THE
NORTH CHINA PROBLEM
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By

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PREFACE.

The reading public will perhaps dispense with an apology from the author for publishing a study on the North China problem at a time when the prospect of some modification of policy on the part of those who are responsible for the present chaotic state of affairs in the Far East seems to be less gloomy than for several years past. It remains therefore for him to acknowledge his indebtedness to those who coöperated with him in the preparation of the study. Among them he wishes to mention in particular Dr. T. T. Li, Director of the Intelligence and Publicity Department of the Ministry of Foreign Affairs. Without his constant encouragement it would not have been possible for the author to succeed in his task.

SHUHSI HSÜ.

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INTRODUCTION

In one of the Collected Essays of Chuangtze, a celebrated Chinese philosopher of the third and fourth century before Christ, the legendary bandit chieftain Chê was made to answer a question on moral principles put to him by his followers. "Are moral principles then common to bandits?" asked the followers. "Yes, decidedly. Can it be otherwise?" replied Chê. "To sense hidden treasure in a house," he continued, "is wisdom; to go in first is courage; to come out last is heroism; to be able to calculate success is shrewdness; to divide the spoils equally is justice. There has never yet been a great bandit who did not observe these principles."

"Thus," commented Chuangtze, "the principles expounded by the sages are equally indispensable to Bandit Chê and the righteous!"

Scholars of the Chinese Classics may disagree as to whether the passage referred to above is genuine. But this is not important. Be it one way or the other, what is quoted states a truth. Even to be a great bandit one must act in accordance with a set of principles, a moral code! In the opinion of many we have lived since September 18, 1931 in a bandit-ridden world. How far this is true we need not here investigate. Suffice it to
say that if the member states that form this world want to see it survive, it will be necessary for them, if not to submit to the teachings of the sages, at least to take into consideration what Bandit Chê has to say about moral principles.

Nations are like individuals in that they have their life to live. If a nation wishes to live, it will be necessary for her to let other nations live as well. They are like individuals also in that they react according to the way they are treated. It is a great deal to expect that a nation, any more than an individual, will turn the left cheek after the right has been smitten. If any country therefore chooses to ignore such simple traits of human nature and insists upon adding insult to injury, then truly we tremble for her future.

In the following pages we shall merely attempt to make a brief survey of the development and present situation of the international problem that centers on North China. "While there is life there is hope." By these efforts we hope we shall contribute to making a change of policy more possible for those who are responsible for what has taken place in the last four or five years.
CHAPTER I.

THE BEGINNINGS.

Suspension of Hostilities by China on the Fall of Jehol

At the end of 1932 after the Lytton Report had been discussed, and Japan’s case heard by the Assembly of the League of Nations, the island empire became quite convinced that it was not likely that the League would decide in her favor and invest her with a legal title over what she had arbitrarily seized. In the previous month or two the Japanese had seemed content to mark time in the hope that perchance the arguments of their delegates in Geneva might prove to be as effective as the shells of their artillery or the bombs of their air forces. When they were disillusioned on this point, they resumed the forward march in their continental conquest with renewed vigor. On January 1, 1933, as if to mark the beginning of the new year, they seized Shanhaikwan and on the 21st of the following month, the day the President of the Special Assembly formally announced the failure of the League’s efforts at conciliation, further ordered a general attack upon Jehol.

Throughout the Manchurian trouble the Chinese Government’s Central Army was fully occupied with the anti-Red campaign. In consequence a nation-wide war of resistance against the Japanese was out of the
question. The possibility of checking aggression successfully depended upon two other factors, namely, effective local resistance and active international intervention. In the case of the Shanghai War* both factors were present and the Japanese, generally speaking, returned home empty-handed. In the case of the various wars in Manchuria, both factors were practically absent and the three provinces were taken piece-meal by the invaders. Unfortunately the Jehol situation fell into the latter category. In the Shanghai case, the Chinese held out ten times longer than was generally thought possible. That feat not only went quite a long way towards checking the Japanese, but also made it possible for the Powers to intervene. Hence the Shanghai incident was settled on the whole in a satisfactory way. In Jehol, on the other hand, foreign material interests were negligible. If the Powers had anything at stake there, it was the more abstract considerations of Chinese territorial integrity and pacific settlement of international differences. But these were too remote for the man in the street in Europe and America and perhaps also too remote for the average statesman there, especially when there were millions of hungry mouths to feed in addition to ordinary office duties to discharge. It was therefore not likely that the Powers would intervene so actively as in Shanghai. But worse still, the military authorities of Jehol were not of the same calibre as those in Shanghai. It was generally estimated that, in view of the difficult terrain from the standpoint of military operation, a normal amount of defence effort would keep the invaders at arm's length for months. But contrary to all expectations, except perhaps of those who had intimate knowledge of the situation, the province was

* To use the term in its popular sense.
lost within ten days of the launching of the Japanese offensive.

The debacle in Jehol brought the Central Government face to face with the problem of Japanese invasion. On February 24th, three days after the Japanese had begun their general attack upon Jehol, the Special Assembly of the League adopted its own report on the Manchurian dispute, and, as its duties under Article 15 of the Covenant came to an end with the making of the report, proceeded on the same day to appoint a Committee of Twenty-one, under the powers given by Article 3, Section 3, to help the members of the League to coördinate their action and attitude among themselves and with non-members, as recommended in the Assembly's report. On March 11th, the United States who were invited to join the Special Committee, also in accordance with the Assembly's report, signified their readiness to participate.

The international situation as developed up to this point could not have been more favorable for the prosecution of a campaign to compel the invaders to return the lost territory, not to say merely to check them from making any further advance. The Central Government, however, was at that time in no better position to take advantage of the situation than it had been in the previous two years. By this time the Chinese Red Army, which burst forth in various directions in the early part of the Manchurian dispute, had been again surrounded in South Kiangsi. But it remained far from being suppressed and demanded no less concentrated effort in dealing with it. In the North some military units here and there could be counted upon. But the main force, the Northeastern Army, had on the whole become demoralized. It was evident that not only Manchuria, but also Jehol, had to be abandoned for the present. On
March 8th General Chiang Kai-shek arrived at Paoting to take charge of affairs. Five days later the National Government dismissed the head of the Northeastern Army from his office and appointed General Ho Ying-chin, Minister of War, to take his place. In the meantime the commanders in the field were ordered to keep on the defensive and on the 20th the troops before Shanhaikwan were ordered to retreat to the Luan River as a gesture of pacific intention towards the Japanese. Five days later the Generalissimo returned to the South.

*The Price Paid for Adopting a Policy of Peace for the Solution of the Manchurian Dispute—the Tangku Truce*

In attacking Jehol the Japanese declared that their action was motivated entirely by the desire to secure to the Manchurian administration all territory that should fall under its control. Jehol formed a part, during the Manchu Dynasty, of the province of Hopei, then known as Chihli, and not a part of Manchuria. Even when it was organized into a special territory during the early days of the Republic it was always closely related administratively to the province from which it was detached. It was only in the few years previous to the Mukden Incident that on account of internal political reasons it was temporarily grouped with the Manchurian provinces. That Jehol had always been reckoned in one form or another a part of Hopei had undoubtedly a geographical reason. This is especially true in the case of the section south of the Saramuren, which forms the more important half of the province, for it strategically dominates northern Hopei and at the same time is economically dependent upon it.

Jehol being so vitally related to Hopei and, it may be added, through it to the entire Great Plain of China,
it is difficult to find any justification whatever for the Japanese seizure of the territory, and least of all on the basis that a few years previously it had been accidentally associated with the Manchurian provinces in administration. But this is only a matter of secondary importance in face of what follows. The Japanese started hostilities allegedly for the purpose of taking Jehol. But they did not stop at that. About a fortnight after the Generalissimo returned to the South, the Japanese suddenly again started hostilities by attacking the Luantung region of Hopei and Dolonor in Chahar. On April 11th they took Lengkou, a pass along the Great Wall, and thereby forced the Chinese to withdraw from Hsifengkou, another Great Wall pass, where the troops were able throughout to defend their position, demonstrating valor reminiscent of that which the Shanghai defenders had displayed the previous year. At that time the Japanese were unable to follow up their success and had to withdraw to Shanhaikwan. On May 7th, however, they returned fully reinforced and delivered a general attack upon all points. The Luan River front, defended by the Northeastern Army, gave way first, and the Japanese rushed in, forcing the divisions at Hsifengkou again to abandon their position. In the meantime the divisions at Kupeikou, still another Great Wall pass, were also forced to retreat, but in an orderly manner. By the 22nd the Japanese who followed in the wake of the Northeastern Army had reached the outskirts of Tunghsien (better known as Tungchow), which is but twelve miles east of Peiping. On the previous day the Chinese, minus the routed Northeastern Army, gathered outside Peiping to check the Japanese advance and made preparation to defend the old capital in anticipation of the worst.

The situation was provocative in the extreme, but
the National Government held steadfastly to its policy of ending hostilities. On May 3rd the Central Political Council decided to establish a "political re-adjustment council" for North China to handle the situation under the chairmanship of the late General Huang Fu. After the Japanese crossed the Luan River and pushed westward, General Huang hurried north. For a few days nothing could be accomplished. But in the evening of the 22nd the Japanese, who evidently considered that they had attained their objective, offered terms for the conclusion of a truce. These terms were accepted and afterwards embodied in a document, signed at Tangku on May 31st, which reads as follows:

Having accepted on the Twenty-fifth Day of May, 1933 the proposal for the termination of hostilities made by Lieutenant-General Hsiung Pin, Chief of Staff to the Peiping Branch Military Council, under authorization from General Ho Ying-chin, Chairman of the said Council, General Muto, Commander-in-Chief of the Kwantung Army, has authorized Major-General Neji Okamura, Chief of Staff of the Kwantung Army, to sign as representative of the Kwantung Army, with Lieutenant-General Hsiung Pin, the representative of the Chinese Army in North China duly authorized by General Ho Ying-chin, the following truce agreement:

1. The Chinese Army shall immediately withdraw to the regions west and south of the line from Yenching to Changping, Kaoliying, Sunyi, Tungchow, Hsiangho, Paoti, Lintingkow, Ningho and Lutai and undertakes not to advance beyond that line and to avoid any provocation of hostilities.
2. The Japanese Army may at any time use aeroplanes or other means to verify the carrying out of the above article. The Chinese authorities shall afford them protection and facilities for such a purpose.

