Conservancy Board finds it extremely difficult to oppose the Chinese Government or the Shanghai Chinese authorities in a matter of this kind even though their aims and policies are in conflict. Dr. Chatley intimated, however, that he would welcome a protest from the interested Powers against the Foreshore Regulations.

The Consul General says:

"I am of the opinion that the revised Foreshore Regulations do, in fact, give power to the Land Bureau to block or interfere with the functions of the Conservancy Board as set forth in Article VII of the Whangpoo Conservancy Agreement and Supplementary Article XII."

He also feels that the whole effect of these regulations is to establish an authority independent of the Conservancy Board, to control the shore line or foreshore, to decide what wharves, pontoons, et cetera, shall be built thereon, and also to determine whether a riparian owner may or may not have access from the river to his own property.

As the Department's attitude toward the regulations has been fully explained to the Ministry of Foreign Affairs in the Legation's notes of November 26, 1932, and February 2, 1933, the Legation will not reply to that Ministry's note of March 31, 1933,²⁵ unless pressed by that Ministry to do so, or unless further efforts to enforce the regulations should make such action seem advisable.

Respectfully yours,

NELSON TRUSLER JOHNSON

²⁴ Signed at Peking, September 27, 1905, *Foreign Relations*, 1905, p. 122.

²⁵ Notes not printed.

893.512/1280

*The American Minister in China (Johnson) to the Chinese Acting
Minister for Foreign Affairs (Wang Ching-wei)*²⁶

No. 656

PEIPING, October 12, 1933.

EXCELLENCY: I have the honor to invite Your Excellency's attention to the situation which the American Consul at Foochow informs me exists with relation to the efforts of the Fukien Provincial authorities to collect a so-called "business tax" upon the various products of the foreign oil companies doing business there.

In reply to the Consul's protests, the Provincial authorities have maintained that this "business tax" was levied only upon Chinese dealers and retailers, and could in no way be considered as a tax upon the American oil companies. However, the American Consul informs me that on August 28, 1933, representatives of the tax office stopped a shipment of kerosene belonging to the Texas Company (China) Limited, which was en route from Kwangtow to Lau Gie, on the grounds that the "business tax" had not been paid; that they have seized and have not released a shipment of eleven (11) tins of kerosene consigned by the same company to its agent at Futsing; and that they have compelled that company to pay the "business tax" upon gasoline sold by it to the airplane of the Pacific American Airways, an American corporation, on September 2, 1933, when that plane called at Foochow for fuel.

In addition, the tax authorities have demanded that the American oil companies assist them in the collection of this so-called "business tax" by informing the collectors in advance for tax collecting purposes of all contemplated shipments made in their own floating equipment from one of their installations to the other in Foochow.

From the above, and from similar incidents which the Consul informs me occur frequently at Foochow, it appears that the tax authorities are in effect endeavoring to collect this so-called "business tax" from the American companies.

As the imposition of this so-called "business tax" upon the products of the American oil companies appears to be contrary to former rulings of Your Excellency's Government and in violation of the "Provisional Law Governing the Supervision of Local Finances", promulgated by Your Excellency's Government on December 13, 1932, I have the honor to bring this situation to Your Excellency's attention with the request that measures be taken to relieve the

²⁶ Copy transmitted to Department by the Minister in China in his despatch No. 2323, October 12; received November 4.

American oil companies from the illegal interference with their trade by the Fukien Provincial authorities.²⁷

I avail [etc.]

NELSON TRUSLER JOHNSON

INFORMAL GOOD OFFICES OF THE DEPARTMENT OF STATE ON BEHALF OF THE PAN AMERICAN AIRWAYS IN ESTABLISHING SHANGHAI-CANTON LINE

893.796/158 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 13, 1933—5 p. m.

247. Pan American Airways informs Department that, following its purchase last March of 45 per cent interest in China National Aviation Corporation, it attempted, through its wholly owned subsidiary, Pacific American Airways, to inaugurate, under a sub-contract from the China National, a postal service between Shanghai and Canton but that project failed due to certain unreasonable demands of Minister of Communications following pressure upon the latter from the Sino-German Eurasia Company which is aggressively interested in obtaining similar rights for air service.

Department wishes to ascertain whether the local representative of Pan American Airways has kept the Legation and/or Peck fully informed concerning the plans of his company and whether, in the opinion of the Legation and Peck, it would be appropriate and practicable and whether any useful purpose would be served by the Department and/or Legation making to the appropriate authorities of the Chinese Government either formal or informal representations on behalf of the American interests concerned.

If response to this instruction necessitates conference with the local representative of Pan American Airways, it should be impressed upon him that he is being approached in strict confidence.

PHILLIPS

893.796/161 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 27, 1933—11 a. m.

[Received July 27—5:37 a. m.]

627. 1. Department's 247, July 13, 5 p. m. As the Department's instruction was the first official information of these difficulties

²⁷ The Chinese Foreign Office reply on November 14 indicated that the Ministry of Finance had instructed the Fukien Provincial Bureau of Finance to cease the collection of these taxes upon gasoline and kerosene (893.512/1297).

received by the Legation and as Olmstead, representative of Pan American Airways, had [not] even mentioned the subject to the Legation a paraphrase of the Department's instruction was mailed to the Counselor of Legation at Nanking, to which Counselor of Legation has replied as follows:

"July 26, 10 a. m. Your instruction July 17. Bixby, president China Airways, July 25, 3 p. m., in Shanghai gave me information contained in Department's July 13, 5 p. m., and requested my informal good offices. He added the important information that the Shanghai-Canton line was intended to be ultimately link in trans-Pacific air line of Pan American and pointed out that proposed contract stood for Chinese 'sovereignty' since services in China under contract would be performed on behalf of a Chinese concern; viz, the China National Aviation Corporation. I have received apparently reliable information that British as well as German interests wish to obtain permission to extend their respective air lines into China and I respectfully suggest that it would be appropriate and useful for Legation to extend informal good offices on behalf of Pan American. Despatch follows."

3 [2]. I shall await the receipt of Counselor's despatch²⁸ before taking further action but am inclined with Department's approval to instruct him to use his informal good offices.

JOHNSON

893.796/161 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 31, 1933—5 p. m.

270. Your 627, July 27, 11 a. m., last paragraph. In the light of Peck's and your views that extension of informal good offices would be appropriate and useful, Department authorizes you in your discretion to proceed as indicated.

PHILLIPS

893.796/173

*Press Interview Given by the Chinese Minister (Sze) on Occasion of the Inauguration of Air Service Between Shanghai and Canton, October 24, 1933*²⁹

One of the most important steps in the extension of modern transportation in China will be taken today with the inauguration of regular air transport service between Shanghai and the chief commercial centers of coastal China as far as Canton by the Chinese

²⁸ Not printed.

²⁹ Copy handed to the Chief of the Division of Far Eastern Affairs by the Chinese Minister on October 23.

National Aviation cooperation [*Corporation*] with which the Pan American Airways System is associated.

The new service, which will provide the first rapid means of transport and communication between important commercial cities in a territory with a population of nearly one hundred million, will operate over a one-thousand-mile direct route between Shanghai, Wenchow, Foochow, Amoy, Swatow and Canton. With a one-day service from Shanghai to Canton, the airline schedules will reduce to a fraction the time heretofore required for travel and communication through this important territory. At the outset only air mail will be carried but it is planned to extend the service for the transportation of passengers in the near future.

Of particular importance toward the development of Chinese commercial resources, the service is a new evidence of the friendly spirit of cooperation existing between China and America. It will provide greatly improved facilities for commerce in this trade area, and should materially stimulate the already important commerce between China and America which, even under the extraordinarily depressed conditions of 1932, amounted to over one hundred million dollars. The recent fifty million dollar loan granted by the American Government to China is another expression of this helpful attitude and the service to be provided by the new airway is, we believe, the forerunner of further developments in which the interests of the Chinese and American peoples will be closely bound together.

WASHINGTON, October 24, 1933.

NONADMITTANCE OF CHINESE STUDENTS TO COURSES IN MILITARY AVIATION IN SCHOOLS CONDUCTED BY THE UNITED STATES GOVERNMENT

811.42793/328 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 19, 1933—2 p. m.

346. Yunnanfu's despatch No. 96 to Department under date August 26,³⁰ a copy of which does not appear to have been sent to the Legation, reports the desire of the Yunnan provincial government to send a number of Yunnanese aviators to the United States "to investigate the progress of aviation and to undertake a course in military aviation" or "strictly military flying".

Department desires that you inform Yunnanfu by mail that the only schools in the United States giving courses in military aviation

³⁰ Not printed.

are those of the United States Government and that the Government Departments in charge of these schools (see Department's No. 36, January 28, 1930, 11 a. m. to the Legation ⁸¹) are decidedly reluctant, on the grounds of impracticability, to undertake the training of foreign student aviators. That was the position taken by those Departments in 1930 and their reluctance is greater now than then because the committees in Congress charged with military affairs have recently expressed themselves as opposed to admitting foreign students to the military institutions of the American Government. Although the committees have not definitely recommended against the admission of such students, they have expressed their views on the subject so strongly that the Department would not care to make recommendations for the admission of such students from China except for reasons of extreme potency which do not appear to exist in the case under reference. Moreover, one of the requirements for entrance would be a sound working knowledge of the English language, which the students in this case do not appear to possess.

2. The Vice Consul at Yunnanfu should explain this situation as tactfully as possible to the authorities who have approached him, suggesting that requests for the information sought in such cases might more appropriately be made through the Central Government at Nanking and (a) emphasizing that the interested students might find the instruction which they seek in the military aviation school of the Chinese Government at Hangechow which has a number of competent American instructors; (b) suggesting that if these students are interested in the courses of flying taught in the aviation schools approved by the Department of Commerce they or the Nanking Government might address inquiries to such of those institutions as are listed in the approved lists of schools on file in the Yunnanfu Consulate, to which the Vice Consul refers in his despatch; and/or (c) suggesting that they might approach the agents in China of various American aviation manufacturers who are probably in position and would be glad to give definite advice and assistance in regard to the courses given by American aviation schools. If the Vice Consul does not have a list of such agencies the Consuls General at Hong Kong or Shanghai are probably in position to furnish him with such a list.

3. Also instruct Yunnanfu in the future to send to the Legation copies of all its despatches on this and related subjects.

HULL

⁸¹ Not printed.

APPLICABILITY OF CHINESE JURISDICTION TO AMERICAN
SCHOOLS IN CHINA ²²

393.1164/160

The Secretary of State to the Minister in China (Johnson)

No. 1055

WASHINGTON, April 13, 1933.

SIR: Referring to the Department's instructions No. 1402 of November 15, 1929,³³ and No. 327 of December 8, 1930,³⁴ in regard to the Department's attitude on the question of the status, under the treaties, of schools established in China by American missionary organizations, there is enclosed herewith a copy of an instruction of even date to the Consul General at Shanghai in connection with the University of China at Chen Ju, near Shanghai. The Department desires that the Legation circularize this instruction among consular officers in China.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

[Enclosure]

*The Secretary of State to the Consul General at Shanghai
(Cunningham)*

WASHINGTON, April 13, 1933.

SIR: Reference is made to your despatch No. 8715 of January 17, 1933, and its enclosures,³⁵ in regard to the protest made by Mr. Charles W. Rankin, President of the University of China at Chen Ju, near Shanghai, against the Department's attitude on the question of the status, under the treaties, of schools established in China by American missionary organizations. With regard to this matter, the Department had already, prior to the receipt of your despatch, received by reference from The White House a letter, dated January 10, 1933, addressed to the President by Mr. Rankin,³⁶ making a similar protest. With Mr. Rankin's letter there was also received the original of your letter to him of January 4, 1933.³⁶

Although the Department has given most careful and sympathetic consideration to and understands and appreciates Mr. Rankin's point of view, it is constrained to hold that his interpretation of the treaties is not warranted by their texts and is contrary to the recognized principle that international agreements involving a limitation upon the exercise of the sovereignty of a state within its own territorial limits are to be strictly interpreted.

²² For previous correspondence, see *Foreign Relations*, 1931, vol. III, pp. 1010 ff.

³³ *Ibid.*, 1930, vol. II, p. 538.

³⁴ *Ibid.*, p. 544.

³⁵ None printed.

³⁶ Not printed.

The only provision in any of the Sino-American treaties which expressly accords to American nationals the right to establish and maintain schools in China is contained in Article VII of the Additional Articles of the Treaty of 1858,³⁷ and that right is expressly limited to treaty ports, while the last paragraph of Article XIV of the Treaty of 1903,³⁸ upon which Mr. Rankin apparently relies for support of his contention, provides that "Missionary societies of the United States shall be permitted to rent and to lease in perpetuity as the property of such societies buildings or lands in all parts of the Empire for missionary purposes" (underscoring by the Department.)

Accordingly the interpretation placed by Mr. Rankin on Article XIV of the Treaty of 1903 to the effect that the authorization contained in that Article to lease lands and buildings "for missionary purposes" includes the right to establish schools for the education of Chinese would be valid only if it could be established that Article XIV of the Treaty of 1903 had the effect of amending and enlarging the provisions of Article VII of the Additional Articles of the Treaty of 1858, which grants the right to establish schools in treaty ports. However, an examination of the two Articles definitely establishes the absence of any tenable basis for Mr. Rankin's construction, as it is clear that the provisions of Article XIV of the Treaty of 1903 could not have been intended in any way to affect the provisions of Article VII of the earlier treaty, but merely repeated the right granted by Article XXIX of the Treaty of 1858³⁹ to "teach and practise the principles of Christianity", with certain reservations as to the jurisdiction of the Chinese authorities over Chinese subjects, and authorized American missionary societies to lease lands and buildings "for missionary purposes".

It is therefore evident that the negotiators of the treaties regarded the right to establish schools and the right to teach Christianity as separate and distinct grants, as these grants were expressly provided for in different articles, one of which authorized the establishment of schools in a limited area without any reference to religion or missionaries while the other authorized the teaching and practice of Christianity and the leasing of lands and buildings "for missionary purposes" without any reference to the establishment of schools.

The Department is likewise unable to acquiesce in Mr. Rankin's view that Article IX of the Treaty of 1869 between Austria and China⁴⁰ affords any support for his interpretation of Article XIV

³⁷ Signed at Washington, July 28, 1858, Malloy, *Treaties, 1776-1909*, vol. 1, p. 234.

³⁸ Signed at Shanghai, October 8, 1903, *Foreign Relations, 1903*, p. 91.

³⁹ Signed at Tientsin, June 18, 1858, Miller, *Treaties*, vol. 7, p. 793.

⁴⁰ Signed at Peking, September 2, 1869, *British and Foreign State Papers*, vol. LXXI, p. 159.

of the Treaty of 1903 between the United States and China. The Sino-Austrian Treaty under reference was expressly limited in scope to treaty ports and in so far as it permitted Austrians to establish schools in China, was comparable to and conferred no greater rights than Article VII of the Additional Articles of the Treaty of 1858.

It would seem to be clear therefore that, while the treaties expressly authorize the teaching of the principles of Christianity and, in connection with this authorization, permit American missionary societies to use lands and buildings for their missionary work, the treaties confer no right on American missionary societies to maintain schools for the combined secular and religious education of Chinese and the Department is accordingly confirmed in the opinion which it communicated to the Legation in its instructions No. 1402 of November 15, 1929, and No. 327 of December 8, 1930. The Department desires therefore that you return to Mr. Rankin your letter to him of January 4, 1933, informing him of the Department's views as set forth herein and state that the Department cannot oppose the efforts of the Chinese authorities to require the registration of the University of China.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

393.1164/163

*The Secretary of State to the Consul General at Shanghai
(Cunningham)*

WASHINGTON, September 2, 1933.

SIR: The Department has received your despatch No. 8933 of May 31, 1933, and its enclosure,⁴¹ a letter from Mr. Charles W. Rankin, President of the University of China, addressed to the President of the United States, appealing from a ruling by this Department to the effect that the treaties with China confer no right on American missionary societies to maintain schools for the combined secular and religious education of Chinese free from regulation by the Chinese authorities and that accordingly the Department could not oppose the efforts of the Chinese authorities to require the registration of the University of China in accordance with Chinese regulations.

Mr. Rankin's letter was transmitted to the White House and has been returned to this Department for reply. You will accordingly so inform Mr. Rankin and state that while the Department is not disposed to question the correctness of his views as to the usefulness and effectiveness of schools for missionary purposes, that question

⁴¹ Neither printed.

is not involved in the Department's decision under reference. That decision is based solely on the ground that the treaties with China do not confer on American missionary societies the right to maintain schools for the combined secular and religious instruction of Chinese free from regulation by the appropriate Chinese authorities. The arguments adduced by Mr. Rankin in his letter under reference do not appear to afford any basis for a modification of the Department's position, and the Department is therefore impelled to reaffirm its ruling in the matter under reference.

Since there is no apparent reason why Mr. Rankin could not have transmitted his letter to the President directly, the Department is unable to perceive any reason for its transmission through the Consulate General and the Department, and you are accordingly instructed to refrain from acting as a medium of transmission for communications of this character.

Very truly yours,

For the Secretary of State:
HARRY F. PAYER

AMERICAN INTEREST IN PROBLEMS AFFECTING THE INTERNATIONAL SETTLEMENT AT SHANGHAI^a

893.1028/1273 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 1, 1933—11 a. m.

104. Your 287, March 29, noon.⁴³ With regard to the remaining course of action referred to by the Consul General and the statement contained in the last sentence of the third paragraph of his despatch 8326, June 11, 1932, to the Department,⁴³ to the effect that the Department's instructions will be sought, the Department is of the opinion that its previous instructions 298, September 1, 1932, 6 p. m.⁴⁴ and 359, October 31, 1932, noon,⁴⁵ are still adequate in that substantially they authorize you and the Consul General to continue your efforts to bring about the consummation of an agreement, but a strictly local agreement as between local authorities, which does not require the signatures of representatives of the American Government. If you desire further instructions or comment on the part of the Department, the Department desires that you and the Consul General first discuss the entire situation thoroughly with your interested colleagues and inform the Department regarding the views of the other

^a Continued from *Foreign Relations*, 1932, vol. iv, pp. 628-654.

^b Not printed.

^c *Foreign Relations*, 1932, vol. iv, p. 641.

^d *Ibid.*, p. 649.

interested powers as expressed by their representatives in such discussions, together with your comment and recommendations.

HULL

893.102S/1279

*The American Minister in China (Johnson) to the Brazilian Minister in China (Velloso)*⁴⁶

PEIPING, April 7, 1933.

MY DEAR MR. MINISTER: With reference to our conversation of yesterday concerning the proposed agreement regarding extra-Settlement roads at Shanghai, I have pleasure in briefly outlining the present status of the case. As you are aware, this matter of extra-Settlement roads has long been an extremely vexed one and there had been much discussion of the matter by the Shanghai Municipal Council, the Consular Body at Shanghai, and the Chinese authorities when on September 29th last the newly appointed Japanese Consul General informed the Senior Consul that the proposed agreement regarding the extra-Settlement roads would be accepted by the Japanese Government provided certain revisions should be made. One of the chief of the revisions suggested by the Japanese was that the agreement should be referred to the Consular Body and the Diplomatic Body for prior approval, as Japan considered that the agreement would affect the treaty rights of the Powers.

At the time of this notification from the newly appointed Japanese Consul General the Chinese authorities appeared to be in a conciliatory mood in reference to the draft agreement which had been approved by the Shanghai Municipal Council and the Consular representatives of most of the interested Powers. The American Government is of the opinion that the proposed agreement should be discussed strictly as an agreement between the Municipal Council of the International Settlement and the Chinese authorities and that there need be no reference of the agreement to, or approval by, the interested Powers as it concerns questions arising outside the boundaries of the International Settlement affecting relations between the Municipal Council of the International Settlement and the authorities of Greater Shanghai.

The American Government, at the end of last October, informed me of its desire that every effort should be made, locally, by informal discussions with the Japanese Consul General and with the representative of the Municipal Council, to resolve the difficulties which

⁴⁶ Copy transmitted to the Department by the Minister in China in his despatch No. 2068, April 22; received May 26.

still stood in the way of a successful conclusion of the agreement. Discussion of the matter continued at Shanghai and in January the Senior Consul reported there was reason to believe that negotiations for a satisfactory *modus vivendi* were progressing satisfactorily with promise of an eventual extra-Settlement road agreement which would be reasonably satisfactory to all parties concerned.

On December 30, 1932, the Secretary General of the Shanghai Municipal Council had transmitted his comments on the Japanese proposals to the Japanese Consul General and at the end of March, 1933, the Japanese Consul General replied with a memorandum which showed a far less conciliatory attitude on the part of the Japanese than had been anticipated by the Municipal Council and the interested Consuls. The Japanese *inter alia* insisted upon a definite statement regarding the employment of Japanese police officers and the approval of the *modus vivendi* by the Extra-territorial Powers, which conditions set forth in the Japanese memorandum were considered by the other interested parties as unacceptable and as appearing not to offer opportunity for further negotiation.

As the situation now stands it appears that the Shanghai Municipal Council has remaining but one course of action which may be briefly summarized as follows:

The Chairman of the Shanghai Municipal Council to sign the agreement on behalf of the Shanghai Municipal Council, and the Mayor of Shanghai to sign on behalf of the Municipality of Greater Shanghai. The ratepayers of the foreign settlements at Shanghai then to be called upon to ratify indirectly such agreement when the budget is passed at the next ratepayers' meeting. Once the agreement is signed by the representatives of the Shanghai Municipal Council and the Municipality of Greater Shanghai, the Chairman of the Shanghai Municipal Council would forward a copy of the agreement to the Senior Consul for his information and the Senior Consul would in turn transmit a copy to the Senior Minister for the information of the Diplomatic Body.

From the latest advices received from the American Consul General at Shanghai I understand that this method of handling the matter is being discussed by the Senior Consul and the Secretary General of the Shanghai Municipal Council.

I am [etc.]

NELSON TRUSLER JOHNSON

893.102S/1303 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 25, 1933—5 p. m.

[Received October 25—9:25 a. m.]

811. Department's 104, April 1, 11 a. m. British Minister when recently in Shanghai, after consultation with Chairman of Munic-

ipal Council, made proposal regarding policing of extra-Settlement Road[s] which proposal has been accepted in principle by the Japanese. British Consul General has requested Cunningham to go with him to see Mayor of Shanghai in a day or two regarding proposal. In accordance with Department's telegram No. 359, October 31, noon, 1932,⁴⁸ and its 104, April 1, 11 a. m., I have instructed Cunningham that he may make call as requested by his British colleague bearing in mind above two Department's instructions that matter is one for settlement by strictly local agreement.⁴⁹

Text of British Minister's proposals and of preliminary Japanese counterproposals are being transmitted by mail in pouch leaving October 27th.⁵⁰ In general they are designed to reduce number of commissioned officers of the allowable special Chinese police force for the outside roads area to a minimum and to try and [meet] jurisdiction [*requirements*] of the Japanese by appointment of Japanese noncommissioned officers, inspectors, et cetera. Both British and Japanese proposals were made by Lampson⁵¹ and Ariyoshi⁵² as purely personal ones and matter is still considered as in confidential stage.

JOHNSON

893.102S/1306

*The Consul General at Shanghai (Cunningham) to the Minister in China (Johnson)*⁵³

No. 7742

SHANGHAI, November 27, 1933.

SIR: I have the honor to refer to my confidential despatch No. 9096 [9069] of August 17, 1933,⁵⁴ with regard to extra-Settlement roads and Japanese aggression, in which it was attempted to set forth the apparent intention of the Japanese with reference to the international Settlement and the extra-Settlement roads in the northern area, and to supplement somewhat the statements contained therein.

There is enclosed an extract from the minutes of a special meeting of the Consular Body held on November 16, 1933, under the heading, "Alleged Encroachment[s] by the Chinese Authorities on the Extra-Settlement Roads."⁵⁰ (It may be explained that special meetings of the Consular Body are composed of extraterritorial consular representatives.) The extract is interesting as showing the Japanese

⁴⁸ *Foreign Relations*, 1932, vol. iv, p. 649.

⁴⁹ The Department approved this instruction to Shanghai in telegram No. 353, October 26, 5 p. m.

⁵⁰ Not printed.

⁵¹ Sir Miles W. Lampson, British Minister in China.

⁵² Akira Ariyoshi, Japanese Minister in China.

⁵³ Copy transmitted to the Department by the Consul General in his despatch No. 9230, November 27; received December 18.

⁵⁴ *Ante*, p. 392.

policy in regard to the extra-Settlement roads. The essence of the statement made by the Japanese Consul General is contained in the fifth paragraph—

“That he had information that Chinese police were even directing traffic along these roads. If the Council was obliged to take strong measures to stop these inroads he was prepared to give it active support, using force if necessary.”

This statement was so definite that it surprised even the most conservative members of the Consular Body. The British Consul General remarked that “it is very interesting indeed.” In a conversation with the British Consul General since that meeting we both expressed the opinion that this statement reflected the policy of the Japanese Government with regard to Shanghai and adjacent areas.

It will be recalled that the negotiations between the Shanghai Municipal Council and the Municipality of Greater Shanghai, in regard to extra-Settlement roads, had broken down in October and very little hope was entertained that an agreement would be reached which would be acceptable to both sides. During the last two years these negotiations have been conducted by the Secretaries General of the two municipalities. The *modus vivendi* agreement was agreed upon by them and submitted to their respective principals (see confidential despatches Nos. 7230 [8326?] of June 11, 1932, and 8431 of August 5, 1932⁵⁸). The Japanese Consul General objected to the putting into effect of this *modus vivendi* but insisted that it should be submitted to and approved by the Consular and Diplomatic Bodies before being signed by the Shanghai Municipal Council. It is due to the breaking down of these negotiations that the extra-Settlement roads question again becomes one of serious consideration, because it has every element for provoking a local incident the results of which may spread throughout China. The Chinese have, since the negotiations began between the two municipalities in regard to extra-Settlement roads, scrupulously observed the *status quo* up to the time that they reached a stalemate. If, as it appears likely, the Chinese now intend to resume their pinpricking policy the extra-Settlement roads will again become as the crater of a volcano and subject to eruption at any time. There is no other question of so much importance and which contains so many elements of danger as that of dual control, particularly policing of the extra-Settlement roads; therefore the Japanese Consul General can very well view with alarm the possible resumption of the practice of attrition which has been, since 1925, the policy of the Chinese, excepting for the *status quo* period pending negotiations.

⁵⁸ Neither printed.

In this office's despatch No. 6634 of September 22, 1930,⁵⁷ and previous despatches, the policy of general attrition was set forth and the view was expressed that the Chinese intended to acquire by gradual attrition the rights which they claimed to be theirs on the extra-Settlement roads. That they have renewed this policy of general attrition is evidenced from the incidents which have recently occurred on extra-Settlement roads. None of these was serious but they are indicative of the definite resumption by the Chinese of their policy of pinpricking annoyances.

There is enclosed a list of incidents⁵⁷ which occurred on extra-Settlement roads between November 1st and 20th, as compiled by the Shanghai Municipal police authorities. This list is interesting and it is believed the Japanese Consul General is justified in the belief that the Chinese no longer are satisfied to sit awaiting negotiations and maintaining a *status quo*.

It is my purpose in the very near future to have a conversation with General Wu Te-chen, Mayor of the Municipality of Greater Shanghai, in the hope that I may be able to form an opinion as to whether these incidents are a part of a policy of the Chinese, or whether they are merely coincidences. It would seem that they are too numerous to be merely coincidences. It is feared that they do indicate a definite policy, having its origin possibly at Nanking, certainly in the administrative offices of Greater Shanghai. If it is concluded that it is a definite policy of some of the higher Chinese officials, I shall informally point out, as I have done repeatedly in the past to the Mayor's predecessor, the great responsibility of undertaking anything that is liable to cause an explosion, such as dual police control of the extra-Settlement roads will certainly cause.

Respectfully yours,

EDWIN S. CUNNINGHAM

893.102S/1307

*Memorandum by the Consul at Shanghai (Josselyn) of a Conversation With the Chinese Commissioner of Finance, Municipality of Greater Shanghai (Choy)*⁵⁸

[SHANGHAI,] December 5, 1933.

Mr. Choy called this afternoon and gave me the following information:

That Sir Miles Lampson's proposal regarding extra-Settlement roads was not agreeable to the Chinese for the reason that the Chinese

⁵⁷ Not printed.

⁵⁸ Copy transmitted to the Department by the Consul General at Shanghai in his despatch No. 9249, December 11; received January 2, 1934.

objected to the appointment of a Japanese as Assistant Commissioner, since the appointment was to be made by the Shanghai Municipal Council and it should be free to appoint anyone it chose, i.e., British, Japanese or American. Also that the Chinese would not be opposed to a Japanese Superintendent in the northern district provided they could "put teeth in the agreement" so that the Japanese Superintendent would be made to serve the Shanghai Municipal Council and not the Japanese Consulate General. I pointed out to Mr. Choy that it was my understanding that the agreement itself would not specify that there should be a Japanese Assistant Commissioner but that the nationality would be understood between the Chinese and the Shanghai Municipal Council.

Choy said that he had just come from a tiffin at which were present Mr. Fessenden,⁶⁰ Mr. H. E. Arnhold⁶¹ of the Shanghai Municipal Council, O. K. Yui⁶² and himself and that at this tiffin Mr. Arnhold had proposed that they sign the original agreement which was initialed in 1932; in other words, ignore the Japanese. Choy said that the Chinese were perfectly willing to do it if Arnhold would get the Shanghai Municipal Council to back him up.

He asked me to let Minister Johnson know the attitude of the Chinese toward Sir Miles Lampson's proposal, and I said I would try to do so.

P. R. JOSSELYN

AGREEMENT EXTENDING DURATION OF THE AGREEMENT AND ATTACHED NOTES OF FEBRUARY 17, 1930, REGARDING CHINESE COURTS IN THE INTERNATIONAL SETTLEMENT AT SHANGHAI⁶³

893.05/356 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 24, 1933—4 p. m.

[Received January 24—5:55 a. m.]

83. My 1405, December 30, 1 p. m.⁶⁴ Chinese Minister for Foreign Affairs has informed British that Chinese Government has come to the conclusion that the best method for prolonging the agreement covering district court of Shanghai would be by the exchange of notes between each individual signatories [*signatory*] and the For-

⁶⁰ Stirling Fessenden, U. S. secretary general, Municipal Council, International Settlement, Shanghai.

⁶¹ British Member, Municipal Council, International Settlement, Shanghai.

⁶² Chinese secretary general, City Government of Greater Shanghai.

⁶³ For previous correspondence on this subject, see *Foreign Relations, 1932*, vol. iv, pp. 628 ff. For text of agreement and attached notes of February 17, 1930, see *ibid.*, 1930, vol. ii, pp. 333-341.

⁶⁴ *Ibid.*, p. 654.

eign Office. I hope I have the Department's authorization to join interested colleagues in identic exchanges with Minister for Foreign Affairs to this end. It will be our purpose also to accompany exchange with identic memoranda covering points concerning which we feel there is need for regarding in the administration of justice in the courts at Shanghai.

JOHNSON

893.05/356 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 27, 1933—4 p. m.

30. Your 83, January 24, 4 p. m. The Department authorizes you to join your interested colleagues in making such arrangements as may be deemed appropriate and practicable for an extension of the agreement with regard to the Chinese courts in the International Settlement at Shanghai signed on February 17, 1930. For your consideration, however, the Department submits the following observations:

(a) As the original agreement was signed jointly, the Department is of the opinion that it would be preferable, although not absolutely essential, that the agreement to extend be signed jointly or that a joint note signed by representatives of all the Powers signatory of the original agreement be sent in reply to the identic notes from the Foreign Office.

(b) The Department is of the opinion that it would be advisable to renew the unilateral declaration of February 17, 1930, made by representatives of the signatory powers and it assumes, of course, that the proposed agreement will expressly extend, concurrently with the main agreement, the understandings set forth in the notes exchanged when that agreement was signed.

STIMSON

893.05/357 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 4, 1933—2 p. m.

[Received February 4—4:50 a. m.]

119. Department's 30, January 27, 4 p. m.

1. Following is text of note of foreign representatives to Chinese Minister for Foreign Affairs:

“Article 10 of the agreement signed at Nanking on February 17, 1930, between the representatives of the Chinese Government on the one hand and the representatives of the Brazilian, American, British, Norwegian, Netherlands and French Governments on the other hand

relating to the Chinese courts in the International Settlement at Shanghai provides as follows:

"The present agreement and the attached notes shall enter into effect on April 1, 1930, and shall continue in force for a period of three years from that date provided that they may be extended for an additional period upon mutual consent of the parties thereto."

It is now proposed as arranged between us that the said agreement and attached notes shall be extended for a period of three years from April 1, 1933, and that they shall continue in force thereafter [until they] are denounced by direction [*either*] of the parties thereto, of which denunciation six months' prior notice shall be given to the other party. We have the honor to state that our Governments agree to the proposed arrangement set forth above for the extension of the said agreements and attached notes and to request Your Excellency's confirmation thereof."

Reply from Minister for Foreign Affairs:

"I have the honor to acknowledge receipt of your note of today's date which reads as follows: (will receive [*quote*] note in full).

In reply I have the honor to confirm that the Chinese Government agrees to the proposed arrangements as set forth above."

2. Lampson who has negotiated this exchange of notes with Minister of Foreign Affairs proposes to sign it on the 7th instant. Note conforms to the Department's instructions and I therefore propose to instruct Peck to sign on my behalf.

3. It appears to me that this is a satisfactory conclusion to this matter.

4. With reference to last sentence of my 83, January 24, 4 p. m., it is [proposed?] to address the following note from the foreign representatives to the Minister for Foreign Affairs, this note to be dated 3 days later than note quoted above:

"With reference to our recent conversation[s], we understand measures are now under contemplation by Chinese authorities for checking undue delay in civil proceedings with special reference to matters of appeal and execution of judgment and that such measures when adopted will apply also to court[s] functioning in the International Settlement at Shanghai. We are grateful for Your Excellency's confirmation of the above understanding."

Reply from Minister for Foreign Affairs "confirms above understanding as correct". Delay indicated is due to the fact that Minister for Foreign Affairs required to submit this matter to Executive Yuan. I am authorizing Peck to sign this also on my behalf.

5. This latter note really represents more than I had expected to get. We had contemplated merely leaving with the Minister for Foreign Affairs a memorandum setting forth our desire that such reforms take place in order that we might be on record on this point

in the future. It is still possible that Minister may be unwilling to exchange formal notes on this subject and I do not consider it would be wise to press him to his embarrassment in view of successful negotiation of major question of prolongation of agreement.

JOHNSON

893.05/357 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, February 4, 1933—1 p. m.

38. Your 119, February 4, 2 p. m.

1. The Department approves your instructing Peck to sign on your behalf.

2. The Department assumes that you are keeping in mind the observation made in Department's 30, January 27, 4 p. m., paragraph (b), in regard to renewing the unilateral declaration of February 17, 1930. The Department understands that the Chinese did not at that time regard this declaration as being one of the "attached notes". However, the decision on this point need not, in the Department's opinion, delay the exchange of notes mentioned in your telegram under reference.

STIMSON

893.05/358 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 6, 1933—noon.

[Received February 6—1:10 a. m.]

123. My 119, February 4, 2 p. m. Paragraph of joint note beginning "It is now proposed" has been replaced by a paragraph reading as follows:

"It is now proposed, as arranged between us, that the said agreement and attached notes shall be extended for a period of three years from April 1, 1933; that either of the parties thereto may notify the other, six months before the expiration of the period, of their desire to denounce them; and that in case both parties fail to do so in time, the agreement and attached notes shall continue in force thereafter, until they are denounced by either of the parties thereto, of which denunciation six months prior notice shall be given to the other party."

A joint note is being addressed by the British, American, Brazilian, Netherlands and French Ministers and Norwegian Chargé to Chinese Minister for Foreign Affairs renewing unilateral declaration made in note of February 17, 1930.

JOHNSON

[The agreement effected by exchange of notes, signed February 8, 11, and 12, 1933, and the unilateral declaration signed February 8, 1933, are printed in Department of State, Executive Agreement Series No. 45.]

893.05/363

*The Counselor of Legation in China (Peck) to the Minister in China (Johnson)*⁶³

NANKING, February 17, 1933.

DEAR MR. MINISTER: Mr. Shinichi Uyemura, Secretary of the Japanese Legation, resident in Nanking, has called upon me to hand me, under the instructions of the Japanese Minister, a translation of a *Note Verbale* from the Japanese Legation to the Chinese Foreign Office dated Shanghai, February 14, 1933, relating to the recently signed notes providing for the extension of the agreement governing the Chinese Courts in the International Settlement in Shanghai. Mr. Uyemura told me that he handed this *Note Verbale* to the Chinese Minister for Foreign Affairs on February 15, 1933.

Mr. Uyemura pointed out to me that this document informed the Chinese Government that the Japanese Government maintained its right to participate in any negotiations for the revision or amendment of the agreement relating to the Courts in the International Settlement, but that the Japanese Government regarded the recent extension of the agreement as a matter of procedure and did not insist upon participation in the arrangements for the extension.

Mr. Uyemura recalled that when the present agreement and attached notes were signed in 1930, Dr. C. T. Wang, Chinese Minister for Foreign Affairs, refused to deal with Japan in the matter, on the ground that the treaties granting extraterritorial rights to Japan had terminated. Mr. Uyemura said, however, that Dr. Wang admitted the interest which the Japanese had in the operation of these Courts and merely said that he would prefer to defer the discussion of the Shanghai Court question with Japan until the extraterritorial question should again be discussed.

Mr. Uyemura volunteered the information that the Chinese Government was on record as insisting that the Japanese treaty right to extraterritorial jurisdiction had lapsed, but as promising that Japanese subjects should be treated as though they still enjoyed such rights. Mr. Uyemura could not give me the date of this assurance and he warned me that the language used was very ambiguous. He said that this assurance had not been published, although an earlier

⁶³ Copy transmitted to the Department by the Minister in China in his despatch No. 1983, March 2; received March 25.

part of the document in which it was found, in which China agreed not to raise the question of extraterritoriality for the time being, had been published.

Mr. Uyemura said that on February 15, 1933, when he handed to Dr. Lo Wen-kan⁶⁹ the *Note Verbale*, a copy of which is enclosed herewith,⁷⁰ he stated that the Japanese Government reserved the right to participate in any revision of the present agreement and that Dr. Lo replied non-committally that he understood this. Mr. Uyemura pointed out to me that the present document is a sort of "unilateral declaration" and does not necessarily call for a reply.

I thanked Mr. Uyemura for his courtesy in calling to present a copy of this *Note Verbale* to the American Legation and I said I would send it to you at once. Mr. Uyemura paid a similar call on M. Baudet, Secretary of the French Legation.

Respectfully yours,

WILLYS R. PECK

QUESTIONS INVOLVING JURISDICTION WITH RESPECT TO EXTRATERRITORIAL RIGHTS OF AMERICAN CITIZENS IN CHINA

893.5034/285 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 23, 1933—5 p. m.