3. The Japanese Army, after ascertaining the withdrawal of the Chinese Army to the line stated in Article 1, undertakes not to cross the said line and not to continue to attack the Chinese troops and shall voluntarily withdraw to the Great Wall.

4. In the regions to the south of the Great Wall and to the north and east of the line as defined in Article 1, the maintenance of peace and order shall be undertaken by the Chinese force. The said police force shall not be constituted by armed units hostile to Japanese feelings.

5. The present agreement shall come into effect upon its signature.

Annexed to the agreement there was also the following declaration:

In case there shall be in the Demilitarized Zone armed units disturbing peace and order which the police force shall be unable to cope with, the situation will be dealt with by common accord between the two parties.*

The truce document was objectionable to the Chinese in many ways. The Chinese Army was to "undertake to avoid any provocation of hostilities." This was not

* Both the truce and declaration may be found in the Chinese Year Book, 1936-37, p. 431.
the kind of language expected from fellow professionals, especially among the military. The Japanese Army was “at any time to use aeroplanes or other means to verify the carrying out” of the withdrawal of troops by the Chinese. Aeroplanes were provocative; “other means” harbored all kinds of danger; and to use them “at any time” made both doubly objectionable. Furthermore, the Japanese Army was to withdraw “to the Great Wall,” not to the territory of Jehol, the two not corresponding. All these considerations paled, however, before the central objective—the creation of a demilitarized zone extending south from the Great Wall to a line drawn roughly parallel to the Peiping-Suiyüan and Peiping-Liaoning Railways at a distance of about a dozen miles to the east and north respectively from the Wall near Nankow to the sea near Lutai, in which zone only a Chinese police force “not hostile to Japanese feelings” was to be allowed. This was, in short, the price China had to pay for adopting a policy of peace instead of one of hostility for the solution of the Manchurian dispute!

_Surcharges Imposed after the Conclusion of the Tangku Truce_

The Tangku Truce was not, however, the net price China had to pay. There were still surcharges; and in exacting the latter the Japanese had all means at their disposal. Although the Japanese troops began to withdraw on June 10, 1933, the renegade Chinese irregulars who had assisted in the invasion remained behind. The Chinese authorities in North China were therefore compelled to send delegates to Dairen to negotiate. On the arrival there of these envoys on July 3rd the Japanese immediately propounded a number of con-
ditions for the coöperation that was sought. As reported, these included:

(a) Employment of part of the irregulars in police service in the demilitarized zone;

(b) Establishment in the evacuated area of agencies to handle matters relating to communications and economics along the Great Wall;

(c) Permission to lease land and residences in the evacuated area for the use of the Japanese troops still stationed there;

(d) Restoration of trade, communications and postal service between the territory on either side of the Great Wall.

The authorities in North China were quite ready to meet Japanese wishes with respect to (a), but would not consider the rest on account of their far-reaching consequences. As a result the Japanese held fast to the Great Wall and to cities along it such as Shanhaikwan. Then in November, when the Nineteenth Route Army was about to start an armed rebellion against the Central Government in Fukien, they hastened to Peiping and held a three-day conference with the Chinese authorities.* Under the circumstances the latter were constrained to accept most of the Japanese conditions. Agencies referred to in (b) were to be established in Shanhaikwan, Kupeikou, Hsifengkou, Lengkou, Panchiakou and Chiehlingkou, all being passes along the Great Wall. The leasing of land and residences referred to in (c) was to be restricted to Shanhaikwan, Shihmengyen, Chienchangying, Taitouying, Hsifengkou, Lengkou, Malanyü, and Kupeikou. It was also understood that in case resort was made to the use of the Luan River for the transportation of military supplies protective measures

* November 7th to 9th.
could be adopted in addition. In the matter of restoring trade, communications and postal service, which formed Japanese condition (d), it was understood that air service was to be included.

The restoration of trade, communications and postal service is a delicate matter, for it verges upon de facto recognition of the puppet state of Manchuria. Besides, shortly after the conference was over the Fukien Rebellion actually broke out, and by the time it was liquidated, Puyi had been declared "emperor" by his protectors. In consequence it was only in the spring of 1934 that the Japanese condition (d) could be taken up. The restoration of trade was the first to materialize. It was effected by the establishment, by the Chinese Government itself, of a Customs Station at Shanhaikwan on June 20th and five sub-stations at Kupeikou, Hsifengkou, Lengkou, Chiehlingkou and Yiyüankou respectively on August 16th. The station at Shanhaikwan was placed under the Commissioner of Customs at Chinwangtao, and the five sub-stations under an agent of the Tientsin Station with headquarters at Peiping. On the basis that Manchuria and Jehol were still parts of China, products of the northeast that passed through these stations were not required to pay duty. In order to make sure that this privilege would not be abused, the exempted products, thirty-six kinds in all, were specified.

The restoration of through traffic on the Peiping-Liaoning Railway followed closely. An agreement* relating to the question was announced on June 28th by the railway authorities and ran as follows:

* Unofficial translation of the proclamation issued by Mr. Yin Tung, Managing Director of the Peiping-Liaoning Railway, the Peiping Chronicle, June 29, 1934.
(1) Beginning July 1st direct passenger traffic between Peiping and Mukden shall be restored. The service shall be confined to one train from each end daily.

(2) The China Travel Service and the Japan Tourist Bureau have been entrusted by the Chinese and the Japanese sides respectively with the task of organizing an Oriental Travel Bureau at Shanhaikwan to handle all matters connected with such through traffic.

(3) All such matters as the operation of trains, their schedules and composition and the sale of tickets shall be regulated by this administration separately.

The restoration of postal services came next, an agreement relating to this question being concluded on January 6, 1935. It* ran as follows:

Article 1. Following the restoration of postal communication between China Proper inside the Great Wall and the Northeastern Provinces, the handling of mail matter shall be entrusted to an agency to be jointly organized by the Chinese and Japanese postal authorities. This agency shall establish mail transmitting offices at Shanhaikwan and Kupeikou, respectively, to undertake the work.

Article 2. Postage stamps and covers of mail matter shall not bear the mark of "Manchukuo."

Article 3. In marking dates and years on stamps and covers of mails, the Western calendar shall be adopted.

* Given out by the Chekai Agency, the North-China Daily News, January 6, 1935.
Article 4. The charges for mail matter shall be collected according to existing postal regulations of the respective parties concerned.

Article 5. In regard to stamps, the Japanese side shall issue a special kind of stamp for the purpose and the use of any other kind shall not be permitted.

Article 6. Restoration of ordinary mails shall start from January 10th, while postal money orders and parcel post shall be accepted from February 1st.

Article 7. Mails to Europe and America via Siberia shall be restored.

Article 8. This agreement shall not be changed or altered without the concurrence of both the parties concerned.

The question of air communication did not lend itself to agreement so readily. It is scarcely justifiable to apply the term "restoration" with regard to it inasmuch as there had never been regular air service between Manchuria and the provinces inside the Wall. As a part of condition (d), it is generally believed, the matter was not raised by the Japanese until they came to Peiping for the conference with the North China authorities. On account of this rather ambiguous situation nothing was done until October, 1936, when a Sino-Japanese concern known as the Hui Tung Company was organized for the purpose. As inaugurated on the 17th of the following month, air service operated by the company was extended over four routes:

(a) Tientsin to Dairen,
(b) Peiping to Chinsien (Chinchou) via Tientsin and Shanhaikwan,
THE BEGINNINGS

(c) Tientsin to Chengteh (Jehol City) via Peiping,

(d) Tientsin to Changpei via Peiping and Kalgan.

Changpei, it may be noted, was in Chahar, not in Manchuria or Jehol, but at the time the air service was inaugurated it was occupied by the "Manchukuo" irregulars and made the headquarters of those who operated against Chinese territorial sovereignty in North Chahar.
CHAPTER II.

THE HOPEI-CHAHAR PHASE—PART I.

New Japanese Thrust in Hopei and the Ho-Umetsu Agreement

The promotion of air communication just described is very typical of Japanese methods. The adoption by China of a policy of peace for the recovery of Jehol and Manchuria was followed by an invasion of the country south of the Great Wall. The creation of a temporary demilitarized zone was followed by demands for employment of the irregulars, for establishment of communications and economic agencies, for permission to lease land and residence for troops, and for restoration of trade, communications and postal service. An indication of readiness on the Chinese side to consider some of these demands was followed by a new demand for the inauguration of an air service between Manchuria and North China.

Following the development of the events that took place at that time, one could not fail to sense that China’s troubles from Japan had not come to an end. Restoration of postal service was effected on January 6, 1935. Scarcely half a year had elapsed before China was again faced with a crisis with Japan which not only rivalled the seizure of Jehol or the invasion of the intra-mural territory in point of territorial scale, but was also fraught with dangerous possibilities of much greater magnitude.
In the middle of May a band of Jehol irregulars operating against the Japanese were forced to escape into the demilitarized zone, and the Japanese followed them across the Wall, ignoring the fact that demilitarization barred not only Chinese troops, but Japanese troops also. The authorities in North China hastened to propose a plan of joint operation. Thereupon the Japanese presented on the 29th a set of new demands, the grounds advanced being that China was still at heart hostile to Japan, and therefore it would be necessary for China to give new evidences of her “sincerity” before the Japanese would be prepared to observe the Tangku Truce. As an example of China’s hostile intention, it was alleged that local Chinese authorities had fraternized with the Jehol irregulars. As another example, it was pointed out that two pro-Japanese Chinese editors had been murdered in the Japanese Concession in Tientsin by unknown parties a fortnight previous to the presentation of the demands.