93. Reference your despatch No. 1776 of October 13, 1932,⁷⁰ in regard to the Chinese Factory Law.

As the Department is in sympathy with the idea of cooperating with the Chinese authorities in regard to the question of factory inspection, it is in accord with the views of the Consul General at Shanghai that American factory owners concerned should offer no objection to the reasonable inspection of their factories situated outside of the International Settlement and the French Concession, provided that the Chinese authorities do not attempt to enforce the penal provisions of the Chinese Factory Law. If American factory owners are to be penalized for the manner in which they conduct or manage their factories, such action can only be taken by an American court in China in so far as there may exist adequate and applicable provisions in American law covering the charges which may be brought. While, therefore, approving the attitude of the Consul General with respect to the question of the inspection of American factories located in Chinese-controlled territory at Shanghai as set forth on pages 4 and 5 of his despatch 7330, Sep-

⁶⁹ Chinese Minister of Justice; concurrently Minister of Foreign Affairs, February 1932–August 1933.

⁷⁰ Not printed.

tember 27, 1932, to the Legation,⁷² the Department does not believe that it would be wise to say anything to the Chinese authorities with regard to the penal provisions of the Factory Law other than to make it very clear that these penal provisions are not enforceable against American factory owners.

HULL

693.11212/7 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 21, 1933—10 a. m.

[Received June 21—1:50 a. m.]

543. Senior Consul at Shanghai requested by [*requests?*] Senior Minister to obtain support of Diplomatic Body for Consular Body protest filed with Commissioner of Customs against Shanghai Customs Notification number 1294, April 24, 1933, to the effect that "invoices and contracts will be regarded as evidence of value but not necessarily as exclusive evidence and in this respect their interpretation will rest with the Customs." Notification then proposes to list means available to customs for determining duty paying value of goods including "the inspection of firm's books." Notice concludes "in the case of duty paid goods already imported the customs retain the right to examine firm's books."

Senior Consul protesting to Commissioner of Customs [that he?] may not employ any means of determining the duty paying value of goods in case by [*of?*] firms enjoying extraterritorial status which conflict or are inconsistent with extraterritorial rights and in particular that the inspection of such firm's books cannot be enforced without an order from their respective national courts issued after due process of law.

I am not certain that protest on extraterritorial basis is well founded in view of our treaty abandoning tariff. In any case customs are in a position to enforce order. Department's instructions are requested.

JOHNSON

693.11212/7 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 26, 1933—6 p. m.

221. Your 543, June 21, 10 a. m. Department is of the opinion that while the Treaty concluded between the United States and

⁷² Not printed.

China on July 25, 1928,⁷³ regulating tariff relations, removed the limitations established by prior treaties in regard to "rates of duty on imports and exports of merchandise, drawbacks, transit dues and tonnage dues in China", the Treaty confers no greater authority over American nationals than that exercised by the Chinese Customs authorities before the Treaty of 1928 became effective. As this Government has never admitted the right of the Chinese authorities to compel the inspection of the books of American nationals and as such a right is neither expressly nor impliedly granted by the Treaty of 1928, any attempt by the Chinese authorities to enforce the asserted right to examine the books of American nationals would appear clearly to be in contravention of American treaty rights.

The Department would not be opposed to voluntary compliance by American nationals with requests for the examination of their books by the Customs authorities for the facilitation of the proper administration of the Customs. Department could not, however, admit the right of the Customs authorities to compel the inspection of the books of American nationals except by appropriate proceedings in the United States Court for China.

Department is, therefore, of the opinion that the Consular Body protest as summarized in the second paragraph of your telegram under reference is warranted in so far as it relates to American nationals and you are authorized to join with the Diplomatic Body in supporting the consular protest if such action should be deemed necessary.

Please keep Department fully informed of any developments in this case.

PHILLIPS

893.7971/33

*The American Minister in China (Johnson) to the Chinese Minister for Foreign Affairs (Lo)*⁷⁴

No. 629

PEIPING, July 29, 1933.

EXCELLENCY: I have the honor to inform Your Excellency that my attention has been drawn by the American Consul General at Shanghai to the "Provisional Regulations for the Control of Inter-provincial Motor Vehicle Traffic in Kiangsu, Chekiang, Anhwei, and the Municipalities of Nanking and Shanghai", promulgated December 15, 1932, to be enforced from January 1, 1933.

Article 17 of these regulations provides as follows:

"17. When driven in another province or municipality, motor vehicles shall obey all local traffic regulations. In case of infractions,

⁷³ *Foreign Relations*, 1928, vol. II, p. 475.

⁷⁴ Copy transmitted to the Department by the Minister in China in his despatch No. 2225, August 2; received September 1.

they shall be fined according to the provincial or municipal rules in force at the place where the offense was committed. If the offending vehicle has left the province or municipality in which lies the place where the offense was committed, the traffic office of the province or municipality wherein the owner resides, upon receipt of a notice, may impose the penalty on its behalf."

As the above article provides for the imposition of penalties for infraction of the regulations by the authorities of the municipality or province where the offense was committed, the American Consul General at Shanghai addressed communications to the Chairman of the Provinces of Chekiang and Kiangsu, and to the Mayor of the Municipality of Shanghai, stating that, while he wished to express his admiration of the work which was being done by the municipal and provincial authorities toward the extension of roads, and to give assurances that steps had been taken to urge upon all American citizens the necessity for compliance with the traffic rules in force in the various places, at the same time he was compelled to point out his inability to acquiesce in the punishment by the Chinese authorities by fines, or otherwise, of American citizens who may contravene the traffic rules.

The Chairman of the Chekiang Provincial Government, in his reply to the Consul General, quoted the Ministry of Foreign Affairs to the effect that:

"While the punishment of foreigners who enjoy extraterritorial rights is done heretofore according to treaties by their respective courts in China, it is certainly not impracticable to fine foreigners motoring on inland highways for contravention of highway regulations which is found somewhat different, in nature, from ordinary cases at law."

This reply of the Chairman of the Chekiang Provincial Government quoting Your Excellency's Ministry as his authority for his claim to jurisdiction over American citizens for infractions of these regulations causes me considerable concern. Your Excellency is well aware of the Sino-American treaty provisions giving jurisdiction in such cases to the courts of the nationality of the offender, and it is difficult to understand how such an instruction could emanate from the Ministry of Foreign Affairs.

While assuring Your Excellency of the readiness of the American authorities to take appropriate action in all cases where infractions by American citizens of the traffic rules in question are brought to their attention, I am impelled to request that instructions be issued to the provincial and municipal authorities concerned directing that existing treaty provisions be taken into consideration in their efforts to enforce these regulations.

I shall greatly appreciate the courtesy of an early reply informing me that appropriate instructions have been issued to the authorities concerned.

I avail myself [etc.]

NELSON TRUSLER JOHNSON

893.7971/35

The Minister in China (Johnson) to the Secretary of State

No. 2252

PEIPING, August 16, 1933.

[Received September 15.]

SIR: I have the honor to refer to the Legation's despatch No. 2225, August 2, 1933,⁷⁵ regarding the interprovincial motor vehicle traffic and extraterritorial rights of American citizens, and to enclose for the Department's information a copy of the English translation of a note of August 11, 1933, from the Ministry of Foreign Affairs, together with a copy of the Legation's reply thereto.⁷⁶

The Ministry of Foreign Affairs refuses the request, contained in the Legation's note of July 29, 1933, that instructions be issued to the provincial and municipal authorities concerned directing that existing treaty provisions be taken into consideration when enforcing these new traffic regulations against American citizens.

Pending the receipt of possible instructions from the Department upon the general subject of the applicability of such traffic regulations to American citizens, the Legation has replied to the Ministry of Foreign Affairs reserving the right to protest as the occasion may arise against any infringement of American treaty rights incident to the enforcement of the traffic regulations.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.7971/36

The Secretary of State to the Minister in China (Johnson)

No. 1226

WASHINGTON, November 3, 1933.

SIR: Reference is made to your despatches No. 2225 of August 2, 1933,⁷⁷ and No. 2252 of August 16, 1933, in regard to Chinese interprovincial motor vehicle traffic regulations and the extraterritorial rights of American nationals in China.

The Department is of the opinion that we should maintain firmly our opposition to any attempt by the Chinese authorities to assume jurisdiction over American nationals with respect to the Chinese interprovincial motor vehicle traffic regulations and that the mainte-

⁷⁵ Despatch not printed; for enclosure (Minister's note No. 629, July 29, to the Chinese Minister for Foreign Affairs), see *supra*.

⁷⁶ Neither printed.

⁷⁷ Not printed.

nance of such a policy would do more to discourage the Chinese authorities from arbitrary interference with American motorists than any compromise proposal which would probably be abused and prove in the long run more vexatious than a firm insistence on the observance of the provisions of treaties.

The Legation's communications to the Ministry of Foreign Affairs and the position taken by the Consul General at Shanghai locally constitute a clear declaration to the Chinese authorities that we cannot permit them to contravene treaty provisions with respect to jurisdiction and it would seem, therefore, advisable to watch developments and refrain from any further action at this time.

In addition to advising American citizens who use the inter-provincial roads that they should, in order to avoid incidents, exercise care in complying with the traffic regulations, the Department concurs in the suggestion contained in the Shanghai Consulate General's despatch to the Legation No. 7648 of August 10, 1933,⁷⁸ that American nationals using these roads be advised to carry passports visaed by the Chinese authorities.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

**DENIAL TO AMERICAN FIRMS OF RIGHT TO FORMAL HEARING
UNDER THE CHINESE CUSTOMS RULES OF 1868**

493.11 Socony Vacuum Corp. No. 17/24

*Memorandum by the Minister in China (Johnson) of a Conversation
With the Chinese Political Vice Minister for Foreign Affairs
(Hsu Mo)*⁷⁹

NANKING, November 11, 1933.

I brought to the attention of Dr. Hsu Mo our exchanges of correspondence in regard to the difficulties experienced by American firms during the past year in respect of the confiscation of American property by the Customs, which has declined to abide by the Rules of 1868⁸⁰ and has denied to the American firms the right of a formal hearing of their claims. There were cited in this connection the case of the confiscation of a cargo of Socony kerosene at Lungkow, Shantung and the difficulties experienced by Frazar, Federal Incor-

⁷⁸ Not printed.

⁷⁹ Clarence J. Spiker, First Secretary of Legation, was also present. Copy of memorandum was transmitted to the Department by the Counselor of Legation in his despatch of November 17 from Nanking; received December 18.

⁸⁰ For text of "Rules for Joint Investigation in Cases of Confiscation and Fine by the Custom House Authorities," see William Frederick Mayers (ed.), *Treaties Between the Empire of China and Foreign Powers* (Shanghai and London, 1877), p. 216.

porated, at Tsingtao, growing out of an alleged fraud on the Customs committed by a Chinese employee of that firm in collusion with an employee, or employees, of the Customs House in Tsingtao.

I stated that the American Government's position had been clearly set forth in its several despatches to the Ministry of Foreign Affairs,⁸¹ it being held that the Rules of 1868 are still applicable to such disputes, although the American Government is prepared to discuss with the Chinese Government a revision of those Rules.

In reply Dr. Hsu stated that his Government's position in regard to the Rules of 1868 is definite and that they consider them no longer in effect since in the Sino-American Tariff Treaty of 1928,⁸² China was given tariff autonomy in regard to rates of duty on imports and exports, drawbacks, etc., and "any related matters". Dr. Hsu stated that the Rules of 1868 were to his mind clearly superseded by the words "any related matters".

I observed that the points of view of the two Governments were obviously directly opposed and then proceeded to point out the injustice which had been done the Standard Oil Company and Frazar, Federal Incorporated, by the arbitrary action of the Customs Houses at Lungkow and Tsingtao, respectively, these being two of a number of cases in which reputable American firms were accused of violation of Customs rules and then, without being permitted to present their cases to an impartial board as provided by the Rules of 1868, suffered the confiscation of their property.

I then read to Dr. Hsu extracts from the memoranda describing these two cases, Dr. Hsu appearing rather impressed with the failure of the Chinese authorities to accord any hearing to the American firms. I pointed out that under American Customs law, importers had the right of a hearing, not only in respect of alleged violation of Customs' rules but in regard to rates of duty, etc. Dr. Hsu inquired as to whether these courts were a part of the judicial system or of the Customs organization and was informed that they were a part of the Customs administration. He observed that the Legation, in its notes, had referred to these Customs courts as existing in a number of different countries, and said that he was now seeking confirmation of such statement. In reply I said that I was at this time discussing matters which rested with our two countries irrespective of the practice in other countries and I considered that an injustice was being wrought to American firms by arbitrary action on the part of the Customs, which denied the American parties concerned any hearing in court.

Dr. Hsu stated that he could definitely inform me that the Chinese

⁸¹ None printed.

⁸² Signed at Peking, July 25, 1928, *Foreign Relations, 1928*, vol. II, p. 475.

Government considers that the Rules of 1868 were abolished by the Sino-American Tariff Treaty of 1928, but that the matter of Customs' practice in matters of confiscations, etc., had already been discussed by him with the Chinese Customs authorities with a view to the possibility of providing for hearings of cases of this sort, if such measures appeared practicable in China.

Dr. Hsu said that from what I had said the two cases appeared "bad" ones; that he would more thoroughly examine them and further discuss with the Customs administration its methods for handling such cases, and that he hoped that he would have some definite information concerning them by the time I returned to Nanking early in December.

**EFFORTS FOR THE CONSIDERATION OF AMERICAN CLAIMS
OUTSTANDING AGAINST CHINA ⁸³**

493.11/1661: Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, January 11, 1933—11 a. m.

8. Your 1395, December 28, 8 p. m.⁸⁴ Department requests that at an opportune moment within the near future you inform the appropriate authorities of the Chinese Government, both orally and in writing, that the time has now come when the American Government must request of the Chinese Government constructive action in regard to the determination and adjustment of the latter's outstanding obligations to American citizens and that, while the American Government does not wish to stipulate any particular course of action, it strongly urges the acceptance by China of the draft convention enclosed with the Department's instruction 643 of December 10, 1931,⁸⁵ which provides for the adjudication of Chinese claims against the American Government as well as American claims against the Chinese Government. In presenting this matter to the Chinese Government you are requested to follow closely, both as to substance and phraseology, the Department's instruction 853 of August 26, 1932.⁸⁶

In the event that you encounter serious opposition on the part of the Chinese Government to the proposed procedure on the ground that it is financially unable to effect settlement at this time of its outstanding obligations to American citizens, you may point out that

⁸³ Continued from *Foreign Relations*, 1932, vol. iv, pp. 608-627.

⁸⁴ *Ibid.*, 1932, vol. iv, p. 626.

⁸⁵ *Ibid.*, 1931, vol. iii, p. 1042.

⁸⁶ *Ibid.*, 1932, vol. iv, p. 621.

the proposed convention makes no provision for the payment of claims adjudicated and that therefore its adoption per se will entail no immediate expenditure other than the relatively small sum necessary to support the commission, the expenses of which are to be shared equally by the Chinese and American Governments.

With reference to the penultimate paragraph of your telegram under reference, the Department does not intend at this time to inform the British Government of the proposed action indicated above and believes it advisable that mention be not made of it to your British or other colleagues.

CASTLE

493.11/1671 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, January 31, 1933—11 a. m.

[Received January 31—4:45 a. m.]

102. Your telegram No. 8, January 11, 11 a. m. Formal note embodying Department's views and enclosing draft arrangement presented personally to the Minister for Foreign Affairs on January 30, 3 p. m., by Mr. Peck who has telegraphed the Legation as follows:

"The Minister of Foreign Affairs asked me to assure you that he would bring the proposal immediately to the attention of his Government and press for favorable action at the earliest possible moment. He personally considered the proposal reasonable and said that it accorded with his own policy when Minister of Finance 10 years ago."

JOHNSON

893.51/5737 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 2, 1933—2 p. m.

[Received February 2—6:40 a. m.]

107. A Secretary of the French Legation has informed a member of my staff confidentially that the Bank of Indo-China signed on or about November 26, 1932, a loan agreement with the Inspector General of the Chinese Maritime Customs, with the authorization of the Chinese Minister of Finance, by which the bank makes a loan of 4,300,000 Shanghai taels at 4½ percent for 4 years. Proceeds to be used for purchase of armed coast guard vessels to prevent smuggling, radio equipment, and to erect a new customs school. Loan is secured on total gross receipts of maritime customs redeemable at the rate of 100,000 taels per month.

Informant states that a clause of the terms gives this loan a prior

lien on the customs over all others, including the indemnity. He also states that French Foreign Office has expressed to the French Legation here its surprise that the latter had approved the contract as it felt that a question of principle was involved. The French Legation replied that as the amount was relatively insignificant the service of other loan[s] would not in fact be endangered. The French Minister is now apparently anxious to ascertain whether the American Government would consider it worth making a formal protest if this loan were officially brought to its attention.

JOHNSON

893.51/5737 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, February 3, 1933—3 p. m.

37. Your 107, February 2, 2 p. m. The Department is studying this matter and desires to receive as soon as practicable a telegraphic report giving the Legation's views and recommendations.

STIMSON

893.51/5738 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 4, 1933—11 a. m.

[Received February 4—2:40 a. m.]

116. Department's 37, February 3, 3 p. m.

1. As regards priority of lien Chinese might claim with some degree of justice that proceeds are considered in the same category as administrative expenses of the customs. This is indicated by statement of Secretary of French Legation to member of this Legation in conveying information about loan. He said that customs expected to repay loan out of customs' budget although this is not understood to be part of loan agreement. If this is the case smallness of loan would not seem to threaten Boxer Indemnity lien.

2. Secretary of French Legation informed member of this Legation that prior to entering into agreement with Bank of Indo-China Chinese customs offered loan to others. He mentioned Hong Kong-Shanghai Bank and said he believed offer had also been made to National City Bank. Manager National City Bank here in reply to informal inquiry states he had no knowledge of agreement and has written to Shanghai for information. I have no information as to whether Bank of Indo-China offered share of loan to fellow members of consortium under paragraph 4 of consortium agreement October 15th, 1920.⁸⁷

⁸⁷ *Foreign Relations, 1920, vol. 1, p. 576.*

3. French Minister has never mentioned matter to me although we had long conversation yesterday evening about other matters. I shall comment further when I hear whether National City Bank was given an opportunity to bid.

JOHNSON

493.11/1673 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 8, 1933—11 a. m.

[Received February 8—5:20 a. m.]

128. My 102, January 31, 11 a. m. I am now in receipt of a letter from Peck reporting fully his conversation with Lo at the time of presentation of note.

Lo inferred to Peck that he considered our advancement of proposal at the present time as directly connected with Allied war debts problem and stated that favorable action by China at the present time would greatly strengthen hands of the American Government in dealing with European creditors as financial plight of Chinese Government is well known. As China's debt to the United States is for a relatively small sum Lo stated he could conceive of no other explanation for America's insistence upon payment at the present moment and added that if China could be of assistance to the United States at the present time in bringing about settlement of vastly more important matter of European debts he favored China's doing so. In reply to direct question Peck stated he knew of no ulterior motive behind presentation of plan at present juncture but refrained from making any categorical denial not wishing to dampen his enthusiasm. Lo strongly favored appointment of [com]mission and making immediate payments on account even if they were not large.

Peck believes Lo sincerely desires to cultivate American friendship in the hope of prompting a continuance of American assistance in connection with present controversy and that he also believes failure to curb Japanese aggression in Manchuria would be destructive of policies which United States has sponsored in the Far East as well as violative of China's sovereignty.

Lo read Peck letter from Yen urging him to see to it that Chinese press emphasize assistance afforded to China by the United States and urge purchase of American goods and those of other friendly nations. Lo said he had telegraphed Sze to urge the Department to take some steps to emphasize importance of nonrecognition issue. Lo considers that he has strong influence with the Chinese press because of its confidence in his integrity.

Peck considers that Lo's remarks were sincere insofar as they

reflected his deep appreciation of the position taken by the United States in the present controversy and that he believes debt commission proposal will give China a chance to reciprocate the good will.

JOHNSON

893.51/5740 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 9, 1933—2 p. m.
[Received February 9—6:20 a. m.]

132. My 116, February 4, 11 a. m. I have just learned that National City Bank of New York was offered the loan on a competitive bid basis.

JOHNSON

893.51/5741 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 13, 1933—noon.
[Received February 13—5:14 a. m.]

139. Department's 46, February 11, 1 p. m.⁸⁸ In the light of comments made in my 116, February 4, 11 a. m., I recommend that we take no action on this loan other than possibly to ask for a copy of the agreement in view of its possible bearing upon status of Boxer Indemnity payments.⁸⁹

JOHNSON

893.51/5742 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, February 16, 1933—2 p. m.

53. Your 141, February 13, 5 p. m.,⁸⁸ and previous. The Department is disposed to adopt the suggestion contained in your 139, February 13, noon; on the condition, however, that preferential lien of loan under reference must not adversely affect payment of any obligation of the Chinese Government held by this Government and/or by American citizens. The American Government might, however,

⁸⁸ Not printed.

⁸⁹ For correspondence concerning Boxer Indemnity payments, see pp. 660 ff.

feel obliged sooner or later to lodge a reservation or protest with regard to any American rights that may be found to have been adversely affected.

You may at your discretion explain our position, as above, to your French colleague.

STIMSON

493.11/1680 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 27, 1933—11 a. m.

[Received February 27—2:15 a. m.]

184. Following from Peck, Nanking:

"February 26, 2 a. m. Lo has just telephoned me that he has received letter from Soong saying that he heartily approves in principle of the plan for debt commission as set forth in your note of January 20⁹⁰ but has some changes in procedure to suggest. Soong believes an arrangement between the American and Chinese Governments for the purpose indicated will be advantageous to international relations and to Chinese credit, more especially as no definite time and method for the payment of the obligations in question are stipulated. Lo said that application for slight changes in detail would be embodied shortly in a note to you."

JOHNSON

493.11/1688 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 25, 1933—2 p. m.

97. Department refers to concluding sentence first paragraph of enclosure to your despatch No. 1945 of February 8, 1933,⁹⁰ which would seem to indicate that the scope of the proposed claims commission may have been limited, in the Legation's presentation of the matter to the Chinese Government, to the adjudication of "contractual obligations".

While awaiting receipt of a copy of the Legation's note to the Chinese Government under date January 20,⁹⁰ which should clarify this point, Department desires to emphasize that no restriction such as the above was intended in its instruction No. 853 of August 26, 1932,⁹¹ or in its subsequent telegrams on this subject.

Department desires that you continue to press for the establishment of a Sino-American claims commission and that if any mis-

⁹⁰ Not printed.

⁹¹ *Foreign Relations*, 1932, vol. iv, p. 621.

understanding has arisen the Chinese Government be informed promptly that it is not the thought of the American Government that the proposed commission be confined to the adjudication of contractual obligations alone.

HULL

493.11/1695 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 28, 1933—3 p. m.

[Received March 28—6:50 a. m.]

285. Your 97, March 25, 2 p. m. Copy of Legation's note of January 20⁹⁴ being forwarded by pouch. Note submitted and recommended acceptance of draft of proposed convention enclosed with Department's instruction No. 643, December 10, 1931,⁹⁵ which outlines clearly in article 1 wide scope of claims to be passed upon. Only place where phrase "contractual obligations" occurs is the following: "Further delay in settling this problem would I fear be interpreted by my Government only as evidence of a lack of any serious intention on the part of the Chinese Government to settle its contractual obligations". Soong understands broad scope of proposed commission and Legation will make sure in subsequent conversations and correspondence that adjudication is not to be confined to contractual obligations alone.

On March 23 Foreign Office informed Peck that plan was referred to Executive Yuan for sanction some time ago and that efforts would be made by the Foreign Office to expedite action. Soong believes reply will undoubtedly be favorable since he himself has approved the proposal.

JOHNSON

493.11/1695 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 13, 1933—4 p. m.

118. Your 285, March 28, 3 p. m. If, as earnestly desired by the Department, the Chinese Government agrees to the establishment of a Sino-American claims commission, a somewhat lengthy interval is likely to occur between such agreement and the actual functioning of the proposed commission. Due to this phase of the question and the possibility that with the passage of time Soong and Lo may become less favorably inclined to the proposal than is the

⁹⁴ Not printed.

⁹⁵ *Foreign Relations*, 1931, vol. III, p. 1042.

case at present, the Department is most anxious that at least preliminary negotiations be concluded at earliest possible moment. Department therefore suggests that the Legation and Consulate General at Nanking lose no opportunity to press for appropriate action on the part of the Chinese Government.

HULL

493.11/1701 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 19, 1933—2 p. m.
[Received April 19—4:20 a. m.]

340. Your 118, April 13, 4 p. m., was repeated to Peck whom I urged if possible to see Soong before his departure for Washington. This Peck was unfortunately unable to do but he has replied as follows:

“April 19, 9 a. m. My April 17, 11 a. m. Wang Ching-wei on April 18, 6 p. m., authorized me to telegraph you that he heartily approved claims commission in principle and would send a formal reply as soon as possible.”

JOHNSON

493.11/1699 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 19, 1933—5 p. m.

124. Your 333, April 15, 2 p. m.⁹⁶ Department is of the opinion that, in addition to cases involving confiscation or looting by Chinese military forces, with reference to which the present practice of demanding indemnity of the provincial authorities should be continued without change, there should also be included (a) cases concerning which there exists a reasonable basis for belief that the local authorities have been culpably negligent in failing to provide adequate protection prior to the commission of a crime, (b) cases in which such authorities fail to exercise proper diligence or efficiency in apprehending, prosecuting and punishing guilty parties subsequent to the commission of a crime, (c) cases arising in remote or semi-independent areas over which the Central Government exercises but slight control, and (d) cases other than the above in regard to which there would appear to exist reasonable grounds for believing that the local provincial authorities are culpably negligent and that they might be induced to indemnify American claimants.

⁹⁶ Not printed; it requested instructions regarding presentation of claims for losses arising out of looting or banditry.

It should be borne in mind, however, that in cases of this general nature the question of legal liability is, strictly speaking, one between nation and nation and not between nation and local authorities and that the presentation to provincial authorities of such cases and the receipt in reply of the usual denial of liability does not constitute "exhaustion of remedies" by claimants as that term is generally understood in international law. This should be made clear to claimants who should not ignore their own obligations in the matter.

Department desires that the Legation and consular officers in China be guided by the above in determining the cases in which a demand shall be made of the provincial authorities for indemnification and the cases in which such demand shall be withheld.

HULL

493.11/1715 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 20, 1933—10 a. m.

[Received May 20—5:45 a. m.]

459. Four months have elapsed since Legation addressed note to Foreign Office requesting appointment of a claims commission. Proposal has the approval of T. V. Soong, Lo Wen-kan and Wang Ching-wei but it will not be acted upon until it has been approved by Executive Yuan. Meanwhile it has been submitted to five different ministries to ascertain their attitude towards it. Information of existence of proposal has already been given out to press by some government official. Publicity will perhaps jeopardize prospects of its ultimate approval. From conversations Peck has recently had with officials in Nanking it appears that the Ministry of Railways and possibly some other ministries may disapprove of proposal on the ground that it will establish a precedent and that other powers will at once demand similar treatment and that in due course heavy payments will have to be made for which funds are not available.

I am highly dissatisfied with trend of events and of apparent reluctance of high government officials to comply with this reasonable request. Ministry of Railways has acted in a discriminatory manner in concluding agreement with British creditors of Tientsin-Pukow Railway for settlement of all outstanding debts and is showing strong evidence of a disinclination to entertain the idea of a similar agreement with American and other creditors of various Chinese.

Ministry of Finance has paid Italian portion of Boxer indemnity for months of March and April but has not so far paid American

or British portions. Soong promised China Foundation to telegraph instructions after reaching Washington.

I strongly urge that this situation be discussed with T. V. Soong prior to his departure from the United States and that he be requested to exert his influence with Nanking Government in order to assure the adoption of a fairer attitude toward the just claims of American citizens.

Text to Nanking by mail.

JOHNSON

493.11/1715 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, May 31, 1933—4 p. m.

181. Reference pertinent portions your 359, April 24, noon,⁹⁷ and 459, May 20, 10 a. m., in regard to agreement between Ministry of Railways and British material creditors of Tientsin-Pukow Railway.

Andersen, Meyer and Company informs Department confidentially⁹⁸ that agreement under reference does not reduce principal of British claims but substitutes straight 6 per cent interest for compound interest to February 1, 1933, after which date principal, plus 5 per cent per annum interest, is to be paid at rate of \$50,000 Chinese currency monthly.

Andersen, Meyer endeavoring to conclude similar agreement covering its outstanding claims against Tientsin-Pukow Railway which, as of December 31, 1932, amount to approximately \$83,000 gold and \$20,000 Chinese currency.

Department desires that Legation take such steps as may be appropriate and practicable to obtain for Andersen, Meyer and other American creditors of Chinese Railways treatment no less favorable than that accorded other foreign or Chinese creditors.

Please inform Department by telegraph of any developments.

PHILLIPS

493.11/1728 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 9, 1933—6 p. m.

192. Your 503, June 6, 2 p. m.,⁹⁷ and concluding paragraph of Department's 8, January 11, 11 a. m.

In view of unfortunate publicity given proposed claims commission by Chinese official, Department approves of your informing

⁹⁷ Not printed.

⁹⁸ Letter of May 25, 1933, not printed.

Lampson⁹⁹ in strict confidence of general nature of such proposal. You may emphasize to Lampson that the proposed claims commission does not represent a new departure in the settlement of outstanding claims and that in general character it is similar to other claims commissions which in the past have proven to be of assistance in liquidating American claims against the government concerned or against the nationals of that government and the claims of that government and its nationals against the American Government.

As indicated in its 118 of April 13, 4 p. m., Department is most anxious that at least preliminary negotiations be concluded at earliest possible moment. It is believed that Soong continues favorably inclined to proposed claims commission but if success is to be attained the matter must be pressed assiduously by the Legation and the Consul General at Nanking.

PHILLIPS

493.11/1726 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 10, 1933—3 p. m.

193. Your 492 of June 2, 9 a. m.¹ Based upon such information as is now available and particularly the concluding sentence of the second paragraph of your 459 of May 20, 10 a. m., Department intends at earliest opportunity to discuss with Sze the apparent unwillingness of the Chinese Government to accord to American creditors of Chinese railways treatment no less favorable than that accorded British creditors. Department has already brought this phase of the question to the attention of Arthur Young² who readily agreed that American claimants should not be discriminated against in any agreements arrived at covering claims against Chinese railways.

Department approves of your suggestion that American creditors of Chinese railways should initiate negotiations of their own with a view to concluding agreements similar to that obtained by British creditors but does not desire that the Legation withhold appropriate action until such time as efforts of American claimants have proven fruitless. The American Government expects the Chinese Government to place American creditors of Chinese railways on an equal footing with creditors of other nationalities and you may so inform the Chinese Government.

PHILLIPS

⁹⁹ Sir Miles W. Lampson, British Minister to China.

¹ Not printed.

² American adviser to the Chinese Ministry of Finance.

493.11/1738 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 14, 1933—1 p. m.
[Received June 14—5 : 10 a. m.]

526. Department's 181, May 31, 4 p. m.; 189, June 5, 4 p. m.,³ and 193, June 10, 3 p. m.

I instructed Peck to leave *aide-mémoire* with Ministry of Foreign Affairs setting forth opinion expressed in last sentence Department's 193, June 10, 3 p. m., and also to inform Ministry of Railways that American Government desired that treatment be accorded to Andersen, Meyer and Company no less favorable than that accorded British creditors of the Tientsin-Pukow Railway. To these instructions Peck has replied as follows:

"I respectfully suggest that since the Legation is now making a special effort to obtain favorable action on claims commission proposal the railway debts be not pressed for a few days. Our insistence on treatment similar to that accorded British provides opponents with argument against concluding claims commission agreement with the United States alone instead of waiting until all foreign debts may be dealt with simultaneously."

I concur in Peck's opinion and have instructed him to defer taking action until reply has been received to proposal of establishment claims commission.

JOHNSON

493.11/1738 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 16, 1933—1 p. m.

205. Your 526, June 14, 1 p. m., last paragraph.

1. Department approves.
2. Letter under date June 14 from New York office of Andersen, Meyer quotes its Shanghai office as follows:

"Minister of Railways indicates is willing to make similar agreement (as with British creditors) however it is reported Tientsin-Pukow Railway has already defaulted their May payment to the British creditors."

Letter under reference concludes with statement as follows:

"Under the circumstances, the Minister's willingness to make a similar agreement with Andersen, Meyer and Company, Limited, does not seem to hold out much hope of being any effective arrangement."

PHILLIPS

³ Telegram No. 189 not printed.

493.11/1734 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 17, 1933—2 p. m.

208. Department's 192, June 9, 6 p. m., last paragraph, and Nanking's June 12, 4 p. m., to Legation,⁴ last paragraph.

Dr. Arthur Young quotes a cable from T. V. Soong, London, stating, with regard to the proposal for a claims commission, that there is some sort of a disagreement among various departments of the Chinese Government and he, Soong, feels that it would be to the interest both of the United States and of China if the American Government would refrain from pressing with regard to the creation of this commission until Soong shall have arrived back in China.

Inform Peck. Instruct him exercise his discretion and inform Department of his views and decision.

PHILLIPS

493.11/1740 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 20, 1933—5 p. m.
[Received June 20—10:35 a. m.]

541. Your 208, June 17, 2 p. m., and my 526, June 14, 1 p. m. American Consul General Tientsin has given me copy of a letter from Raider of the Chinese Engineering and Development Company stating that in April he went to Nanking and visited chief of the Finance Department of the Ministry of Railways for the purpose of obtaining treatment of his claim on the same terms as Ministry of Railways had agreed with British creditors. Raider reports chief of the Finance Department as stating that owing to the American Minister "having requested from the Chinese Government of [*sic*] all American claims of all citizens and firms that they could do nothing for us in this case. In other words we would have to wait until the Chinese Government had called a convention to discuss each and every claim against the Government."

Raider requests that we communicate his claim to the Ministry of Railways with the request that it be given treatment similar to that arranged with British creditors.

Apparently Ministry of Railways is refusing to grant terms to American claimants against Chinese railways equal to those granted British on ground that we are seeking general claims convention.

⁴ Latter not printed.

Unless Department disapproves I propose to bring the matter to the attention of the Minister for Foreign Affairs and also to the Ministry of Railways with a view to pointing out that there is nothing in our proposal for a claims commission that would estop them from meeting specific claims of American citizens on conditions equal to those granted every nationality.

JOHNSON

493.11/1740 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 20, 1933—6 p. m.

212. Your 541, June 20, 5 p. m., last sentence.

1. Department approves. You may say in addition on behalf of the Department that the American Government is growing very impatient of evasive contentions; that the American Government's suggestion of a claims commission to deal with obligations to American nationals is a suggestion of one among many possible steps toward a liquidation of such obligations and is not exclusive of any other possible steps; and that, whatever action the Chinese Government takes, the American Government expects that treatment not less favorable than that accorded to claimants of other countries shall be accorded by China to American claimants.

2. If the Department's understanding is correct that British creditors of the Tientsin-Pukow Railway, in negotiating with the Ministry of Railways for the agreement now in force, acted as a unit, would it not be advisable for American creditors of Chinese railways to follow a similar procedure rather than to attempt to arrange for individual agreements?

3. For your confidential information. Department is pressing hard upon T. V. Soong, through Young and Sze, for early settlement of various petty obligations contracted by Chinese officials here, such as Riggs Bank and other small loans.

PHILLIPS

493.11/1744 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 22, 1933—4 p. m.

[Received June 23—3 : 03 a. m.]

550. Your 208, June 17, 2 p. m. and 212, June 20, 6 p. m. The following telegram has been received from Peck :

“June 21, 2 p. m.

1. On June 19, 5 p. m. Director European [and] American Depart-

ment of the Foreign Office telephoned me that the reply to our note January 20 might be indefinitely delayed but that this delay was occasioned by the desire of Wang and Lo to persuade the Ministries concerned to consent to a favorable reply in place of the rejection which they now advocate. Director pointed out that the motive behind the delay was therefore favorable to us.

2. Other than above I have nothing to add to my previous reports. Everything considered I fear that strong pressure now would be disadvantageous but I respectfully suggest that it would be advisable for me to keep matter alive by occasional informal questions and observations."

I have replied to Peck that I approve of his adopting the point set forth in the second paragraph. Legation proposes taking no action for the present in view of the foregoing and the fact that the Ministry of Railways made the following statement in a note to the Foreign Office in May which has now been communicated to Tientsin.

"Foreign merchants will, of course, be accorded equal treatment in the liquidation of debts owed by the Tientsin-Pukow Railway."

Tientsin has been advised to suggest to Chinese Engineering and Development Company again to approach Ministry of Railways.

American claimants do not seem to be willing to act as a unit and it does not seem to me to be politic for me to advise them. I have notified all of them of the British settlement and have suggested to them separate or unified arrangement.

JOHNSON

893.51/5798b

*The Department of State to the Chinese Legation*⁵

The Department of State has recently received from several sources communications which indicate that the present authorities in Manchuria are showing much greater solicitude with regard to the meeting of past and current obligations to American creditors than was shown by the former authorities in Manchuria or is shown by the Nanking Government.

⁵ Handed to the Chinese Minister by the Chief of the Division of Far Eastern Affairs on July 29, 1933.

711.93/302

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hornbeck) of Conversations With the Chinese Minister of Finance
(Soong) and the Chinese Minister (Sze)*

[Extracts]

[WASHINGTON,] August 8, 1933.

At this point Mr. Hornbeck took occasion to discourse at some length upon the reasons for apathy—to say the least—in this country at present toward projects for lending or selling upon credit abroad. In the course of this discourse, he made mention of American experience—along with that of other countries—in connection with loans made, goods sold and services rendered in China. He said that, among other things, the American Government is being pressed more hard than ever before by American creditors of China. He retraced certain of the statements which he made to Mr. Soong a few weeks ago and said that what he had stated then was even more emphatically the situation now. He expressed the belief that the only way to enlist a renewal of American interest in advancing funds or materials for use in China would be actual demonstration by the Chinese that they are making concrete progress with a plan for the settlement of outstanding obligations. Mr. Soong said that his “organization committee” would take care of that. Mr. Hornbeck said that what the creditors are demanding is performance: they would look with critical disapproval upon any effort of the Government or of private interests to support further business on a loan or credit basis in advance of action by the Chinese in reference to the claims of past business. He said that American creditors are at present complaining that China is favoring creditors and trade interests of other countries. To illustrate, our materials creditors have reported to us that the Chinese Government has made an arrangement for the benefit of British materials creditors, based on operation of the Tientsin-Pukow Railway, and has made no similar arrangement for the benefit of American materials creditors. Mr. Soong said that he was not aware of this having been done, but that if it had been done he would get the facts and attempt to arrange for equitable treatment for American materials creditors.

SUPPLEMENT

At one point in the above recorded conversations, Mr. Soong, while expounding his plan for obtaining financial assistance from abroad, and while dwelling especially upon the question of credits, said that he understood that there is in existence in this country an over supply of railway materials, including rolling stock. He wondered whether it would not be possible for arrangements to be made for China to purchase some of this supply on credit. (Note: Mr. H. H. Kung, formerly Chinese Minister of Industry, while here a few months ago raised this same question). Mr. Hornbeck said that there probably were some amounts of such supplies, but, the companies which possess them, if approached for sales on credit, would doubtless at once take into consideration two questions: first, that of their own or other's experience in connection with such transactions in the past; second, that of the security offered. In the light of the experience up to date of American railway materials creditors, they would doubtless not be very enthusiastic over such a proposal. In the presence of current complaints from such creditors, they would hesitate to go before their stockholders with proposals for or reports of new sales of such supplies on credit. If, however, China could take steps to satisfy the existing railway materials creditors, along with other creditors, there would then exist a situation in which it might be possible to propose with some prospect of success new credit transactions in that field.

At another point in the conversation, Mr. Soong referred to the proposal of the American Government that there be established a commission for the consideration of claims between the United States and China.⁶ He mentioned the fact that before leaving China and when here on his way to Europe he had been favorably disposed toward that proposal, and that recently, in the light of developments in China, he had sent word to the Department suggesting that we refrain from pressing with regard to that proposal until after his return to China. Mr. Hornbeck said that we had acted in accordance with that suggestion. Mr. Soong said that he appreciated our action and that when he got back to China he would see what in the light of the then existing circumstances he might be able to do along the line of our original suggestion. But, he did not want to give the impression that he favored dealing with American claims alone. Mr. Hornbeck said that we were not seeking that American claims alone be dealt with or American interests be given a special preference. We were looking after American interests, it being our business to

⁶ For text of the proposed convention, see *Foreign Relations*, 1931, vol. III, p. 1043.

do that, and we had proposed this claims commission as a means toward an end. Other countries might, and we hoped they would, do likewise. We understood well that the Chinese Government entertained the idea of dealing with all claims in one comprehensive plan of ways and means. But, unfortunately, the Chinese Government has made little or no progress toward formulating—or at least toward submitting—such a plan. The idea has our approval in principle, but, in the absence of evidence of progress toward putting it into execution, we are compelled to emphasize the desirability of action by China which will give satisfaction to American creditors and restore confidence on their part with regard to the intention and capacity to perform in such connection of the Chinese Government. We know, too, that other governments are similarly pressing with regard to the claims of their nationals. It is reported to us from time to time that China takes steps which are alleged to be discriminatory in favor of claims of nationals of this or that other country. We do not wish to stand in the way of payment by China of claims to any creditor, but we believe in and we consistently insist upon the principle of equality of treatment. That means, of course, equality of favorable treatment. No one can advocate or assent to equality of unfavorable treatment. We do not ask that China discriminate in favor of American claimants; but we must ask and insist that wherever and whenever she gives favorable treatment to claimants of other countries she give equally favorable treatment to American claimants. If, as has been alleged to us, there have been cases in the recent past wherein China has accorded new and favorable assurances to claimants of other countries, we must ask that similar assurances be given to American claimants. Also, if the Chinese Government is giving new business on favorable terms to nationals of other countries, we must ask that she offer the same or similar business to nationals of the United States. Mr. Soong said that he felt that all this was reasonable and that he believed that Mr. Hornbeck realized that, if any favoring was to be done, he, Soong, would rather give to the United States than give to any other country a most favored position. Mr. Hornbeck indicated that he accepted that statement and then reiterated that the quickest and surest way for China to pave the way for the economic assistance which Mr. Soong hopes to obtain both from American sources and from sources in other countries would be to demonstrate that China is adequately solicitous with regard to squaring up outstanding accounts as well as intent upon obtaining new credits. Mr. Soong said that he would keep all of the points which had been made definitely in mind.

893.51/5804 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, August 11, 1933—3 p. m.
 [Received August 11—11:05 a. m.]

674. With reference to your 146, June 6, 6 p. m., 1932,⁷ regarding Hukuang Railway loan; and 188, June 5, 3 p. m., 1933,⁸ regarding Reconstruction Finance Corporation loan, British Minister states that agent of Hong Kong and Shanghai Banking Corporation has drawn his attention to reported hypothecation of 5% famine relief customs surtax as part security for newly concluded American cotton-wheat loan. Agent adds that representatives of Hukuang group banks have, with reference to this report, addressed note to Chinese Minister of Finance reserving rights of bondholders of Hukuang Railways loan to receive payments due them from customs revenue with priority over all charges created subsequent to date of that loan agreement and agent requests that interested Ministers may support action of group banks by making suitable representations to the Minister for Foreign Affairs on this point.

British Foreign Office suggests forwarding to Minister for Foreign Affairs on about August 20th a memorandum to be signed jointly by the three Ministers of which the following quotation is the essential part.

“It now appears from recent reports that the newly concluded American cotton-wheat loan is partly secured on the 5% famine relief customs surtax and that the customs revenue has been hypothecated while the prior claims of the Hukuang bondholders remain ignored. Accordingly the representatives of France, Great Britain and the United States of America now desire to draw the attention of the Chinese Government to the fact that the bondholders of the Hukuang loan are entitled under article 9 of the agreement to obtain payment from customs revenue with priority over any other charges created subsequent to the date of the loan agreement.”

The Department's instructions are requested by telegraph.

JOHNSON

893.51/5804 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, August 23, 1933—1 p. m.

297. Your 674, August 11, 3 p. m., and Department's 294, August 19, 11 a. m.⁹

⁷ *Foreign Relations*, 1932, vol. iv, p. 619.

⁸ Not printed.

⁹ Latter not printed.

1. The Department is prepared to authorize you to join with the British and French Ministers in repeating representations made in joint note of March 3, 1932, and joint memorandum of June 10, 1932,¹⁰ (see your despatch No. 1614, July 7, 1932¹¹) and insisting upon compliance by Chinese Government with its obligation under Article IX of the Hukuang Railway Agreement of 1911.¹² However, the Department perceives no warrant for any reference in the proposed note to the cotton-wheat loan and the flood relief surtax, as it would seem that the provision in Article IX of the Hukuang Railway Agreement for substitution of security could not reasonably be held to have contemplated inclusion of such revenues as those derived from the flood relief customs surtax. Also, Department cannot accept the statement as proposed with regard to "priority".

2. You should, therefore, affirm the Department's complete willingness to participate in the sending of a memorandum signed by the three Ministers provided a text not containing irrelevant or disputable statements can be agreed upon. For your guidance, the Department suggests for consideration a statement approximately as follows:

"The representatives of France, Great Britain and the United States of America, referring to their joint note of March 3, 1932, and their joint memorandum of June 10, 1932, desire again to draw the attention of the Chinese Government to the fact that the bondholders of the Hukuang loan are entitled under Article IX of the agreement to have the service of that loan made a charge, as described and as provided in that Article, upon a portion of the customs revenue".

3. For your own information, please note report of July 8, 1926, on Special Conference on the Chinese Customs Tariff,¹³ enclosure 201 consisting of a memorandum entitled "Tientsin-Pukow and Hukuang Loan Contracts".¹⁴

PHILLIPS

¹⁰ See telegram No. 608, June 4, 1932, 9 a. m., from the Minister in China, and the Department's reply, telegram No. 146, June 6, 1932, 6 p. m., *Foreign Relations*, 1932, vol. iv, pp. 618 and 619.

¹¹ Not printed.

¹² For text of final loan agreement, dated May 20, 1911, see John V. A. MacMurray, *Treaties and Agreements With and Concerning China, 1894-1919* (New York, 1921), vol. i, p. 866.

¹³ *Foreign Relations*, 1926, vol. i, p. 767.

¹⁴ Enclosure not printed; cf. footnote 84, *ibid.*

893.51/5807 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, August 24, 1933—11 a. m.

298. Your 693, August 18, noon.¹⁵ It is the understanding of the Department that the materials supplied Chinese railways, particularly the Peiping-Hankow and Peiping-Suiyuan lines, by American creditors have in a large measure made possible the continued operation of such railways. It is also the understanding of the Department that the Ministry of Railways as well as individual debtor lines offer as an excuse for failure to liquidate the claims of American and other material creditors the alleged fact that such railways have failed to show a profit. Under these circumstances the pledging by the Ministry of Railways of the income from the Peiping-Hankow Railway and the income from other lines under that Ministry's control, accruing as a result of increased passenger and freight rates, as security for a new loan to the Canton-Hankow Railway would appear to diminish considerably any prospects of payment in the reasonably near future by these lines or by the Chinese Government of long outstanding indebtedness in connection with those lines to American and other material creditors. Such action on the part of the Ministry of Railways would appear to be not only manifestly unfair to American and other material creditors but also politically and economically inexpedient, particularly in view of Soong's affirmed desire to obtain on credit in the United States additional railway supplies in large quantities.

If upon investigation you find that the Ministry of Railways seriously contemplates hypothecating as indicated in your telegram under reference the revenues of lines under its control, Department authorizes you to protest in the terms indicated in your inquiry, at the same time bringing to the attention of the appropriate Chinese authorities the considerations outlined above.

See Department's 277 and 278.¹⁶

CARR

893.51/5823

The Minister in China (Johnson) to the Secretary of State

No. 2280

PEIPING, September 7, 1933.

[Received October 2.]

SIR: Referring to previous correspondence concerning the service of the Hukuang Railways Loan of 1911, I have the honor to trans-

¹⁵ Not printed.¹⁶ Dated August 11, 3 p. m. and 5 p. m.; neither printed.

mit a copy of a letter dated July 10, 1933, from Mr. James A. Mackay, Assistant Vice President of the National City Bank of New York and my reply of July 14, 1933.¹⁷

On July 18, 1933, the British Minister suggested to my French colleague and myself that a further joint memorandum be sent to the Chinese Government reminding it of its obligations in respect to the Hukuang Loan. On July 19, 1933, I indicated my willingness to join in the memorandum but took occasion to point out that a note on this subject had been addressed by me to the Minister for Foreign Affairs as recently as June 29, 1933.¹⁸ The British Minister sent me the joint memorandum on July 27, 1933, and I returned it to him after signature for delivery to the Minister for Foreign Affairs. Copies of these communications are enclosed.¹⁹

On August 6, 1933, the British Minister approached me with the proposal to send another joint memorandum mentioning a report that the 5% Famine Relief Customs Surtax would be utilized as part security for the \$50,000,000 American Wheat and Cotton Loan. I reported this proposal to the Department by my telegram No. 674, August 11, 3 p. m. and, following the receipt of the Department's reply, No. 297, August 23, 1 p. m., I sent a note to the British Legation²⁰ based upon the Department's instruction. Copies of these several notes are enclosed.

I have had no further communication from the British Legation in reference to the matter.

Respectfully yours,

NELSON TRUSLER JOHNSON

[Enclosure]

The American Minister in China (Johnson) to the British Minister in China (Lampson)

The American Minister presents his compliments to His Britannic Majesty's Minister and has the honor to acknowledge the receipt of his third person note of August 6, 1933,¹⁸ proposing a further memorandum to be addressed to the Minister for Foreign Affairs by the Ministers of Great Britain, France and the United States of America, relative to the failure of the Chinese Government to implement Articles VIII and IX of the Hukuang Railway 5% Loan Agreement of 1911.

¹⁷ Neither printed.

¹⁸ Not printed.

¹⁹ None printed.

²⁰ *Infra.*

The American Minister has not failed to give serious and careful consideration to this proposal, and at the same time has consulted by telegraph with his Government.

As the result of this consideration, Mr. Johnson regrets that he cannot see his way clear to joining in representations along the line proposed, in view of the fact that he finds no warrant for the reference in the proposed memorandum to the Cotton-Wheat Loan. Nor does he perceive warrant for reference to the 5% Famine Relief Customs Surtax, as it would appear that the provision in Article IX of the Hukuang Railway Agreement for substitution of Security could not reasonably be held to have contemplated inclusion of such revenues as, for instance, those derived from the Famine Relief Customs Surtax.

He is, however, disposed, in cooperation with his British and French colleagues, to continue to urge upon the National Government of China that the bondholders of the Hukuang loan are entitled under Article IX of the Agreement of 1911, to have the service of that loan made a charge "as described and as provided in that Article, upon a portion of the Customs revenue."

PEIPING, August 29, 1933.

493.11/1777 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 14 [15], 1933—[11 a. m.]
[Received September 15—4: 28 a. m.]

747. My No. 359, April 24, noon; ²² and Department's 181, May 31, 4 p. m.; and subsequent telegrams.

1. With my approval and encouragement Mr. Fowler ²³ went in July to Hankow to attempt to work out some proposals whereby American material creditors of the Peking-Hankow line might be met. Meeting no success there he proceeded to Nanking and took up the question with the Ministry of Railways on behalf of the following creditors: Andersen, Meyer and Company on their own account and representing in addition Baldwin Locomotive Company, and General American Car Company. As a result of these discussions he submitted on July 24, 1933, for the consideration of the Ministry a declaration of which the following is the essence:

"The interest rate to be reduced to 6% simple interest per annum to July 1, 1933, which interest added to the principal shall be the new principal indebtedness as of July 1, 1933. The amounts to be subject to the final checking by the Peking-Hankow Railway.

²² Not printed.

²³ Walter W. Fowler, representative in China of the General American Car Co.

The Ministry of Railways to pay on August 1, 1933, and on the first day of each succeeding month thereafter until the whole indebtedness shall have been paid a minimum of Chinese silver dollars 50,000, this amount to be increased as the financial condition[s] of the Peking-Hankow line improve.

In case payments are not made as agreed I reserve the right to terminate the agreement.

In case possible refunding scheme of the Peking-Hankow Railway is effected I [am] to have the option to participate in such scheme on the same footing as all the other creditors of the railway.

It is understood that in drawing up the agreement the provisions of the agreement with the British creditors of the Tientsin-Pukow Railway will be followed."

Subsequently Mr. Fowler discussed the matter with the Minister of Railways here at Peiping and obtained from the latter a promise to give favorable consideration to the above proposal. Mr. Fowler is now in receipt of a letter from Robert Norman, Adviser to the Ministry of Railways, stating that the Ministry is prepared to consummate such an agreement with him. The Ministry requires that he present his authority from Andersen, Meyer and Company and the Baldwin Locomotive Company to execute this agreement on their behalf.

When these negotiations were undertaken by Mr. Fowler he had the authority of Andersen, Meyer and Company, agents of Baldwin Locomotive Company, to act on behalf of Baldwin Locomotive Company. It has subsequently developed, however, that Baldwin Locomotive Company have repudiated their agent's authorization to Mr. Fowler and appear to be unwilling to join in this arrangement unless one of their officers or an officer of Andersen, Meyer sign the undertaking. It is probable that the Ministry of Railways will be unwilling to accept separate signatures insisting upon a single agency as was done in the settlement effected with British creditors of the Tientsin-Pukow line.

We have, both at Washington and here, insisted with the Chinese that American material creditors receive treatment no less favorable than that for other creditors of the railroad company but a successful conclusion to these discussions is now jeopardized by the fact that one creditor is refusing to join, not because of the terms offered but apparently merely because he desires joint signatures. It seems to me that it would be tragic if intransigent creditors on the eve of the consummation of an arrangement—the first possible since 1924—which will put their claims upon a live basis, fail for what appears to me to be a reason of no great importance. I, therefore, hope that the Department may find it possible to get in touch with [Houston], president of Baldwin Locomotive Works, with a view to persuading him to drop his insistence upon separate signatures and

suggest that without delay he authorize Andersen, Meyer to authorize Fowler to consummate this arrangement on their behalf jointly with the other two creditors. I have encouraged Fowler in the negotiations to agree [to the] arrangement not with any belief that it is in any sense a final or complete settlement of the outstanding debts owing to American material creditors but in the hope that such a settlement will place American creditors in a position where their claims will take on a new life and possibly enable them to do further business.

There is a real danger that the Ministry of Railways may use Fowler's inability to meet its requirements of single signature as an excuse for not consummating an agreement on this subject.

JOHNSON

493.11/1777: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 26, 1933—4 p. m.

327. Department's 324, September 20, 8 p. m.²⁴ By letter dated September 23 Houston of Baldwin Locomotive Works informs the Department that on the basis of information received from Andersen, Meyer and Company the Ministry of Railways is willing to settle immediately accepting signature of Wright²⁵ for Andersen, Meyer and Company and Baldwin Locomotive Works and Fowler for General American Tank Car Company provided the three material creditors concerned agree to nominate a single representative acceptable to the Ministry who will be empowered to deal on any questions that may arise concerning the agreement, such representative to be without authority to reduce principal or interest or amount of minimum monthly payments. In accordance with the above, Andersen, Meyer and Company on behalf of Baldwin Locomotive Works, the major creditor, has selected Cornell Franklin as this representative and Baldwin Works understands that Fowler has agreed. Houston expressly asks that Department inform you that Andersen, Meyer and Company has full power of attorney from the Baldwin Locomotive Works and that his company is "prepared to cooperate with them in every way in effecting this settlement."

HULL

²⁴ Not printed.

²⁵ W. Wright, vice president in charge of sales, Andersen, Meyer & Co., Shanghai.

493.11/1799a : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, November 3, 1933—5 p. m.

363. Your 806, October 23, 11 a. m. and Department's 357, October 26, 9 p. m.²⁶ If and when the Minister proceeds to Nanking, the Department desires that there be included for discussion with the appropriate authorities or persons certain subjects as follows:

1. Ekvall Case:²⁷ The Department desires that the Minister discuss this case with Peck and, after a careful review of all the factors involved, report their joint views and recommendations in regard to whether we should (a) continue to press for payment of an exemplary indemnity or (b) inform the Chinese Government that we withdraw this demand in view of the fact that the father of Ekvall does not desire to receive an indemnity.

2. Claims Commission: With reference to Department's 219, June 24, 3 p. m.,²⁸ and previous, Department also desires that Minister investigate and report to the Department in regard to the advisability and expediency of renewing at this time representations to the Chinese Government in regard to the proposed Sino-American claims commission. Department realizes that situation is complicated by resignation of Soong but desires that its proposal be not lost sight of.

3. Claims against Chinese Railways: With reference to Department's 360, October 28, 3 p. m.,²⁸ and previous, Department desires that Minister in consultation with Peck endeavor to ascertain from concerned American railway materials creditors, particularly Vilhelm Meyer,²⁹ and possibly Ministry of Railways, the difficulties which have so far prevented the conclusion of a satisfactory agreement; and, in his discretion, attempt to effect an accord.³⁰

4. Liquid fuel situation at Canton: As British and Dutch interests are involved, and also, according to the Department's understanding, French interests in regard to similar restrictions against Hongay cement, the Department desires that the Minister discuss this situation with the British, Dutch and French Ministers in order to obtain their views for possible coordination of action by all and that, upon his arrival at Nanking, he make continual efforts to impress upon the Chinese authorities the importance of taking steps to compel the Canton authorities to observe the treaty rights which are being violated.

HULL

²⁶ Neither printed.

²⁷ See pp. 525-553 *passim*.

²⁸ Not printed.

²⁹ President and general manager of Andersen, Meyer & Co., Ltd.

³⁰ Preliminary agreement was signed November 23, 1933.

893.51/5830 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, November 22, 1933—4 p. m.

[Received November 22—9 a. m.]

867. Department's 297, August 23, 1 p. m., Hukuang loan.

1. *National Government Gazette* November 6 quotes text of regulations governing customs duty Treasury notes of 1933 promulgated November 4 which provides that this issue in an amount of \$100,000,000 are secured by the "increased customs revenue". Interested banks have requested American and British Legations to file protest.

2. British Legation has submitted following draft for joint signature by American, British and French representatives:

[“]In their memorandum of the 28th of July last, to which no reply has as yet been received, the undersigned representatives of France, Great Britain and the United States of America had the honor to remind His Excellency, the Minister for Foreign Affairs, of the alarming proportions of the debt arising from the constant defaults in the service of the Hukuang Railways 5 percent sterling loan agreement of 1911, and to enquire what steps the Chinese Government proposed to take to implement its obligations under articles 8 and 9 of that agreement.

The attention [of] the undersigned representatives has now been drawn to the text of certain regulations governing customs duty Treasury notes of the year 1933 quoted in the *National Government Gazette* of November 6th last, which provide in article 6 that the Treasury notes of this issue, to an amount of \$100,000,000, shall be secured on the receipts from the increased customs revenues. They feel constrained to point out that the continued hypothecation of customs revenues for the service of new internal issues, while no attempt is made to give effect to the terms of article 9 of the Loan Agreement of 1911 which provides that in the event of the abolition of the likin required to provide the service of the loan, an equivalent first charge will be laid upon increased customs revenues, is not only inflicting a great injustice on the bondholders of the loan but is causing doubt to be cast upon the pledged word of the Chinese Government.

The undersigned representatives have accordingly the honor to request once again that the Chinese Government devise measures as early as possible to implement the undertakings given in the above-quoted clauses of the loan agreement.”

3. The Legation requests Department's authorization to join in the memorandum as drafted.

For the Minister:

GAUSS

893.51/5830 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, November 23, 1933—7 p. m.

383. Your 867, November 22, 4 p. m.

1. Your attention is directed to the inaccuracy in the final sentence of the draft memorandum in the use of the words "above quoted".

2. In the Department's opinion reference made in such a memorandum to Article 9 of the Loan Agreement of 1911 should consist either of a general reference to that article or a quoting verbatim of such portion of the article as may be required in the pertinent connection. In the draft under reference the first alternative could be met by omitting in the second paragraph of the draft memorandum the relative clause beginning with "which" and ending with "revenues". In this connection your attention is directed to the draft statement suggested in paragraph 2 of the Department's 297, August 23, 1 p. m.

3. For your confidential guidance, both Legation and Department must be on guard in connection with this matter against being drawn by inadvertence into any statement or commitment inconsistent with the Department's view that the construction sought to be placed by certain groups of creditors on certain provisions of Article 9 of the agreement under reference is not warranted. Every draft or proposal relating to this matter should be very carefully scrutinized.

4. If British Legation will assent to obviously desirable changes indicated in paragraphs 1 and 2 above you may sign such a memorandum, otherwise not.

PHILLIPS

893.51/5843

The Minister in China (Johnson) to the Acting Secretary of State

No. 2396

PEIPING, November 27, 1933.

[Received January 2, 1934.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 298, August 24, 11 a. m., in regard to the hypothecation of the income of the Peiping-Hankow and other railways under the direct control of the Ministry of Railways as security for a loan of Sterling 4,700,000 from the British Boxer Indemnity Fund for the completion of the Canton-Hankow Railway.

In compliance with the Department's instruction, the Counselor of Legation at Nanking was directed to make formal inquiry at the Ministry of Railways as to the correctness of the report that such hypothecation was contemplated. The Counselor, as a result of informal inquiries, ascertained that such hypothecation was contem-

plated by the Ministry of Railways. However, as both the Counselor and the Legation felt that formal confirmation of this information should be obtained before lodging a formal protest, the Legation, on September 6, 1933, addressed a formal note of inquiry to the Minister of Foreign Affairs. A copy of this note is enclosed.³¹

The Minister for Foreign Affairs replied under date of October 2, 1933 (copy enclosed),³¹ confirming that the increased passenger and freight rates of the various railways had been hypothecated by the Ministry of Railways as security for the loan obtained from the British Boxer Indemnity Fund.

Accordingly, the Legation addressed a formal note of protest dated October 27, 1933, to the Minister of Foreign Affairs, setting forth the views of the Department as outlined in its telegraphic instruction under reference. A copy of this note is enclosed.³¹

On November 17, 1933, the Minister of Foreign Affairs replied to the Legation's protest by making a distinction between the ordinary income of the various railways and that derived from the increased passenger and freight rates, claiming that the latter was a special revenue set aside for such allocation as the Ministry of Railways saw fit. A copy of this note is enclosed.³¹

There is also enclosed a copy of the Legation's further note to the Minister of Foreign Affairs³¹ refusing to accept any distinction between the "ordinary business income" of the various railways and the "special revenue" derived from increased passenger and freight rates, and further protesting this action of the Ministry of Railways which would appear to be manifestly unfair to American creditors.

Respectfully yours,

For the Minister:

C. E. GAUSS

Counselor of Legation

893.51/5834 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, November 29, 1933—4 p. m.

[Received November 29—8 a. m.]

885. Department's 383, November 23, 7 p. m. British Legation has agreed informally to revision of draft suggested by the Department in its telegram under reference. Objectionable clause has been deleted and the words "above quoted" have been changed to "above cited". May I initial the revised memorandum? ³²

For the Minister:

GAUSS

³¹ Not printed.

³² The Department authorized the request by telegram No. 384, November 29. The joint memorandum was dated December 20.

493.11/1827

The Counselor of Legation in China (Peck) to the Acting Secretary of State

NANKING, December 12, 1933.

[Received January 29, 1934.]

SIR: I have the honor to refer to the American Legation's despatch No. 2234, of August 3, 1933,³³ entitled, "Claims Commission and Claims of American Material Creditors of Chinese Railways", and to enclose herewith a memorandum dated December 11, 1933,³³ of a conversation held on that date by the American Minister with Dr. Wang Ching-wei, President of the Executive Yuan and concurrently Acting Minister for Foreign Affairs, on the subject of the proposed Claims Commission.

It will be noted that Dr. Wang again expressed himself as being in favor of establishing this Commission, but that he asked the American Minister to consult with Dr. H. H. Kung, Minister of Finance, on the following day.

Respectfully yours,

WILLYS R. PECK

493.11/1823

*Memorandum by the Minister in China (Johnson) of a Conversation With the Chinese Minister of Finance (Kung)*³⁴

NANKING, December 12, 1933.

Mr. Johnson remarked that he had that morning sent to Dr. Kung a copy of a note he addressed to the Minister for Foreign Affairs on January 20, 1933,³³ with its enclosure, a draft of a Convention³⁵ between the United States and China establishing a joint Claims Commission to pass upon claims against either of the Governments filed by nationals of the other country.

Dr. Kung said that he had received Mr. Johnson's communication but had not had time to study the draft thoroughly.

Mr. Johnson said that the Department of State regarded the signing of a Convention of this sort as extremely important, although it was quite prepared to take into consideration any counter-suggestion or different proposal to achieve the same object which the Chinese Government might care to offer. There followed this opening a rather lengthy discussion of the proposal, the gist of which discussion follows:

³³ Not printed.³⁴ The Counselor of Legation, Willys R. Peck, was also present. A copy of this memorandum was transmitted to the Department by the Minister in China in his despatch No. 2424, December 20; received January 15, 1934.³⁵ *Foreign Relations*, 1931, vol. III, p. 1043.

Dr. Kung said that the Chinese Government would be quite prepared to enter into an arrangement of this sort with the American Government, if it could be viewed as a single project. Speaking confidentially, however, Dr. Kung admitted to Mr. Johnson that the Chinese Government was apprehensive, if this were done, that a demand would be received from the Japanese Government to set up a similar commission to take care of Chinese-Japanese debts. Dr. Kung said that his Government would be willing to enter into this arrangement with the American Government, provided it did not entail similar action with other governments, say the Japanese and the French, because in the case of the United States it would be an "agreement between gentlemen", but the Chinese Government anticipated that if such an arrangement were entered into with the Japanese Government, the latter would bring up all sorts of doubtful financial transactions, for example, alleged deals with Chang Tso-lin in the old days, the very existence of which might be unknown to the Chinese Government. Dr. Kung said he was not entirely confident what the French might do, but in the case of Japan, a nation which had violated so glaringly the rules of international morality, the Chinese Government had good grounds for fearing that a procedure of this sort would lead it into all kinds of trouble.

Dr. Kung inquired whether the Commission proposed by the American Government might not be limited in scope to the handling of "private claims".

Mr. Johnson replied that the American Government would have no objection to the setting up by China of similar Claims Commissions by China and other governments, but the Department of State would not favor one international Claims Commission to handle all claims, because the American Government did not wish the American claims to be mixed up with Japanese claims.

Mr. Johnson recalled that when, under his instructions, Mr. Peck presented to the Foreign Office the note of January 20, 1933, the idea had been received with approval by the Minister for Foreign Affairs and by Dr. Wang Ching-wei, President of the Executive Yuan. Later on some authorities of the Chinese Government had interposed objections and no reply to this note had been sent, although nearly one year had elapsed.

Dr. Kung said he could not see why the American claims could not be taken up through ordinary diplomatic channels. He said he did not, himself, know what these American claims were and he asked Mr. Johnson to send him a list of such claims, both for consideration in connection with the present proposal and also because

he thought it possible that he might be able to bring about the settlement of many of these claims. Certainly, he would do his best.

Mr. Johnson said that it was precisely with the object of taking these claims out of the field of ordinary diplomatic negotiations that the American Government had made the present proposal. Mr. Johnson said that he was never able to come to Nanking without some troublesome claim demanding attention. This sort of thing, he said, made for friction and was not a proper subject for negotiation diplomatically. Matters of this sort should be handled by a specially qualified, technical organization.

Mr. Peck interposed that, so far as he understood, the opinion was held by the Department of State that if China took steps to deal with its foreign indebtedness, through measures like the one now proposed, many hostile critics of China would be silenced. Mr. Johnson confirmed Mr. Peck's observation.

Mr. Johnson pointed out to Dr. Kung that the proposed Convention did not specify either the time or the manner of payment of such claims as should be approved by the Claims Commission. These points could be left to subsequent determination. The object of setting up a Claims Commission was to provide facilities for handling claims before the witnesses and evidence should disappear or become confused. The American Government desired that the claimants should "have their day in court", an opportunity which is now not open to them. Mr. Johnson said that when this idea had first been broached, while Dr. C. T. Wang was Minister for Foreign Affairs, the Chinese Government had made certain criticisms, for example, that the proposal was one-sided, in that it contemplated claims against the Chinese Government, but not against the American Government. The draft had then been revised and these objections had been met. Mr. Johnson expressed the view that since, as now proposed, the Commission would contain representatives of each Government, with a third member approved by both, and would entertain claims against both Governments, it was eminently fair to both parties.

Mr. Peck asked the permission of Mr. Johnson to point out, also, that the draft Convention contained a stipulation that claims based upon contracts with the Chinese Government might be taken out of the purview of the Commission, provided that arrangements were made for handling such contractual claims approved by the American Government.

Dr. Kung said that he would give the matter his immediate and serious attention. He again asked that he be supplied with a list of the claims now outstanding. Mr. Johnson urged that some sort of counter-suggestion, or at least a reply, be made in response to the note of last January.

NELSON TRUSLER JOHNSON

OBJECTION BY THE DEPARTMENT OF STATE TO POSTPONEMENT
OF PAYMENTS ON THE AMERICAN PORTION OF THE BOXER
INDEMNITY ³⁸

493.11/1674 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 7, 1933—11 a. m.

[Received February 7—1:55 a. m.]

125. My despatch No. 1621, July 9, 1932,³⁹ regarding Boxer Indemnity payments and previous telegrams and despatches.

I have just received the following letter from Arthur Young: ⁴⁰

“You will shortly receive through the usual channels a note regarding extension for another year of the temporary arrangement now in effect concerning Boxer Indemnity payments. Similar communications are being sent to the British and Italian Governments. Because of the continued effect of the depression in curtailing revenues and Japan’s continuing seizure of loan funds and other revenues the Government is obliged to request this further measure of postponement. Otherwise the budgetary equilibrium attained with so much difficulty last winter would be endangered.

Minister Soong ⁴¹ wishes you to understand that he appreciates that there is a substantial difference between the position of the American portion of the indemnity and of the British and Italian portions. He feels that it is necessary however that the communications to the three Governments be on substantially the same basis otherwise the other two Governments might misunderstand. Of course the different position is and would be recognized in a practical way by the making of direct payments for the support of the educational and cultural agencies concerned.

While it is regrettable that this postponement must again be asked I see no practicable alternative.”

As soon as I receive formal note I shall telegraph it and inform Department of the reactions of my colleagues.

JOHNSON

493.11/1674 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, February 11, 1933—2 p. m.

47. Your 125, February 7, 11 a. m. Department, after carefully and sympathetically considering question of a further postponement

³⁸ For previous correspondence on the Boxer Indemnity payments, see *Foreign Relations*, 1932, vol. iv, pp. 608–627 *passim*.

³⁹ Not printed.

⁴⁰ American adviser to the Chinese Ministry of Finance.

⁴¹ T. V. Soong, Chinese Minister of Finance; also Acting President of the Executive Yuan, National Government.

for one year of American Boxer Indemnity payments, is of the opinion that a continuance of the existing arrangement would endanger, and possibly render impossible of attainment, the objectives envisaged by this Government when it modified the original terms governing the American share of the Boxer Indemnity.

In connection with the claim that a further postponement is made necessary by the current curtailment in Chinese Government revenues, Department notes that, according to Soong's own estimate as contained in his fiscal report covering the period July, 1930, to June, 1932, the combined customs and salt revenues for the calendar year 1932 will materially exceed those of any previous year except 1931.

In connection with the assurance that direct payments for the support of the cultural pursuits concerned would be continued if the Department raises no objection to a further postponement, Department refers to your despatch 1617 of July 7, 1932.⁴² Department believes that the difficulties experienced by the "China Foundation", as indicated in your despatch under reference, should be ameliorated rather than augmented. Furthermore it was clearly understood and agreed to by the Chinese Government that last year's postponement of American Boxer Indemnity payments would not be considered as a precedent.

In any discussions you may have with your British and Italian colleagues in regard to this subject, Department desires that you be guided by the above. Department feels that what may prove a somewhat embarrassing situation could be avoided by convincing the Chinese Government, through Arthur Young, that it would be better policy for it to give up the idea of making request for a further postponement of Indemnity payments.

STIMSON

493.11/1876 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 13, 1933—9 p. m.
[Received February 14—12:10 a. m.]

143. Department's 47, February 11, 2 p. m. I saw T. V. Soong here today but he did not raise the question of indemnity and I did not mention it preferring to deal with it through Young.

On February 10th I telegraphed Cunningham confidentially as follows:

"Please see Arthur Young and say to him that I have his letter about possible further postponement indemnity. Say that I have

⁴² *Foreign Relations*, 1932, vol. iv, p. 620.

referred it to Washington without comment but that it is my personal feeling that such a suggestion at this time will be embarrassing to the United States because in the case of American funds it amounts to a decision to divert moneys from educational and cultural channels which is to be regretted at this time when educational and cultural channels are so important."

I am now writing Young repeating the message which I communicated to him through Cunningham and elaborating the statements made in Department's 47 under acknowledgment.

British Minister informs me that when he passed through Nanking Soong wrote him along lines similar to Young's letter to me. Lampson replied stating matter would have to be given very considerable thought implying British unwillingness to assent.

JOHNSON

493.11/1678 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 17, 1933—11 p. m.

[Received February 18—3:20 a. m.]

159. My 125, February 7, noon [11 a. m.]. I have now received from Nanking a note from the Minister of Foreign Affairs dated February 13 accompanied by a translation the substance of which is as follows:

"The National Government by great efforts succeeded in balancing its budget during 1932 without recourse to borrowing; particulars as to how this was accomplished together with a full statement of the financial situation are contained in the report of the Minister of Finance dated December 15, 1932. Reduction of military expenditures and conversion of the loans were major factors in making possible the success of the National Government in this regard but the postponement of the American and British portions of the indemnity thereby reducing expenditures by almost \$20,000,000 annually was likewise essential in making possible a balanced budget.

The difficulty of stabilizing the national finances has been greatly increased due to the reduction of customs revenues in the past year by about 25 percent. This reduction has resulted from the world-wide depression and from the Japanese seizure of the entire revenues of Manchuria thereby throwing upon the rest of the country the entire burden of loan and indemnity service. Unhappily these conditions still continue.

The National Government can scarcely go further in increasing revenue or curtailing expenditure. To resume indemnity payments at once in accordance with the schedule would disturb the financial equilibrium just attained with such difficulty.

The National Government appreciates fully the undertaking given that the present postponement does not constitute a precedent for

the future. In existing difficult conditions however the National Government feels that it has no option but to seek a temporary continuation of the existing arrangement. The National Government being fully aware that activities are currently proceeding which are dependent for support upon indemnity payments would of course undertake to make arrangements with the agencies concerned for the support of these activities early in coming year.

I therefore have the honor on behalf of the National Government to request as a measure of temporary relief that the payments be postponed for a further year as from March 1, 1933, on the same conditions as before with the hope that the National Government may resume payments in whole or in part before the expiration of that period if circumstances permit. Otherwise the payments postponed would be made in the year following termination of the installments as now scheduled.

The National Government hopes that the Government of the United States will appreciate the position as above set forth and will concur in this proposal."

Shall I make formal reply along the lines of Department's 47, February 11, 2 p. m.?

When I last talked with my British colleague he had not received any formal communication. I shall endeavor to find out what he proposes to recommend to his Government in this matter.

Secretary of the Italian Legation states that his Minister is personally not opposed to postponement but has as yet received no instructions from his Government.

JOHNSON

493.11/1678 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, February 18, 1933—1 p. m.

59. Your 159, February 17, 11 p. m. Department's attitude, as indicated in its 47 of February 11, 2 p. m., remains unchanged. Department desires, however, that you confer with your British and Italian colleagues; that you explain to them in strict confidence the Department's views as indicated in its telegram under reference; that you thereupon telegraphically inform the Department of the views of your colleagues and of their respective Governments in regard to a further postponement of Boxer Indemnity payments, following which the Department, after a further consideration of the matter, will instruct in regard to the substance of reply to be made the Chinese Government.

STIMSON

493.11/1679 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, February 20, 1933—midnight.

[Received February 20—11:14 p. m.]

169. Your 59, February 18, 1 p. m. I discussed matter with British Minister and Secretary of Italian Legation this evening informing them confidentially of Department's views. Lampson has not yet communicated Chinese note to London. He will do so tomorrow with arguments pro and con and recommending against Chinese proposal on the ground that further postponement would be disadvantageous to China as harming projects already planned under British indemnity arrangement. Italian is informing his Minister [of] our attitude and of Lampson's proposed line. Italian said Ciano⁴³ had originally informed his Government that personally he saw no reason why Italy should not make an affirmative reply to Chinese proposal.

JOHNSON

493.11/1684 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 9, 1933—5 p. m.

[Received March 9—7:04 a. m.]

229. Next Boxer Indemnity payment falls due March 31 unless further postponement is agreed upon. Final installment of \$250,000 under the terms of the agreement of July 1932 was made to China Foundation and Tsing Hua University in February. In order that these and other interested institutions as well as the Ministry of Finance may know where they stand as regards the immediate future it seems desirable that some reply be made to the Foreign Office note of February 13, 1933,⁴⁴ requesting further postponement. My British and Italian colleagues are without instructions but I wonder whether Department may not now be prepared to instruct me as requested in my telegram No. 159 of February 17, 11 p. m.

JOHNSON

⁴³ Count Galeazzo Ciano di Cortellazzo, Italian Minister in China.

⁴⁴ See telegram No. 159, February 17, 11 p. m., from the Minister in China, p. 662.

493.11/1684: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 10, 1933—6 p. m.

80. Your 229, March 9, 5 p. m. Department considers it desirable that replies of American, British and Italian Governments to the Chinese Government's request for further postponement of payment of their respective shares of Boxer Indemnity payments synchronize as to time of transmission to the Chinese Government and that they be similar as to the general attitude expressed therein. Department therefore desires that you withhold your reply until the replies of your British and Italian colleagues are ready for transmission.