The Japanese had undoubtedly chosen a very favorable time for the move. Four months had elapsed since an agreement with the Soviet Union for the purchase of the Chinese Eastern Railway was signed by them, and the cause of friction with that country thereby largely removed, rendering their rear more or less secure from attack. Better still was the situation in China, where the armies of the Central Government were hotly pursuing the Red Army into the distant provinces of Yünnan, Kweichow, Szechuen and Kansu, and were thus cut off from the rest of the country by mountains and by the lack of modern means of communication. The latter point, while favoring the Japanese, was particularly fatal to China. Bowing to the inevitable, she accepted, as far as one can ascertain, practically all of the new Japanese demands.
The events which followed from May 29th onward are shrouded in mystery, but they culminated in the so-called Ho-Umetsu Agreement.* The exact terms of this agreement have been a matter of dispute, but both parties are agreed as to the correctness of the following points:

1. Dismissal of Yü Hsüeh-chung, Chang Ting-ê and their followers;**

2. Dismissal of Chiang Hsiao-hsien, Ting Chang, Tseng Kuang-ching, Ho I-fei;***

3. Withdrawal of the Third Regiment of Military Police;

4. Dissolution of the Political Training Corps of the Peiping Military Council and the Military Magazine Club of Peiping;

5. Restriction and suppression of what are known to the Japanese as the Blue Shirts, the Fu-hsing Club, and other secret organizations claimed to be inimical to Sino-Japanese relations;

6. Withdrawal of all party headquarters from the Province of Hopei and abolition of the Peiping branch of the Officers’ Moral Endeavor Association;

7. Withdrawal of the Fifty-first Army from the province of Hopei;

8. Withdrawal of the Second and Twenty-fifth Divisions from the province of Hopei and dissolution of the Students’ Training Corps of the Twenty-fifth Division;

* An alleged text of the agreement will be found in the China Weekly Review, Vol. 76, No. 2, March 14, 1936, p. 38, being a translation from one of the Japanese newspapers in Tientsin.

** Northeastern officials.

*** Central Government officials.

An examination of the daily newspapers of the time seems to indicate that items 1 to 8 were accepted and carried out on the spot, while item 9 was, after its acceptance locally, carried out by the National Government by the promulgation on May 10th, of a decree enjoining upon the people the making of efforts to befriend neighboring nations and to promote better relationship with them.

New Japanese Thrust in Chahar and the Chin-Doihara Agreement

We have already described how the Japanese acted in Hopei, but this does not tell the whole story of their activities. While demands dealing with Hopei were being presented to General Ho in Peiping, trouble was being brewed in Changpei, a town north of Kalgan, for the purpose of involving Chahar.

In their invasion of the territory beyond Jehol in the spring of 1933 the Japanese, as already stated, had also advanced into the province of Chahar. Curiously enough, at the same time as they offered terms for the conclusion of peace in the intra-mural territory they kept on advancing in Inner Mongolia. On May 1, 1933 they entered Dolonor, and by June 5th they had already occupied Kuyüan, Paochang and Kangpao. On May 26th, at the height of the Japanese invasion, General Feng Yü-hsiang who was then a resident of Kalgan, organized a People’s Army to stem the tide. With the defection of some of the allies of the Japanese, General Feng’s men entered Kangpao on June 22nd. Encouraged by this success they pushed on, and by July 12th Chahar was cleared of the Japanese.
At this point the Central Government stepped in. In order not to give the Japanese a pretext to start trouble again, General Feng was advised to disband his troops and leave the province. On August 14th, having wound up his business, the general left Kalgan, but on the previous day the Japanese had re-occupied Dolonor, and twelve days later also Kuyüan. On account of the proximity of the latter hsien to Kalgan, the provincial authorities re-took it on September 13th. As to Dolonor, the Japanese remained there from then on in spite of the solemn promise to allow the Chinese to take it back which they made at the conference held with the North China authorities in November, 1933, reviewed above.

On the other hand, the Japanese made no further move in the meantime except in one case. This was the re-occupation of that strip of territory of Kuyüan just east of the Great Wall. After the Tangku Truce the Japanese insisted upon taking the wall as the dividing line between Jehol on the one hand and Hopei and Chahar on the other, in spite of the fact that in the case of the Jehol-Chahar border they were not able to cite even some text of an agreement, justified or unjustified in the citation. True to the policy of peace, the North China authorities instructed the government of the province to give way, and on February 2, 1935, in a conference held at Tatan, a small town just within the Jehol border northeast of Kuyüan, between representatives of local authorities of both sides, that strip of territory was recognized for the time being as belonging to Jehol.

The conciliatory attitude adopted by the Chinese here won no more appreciation from the Japanese, however, than it had elsewhere. A few months elapsed and on May 30th, the day after the Japanese had presented a set of demands to General Ho at Peiping, a
party of Japanese, some of whom were members of the Special Service Agency at Dolonor, started for Kalgan from the latter city with, it seems purposely, no passports. As might be expected, when they reached Changpei they were stopped by the troops on duty there. When the matter was reported to Kalgan, an order was issued to let them proceed in spite of the fact that they had failed to conform to treaty stipulations and international practice. Nevertheless the Japanese lodged a strong protest, with demands for satisfaction. If China was constrained to give way on questions affecting Hopei, still less could she resist Japanese demands concerning Chahar. On June 23rd General Chin Te-chun, then a bureau head of the provincial government of Chahar, was commissioned to meet Major-General Doihara at Peiping to effect a settlement. Four days later notes embodying the terms agreed upon were exchanged.

As in the case of Hopei, the negotiations concerning Chahar, including the terms of settlement, called by the Japanese the Chin-Doihara Agreement, remain shrouded in mystery. According to those who are in a position to know, the more important terms of the settlement were as follows:

(a) Dissolution of institutions considered to be inimical to Sino-Japanese relations.

(b) Withdrawal of the Twenty-ninth Army east of a line drawn from Changping in Hopei to the Wall in East Chahar via Yenching and Talinpao, and south of another line drawn from a point north of Tushihkou to a point south of Changpei, the peace of the territory thus evacuated to be maintained by police.

(c) Cessation of colonization by immigrants from Shantung.
The Alleged Text of the Ho-Umetsu Agreement Examined

For a time about a year ago there was a great clamor from Chinese educational circles for publication of the so-called Ho-Umetsu agreement, this agitation having been caused by the action of the Japanese in invoking the agreement against the present authorities of North China. In view of this fact perhaps it may not be out of place here to devote a few lines to the question.

The nine items given above* are taken from what was published by the Japanese as part of the so-called Ho-Umetsu agreement. According to the Japanese there are still three more items:

1. What has been agreed upon with Japan shall be carried out within the time specified. Any parties or organizations that have caused strain in Sino-Japanese relations shall not be permitted to re-enter [Hopei];

2. In the appointment of provincial and municipal officials it is hoped that Japan's wish that selection be confined to those who will not be likely to cause strain in Sino-Japanese relations will be taken into consideration;

3. Concerning the carrying out of what has been agreed upon Japan will adopt measures of supervision and examination.

On many occasions since that time General Ho Ying-chin has publicly denied that he ever entered into any agreement with General Umetsu, and it is reported that when on one occasion he was shown a copy of the alleged agreement as given out by the Japanese, he

* Pages 18-19.
strongly denied that he ever discussed the three items last-mentioned with the Japanese, still less accepted them. According to those who have seen the alleged document, the first nine items were prefaced with the statement:

The items which China has accepted and carried out towards the Japanese Army are as follows.

and the next three items, with the statement:

Concerning the carrying out of the foregoing [China] also accepts the items in the following.

Furthermore, the document was headed by a descriptive title “Memorandum,” and ended by the following:

For [your] reference [I have] specially put the foregoing in writing to be sent [to you].

H.E. Ho Ying-ching,
June 6th, the Tenth Year of Showa.
(Signed) Yishijiro Umetsu,
Commander of the North China Garrison.

In addition to the “memorandum,” it is said, the Japanese showed also a copy of a letter from General Ho as follows:

Please be informed: [We] accept all items submitted by Colonel Takashi Sakai on June 9th and shall by our free will see that they are carried out.

H.E. Commander Umetsu,
(Signed) Ho Ying-ching.
July 6th, the Twenty-fourth Year of the Chinese Republic.

According to those who are apparently in a position to know, Colonel Sakai did have an interview with General Ho on June 9th but discussed only questions
which formed the subject matter of items 6 to 9 of the first nine according to the Japanese version given above, the subject matter of items 1 to 5 having been disposed of previously. Later, on June 11th, Major Takahashi submitted a document for General Ho's signature, which, they say, was almost exactly as given out by the Japanese afterwards, that is, with two sets of items, each prefaced by a statement, headed in all by the word "Memorandum," except the ending which was as follows:

June 10th, the Tenth Year of Showa.
(Signed) ..................................
Acting Chairman of the Commission on Military Affairs of the National Government.
To Major Tan Takahashi, Japanese Military Attache of Peiping.

But with this document General Ho refused flatly to have anything to do. He felt that he had done enough to placate the Japanese, and was also unwilling to leave anything in writing in their hands. Furthermore, he was displeased at seeing a set of three items which had never been brought up and discussed before. Two days afterward he left Peiping for Nanking. Realizing the danger of overstepping themselves, the Japanese proposed on June 21st that instead the General submit a statement recording the fact of his accepting the Japanese demands. This alternative proposal was accepted by the general on July 6th.

On an examination of the case a few points stand out clearly:

(a) The document alleged by the Japanese to be what they refer to as the "Ho-Umetsu agreement" is exactly what General Ho rejected.

(b) The first set of nine items given in the
alleged document contains what the Chinese Government, on the demand of the Japanese, actually performed.

(c) General Ho and the Japanese disagree as to whether the acceptance given in the letter of July 6th covers the second set of three items given in the alleged document.

The next question is: apart from the document alleged by the Japanese, is there anything that can be called a Ho-Umetsu agreement? The alleged second set of three items can be disposed of first. We shall not sit as judges over the disagreement between General Ho and the Japanese. It is sufficient to note that they do not agree. Now, if they do not agree, how can there be an agreement? Agreement means a meeting of minds. This meeting of minds refers, of course, not to whether the parties are willing, but to whether the parties know to what they were to commit themselves, willing or otherwise. In the present case at least one of the parties did not know that the letter of July 6th had anything to do with what the Japanese described as the second set of three items. Evidently there was never a meeting of minds; in other words, there was no agreement. Human life is complicated. It is especially so in the international sphere, where transactions have, by necessity, to be carried out by agents. Hence, it has been customary to have agreements in writing, properly signed and, in case of weighty problems, also ratified. One cannot help wondering why the Japanese, who have been known for their insistence upon strict conformance to formality in international relations, should have chosen to adopt a different procedure in the present case!

With the second set of three items disposed of we can now treat the first set of nine items. As the
Japanese have prefaced them, they are “the items which China has accepted and carried out toward the Japanese Army.” Furthermore, General Ho has never denied the fact as claimed by the Japanese. In point of fact he sent the letter of July 6th with the object of confirming the very thing. Under these circumstances perhaps the term “agreement” can be applied to them.