In the event that both the British and Italian Governments are prepared to reply adversely, you are authorized to inform the Foreign Office of the attitude of the American Government as indicated in Department's 47, February 11, 2 p. m. In the event that either the British or Italian Governments is agreeable to a further postponement of payments, please so inform the Department and await further instructions.

Department suggests that at your discretion you discuss matter along above lines with your British and Italian colleagues, pointing out your view that early reply appears to be desirable.

HULL

493.11/1687

The Secretary of State to the British Ambassador (Lindsay)

WASHINGTON, March 14, 1933.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 74 of March 11, 1933,⁴⁵ in regard to the request of the Chinese Government for a further postponement for one year of payments due on the British, Italian and American portions of the Boxer Indemnity of 1901.

I note that after full consideration of all the factors involved, His Majesty's Government is disposed to consider that the arguments against complying with the request of the Chinese Government outweigh those in favor of compliance.

The views of my Government which are in agreement with those of His Majesty's Government, as indicated above, have been communicated to the American Minister at Peiping with the request that, providing his British and Italian colleagues are authorized by their respective Governments to take similar action, he inform the

⁴⁵ Not printed.

Chinese Government that the American Government is unable to agree to the former's request for a further postponement of payments on the American share of the Boxer Indemnity.

Accept [etc.]

CORDELL HULL

493.11/1691 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 21, 1933—11 a. m.

[Received March 21—1:05 a. m.]

268. Following from Nanking:

"March 20, 11 a. m. Soong sent for me and asked that I telegraph you his earnest request that you recommend to the Department of State that consent be given to further postponement of the Boxer Indemnity. He said that military expenditures with prospect of worse to follow have placed Government finances in a precarious position, much worse than he would have the public know. He promises continuance of dependent institutions in present status.

He said incidentally that the Government has serious grounds for expecting Japanese occupation of Peiping area and that China would resist as desperately as at Shanghai. Wang Ching-wei refuses to resume post⁴⁶ but Soong is returning to Shanghai tonight hoping to force Wang to resume."

The British and Italian Legations are still without instructions from their respective Governments and as there has been ample time to receive such instructions I am convinced that they are waiting for us to take the lead in this matter. In view of foregoing please instruct me whether you wish me to continue to wait upon the British and Italians, whether I should reply independently declining to agree to further postponement or whether I should accept this latest proposal of Soong as it stands or on condition that subventions to China Foundation and educational institutions shall be increased over those of last year. I recommend the last.

JOHNSON

493.11/1691 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 24, 1933—1 p. m.

95. Your 268, March 21, 11 a. m. Department's views remain unchanged and you are therefore requested to follow the suggestions contained in its telegram 80, March 10, 6 p. m. Note especially the last paragraph.

⁴⁶ As President of the Executive Yuan, National Government.

Department is informally approaching officials of the British and Italian Embassies here, who have previously approached the Department in regard to this subject, suggesting that appropriate instructions to your British and Italian colleagues be expedited.

HULL

493.11/1694 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 28, 1933—4 p. m.

[Received March 28—5:40 a. m.]

286. British Legation has now received instructions and drafted note to Foreign Office refusing to assent to a further postponement of the Boxer Indemnity payments. Italian Legation still without instructions. I am drafting note of refusal to be submitted by telegraph for Peck⁴⁷ to deliver to the Foreign Office immediately upon receipt of knowledge that Italian Legation has instructions to make similar reply.

JOHNSON

493.11/1698 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 5, 1933—noon.

[Received April 5—1:54 a. m.]

307. My 305, April 4, 3 p. m.⁴⁸ The following telegram has been received from Nanking:

“April 4, 9 p. m. Soong asks me to telegraph you that the communist situation is extremely serious, three divisions of Government troops having been defeated south of Nanchang within last few days. The supposedly crack Eleventh Division lost one-third, the Fifty-second and one other practically destroyed. Chiang left for Nanchang this morning. Soong states this new disaster greatly aggravates the Government’s grave financial position and the need for postponement of the indemnity payments. He hopes that you will treat this as far more than an ordinary situation. He expressed anxiety for your reply.”

JOHNSON

⁴⁷ Willys R. Peck, Consul General at Nanking; also Counselor of Legation in China.

⁴⁸ Not printed.

493.11/1721

*The Chief of the Division of Far Eastern Affairs (Hornbeck) to the
Under Secretary of State (Phillips)*

[WASHINGTON,] April 6, 1933.

MR. PHILLIPS: This case involves a factor which needs to be considered in connection with matters of high policy.

As a matter of general policy, it is the practice of this Government to be "liberal" in our attitude toward China and to attempt to be "helpful", it being understood that China is going through a period of great political and economic difficulty, and it being one of the major premises of our Far Eastern policy that the emergence in China of a strong government and the survival of China as a political entity are desirable in our interest as well as in the interest of the Chinese people. It happens that the Chinese Government is today confronted with extraordinary military problems both internal and external which add to the chronic severity of its financial perplexities. In connection with the problem presented by the invasion of Chinese territory by Japanese armed forces and the many problems which arise out of that situation and which concern not alone China and Japan but the rest of the world, China has importuned the whole world, but particularly the United States, for "assistance". There has been very little that we could do over and above pursuing the course which we have followed in relation to the peace movement and in cooperation with the League. For instance, we have not been in position to fight for peace, nor have we been in position to supply arms or money or any other items of material assistance to the Chinese, who are doing the only fighting which is being done in opposition to the activities of the principal present disturber of the world's "peace" (Japan). The Chinese are at the same time fighting organized communists within their own borders. At this juncture, they ask us and the British and the Italian Governments to come to their assistance by authorizing the use by China, temporarily, of funds allocated to another purpose for purposes which in the opinion of the Chinese Government are at this time more urgent.

The sum involved amounts to approximately \$25,000,000 in Chinese currency. That amount unquestionably would appear substantial to the Chinese in connection with their problem of procuring munitions and carrying on their military operations. Assent by us and the other two Governments concerned to the suspension of payments of the Boxer indemnities for another year would undoubtedly be of considerable assistance to the Chinese. Some of the money thus made available to them would probably be used for making purchases in this country.

We have taken the position that we cannot assent to further suspension. The British and the Italian Governments have taken the same position. Reply has not yet been made to the Chinese Government. They have made a third appeal to us in the premises. Our Minister to China and our Consul General at Nanking are apparently sympathetic toward the Chinese request.

The draft of outgoing telegram hereunder ⁴⁹ maintains the position which the Department has taken consistently ever since this matter was first brought up a few weeks ago. This Division feels that the Department "stretched a point" (at our instance) when it assented a year ago to China's request for suspension of the payments for a period of one year. We feel that we should not assent to a repetition. Nevertheless, we realize that in refusing assent we will be making more difficult for the Chinese the carrying on of political and military activities toward which we are favorably disposed and which, if successful, would be in line with the attainment of objectives in world politics which are ours.

I have prepared the above statement in order that the issues may be clearly before the signing officer.

S[TANLEY] K. H[ORNBECK]

493.11/1698 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 7, 1933—7 p. m.

116. Your 307, April 5, noon. As previously indicated, the Department, after careful and sympathetic consideration of the difficulties, both internal and external, which now confront the Chinese Government, is not able to see its way clear to acquiesce in a further postponement of American Boxer Indemnity payments. Department does not consider the existing situation as comparable to that which obtained during the World War at the time of the original postponement in 1917 nor to that of last year when China had recently experienced a major natural catastrophe. The powers, including the United States, have already been more than liberal in making adjustments favorable to China in relation to the Boxer indemnities and in relation to other matters connected with China's finances (in this regard please review pertinent sections, particularly first paragraph, part 2, of Department's telegram 215 of July 17, 1932, 11 p. m.⁵⁰). There will probably never be a time when the making of each indemnity payment when due will be altogether convenient to China. Moreover the Department feels that it would not be

⁴⁹ *Infra.*

⁵⁰ *Foreign Relations*, 1932, vol. iv, p. 165.

justified, except under most extraordinary circumstances, in further modifying in effect the Congressional action which stipulated the terms and conditions under which payments of the American share of the Boxer Indemnity are to be remitted to China.

HULL

493.11/1700 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 18, 1933—4 p. m.

[Received April 18—7:08 a. m.]

337. Your 116, April 7, 7 p. m. British, Italian and American notes, identical as to substance, were delivered at the Foreign Office April 13, 3 p. m. The Minister for Foreign Affairs being in hospital on account of eye trouble Peck called upon Vice Minister Hsu Mo April 13, 4 p. m., and explained to him orally the reasons prompting American refusal. Dr. Hsu revealed great disappointment at American Government's rejection of request and showed intense desire to learn whether American decision had been arrived at after consultation with other interested powers. He added that natural difficulties of Chinese Government were far worse at present than in 1932 and observed that Chinese Government had given assurance that educational institutions dependent on indemnity remissions would be taken care of if present decision indicated attitude of new administration. He wondered how it would deal with war debts owed by European nations who were seeking for cancellation. In reply to Peck's observation that money remitted was spent in China itself Hsu suggested that this was another reason for granting request for further postponement.

JOHNSON

493.11/1707 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 3, 1933—11 a. m.

[Received May 3—2:40 a. m.]

396. My 350, April 21, 4 p. m.⁵¹ Neither March nor April installments of American indemnity have been paid. I understand that March installment at least has been set aside by Customs and earmarked awaiting instructions of Soong. Department may wish me to remind Soong of non-payment. I am addressing note to Foreign Office referring to our refusal to agree to further deferment and requesting payment of March indemnity.

JOHNSON

⁵¹ Not printed.

493.11/1722

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Adviser to the Chinese Ministry of Finance (Arthur N. Young)

[WASHINGTON,] May 12, 1933.

Mr. Young called and said that he wished to talk about payment of the Boxer Indemnity: The subject had been left in abeyance pending the arrival here of the Minister of Finance. He, Young, wished to lay before us on behalf of the Minister (Soong) a proposal. He then handed me a paper, of which the attached is a copy.⁵³

In this memorandum there is set forth a proposal the substance of which is that China resume payments but on a reduced scale which would cut down the amounts paid during each of three periods of six months beginning in June 1933 and making readjustments in the schedule so as to cover these amounts in final payments after 1941 together with some other readjustments.

I at once asked Mr. Young whether this proposal had been submitted to the British and the Italian Governments. He replied that it had not. I stated that in my opinion any such proposal, if submitted to any one of the three Governments should be submitted to all three simultaneously. Mr. Young said that Mr. Soong was contemplating submitting it to the other two Governments. I said that if it was submitted it should not only be submitted to all three Governments simultaneously but should be submitted from Nanking and not from Washington. Mr. Young said that he supposed that such would be the proper procedure. I said that I did not believe that the Department would wish to consider the proposal unless and until it knew that the same thing was being submitted to the other two Governments at the same time; that I would be willing to keep the memorandum temporarily and look it over, but that I would not for the moment receive it on behalf of the Department. Mr. Young said that that would be all right.

493.11/1713 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 13, 1933—9 a. m.

[Received May 12—11:15 p. m.]

430. Following telegram has been sent to the American Consul General at Nanking:

⁵³ Not printed.

"May 12, 2 p. m. Italian Legation reports that March and April installments of Italian portion of Boxer Indemnity have been paid. Please so inform Foreign Office referring to the Legation's note number 590, May 3rd, that Legation learns with surprise that preferential treatment has been accorded to Italian Government and that there has been discrimination against the American Government which was the first government to remit for the benefit of China its portion of the indemnity of 1902 [1901]. Please renew request that payments due the American Government for the months of March and April be paid without further delay in order that enterprises dependent upon these payments may not suffer."

JOHNSON

493.11/1713½

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Chinese Minister of Finance (Soong) and the Chinese Minister (Sze)

[WASHINGTON,] May 16, 1933.

Upon the conclusion of a discussion of the present situation in North China,⁵⁴ the conversation was turned to the question of China's request for further suspension of Boxer Indemnity payments. Mr. Hornbeck referred to the telegrams of which he had earlier given account⁵⁵ in relation to the papers relating to the sale of wheat and in relation to the action of the Ministry of Industries in connection with American patents, and said that, in all candor, he found himself frequently in a difficult position, in attempting to present requests by the Chinese Government for a liberal attitude by this Government in relation to obligations which the Chinese find it hard to meet, because of the fact that the Chinese Government all too often appears indifferent to or negligent of the interests, the rights and/or the requests which this Government addresses to it as a matter of public business or on behalf of American nationals. He said that it would be far easier to bring about favorable consideration by this Government of the requests which China makes if the Chinese Government would manifest more of effective solicitude in connection with various items of its indebtedness—especially some items to which there attach not only the characteristics of a legal obligation but in addition those of peculiar moral obligation. He cited certain illustrations. He said that he had shown to his colleagues who know most about the subject matter the memorandum of Boxer Indemnity payments⁵⁶ which Mr. Young had shown him on Friday last and that it had been

⁵⁴ See p. 325.

⁵⁵ *Ibid.*

⁵⁶ Not printed; see memorandum of conversation with Mr. Young on May 12, p. 671.

urged upon him that the proposals contained in that memorandum should not be accepted. He said that tentative acceptance by us of those proposals would necessitate, if we proceed toward their adoption, positive action on the part of the American Government; whereas, our tacit assent to suspension of payments in and after 1917 and in 1932 had involved only negative action (that of refraining from protest) on our part. We did not want to have to take such action. In addition, we felt that any proposal made for a substantial alteration of the schedule of payments over a period of years should, if made to any one of the powers concerned, be made to all. Therefore, we might say, in order to get on with the discussion, that it does not seem practicable to give serious consideration to the proposal submitted by Mr. Young. Mr. Hornbeck wondered whether the Minister of Finance might have in mind any other proposal. However, before putting that question, he would like to say that his colleagues still believe that the instruction which we had given on which had been based our formal reply to the Chinese Government, at Nanking, stating that we felt unable to assent to a further suspension of the payments, was a reasonable and correct reply. It had been our understanding that the British and the Italian Governments had been in the same position in which we were and that they had made the same replies. Subsequently we had learned, to our surprise, that the payments of the Italian portion were not suspended last year but were continued and are concurrently being made. At that point Mr. Soong said that he had supposed that everybody knew that; the payments which the customs makes are matter of public record; he had had no thought of concealing any of the facts. The Italians had not been willing to be as generous as the American and the British Governments had been; he had been able to make a compromise with them; and he had supposed that everybody knew it. Mr. Hornbeck said that perhaps we or our representatives had overlooked something that we should have known, but that we had not known, and that certain things which the Italian Government had said had confirmed to us the impression that all three Governments were in the same position and were dealing this year with the same problem. The Minister said that the Italian Government had given the same reply as had the American and the British Governments but had stated in addition that if the Minister was able to obtain the assent of the American Government to further suspension they, the Italians, would give the same assent. He said that he had been surprised at the question which Mr. Hornbeck had put to him on Saturday with regard to the current payments on the Italian share. Mr. Hornbeck said that he was merely attempting to gain an accurate and adequate knowledge of the facts—it being evident

that he and other officials of the American Government had been—no matter how it had happened—“in the dark” in that connection. Mr. Soong said that he had hoped that the American Government, knowing how hard-pressed China was and what desperate efforts her Ministry of Finance had made to keep abreast of current expenses and the demands of the military situation, would be disposed to be lenient with regard to current payments on Indemnity funds which the American Government had already been so good as to “remit” in China’s favor. Mr. Hornbeck said that we did not want to add anything to China’s difficulties; we want where possible to be generous and helpful; but in connection with these funds there are commitments of the Chinese Government to Chinese educational institutions; those institutions are dependent absolutely on those funds; we feel toward the matter that we have a moral obligation, an obligation of *quasi* trust. Might not Mr. Soong work out a plan whereby he could guarantee that all obligations connected with these funds could be made; might he not take care of certain obligations not connected with these funds but which China has incurred in connection with educational enterprises; might he not do something to wipe off of the slate certain debts which, so long as they are outstanding, will remain damaging to China’s reputation and an obstacle to a restoration of faith in her credit?

At that point, it became necessary to bring the conversation to an end—with the understanding that it would be continued this evening.⁵⁷

S[TANLEY] K. H[ORNBECK]

493.11/1725 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 3, 1933—noon.

187. Your 396, May 3, 11 a. m.; 430, May 13, 9 a. m., and 489, June 1, 10 a. m.⁵⁸

1. While Soong was in Washington he brought up the question of suspension during the current year or payment according to a revised schedule as indicated below of American payments of Boxer Indemnity. He was told that Department’s views remain unchanged

⁵⁷ On May 19 Mr. Soong informed Dr. Hornbeck that “Mr. Young had talked with him about the subject of petty outstanding items of the Chinese Government’s indebtedness to American creditors and that he [Mr. Soong] hoped to be able to take care, through the Legation, of some of these items.” (493.11/1717)

⁵⁸ Telegram No. 489 not printed; it reported payment of March installment of Boxer Indemnity.

and there was suggested to him the desirability of his sending instructions providing for resumption of American payments.

2. Soong submitted through Arthur Young, informally, a memorandum⁵⁹ of proposal for revision of whole schedule of remaining indemnity payments which, in general, provides for a continuance of payments on a basis of the schedule in force from 1916 to 1931 until such time as total amount outstanding shall have been paid. Proposal provides, however, for reduced payments to the end of 1934 during which period Ministry of Finance would be prepared, if necessary, to supplement payments by such sums as may be required to make available monthly to China Foundation a total not less than \$250,000 Chinese currency or, at option of Ministry of Finance, \$62,500 U. S. currency. Memorandum under reference includes statement of intention to propose to British and Italian Governments similarly reduced and correspondingly lengthened schedules of payment covering their respective shares of Boxer Indemnity. Officers of the Department informed Arthur Young orally and informally to the effect that proposed alteration in schedule of payments would probably require action by agencies other than Department but that if after payment of all amounts now in arrears the Chinese Government elected to make to the British, Italian and American Governments simultaneously as far as practicable identic proposals for a general revision of the schedules, the Department would give careful consideration at such time to such proposal.

3. In connection with last year's postponement of Boxer Indemnity payments, Department greatly surprised to learn from Soong that during entire period Italian payments were made regularly and in full and that such payments have been a matter of public record.

4. Department has not discussed any of the above with any other government.

PHILLIPS

493.11/1729 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 12, 1933—2 p. m.

196. Your 504, June 6, 3 p. m.,⁵⁹ and paragraph 1 of Department's 187, June 3, noon.

In the light of your telegram under reference, question of Boxer Indemnity payments now in arrears has been discussed with Arthur Young who promises to refer matter promptly to Soong.

⁵⁹ Not printed.

Department assumes British payments in arrears as American. If so your British colleague may care to suggest to his Government the desirability of discussing question with Soong in London.

Please obtain definite information with regard to payment Italian portion last year.

PHILLIPS

493.11/1736 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 14, 1933—2 p. m.

[Received June 14—4:37 a. m.]

527. Department's telegram 196, June 12, 2 p. m. Quarterly reports International Bankers' Commission regularly submitted to the Department by the Consulate General at Shanghai show that Italy as well as France, Belgium, Holland, Portugal and Japan have received regular payments for Chinese indemnity account during 1932. These countries have also been receiving payments during each month of 1933. British Legation has already telegraphed Foreign Office with regard to payments in arrears on British and American portions of indemnity and has suggested that this matter be discussed with Soong in London and is again telegraphing today reemphasizing this generally.

JOHNSON

493.11/1703

The Acting Secretary of State to the Minister in China (Johnson)

No. 1115

WASHINGTON, June 26, 1933.

SIR: The receipt is acknowledged of the Legation's despatch No. 2018 of March 27, 1933, transmitting a copy of a note under date February 4, 1933, received by the Legation from the Ministry of Foreign Affairs⁶¹ requesting that the payments due on the American share of the Boxer Indemnity for the year beginning March 1, 1932, (during which year all American Boxer Indemnity payments were postponed) be made in part during 1941 and in part during 1946 instead of entirely during the year 1946 as was indicated in the Ministry's note of April 27, 1932.⁶²

It is the understanding of the Department that as the portion of the American share of the Boxer Indemnity which was remitted by the Executive Order of December 28, 1908 was set aside by the Chi-

⁶¹ Neither printed.

⁶² Not printed.

nese Government and devoted as usual, throughout the period December 1, 1917 to November 30, 1922, to the purposes contemplated in the Executive Order under reference, payments due on this portion of the Indemnity during the year of postponement beginning March 1, 1932, should be made up during the year beginning March 1, 1941. As the payments due on the remaining portion of the American share of the Boxer Indemnity were in fact postponed during the five-year period mentioned above, accrued payments for the year of postponement beginning March 1, 1932 should be made up during the year beginning March 1, 1946.

The understanding of the Department, as indicated above, was made known to the Treasury Department in a letter under date May 26, 1933.⁶³ By reference to the attached copy of a letter under date June 12, 1933,⁶³ it will be noted that the Treasury Department concurs in the views of this Department in regard to the subject under discussion.

In view of the foregoing it is believed that the agreement outlined in the note of April 27, 1932, from the Ministry of Foreign Affairs should be modified in accordance with the suggestions contained in the Ministry's subsequent note under date February 4, 1933.

Very truly yours,

WILLIAM PHILLIPS

893.51/5798a

*The Department of State to the Chinese Legation*⁶⁴

The Department finds that, in relation to the payment of installments due to Boxer Indemnities, the Chinese Government is making for the Italian portions regular payments on the regular due dates, whereas with regard to the American portions it is being dilatory and is causing unwarranted bother to the American authorities concerned, including the Department. The Department understands that, on the American portion, the payment for April was not made until July 1 and payments are now in arrears for May and June.

⁶³ Not printed.

⁶⁴ Handed to the Chinese Minister by the Chief of the Division of Far Eastern Affairs on July 29.

493.11/1815

*Memorandum by the Minister in China (Johnson) of a Conversation
With the Former Chinese Minister of Finance (Soong)*⁶⁵

SHANGHAI, November 16, 1933.

During a call on Mr. Soong this evening I mentioned to him the fact that the Government had arranged to pay the two months' arrears in American Boxer Indemnity payments over a period of ten monthly instalments. I said I had hoped that it might be possible that such a cumbersome method could be abandoned and the payments made at once. Mr. Soong said that he had arranged for the payments over a period of months when he was getting ready to resign, as he wanted to clear the matter up and did not wish to startle the incoming Minister of Finance with a sudden payment.

I informed Mr. Soong that I had certainly inferred from conversations which we had all had at the time that the Italians, the British and ourselves had been given the same proposal in regard to the postponement of indemnity payments for a year, but that I had suddenly discovered, after the passage of some months, that the Italians had been receiving their indemnity regularly all along, whereas in the case of the British and ourselves a postponement had been made. Mr. Soong remarked that he had not himself told me that the Italians had agreed to the same arrangement that was made with the British. I admitted this but said that nevertheless I had taken this for granted. Mr. Soong stated that the same proposal had been made to the Italians but that they had refused to accept it and that in the end they had spent the Italian indemnity for that period upon arms and munitions of war in Italy; that of course this had to be done very quietly and without any publicity and that therefore little had been known about it at the time.

Mr. Soong stated that recently they had entered into an arrangement with the Italians whereby, as I understood him to say, the payment of something like two millions was to be made to the Italians and the Italians were turning over to the Chinese Government the entire balance of the Italian indemnity—I understood him to say amounting to something like twelve millions.

⁶⁵ Copy transmitted to Department by the Minister in China in his despatch of November 20, from Nanking; received December 18.

REPRESENTATIONS FOR THE PROTECTION OF AMERICAN
PATENTS AND TRADE MARKS IN CHINA

893.542/50 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 15, 1933—2 p. m.
[Received May 15—9:35 a. m.]

436. According to statement published in the press a few weeks ago the Ministry of Industries informed Greater Shanghai Chamber of Commerce that there was no patent office in China and accordingly no reason to prevent Chinese from copying foreign patents. On April 22nd Legation instructed Peck to lodge informal protest with the Minister of Industries against issuing a statement of this character which could not fail to encourage China to copy American patents, which China is bound by the terms of article 10 of the treaty of 1903⁶⁶ to protect. Minister was requested to issue supplemental statement warning Chinese against copying American patents but this he did not promise to do, merely giving assurances that he would give matter his earnest attention. There is increasing evidence that Nanking Government instead of endeavoring to protect foreign patents is making determined effort to encourage imitation of such patents by Chinese citizens and firms.

JOHNSON

893.542/50 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, May 20, 1933—2 p. m.

172. Your 436, May 15, 2 p. m. On May 16 Department brought substance of your telegram to the attention of Soong and Alfred Sze. Soong stated subsequently that he had telegraphed to his Government stating that he viewed with disapproval such action.

If favorable action on the part of the Chinese authorities is not forthcoming at an early date, you will inform the Minister for Foreign Affairs first orally and later, if that proves ineffective, in writing, that the Government of the United States regards the statement by the Minister of Industries as a flagrant case of official bad faith, as the statement is not only a declaration of an official intention to disregard the legal obligations of China under Article X of the treaty of 1903 to afford protection for American patents, but is also an invitation and encouragement to Chinese citizens to make the treaty violation certain, thereby despoiling American citizens of their legitimate property rights.

⁶⁶ Signed at Shanghai, October 8, 1903, *Foreign Relations*, 1903, p. 91.

You will add that the Government of the United States is confident that the Government of China will realize the impropriety of the statement of the Minister of Industries and the imperative necessity of an immediate and widely publicized governmental repudiation of the statement accompanied by a prohibition against the unauthorized use or infringement of American patents.

Please keep Department fully informed of any developments.

HULL

893.542/54

The Acting Secretary of State to the Minister in China (Johnson)

No. 1102

WASHINGTON, June 9, 1933.

SIR: Reference is made to your despatches Nos. 1937 of February 1, 1933, and 2035 of April 3, 1933, to your telegram No. 436, May 15, 1933, 2 p. m. and to Shanghai's despatch No. 7454 of February 6, 1933, to the Legation, in regard to the protection in China of American patents.⁶⁷

You are directed to watch closely the situation in China as regards the protection of American patents and, from time to time on appropriate occasions, to impress on the Chinese authorities that the American Government expects the Chinese Government to take adequate steps at an early date to enact the necessary legislation for the protection of American patents in China.

Very truly yours,

WILLIAM PHILLIPS

893.542/52: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 12, 1933—6 p. m.

[Received June 12—8:55 a. m.]

514. Department's 172, May 20, 2 p. m., was repeated to Peck with instructions that he convey to Minister for Foreign Affairs the essential information contained therein. Peck was informed that if oral representations proved ineffective the Legation would address a formal note to the Foreign Office as directed. On May 23rd Foreign Minister informed Peck that he would see what could be done to rectify the situation. As this matter is being handled by the Department of European and American Affairs of the Foreign Office, Peck stated that he would get in touch with the Director of that Department and explain just what was wanted in the way of public repudiation of the alleged rule of the Ministry of Industries. On June 7th I instructed Peck to renew the demand and to state that a strong

⁶⁷ Despatches not printed.

note of protest would be delivered in the near future unless such repudiation were forthcoming. On June 8th in the absence of Foreign Minister, Peck called upon Director of the Department of International Affairs of the Foreign Office and made very strong representations. Director showed Peck copy of letter addressed by Ministry of Foreign Affairs to Ministry of Industries on May 24th and promised immediately to draft another letter to the Ministry of Industries to be despatched on morning of June 9th. He further agreed to telephone the department chief handling the matter in the Ministry of Industries in order to lend emphasis to the Legation's representations. Peck further stated the Legation desired immediate action and that it would be satisfied with nothing less than having repudiations published in a number of journals and that such repudiation should call attention of the public to the fact that Chinese Government had entered into treaty engagement giving protection to American patents and should state that it was not true that articles patented in foreign countries enjoy no patent rights within the jurisdiction of China. I shall inform the Department by telegraph of future developments.⁶⁸

JOHNSON

893.542/58 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 21, 1933—5 p. m.

[Received July 21—8:50 a. m.]

614. Your 251.⁶⁹ Legation has today received from Nanking a draft statement on patents prepared for release to press clarifying statement made by Ministry of Industries in April and clearly pointing out that in spite of China's failure to establish a patent office as required by article 10 of the treaty of 1903 Chinese will not be accorded exclusive right to manufacture of products if it be found that they are an imitation of foreign patented articles or if it be shown by interested parties that the product is an imitation.

I have requested Smyth⁷⁰ to inform Ministry of Foreign Affairs that Legation approves of statement and to request that it be released to the press as soon as possible.⁷¹ Complete text is being transmitted by mail.⁷²

JOHNSON

⁶⁸ The Minister in China, in his telegram No. 607, July 20, 10 a.m., reported his "strong formal note of protest" on July 11 to the Chinese Minister for Foreign Affairs (893.542/57).

⁶⁹ Dated July 18, 4 p.m.; it stated: "Department desires that this matter be pressed." (893.542/52)

⁷⁰ Robert Lacy Smyth, Second Secretary of Legation.

⁷¹ The statement appeared July 22.

⁷² Not printed.

893.543/226

The Secretary of State to the Minister in China (Johnson)

No. 1231

WASHINGTON, November 8, 1933.

SIR: Reference is made to the Legation's despatch No. 2050 of April 13, 1933,⁷³ and previous correspondence, in regard to the protection of American trademarks in China under the Chinese trademark law of 1930 and especially in regard to the question of whether that law and the detailed regulations for the enforcement thereof are applicable to American citizens conformably with their rights in China by virtue of treaty or otherwise.

After careful study of the information made available to the Department by the Legation and the Consulate General at Shanghai, the Department believes that, because of numerous objectionable features of the law and the incompetent and arbitrary manner in which it is at times administered, it is impossible specifically to accept the law as applicable to American nationals. However, as the nationals of many countries, including nationals of the United States, have been registering their marks under this law for almost three years, it would seem inadvisable to declare the law and the regulations inapplicable to American nationals or to attempt to obtain a material revision thereof or improvement in their administration by general objections which are not based on specific cases.

Moreover, as it appears that the Legation and consular officers have through representations to the appropriate Chinese authorities obtained correction of some abusive applications of the law to American nationals, it would seem that a continuation of the policy which has brought about these results would be more likely to benefit American interests than a general attempt to obtain the necessary revision of the provisions of the law and the reformation of the organization which has been placed in charge of its administration.

The Legation will, therefore, refrain from making any communication to the Chinese authorities as to the application to American nationals of the trademark law of 1930 and the regulations for its enforcement, but the Legation and the consulates will continue to make appropriate representations in behalf of American trademark interests in any case in which such representations appear to be warranted.

Very truly yours,

For the Secretary of State:
WILLIAM PHILLIPS

⁷³ Not printed.

REGISTRATION OF AMERICAN AND OTHER FOREIGN PUBLICATIONS
UNDER THE CHINESE PRESS LAW

893.711/100

The Minister in China (Johnson) to the Secretary of State

No. 1942

PEIPING, February 2, 1933.

[Received March 11.]

SIR: With reference to the Legation's despatch No. 1889, December 24, 1932,⁷⁴ regarding the press law of China, I have the honor to enclose copies of the translation of a note dated January 23, 1933, received from the Ministry of Foreign Affairs together with a copy of the Legation's reply thereto.⁷⁵

The note of the Ministry of Foreign Affairs disregards entirely the question of registration by American nationals with the Central Party Headquarters, as well as the question of the applicability of the penal provisions of the law. It merely requests that American publishers be instructed to register with the Ministry of the Interior.

Accordingly, the Legation has replied to the Ministry of Foreign Affairs setting forth the attitude of the Department as contained in its telegram No. 356, October 24, 3 p. m.,⁷⁶ and No. 373, November 21, 5 p. m.,⁷⁷ and has refused to instruct American nationals to comply with the requirements of the law in question.

Should it later appear that American publications will be seriously prejudiced by a failure to register, the Department's instructions will be requested.

Respectfully yours,

NELSON TRUSLER JOHNSON

893.711/99 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 7, 1933—3 p. m.

[Received March 7—9:35 a. m.]

220. Your 373, November 25 [21], 5 p. m., 1932.⁷⁷ Counselor of Legation at Nanking expresses the opinion that the primary object of the National Government in attempting to induce foreign publications to register under the press law is to deprive Chinese publications of their excuse for not registering and that a secondary object

⁷⁴ Not printed; for its enclosure dated December 16, 1932, see *Foreign Relations*, 1932, vol. iv, p. 667.

⁷⁵ Notes not printed.

⁷⁶ *Foreign Relations*, 1932, vol. iv, p. 663.

⁷⁷ *Ibid.*, p. 665.

is to obtain a statistical record of the publications appearing in China. He has been informed by the Assistant Director of International Affairs of the Ministry of Foreign Affairs that Chinese journals base their unwillingness to register primarily upon the refusal of foreign journals to do so. He feels that the Ministry of Foreign Affairs is anxious to get the moral backing which it would gain from the registration of an American journal or two, and calls attention to the fact that the Ministry of Foreign Affairs has endeavored to smooth the way for the extraterritorial powers by cancelling in their favor requirement for registration at the Central Party Headquarters and by letting it be known that registration will not make the journal so registered subject to the penal provisions of the law. He cites the Department's rulings consenting to the application by physicians for licenses; to the registration of qualified architects; to censorship of motion-picture films and their suppression under proper circumstances; to the exclusion under international postal convention of certain mail matter; to the registration of American schools; to the application by vessels to the Maritime Customs for permission to navigate in inland waters; to the right of the Chinese Government to forbid banks to issue notes; to certain restrictions on insurance companies; and to the right of the Chinese to collect certain taxes when some *quid pro quo* is furnished.

He feels that the Department's ruling in this matter gives relatively greater immunities to publishers than we claim for other American activities and thinks that we should follow course we have taken in regard to payment of certain taxes and the supplying of information by American citizens; that is, inform American publications regarding the regulations of the Chinese Government and leave it to the publication concerned to act as its interests dictate, informing the Chinese Government that we have done so.

I am inclined to agree with Peck provided we first obtain a copy of written undertaking from the Ministry of Foreign Affairs specifically exempting American publications from the operation of the penal clauses of the law and from registration with the Central Party Headquarters.

JOHNSON

93.711/99 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, March 9, 1933—noon.

79. Your 220, March 7, 3 p. m. Your view as expressed in the last paragraph of your telegram under reference is in substantial

accord with the Department's view as expressed in the last paragraph of the Department's 373, November 21, 1932, 5 p. m.⁷⁹

You are therefore authorized to act accordingly but, in view of the fact that you have discussed this question with your British colleague, the Department feels that you should again, before taking action, discuss the matter with him in the light of recent developments; also, with any other of your interested colleagues with whom you may have discussed the matter.

HULL

893.711/101: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, March 25, 1933—9 a. m.
[Received March 25—1:05 a. m.]

275. Your 79, March 9, noon. I have discussed the question of the press registration law in cooperation with my British colleague. I now find that the British Legation wrote formally to the Ministry of Foreign Affairs consenting to registration of British publications with the Ministry of the Interior provided the Ministry of Foreign Affairs agreed in writing that penal sections of the law and those sections concerning administration of the Kuomintang would not be applied to British publications. Lo made orally to the British Chargé d'Affaires the same assurances that he made to Peck but stated that he could not make such assurances in writing. British appear to have accepted oral assurances and to have advised British publications to register.

I have discussed the Department's attitude with the British Minister who appears willing to reopen the case with the Ministry of Foreign Affairs conforming with our attitude provided projected verbal assurances made by the British Chargé during negotiations in his absence do not preclude such action. He has written the former Chargé d'Affaires to clarify this point but has received no reply.

The Consul General at Shanghai now informs me that:

"The Shanghai Postal Commissioner has again notified American publishers to register under penalty of withdrawal of postal facilities. Commissioner states *inter alia* that British, French, American and Japanese Legations have been requested to instruct their nationals to register."

No new communication has been received from the Foreign Office.

In view of the British Minister's expressed desire to reopen his negotiations with the Ministry of Foreign Affairs I feel inclined now

⁷⁹ *Foreign Relations*, 1932, vol. iv, p. 665.

to act in compliance with your instruction under reference hoping that such action may influence the British Minister to reopen talks and take similar action. However considering the British action set forth above I should like to have the Department's further comments before taking the action contemplated.

JOHNSON

893.711/101: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 1, 1933—noon.

105. Your 275, March 25, 9 a. m.

1. Department notes that the Chinese authorities are again pressing foreign publishers to register; that, according to the Shanghai Postal Commissioner, the said authorities have requested that the American, British, French and Japanese Legations instruct their nationals to register; that the British Legation, without your knowledge, accepted oral assurances that the penal sections of the law and those sections with regard to administration by the Kuomintang would not be applied to British publications; and that, subject to the Department's comment, you are inclined to take action in accordance with the Department's instructions of March 9, requesting a written undertaking from the Ministry of Foreign Affairs specifically exempting American publications from the operation of the penal clauses of the law and the requirement for registration with the Central Party Headquarters.

2. From the beginning of this case (see Department's 356, October 24, 1932, 3 p. m.⁸⁰ last paragraph), the Department has indicated to you that it wishes to know the views of other interested powers and action taken by them. The reason for desiring this information was to enable the Department (*a*) to coordinate, if possible, its views and actions with those of the other interested powers so that the American Government's position in relation to the various problems arising out of similar treaty rights might, if consonant with our proper interests, be in line with that of the other interested powers, and (*b*) to benefit by knowledge of all available pertinent data on the subject. In order, therefore, to attain these objectives, the Department desires that you keep in close touch with your colleagues and keep Department informed.

3. The Department's views with regard to the position that you should take in connection with the present case remain unchanged. However, as the French and Japanese Legations appear now to be

⁸⁰ *Foreign Relations*, 1932, vol. iv, p. 663.

confronted with the same problem as the American and British Legations, you should, before communicating to the Chinese Government the attitude of the American Government, endeavor to ascertain the views and attitude of the French and Japanese Legations. In case the views of those Legations are found substantially similar to the views of the Department, you should inform the Chinese Foreign Office of this Government's attitude, bearing in mind the desirability that the time of forwarding replies of the American, French and Japanese Legations be synchronized, if practicable. In case the French and Japanese views do not accord with the views expressed by the Department, you should inform the Department and submit your recommendations.

HULL

893.711/102 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 5, 1933—11 a. m.

[Received April 5—6: 14 a. m.]

306. Your 105, April 1, noon, paragraph 3; my 275, March 25, 9 a. m., regarding action Shanghai Postal Commissioner.

1. Upon consulting British Minister today I find that information which he received from British Consul General differs from ours in that British Consul General reported Postal Commissioner as having said that he had no instructions to take action in case press refused to register. Furthermore, under date of March 31, 1933, British Consul General telegraphed British Minister as follows:

“City Government of Greater Shanghai have sent a letter to the British Chamber of Commerce stating that for the time being foreign newspapers are not required to register.”

Matter would therefore not seem to be as pressing as indicated by Cunningham's telegram.

2. An examination of the file here indicates that Legation has kept Department currently informed of all steps in regard to this matter including informal negotiations between British Chargé d'Affaires and the Chinese Foreign Office with a view to having foreign press law amended so that requirement that periodicals be registered with party headquarters and provision for penalties would not be applicable to foreign press. Oral undertaking in this regard as communicated by Peck in his despatch number L-467 January 21, 1933,⁸¹ was forwarded to the Department without covering despatch on February 3, 1933. Same oral assurances made to British Chargé

⁸¹ Not printed.

d'Affaires and presumably to the French. These oral assurances were followed by a written communication addressed to [by] the Department of International Affairs of the Ministry of Foreign Affairs to the American Legation under date of January 23⁸² which was copied to the Department on February 2, 1933.

3. Legation replied formally to this communication under date of February 2, 1933,⁸² stating that we were not in a position to comply with Foreign Office request and advise American periodicals to register. Copy forwarded to the Department under date of February 2, 1933. Neither French nor the British have replied to the Foreign Office note of January 23rd. British intend to ignore Foreign Office note and let matters rest with informal negotiations which Ingram had carried on with Foreign Office having suggested through British Consul General at Shanghai that British papers register with Ministry of the Interior. British Minister is not informed as to what action British press has taken. British Minister is willing, however, to make reply to note of January 23rd in the form of a third-person note addressed to the Department of International Affairs of the Ministry of Foreign Affairs from which note came, unilaterally reserving treaty rights British subjects. British Minister proposes, however, to allow advice given to British press to stand. He proposes this action in case we desire their backing of our point of view. Neither of us feel that it is necessary, however, particularly at the present time in view of communication of the British Chamber of Commerce.

4. French Minister informed me this morning that although they had received assurances similar to those given us and British, they had made no commitments to the Foreign Office and had not intended to reply to note of January 23rd. He informed me that French periodicals in Shanghai had been advised to register with the Ministry of the Interior.

5. Japanese Legation states that they are ignoring the law.

6. Chinese Foreign Office have refused to give British written assurances regarding nonapplicability of penal clause of press law and of clause relating to registration with Central Party Headquarters. It is our joint opinion that we could not obtain such assurances in writing.

7. The only sanction which Chinese could apply to the foreign press in International Settlement at Shanghai would be denial of postal facilities and they could do this whether our press registered or not.

8. In view of information obtained from British and French Ministers I recommend that we do nothing further in this matter

⁸² Not printed.

for the time being. A full report reviewing case with accompanying documents is being sent by mail.⁸³

JOHNSON

893.711/102 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 7, 1933—2 p. m.

114. Your 306, April 5, 11 a. m. In the light of the information contained in your telegram under reference, the Department approves your recommendation that we do nothing further in this matter for the time being. You will of course observe and report upon developments.

HULL

893.711/107 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 28, 1933—4 p. m.

[Received June 28—7: 50 a. m.]

562. Department's 114, April 7, 2 p. m., law of publications. The Ministry of Foreign Affairs has now given a written undertaking which I consider as compliance with the Department's requirements as set forth in its 373, November 21, 5 p. m., 1932,⁸⁴ and as mentioned in the last paragraph of my 220, March 7, 3 p. m. British Legation has received similar note.

2. With the Department's approval I propose to acknowledge the receipt of the Ministry's note summarizing the undertakings set forth therein and continue as follows:

"From the assurances conveyed in the note of the Ministry of Foreign Affairs under acknowledgment I understand that all that is required in the case of American newspapers and periodicals is a mere *pro forma* registration with the Ministry of the Interior only and solely for statistic compilation purposes in return for which such registered American newspapers and periodicals would be assured of special postal rates. I further understand that no effort will be made by the Chinese Government to enforce any penal provisions of the law of publications upon any American newspaper or periodical.

Upon the receipt of confirmation of my understanding of the Ministry of Foreign Affairs' assurances as stated above I am prepared to recommend American newspapers and periodicals to register as requested."

3. My British colleague is similarly replying to the Ministry of Foreign Affairs.

JOHNSON

⁸³ Not printed.

⁸⁴ *Foreign Relations*, 1932, vol. iv, p. 665.

893.711/108 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 5, 1933—11 a. m.

[Received July 5—1:45 a. m.]

573. Your 231, June 30, noon.⁸⁵ Will the Department approve amendment last paragraph draft submitted by 562, June 28, 4 p. m., to read:

“On the above understanding and provided that the requirements of the act of registration are in practical force in consonance therewith I am prepared to recommend American newspapers and periodicals to register as requested.”

British Legation and ourselves prefer this wording to the former approved by the Department as it closes correspondence and avoids request for confirmation which is in our opinion unnecessary.

JOHNSON

893.711/109 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, July 13, 1933—4 p. m.

246. Your 590, July 12, 3 p. m.,⁸⁶ and 573, July 5, 11 a. m.

1. As the proviso quoted in your 573, July 5, 11 a. m., appears from the language used in your new draft of a final paragraph to be a new proposal not covered by the understanding as disclosed in the correspondence available to the Department, the Department is unable to perceive how you can recommend acceptance of act of registration by American newspapers and periodicals without first having an assurance from Chinese authorities that the conditions of the proviso have been met.

2. Department suggests as a substitute for the amendment which you offer the following:

“On the above understanding, and as soon as I shall have been informed that the requirements of the act of registration are in practical force in consonance therewith, I shall be prepared to recommend to American newspapers and periodicals that they register as requested.”

If this is acceptable, you are authorized to proceed.⁸⁷ If not, please inform Department on what basis you and British Legation reach conclusion that request for confirmation is unnecessary.

PHILLIPS

⁸⁵ Not printed; it approved action proposed in telegram No. 562, June 28, 4 p.m., *supra*.

⁸⁶ Not printed.

⁸⁷ The Legation's note No. 625, July 18, to the Minister for Foreign Affairs, contained the Department's suggested paragraph (893.711/111).

893.711/113

The Secretary of State to the Minister in China (Johnson)

No. 1212

WASHINGTON, October 9, 1933.

SIR: Reference is made to your despatch No. 2279 of September 6, 1933,⁸⁸ and previous correspondence, in regard to the press law of China. The Department notes that the question of the applicability of this law to American and British nationals was not settled, as had been hoped, by the despatch of the Legation's note No. 625 under date July 18, 1933, and the British Legation's note of July 17, 1933, to the Minister for Foreign Affairs, as the Chinese authorities, wishing to retain the right of denying postal facilities and of imposing other administrative penalties provided in Chapter V of the Law of Publications, are unable to confirm the understandings requested by the American and British Legations. It appears, however, that they are prepared to waive the imposition of fines and penalties as provided in Chapter VI of that Law. Under the circumstances the Department approves your decision, with which the British Legation is in accord, to allow the matter to rest until the Chinese again reopen it.

If and when the question is reopened, the Department feels that we should continue to take the position set forth in the Legation's note to the Minister for Foreign Affairs No. 625 of July 18, 1933, which the Department approved in its telegraph instructions No. 231 of June 30, noon,⁸⁸ and No. 246, July 13, 4 p. m.

Very truly yours,

For the Secretary of State:
WILBUR J. CARR

893.711/117

The Minister in China (Johnson) to the Acting Secretary of State

No. 2413

PEIPING, December 7, 1933.

[Received January 2, 1934.]

SIR: I have the honor to refer to the Legation's despatch No. 2364, November 7, 1933,⁸⁸ and to previous correspondence in regard to the Press Law of China, and to enclose for the Department's information a copy in translation of a note dated November 17, 1933, from the Ministry of Foreign Affairs⁸⁸ which acknowledges the receipt of the Legation's note of July 18, 1933,⁸⁸ informs the Legation of several newspapers and periodicals published by American citizens

⁸⁸ Not printed.

which have registered with the Ministry of the Interior under the provisions of the Law of Publications, and requests that all other American publications be instructed to apply to that Ministry for registration. With the Ministry's note was enclosed a copy of the application form, which in itself is not objectionable.

Upon the receipt of the above note from the Ministry of Foreign Affairs, the Legation consulted with the British Legation and expressed an inclination to reply to the Ministry to the effect that the Legation's present instructions prevent it from advising American publications to register with the Ministry of the Interior until it has received the assurances of the Ministry of Foreign Affairs requested in the Legation's note of July 18, 1933, a copy of which was transmitted to the Department in despatch No. 2213, July 21, 1933, from this mission.⁹¹

The Department will recall that the British Legation, in its note to the Ministry of Foreign Affairs of July 17, 1933 (a copy of which was enclosed with the Legation's despatch referred to immediately above), did not request additional assurances similar to those requested by this Legation, but contented itself with a statement to the effect that if the requirements of registration were found to be in consonance with the Legation's understanding of the assurances given by the Foreign Office note of May 19, 1933,⁹¹ it would advise the British interests concerned that there was no objection to the registration of their periodicals and publications.

In view of the fact that no additional assurances were requested by the British Legation, that Legation now feels that it is unnecessary to reply to this most recent note from the Ministry of Foreign Affairs, and has therefore suggested that no reply be made to the note, but that both Legations transmit copies thereof to their respective Governments for possible further instructions. The British Legation lays stress upon the innocuous character of the application form and says that it is now prepared to recommend to its Foreign Office that no further objection be raised to the voluntary *pro forma* registration of British publications with the Ministry of the Interior.

In view of the attitude of the British Legation, I agreed to refrain for the present from replying to the Ministry of Foreign Affairs and to request the Department's instructions instead. Should that Ministry press for a reply to its note of November 17, we will acknowledge its receipt and say that the matter has been referred to our Governments for further instructions.

Throughout these negotiations the British Legation has viewed this matter much less seriously than has this Legation, and I am

⁹¹ Not printed.

inclined to believe that its Foreign Office will authorize acquiescence in the registration of British publications without further assurances from the Chinese Government.

The question therefore arises as to whether the American position in this matter should be reconsidered.

It is understood that the French Legation has acquiesced in the registration of French publications, but that the Japanese Government has ignored the Press Law. If the British Legation now acquiesces in registration by British periodicals, accepting as adequate the assurances given in the note of the Ministry of Foreign Affairs of May 19, 1933 (a copy of which accompanied this Legation's despatch No. 2213 of July 21, 1933), there is little likelihood that the additional assurances requested in the American note of July 18th will be given by the Ministry of Foreign Affairs.

I am inclined to suggest that if the British Legation finally acquiesces in registration of British publications, this Legation might be authorized to acknowledge the receipt of the Foreign Office note of November 17, 1933, and to state that the American Government has no objection to the voluntary *pro forma* registration of American periodicals with the Ministry of the Interior of the National Government but that it can not compel such registration by American periodicals and publications and that it can not accept as applying to such American periodicals and publications, whether or not they shall have so registered, any of the penal provisions or administrative control contemplated by the Press Law of China.

The National Government has effectively demonstrated that it has the power to withdraw postal facilities from American publications, whether registered or not. There is apparently no disposition to give the assurances required by the American Government in connection with the request that American publications should apply for registration. The Legation regrets that it has little faith that any such assurances, even if given, would be scrupulously respected after their purpose of inducing registration had been accomplished. It would seem desirable, therefore, that the American Government should be content to sanction voluntary *pro forma* registration with the general reservation that it can not accept any of the penal provisions or administrative control contemplated by the Press Law as applying to American publications or periodicals, whether or not they are so registered.

Respectfully yours,

For the Minister:
C. E. GAUSS
Counselor of Legation

CHINESE CENSORSHIP RESTRICTIONS UPON EXHIBITION OF
AMERICAN MOTION PICTURES IN CHINA

893.4061 Motion Pictures/74

The Acting Secretary of State to the Minister in China (Johnson)

No. 1138

WASHINGTON, August 3, 1933.

SIR: The Department refers to your despatch under date May 31, 1933,⁹² in regard to the threat of the Chinese National Board of Film Censors, in effect, to exclude from exhibition in China all films of the Columbia Pictures Distributing Company, Incorporated, until such time as that Company shall have agreed to withdraw from world-wide circulation its film entitled "The Bitter Tea of General Yen".

In this connection the Department recalls that the case under reference is not the first instance in which the Chinese Board of Censors has similarly threatened American moving picture producers as like action was taken in connection with the films "East is West", "The Shanghai Express" and possibly others.

As indicated in the Department's instruction No. 848 of August 19, 1932,⁹² the American Government does not question the right of any government to prevent within that government's jurisdiction the exhibition of any motion picture which it may regard as contrary to its interests. Nor would this Government be disposed to object if permission to exhibit pictures of any particular company were made conditional on the suppression of a picture which, following a dispassionate and unbiased study thereof, is found to contain features which vilify or hold up to ridicule the people or government of a friendly power or which are likely to affect adversely international relations. Such extreme measures on the part of any government, however, would be warranted only when there could be no reasonable doubt as to the seriously objectionable character of the picture and when the picture could not be revised so as to remove its objectionable elements, or when the producer refused to make such a revision. However, except under such circumstances as are indicated immediately above, this Government could not admit the right of any government to demand the suppression of an American picture outside the jurisdiction of the government making the demand, and any attempt to coerce American producers by unreasonable demands should be firmly opposed.

Each case, as it arises, must be settled on its own merits and the Department trusts that through a continuance of the cordial rela-

⁹² Not printed.

tions which now exist between officers of the Legation and members of the Chinese Board of Censors, such differences as occur may be adjusted satisfactorily. In the event that such negotiations fail to achieve the desired results, the Legation should request of the appropriate Chinese authorities a precise statement of the objections raised against the American film under discussion, and copies thereof, together with a comprehensive statement of the views of the Legation and any additional pertinent information, should be transmitted to the Department for its information and consideration.

Very truly yours,

WILLIAM PHILLIPS

893.4061 Motion Pictures/86

The Minister in China (Johnson) to the Secretary of State

No. 2290

PEIPING, September 13, 1933.

[Received October 13.]

SIR: I have the honor to refer to the Department's instruction No. 1138, August 3, 1933, and to previous correspondence regarding the censorship of motion pictures in China, and to enclose for the Department's information, and as of possible interest to American motion picture distributors, a copy of the English translation of a memorandum of September 6, 1933, from the Ministry of Foreign Affairs.⁹³

The memorandum of the Ministry of Foreign Affairs requests that American motion picture distributors be informed of the provisions of the Motion Picture Censorship Law and of the Detailed Rules for the Enforcement of the Motion Picture Censorship Law requiring that all motion picture films imported into China for exhibition be shipped to Nanking for censorship prior to exhibition.

The Legation has informed the Ministry of Foreign Affairs that a copy of the memorandum in question has been transmitted to the Department of State for the information of American motion picture distributors. A copy of this memorandum is also enclosed.⁹³

Respectfully yours,

NELSON TRUSLER JOHNSON

⁹³ Not printed.

893.4061 Motion Pictures/88

*The American Counselor of Legation in China (Peck) to the Director of the Department of International Affairs of the Chinese Foreign Office (T'chou)*⁹⁶

NANKING, October 3, 1933.

DEAR MR. TCHOU: You may recollect that in June the National Board of Film Censors took exception to certain portions of an American motion picture film entitled "The Bitter Tea of General Yen". The Columbia Pictures Distributing Co., Inc., the firm which produced this picture, eliminated those portions of the film which were objectionable to the Chinese Government and an inspection of your files will show that the Chinese Minister in Washington telegraphed to the Ministry of Foreign Affairs that this had been done.

The Ministry of Foreign Affairs communicated to the Ministry of Education the telegram which had been received from Dr. Alfred S. K. Sze, and the Ministry of Education informed the National Board of Film Censors. The last named organization then resumed censoring the films presented by the Columbia Pictures Distributing Co., Inc., which they had discontinued in consequence of the dissatisfaction of the Board with the film entitled "The Bitter Tea of General Yen".

The Legation has now received a letter from the Manager for the Far East of Columbia Pictures Distributing Co., Inc., stating that the Chinese Consul General at Batavia has advised Chinese citizens not to patronize the film in question. This has resulted in loss to the American firm and the latter is very apprehensive that other Chinese Consular authorities may follow the example of the Consul General at Batavia.

The American firm would be grateful, therefore, if the Foreign Office would telegraph to the Chinese Consulates General at Batavia, Manila and Calcutta, informing them that the film entitled "The Bitter Tea of General Yen" has been amended and has been approved by the National Board of Film Censors in its amended form, in consequence of which they should not take any measures to warn Chinese residents abroad against the film.

I should appreciate the courtesy if the Ministry of Foreign Affairs would take action in accordance with the request of the American firm, as set forth above.⁹⁷

Yours very truly,

WILLYS R. PECK

⁹⁶ Copy transmitted to the Department without covering despatch by the Counselor of Legation, together with a copy of his covering letter No. L-34 Diplomatic, October 6, 1933, to the Minister in China; received November 4.

⁹⁷ Apparently no such action was taken.

893.4061 Motion Pictures/92

The Minister in China (Johnson) to the Secretary of State

No. 2365

PEIPING, November 7, 1933.

[Received December 2.]

SIR: I have the honor to refer to the Legation's despatch No. 2290, September 13, 1933, and to previous correspondence in regard to the censorship of motion pictures in China, and to enclose for the Department's information a copy of despatch No. 7723, October 31, 1933, from the Consul General at Shanghai.⁹⁸

The Consul General encloses a letter from the Motion Picture Association of China, complaining against the action of the National Government Motion Picture Censorship Committee in fining the foreign distributors for irregularities on the part of Chinese exhibitors over whom the distributors have no control.

In accordance with the Consul General's suggestion, the Legation has instructed the Counselor of Legation at Nanking to take this matter up informally with the appropriate authorities of the Chinese Government, explain to them the hardships resulting from the practice of the Censorship Committee, and endeavor to obtain a modification of the procedure which will free foreign distributors from responsibility for the irregularities of Chinese exhibitors. At the same time the Counselor has been instructed to draw attention to the treaty provisions under which fines may be imposed on American citizens only by the American courts.

Respectfully yours,

For the Minister:

C. E. GAUSS

Counselor of Legation

893.4061 Motion Pictures/100

The Minister in China (Johnson) to the Acting Secretary of State

No. 2416

PEIPING, December 14, 1933.

[Received January 15, 1934.]

SIR: I have the honor to refer to the Legation's despatch No. 2365, November 7, 1933, in regard to the complaint of the Motion Picture Association of China against the action of the National Government Motion Picture Censorship Committee in fining foreign distributors for irregularities on the part of Chinese exhibitors over whom the distributors have no control, and to enclose for the Department's consideration a copy of despatch No. 95-Diplomatic, December 5,

⁹⁸ Not printed.

1933, from the Counselor of Legation at Nanking, together with a copy of the Legation's instruction in reply.⁹⁹

The memorandum of conversation enclosed with the Counselor of Legation's despatch indicates that these fines have been imposed upon the distributors because of the Censors' difficulty in dealing directly with the Chinese theatre owners, particularly in the settlement areas of Shanghai, and that the Board of Censors feels that it is justified in imposing these fines in its efforts to establish its authority.

In view of this attitude of the Board of Censors, the Legation has expressed the opinion that protest of the imposition of these fines would not further the interests of the distributors. The Counselor of Legation at Nanking has, however, been directed to continue his interest in this matter, and, should the occasion arise, to express the Legation's concern at this action of the Board of Censors in deliberately violating the treaty rights of the American distributors in its efforts to enforce its authority upon Chinese exhibitors.

Respectfully yours,

For the Minister:

C. E. GAUSS

Counselor of Legation

**DISINCLINATION OF THE AMERICAN GOVERNMENT TO RAISE ITS
LEGATION IN CHINA TO THE STATUS OF AN EMBASSY**

701.4193/36

The Department of State to the British Embassy

AIDE-MÉMOIRE

Referring to the British Embassy's *aide-mémoire* of May 23, 1933,¹ stating that on May 17 the Counselor of the Chinese Legation at London called at the British Foreign Office and said that he had been instructed to ascertain the views of His Majesty's Government on the question of the elevation of the Legations in China to the status of Embassies, it is noted that the present view of His Majesty's Government is that the moment is not opportune for making any change in the status of the missions in China.

With regard to the desire of His Majesty's Government to know whether a similar inquiry has been received by the American Government and, if so, what attitude toward it is being adopted, it may be said that on April 5 the Chinese Minister called at the Department of State and stated that his Government wished to know what would be the attitude of the American Government toward a proposal at this time to raise the diplomatic missions of the two countries recip-

⁹⁹ Neither printed.

¹ Not printed.

roccally to the grade of Embassies. The Chinese Minister stated that the same inquiry was being made in London and in Paris. The Department has as yet made no reply to the Chinese Minister's inquiry and has had since the date of his call no further discussion of the subject with him. The attitude of the American Government toward this question, which has been raised at intervals by the Chinese Government over a period of years, continues as in the past to be adverse, on the ground that conditions in China do not yet afford warrant for taking a step of this sort.

Note has been made of the statement contained in the British Embassy's *aide-mémoire* under reference to the effect that the British Government would not propose to make any definite change in this matter until there has been full and frank discussion with the other interested powers. It has also been the position of the Department of State that, if at any time the American Government should find itself favorably disposed toward a request of this nature on the part of the Chinese Government, the Department would first confer with and/or give notice to the other interested governments.

It will thus be observed that the position of the American Government toward the inquiry made by the Chinese Minister on this subject is that circumstances do not warrant making the requested change at this time and is thus similar to the position of the British Government.

WASHINGTON, June 8, 1933.

JAPAN

POLITICAL DEVELOPMENTS IN JAPAN¹

711.94/810

The Ambassador in Japan (Grew) to the Secretary of State

No. 364

TOKYO, April 21, 1933.

[Received May 6.]

SIR: In various despatches during the past year the Embassy has reported individual cases of anti-American demonstrations. These and other similar incidents of the past six months are listed on the appended sheets² as a significant indication of the hostility to the United States and American companies in Japan manifested by the public and certain organs of the press. There is no doubt in my mind that these incidents are due in some cases directly and in practically all cases at least indirectly to military propaganda. In order to justify the immense appropriations asked by the War Office for carrying out the campaign in Manchuria it was in the interests of the Army to create a war psychology in the country. Sometimes openly and at other times in scarcely veiled language the people have been given to believe that the United States is preparing for an eventual attack on Japan. The leaders of the Government and the Army and probably most of the intelligent public know very well that these allegations are totally unfounded. They realize that there is a far greater risk of an eventual clash with Soviet Russia than with the United States. It has nevertheless suited the purpose of the military to keep the nationalistic and patriotic ardor of the public stirred up by periodic aspersions against America and they have accomplished this purpose with marked success. The "spy mania" alone is a clear indication of this war psychology, and while this mania is in general aimed at all foreigners in Japan, it is specifically more acute where Americans and American companies are concerned.

Apart from the inconvenience caused to American firms in obtaining legitimate commercial and industrial information through the obstructions induced by this spy mania, I have not regarded the anti-American propaganda and demonstrations as dangerous. It is true that in the present national temper of the country, the occur-

¹ For previous correspondence regarding the political situation in Japan, see *Foreign Relations*, 1932, vol. iv, pp. 672 ff.

² Not printed.

rence of some serious incident would tend to inflame public opinion acutely against the United States, but the leaders of Japan are too intelligent to let Japanese-American relations get out of hand. As long as the so-called Exclusion Act³ remains in force, the Japanese will continue to regard the relations between our two countries as "strained", but this habit of mind is a chronic one and not acute. As to the Manchurian situation, the attitude towards the United States will continue to be a passive regret that the justice of Japan's actions and policy has been and is "misunderstood" by the American Government and people. Only if the American Government were to take some positive step in the way of sanctions would this feeling of passive regret flare up into active hostility.

With regard to the incidents and demonstrations listed I have not considered action by the Embassy desirable save in the cases of the National City Bank and the Singer Sewing Machine Company,⁴ and a single public denial of the allegation that the United States was supporting China with funds and by lending Army officers to fight against Japan. The charges of espionage have been so puerile that even the official authorities at one time (after the National City Bank affair) let it be known that they disapproved of the movement. In the case of most of the other charges, I have felt it undesirable to dignify them with public denials.

I have, however, taken frequent opportunities to point out to prominent Japanese that this anti-American propaganda does great harm to Japan's reputation in the United States, because many of the vitriolic and unfounded charges against America and Americans which appear in the newspapers in Japan are cabled to the American press and inevitably cause the American public to believe that the Japanese as a whole are actively hostile to the United States. This of course creates and builds up a mutual distrust and suspicion which is ill-founded and illusory. The Japanese often aver that they are misunderstood abroad because they pay too little attention to setting forth their own cause by means of international propaganda, whereas their enemies, they say, are past-masters at that art. To these assertions I reply that Japan's position would be very much better understood abroad if the Japanese did not go to the other extreme and damage their own case by the kind of propaganda in which they do indulge. If propaganda is to be used at all, it would far better be constructive than destructive. These observations have, I think, occasionally sunk in, and at least on one occasion—after the tornado of anti-American publicity last summer⁵ I am aware that efforts

³ Immigration Act approved May 26, 1924 (43 Stat. 153); see also *Foreign Relations*, 1924, vol. II, pp. 333 ff.

⁴ See pp. 716 ff.

⁵ See *Foreign Relations*, 1932, vol. IV, pp. 672 ff.

were made by the Prime Minister, with some success, to tone down the character of the attacks and to call a halt, temporarily at least, to the spy hunting. Even the usually irresponsible Mr. Shiratori was comparatively quiescent for an interval. It is too much to expect, however, that the more sensational type of newspapers in Japan will abandon their chauvinistic baiting of foreigners and foreign countries, so long as Japan remains in her present unenviable position in the eyes of the world, and that baiting will, in the nature of things, inevitably continue to concentrate upon the United States.

Respectfully yours,

JOSEPH C. GREW

711.94/817 : Telegram

The Ambassador in Japan (Grew) to the Acting Secretary of State

TOKYO, June 8, 1933—11 a. m.
[Received June 8—5:33 a. m.]

114. There seems to have been a noticeable improvement recently in the Japanese attitude towards the United States. A number of factors have contributed to this improvement, including the recent outburst against the British on account of the abrogation of the Indian Trade Agreement.⁶ The Army has obtained the appropriation which it desired, the Chinese situation is less acute while Japan has withdrawn from the League of Nations, all without a clash with western nations. Although the war spirit cannot be said to have died out, the obviously inspired anti-American propaganda is not now in evidence.

This improved feeling towards the United States is shown by the prominent and favorable comment in the press accorded to a number of events which would probably have received less agreeable attention a few months ago.

1. Public appreciation of Viscount Ishii's reportedly cordial reception by the President and the general belief that the President listened sympathetically to Ishii's exposition of Japan's problems. Public feeling that the United States is hostile to Japan and to Japan's allegedly vital interests is subsiding.

2. The visit of Admiral Taylor, Commander in Chief of the United States Asiatic Fleet, on the flagship *Houston* which has been an unqualified success. There has been general appreciation of Admiral

⁶ Convention respecting commercial relations between Japan and India, signed at Tokyo, August 29, 1904, *British and Foreign State Papers*, vol. xcVII, p. 58. For temporary extension on October 7, 1933, see League of Nations Treaty Series, vol. CXLII, p. 394.

Taylor's helpful cooperation with Nomura⁷ in restricting the troubles in Shanghai last year. The American admiral has been most cordially welcomed here.

3. The brief visit of the new Governor General of the Philippine Islands⁸ who called on the high Japanese officials and appears to have made a favorable impression.

4. The visit of Bishop Perry, descendant of Commodore Perry, and his visit to the Perry Monument at Uraga which was given wide publicity.

5. The opening of St. Luke's new medical center, built largely by American funds, in the presence of the Emperor's brother, Prince Takamatsu, and a distinguished Japanese representation.

These various factors have recently filled a prominent place in the Japanese press and have appealed to the public imagination. It is quite possible that the military clique, if they believe that they may thereby further their own interests, may in due course maneuver to undermine this wave of good feeling by continuing its broadside of anti-American propaganda, but I feel that constructive and probably lasting headway has been made. A further hopeful factor is the removal from the Foreign Office of Shiratori, who has been appointed Minister to Sweden.

To Peiping by mail.

GREW

894.00/483

The Ambassador in Japan (Grew) to the Secretary of State

No. 497

TOKYO, August 17, 1933.
[Received September 1.]

SIR: The Embassy has not, for some time, reported on the Japanese Cabinet and the political situation. This has partly been due to the lack of any changes of consequence in recent months, and partly because of the impossibility of making sense out of the constant shiftings and turnings, the hints of resignations and disruption, the demands for "strong government" and the evasive attitude of Japanese political leaders.

Since the establishment of the present Saito Ministry following the assassination of Premier Inukai commonly referred to as the "May 15th incident",⁹ there have been frequent rumors of resignation or change. This ministry, composed of various elements drawn from the Seiyukai, the Minseito and private life, and headed by an aged

⁷ Kichisaburo Nomura, commander in chief, Yokosuka Naval Station.

⁸ Frank Murphy.

⁹ See *Foreign Relations*, 1932, vol. IV, pp. 684-726 *passim*.

retired admiral, was set up at that critical time to fill the need for a coalition or national government, above the knavery of partisan politics. Thus far it has held together, in spite of obvious friction between its diverse elements, although several times its resignation has been confidently predicted, notably after the passage of the budget bill in March when many believed that its task had been finished.

Fortunately, from the standpoint of Cabinet longevity, close cooperation among the Ministers of State is not essential, except in foreign affairs, because the Ministers are individually and directly responsible only to the Emperor for the conduct of affairs under their own jurisdiction.

The Seiyukai, with its overwhelming parliamentary majority, has long been hungering for the power and the spoils to which in normal times it would be entitled. But public prejudice against the abuse of partisan government in critical times like the present, has kept the Seiyukai at the heel of the Cabinet, afraid to force an issue. The Seiyukai has for more than a year lent grudging support to the Saito Ministry, hoping that dissatisfaction with this regime would develop and that it, having lived down its past evil reputation, would be permitted to take over the reins.

But public feeling is still strongly against a straight party regime. Three months ago the Seiyukai pleaded that the emergency symbolized by the May 15th incident was past and that the time had come for a reversion to parliamentary practices. However, the May 15th trials now going on under wide publicity, in which the defendants have eloquently indicted parliamentary government with the sympathy of the public, have recalled the unpopularity of party government and made it plain to the Seiyukai that the time is unpropitious for an attempt to restore an all-Seiyukai government.

Incidentally the Minseito, with four representatives in the Cabinet, is inclined to let well enough alone, realizing that a return to party government would mean the loss of what representation it now has.

It would appear from these facts that in spite of certain friction, and in spite of jealousy on the part of the Seiyukai, there is no reason for a change or reorganization in the Cabinet. However, there are other factors in the situation which must be considered. Both Admiral Viscount Saito and his most important colleague, Mr. Takahashi Minister of Finance, are old men who would gladly return to the retirement from which they were dragged in the emergency following the May 15th affair. Mr. Takahashi was rumored to be on the point of resigning during the past spring, but was dissuaded, probably by the military. Without Mr. Takahashi and his prestige as state financier, the Saito Ministry would be severely

weakened. This, the military would prevent, as they believe the nation requires a strong and non-partisan cabinet in these adventurous times. They are particularly anxious to keep Mr. Takahashi and the Cabinet intact at the present time when the new budget estimates, carrying enormous demands for new armaments, are being framed. They realize that even in the strong patriotic ardor of the nation at present, a firm hand will be needed to force the military demands and the increased taxation down the nation's throat.

In order to lend all possible support to the Cabinet, a scheme has been proposed to draft Dr. Suzuki, President of the Seiyukai, and Baron Wakatsuki, President of the Minseito, into the Cabinet as Ministers without portfolio. Some observers describe this proposal as "gland grafting" on an elderly organism. By this it is hoped to unite all political power into one all-star aggregation strong enough to carry through any policy.

At the time the present Cabinet was formed, an effort was made, in the interest of political unity, to include the presidents of the two great parties in the Cabinet. Both refused to join, but promised a measure of support on behalf of their parties. A further effort was made three months ago to induce Dr. Suzuki to replace Mr. Takahashi as Minister of Finance. This he flatly refused to do, thereby forcing Mr. Takahashi to carry on to the present, as was described above.

Dr. Suzuki was of course between the horns of a dilemma. Some of his followers protested the submergence of their party's identity further into the present Government, advocating rather a severance of relations. Others believed in cooperation, and in controlling the government from within. Both factions were of course considering only their party's advantage. A split in the party may threaten if Dr. Suzuki accepts this latest invitation. Thus far he has appeared to be opposed to the idea, but some observers predict his early acceptance. According to his own statement he could not enter the government unless an "understanding on political policies" is reached. This is the phrase now being actively discussed in the press, which means, baldly, bargaining for advantage.

Baron Wakatsuki of the Minseito has been reticent about the scheme, but observers do not anticipate much objection on his part to a proposal which offers nothing but advantage to his party.

I should add that this scheme has not yet been formally proposed, but is undoubtedly under consideration by Viscount Saito. I believe it will, if proposed, be accepted by the two party leaders, as they well realize that public opinion at present will not tolerate any exhibition of partisan *intransigence*.

Some fear has been expressed in certain quarters that these moves

toward unification of power are tending toward the creation of a dictatorship. Mr. Takahashi himself is reported as stating in a press interview: "Politicians must understand the prevailing situation in Japan. If affairs continue to move in their present course, it is to be greatly feared that Japan will be dominated by a dictatorship. I fear this greatly". His implication was that unless the political parties reform their ways and regain the confidence of the people, the latter will turn in disgust to a feudal dictatorship. Although admitting this danger, the Osaka *Mainichi* states: "We are confident that the day of party government—orthodox parliamentary government in which the opinion of the majority is also respected—will come before many years have passed. In order to hasten that day the political parties must first of all regain their lost prestige by making the needed reforms."

Many of the reactionary events of the past two years in Japan are directly attributable to public resentment at the corruption of the politicians and the loss of confidence in parliamentary government. The genius of the Japanese people seems to be lacking in the direction of popular government along party lines, but this of course may be due to the comparative newness of democratic ideas in Japan. However, it may well develop that recent events and the present hostile feeling of the people may serve as a warning to the political parties that their continued existence depends on the sacrifice of their selfish interests to the broader welfare of the nation.

Respectfully yours,

For the Ambassador:
EDWIN L. NEVILLE
Counselor of Embassy

711.94/839

The Ambassador in Japan (Grew) to the Secretary of State

No. 506

TOKYO, August 31, 1933.
[Received September 15.]

SIR: I respectfully refer to my cable No. 114 of June 8, 1933, 11 a. m., relative to the improvement in the Japanese attitude toward the United States, and to state that, although the press continues its anti-American campaign, there have recently been indications that the Government is endeavoring to encourage a feeling of friendliness between the two countries. Whether a specific plan has been drawn up with this end in view is difficult to ascertain, but it is obvious that a policy of friendliness toward the United States is at present being pursued, publicly at least. The first intimation of such an attitude occurred on July 16 when Mr. Takahashi, Min-

ister of Finance, issued a public statement defending the American stand at the economic conference¹¹ at a time when the American position was receiving severe criticism from other quarters. From this date on, numerous Japanese officials of high rank have apparently almost gone out of their way to make public utterances emphasizing the necessity of Japanese-American amity. The *Japan Advertiser* of August 21, 1933 reports an interview with the Foreign Minister, Count Uchida, in which he is reported as stating that hereafter his gravest concern will be the maintenance of the friendliest relations between Japan and the United States. This, the Foreign Minister is claimed to believe, is expedient in so much as in 1935 the Naval Disarmament Conference¹² is due to be held in accordance with the terms of the London Treaty,¹³ and therefore it will be necessary to pave the way for a favorable reception of Japan's intended demands. These, one is led to believe, will be that she be permitted to increase her ratio. The Foreign Minister is said to have propounded the following three points as essential to the promotion of Japanese-American relations:

"1. Japan makes every effort to inform the American people that the revision of the Washington¹⁴ and London treaties is absolutely necessary for Japan's national defense.

"2. Japan expects the United States to ignore the Manchurian problem and the independence of Manchukuo as matters of the past and urges that the United States enter into trade relations with Manchukuo, independently of the recognition problem, as a gesture of good will to Manchukuo.

"3. Japan earnestly expects America to lend aid to the conclusion in the near future of the Japan-American Arbitration Treaty referred to by President Roosevelt and Viscount Kikujiro Ishii, chief delegate to the world economic conference, in Washington last May."¹⁵

It is believed that the Japanese have at last realized, and rightly, that the rumors of American machinations such as are reported in my despatch No. 495 of August 14, 1933¹⁶ were being overemphasized by the newspapers, and to alleviate the ill effects thereof have swung in the other direction. But whatever the motivating force, friendly sentiments are being broadcast. Another statement which is illustrative of this policy of courting American favor was made by the Japanese War Minister, Lieutenant General Sadao Araki, to Mr.

¹¹ Monetary and Economic Conference held at London June 12–July 27, 1933; see correspondence on this subject printed in vol. I.

¹² See *Foreign Relations, Japan, 1931–1941*, vol. I, pp. 249 ff.

¹³ Signed April 22, 1930, *Foreign Relations, 1930*, vol. I, p. 107.

¹⁴ For text of the Washington treaty, signed February 6, 1922, see *ibid.*, 1922, vol. I, p. 247.

¹⁵ See pp. 745 ff.

¹⁶ *Ante*, p. 387.

Kent Cooper, the General Manager of the Associated Press. As this statement was published by the American press on July 18, specific quotations would be superfluous. Suffice to say that, like the Foreign Secretary, the Secretary of War emphasizes his desire to promote friendship between his country and the United States. Of late, several instances have occurred which, though not of major significance, were distinctly anti-American in character. The incidents I have in mind are the matters of Dr. Teusler's yacht and Lieutenant Sherr's encounter with the local police (See Section I-a, despatch No. 490, Monthly Report on Conditions in Japan—July, 1933¹⁷); the refusal of the authorities to permit the entry of Upton Close into "Manchukuo"; the expelling from this country of two American citizens, Langston Hughes and Alex H. Buckman, and, finally, the public revelation that the Army cadets now on trial who were involved in the May 15th incident last year had plotted to kill both the American Ambassador and the American Consul General. It is perhaps an endeavor on the part of the authorities to remove the unsavory odor which such incidents are likely to create in America that has acted as a stimulant to the present pro-American policy.

Recently, Prince Iyesato Tokugawa, former President of the House of Peers, and reputed advocate of Japanese-American cooperation, sailed for America. It is not at all inconceivable that his trip, in addition to its personal character, was the result of encouragement from the Foreign Office for the very definite purpose of making favorable Japanese propaganda in the United States. Such a surmise is strengthened by the radio speech delivered by Prince Tokugawa shortly after his arrival in San Francisco in which he stated that "our (the Japanese) friendly feeling toward America is not skin deep but has withstood many tests during difficult periods in our international relations. . . ."¹⁸ There is a necessity for mutual understanding and friendly cooperation between the two nations. An encouraging factor is that the United States and Japan are bound by solid and growing ties of commercial relations. Japan is the largest buyer of American goods in the Orient, and the United States is the best customer of Japan. Even in China there is little conflict of commercial interests. Their trade is not competitive but complementary, as most of the goods America exports to China Japan does not produce."

The action of the California State Chamber of Commerce in advocating the revision of the Immigration Laws to provide for a quota basis has met with a most favorable reception from the local press. Likewise the recent ruling of the Commissioner General of Immi-

¹⁷ Not printed.

¹⁸ Omission indicated in the original.

gration which permits Japanese students to go to America to work their way through college has called forth praise from the Japanese.