The following points may be noted, however:

(a) The procedure through which the agreement was effected was most unusual. It is difficult to understand why the Japanese should have chosen to present demands only verbally and then, after all were complied with, to press for written confirmation.

(b) It seems to be quite unwarranted for the Japanese repeatedly to invoke the agreement in a general way in their dealings with the present Hopei-Chahar authorities. The first set of nine items, as the Japanese themselves preface them, are “items which China has . . . carried out towards the Japanese Army,” in other words already executed and not, be it remarked, executory. As long as there is no attempt to reinstate the dismissed parties, or re-incorporate the dissolved organizations, or re-admit the withdrawn troops, or re-promote the suppressed agitation, the Japanese surely can have no cause for complaint.
CHAPTER III.

THE HOPEI-CHAHAR PHASE—PART II.

Internal Situation in North China on the Eve of a Further Japanese Thrust

The harvest reaped by the Japanese in May, 1935, amounted altogether to the extension of the demilitarized zone into Chahar, the withdrawal from Hopei of troops that were considered unfriendly toward Japan, and the dissolution of organizations in both provinces which were similarly considered. From now on the puppet state of Manchuria was protected by virtually two demilitarized zones, one outside the other, and both at the expense of territory which was not included in the four northeastern provinces. From the standpoint of the security of the Japanese-occupied area nothing was left to be desired, and many thought that the Japanese would now call a halt. But such simple souls were again to be disappointed. The last Central Government soldier had scarcely left the soil of Hopei before the Japanese were already at work in an attempt to create a new puppet state out of the North China provinces of Hopei, Shantung, Shansi, Chahar and Suiyuan.

China has been a centralized state in all normal periods of her history throughout the centuries, although this fact is often obscured by the deconcentration of
power made necessary by the vastness of her territory. In the Manchu Dynasty, for instance, provincial governors were freely transferred from one corner of the land to another without the necessity of first consulting their wishes. This was so even in the last half century of the regime when some of the governors were in control of very large personal armies. After the Revolution of 1911, especially after the days of President Yüan Shih-kai, central authority disintegrated and a different situation arose. This situation developed to its height at about the time of the Washington Conference with large-scale civil wars raging in various parts of the country, and undoubtedly contributed to moving those Powers who had the interest of China and world solidarity at heart to forestall the hands of the ambitious by writing into the Nine-Power Treaty safeguards for China’s territorial and administrative integrity.

It is debatable whether the leaders of the Nationalist Revolution meant to restore the same centralized form of government with the same deconcentration of power as in the past. But it is evident that they were determined to end the intolerable situation in which each province or group of provinces collected its own taxes, maintained its own army, and cooperated with the Central Government only when it so desired. In other words, those leaders were determined to bring about some form of real unification. This was no easy task, of course, when it meant the elimination of feudalistic tuchuns, and it became Herculean when in the place of the latter were found a number of associates in the Revolution. These fellow leaders, rightly or wrongly, thought that they were entitled to a share in the glory or power now that with their assistance the Revolution had practically succeeded. The leaders in the Central Government at first set themselves to bring about unification by force of arms. But
after three years' experience, during which much was accomplished, they began to consider the method too expensive and advocated the restoration of political power to the people as a substitute. The proposed change, however, proved to be too radical for the supporters of the idea of party dictatorship, and dissension developed among the leaders in the capital. In the meantime the Japanese invasion of Manchuria took place. Blocked by troubles from within and without, the new policy could not be carried out, of course, and some of the more distant provinces were left in a more or less autonomous state.

The situation as it existed in territories close to the puppet state of Manchuria in the next few years was roughly as follows: Shansi and Suiyuan were under the control of one party of leaders, Chahar under another, and Shantung under still another. In previous years some of these parties had fought in civil war against the Central Government, but during this period all were in cooperation with it, though in various degrees of harmony. Before March 12, 1933 Hopei was in the control of still another party which, however, was in close cooperation with the Central Government. After that date Hopei was taken over by the latter. In order to coordinate the activities of these provinces in face of the Japanese menace from the northeast, on May 3, 1933, at the height of the Japanese invasion, a body known as the Political Readjustment Council of Peiping consisting of leaders from the several provinces with the late General Huang Fu, a leader from the capital, as chairman was appointed by the National Government.

This situation lasted until the so-called Hopei Affair. When the troops of the National Government had been withdrawn from Hopei, and any organization connected with the National Government which the Japanese chose
to consider inimical to Sino-Japanese relations had been dissolved in both Hopei and Chahar, then the Japanese endeavored immediately to translate into reality a further dream of creating another puppet state out of the five provinces. To this end they now applied themselves with great enthusiasm.

New Japanese Thrust—the Promotion of Autonomy Movements in North China

The authority of the National Government in Hopei having been weakened, malcontents, with or without Japanese support, naturally became active. On June 27, 1935, the month following the Hopei affair, there was a mutiny at Fengtai. This was easily suppressed, but in order to prevent future trouble a part of the Twenty-ninth Army was transferred from Kalgan to Peiping and General Sung Cheh-yüan, until a short time previously chairman of the provincial government of Chahar, was made Garrison Commander of Peiping and Tientsin.

The Japanese were not satisfied, of course, with this development. What they would have liked to see was the separation of the North China provinces from the rest of the country. They were destined, however, to be disappointed. In spite of all their persuasion, the leaders of Shansi and Suiyüan turned a deaf ear towards them, and those in Shantung rendered them only lip service. Under these circumstances they had to confine their activities to Hopei and Chahar.

The Japanese found their path much easier in the last-mentioned provinces because General Sung Cheh-yüan and his associates were naturally not averse to the idea of adding Hopei to their sphere of influence or rather, as they were already in Peiping and Tientsin, extending their control over the entire province of Hopei. The Japanese must have early felt, however, that their
path, though easier, was not strewn with roses, for the Twenty-ninth Army and its leaders, the gallant defenders of Hsifengkou during the Japanese invasion of the intra-mural country, were not people that they could bend at will. So while they worked hard at creating a Hopei-Chahar state, they did not fail to promote some alternative schemes, even though these might not prove equally satisfactory.

In 1933 when the Political Re-adjustment Council was established, a number of men who knew Japan and the Japanese well were taken north for service. Among them, two, Mr. Tao Shang-ming and one named Yin Ju-keng, were appointed inspectors of civil administration in the demilitarized zone, which was divided into two districts for that purpose with headquarters at Tangshan and Tunghsien (Tungchou) respectively. The character of the two men was evidently different. By July, 1935, Tao had got into trouble with the Japanese, and was illegally detained in the Japanese Embassy in Peiping for a number of days. On the other hand, Yin grew in Japanese favor. When Tao was unable to function, Yin was appointed by the National Government to act in his place concurrently, and hence he came to control the entire demilitarized zone. That Yin could grow in Japanese favor was unfortunately due not to his ability to handle the islanders, but rather to his being pliable and easy to handle, even to the point of becoming a traitor. Having decided not to return from North China empty-handed, the Japanese set their eyes on Yin as a tool for the promotion of an alternative scheme.

We have said above that after the Japanese occupied Dolonor on August 13, 1933, they remained there in spite of a solemn promise to allow the Chinese to take it back.
Throughout this interval they employed irregulars from Manchuria and Jehol under a bandit chief named Li Shou-hsin. Why were these men employed instead of regular Japanese troops? The answer is obvious: Dolonor was in Chahar outside the territory claimed by the Japanese for the puppet state of Manchuria. Now if these men could be kept there without provoking technical criticism, they could also be employed to occupy a larger area. This, the Japanese soon realized, could serve as another alternative scheme in their North China intrigue, and they set their mind upon it also.

By October the Japanese seemed all ready for a new coup. The Commander of the Japanese Garrison in Tientsin openly advocated the separation of the North China provinces from the rest of China. Then supposedly public bodies, organized by the Japanese to demonstrate for autonomy, began to appear first in Tientsin and later also in Peiping. On November 29th the Japanese suddenly notified the authorities in Peiping and Tientsin that they considered anti-Japanese organizations were still in existence and actively at work. A few days later the mayor of Peiping, the appointee of the Political Readjustment Council, was replaced by a leader of the Chahar group. At this time the Fifth Kuomintang Congress, which was convened mainly for dealing with the North China situation, was scheduled to meet on November 12th. On the previous day General Sung petitioned the Congress to end the period of party tutelage. This was echoed by General Han Fu-chu, Chairman of the Provincial Government of Shantung, and by the Chamber of Commerce of Tientsin. On the 19th the Kwantung Army declared their readiness to intervene if the National Government should resort to force, and on the following day the Japanese Foreign
Office announced that favorable consideration would be given to a request of assistance from the autonomy movement, if made. A new crisis was thus precipitated.

Reaction to the Japanese Thrust and the Resultant Establishment of the Hopei-Chahar Political Council and the East Hopei Puppet Regime as well as Military Occupation of North Chahar

The Japanese had again made a thrust. What then was the attitude of the Chinese government and the Chinese people?* Eight years had elapsed since Nanking became the national capital, but Peiping remained the center of culture with half a dozen of the country's foremost institutions of higher education still maintained there. Ever since the Tangku Truce, in deference to the policy of peace and conciliation adopted by the National Government educational circles had maintained a dignified silence on the Japanese question. But when the events described in the previous paragraphs took place, restraint was no longer possible. On November 24th the professors of the various universities issued a joint manifesto declaring themselves to be against any form of autonomy. This was soon followed by one of similar nature from the student associations. On December 9th the latter further staged the first of a series of mammoth demonstrations against the so-called autonomy movement. At last the people, or at least the articulate section of them, spoke, and did so in plain and unequivocal language.

In the meantime the National Government did its best to parry the blow. On November 26th the

* For the attitude of the Powers see below p. 73.
Branch Military Council of Peiping was abolished; General Ho Ying-chin, until then the head of the Council, was made head of a bureau of the National Government at Peiping; and General Sung, the Pacification Commissioner of Hopei and Chahar. The next day General Sung declined the appointment and the Japanese sent men to Fengtai to detain all railway cars, evidently to prevent their being used by the National Government for the transportation of troops in the event of a campaign against the autonomy movement. On the following day the Ministry of Foreign Affairs lodged a strong protest against the promotion of the autonomy movement and the occupation of Fengtai by the Japanese military.