That there is some purpose behind this new attitude I have little doubt. It may be that the Japanese are specifically creating an atmosphere of friendliness prior to proposing the much rumored new arbitration treaty or leading up to some similar *rapprochement*. On the other hand, they may merely have come to the decision that, now that they have accomplished their ends in Manchuria, the wisest procedure for them to follow is to strengthen the ties between two of the great non-League Pacific nations. It is this latter view that I am inclined to favor, and I believe the following factors influenced its adoption:

(a) Although the thinking Japanese realize that the primal motive of our naval expansion policy is to increase employment, the eventual result will be distinctly unfavorable to Japan. As I previously stated, the Japanese will undoubtedly demand in 1935 a change in the 5:5:3 ratio (the Naval Attaché is of the opinion that the Japanese will probably demand parity, or at least a ratio of 5:5:4.5 plus). The Japanese naval authorities believe that they would always be able to build up to parity with the United States in so much as they do not anticipate that the United States would ever build up to its full quota. Nevertheless, I do not believe the Japanese are anxious for a naval race with the richest country in the world.

(b) The Japanese authorities are apprehensive of American recognition of Russia, possibly through fear of the assistance which such recognition would lend the Soviets in case of a Russo-Japanese war, which many thinking Japanese believe unavoidable.

(c) Since their withdrawal from the League, the Japanese are experiencing the sensation of isolation from the rest of the world. . . .¹⁹ Their relations with Great Britain show little signs of improvement, and now comes the dispute with France over the ownership of the Parasel Islands. It is difficult to run counter to the entire world unsupported, and as I indicated in my despatch No. 491 of August 9, 1933,²⁰ the impression is given that the Japanese nation, as well as its officials, are ill at ease in their present international position and are feeling around for some safe course to follow.

In casting about for a friendship to cultivate, that of the United States would be obviously, in view of many circumstances, the most useful. It seems probable, therefore, that we may anticipate further friendly gestures on the part of those in authority in Japan.

Respectfully yours,

For the Ambassador:
EDWIN L. NEVILLE
Counselor of Embassy

¹⁹ Omission indicated in the original.

²⁰ Not printed.

894.002/218 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, September 18, 1933—4 p. m.
[Received September 18—5:32 a. m.]

144. At my initial reception today by the new Minister for Foreign Affairs²¹ he said that his principal preoccupation while in office would be the development of better relations with the United States and that this in fact was the primary reason for his having accepted the appointment which had come to him as a complete surprise.

GREW

894.00/488 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, October 11, 1933—noon.
[Received October 11—4:32 a. m.]

156. Reports of serious disagreement in the Cabinet continue. On what appears to be reliable authority the new Minister for Foreign Affairs has aligned himself with the Finance Minister in opposition to the demands of the Army and Navy for increased appropriations. Hirota is reported to be using his influence with the reactionary and super-patriotic societies to undermine the position of the chauvinistic military elements. As Hirota is friendly with this group, due to his early associations, they are stated to be willing to listen to him and to accept his views as to what is good for the nation in its relations with other powers.

This turn of affairs is said to be causing much anxiety to the militant faction in the Army which is pushing the Minister of War to insist on his demands for excessive military appropriations. This group cares little for foreign opinion and is ready to go to almost any lengths in what they consider to be the country's needs.

The view of the Minister for Foreign Affairs is that the nation needs peace and friendly relations with foreign nations, that the country is in no danger at the moment, and that greatly increased military expenditures at this time will earn an ill-will abroad which will cost Japan more than the increased margin of safety is worth. If Hirota and Takahashi can carry their point, many qualified observers are of the opinion that there will be danger of a *coup d'état* or an attempt at one on the part of the dissatisfied military elements who see their power waning. In such an event much would depend on the attitude of the Ministry of the Interior which controls the police.

²¹ Koki Hirota, formerly Japanese Ambassador in the Soviet Union.

The Diet is due to meet in December and the budget must be ready by that time. There is a measure of opinion that Viscount Saito may find himself unable to meet the Diet with his present Cabinet and that he will either resign or give a decision which will discomfit one or the other of the groups in the Cabinet.

GREW

894.00/494

The Ambassador in Japan (Grew) to the Acting Secretary of State

No. 581

TOKYO, November 15, 1933.

[Received December 2.]

SIR: With reference to my despatch No. 565 of October 31, 1933,²² transmitting part of a report entitled "The Trials of the Reactionaries Involved in the Incidents of 1932", I have the honor to enclose the section of the report describing the courtmartial of ten naval sub-lieutenants²² involved in the terroristic acts of May 15, 1932 which included the assassination of Premier Inukai.

The trials have only recently been completed, the sentences having been announced on November 9. Two of the defendants were sentenced to fifteen years imprisonment without labor, one to thirteen years, three to ten years, three to two years, and one to one year imprisonment. The four men included in the last two groups were granted stays of execution which permit their enjoying their freedom on good behavior.

As the naval officers instigated the plans for the terroristic acts of May 15, 1932, and were the leaders in the affair special interest was attached to their trials, which commenced at the end of July. During the entire month of August and the first half of September the newspapers of Japan were full of the sensational statements made by them before the court. As news was very scarce it may be said that these trials furnished the public with its principal reading matter during that period.

The main topic discussed by the naval officers was the London Naval Treaty. They bitterly denounced the treaty and the Japanese officials who negotiated, signed, and ratified it. In fact, the statements of the defendants in the courtmartial started the recent nationwide discussion of the London treaty and the next naval conference which has been described in other despatches of this Embassy. One of the defendants stated that he and his associates were determined to take "direct action" in order to "bring the nation to its senses" before the next conference. The "outbursts" of the defendants fully

²² Not printed.

prepared the public for the "warnings" of the jingoists and constituted military preparedness propaganda of the first order. The Army was provided with strong support for its theory of an approaching crisis in 1935-36.

As a result of the trials the general public links the present naval limitations with corruption in politics and other evils denounced by the defendants. In gauging Japanese opposition to continuance of the present naval ratios careful consideration must be given to this fact. It may prove possible for the representatives of western nations to win over some Japanese officials to their point of view but the latter are not apt to forget what happened to some of those responsible for the London Treaty. There are reactionary leaders who are ready to sacrifice their lives for what they consider to be the honor of Japan and they are supported by a public which has now been thoroughly imbued with their ideas.

On the other hand it must be recognized that the same apparent fearlessness exists in some of the Japanese liberals. There is a story now going the rounds of Tokyo that Baron Wakatsuki, the chief Japanese delegate to the London conference, when leaving his home recently to deliver a speech in defense of the naval treaty, summoned all the members of his family and bade them farewell, saying that he would probably not return alive. The story is probably true, though it cannot be verified. It has taken considerable courage for the former liberal premier to make several of his recent speeches, especially the one made at Nagoya where he tried to counteract some of the influence of the defendants in the courtmartial.

There are people in Tokyo who believe that the cause of the militarists will suffer a set back as a result of the sentences of fifteen years imprisonment which were the maximum imposed upon the army and navy men. The man who in 1930 fired the shots at Premier Hamaguchi which were adjudged to have caused his death six months later was recently sentenced to death. The fact that the slayers of Premier Inukai received punishment of so much milder a nature may convince the people that the military have gone too far in creating for themselves a privileged position. Japanese liberals, who are incensed at the verdict, hope that this will be the case. It is reported that several civilian members of the Cabinet have privately expressed their dissatisfaction with the light penalties inflicted upon the military and naval men and that it will strengthen their opposition to the budgetary demands of the armed services.

It is yet too soon to state whether the penalty imposed by the civil court will be generally considered by the public to be too severe or the sentences of the courtmartial too lenient. However, it is certain that in reducing the death penalties demanded by the

naval procurator to fifteen years imprisonment the courtmartial averted serious trouble within the navy itself. The procurator's demand evidenced an attempt to impose a more severe penalty but the outcry from the young naval officers was too strong.

Respectfully yours,

JOSEPH C. GREW

894.00/498

The Ambassador in Japan (Grew) to the Acting Secretary of State

No. 609

TOKYO, December 14, 1933.

[Received January 2, 1934.]

SIR: The prestige of the Japanese political parties and the hopes for an early return to party government have received a setback in the resignation of Mr. Yosuke Matsuoka from the Seiyukai Party and from the Imperial Diet. The severance of Mr. Matsuoka's ties with his party was emphasized by a statement which he simultaneously issued to the press, in which he proclaimed anti-parliamentary and reactionary views such as are popular with a large section of the Japanese public.

Mr. Matsuoka became a well-known figure abroad as a result of his vigorous defence of the Japanese Manchurian policy before the Assembly of the League of Nations. At the same time his popularity at home reached great heights. His fellow-countrymen looked upon him as a modern Horatius defending his people against the onslaughts of the world. His arrival home was the occasion for a public patriotic demonstration of a size seldom seen in Japan.

After the welcoming ceremonies were over, little was seen or heard of Mr. Matsuoka for many months. It looked as if his star was on the wane. However, as he is generally credited with being ambitious for his own advancement, as well as intelligent, it is more probable that he was waiting for what he considered to be the proper moment to appear before the public again. Having been a reputed liberal for many years in the past, but more recently the staunch defender of the militaristic Manchurian policy, it is believed by some people that he has been uncertain which course would be the more advantageous for him to follow in the future. Apparently he has now decided to make the most of his prestige which he gained with the reactionary elements while he was at Geneva. His resignation from the Seiyukai is taken to mean that he does not expect an early return of party government; that he expects a more reactionary cabinet to follow the present one and hopes to become a member of it. Some say that he is too late; that he has been quiet too long.

At any rate his resignation from his party and from his seat as a Seiyukai member of the Diet made headline news on December 10.

He simultaneously issued a statement in which he denounced government by political parties and advocated a "superparty" government. The more important portions of the statement are as follows:

"At this momentous time when the nation stands at a crossroad, and will either rise or fall, it is essential above all things to bring together in unity all the abilities of the people, thereby enabling the nation to act as one man . . . that the national crisis may be surmounted. I believe it necessary that all political controversies and class strife should be eliminated . . . parties impair the harmony of the nation and destroy the accord of the people.

"Accordingly it is my earnest hope that the seasoned and skilled men will free themselves from the fixed restraints and return to a purely superparty position. From this viewpoint I urge that the parties be dissolved. . . . Western style party government does not conform to the conditions of our country nor the character of our people. . . . To wait for the political parties to improve is like waiting for pigs to fly. . . .

"Dissolution of the political parties does not mean the end of constitutional government in all its phases. On the contrary I believe that constitutional government adaptable to our country can be effected only through the unification of the nation as one man, without any opposition between the parties or among factions.

"The time has come when the Japanese race must carry out its important mission in the interests of peace. . . . As a first step I advocate the dissolution of parties."

There have been extensive press comments on the above statement. The papers have expressed sympathy with Mr. Matsuoka but have demanded further explanation of his objective. His denunciation of the parties and his advocacy of constitutional government are termed inconsistent. Several papers have seized the occasion to defend the much maligned Imperial Diet. They have argued that in a nation of sixty million people there must be differences of opinion; that it is impossible to conceive that the people should be united as one man in expressing their opinions; and that the Diet with its party alignments does reflect public opinion. They point out that the existence of the parties does not prevent cooperation on a non-partizan basis, as is shown by the present cabinet.

The general unpopularity of party government in Japan, of which one has heard so much during the last two years, is due partly to the corruption of so many of the politicians. The views of the military on this matter have received much publicity. The best that can be said for the Army as a governing force is that the mass of its leaders appear so far to be honest and sincere. This makes a strong appeal to the mass of Japanese. However, there are signs that a constantly increasing group of army officers are quite satisfied with

their position in the present government. They have great influence over every department but little responsibility, except for the War Department. Therefore their efforts at the present time are aimed at preserving the advantage they have gained.

On the other hand, the younger element of the Army and many of the reactionary groups continue to preach theories of government which are naive and immature. They advocate a return to the "Imperial Way". This is a term difficult to define but it appears that they envisage a return to direct rule by the Emperor. They fail to recognize the fact that the Emperor would under their proposed system be brought into all the political squabbles that would certainly develop, and eventually lose his prestige in the eyes of the people.

Many students of contemporary history, both Japanese and foreign, believe that the basic trouble is that Japan is not yet ready for Parliamentary government. It is questioned whether the Japanese are psychologically and temperamentally suited for it. For instance, the members of the Diet appear to be incapable of debating public questions as intelligently and calmly as is done in English-speaking countries. Moreover, they find it difficult to be dignified in defeat. Those who [are] beaten in the voting "lose face", which is hard on any oriental, even a Japanese. Every organization in Japan, commercial or otherwise, has its advisers, who "arrange" matters of great importance for the organization. Their wisdom is recognized by the more active members and their advice is heeded. In the realm of government, a similar situation existed in the past. From the termination of the military dictatorship under the rule of the Shoguns, until recent years, the Japanese had the Genro, or Elder Statesmen. These men had the confidence of the Emperor and of the Cabinet and guided the nation in its development. However, Prince Saionji is the only one left and he does not now exercise the power wielded formerly by his colleagues.

Many of those who are familiar with Japanese history believe that the Government of Japan cannot be carried on effectively without some balance-wheel, such as a Shogun or a group analogous to the Genro. They believe that one of these institutions or something which is a mixture of the two must sooner or later once more find a place in the Government. It is possible that Mr. Matsuoka had some such idea in mind when he made the comments quoted above.

Respectfully yours,

JOSEPH C. GREW

**REPRESENTATIONS REGARDING INADEQUATE POLICE PROTECTION
FOR PROPERTY OF SINGER SEWING MACHINE COMPANY DURING
STRIKE**

394.1141 Singer Sewing Machine Co./9: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 18, 1933—6 p. m.

[Received January 18—10:20 a. m.]

19. My 288, December 29, noon.²³ The Consulate at Yokohama reports that at 12:30 today a band of 200 workmen attacked the offices of the Singer Sewing Machine Company in that city and almost completely demolished the interior. They destroyed all windows, doors, records, papers, typewriters and most of the furniture. The company states that the loss in contracts destroyed by the attackers runs into the hundreds of thousand dollars. The building belongs to a Swiss firm. Two Japanese employees are reported seriously injured but the Americans who were present in the building were unharmed. Although the attackers marched for some distance through the streets, the police did not appear on the scene until after the damage had been done. They then arrested 138 of the attackers.

As the Department has been informed, the Embassy has repeatedly asked the Foreign Office to arrange for adequate police protection for the company's personnel and property. In view of the seriousness of the present incident I sought an immediate interview this afternoon with the Minister for Foreign Affairs and after orally laying before him the facts as brought to the Embassy's attention I asked that an investigation be made and that steps be taken by the Japanese authorities to accord adequate police protection in future. I said that I was not approaching him with regard to the merits of the strike itself, as this was a private industrial dispute, but that at the present moment my chief concern was for the future protection of American life and property in Japan. Count Uchida replied that he would institute an immediate investigation into the facts of the incident of which he knew nothing and that every effort would be made to accord adequate protection to American life and property in future.

I am informed that the Yokohama police had been warned that trouble of this kind might be expected today and they had promised protection. I brought this to the attention of the Minister of Foreign Affairs in the interview. The Minister inquired whether the police had failed to give sufficient protection in the past to which I replied in the affirmative. I furthermore told the Minister of the highly

²³ Not printed.

unfortunate impression which the present incident would create in the United States.

GREW

394.1141 Singer Sewing Machine Co./12: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 19, 1933—9 p. m.

[Received January 19—9:45 a. m.]

21. My 20, January 19, 3 p. m.²⁴ The Minister for Foreign Affairs sent an official of the Foreign Office to the Embassy this evening to inform me that a full investigation of the facts of the attack on the offices of the Singer Sewing Machine Company had been made and that these facts had been cabled this evening to Ambassador Debuchi. The contention of the Yokohama police is that the strikers had been unexpectedly recruited from Tokyo just before the attack and that in any case only a peaceful demonstration had been expected. The Foreign Office official states that Count Uchida is much concerned over the incident and that the Foreign Office fears that the affair may be interpreted as anti-American in character which he assures me is in no sense the case.

GREW

394.1141 Singer Sewing Machine Co./29: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, February 10, 1933—10 a. m.

[Received February 9—11:35 p. m.]

36. The Singer Sewing Machine Company strike was settled in a conference on the night of February 8 through the good offices of the Director of Police of Kanagawa Prefecture. The company reports that it made no concessions with respect to the objects for which the agitation and strike were first started. Dismissed strikers are to be reemployed after individual interviews excepting those who have committed criminal acts. Full report by mail.²⁵

GREW

²⁴ Not printed.

²⁵ Not printed. The Ambassador in Japan, in his despatch No. 313, March 8, reported the punishment of persons involved and stated the belief "that the matter of the strike can be officially considered as closed" (394.1141 Singer Sewing Machine Co./38).

ASSISTANCE BY THE JAPANESE AUTHORITIES IN SECURING
RELEASE OF DR. NIELS NIELSEN, KIDNAPPED IN MANCHURIA

393.1111 M Nielsen, Niels/1: Telegram

The Consul General at Mukden (Myers) to the Secretary of State

MUKDEN, April 12, 1933—1 p. m.

[Received April 12—6:45 a. m.]

According to a telegram from Mrs. Nielsen, Doctor Niels Nielsen, an American citizen and member of Danish Lutheran Mission stationed at Siuyen was kidnapped last night and ransom of yuan 500,000 demanded.

Kidnapping informally brought to the attention of Japanese consular and military authorities and of local authorities and their assistance requested.

MYERS

393.1111 M Nielsen, Niels/2: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 13, 1933—5 p. m.

[Received April 13—7:47 a. m.]

324. Mukden's April 12, 1 p. m. to the Department and the Legation. Legation today received similar report from American Consul at Dairen who added:

"Although Siuyen is not in the Kwantung leased territory, I have notified the Kwantung Government and police and informally requested such assistance as they may be in a position to render."

Legation has informed Tokyo and Japanese Legation here.

JOHNSON

393.1111 M Nielsen, Niels/4: Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 17, 1933—5 p. m.

[Received April 17—5 a. m.]

334. My 324, April 13, 5 p. m. Following from American Consul General at Mukden:

"April 16, 9 a. m. Japanese military report that Nielsen was kidnapped by bandits under Liu Ching-wen, a former magistrate and that he is believed to be at a hamlet southwest of Siuyen."

JOHNSON

393.1111 M Nielsen, Niels/5 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, April 20, 1933—3 p. m.

[Received April 20—7:05 a. m.²⁶]

346. Legation's 334, April 17, 5 p. m. Following from Legation to American Consul General at Mukden:

"April 18, 3 p. m. Your April 16, 9 a. m. If you deem such action desirable the Legation is prepared to assign special representative to assist you in bringing pressure to bear upon Japanese and local authorities looking to release of Nielsen. Please reply by telegraph action taken by you to date and results therefrom."

Following in reply from Mukden:

"April 19, 3 p. m. Your April 19 [18], 3 p. m. I appreciate Legation's offer but do not believe that such action is desirable.

Mrs. Nielsen reports that her husband was kidnapped from the mission hospital about 11 p. m. April 11 by bandits who had gained admission by one of their number asking for urgent treatment of wound. Two native male nurses were also taken but no property was disturbed.

The assistance of all local Japanese and Manchukuo authorities who have been helpful was personally requested and assurances of cooperation were received.

The Japanese military believe that the doctor was kidnapped by Liu Ching-wen for his personal safety in connection with the anti-bandit drive in that region as started April 15 against another group. The military are negotiating with Liu for his surrender and the captive's release and have assured this Consulate General that these negotiations will be pursued to the limit and at least for another fortnight before resorting to military operations against him. They believe that captive's life is not endangered.

Further details by despatch.²⁷

These conclusions appear reasonable. This office is in close touch with Japanese authorities and is tactfully endeavoring to persuade them to effect captive's release by offering lenient terms for Liu's surrender."

Legation refraining from action pending receipt of Myers' report.

JOHNSON

393.1111 M Nielsen, Niels/6 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, April 20, 1933—5 p. m.

125. Your 346, April 20, 3 p. m., and previous. Danish Minister called at Department yesterday and stated that because of Nielsen's Danish birth and the Mission involved being Danish Lutheran, there

²⁶ Telegram in two sections.

²⁷ Not printed.

is in Denmark great interest in this case. He said that there was talk of raising money for ransom and his Government wished information and suggestions.

Hornbeck gave the Minister information on the basis of the incoming telegrams, indicating that certain features should be regarded as confidential, and gave an account of the official attitude and the methods which are usually employed in dealing with such a case. He advised against manifestation of any interest at this stage in the question of raising and offering funds for ransom. He suggested minimum of publicity, pointing out that publicity, if it becomes known to the captors, adds to the difficulty of effecting release of captives. The Minister produced various newspaper clippings which show that most of the information received by the Department prior to your telegram under reference is matter of public knowledge. Hornbeck pointed out that information which the press gathers from its own sources is less impressive with the public, including bandits, than is information if and when given out by governments. The Minister pledged discretion. Hornbeck suggested that best point of official contact would be between Danish and American Ministers in Peiping.

Department notes with gratification contents of your telegram under reference.

HULL

393.1111 M Nielsen, Niels/11 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 4, 1933—1 p. m.

[Received May 4—4:10 a. m.]

401. Legation's 380, April 27, 4 p. m.²⁸ Following from American Consul General at Mukden:

"May 3, 6 p. m. Japanese military now report that negotiations for Nielsen's release are not progressing satisfactorily and that the commander at Siuyen has decided to resort to military measures at first opportunity.

Owing to the difficulties of communication it seems advisable that Consular officer visit Siuyen which is accessible only by aeroplane. In response to my request the military state that availability of space on military transport planes is extremely uncertain. However, they have offered to assist this office to hire a special plane for the trip which will cost a maximum of about yen 450. Propose sending Hall.²⁹ Request authorization of expenditure."³⁰

JOHNSON

²⁸ Not printed.

²⁹ Monroe B. Hall, Vice Consul at Mukden.

³⁰ Authorization was given to the Minister in China in telegram No. 146, May 4, 6 p. m. (393.1111 M Nielsen, Niels/12).

393.1111 M Nielsen, Niels/16 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, May 16, 1933—2 p. m.

[Received May 16—5:55 a. m.]

440. Legation's 421, May 11, 2 p. m.³¹ Following from American Consul General at Mukden :

"May 15, 6 p. m. Amplifying Hall's brief report it is reported from the local Japanese that operations are being carried out by Japanese and Manchukuo uniting for effecting Nielsen's release but that difficult nature of the terrain precludes predictions regarding immediate results.

Hall telegraphed that letter received yesterday from bandits increases ransom because previous demands were ignored and that local authorities consider that his continued presence there encourages bandits to increase their demands. As it is felt that there is nothing to be gained by his remaining arrangements are being made for his return by first available plane."

JOHNSON

393.1111 M Nielsen, Niels/25 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, June 9, 1933—noon.

[Received June 9—4:30 a. m.]

508. Legation's 471, May 22, 6 [3] p. m.³² Following from American Consul General at Mukden :

"June 8, 4 p. m. The Japanese military report that on June 6 in view of the unsatisfactory progress of the negotiations for Nielsen's release, Japanese and 'Manchukuo' troops surrounded his captors, but that they escaped taking Nielsen with them. The military have lost contact with the bandits who have probably gone far away and state that the taking of further steps must await the location of the bandits. With a view to the taking of more effective measures it is recommended for the Legation's consideration that appropriate representations be made at Tokyo or/and that I call on Marshal Muto³³ at Hsinking for this purpose. In my opinion the former is more important."

Legation suggests that Embassy at Tokyo be requested to take such action as it deems appropriate.

Repeated to Tokyo.

JOHNSON

³¹ Not printed.

³² Not printed; it reported Vice Consul Hall's return to Mukden on May 19.

³³ Nobuyoshi Muto, Japanese Ambassador to "Manchukuo".

393.1111 M Nielsen, Niels/27 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, June 9, 1933—6 p. m.

56. Peiping's telegram to Department June 9, noon, in regard to Nielsen case. Unless you perceive objection, please express to appropriate Japanese authorities the serious concern of the American Government with regard to the welfare of this American citizen and the hope that the Japanese Government will use its best effort to the end that the safe and prompt release of Nielsen may be effected.

Inform Department and Peiping with regard to action taken.

PHILLIPS

393.1111 M Nielsen, Niels/28 : Telegram

The Ambassador in Japan (Grew) to the Acting Secretary of State

TOKYO, June 10, 1933—8 p. m.

[Received June 10—9 : 10 a. m.]

115. Department's 56, June 9, 6 p. m. The Department's instructions were carried out this afternoon. The Foreign Office states that the Japanese Army authorities in Manchuria are already doing their best to effect the release of Nielsen but that the desire of the United States Government as expressed by the Department will be conveyed to them immediately. The Foreign Office assured the Embassy that everything possible would be done.

Repeated to Peiping.

GREW

393.1111 M Nielsen, Niels/33 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 23, 1933—noon.

216. Your 508, June 9, noon, and previous in regard to Nielsen case. The Danish Legation here, under instruction from the Danish Ministry for Foreign Affairs, has suggested that the Department obtain an opinion from the appropriate local American and Japanese authorities in regard to what could possibly be done from the Danish side, either officially or by private organizations, toward effecting the early release of Nielsen. Please consider this suggestion and discuss the whole case with Danish Legation at Peiping.

Department has again suggested to Danish Legation here that Danish Government should seek such information and advice from Danish Minister in Peiping. We feel that Danish Legation there

(and you may so inform it) should closely confer with you and communicate its views to Danish Government.

Please continue to keep the Department informed of developments.

PHILLIPS

393.1111 M Nielsen, Niels/35 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 7, 1933—10 a. m.

[Received July 7—6:47 a. m.]

578. Legation's 508, June 9, noon, and Tokyo's 115, June 10, 8 p. m., to the Department. Following from American Consul General at Mukden:

"July 4, 11 a. m. The authorities have had no developments to report since my telegram of June 8, 4 p. m., but are aware of Mrs. Nielsen's efforts to enter into negotiations for her husband's release. About a fortnight ago I endeavored to secure permission of Japanese authorities for a Danish missionary to proceed to Siuyen under military protection to assist Mrs. Nielsen to which objection was raised on grounds that it would increase demands of bandits. Mrs. Nielsen telegraphed July 2d that her husband has diarrhoea and that she is sick."

"July 5, 3 p. m. Referring to my telegram of July 4, 11 a. m., it was learned from the Japanese Consulate General this morning that both the Consul General and the military authorities consider it inadvisable to attempt to negotiate at this time for Nielsen's release by the payment of ransom and further that they believe that the bandits' demands will continue to be exorbitant. The Japanese Consul General perceives no objection to a representative of the mission visiting Siuyen but the military authorities assert that as conditions there have become worse they are not in a position to arrange for a missionary to travel under their protection."

Myers' confidential comments on both of the above messages following by cable with my recommendations.³⁴

JOHNSON

393.1111 M Nielsen, Niels/36 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 7, 1933—2 p. m.

[Received July 7—4:03 a. m.]

582. Legation's 578, July 7, 10 a. m. Following confidential from Myers in his July 6, 11 a. m.:

"Mrs. Nielsen's letters indicate that the bandits fear that the attempts of the authorities to negotiate are not sincere and that

³⁴ *Infra.*

she has been unable to find acceptable go-betweens to carry on negotiations.

Two [*Through two*] reliable messengers she occasionally receives messages from the bandits and her husband who is hidden in mountains in an adjacent district.

In view of the circumstances of the case [she] believes the payment of a reasonable ransom, negotiated under the supervision of the mission, offers the best prospect of securing release of captive. The Danish Mission is ready to send a suitable man to Siuyen to assist in this matter provided the consent and protection of the Japanese authorities can be secured."

Following confidential from Myers in his July 5, 3 p. m.:

"Military authorities in Mukden have no news regarding the case and all indications are that they have done nothing since June 6th. They stated they do not even know where the bandits holding Nielsen are. There is no doubt that the Japanese are preoccupied with the serious bandit situation and preparations for a drive in the Tungpien area scheduled to start on July 7th.

It is impossible to do anything in regard to this case without the approval and assistance of the Japanese military authorities. Therefore, I strongly recommend that the Legation authorize me to visit Hsinking for the purpose of attempting to induce Marshal Muto to take definite steps in the case or to cooperate fully with the Mission in conducting negotiations. The prospects of the early release of the captive seem extremely slight with which opinion Mrs. Nielsen concurs.

Referring to the Legation's telegram of April 18, 3 p. m., the assignment of a special representative of the Legation to assist this office may be helpful in bringing pressure to bear on the Japanese military authorities."

2. With the Department's approval I propose to instruct Myers to proceed to Hsinking accompanied by a representative of this Legation to lay the matter before Marshal Muto to whom I propose to send personal message.

3. Danish Minister has informed me of the interest of his Government in the case and I am keeping him fully informed.

JOHNSON

393.1111 M Nielsen, Niels/39: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 11, 1933—7 p. m.
[Received July 12—4:32 a. m.]

589. Department's 216, June 23, noon, and Legation's 578, July 7, 10 a. m., and 582, July 7, 2 p. m. Matter has been discussed with Danish Minister who has informed his Government of status of the case and of Consul General Myers' opinion that payment of ransom

by the Danish Mission appears to be only method for securing Nielsen's release. In telegram Danish Minister, however, has urged that Mission refrain from any publicity or other action in regard to ransom pending Myers' presentation of the case to Marshal Muto and of possible arrangements for the release of captive unharmed without payment of ransom.

2. Upon authorization contained in the Department's telegram 241, July 7, 7 p. m. to this Legation ³⁶ I have today instructed Myers to proceed in manner suggested in his telegram July 5, 3 p. m. repeated to the Department in my 582, July 7, 2 p. m.

3. Lieutenant Boatner of Legation staff leaves tomorrow for Mukden where he will assist Myers in any negotiations which the latter deems expedient.

4. Department will be promptly informed of further developments.

JOHNSON

393.1111 M Nielsen, Niels/40: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 19, 1933—11 a. m.

[Received July 19—2:10 a. m.]

604. Legation's 589, July 11, 7 p. m. Following from American Consul General at Mukden:

"July 16, 8 p. m. Referring to my telegram of July 13, 11 a. m. ³⁶ Boatner and I called on Marshal Muto at Port Arthur as planned. The Minister's letter was delivered to him and the salient features of the case presented. In view of the failure of previous attempts to effect release the suggestion was offered that full cooperation be accorded Mission in its efforts to reopen negotiations. His Excellency agreed to give instructions to the appropriate authorities for making renewed efforts to effect captive's release and advised me to discuss details with Japanese Consulate General and local authorities. Detailed report is being mailed. ³⁶

Boatner arrived here with me this morning. It is suggested that he remain here until the plans are evolved which should not require more than few days."

2. Myers left Mukden on July 17th for leave of absence in Korea leaving Chase ³⁷ in charge.

JOHNSON

³⁶ Not printed.

³⁷ Augustus S. Chase, Consul at Mukden.

393.1111 M Nielsen, Niels/41 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 21, 1933—3 p. m.

[Received July 21—5:40 a. m.]

612. Legation's 604, July 19, 11 a. m. Following from Consul Chase at Mukden:

"July 20, 7 p. m. Boatner and I called yesterday on Japanese consular and military authorities regarding the Nielsen case. We called today on the 'Manchukuo' authorities concerned.

Japanese authorities do not admit having yet received any instructions from Muto as a result of Myers' interview.

In all interviews I emphasized the necessity for more energetic efforts. The decision whether such efforts be force or negotiation to rest with Japanese and 'Manchukuo' authorities. I referred to a letter received the day before yesterday from Mrs. Nielsen reporting continuation of unsatisfactory conditions and the failure of the Mission's private ransom negotiations, Nielsen offer of \$10,000 having been rejected. The chief of staff railway guards said that the Japanese military would continue their efforts to effect Nielsen's release but that the case was not of sufficient importance to warrant reinforcing the Japanese garrison at Siuyen. While opposed to ransom he evinced interest in the idea of cooperating unofficially with negotiations for ransom by the Mission and stated that Muto would be there in 3 days at which time a decision would be reached whether the Japanese Army will cooperate unofficially with such negotiations.

The Provincial Chief of Police agreed to despatch a special officer to Hsinyang to investigate and report on the most advisable course of action. (Here insert portion which follows by cable³⁸).

I am inclined to believe that most promising course of action is to work for authorities' unofficial cooperation with ransom negotiations by the Mission. Situation may be altered by developments in a few days which will be promptly reported to the Legation.

Information as to the approximate amount of ransom Danish Mission is prepared to offer would be of great assistance to this office."

JOHNSON

393.1111 M Nielsen, Niels/41 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 21, 1933—4 p. m.

[Received July 21—5:30 a. m.]

613. Following is insert for penultimate paragraph of my 612. July 21, 3 p. m.

"The Japanese Consulate General has been instructed by Tokyo that if this office presses too vigorously it is to maintain position that Japanese authorities are merely intermediaries and that all respon-

³⁸ See *infra*.

sibility rests with 'Manchukuo'. Moreover, there is every reason to believe that Muto's instructions will be of most general nature and that no appreciable increase of military effort in the case will result therefrom.

In the absence of a change in Tokyo's attitude the prospect of Nielsen's early release by military operations appears slight."

2. Chase's last paragraph has been referred to the Danish Minister who is being kept fully informed of developments. As previously reported ransom negotiations are to be left to Danish Mission without official assistance of American authorities other than in obtaining unofficial assistance of the Japanese and local authorities to the Mission's negotiators.

JOHNSON

393.1111 M Nielsen, Niels/44 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 25, 1933—4 p. m.
[Received July 25—8:35 a. m.]

622. Department's 258, July 22, 3 p. m.³⁹ Cost of Boatner's trip estimated at 125 yen plus \$6 gold per diem from evening of July 12th to termination of mission. In response to my inquiry, Chase states his opinion that under the circumstances no practical advantage is to be gained by Boatner remaining. With the Department's approval I shall telegraph him to terminate his mission forthwith.

2. Reference paragraph 2 of the Legation's 613, July 21, 4 p. m., Danish Minister has no information and is refraining from seeking information from Denmark since in my opinion matter rests for decision by Danish Mission headquarters in China at Mukden in accordance with local urgent developments in the case and advices from home society. Chase has been instructed to consult with Danish Mission in Mukden in regard to any information desired in this regard.

JOHNSON

393.1111 M Nielsen, Niels/45 : Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, July 28, 1933—1 p. m.
[Received July 28—6:20 a. m.]

635. Legation's 622, July 24 [25], 5 [4] p. m. Following from Mukden:

"July 27, 5 p. m. I was informed today by the local Japanese gendarme commander that he received instructions to take a more

³⁹ Not printed.

positive interest in the Nielsen case. He had [sent?] a gendarme to Siuyen whose report admits that nothing has been done by the military authorities for some time. Gendarme commander said that he would within a few days send another investigating officer by plane and that he would be glad to have a representative of this Consulate General accompany him if space permits. I request authority to accept this offer.

The investigator of the Provincial Police left 2 days ago for Siuyen."

2. Following telegram has been sent Mukden :

"July 28, 1 p. m. Your July 27, 5 p. m. You are authorized to accept Japanese invitation and Vice Consul Hall is authorized to accompany Japanese investigator to Siuyen by plane, there to continue negotiations in accordance with my written instructions of July 11. Department is being requested to grant per diem to cover his expenses. Department has not yet replied as to termination of mission of Boatner."

3. I request confirmation of this emergency instruction to Mukden to ask that per diem be granted Hall. My recommendation that Boatner be instructed immediately to terminate his mission is unchanged by latest developments.⁴⁰

JOHNSON

393.1111 M Nielsen, Niels/49: Telegram

The Minister in China (Johnson) to the Acting Secretary of State

PEIPING, August 2, 1933—11 a. m.

[Received August 2—12:40 a. m.]

646. Legation's 635, July 28, 1 p. m. Following from Mukden:

"August 2, 10 a. m. Referring to my telegram of July 27, 5 p. m., and the Legation's July 31[28?], 1 p. m. This Consulate General was informed yesterday afternoon that gendarme Captain Sakamoto had left by small plane for Siuyen in the morning. Accordingly Hall was unable to accompany the investigator.

Boatner departed this morning for Chinwangtao by train."

Legation has requested Myers to telegraph his recommendations in light of developments reported above.

JOHNSON

⁴⁰The Department approved both recommendations by telegrams No. 266, July 28, 7 p. m. and No. 269, July 29, 4 p. m. (393.1111 M Nielsen, Niels/46, 47).

393.1111 M Nielsen, Niels/61 : Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, September 14, 1933—2 p. m.

316. Reference Mukden's mail despatch August 4,⁴¹ concerning Nielsen. Inquire of Mukden what is present status of case, and telegraph Department, adding comment from Myers and yourself which would assist the Department in deciding whether or not to instruct Tokyo to make further representations.

HULL

393.1111 M Nielsen, Niels/63 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, September 16, 1933—6 p. m.

[Received September 16—11:30 a. m.]

751. Department's 316, September 14, 2 p. m. Following from American Consul General at Mukden:

"September 16, noon. The Japanese reported on September 7th that negotiations with the bandits had been suspended for the time being because of their exorbitant demands and that the gendarme negotiator returned to Mukden on September 5th. However, Mrs. Nielsen recently reported that the local authorities have been asked by the bandits to send a representative to discuss terms and that steps are being taken to open negotiations at an early date. According to which the making of any representations at this time seems inadvisable."

I concur in the views of the Consul General who in his despatch of September 4th transmitted encouraging report from captive as to probability of early release.

JOHNSON

393.1111 M Nielsen, Niels/68 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, October 11, 1933—1 p. m.

[Received October 11—9:05 a. m.]

796. Legation's 751, September 17 [16], 6 p. m. In despatch dated October 6th American Consul General at Mukden reports that on September 19th he was informed by the Japanese Consulate General that Nielsen's bandit captors had captured one Torihata, Japanese adviser to the "Manchukuo" police at Siuyen, who had gone to discuss terms with the bandits. Torihata's companions were released and

⁴¹ Not printed.

brought back demand for \$15,000 ransom for Torihata and \$60,000 for Nielsen, this latter figure being one-third of amount last demanded for his release. Japanese military are highly indignant at capture of Japanese negotiator and have stated that bandits must now be exterminated but final decision in the matter had not been reached at the time of latest reports received by Myers. Military add that they will not pay ransom and are unwilling that "Manchukuo" should do so but that if Danish Mission could raise amount demanded for Nielsen, situation would be quite different. American Consul General is asking that "Manchukuo" take action similar to that taken in the "Nanchang" case when "Manchukuo" recently paid part or all of allegedly large ransom to secure release of three British ship's officers. Japanese Consulate General alleges such payment was only loan from "Manchukuo" but has promised to endeavor to secure favorable consideration of Myers' request failing which only remaining effective step would be for Mission to give ransom demanded. Consulate has advised continuance negotiations with a view to securing reduction of the amount of ransom demanded. Danish missionaries in Manchuria are opposed to the payment of other than small ransom such as 10,000 "Manchukuo" dollars since they believe that if large ransom is paid it will make impossible missionary work in the interior by foreigners.

Mrs. Nielsen on October 1st reported that messengers were still being sent out to the bandits and that there were rumors that Nielsen will not be ransomed but that Japanese troops will attack bandits, troops having left Siuyen on September 30 and October 1st. Myers stated he will continue to urge the authorities concerned to negotiate with the bandits and to expedite such action in every way.