The tension was thus fast approaching its breaking point. At this juncture General Ho proceeded north, accompanied by several other military leaders. A conference was held at Peiping on December 3rd between him and the leaders of the Chahar group. On the 11th General Sung was appointed chairman of a Political Affairs Council for the provinces of Hopei and Chahar; the positions of the chairmanship of the provincial government of Hopei and of the mayorality of Tientsin were given to leaders of the Chahar group; and General Shang Chen, the retiring chairman, and the Thirty-second Army under his command were transferred to Honan.

What the Japanese had anticipated with heavy hearts had at last taken place. They therefore hastened to carry out their plans concerning East Hopei and North Chahar. In the previous month when the leaders of the Chahar group showed hesitation in the promotion of the autonomy movement, the Japanese had caused Yin Ju-keng to announce for the twenty-two hsiens under his control the formation of a “committee” for the promotion of autonomy and anti-communism. Now that
the leaders of the Chahar group refused to go to the full length with them, they caused him to declare the establishment of the Anti-Communist Autonomous Government of East Hopei. On the previous occasion, that is, when Yin formed his "committee," the National Government promptly published an order for his arrest and punishment. As if in response to this gesture the Japanese shortly afterwards despatched two hundred soldiers* from their North China Garrison to be stationed at Tunghsien for Yin's protection. Tunghsien, it may be noted, was not one of the points specified in the Boxer Protocol for garrison purposes.**

In Chahar the Japanese were no less busy. Six days after General Ho arrived at Peiping for a conference with the leader of the Chahar group and two days before General Sung was asked to form a Political Affairs Council for Hopei and Chahar, Li Shou-hsin and his men had launched a campaign from Dolonor to capture North Chahar. With the backing of Japanese determination and the opposition of only a few thousand policemen scattered over the territory of six hsiens, Li had practically a triumphant march over North Chahar. By the end of the month, that is December, he was in Changpei, a few miles north of Kalgan, but just within the demilitarized zone.***

With the last vestige of direct control of the National Government rooted out from Hopei, the creation of a puppet regime in East Hopei and the occupation of North Chahar, the Japanese considered themselves to

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* Since then much increased in strength, it is reported.
** For an account of the puppet regime since its establishment see the Council's Information Bulletins, Vol. 3, No. 8, March 21, 1937.
*** For the development of the situation in North Chahar since its occupation see below, p. 55.
have established a special position in North China, and began to discuss measures for its defence and exploitation. There was no justification, of course, for them to send a large army to occupy points of Chinese territory. Even in Hopei and North Chahar they had to act under some form of camouflage. Since the days of the Boxer Uprising in 1900, in common with the other Protocol Powers, the Japanese have garrisoned the route that connects Peiping with the sea. What, then, could people say if troops were sent to augment these forces? The Tokyo mutiny of February 26, 1936 caused some delay. But eventually on May 15th, after order had been restored at home, they carried out their plan, and carried it out in face of strong protest from China. The number actually sent increased the strength of the garrison to that of a brigade, or four times as great as the average strength ever maintained by any of the Powers, including Japan herself, during the last quarter of a century.*

Since the Hopei Affair the Kwantung Army had been in the habit of sending special service agents to be stationed in various strategic points of North China. Now that the North China garrison was augmented, the same practice was adopted. At the time of writing, it is said, the Kwantung Army maintains agents in ten cities, namely, Peiping, Tientsin, Tunghsien, Shanhai-kuan, Changpei, Chapssu, Dolonor, Etsin Gol, Pingliang and Kokonor; and the North China Garrison maintains agents in the first three mentioned as well as in another five, namely, Tsinan, Tsingtao, Taiyüan, Kweisui and Kalgan.

* Japan’s alleged right to the increase of her garrison in North China as carried out forms the subject of an article (in Chinese) by the author, entitled The Increase of Troops by Japan in North China, the Foreign Affairs Review, May, 1936.
Exploitation by the Japanese of Their So-called Special Position in Hopei and Chahar, Loosely Referred to as North China

For the defence of what they considered to be their special position in North China the Japanese thus had an army. For its exploitation they had two policies, one positive and one negative.

By negative policy we mean smuggling.* We have mentioned above that for the restoration of trade between the occupied provinces and the rest of China a Customs station was established at Shanhaikuan on June 20, 1934 and five sub-stations at five passes along the Great Wall on August 16th. For some time the illicit trade that flourished after the Tangku Truce was prevented and everything seemed to go along smoothly. Then came the Hopei Affair and its aftermath, and the situation underwent a radical change.

Smuggling first became extensive in April and May of 1935, the months in which the Japanese military were feverishly preparing for the coup which took place later on in the year. It took the form of transporting clandestinely large quantities of silver out of the country by way of Shanhaikuan and the neighboring Great Wall passes. It is difficult to tell whether it was initiated by the Japanese military or came about spontaneously as a result of their change of attitude. But however this illicit traffic may have originated, it seems likely that the Japanese military early saw its possibilities and set about its promotion.

* Japanese connivance at the narcotic trade in North China, though iniquitous, can scarcely be taken as a policy for the exploitation of what they consider to be their special position there, and therefore will not be reviewed here. For the narcotic question see the Council's Information Bulletins, Vol. 3, No. 4, February 11, 1937.
The first step was taken simultaneously with the Hopei Affair, when Customs officers were compelled first to desist from patrolling along the top of the Great Wall and then to be unarmed even when patrolling elsewhere. All this took place in consequence of two incidents in which Japanese nationals engaged in smuggling silver injured themselves by jumping down from the Wall in an effort to escape capture. After this smuggling became an open matter and ordinary goods were added to silver.

The second step was taken in September, 1935, simultaneously with the attempt to create a puppet state out of North China. On September 9th the Commissioner of Customs at Chinwangtai received from the local Japanese Garrison Commander a demand that the machine guns carried on Customs Preventive Vessels be removed in accordance, as it was claimed, with the terms of the Tangku Truce. A few days later further demands were made by the same authority that all Customs Preventive vessels, irrespective of armament, should be removed from within the three-mile limit of the demilitarized zone. All these demands the Commissioner was constrained to accept. Still later when the Customs authorities tried to apply outside the three-mile limit the Chinese Customs Preventive Law which required all mercantile vessels within the limit of twelve miles from the coast of China to heave to and to submit to search when called upon to do so by a Customs vessel, the Japanese military let it be known that any such proceeding would be regarded as an act of piracy on the high seas and treated accordingly. Hereafter smuggling was carried on by sea as well as by land and its volume grew in proportion to the facilities so offered.

Goods thus landed or brought in, however, had still to face the Customs authorities of the district concerned.
Introduction of motor trucks for the transportation of the goods by the smugglers did not help. Nor did the refusal on the part of the Japanese military and consular officers to coöperate with the Customs authorities. Evidently one further step had to be taken. In the early days of March, 1936 the Japanese military therefore inspired the puppet regime of East Hopei to levy duties of its own on the illicit trade at a rate equivalent to one quarter of that of the Chinese national tariff. This act, while giving revenue and prestige to the puppet regime, removed the last obstacle to the development of the illicit trade.

With the last step taken the object of the Japanese military was attained. Henceforth if the Chinese Government were to control the illicit trade with real effectiveness it would have to adopt some such device as building a wall across the Great Plain of China in the Peiping-Tientsin area—a scarcely feasible project. Within a short time, with the aid of the Tientsin-Pukow and Peiping-Hankow Railways and their connecting lines, the smuggled goods were distributed throughout the Yellow River basin and the Yangtze valley, which regions, according to the statistics of 1935, together account for 88 per cent of the total revenue collected by the Customs during the year. From August 1, 1935 to April 30, 1936, a period of nine months, the loss to the Chinese Government is calculated to have amounted to about $25,000,000. At the time of writing the situation has improved only slightly.*

The positive policy adopted by the Japanese in the exploitation of what they consider to be their special position in North China consists of attempts to seize

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* For a fuller account see Council's Information Bulletins, Vol. 1, Nos. 2 and 11; also the Chinese Year Book, 1936-37, p. 891 et seq.
control of various economic enterprises in the province of Hopei. For this purpose they caused the South Manchuria Railway Company to organize a subsidiary corporation known as the Hsingchung Kungssu. Here, however, their efforts so far have proved much less successful than has been the case in connection with the smuggling trade, except for instance where it has been possible to exert political influence. As one of the instances may be cited the salt industry which is located almost entirely within the territory claimed by the East Hopei puppet regime. Another case is that of the shipping between Tientsin and Dairen in the Kwantung Leased Territory, over which the Japanese exercise jurisdiction. A third example concerns the Tientsin cotton industry, which, in addition to the loss of the Manchuria market, has been hard hit by the smuggling activities and recurrent disturbances caused by Japanese military adventures in North China during recent years.*

* For a fuller account of the failure of the Japanese in their attempt to seize control of economic enterprises see the Council's Information Bulletins, Vol. 3, No. 9, April 1, 1937.
CHAPTER IV.

THE INNER MONGOLIA PHASE.

*Inner Mongolia and Its Re-colonization by the Chinese*

If the Japanese exploited the East Hopei situation, it was not likely that they would neglect North Chahar. Actually it was here that the North China problem was to develop most dramatically.

North of the Great Wall and the Palisade, extending to the heart of the Gobi Desert, there lies a belt of territory popularly, and, we may add, from the technical standpoint erroneously, known as Inner Mongolia. This belt further falls into two zones drawn by a line consisting roughly of the Alashan and Yinshan ranges and the Saramuren. In the southern zone, with the exception of the Ordos region, all of the land is suitable for agricultural purposes, while in the northern zone only the eastern end close to the Palisade and the Sungari and Nonni Rivers is suitable. Throughout history the southern zone has been repeatedly occupied and abandoned in turn by the Chinese settlers in accordance with the periodical ebb and flow of the political power of the Imperial Government. Though arid the Ordos region has been involved in these changes on account of strategic reasons, while the eastern end of the northern zone, though suitable for agricultural purposes, has escaped them on
account of its distance from the center of Chinese population.

During the latter part of the Ming Dynasty Imperial power was on the decline and practically all of the Chinese settlers withdrew inside the Wall, leaving the zone to the Mongols. When the Manchu Dynasty was established, in consideration of the assistance rendered to the dynasty by these Mongols, not only was no attempt made to dislocate them, but rules were also formulated for their protection. But, as we shall see below, the efforts of the Manchu Dynasty were only partially successful.

The system of control over the so-called Inner Mongolia at the time of the Manchu Dynasty was rather complicated. This vast belt of territory fell administratively into three regions. There was in the first place, the country of the Chahars and Tumets, consisting roughly of the sections of the present provinces of Chahar and Suiyüan that have been divided up into hsiens and placed under the direct control of the provincial authorities. The Tumets lived around the present Kweisui, capital of Suiyüan. They were the descendants of a powerful border Mongol tribe of the Ming Dynasty. On account of insubordination their tribal organization was dissolved in the early days of the Manchu Dynasty and they themselves were placed under the control of a military governor (Chiang Chun) with headquarters at Suiyüan city and an assistant (Tu Tung) with headquarters at Kueihua city, which cities are now combined into one known as Kweisui. The country which has recently come to be known as East Suiyüan and North Chahar was originally the grazing grounds for the Imperial flocks. The Chahars who are found there now originally occupied the country close to the section of the Palisade northwest of Mukden. Their chieftains claimed to be the direct descendants of the Mongol emperors, a fact which in-
cidentally explains the attempt on the part of the Japanese to set up a puppet in East Suiyuan and North Chahar under the name of Ta Yüan Kuo, Yüan being the title of the Mongol Dynasty. During the reign of the Emperor Kanghsi, the Chahars' tribal organization, like that of the Tumets before them, was dissolved on account of insubordination, and they themselves were transferred *en masse* from their original, to their present home to tend their flocks side by side with the Imperial herdsmen. For the purpose of control they were organized into eight banners and placed under an assistant military governor (Tu Tung) with headquarters at Kalgan.

Outside the lands of the Tumets and Chahars the territory that forms now the provinces of Suiyuan, Chahar (outside the Wall) and the western section of the Manchurian provinces was the land of the Forty-nine Banners of the Inner Mongols, the real Inner Mongolia, to use the term properly, or Inner Mongolia Proper, if the popular meaning of the term is not to be ignored. These Inner Mongols enjoyed autonomy throughout the Manchu Dynasty, subject only to the general supervision of the Imperial Government exercised through the Colonial Office (Li Fan Yüan). They were divided into forty-nine "banners," each with a hereditary chieftain. These banners were further grouped into six "leagues," each with a president and a vice-president appointed by the Imperial Government. Once in every three years the league met under the supervision of an Imperial Commissioner sent from Peking. The six leagues were as follows:

1. Jerim, now included in the Manchurian provinces;
2. Josotu, the southern two-fifths of Jehol;
3. Jo-ude, the rest of Jehol;
4. Silingol, northern half of Chahar, further north of the Chahar land now popularly known as North Chahar;
5. Olanchab, in Suiyuan north of the Tumet and Chahar lands;
6. Yeghe Jo, in the Ordos.

The last of the three administrative regions of the so-called Inner Mongolia consists of the territory west of the Alashan range and the Olanchab League. This vast country was inhabited by only two banners of Outer Mongols, the Olots of Alashan in the east and the Old Torgots of Etsin Gol in the west. The troops of the Outer Mongols as a rule were commanded by the Military Governors or Imperial Commissioners. Those of the Outer Mongols of Alashan and Etsin Gol were commanded, however, by their own chieftains, as in the case of the Inner Mongols.

One of the rules formulated by the Manchu Dynasty for the protection of the Mongols was the prohibition against migration into their land. However, Imperial edicts proved to be inadequate for several reasons. It will suffice to mention the principal ones: population pressure from the Great Plain of China; the desire of the Mongol princes for better returns from their land; the long centuries with all the vicissitudes of human society in which policies, even of the Imperial Government, could not be enforced with equal stringency at different times. In addition to these natural forces there was also the conflicting desire of the Imperial Government itself to strengthen the defence of the national capital and the territorial connection between the intra-mural and Manchurian provinces. In the reign of the Emperor Chienlung, for instance, Jehol city was
made what was practically a summer capital, and the southern part of the present Jehol province to almost as far north as the Saramuren was organized into a prefecture.

Thus, while there was no change of Imperial policy or repeal of Imperial edicts until almost the end of the Manchu Dynasty, Inner Mongolia, especially its southern zone, steadily underwent a change in character. As the settlers gathered in large numbers, civil government was thereby established, and as civil government was established, settlers thereby gathered in larger numbers. The process went on and on, until by the latter part of the Manchu Dynasty the zone of contention between the nomads and settlers throughout the centuries had been occupied again by the Chinese, this time peacefully. For convenience of administration the territory thus re-colonized was attached to the adjacent provinces, those which profited most being Shansi, Chihli (now Hopei), Shengking (Fengtien since 1907 and Liaoning since 1928), Kirin, and Heilungkiang. The sections attached to Shansi and Chihli were known popularly as Outer Chihli and Outer Shansi.

Re-colonization Process Hastened as a Result of Menace from Imperialistic Countries

If the natural process had been allowed to develop, there would not have been a Mongol problem. Government initiative like the organization of the prefecture in the reign of the Emperor Chienlung in the south of what is now Jehol province, was rare. Even there it amounted only to the establishment of civil government centers at points already settled, with no accompanying effort to promote colonization. What actually took place during the Manchu Dynasty was the continual migration of settlers into the land of the nomads.
at the invitation of the people there and, let us say, the connivance of the Imperial Government, contrary to its own policy and edicts. This occupation of the land of the nomads was peaceful in contrast to the forcible dislodgement of the past. It could not fail to work out successfully. Indeed by the end of the Manchu Dynasty a great number of the Mongols in the colonized zone were assimilated by the Chinese. Some of them took to farming and became settlers like the Chinese. Some of them even adopted the Chinese language and forgot their own.

The natural process, however, was jerked out of gear when after the Sino-Japanese War of 1894-95, Manchuria and Mongolia became the ground in which two imperialistic Powers, Japan and Russia, contended for supremacy. Under the new circumstances the Manchu Court was compelled to abandon its *laissez faire* attitude and adopt an active policy. The chief source of danger was, of course, China’s military weakness. Next to it was the looseness of the control the Court was accustomed to exercise over the frontier regions. In order to remedy the latter feature the Court decided to hasten the natural process of assimilation by encouraging migration into those places and establishing civil government in sections where that form of administration had not yet been introduced.

The policy was successful in Manchuria, or, to be more exact, North Manchuria, where the Imperial Government had exercised direct control and the tribesmen, or what were left there after the drafts for military service in the intra-mural provinces, had been largely assimilated by the Chinese. It failed miserably in Outer Mongolia, where the conditions present in Manchuria were, generally speaking, absent. There, in fact, not only was it unable to achieve its object, but it even un-
wittingly provided an occasion for Czarist Russia to step in and try to detach that section of country from China, resulting in the present situation north of the Gobi. In Inner Mongolia the policy started well, but was later turned against China.

In Inner Mongolia the zone to which the Imperial Court first directed its attention was naturally the part close to the intra-mural and Manchurian provinces, especially the eastern section, or Eastern Inner Mongolia as the Japanese chose to call it. It consisted of the lands of the Jerim, Josotu and Jo-ude Leagues, the section which was directly exposed to the imperialistic designs of Japan and Czarist Russia, and at the same time better suited to agricultural development. The chief measures adopted to implement the policy were two: establishment of civil government and allotment of land to settlers. The most notable step taken in the first was perhaps the inclusion of the land of the Jerim League in the Manchurian provinces in 1907, when the latter were themselves reorganized. Beyond the zone described, no extension of activities was originally planned. But after Outer Mongolia was organized into a semi-sovereign state under Chinese suzerainty in 1915, action had to be taken to strengthen Chinese control over the territory lying between the new entity and the provinces. In consequence, the lands of the Josotu and Jo-ude Leagues were organized into a Special Territory known as Jehol, those of the Chahar tribes and of the Silingol League into what was known as Chahar, and those of the Tumet tribes and of the Olanchab and Yeghe Jo Leagues into what was known as Suiyūan, with the Garrison Commander of Jehol City, the Assistant Military Governor of Chahar and the Military Governor of Suiyūan as their respective governors. As to the lands of the two banners of the Outer Mongols further west, no special organization for
their control was created at the time. They were then merely made a part of Kansu and placed under the jurisdiction of the Garrison Commander of Ninghsia. The organization of the provinces of Jehol, Chahar, Suiyüan and Ninghsia in 1928 under the National Government meant only a change in form with certain slight territorial readjustments. By the latter we refer to the transfer of the western half of the land of the Chahars to the province of Suiyüan similar to the arrangement in the Manchu Dynasty when the present southern Suiyüan was Outer Shansi; and to the transfer of the northwestern corner of Hopei, viz., the triangle bounded by two lines of the Great Wall and the boundary of Shansi, to the province of Chahar. The Chahar territory in the province of Suiyüan is now popularly known as East Suiyüan.

Internal Situation in Inner Mongolia on the Eve of the Japanese Invasion of Manchuria

The measures adopted by the Government to implement its policy of hastening the process of re-colonization were naturally in direct conflict with the interests of the Mongol princes. But no opposition was aroused in Inner Mongolia, evidently on account of the good relations which the princes had maintained with the Manchu Court, their familiarity with the process of Chinese colonization in its natural stage, and their realization of the danger they faced, in common with the Imperial Government, from Russian and Japanese encroachments. The same situation continued to exist long after the establishment of the Republican regime, even down to the days immediately preceding the Mukden Incident when local authorities pushed on the colonization process with undue vigor. The occasional Mongol uprisings which one heard of in those days were
confined to the Hailar region where, through the interference of Czarist Russia, a form of autonomous government was set up for a few years.

We have said that if the natural process of recolonization had been allowed to develop, there would not have been a Mongol problem. We may add that if the forced process had been allowed to continue in the same way, this would also have been true. Unfortunately that was not to be the case. With the establishment of a Nationalist Government at Nanking in place of the old Republican regime in Peking a situation very much like an interregnum came into existence with regard to the control of Mongolian affairs. The Nationalist Government, being a revolutionary government, had broken with the past and was therefore not so conversant with matters Mongolian, while its removal so far from the scene meant a decline in interest. Worse still, its control over the northern provinces, under whose jurisdiction the Mongols were found and through whose cooperation alone it could act, happened not to be very effective. Under these circumstances the lot of the Mongols could not be very ideal, unless, of course, the provinces concerned were able to pursue an intelligent policy themselves. The complaints against misrule which we have occasionally heard from the Mongols and their sympathizers are not entirely without foundation, although to be fair it must be added that the Mongols suffer mainly in common with the Chinese of those provinces—not alone, and not necessarily because they are Mongols.