In reference to the Department's 316, September 14, 2 p. m., the Legation and Myers agree that further reference of the case to Tokyo may have good effect. Copy of Mukden's despatch of October 6 was forwarded direct to Embassy at Tokyo and I suggest that instructions be issued looking to action by authorities in "Manchukuo" similar to that taken to effect release of British "Nanchang" captives.

JOHNSON

393.1111 M Nielsen, Niels/69: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 13, 1933—4 p. m.

342. Your 796, October 11, 1 p. m. Please repeat following message to Tokyo:

"95. Reference Department's 56, June 9, 6 p. m., your 115, June 10, 8 p. m. and Mukden's despatch of October 6, to Peiping,⁴² in regard to Nielsen.

Unless you perceive objection, please express to appropriate Japanese authorities the American Government's appreciation of assistance already rendered in connection with efforts to obtain the release of Nielsen and regret that one of the Japanese negotiators has unfortunately been captured by the bandits, and state that the American Government views with serious concern recent reports which indicate that negotiations for Nielsen's release have failed. You should add that American consular officers in Manchuria are keeping in close touch with the authorities there and should state parenthetically that you understand that, in effecting the release recently of three British officers captured by bandits, the Manchukuo authorities contributed a part if not all of the ransom paid to obtain their release. You should then express the hope that the Japanese Government will continue its efforts to assist in bringing about a safe and prompt release of Nielsen."

HULL

393.1111 M Nielsen, Niels/70 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 23, 1933—4 p. m.

[Received October 24—6:15 a. m.]

165. Department's 95, October 13, 4 p. m.,⁴³ Nielsen case. Vice Minister for Foreign Affairs states that the Nielsen case will continue to receive attention; that the ransom for return of British officers was paid partly by "Manchukuo" on understanding that the Government would be reimbursed; that Japanese Government understands the American attitude and appreciates the regrets expressed over the capture of a Japanese subject; that the situation is admittedly difficult but the Japanese hope to accomplish something.

GREW

393.1111 M Nielsen, Niels/71 : Telegram

The Consul General at Mukden (Myers) to the Secretary of State

MUKDEN, October 25, 1933—10 a. m.

[Received October 25—4:18 a. m.]

Information just received from the Japanese Consulate General is to the effect that Nielsen is safe at Siuyen. Details his release will be reported as soon as received.

MYERS

⁴² Despatch not printed.

⁴³ See telegram No. 342 to the Minister in China, *supra*.

393.1111 M Nielsen, Niels/73 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 26, 1933—5 p. m.

102. Your unnumbered [167,] October 25, 11 p. m.⁴⁴ Please express to Foreign Office your Government's appreciation of Japanese official assistance in effecting release of Nielsen; also congratulations on escape of Torihata. Department is instructing Peiping to make similar expression at Peiping and Mukden.

HULL

393.1111 M Nielsen, Niels/76 : Telegram

The Minister in China (Johnson) to the Secretary of State

PEIPING, November 3, 1933—2 p. m.

[Received November 3—8:20 a. m.]

832. Department's 356, October 26, 8 p. m.⁴⁴ Following from American Consul General at Mukden:

"October 30, 4 p. m. For the purpose of complying with the Legation's October 28, 3 p. m., I have called on my Japanese colleague this afternoon. I have also called on the local Japanese military and provisional authorities concerned to express my appreciation of their assistance in this case."

Nielsen reports that the bandits having lost hope of a large ransom and being in urgent need of funds accepted the Mission's order [*sic*] offer of \$10,000 local currency the subsequent escorting of the captive to a point near the hospital having been carried out without the assistance of the authorities. Consul General Myers adds that anti-bandit operations in the vicinity apparently expedited the release. Nielsen reported as apparently well.

JOHNSON

PLANS FOR THE ESTABLISHMENT OF OIL MONOPOLIES IN JAPAN AND MANCHURIA

894.6363/33 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 8, 1933—11 a. m.

[Received May 8—6:30 a. m.]

94. 1. The Department has presumably seen in the *Wall Street Journal* and other newspapers' despatches from Japan regarding a

⁴⁴ Not printed.

tentative proposal to establish either an oil monopoly, under which the Government would buy up the existing properties in Japan of the foreign oil companies, or a system of governmental control through licensing of importation and refining of oil, under which the oil industry and trade could eventually, if desired, be operated exclusively by Japanese companies. The latter plan also contemplates the securing of sources of crude oil other than American and British.

2. These tentative plans were recently given to the press by the Mining Bureau of the Department of Commerce and Industry and according to the newspapers were compiled in response to a resolution passed by the House of Peers in March last, calling upon the Government to develop the domestic oil industry for reasons of national defense. They may conceivably have been announced at the present time to afford a trading point at the forthcoming Economic Conference at London, or even as a trial balloon to gauge foreign reaction. On the other hand the Japanese may desire to discourage further expansion on the part of the foreign oil companies until the Government is in a position to determine its future policy. There is as yet no indication that they will be put into effect or when. The commercial bureau of the Foreign Office disclaims knowledge of those specific plans but does not deny that such plans exist. It further states that it entirely disapproves of any monopoly project but expresses no opinion on the licensing plan.

3. Under either of these plans the foreign oil companies could expect eventually to be driven from the field except for the sale of crude oil. Their distributing plants and organizations in Japan would have to be abandoned. For some time past the two principal foreign companies, the Socony-Vacuum Corporation and the Rising Sun Petroleum Company (British Shell interests) have been endeavoring to obtain some statement of policy from Japanese Government in order to shape their own future plans and to determine whether to make further investments in this country. As their inquiries have met with no satisfactory results, the British Ambassador, the Dutch Minister and I have separately taken occasion to express informally to the Foreign Office the hope that our oil companies might be given some indication as to the outlook for the future of their business in Japan in order to enable them to determine their own plans.

4. The Dutch Minister also pointed out to the Minister and the Vice Minister for Foreign Affairs that the Japanese oil plans as published would create an unfortunate impression abroad, particularly at the present time when Japan is working for international freedom of trade. He believes that any plan to monopolize the oil-

refining industry would conflict with the terms of the Dutch-Japanese treaty of commerce.⁴⁶

5. This general subject is discussed in my despatch No. 366 of April 21, 1933.⁴⁷ Although the precise text of the plans is not yet available the Department may wish to consider whether along general lines a monopoly or a licensing system could be held to be in contravention of the provisions of our own Treaty of Commerce with Japan.⁴⁸ It is possible that the future of the American and other foreign oil interests in Japan may be coming to a head in due course, but any definite policy would presumably require sanction by the Diet.

GREW

893.6363 Manchuria/3

The Consul General at Mukden (Myers) to the Acting Secretary of State

No. 584

MUKDEN, June 2, 1933.

[Received July 1.]

SIR: In compliance with the Department's instruction dated April 13, 1933, file No. 893.6464 Manchuria/1,⁴⁷ directing this office to investigate and report upon the alleged intention of the new regime in Manchuria to establish an oil company, I have the honor to submit a report embodying available information on this subject.

This office has been unsuccessful in its attempts to obtain any concrete information regarding the alleged intention to establish an oil company in Manchuria. The Japanese Consulate General in reply to verbal inquiries stated that it has no information on this subject. Inquiries made at Hsinking of a prominent official in the Ministry of Finance by an American newspaper correspondent at my suggestion elicited a reply to the effect that the establishment of an oil refinery at Hulutao is only a press rumor. He said, however, that if petroleum in ample quantity is found in Manchuria its development will be undertaken by the state as in the case of other resources pertaining to "national defense." When reference to the press report regarding the establishment of an oil company or monopoly was first mentioned, the official stated that the inquirer must have reference to Japan and not Manchuria.

It may be mentioned in this connection that the only reference to this general subject which has been noted in the local press, Chinese and Japanese, was in a news item relating to the drafting of the new

⁴⁶Treaty of Commerce and Navigation, signed at The Hague, July 6, 1912, *British and Foreign State Papers*, vol. CVII, p. 966.

⁴⁷Not printed.

⁴⁸Signed at Washington, February 21, 1911, *Foreign Relations*, 1911, p. 315.

Mining Law of "Manchukuo" which, it stated, is expected to be promulgated during July, 1933. Under the qualifying clause to the effect that the law now under consideration is said to contain the following items, the following reference was made to the petroleum industry:

"3. The mining of petroleum shall be managed by the Government and an official petroleum company shall be organized for this purpose."

In the comment of the editor which immediately followed it was stated that the said petroleum company is expected to be formed during June and that as the result of the investigations of the Resources Investigation Party petroleum pitch has been found both in the northern and southern parts of Jehol Province (*Hoten Mainichi Shimbun*, May 17, 1933).

It has been learned from a reliable source that the Special Investigation Commission of Kwantung Army Headquarters at Hsinking, of which General T. Yoshida is the head, has organized various non-military projects pertaining to the new state, among which may be mentioned road building, the amalgamation of electrical communications and a number of others. Its activities thus far have in no small measure been related to development projects which pertain to "national defense." That it has been working on the new mining laws seems extremely probable. It will be recalled that the report of *The Japan Advertiser* of April 1, 1933, on this subject quoted the *Yukai Shimpō*, "a newspaper devoted to the Japanese oil industry," to the effect that a conference was held in Hsinking on March 18, 1933, "with the object of studying exploitation of the oil fields of Manchoukuo." This conference, it was stated, which was promoted by the Kwantung Army was presided over by General T. Yoshida, retired, technical adviser to the Army and was attended by army experts, "Manchukuo" officials and representatives of the Japanese oil companies and of the South Manchuria Railway. According to information supplied by Consul Vincent, at Dairen, the representatives of the Mitsubishi Trading Company and Mitsui Bussan Kaisha who attended the conference at Hsinking came directly from the Tokyo head offices.

It seems probable that the steps taken at Hsinking and Tokyo were concerned mainly with the formation of a company for the exploration of the oil fields of "Manchukuo" and their exploitation if adequate supplies are found. Although a state enterprise, it will be dominated by and operated for the benefit of Japanese interests. It seems that the Japanese are interested primarily in securing supplies of oil for Japan's own needs or, as has been expressed in the press, of increasing the production of the country "to a self-supplying

basis." If true, the development of a monopoly marketing system in Manchuria is more likely to follow than precede the establishment of such a system in Japan. Also it is believed that the establishment of a refining industry in "Manchukuo" which will be dependent upon foreign crude oil supplies would be purposeless and would neither promote the interests of the state (Japanese) nor of the petroleum refineries in Japan. It may be mentioned in this connection that according to Japanese press reports a survey of the mineral and other resources of Jehol Province is now being made.

There is enclosed a copy of Consul Vincent's letter of May 18, 1933,⁵⁰ in reply to my inquiry concerning information on this subject. Local foreign distributors have no information other than that contained in *The Japan Advertiser* of April 1, 1933. The authorities who may know something of the plans of the military maintain strict silence. In fact information regarding ordinary government projects and activities is frequently kept secret until it is released to the press. Also it has been noted at times that the press in Japan is permitted to publish reports relating to Manchuria while the news here is banned. It may be added that newspapers published in Japan which are distributed by local news dealers are subjected to a second censorship in Manchuria and that instances of articles being cut out are not infrequent.

Further information regarding this industry which may be secured will be promptly reported.

The preparation of this despatch was delayed because it was impossible to arrange for the making of inquiries at Hsinking until a few days ago.

Respectfully yours,

M. S. MYERS

893.6363 Manchuria/4

The Consul General at Mukden (Myers) to the Acting Secretary of State

No. 594

MUKDEN, July 10, 1933.

[Received August 5.]

SIR: Referring to my despatch No. 584 of June 2, 1933, under the subject "Oil Monopoly in Manchuria" reporting upon the alleged intention of the new regime in Manchuria to establish an oil company, I have the honor to state that according to reliable information a joint Japanese-"Manchukuo" oil company is now being organized. This concern will be in the category of the so-called state controlled enterprises.

* Not printed.

According to the meagre information available, the company will be capitalized at about Yuan 10,000,000, two-thirds of which will be Japanese and one-third "Manchukuo". As the South Manchuria Railway Company will control the company and will furnish a large proportion of the personnel, it is surmised that it will provide most of the Japanese share of the capital. Mr. Awano who was formerly head of the Mukden office of the South Manchuria Railway Company will be the chief director. The head office, it is presumed, will be located at Dairen for the time being. The location of the refinery is not known but was given as Hulutao in a recent press report. It was stated that the new company will import and refine foreign crude oil and use such domestic crude oil as may be produced. The company at the same time plans to develop the oil resources of the new state.

Although it was not mentioned, it is presumed that the "Manchukuo" contribution to the capital will consist of property.

The following news item which appeared in *The Japan Chronicle* of June 23, 1933, may be of interest in this connection :

"Manchukuo is reported to be making plans for the erection of an oil refinery at Hulutao, the new port which Manchukuo hopes to develop. This plant will have a daily capacity of 4,000 barrels of gasoline, and may commence operations with imported crude oil, probably from Russia. In the neighborhood of Hailar there are crude oil seepages and geologists are there to prospect and prepare for drilling this summer. If oil is brought in in paying quantities, another refinery may be built at Hailar. There are said to be two most important and promising oil fields in Manchukuo. One is near Chiufutan in Jehol Province. About 30 years ago the Standard Oil Company made boring tests there. The other field is at Dalainor, not far from Manchuli. Both Soviet and Chinese experts have looked over this field, and just before the Mukden incident of September 18th, 1931, the South Manchuria Railway Company planned to sink some test wells there. Now it is understood that drilling will start at once."

This office is endeavoring to secure further information regarding this new project and will keep the Department currently advised thereof.

Respectfully yours,

M. S. MYERS

894.6363/49

The Ambassador in Japan (Grew) to the Acting Secretary of State

No. 479

Tokyo, July 24, 1933.

[Received August 12.]

SIR: With reference to my despatch No. 399 of May 12, 1933,⁵¹ I wish to submit to the Department further information regarding the oil business in Manchuria, which this Embassy has obtained from a source found in the past to be reliable.

It is reported that it has now been definitely decided to form a company for the purpose of building and operating an oil refinery at Dairen, not at Hulutao as reported in the press. In fact, a site opposite the property of the Socony Vacuum Corporation at Dairen has already been selected and the land purchased with funds advanced by the South Manchuria Railway. The company will be capitalized at Yen 5,000,000. The South Manchuria Railway will subscribe to two million yen of this, "Manchukuo" to one million, and the following Japanese oil companies to five hundred thousand each: Mitsui Bussan, Mitsubishi Mining Company, Ogura, and Nippon. At first, the refinery will purchase its crude oil from abroad from the source that gives the most advantageous rate—pending the development of sources within Manchuria. The Nippon Oil Company will supply the skilled labor and technicians for building and starting the operation of the refinery. It is hoped to have the refinery completed during the autumn of this year.

The next problem before the originators of this scheme is that of assuring the refinery of a market in Manchuria without violating the principle of the Open Door. It is understood that they have tentatively decided upon a plan of governmental control under which the refinery would be guaranteed one half of the market and the commercial companies now operating in Manchuria the other half. A "Manchukuo" controlled organization, called a "monopoly", will be established to purchase the product of the refinery and to market it in "Manchukuo" territory. It is not known whether the commercial companies will be compelled to sell to this so-called monopoly or whether they will be licensed to sell fixed amounts through their own established distributing systems. The private companies will pay duty on what they import whereas the "Manchukuo" monopoly will pay no duty on what it imports from the refinery, even though the latter being in Kwantung Leased Territory is outside the "Manchukuo" customs zone. It would seem to be unimportant whether "Manchukuo" gains its revenue in the form of customs duties or in the form of excess profits, as long as the selling price of petroleum

⁵¹ Not printed.

products is sufficiently high to enable the commercial companies to make a profit.

It is understood that throughout the negotiations for the formation of the refining company and the establishment of the "Manchukuo" so-called monopoly the Japanese military and the South Manchuria Railway have been fighting each other for control. The military work through "Manchukuo".

Respectfully yours,

JOSEPH C. GREW

894.6363/51

The Ambassador in Japan (Grew) to the Secretary of State

No. 522

TOKYO, September 15, 1933.

[Received October 2.]

SIR: I wish to refer to my previous despatches on the above subject and particularly to my despatch No. 507 of August 31, 1933⁵² in which I described the effect produced on the gasoline trade in Japan by the importation of gasoline from Russia and the position of the Socony-Vacuum Corporation under the new sales agreement.

Mr. Matsukata and his principals, whose spokesman appears to be the Soviet Trade Commissioner in Tokyo, continue to be reticent about their plans and at the time of writing have not agreed to enter into any understanding with the established gasoline companies. Russian gasoline is being sold freely in the Tokyo market at 36 to 38 sen a gallon retail and Mr. Matsukata has signed several contracts with large consumers to supply them with gasoline at prices as low as 35 sen. The Japanese companies estimate that the cost of the Russian gasoline delivered in Japan after duty is paid is 30 sen. They believe that Mr. Matsukata is selling on commission with his stocks on partial consignment.

Against the advice of the two foreign companies—American and British—, the Japanese companies have lowered their prices to the level of the Russian gasoline. If they continue to sell at these prices it would seem difficult for them to avoid losing money. They may wish to bring about a deficit in their accounts and thereby force the government to intervene. They have undoubtedly been trying to negotiate with Soviet Russia for a supply of crude oil at prices lower than the price of the American crude, and they may have hopes of using this to manufacture gasoline at lower prices. However, it is believed by many authorities that the Soviet will never agree to the sale of large quantities of crude oil and the officials of the two foreign gasoline companies attribute other intentions to the Japanese companies.

⁵² Not printed.

The Japanese newspapers have been hailing Mr. Matsukata as a friend of the people and have been stressing the amount which will be saved by the consumers if he succeeds in lowering the general level of gasoline prices. Furthermore, he has signed definite contracts with certain consumers who are well organized to bring political pressure. For this reason, the Government has feared to intervene and force him to cooperate with the previously established companies. However, the argument that a Japanese industry is on the verge of being ruined may bring about government intervention. The foreign companies fear that this will be an excuse, which the Japanese have been waiting for, to set a gasoline price which will ensure a profit to the Japanese companies—Mitsubishi, Nippon, and Ogura—but cause the two foreign companies to lose money. If the Government does not feel that it can force prices up, it may take other steps to ease the situation of the Japanese companies. In either case the foreign companies would be forced out.

Although the Government has so far taken no action, yet there are signs that some definite decision regarding the future oil policy for the country is being arrived at. On September 11 the Japanese press published an announcement by the Ministry of Commerce and Industry that officials of the Government departments concerned had agreed on three national policies to govern the oil industry. The first concerns intensified control of the existing oil distribution and refining organizations in Japan. The second policy concerns developing and perfecting substitute fuels. The third has to do with the acquisition and exploitation of oil resources, including a Government subsidy for increased experimental drilling in North Saghalien.

On September 13, Mr. Kurusu, Director of the Commercial Bureau of the Japanese Foreign Office, informed a member of my staff that no definite policy, or policies, had been decided upon as this could be done only by the Cabinet. He stated, however, that a greater degree of control of oil companies would very probably be instituted in the near future. He intimated that this was due to the recent actions of Mr. Matsukata. He said that some sort of licensing system would likely be formed, the exact nature of which he did not know. He said that he understood the position of the foreign companies in not knowing whether to invest more capital in Japan; that, while he would not venture to advise them how to run their businesses, he would say that if he were in their place he would hesitate to increase their existing investments here. This would seem to be a very strong hint that the Government would not look with favor upon the building of refineries by the Rising Sun and Socony-Vacuum companies. Such a statement of policy has been very much sought after by these

companies for some time and it has been informally communicated to the local manager of the Socony-Vacuum Corporation by a member of my staff.

Respectfully yours,

JOSEPH C. GREW

693.113 (Manchuria) Petroleum/20: Telegram

The Secretary of State to the Minister in China (Johnson)

WASHINGTON, October 21, 1933—3 p. m.

350. Reference Tokyo's despatch No. 523 of September 16, 1933, to Department⁵³ and previous. The Department believes that the complaints made by Socony and Texas Companies of discrimination in the levying of Manchukuo customs duties on certain types of foreign oil are well founded. Unless an adjustment which in your opinion should be acceptable to interested American companies has been effected of conditions set forth in Dairen's despatch dated September 7, 1933, to Tokyo, Department regards it advisable that you instruct Mukden and Dairen to deal with this matter as a local protection case, with authorization to make representations to Customs or other local authorities. Tokyo Embassy perceives no objection. Such representations should preferably be of an oral nature, but, if deemed necessary, written representations may be made in strict conformity with Department's telegram No. 338, October 6, 6 p. m.⁵⁴ Inform Tokyo fully by mail and keep Department informed.

HULL

693.113 (Manchuria) Petroleum/22: Telegram

The Ambassador in Japan (Grew) to the Acting Secretary of State

TOKYO, December 9, 1933—11 p. m.

[Received December 9—12: 28 a. m.]

187. Department's telegram No. 98, October 20, 5 p. m.⁵⁵

1. The local office of the Socony Vacuum Corporation states that the Dairen customs continues its discrimination in favor of Japanese kerosene.

2. In view of the emphasis placed by Hirota on open-door policy in Manchuria I believe it might be helpful to talk over this situation with British in all frankness on the ground that local representations to "Manchukuo" authorities do not appear to have produced favorable results. The Legation at Peiping concurs.

⁵³ Not printed.

⁵⁴ *Ante*, p. 421.

3. It would presumably be necessary to leave with the Minister a written memorandum or *aide-mémoire* to explain the technical details.

4. Please instruct.

GREW

893.6363 Manchuria/10

*The Consul at Dairen (Vincent) to the Ambassador in
Japan (Grew)*⁵⁶

DAIREN, December 11, 1933.

SIR: I have the honor to acquaint the Embassy with certain instances of Japanese efforts to obtain information regarding the trade and organization of the Socony-Vacuum Corporation in Manchuria. The Corporation feels, and I believe rightly, that these requests for information are connected on the one hand with plans for the organization of a Manchurian oil company, and on the other, with a desire on the part of the Kwantung Army to know sources, quantities, and location of petroleum stocks in Dairen and Manchuria.

The manager of the Mukden office of the Corporation first brought this matter to my attention. In a letter addressed to his head office in Shanghai, copy of which was sent to the Consulate, he states that two young Japanese from the "Manchukuo" Bureau of Finance called at his office on November 27th and requested the following information: (1) agency organization; (2) retail prices; (3) source of supplies; (4) ownership of tankers bringing supplies; (5) cost price of supplies; (6) and annual deliveries in Manchuria. The manager gave, in a general way, the information requested in (1), (2), (3), and (4). Regarding (5) and (6), he stated that he did not know the cost price of supplies, and that the amount of deliveries in Manchuria was a trade secret which he was not authorized to divulge.

Last week the manager of the Dairen branch office of the Corporation showed me three letters which he had received during November requesting information. One was from the Dairen Civil Administrator's office and requested information concerning the amount of stocks. I advised him to comply with this request as the Civil Administrator had a right to the data in connection with taxation. Another was from the Dairen Chamber of Commerce stating that, on behalf of the Kwantung Government, it wished to have information concerning cost and retail prices of petroleum products, sources, stocks, and deliveries. The local manager had decided to ignore this request. Another was from the Dairen Chief of Police

⁵⁶ Copy transmitted to the Department, without covering despatch, by the Consul at Dairen; received January 8, 1934.

requesting (1) origin and amount of imports for one year (November 1, 1932, to October 31, 1933), (2) export deliveries (to Manchuria) with quantities and destination for the same period, and (3) stocks maintained at the Dairen installation. Although the manager had orally informed the office of the Chief of Police that he was not in a position to give him this information, he has received several requests by telephone urging early submission of the data.

In compliance with the written request of the local manager, acting under instructions from the Corporation's Manchurian head office at Mukden, I have written to the Acting Chief of the Foreign Section of the Kwantung Government, explaining his position, and transmitting his suggestion that the Chief of Police apply to the Mukden head office for the information and his inquiry as to the authority and purpose of the Chief of Police's request. A copy of my letter is enclosed.⁵⁷

It is not surprising that the Kwantung Army should wish to be informed concerning the amount, source, and location of petroleum stocks in Manchuria. It is surprising that it should use such agencies as the Dairen Chief of Police and the Dairen Chamber of Commerce to obtain this information.

The Dairen manager of the Socony-Vacuum Corporation also informed me that during recent months, officers of the Kwantung Army, usually accompanied by an official of the Manchuria Air Transport Company (an organization of the Army) had called frequently at his office and requested that they be shown over the installation. He has complied with their requests but specific questions regarding tankage and technicalities connected with the operation of the plant have been evaded. Similar visits have been made to the installations of the Texas Company and the Asiatic Petroleum Company. These companies have also received requests similar to those addressed to the Socony-Vacuum Corporation and both companies, I understand, have evaded compliance.

The plan of the Kwantung Army with respect to oil business in Manchuria appears to be twofold. First it is desirous of providing for increased stocks of petroleum, particularly gasoline, in Dairen and Manchuria. The hurried construction of eight tanks by the Manchuria Air Transport Company is one evidence of this desire, and the plan for the construction of additional tanks at Kanchingtse (across the bay from Dairen) is another. Although work on these tanks has not commenced, I have been informed by the local manager for the Asiatic Petroleum Company that a ceremony consecrating the site of these tanks was held last week. It is quite probable, also,

⁵⁷ Not printed.

that the foreign oil companies may soon be the recipients of instructions requiring that they keep their stocks up to a certain level.

The institution of some form of control over the oil business in Manchuria is the other phase of the plan. Just what form this control will take has probably not even been decided by the Army. General Koiso suggested the possibility of price fixation and quotas in talking to an American newspaper correspondent recently. Fears of a distributing monopoly which would drive the foreign oil from Manchuria, I believe, are for the present unjustified. Not because the Army does not desire such a change but because it fears that the change would be accompanied by considerable expense and disorganization of the market. It therefore prefers to postpone this change until such time as it is not confronted with other problems of greater urgency.

Respectfully yours,

JOHN CARTER VINCENT

693.113 (Manchuria) Petroleum/24 : Telegram

The Ambassador in Japan (Grew) to the Acting Secretary of State

TOKYO, December 20, 1933—10 a. m.
[Received December 20—2:37 a. m.]

189. Department's 114.⁵⁸ Consul at Dairen reports that he called on "Manchukuo" Customs Commissions [*Commissioner*] November 24 without obtaining satisfactory reply or hope of alteration of present method of levying duty. Consul General at Mukden reports that the best method of approach for him is through the Japanese Embassy at Hsinking (Changchun) as there are no local authorities to whom he can effectively make representations. These reports are presumably en route to Department.

British Chargé d'Affaires states that he is awaiting instructions from London and is not now prepared to take action. In view of all the circumstances it would seem advisable to talk with the British in London and/or Washington.

GREW

693.113 (Manchuria) Petroleum/28 : Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, December 22, 1933—noon.

400. Referring to Mukden's despatch to Legation No. 861 of November 21, 1933,⁵⁹ Department authorizes you, unless you perceive objection, to instruct Myers in his discretion either to proceed or to

⁵⁸ Dated December 12, 1 p. m.; not printed.

⁵⁹ Not printed.

direct Chase to proceed to Changchun for purpose indicated in that despatch. Inform Tokyo of the above and of decision made. Expenses in accordance Travel Regulations authorized from Consulate General's allotment.

Also, repeat to Tokyo as Department's telegram No. 120, December 22, noon:

"Your telegram No. 189, December 20, 10 a. m. and previous.

1. Vincent's report referred to in your telegram would appear to indicate that while Manchukuo customs commissioner did not hold out promise of redress his attitude was conciliatory.

2. In view of above-mentioned report and Myers' report of November 21, it is believed that conversations at the present time with the British at Washington and/or London would be premature. The Department would favor your continuing conversations with your British colleague and exchange of views and information on this matter of common concern, but it does not believe that conversations looking toward joint representations to the Japanese Government or the taking of joint 'action' in any other form vis-à-vis that Government should be held until local recourse for remedy has been exhausted.

3. The foregoing does not modify paragraph number 2 of Department's telegram No. 89, October 6, 5 p. m."⁶⁰

PHILLIPS

SUGGESTIONS FOR TREATY OF ARBITRATION AND RECIPROCAL COMMERCIAL TREATY BETWEEN THE UNITED STATES AND JAPAN

711.9412B/3: Telegram

The Acting Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, June 15, 1933—1 p. m.

60. Press despatches from Tokyo have stated (a) that Viscount Ishii and President Roosevelt agreed in principle that an arbitration treaty be concluded between the United States and Japan and (b) that Japanese Ambassador is negotiating on that line with Department. So far as Department is able to ascertain, there is no basis in fact for (a); and (b) is absolutely untrue.

It is noted that latest press reports from Tokyo state that Ishii is going to take this subject up with Secretary Hull in London.

PHILLIPS

⁶⁰ *Foreign Relations, Japan, 1931-1941, vol. I, p. 125.*

711.9412B/8: Telegram

The Acting Secretary of State to the Minister in China (Johnson)

WASHINGTON, June 26, 1933—7 p. m.

222. Your 551, June 23, 11 a. m.⁶¹ Replying to your inquiry, the following from London, signed Hull.

“You may inform Grew and Johnson that no negotiations of the character mentioned have taken place between any members of the Japanese and American Delegations in London nor have any conversations taken place with respect to this subject. You may also so inform the press should the question arise.”

Repeat to Tokyo as No. 64.

PHILLIPS

711.94/831

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Taketomi)*⁶²

[WASHINGTON,] July 25, 1933.

II. QUESTION OF THE RECIPROCITY TREATY

After the exchange of statements with regard to the question of Mr. Komatsu's desire to call on the President, Mr. Taketomi said that the Japanese Embassy had a telegram from Viscount Ishii stating that on July 21 Ishii had approached the Secretary of State, in London, on the subject of possible negotiation of a “bilateral commercial treaty” and that the Secretary had said that for the negotiation of such a treaty it was necessary that the executive here have a “mandate” from Congress and that the Administration had introduced for that purpose a bill in the recent session of Congress but that the bill had not been acted upon. He, Taketomi, had looked into this matter and he could not find that such a bill had been introduced. He would like to know what are the facts. (NOTE: Mr. Taketomi several times used the expression “bilateral commercial treaty”. Mr. Hornbeck assumed that he referred to a reciprocity treaty.) Mr. Hornbeck replied that he thought there must be some confusion in terms. As he understood it, there had been prepared a bill, but the bill had not reached the point of being introduced in Congress. Was it not probable that Viscount Ishii had misunderstood? Mr. Taketomi replied that it was quite possible that, in the

⁶¹ Not printed.

⁶² This is No. II of a series of memoranda covering conversation with the Counselor of the Japanese Embassy on July 25. No. V is printed on p. 502; others in the series are not printed.

course of conversations and reporting and of cabling, some confusion had crept in. Mr. Hornbeck asked whether Viscount Ishii's approach to the Secretary on this subject meant that Japan wished to negotiate a reciprocity treaty. Mr. Taketomi said that the Embassy had received no information or instruction on that point. Mr. Hornbeck said that, in case the Japanese Government wished to procure or to give information in that connection, the logical channels for communication would be those which exist in Washington or those in Tokyo. Mr. Taketomi said that he agreed.

611.9431/48

Memorandum by the Secretary of State

[WASHINGTON,] August 10, 1933.

The Japanese Ambassador⁶³ called and made inquiry as to reciprocity negotiations and the possibility ahead in connection with the London Conference. I replied that I thought substantial progress was yet a possibility by the Conference; that we had engagements with five countries to negotiate reciprocal commercial treaties and that as soon as this work progressed sufficiently I would be glad then to take up with Japan the question of the negotiation of a reciprocal commercial treaty, in accordance with the suggestion of Viscount Ishii in London some days ago.

C[ORDELL] H[ULL]

711.9412B/12: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 11, 1933—11 a. m.
[Received October 10—11:30 p. m.]

155. Referring to my 154, October 11, 10 a. m.⁶⁴ Trial balloons probably emanating from the Foreign Office have on several occasions appeared in the Japanese press to the effect that the Government has it in mind to propose negotiations with the United States for a treaty of arbitration. Viscount Ishii on his return from abroad is reported as stating:

"I personally believe that conclusion of an arbitration treaty with the United States will go a long way toward improving relations between the two nations."

I am not aware whether Hirota expects eventually to broach this subject but it seems possible that he may do so. I shall take no

⁶³ Katsuji Debuchi.

⁶⁴ Not printed. For the Department's reply, No. 97, October 14, 4 p. m., see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 126.

initiative in the matter but if approached I presume such a project should be discouraged on the ground that the present is not a propitious time to consider such a treaty.⁶⁵

GREW

RETENTION AND FORTIFICATION BY JAPAN OF MANDATED
PACIFIC ISLANDS

8621.01/243

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Hamilton) of Conversations With the Second Secretary of the Japanese Embassy (Kase)

[WASHINGTON,] February 7, 1933.

Late in the afternoon of February 6 Mr. Kase of the Japanese Embassy called and left with Mr. Hamilton the attached statement in longhand⁶⁶ which Mr. Kase said contained the substance of a telegram to the Japanese Embassy from the Japanese Foreign Office. The statement left by Mr. Kase was to the effect that according to a cable from Washington to a small newspaper in Japan, the State Department authorities had stated unofficially that the United States would do its best to deprive Japan of her mandate to the islands in the Pacific, in case Japan should withdraw from the League. Also that the League would probably confer the mandate upon another country and that if the League acts as the United States wished, the United States was quite ready to support the League.

Both Mr. Hornbeck⁶⁷ and Mr. Hamilton told Mr. Kase that the newspaper report, as outlined by Mr. Kase, was nonsense. Mr. Kase was informed, however, that the matter would be looked into and he would be communicated with further on February 7.

On February 7 Mr. Hamilton telephoned Mr. Kase and told him that there was no basis in fact whatsoever for the newspaper article and that no official in the State Department had made any such statements as those attributed to State Department officials in the newspaper report. Mr. Kase stated that that was all the information that he wished.

In the event that Mr. Kase had inquired whether any comment at all had been made by officers of the Department in regard to the question of the Japanese mandates, Mr. Hamilton was prepared to tell him orally that naturally the press correspondents have at the regular press conferences made a number of inquiries in reference to

⁶⁵ The Secretary of State in his telegram No. 94, October 12, 8 p. m., stated, "I approve."

⁶⁶ Not printed.

⁶⁷ Stanley K. Hornbeck, Chief of the Division of Far Eastern Affairs.

this question and that the correspondents had been told that we were of course interested in the matter, we having been one of the Allied and Associated Powers; that Japan holds the islands under mandate from the League; and that it had been suggested to the correspondents that they obtain information on the subject from the League and/or from books which have been written on the subject. As Mr. Kase made no such inquiry, this information was not communicated to him.

8621.01/249

The Ambassador in Japan (Grew) to the Secretary of State

No. 285

TOKYO, February 10, 1933.

[Received February 27.]

SIR: I am enclosing herewith clippings⁶⁸ from the *Tokyo Nichi-Nichi*, English Edition, of February 2 and February 5, 1933, and the *Japan Chronicle* of January 31, 1933, purporting to give the views of the Japanese Foreign Office and of Japanese authorities on international law regarding Japan's right to retain the mandate over the South Sea Islands north of the Equator should Japan decide to secede from the League of Nations as a result of the League's decision in the Sino-Japanese dispute. The question of the future of the mandate is, of course, only hypothetical at the present moment, but it is believed that the Department may find the enclosed information useful should the question become actual.

The Foreign Office (according to the newspapers) bases its claim to retention of the mandated islands on the following grounds:

1. Germany ceded her overseas possessions to the Allies, and the Allies, not the League, allotted the mandates under Article 22 of the Versailles Treaty⁶⁹ and not under the Covenant of the League of Nations.⁷⁰

2. The mandates are not necessarily limited to members of the League (as witness the request to the United States to assume the mandate over Armenia) and therefore should Japan cease to be a member of the League, this fact would not automatically cancel the mandate.

3. The division of the former German territories among the Allies had been fixed by secret treaties in 1917 but annexation was abandoned because of the objections of Mr. Woodrow Wilson. The system of mandates was adopted to camouflage what amounted to annexation.

⁶⁸ Not reprinted.

⁶⁹ *Treaties, Conventions, International Acts, Protocols, and Agreements Between the United States and Other Powers, 1910-1923*, vol. III, pp. 3329, 3342.

⁷⁰ *Ibid.*, p. 3336.

The authorities on international law quoted in the second clipping hold much the same views as the Foreign Office but also claim that actual sovereignty over the mandated territory is vested in the mandatory power and that the annual report required to be submitted to the League is only a measure of restriction of the sovereign authority.

The present discussions indicate, at any rate, that, should the Japanese withdraw from the League, they have no intention whatever of relinquishing control of the mandated islands, unless compelled to do so by superior force.

Respectfully yours,

JOSEPH C. GREW

8621.01/252

The Ambassador in Japan (Grew) to the Secretary of State

No. 296

TOKYO, February 21, 1933.

[Received March 11.]

SIR: In view of the recent discussion at Geneva regarding the rumors to the effect that Japan is constructing naval bases in the South Seas Islands held under mandate of the League of Nations, the Department undoubtedly will be interested in the enclosed copy of a memorandum submitted by Vice Consul Hayward G. Hill, of Yokohama, covering a conversation with an American resident of Yokohama who had just returned from a trip through the Islands. Mr. Hill indicates, in his memorandum, the degree of importance which can be placed on these observations.

Respectfully yours,

JOSEPH C. GREW

[Enclosure]

Memorandum by the Vice Consul at Yokohama (Hill)

[Undated.]

INFORMATION OBTAINED FROM AN AMERICAN TOURIST CONCERNING
JAPANESE MANDATED ISLANDS

Dr. Louis J. Lipset, a retired American physician 62 years old (naturalized, Russian birth) living at Yokohama, has just returned from a trip to Davao, on a steamer of the N.Y.K.,⁷¹ having visited both ways various islands of the Japanese mandated group.

In response to my invitation, Dr. Lipset came for tea on February 14, 1933, bringing with him his notes and pictures of the trip, and, in the course of conversation, remarked that he had learned from three foreign residents of the islands that fortification thereof is steadily progressing and has been carried on for over a year with

⁷¹ Nippon Yusen Kaisha (Japan Mail S.S. Co.).

the greatest possible secrecy. He mentioned the following individuals from whom he had obtained this information:

Mr. Tretanoff, a Russian who has lived in Yap for about seven years, and who has with him at present his wife, two daughters aged 18 and 24, and a small baby son. Mr. Tretanoff is very poor, and, speaking the native dialect well, makes his living recruiting native labor for the Japanese. He is never allowed to accompany the laborers to their work, but has learned from them that they are engaged in building great stone walls and in mounting cannon behind low elevations of land near the sea coast on the island of Yap.

Mr. Osmolosky, a Russian who owns a small store in Saipan and who has a wife in Tokyo, gave similar information concerning Saipan and Palau.

Father John (or Juan) Ponce, a Spanish Catholic priest who makes frequent trips from island to island inspecting Catholic missions, further, though very briefly, corroborated the foregoing information.