In the past the nomads had excelled in mobility and the settlers in numbers. As to organization, which depended upon human effort plus favorable changing circumstances, neither had a natural claim to superiority. As mobility and numbers happened more or less to
neutralize each other, organization became the deciding factor in the struggle for supremacy between these two branches of the human race. Whoever happened to be better organized, controlled. Organization depends upon man to initiate and also upon man to maintain. But in a society where life is stable it may also be maintained by tradition. Here the settlers have an advantage over the nomads. But they also have a disadvantage. Their land with its fertile fields and rich cities is everlastingly the coveted object of the nomads. Thus, in the normal periods of history settlers usually were able to establish their control over the nomads, or at least keep them at bay, but when civilization became decadent and society deteriorated, nomads often overran the world and at times established empires.

The relative position of the nomads and settlers have undergone a change, however, in the last several centuries. While the organization factor remains the same, the other two, mobility and numbers, no more remain what they used to be. Under the Manchu Dynasty the Mongols ceased to be completely nomadic, not because the tribes deserted their flocks for farms, but because each banner was assigned a definite territory for the tending of its flocks. The latter system eliminated, of course, the chief cause for tribal warfare, with which nomads were usually cursed, but at the time it made the nomads less nomadic. Then there was the gradual closing in on the Mongols by the Russian and British Empires. This had the effect of reducing the area in which the Mongols might move and at the same time of preventing them from augmenting their forces by coalescence with other nomadic tribes by some means, e.g., conquest. Lastly, and perhaps the most important, was the arrival of the machine age in which man's offensive and defensive
capacity was increased manifold. There is no doubt that this change would have sealed the fate of the Mongols even if the first two had not already done so. The settlers were not only in a better position to make use of the change on account of the more advanced stage of their material development, but they also had an advantage by reason of superior numbers.

It is clear, from what has been said above, that the wrongs which the Mongols suffer are transient in nature and do not necessarily arise from discrimination. They came into existence mainly because of a temporary relapse of central control over local authorities in consequence of revolution. They will disappear or naturally be put right once real and effective unification of the country is achieved. It is also clear that by the very nature of things it is extremely doubtful whether the Mongols will ever be able to play in world politics a part at all comparable to the role of their ancestors, who in the 13th century overran China and the world, penetrating as far west as Poland, Hungary and Silesia. Nevertheless, the Mongols, who still form a race by themselves, and one with proud traditions, have cause to harbor certain grievances. As they are no wiser than other people and are equally susceptible to external influence, they are bound to constitute a problem, as we shall see below.

*Action and Reaction, and the Resultant Mongolian Political Council*

After the occupation of Manchuria, the Japanese marked out therein all Mongol territory that was not yet intensively colonized and organized it into a province known, after the range of mountains that ran across it, as Hsingan, with a branch government over it headed by a Mongol prince. Under this arrange-
ment the land that remained of the Jerim League formed one of the three subdivisions of the province.* After Jehol was occupied the northern section of that province, six hsiens in all, was made the fourth subdivision of Hsingan. In December, 1934, when the puppet state was declared an “empire” and the original three Manchurian provinces and Jehol were reorganized into ten provinces, the four subdivisions of the additional Hsingan Province were also ranked as provinces, and the branch government for Hsingan was converted into a Ministry of Mongolian Affairs.

What the Japanese had done, either in having a branch government for the land of the nomads or in having a ministry instead, amounted in form to a return to the policy practiced by the Manchu Court down to the eve of the Revolution. Whether the Japanese are as liberal towards the Mongols as was the Manchu Court is a question. Many are quite skeptical on this point in view of the strong dissatisfaction felt towards the Japanese rule among the Mongols who have already come under their sway and the vigorous measures adopted by the Japanese for its suppression. But even the form was appealing, especially at its first stage of appearance, when it seemed to foreshadow substance.

The Mongols were no fools. They were not necessarily willing tools. They loved Japanese rule no more than any other alien rule. If they had to form an integral part of some political entity, China was evidently preferable to them for the simple reason of long satisfactory association, if not for the geographical, and hence economic, reason. This was true especially when Japanese interest in the Mongols was clearly motivated by a desire to exploit them, to use them as an instrument

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* The western section of Heilungkiang formed the other two subdivisions.
for the attainment of the objective of Japanese national policy. The loyalty demonstrated by the Mongols of Suiyuan during the attempted invasion of the province which we shall describe below went far to demonstrate this point.

Yet in Inner Mongolia as elsewhere there were always men of adventure who were prepared to take a chance, to exploit an opportunity, even when they realized that the course was fraught with danger. In 1933, no sooner had the Tangku Truce been concluded, than a group of younger men under the leadership of Prince Teh of the Silingol League came forward to advocate autonomy for Inner Mongolia, and actually held at Pailingmiao a conference in which they decided to call a meeting of the chieftains of all Inner Mongolia to be held on September 28th. Owing to the fact that there was a great deal of hesitation on the part of the Mongols the meeting did not actually take place until October 9th.

In the face of Japanese aggression the National Government viewed the development with tolerance, if not with favor, and this attitude undoubtedly made possible the meeting called by Prince Teh and his associates. However, Nanking was unable at first to go to the length desired by the Mongols on account, it seemed, of opposition from the provinces concerned. But evidently there was no wiser way out, and after a delay of a few months in which the provinces were persuaded to share the view of the leaders in the capital, Nanking eventually adopted the following eight principles:*

1. A Mongolian Local Autonomy Political Council shall be established at a suitable locality in Inner Mongolia to manage the political affairs of the entire

territory. It shall be a direct subordinate organ of the Executive Yüan and shall be under the direction of the Ministries and Commissions of the Central Government concerned. Whenever possible the chairman as well as the members of the Council shall be of the Mongolian race. The expenditure of such a council shall be defrayed by the Central Government, which shall also station a High Commissioner near the same council to direct its functioning and to settle on the ground any dispute that may arise between the Leagues and Banners authorities on the one hand and the provincial and hsien governments on the other hand.

2. The offices of the different Leagues shall hereafter be called League Governments and similarly the Banner offices shall be designated as Banner Governments. Their organizations are somewhat changed and the expenditures of the League Governments shall be subsidized by the Central Government.

3. To bring about uniformity, the nomenclature of Chahar shall be changed to Chahar League but its political system and organization shall remain unchanged.

4. The jurisdictions of the divers Leagues and Banners shall remain the same as before.

5. The pastoral lands of the different Leagues and Banners shall not be further reclaimed. Attention will be hereafter paid to improving animal husbandry. By-product industries will be initiated in order to develop the local economy. Such Leagues and Banners as desire further reclamation of their land may be free to do so.

6. Rentals and dues of the different Leagues and Banners as well as dues to private Mongolian persons shall be protected without any exception.
7. A part of the revenues of the different provincial and hsien governments shall be earmarked for reconstruction purposes; the amount to be allotted for this purpose shall be separately arranged.

8. No hsien government or like organization will be hereafter established in the lands of the different Leagues and Banners except in cases where such establishment is an imperative necessity and even then the concurrence of the League or Banner concerned must be first obtained.

On April 23, 1934, shortly after the promulgation of the eight principles, the Mongolian Local Autonomous Political Council was formally established at Pailingmiao with Prince Yun, president of the Olanchab League, as president, Princes So and Sa, presidents of Silingol and Yeghe Jo Leagues respectively, as vice-presidents, Prince Teh, vice-president of the Silingol League as secretary-general, and twenty-four others as councillors. The National Government also appointed General Ho Ying-chin, Minister of War and Director of the Branch Military Council in Peiping, High Directing Commissioner to supervise the work of the Council and to settle any dispute that might arise between a provincial or hsien government on the one hand and the authority of a League or Banner on the other.

In order to further cement the new tie established between Inner Mongolia and the National Government, General Chiang Kai-shek paid a visit to Pailingmiao in the autumn of the same year.

*New Japanese Thrust in Inner Mongolia—the Invasion of Suiyüan*

A year elapsed. Then came the series of troubles from the Hopei Affair down to the occupation of North Chahar which we have already described. When these
took place, both the Japanese and Prince Teh saw an opportunity for carrying their common project a step forward. The political flirtation that followed became so alarming that a split inevitably developed among the Mongols themselves. On February 21, 1936 the majority of the civil servants and troops departed from Pailingmiao, leaving the place to Prince Teh and his Japanese advisers. Two days afterwards at Kueisui a new political council for the Mongols in the province of Suiyüan was declared established with Prince Sa, president of the Yehge Jo League, as President and General Yen Hsi-shan, Pacification Commissioner of Shansi and Suiyüan, as High Directing Commissioner. The new council later decided to set up its headquarters at Ikinghol in the Ordos, the place where Genghis Khan is supposed to have been buried.

How far Prince Teh would have gone in his flirtation with the Japanese, had there been no internal disension, is a matter for conjecture. But now that he was alone, he fell in headlong with the Japanese. On May 2nd an organization of which he was the head was set up at Chapssu, an important station on the Kalgan-Urga post road within the border of the Silingol League and the seat of a North Chahar hsien. The organization was known under the name of the Military Government of Mongolia. In establishing this organization Prince Teh repeatedly declared that it was not his intention to cut Mongolia loose from China, but rather to place it under the direct control of the Central Government. In order to carry out this declared intention he then went ahead feverishly, assisted by his Japanese advisers, with preparation for an invasion of Suiyüan. His activities included a visit by air to Changchun in July.