The two Russians have been frequently urged by the police to leave the islands, but have begged to remain on the basis of their being very poor and having nothing to turn to elsewhere for their livelihoods. However, they stated that they were being closely watched, and that their mail was always opened by the Japanese before they received it.

Dr. Lipset stated that the Yokohama office of the Nippon Yusen Kaisha had urged him not to make the trip, stating that the hotel accommodations and food were very poor, and that he would suffer from the heat. He described the pronounced suspicion with which the Japanese authorities in the islands viewed his visit, his baggage having been thoroughly searched on several occasions, his pictures examined, and a policeman having accompanied him almost continuously during his stay. However, he was courteously treated. Part of the time he traveled with an Englishman, an artist, who made a number of sketches and paintings of the islands, and who was also regarded by the authorities with much suspicion.

The information given herein, the result of the interview with Dr. Lipset, should be regarded primarily as the casual observations of a tourist who at no time had in mind any definite ideas of investigation. It is believed, however, that it is worth while to report his remarks, as of possible interest in the corroboration of other accounts.

Much information could probably be obtained from Father Ponce, who, it is understood, occasionally comes to Japan. The Catholic Mission authorities should know when his next visit will take place.

Dr. Lipset has written up an extensive account of his journey,

somewhat in the form of a diary, in which he sets forth his impression of the islands, the native population, and the various trips he took therein. He also has about fifteen snapshots. This material apparently does not contain anything of a confidential nature, and is probably of little value, but, if desired, it can be very easily and casually obtained for a few days.

HAYWARD G. HILL

8621.01/267

*The Naval Attaché in Japan (Johnson) to the Chief of Naval Operations (Pratt)*⁷²

Report No. 32

[Tokyo,] March 2, 1933.

The naval authorities on February 22, 1933, made public the following unofficial statement in connection with Japan's expected withdrawal from the League and the question of the sovereignty of the South Sea Islands over which Japan holds the mandate.

The question of the sovereignty of the mandated islands after the withdrawal of Japan from the League is being widely discussed. It is quite natural that all the discussions, except a few which are based upon a limited legal standpoint, agree that the sovereignty of the islands lies with Japan. This point of view coincides with that held by the Foreign Office, and being a sound legal and political interpretation, is supported by American and European authorities. In a word, the question of the sovereignty of the mandate area has no connection with our withdrawal from the League. So far as the Navy is concerned we will refuse to recognize any move on the part of foreign countries to attempt to deprive us of these mandate islands. We have nothing to fear in standing on our rights. To sum up, the importance to Japan of the South Sea Islands is comparable to that of Manchuria and Mongolia to her. They are the life line at sea of the Empire as the latter regions are on land. Japan will stake her existence upon the maintenance of the islands.

8621.01/274a: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, September 5, 1933—5 p. m.

76. Associated press telegram from Tokyo under date September 1st reports that the Japanese Navy Office issued a statement to ver-

⁷² Copy transmitted to the Department by the Navy Department; received March 30.

nacular newspapers in regard to Japanese harbor works in the Mandated Pacific Islands part of which read "Those islands are Japanese territory". Telegraph whether this translation is accurate and send full Japanese text by pouch.

HULL

8621.01/275 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, September 6, 1933—2 p. m.

[Received September 6—2:07 a. m.]

135. Department's 76, September 5, 5 p. m. The statement under reference appeared in all Tokyo newspapers on September 2nd and may be translated as follows:

"The South Sea Islands are administered as a part of Japan's territory. Thus Japan is free to develop them, and need not be restrained by objections from other countries."

Text by the pouch.⁷³

GREW

VISITS OF JAPANESE SHIP TO PORTS IN THE ALEUTIAN ISLANDS

894.628 Vessels/84

The Acting Secretary of State to the Japanese Ambassador (Debuchi)

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of Japan and refers to the Ambassador's note No. 74 of May 9, 1933,⁷³ which requested that the usual courtesies and facilities be extended to the ship *Hakuho Maru* of the Department of Agriculture and Forestry and its personnel in case it should be necessary for the vessel to call at ports in the Aleutian Islands, to the Acting Secretary's note of June 10, 1933,⁷³ replying that the American Government would be very glad to extend the usual courtesies and facilities to the *Hakuho Maru* at those ports where officials of this Government are stationed, and to the Ambassador's note No. 101 of June 20, 1933,⁷³ in which it was stated that the *Hakuho Maru* expected to enter ports in the Aleutian Islands only in case of distress or for want of water.

⁷³ Not printed.

The Acting Secretary has learned with surprise that the *Hakuho Maru* visited Attu on June 16 and June 22, although there appears to have been no necessity for the making of either of these visits, and that the Captain of the vessel stated while the *Hakuho Maru* was at Unalaska that he would visit Attu again during the return voyage to Japan.

WASHINGTON, July 5, 1933.

894.628 Vessels/89

Memorandum by Mr. Lawrence E. Salisbury, of the Division of Far Eastern Affairs, of a Conversation With the Second Secretary of the Japanese Embassy (Miura)

[WASHINGTON,] July 25, 1933.

Mr. Miura stated that he had called for the purpose of giving an explanation of the visits which the *Hakuho Maru*, a vessel of the Japanese Department of Agriculture and Forestry, had made to Attu during the vessel's cruise in the waters of the Aleutian Islands. (In the Department's note of July 5, 1933, the Japanese Ambassador was informed that the Acting Secretary had learned with surprise of two visits of the *Hakuho Maru* to Attu and of a contemplated third visit.) Mr. Miura said that the explanation had been received from Tokyo within the past two or three days and that he was reading from a translation of the telegram in which it had been received. According to this information, the *Hakuho Maru* had put into the Bay of Chichagof, Attu, on June 14 because of the stress of weather and had found it necessary to put into the Bay of Nazan, Attu, on June 22 for the same reason. These visits had occurred on the vessel's outward voyage. After going to Unalaska the *Hakuho Maru* had again visited Attu in order that fresh water might be obtained and some engine repair work done.

Mr. Miura further stated that Captain Taketomi of the *Hakuho Maru*, a distant relative of Mr. Taketomi, Counselor of the Japanese Embassy, had informed an officer of the Coast Guard at Unalaska that he intended to put in at Attu on his return voyage. As far as Captain Taketomi was aware, no objection to the making of the visit had been advanced.

Mr. Salisbury informed Mr. Miura that the attitude of the Department is that stated in its notes on this subject to the Japanese Ambassador.

EXCHANGE OF NAVAL VISITS BETWEEN THE UNITED STATES
AND JAPAN

894.331/179

*Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Japanese Ambassador (Debuchi)*¹⁶

[WASHINGTON,] April 21, 1933.

(3) After discussion of the question of Viscount Ishii's visit, the Ambassador said that he was tremendously gratified over the reports which he had received of the splendid hospitality which had been shown to the Japanese training squadron at the various ports into which it had put on the Pacific Coast, especially at San Francisco. He said that this was an evidence of the really friendly attitude of the American people toward Japan. I remarked that I had on several occasions assured the Ambassador that the American people entertain very friendly feelings toward the Japanese people. He said that he realized that, but that portions of the American press indulge in a great deal of criticism of Japan and particularly of the Japanese Army. I remarked that the whole world had had a good deal of occasion to feel critical of the acts of the Japanese Army; that it was my impression that the American press admitted or affirmed that the Japanese Army was a good Army but did not hesitate also to affirm that the acts of the Japanese Army were very bad acts. I followed this by turning the conversation again to the question of the reception given the Japanese squadron on the Pacific Coast: I said that I also had been gratified over the receipt of reports which indicated that the reception had been cordial and the officers and men of the Japanese Fleet were being given and were enjoying a good time. The Ambassador said that such things were very useful toward the cultivation of good relations between the two countries. I expressed concurrence in that view.

The Ambassador then referred to events in the Peiping-Tientsin area. (See memorandum No. (4).)

S[TANLEY] K. H[ORNBECK]

894.3311/177a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, May 3, 1933—6 p. m.

45. The visit of the Japanese training squadron on the West Coast has been satisfactorily completed, Navy Department and this

¹⁶This is No. (3) of a series of four memoranda covering conversation with the Japanese Ambassador on April 21. No. (4) is printed on p. 284; Nos. (1) and (2) are not printed.

Department are now considering advisability of a visit to Japan by Commander-in-Chief Asiatic Fleet on flagship. Navy is ascertaining Admiral's present views. Department requests your views.

HULL

811.3394/183 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 5, 1933—7 p. m.

[Received May 5—11:45 a. m.]

91. Department's 45, May 3, 6 p. m.

1. I believe that a visit to Japan by the Commander in Chief Asiatic Fleet on flag ship would be favorably received here. The Naval Attaché concurs and states that high Japanese naval officers within the past year have inquired when such a visit would be paid. While we may expect that some of the more blatant newspapers would publish cynical comment I feel that this factor can be discounted and that the net result of a visit would probably be favorable.

2. Unless the visit is planned to take place before July, I recommend that it be postponed until October or later. Many of the prominent Japanese leave Tokyo for the summer. The Emperor generally leaves in June and grants no audiences during the summer months.

3. The Naval Attaché has received instructions from the Navy Department to confer with Commander in Chief Asiatic Fleet on other matters and expects to see him in Shanghai on May 9th. He will confidentially discuss with Admiral Taylor the question of a possible visit to Japan.

GREW

894.3311/180

The Japanese Ambassador (Debuchi) to the Acting Secretary of State

No. 100

WASHINGTON, June 17, 1933.

SIR: With reference to my note No. 26, dated February 6, 1933,⁷⁸ I have the honor to inform you that the Japanese Government have been much pleased with the courtesy and hospitality which the Government and people of the United States have been good enough to extend to the Japanese Training Squadron which is leaving Honolulu today, the last port of call.

I may further inform you that the Squadron has been given the most cordial co-operation by the naval officers of the United States at each port of call, which has greatly expedited its activities.

⁷⁸ Not printed.

I wish to take this opportunity to express to you the sincere thanks of my Government for the above manifestation of good will and courtesy toward the Squadron.

Accept [etc.]

K. DEBUCHI

811.3394/190

The Ambassador in Japan (Grew) to the Acting Secretary of State

No. 446

TOKYO, June 28, 1933.

[Received July 14.]

SIR: The U. S. S. *Houston*, flagship of the Asiatic Fleet, with Admiral Montgomery M. Taylor on board, called at Yokohama between June 2nd and 9th, and at Kobe between June 10th and 14th. This visit was the first made by an American warship to Japan since 1929, and was in return for the call made by a Japanese training squadron at ports in the United States.

When the visit was first proposed, the Embassy enquired informally of the Foreign Office as to whether the call would be welcomed, and was informed in reply that not only would the visit be welcomed, but that the Japanese Government would take particular pleasure in receiving Admiral Taylor in view of his cooperation and assistance at the time of the Shanghai affair. This attitude was made quite evident during the stay of the *Houston* in Japan.

The visit was undoubtedly a success in all respects. The official reception, as might be expected, was most courteous, but more significant was the attitude of the press. Translations of a few newspaper reports of the visit are appended hereto,⁷⁹ which show, even in translation, an unmistakably friendly attitude. Several factors contributed to this feeling. Admiral Taylor had commanded the U. S. S. *Wyoming* which rescued Mrs. Inoue, wife of a Japanese military officer,⁸⁰ from the sea after the sinking of the *Vestris* in 1930. She and her father, General Haraguchi, retired, were among the first callers after Admiral Taylor's arrival, and this dramatic incident received considerable favorable attention in the press. Again, Admiral Taylor's part in the Shanghai affair and his friendship with Admiral Nomura, then commander of the Japanese naval forces in Chinese waters and now Commandant of the Yokosuka Naval base near Tokyo, served to create a more than usually friendly atmosphere during his visit here. Moreover, the courteous treatment accorded the Japanese training squadron at American ports had received wide publicity in Japan and seemed to make the Japanese genuinely eager to reciprocate in kindness.

⁷⁹ None printed.

⁸⁰ The late Commander Teruko Inouye, of the Japanese Navy.

It is also quite likely that the Japanese authorities, particularly in the Navy, had reason to desire that this visit be marked by special courtesies. In spite of the anti-American agitation of the past year or more, which has often had the ear-marks of official instigation, the more responsible officers of the government and navy are well aware of the danger of creating an antipathetic feeling against the United States. This agitation may have been useful at the time, in the course of carrying out expansionist ambitions in Manchuria and elsewhere, as well as in obtaining public support of huge armament appropriations. At the present, however, with a feeling of isolation since withdrawal from the League and confronted by ominous challenges from trade rivals abroad, Japan may well be inclined to seek conciliation with a powerful neighbor and a major customer. In my telegram No. 114 of June 8, 1933⁸¹ I discussed in some detail the change in attitude toward the United States which has been observed in recent weeks.

As of record, and of possible interest to the Department, a copy of the schedule followed by the Commander in Chief, officers and men of the *Houston* during their visit in Yokohama and Tokyo is hereto appended.⁸²

Respectfully yours,

JOSEPH C. GREW

CONSIDERATION OF POSSIBILITY OF REVISING RESTRICTIONS ON JAPANESE IMMIGRATION

150.941/35

*Memorandum Prepared in the Division of Far Eastern Affairs*⁸³

[WASHINGTON,] January 30, 1933.

MANCHURIA SITUATION—THE EFFECT OF A REVISION OF THE IMMIGRATION ACT ON PRESENT RELATIONS BETWEEN THE UNITED STATES AND JAPAN

Until 1924, and since 1908, the entry of Japanese into the United States was regulated by the so-called Gentlemen's Agreement,⁸⁴ by which the Japanese Government undertook, as a voluntary obligation:

a) To exercise great care in issuing passports and to warn the applicants thereof of the consequences of making false representations and of using passports fraudulently.

b) Not to issue passports to laborers, skilled or unskilled, except to those who had resided in the United States, or to the families of such persons.

⁸¹ *Ante*, p. 702.

⁸² Not printed.

⁸³ Copies transmitted by the Department on February 11 to the Ambassador in Japan (instruction No. 196) and the Minister in China (instruction No. 997) for their "strictly confidential information".

⁸⁴ See *Foreign Relations*, 1924, vol. II, pp. 339-369.

c) Temporarily to suspend all further emigration to Hawaii.

d) To refuse further applications made by persons who had evaded the limitations placed on the issuance of passports, and to refuse also applications of the families of such persons.

e) To undertake the establishment of a system of registration; failure to register, however, not to involve the forfeiture of residential rights.

Section 13 (*e*) of the Immigration Act of 1924⁸⁵ provides that no alien ineligible to citizenship shall be admitted to the United States unless such alien (1) is admissible as a non-quota immigrant under sub-divisions *b*, *d*, or *e* of Section 4, or (2) is the wife, or the unmarried child under 18 years of age of an immigrant admissible under subdivision *d* of Section 4, and is accompanying or following to join him, or (3) is not an immigrant.

As persons of the Japanese race are held to be ineligible to citizenship, the following classes of Japanese are inadmissible under the provisions above-mentioned:

I. Quota immigrants.

II. The following categories of non-quota immigrants:

1. Wives, unmarried minor children, husbands by marriage before June 1, 1928, of American citizens.
2. Aliens born in certain countries (of the Western Hemisphere), their wives and unmarried children under 18 years of age.

The following classes of Japanese are admissible on the same terms as other aliens:

I. Non-Quota immigrants:

1. Aliens returning from a temporary visit abroad.
2. Ministers, professors, their wives and unmarried children under 18 years of age.
3. Students, at least 15 years of age.

II. Non-Immigrants.

The fact that resentment exists against the United States as a result of the Immigration Act is well known; but the reasons for the resentment are not as well understood in this country as one might expect, in view of the extended discussion which has taken place on this subject. The resentment does not arise from the fact that Japanese immigrants are excluded. Japan does not wish to send emigrants to the United States if they are not wanted, and it is the practice and policy of the Japanese Government to prohibit companies promoting emigration from operating in countries where an unfavorable reaction against an influx of Japanese may be

⁸⁵ Approved May 26, 1924; 43 Stat. 153.

expected. The Japanese have admitted consistently the right of the United States, equally with all other powers, freely to restrict immigration. Of course, the power to restrict immigration includes and involves the power of selection, but what the Japanese find obnoxious is the method of selection based on distinctions between races, with its implication that races which are debarred are inferior. In short, they resent their exclusion on racial grounds and the fact that they do not stand before the law of this country on the same basis as European races.

The discussion which arose over the presence of the phrase "grave consequences" in a note which the Japanese Ambassador addressed to the Secretary of State on April 10, 1924,⁸⁶ when the Immigration Act was under process of enactment by Congress, will be recalled. This phrase was construed as a veiled threat against the United States. The Japanese Ambassador protested that this construction could not properly be placed upon it if it were read in its context. He had simply tried to emphasize

"the most unfortunate and deplorable effect upon our traditional friendship which might result from the adoption of a particular clause in the proposed measure. It would seriously impair the good and mutually helpful relationship and disturb the spirit of mutual regard and confidence, which characterizes our intercourse of the last three-quarters of a century. . . . Whereas there is otherwise every promise of hearty cooperation between Japan and the United States . . . it would create, or at least tend to create, an unhappy atmosphere of ill-feeling and misgiving over the relations between our two countries."⁸⁷

The significance of this statement was fully appreciated by the Administration, which realized that the discriminatory provisions of the Act would be disadvantageous from the point of view of maintaining cordial relations with Japan, which are essential if her cordial cooperation was to be obtained in maintaining the general Far Eastern policies of this Government. These cordial relations were also essential from the point of view of assimilating and winning the loyalty of the American born of Japanese descent in Hawaii and on the Pacific Coast.

The fundamental difficulty in the problem of remedying the existing situation arises from the fact that the population of the Pacific Coast and their representatives in Congress are opposed to granting Japanese an effective quota. And so long as the quota system is employed for the regulation of immigration, the Act cannot be amended to the satisfaction of the Japanese without either (*a*) permitting the entry of Japanese, and thus reviving anti-Japanese feel-

⁸⁶ *Foreign Relations*, 1924, vol. II, p. 369.

⁸⁷ Omissions indicated in the original memorandum.

ing on the Pacific Coast, or (b) granting the Japanese a nominal quota in return for an undertaking by the Japanese Government not to issue passports to the United States to Japanese in the "undesirable" categories, and thus arousing opposition in Congress, as well as on the Pacific Coast, on the ground that the sovereign right of the United States to regulate immigration cannot be delegated to a foreign country.

It has been argued that the number of Japanese entrants under quota on the basis of the present law as applicable to European countries would permit not more than 188 Japanese annually to enter the country as immigrants, and that this number would not constitute a cause for concern from any practical point of view. It is contended in reply to this argument that once the principle of a quota for Japanese is admitted, it would be difficult in the future to restrict Japanese immigration should the immigration laws be so revised as to provide a substantially larger quota. It is also contended that if the present laws are revised on the ground that they are discriminatory, quotas would also have to be granted to Chinese and other Orientals, which would aggravate the social and economic problems that the immigration laws are designed to restrict or ameliorate.

Whatever may be said against these objections, the fact remains that Congress is not likely to pass any legislation affecting the entry of Orientals into this country in disregard of the wishes of the people of the Pacific Coast, who would seem to be entitled to a controlling voice in the matter in view of the fact that a great majority of Japanese, as well as other Oriental immigrants, would inevitably settle among them.

During 1930 there occurred an increase of interest in the problem of solving the immigration question. Two occurrences raised Japanese hopes, only to end in disappointment. First, in May, 1930, Congressman Albert Johnson, Chairman of the House Committee on Immigration, announced his intention of introducing into Congress a bill to amend the Immigration Act of 1924 so that Japan would be given a proportional quota. Subsequently it developed that the statement was no more than so many words. Second, it was the understanding of many Japanese that the Japanese delegation to the London Naval Conference of 1930 was led to believe, if not promised, that Japanese concurrence to disarmament proposals would be followed by favorable action on the part of the United States with regard to immigration discrimination.

During the same year efforts were made by private organizations in the United States looking toward a solution of the immigration problem. The Federal Council of the Churches of Christ in America

planned to issue—but was dissuaded from issuing—a statement favoring amendment of the Immigration Act of 1924 so that Japan would be placed on the quota. Mr. Wallace Alexander⁸⁸ and others on the Pacific Coast succeeded in getting all the Chambers of Commerce of the Pacific Coast to vote resolutions in favor of putting Japan on the quota. They worked with the labor people so that apparently there might at that time have been no opposition from the labor groups to a proposal for solution satisfactory to the Japanese. Mr. Hearst⁸⁹ was reported to have promised neutrality, at least. During this period there was considerable correspondence between certain officers in the Department and Mr. Wallace Alexander, Mr. Sidney Gulick,⁹⁰ Mr. Jerome Greene,⁹¹ and Mr. McClatchy.⁹²

Desirous though the Department was that a favorable solution be arrived at, its opinion was that no solution should be brought forward publicly until there was found some proposal whose terms would satisfy both the potential "opposition" elements in this country and the susceptibilities of the Japanese. It believed that any proposed amendment of the immigration laws should show that the number of Oriental immigrants would remain at a desirable minimum, that it should be simple and easy of comprehension in order that doubts would not be raised with regard to the real intent of the change of laws and its effects, and that it should remove entirely all discrimination against Orientals.

Several proposals have been made. One suggestion, sponsored by Dr. R. L. Buell,⁹³ is that a treaty be concluded between the United States and Japan affirming the right of each country to enact legislation prohibiting the entry into its territory of immigrants who are nationals of the other. The idea underlying this suggestion seems to be that restriction of immigration which is now effective by unilateral action would be based on agreement, thus removing stigma attaching to the exclusion of Japanese as Japan would stand on a footing of equality with other foreign countries. As Japan has repeatedly admitted the right of the United States to restrict immigration, this trite affirmation would scarcely be satisfactory to the Japanese.

Another suggestion, attributed to Congressman Albert Johnson,

⁸⁸ American businessman, San Francisco.

⁸⁹ William Randolph Hearst, American publisher and editor.

⁹⁰ Former American Protestant missionary in Japan; representative, Federal Council of Churches of Christ in America.

⁹¹ American banker and educational administrator.

⁹² Valentine Stuart McClatchy, American writer on Japanese immigration question.

⁹³ American publicist; writer of World Peace Foundation pamphlet "Japanese Immigration."

is to accord to Japan a quota on the same basis as European countries, at the same time retaining the present provisions of the Immigration Act of 1924 with regard to the inadmissibility of aliens ineligible to citizenship. This proposal leaves untouched the fundamental cause of the resentment felt by the Japanese, namely, the fact that they are excluded because of their ineligibility to citizenship, or, in effect, on racial grounds.

In December, 1930, a plan was evolved in the Department which appears to meet the realities of the situation more satisfactorily than any previous proposal. It has subsequently been improved, but still requires further development. In brief, it deals with the three principal problems involved with respect to the classes of immigrants, namely, (1) immigrants from the country in question, Japan; (2) wives and unmarried minor children of citizens of the United States; and (3) persons of Oriental descent born in Canada, Mexico, and other countries in the Western Hemisphere. The plan proposes that all reference to aliens ineligible to citizenship be removed from the Immigration Act of 1924. In case this were done the annual national quotas of Japan, China, and India, if computed on the present basis, would be approximately 188, 105, and 8, respectively. It has been suggested that, if not deemed inadvisable, these numbers could be reduced to 54, 35, and 5 by basing the "national origins quotas" on the number of citizens of continental United States instead of, as is now the case, on the number of inhabitants of the United States. This is not, however, an important problem, as the number in either case is small. With regard to the second class, namely, wives and minor children, restriction could be made by fixing the number of those to be admitted to a certain percentage of the quota. The third and most difficult problem, namely, persons of Oriental descent born in the Western Hemisphere, could be adequately restricted by providing that the quota or non-quota nationality of immigrants coming from countries in the Western Hemisphere should be determined by the country of origin of the paternal ancestor alive in a certain year, say, 1875. By this plan it can be shown that the total new immigration from Oriental countries would not exceed a certain numerical limit, such as three to four hundred for Japan, and similarly for other Oriental countries.

The Department was of the opinion that initiative with regard to this plan, which involved the repeal of laws involving provisions of the immigration laws of the United States affecting aliens ineligible to citizenship, should not be taken by the Department. The Department felt, however, that success of such a plan of procedure would depend upon the measure of support which could be gained for it in Congress and among the people of the Pacific

Coast. At the same time it seemed that officers of the Department might with propriety, should their views be consulted by legislators or other responsible persons, orally and informally invite their consideration of the possibilities underlying the plan suggested. On September 18, 1931, however, the Japanese military began action in Manchuria which for the time being checked efforts in this country toward a solution of the problem.

If, before the Manchuria incident began, it was the feeling of the Department that "opposition" opinion in the United States was too strong to render likely the success of any proposal for solution, that feeling has been strengthened by subsequent developments. With the exception of the population of the Pacific Coast, there was, until 1931, extensive sympathy throughout the country with the position taken by the Japanese on the immigration question. Particularly strong was the thought, that an unnecessary affront was given to a friendly people, in communities which had no economic and social problems raised by the presence of Japanese in large numbers, but which did have important financial, commercial or cultural interests in Japan. It has been the leaders in these communities which were conspicuous in the movement to remove the cause of the grievance of the Japanese. Just how strong this sentiment of sympathy toward the Japanese with respect to the immigration question is today in these communities, it is difficult to estimate. However, it may safely be said that the wide attention which has been given to Japanese actions in China, the obloquy which attaches throughout this country to Japan as a violator of her contractual obligations, and the emotion now being shown toward Japan, are factors which would inevitably come into play immediately the suggestion of satisfying Japanese susceptibilities with regard to immigration were raised. In short it would be reasonable to suppose that any measure of this nature, such as the amendment proposed at the time of the passage of the Act, which failed of adoption at a time when sentiment was generally favorable toward Japan, would be even more certain of defeat if brought forward under the now existing circumstances.

It is believed that even the consummation of a satisfactory disposal of the immigration question—if it were possible—would not at this time have much effect toward alleviating the strain which arises out of and is produced by a problem in quite a different field. In the minds of the Japanese, their conflict with China over Manchuria is a conflict over concrete and fundamental interests; whereas their controversy with the United States over the exclusion of their nationals from the United States is a conflict over a principle or an ideal. They are a "proud people", but they are also practical materialists. In considerable measure, their feeling against us in

connection with the Manchuria question rests on their conviction that the United States stands in the way of the acquisition by Japan of economic and political sinews which they conceive to be essential for their very existence. An offer on our part at this time to them of a concession the chief value of which would be sentimental could scarcely be expected to contribute substantially toward reconciling them to our opposition to their course in relation to a matter which they feel to be of vital importance and in a different connection.

It is the view of this Division that any gestures made for the purpose of placating the Japanese or allaying the officially fostered irritation which just now prevails in Japan because of or in relation to the attitude of the United States toward the Sino-Japanese conflict, if made in connection with matters other than those which bear directly on the question of that conflict itself, would be open to misinterpretation and be almost sure to be misrepresented (by a certain element in Japan) as an evidence of apprehensiveness on our part.

It is our opinion that knowledge of there being initiated at this time by the executive branch of the Government any proposal looking toward revision of our law as it now stands on this subject (Japanese Immigration) would arouse opposition and produce heated discussion, on the part especially of the Pacific Coast representation in Congress, with substantial likelihood that such discussion would have an unfortunate repercussion on our relations in general with Japan.

It is believed, therefore, that there could be little to gain and might be much to lose by the suggestion at this time by this Department of any action in reference to the immigration question.

150.946/300

Memorandum by the Chief of the Division of Far Eastern Affairs (Hornbeck) of a Conversation With the Counselor of the Japanese Embassy (Taketomi)

[WASHINGTON,] August 25, 1933.

At the conclusion of the conversation with regard to T. V. Soong's plans (see separate memorandum of August 25⁹⁴), Mr. Taketomi said that he would like to inquire with regard to the prospects of their [*there*] being action taken, along the line of suggestions made in recent newspaper reports, toward repeal of the Japanese exclusion provision of the Immigration Act (of 1924). Mr. Hornbeck said that he assumed that Mr. Taketomi had seen reports of the statement made by the Japanese Vice Minister for Foreign Affairs, Mr. Shigemitsu.

⁹⁴ *Ante*, p. 512.

Mr. Taketomi said that he had that statement in mind. Mr. Hornbeck said that apparently the question had been brought up at the meeting at Banff of the Institute of Pacific Relations. Mr. Taketomi said that he had noted statements in the newspapers to that effect. Mr. Hornbeck said that, as the question was one which required action by Congress, it should be obvious to all and sundry who may be interested that the vital problem is that of the attitude, pro and contra, of the necessary majority of members of the House and Senators; that, the situation being what it is and the susceptibilities of the public, both in Japan and in the United States, being what they are, it would seem the part of wisdom to have this problem dealt with quietly in that quarter where consideration of it by the men who will do the voting when the matter comes before Congress will, of necessity, have most conclusive effect; that public agitation of the question, if it should lead to a proposal and a debate in Congress with the result of acrimonious discussion followed by an adverse vote, would have an utterly bad effect. Proponents of the idea ought, therefore, to direct their efforts to quiet discussion of the matter on its merits with members of Congress. To the best of Mr. Hornbeck's knowledge, existing evidences do not warrant the assumption that there exists in Congress a majority sentiment favorable to altering the provision under discussion. Therefore it would seem advisable not to make the subject one of general discussion and public agitation at this time. Mr. Taketomi said that he quite concurred in that view.

Later, in conversation after luncheon at the Japanese Embassy, Mr. Hornbeck mentioned to the Ambassador the conversation of which record is made above, went over the points recorded in the preceding paragraph, and suggested that the Ambassador convey to Mr. Shigemitsu, perhaps informally, information with regard to what seems to be the situation, with appropriate suggestions. The Ambassador said that he felt that it would be well for him to do so.

(Note: Mr. Hornbeck was informed by Mr. Taketomi that Mr. Shigemitsu has been but once in the United States, some years ago, and then only for a period of three months during which he was on duty at one of the Japanese consulates on the Pacific Coast. Mr. Taketomi said that at present there is in the Japanese Foreign Office a preponderance of new personnel and that Count Uchida is the only one of the higher officers who has had any extensive experience in the United States).

S[TANLEY] K. H[ORNBECK]

SIAM

PROPOSED REVISION OF THE TREATY OF FRIENDSHIP AND COMMERCE BETWEEN THE UNITED STATES AND SIAM, SIGNED DECEMBER 16, 1920

711.922/45

The Siamese Minister (Prince ^a Damras) to the Secretary of State

WASHINGTON, October 16, 1933.

SIR: I am instructed by His Majesty's Government to inform Your Excellency that there are certain provisions in the existing Treaty of Friendship and Commerce,¹ which His Majesty's Government desires to have modified.

The Treaty with the United States was the first of a series of revisions of older treaties which imposed restrictions upon customs duties and granted extraterritorial rights to aliens. The last revision of the so-called unequal treaties was completed in 1926. None of the new treaties was for a longer period than ten years. In order to secure the elimination of the restriction upon its fiscal and jurisdictional autonomy, His Majesty's Government accepted in many of the new treaties certain provisions which it otherwise would have been unwilling to agree to. It has always been the intention of His Majesty's Government to secure the elimination or modification of such provisions. It had intended to take up these modifications during 1936, the year in which the important treaties with France,² England³ and Italy⁴ were subject to abrogation. There are, however, in Article 3 of the American Treaty, certain limitations upon the freedom of His Majesty's Government with regard to the creation of monopolies, which do not exist in other treaties and which His Majesty's Government considers of sufficient immediate importance to compel it to ask for a revision at this time rather than to wait until 1936. Since it is necessary to consider a revision now, it decided to request consideration of every change in the treaty which seemed to it desirable. There are also three other articles which His Majesty's Government prefers to have modified.

I will indicate the provisions to which my Government has objection and the nature of the modifications which it desires.

¹Treaty and protocol between the United States and Siam, signed at Washington, December 16, 1920, *Foreign Relations*, 1921, vol. II, p. 867.

²Signed at Paris, February 14, 1925, League of Nations Treaty Series, vol. XLIII, p. 189.

³Signed at London, July 14, 1925, *ibid.*, vol. XLIX, pp. 29, 51.

⁴Signed at Rome, May 9, 1926, *ibid.*, vol. LXL, p. 215.

1. The second paragraph of Article 3 contains in substance a prohibition upon the establishment of "any monopoly or 'farm' for the profit either of the Government or of a private individual or organization" except "as regards spirituous, distilled or fermented drinks or alcoholic liquors or alcohol, and opium and the derivatives thereof and cocaine, heroin and other narcotic drugs, included within the scope of the International Opium Convention signed at the Hague, January 23, 1912,⁵ and arms and ammunition." No other treaty now existing between His Majesty's Government and other governments includes any such prohi[bi]tion.

In most of the treaties there are provisions that no prohibitions or restrictions shall be placed on the importation or exportation of any article of commerce between the two countries, with certain exceptions which include prohibitions or restrictions upon articles which are or may hereafter become the object of state monopoly. His Majesty's Government desires that Article 3 of the Treaty should be modified to bring it into accord with its other treaties.

2. Paragraph 4 of Article 1 of the Treaty imposes limitations upon the right of His Majesty's Government in time of war to requisition property owned by American citizens or companies. In Siam practically all stocks of commodities are owned by aliens or alien companies, since most of the import and export trade, and the wholesale and a considerable part of the retail trade is in the hands of aliens. Obviously His Majesty's Government might be seriously embarrassed if it were restricted by its treaties so that it could not requisition commodities urgently needed for war purposes.

The Treaty ratified with Germany in 1928,⁶ and the Treaty with Switzerland ratified in 1931,⁷ impose no limitations upon the power to requisition property. The treaties with Belgium,⁸ Netherlands⁹ and Sweden¹⁰ permit national treatment with regard to the requisition of property. The other treaties, like the Treaty with the United States, contain provisions prohibiting the requisition of property for war purposes.

It is the purpose of His Majesty's Government to secure, as soon as possible, the elimination from all its treaties of any restriction on its right to requisition property for war purposes. Accordingly it desires to have Paragraph 4 of Article 1 modified.

⁵ *Foreign Relations*, 1912, p. 196.

⁶ Signed at Bangkok, April 7, 1928, League of Nations Treaty Series, vol. LXXXV, p. 337.

⁷ Signed at Tokyo, May 23, 1931, *ibid.*, vol. CXXV, p. 357.

⁸ Signed at Bangkok, July 13, 1926, *ibid.*, vol. LXII, p. 287.

⁹ Signed at The Hague, June 8, 1925, *ibid.*, vol. LVI, p. 57.

¹⁰ Signed at Stockholm, December 19, 1925, *ibid.*, vol. LVIII, p. 429.

3. Article 7 grant[s] fiscal autonomy to His Majesty's Government upon two conditions, (1) that the United States is entitled to "equality of treatment" with other nations with regard to customs duties and taxes, and (2) that all other nations entitled to claim special tariff treatment in Siam assent to increases freely without the requirement of any compensatory benefit or privilege.

All other treaties which were revised between 1920 and 1926 contain an article which is similar in substance and in many cases in form to that of Article 7. With the exception, however, of the Treaty with the United States all these treaties contain a separate additional article which guarantees reciprocal most favored nation treatment with regard to customs duties and formalities.

It is obvious that the result of the Article 7 is to impose upon His Majesty's Government the obligation to grant most favored nation treatment to the United States with regard to customs, but imposed no obligation upon the Government of the United States to grant most favored nation treatment to His Majesty's Government. While this inequality in the Treaty has so far been of no practical concern, His Majesty's Government naturally desires to secure the elimination of this unilateral obligation.

4. Paragraph 3 of Article 13 grant[s] most favored nation treatment to consular officers and agents with regard to all power, honors, privileges and exemptions and immunities of every kind. This provision is contained in all the existing treaties between His Majesty's Government and other governments except the last two treaties negotiated recently with the German Government and the Government of Switzerland. In these two treaties most favored nation treatment with regard to consular privileges, etc., is limited by the provision that neither of the contracting parties shall claim thereunder for its consular officers and agents, more extensive honors, privileges, etc., than it grants to the consular officers of the other party.

His Majesty's Government considers this conditional form of the most favored nation treatment more desirable.

His Majesty's Government has requested Mr. Raymond B. Stevens, the Adviser in Foreign Affairs, who is now in Washington, to conduct with the State Department negotiations for the modification of these four articles of the Treaty, and Mr. Stevens is prepared to take up negotiations at the convenience of the State Department. Since he is planning to return soon to Siam, I express the hope that it will be possible to come to some decision on the points in question in the near future.

I have [etc.]

DAMRAS

711.922/45

The Secretary of State to the Siamese Minister (Prince Damras)

WASHINGTON, November 2, 1933.

SIR: I have the honor to acknowledge the receipt of your note of October 16, 1933, in which you inform me that you have been instructed by His Majesty's Government that there are certain provisions in the existing Treaty of Friendship and Commerce between Siam and the United States which His Majesty's Government desires to have modified and that His Majesty's Government has requested Mr. Raymond B. Stevens, the Adviser in Foreign Affairs, who is now in Washington, to conduct negotiations with the Department to that end. You state, in particular, that these provisions are those relating to the subject of monopolies (Article 3, paragraph 2); to the requisition of private property in time of war (Article 1, paragraph 4); to most-favored-nation treatment in regard to customs duties and formalities (Article 7); and to most-favored-nation treatment in regard to the rights, privileges, et cetera of Consular officers and agents (Article 13, paragraph 3).

In reply, I am happy to inform you that the Department is prepared to enter into discussion of the provisions in question, with a view to modification or amendment of the Treaty, at such time as may be convenient to you and Mr. Stevens. It is possible that the Department, in the course of these discussions, may have, on its part, certain suggestions for the modification of other provisions of the Treaty.

In this connection, I wish to confirm the request, already made orally, that you request of His Majesty's Foreign Office that it give to the American Legation at Bangkok information similar to that which you and Mr. Stevens have given me with regard to the proposals which His Majesty's Government has made for modification of the Treaty under reference.

Accept [etc.]

CORDELL HULL

711.922/46 : Telegram

The Acting Secretary of State to the Minister in Siam (Baker)

WASHINGTON, November 18, 1933—1 p. m.

17. The Siamese Government through its Legation here has submitted and the Department has consented to discuss proposals for modification of the Treaty of 1920. Department is informed that a copy of the proposals has been communicated by the Siamese Foreign Office to you. Department understands that the Siamese Government is most interested in the proposal relating to monopolies

and that the other proposals are incidentally brought up at this time.

The Department may possibly utilize the occasion to submit proposals of its own designed to bring certain of the other provisions of the Treaty into nicer accord with similar provisions of other American treaties of later date.

It is desired that you submit briefly by telegraph any comment that you may consider would be helpful in these premises.

PHILLIPS

711.922/47 : Telegram

The Minister in Siam (Baker) to the Acting Secretary of State

BANGKOK, November 24, 1933—3 p. m.

[Received November 24—7:20 a. m.]

28. Referring to Department's telegram No. 17, November 18, 1 p. m. Legation has no reason to believe injury to American interests will result from any of the treaty changes suggested by the Siamese Government. Proposal relating to monopolies apparently not aimed at American interests but to overcome rights acquired from American treaty by most-favored-nation clause in other treaties. Abolition of monopoly clause may possibly open up a field for future investment of American capital.

BAKER

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