While all these developments were in progress, an event of political importance took place in Shansi, a
province administered by the same authorities as Suiyün. We have had occasion to refer to the pursuit of the Red Army into Szechuen and Kansu. As a measure to insure against the repetition of coups by the Japanese the National Government had to abandon that pursuit and concentrate its armies along the Lunghai Railway. Under these circumstances the remnants of the Red Army traversed Chinghai, Kansu and Shensi, and settled down with little interference in the northern part of the last mentioned province, where local Reds had already established themselves. In March, 1936, after they had consolidated their position there, the Red Army moved across the Yellow River into Shansi to try its luck. The Red thrust proved to be more than the combined forces of Shansi and Suiyün could withstand, especially when these provinces had to watch Prince Teh’s “military government.” At this juncture the Central Government came to Shansi’s rescue. By attacking both from the front and the rear it soon forced the Reds to beat a hasty retreat. It thus saved Shansi and, more important still, created between the province and itself that goodwill without which coöperation in the event of foreign aggression would not be effective.

As expected, Prince Teh’s “military government” began hostilities as soon as they were ready. The tactics attempted were the seizure of the two most important centers in Suiyün—Pingtichüan, the point where the Peiping-Suiyün Railway turns westward, and Kueisui, the capital city. Shangtu, in Chahar on the Suiyün border, was used as a base of operation against Pingtichüan, and Pailingmiao, formerly the seat of the all Inner Mongolia Political Council, served as a jumping off point for the attack upon Kueisui.

Unfortunately for the rebels, the Chinese were no
longer ready to make concessions, as had been fondly hoped. The story of the change of policy with reference to Japanese aggression will be told below.* Suffice it to say here that it was so definite and clear that only those who were drunk with ambition like the Chahar rebels and their Japanese advisers could have failed to notice or sense it.** In the middle of November when they moved across the border upon Hungkoerhtu, a small town on the way from Shangtu to Pingtichüan, they were stubbornly resisted by a handful of Chinese garrison troops and halted there. Soon a rescue party came from Pingtichüan, and within a few days the rebels were defeated and scattered, their chieftain narrowly escaping capture. From this, however, they learned no lesson. They persisted, on the contrary, in carrying out their plan by ordering an attack upon Kueisui from Pailingmiao. On learning of the danger the Chinese promptly moved out to make a preventive attack. Arriving at Pailingmiao on the 24th they found the rebels somewhat weakened by detachments already sent south, but still about equal in strength to themselves. Undaunted by the task before them and in spite of the long march across the desert, they hurled themselves upon the enemy, and after a hand to hand struggle, drove them out of the place and occupied it.

The capture of Pailingmiao was undoubtedly a great success, not only from the standpoint of military tactics, but also from that of political strategy. Pailingmiao is the key to Japanese expansion into the great northwest.

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* Pages 82, 84, 89.

It may be added that the Chinese Government did not fail to protest against such assistance.
With the place now securely in Chinese hands, the Japanese dream of the conquest of the western part of Inner Mongolia and, through that, of Chinese Central Asia vanished into nothingness at least for the time.

After Suiyüan was rid of the rebels the Central Government planned to advance into North Chahar and root out the trouble. Just at this time the Sian Crisis developed, and whatever plan there was had to be shelved. On the other hand dissension developed among the rebels in spite of what amounted to official Japanese encouragement.* Many of them surrendered to the military authorities of Suiyüan. Prince Teh and his Japanese advisers could only look on dumbfounded instead of availing themselves of the situation in China.

On March 15, 1937 a nation-wide day of mourning was declared by the National Government and a mammoth memorial service held at Kueisui for those who fell in the Suiyüan War. Thus the military campaign against aggression was fittingly closed.

* Three days after the capture of Pailingmiao by the Chinese a joint statement was issued by the Kwantung Army and the foreign office of the puppet state of Manchuria to the effect that if the situation in Suiyüan threatened to jeopardize peace and order in "Manchukuo," the Japanese and puppet authorities would "be obliged to take adequate measures to guard against contingencies." See the North-China Daily News, November 29, 1936.
CHAPTER V.

THE DIPLOMATIC PHASE—PART I.

Japanese Move to Prevent China from Securing External Help—the Declaration of April 17, 1934

We have followed the development of the North China situation mainly in its local aspect down to the present. Let us now turn to Tokyo and Nanking.

In the matter of diplomacy and general national policies as distinguished from the politico-military activities we have reviewed, the Japanese have not demonstrated themselves to be any more liberal. The Tangku Truce was signed on May 31, 1933. The principle of the restoration of trade, communications and postal service between the territory on either side of the Great Wall was definitely accepted by the Chinese authorities in North China on the 9th of the following November. By the end of the year, in short, relations between the two countries seemed to have been substantially improved. But did the Japanese stop there and let China recover her breath?

We had occasion above to relate how in the year 1931 the leaders of the Central Government, in bringing about unification, changed their policy from the forcible to the pacific. This meant not only the cessation of major civil war, but also the release of energy for national reconstruction. Characteristic of revolutionary leaders,
the Central Government went about its mission wholeheartedly, and in order to carry it out more effectively it sought collaboration from the League of Nations. All this took place in the summer of that year. But before long the invasion of Manchuria occurred and nothing substantial was achieved.

At about the time of the Tangku Truce when the National Government decided to abandon, for the time being, efforts aiming at the recovery of Manchuria and Jehol by force, activities in national reconstruction were revived. Financial arrangements were made with the Reconstruction Finance Corporation of the United States for certain financial assistance from them; consultations were held with several delegations to the Monetary and Economic Conference at London for possible cooperation in the field of economic development; a request was sent to the League of Nations for closer technical collaboration. The last-mentioned resulted in the appointment by the League of a technical agent to act as a liaison officer between China and the competent organ of that body. Using these constructive efforts as a point of departure the Japanese made the following "unofficial" declaration on April 17, 1934:

Owing to the special position of Japan in its relations with China, doctrines advocated by Japan respecting matters that concern China may not agree in every point with the ideas of foreign nations; but it must be realized that Japan is called upon to exert the utmost effort in carrying out its mission in East Asia and in fulfilling its responsibilities. Japan has been compelled to withdraw from the League of Nations because Japan and the League

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*Rengo's version in the Japan Advertiser, April 18, 1934.*
failed to agree in their opinions of Japan's position in East Asia, and although Japan's attitude towards China may at times differ from that of foreign countries, such differences cannot be avoided, due to Japan's position and mission.

It goes without saying that Japan at all times is endeavoring to maintain and enhance its friendly relations with foreign nations, but at the same time this country considers it only natural that, to keep peace and order in East Asia, it must act single-handed and upon its own responsibility. In order to be able to fulfil this obligation, Japan must expect its neighbor countries to share the responsibility of maintaining peace in East Asia, but Japan does not consider any other country except China to be in a position to share the responsibility with Japan.

Accordingly, preservation of the unity of China, as well as restoration of order in that country, are two things ardently desired by Japan for the sake of peace in East Asia. History shows that unity and restoration of order in China can be attained through no other means than waking up China.

Japan will oppose any attempt of China to avail itself of the influence of some other country with the idea of repelling Japan, as this would jeopardize the peace in East Asia; and it will also oppose resort by China to any measure intended to "resist foreigners by bringing other foreigners to bear against them." Japan expects foreign nations to give consideration to the special situation created by the recent Manchurian and Shanghai incidents, and to realize that the undertaking of joint operation, in regard to China, even if they be in regard to techni-
cal or financial assistance, must eventually attain political significance for China. Undertakings entailing such significance, if carried through to the end, must give rise to complications that might even necessitate discussion of problems like fixing zones of interest or even international control or division of China, which would be the greatest possible misfortune for China and at the same time would have the most serious effects upon East Asia and, ultimately, Japan.

Japan, therefore, must object to such undertakings as a matter of principle, although it will not find it necessary to interfere with any foreign country negotiating individually with China in regard to propositions of finance or trade, as long as those propositions are beneficial to China and are not likely to threaten the maintenance of order in East Asia. If such negotiations are of a nature that might disturb peace and order in East Asia, Japan will be obliged to oppose them.

For example, supplying China with war planes, building aerodromes in China and detailing military instructors or military advisers to China, or contracting a loan to provide funds for political uses, would obviously tend to separate Japan and other countries from China and ultimately would prove prejudicial to the peace of East Asia. Japan will oppose such projects.

The foregoing attitude should be made clear by the policies followed by Japan in the past. But, due to the fact that gestures for joint assistance to China and for other aggressive assistance, by foreign countries, are becoming too conspicuous, it is deemed advisable to make known the foregoing policies.
The Chinese Government was taken by surprise. Nevertheless it pulled itself together and issued the following statement* on the 19th:

China is always of the opinion that international peace can be maintained only by the collective efforts of all members of the family of nations. Especially is it necessary for nations to cultivate a genuine spirit of mutual understanding and remove the fundamental causes of friction in order to establish durable peace among them. No State has the right to claim the exclusive responsibility for maintaining international peace in any designated part of the world.

Being a member of the League of Nations, China regards it as her duty to promote international coöperation and achieve international peace and security. In her endeavor to attain these ends, she has never harbored any intention of injuring the interests of any particular country, far less causing a disturbance of peace in the Far East. China’s relations with other nations in this regard have always been of such a nature as should characterize the relations between independent and sovereign States.

In particular, China desires to point out that the collaboration between herself and other countries, whether in the form of loans or in the form of technical assistance, has been strictly limited to matters of a non-political character, and that the purchase of such military equipment as aeroplanes and the employment of military instructors and ex-

* Statement of the Chinese Ministry of Foreign Affairs given out by the Kuo Min News Agency, the North-China Daily News, April 20, 1934. For a subsequent statement see Appendix A, below p. 109.
perts have been for no other purpose than national defence, which chiefly consists in the maintenance of peace and order in the country.

No nation which does not harbor any ulterior motives against China need entertain any fears concerning her policy of national reconstruction and security.

In regard to the situation now existing between China and Japan, it should be emphasized that genuine and lasting peace between the two countries—as between any other countries—should be built upon foundations of goodwill and mutual understanding; and that it would go a long way towards the laying of such foundations when the existing unfortunate state of affairs could be rectified and when the relations between China and Japan could be made to rest on a new basis more in consonance with the mutual aspirations of the two countries.

Reaction of Great Britain and the United States to the Japanese Declaration

It would be interesting to know how the Powers reacted to the Japanese Declaration. On the 30th (April) Reuter reported from London:*  

The eager attention with which Great Britain has followed the Far Eastern drama was reflected in the House of Commons today when the Foreign Secretary, Sir John Simon, rose to make his promised statement on the position arising from the now famous “Hands off China” declaration made in Tokyo on April 17th.

* The China Year Book, 1934, p. 727. An earlier report by Reuter may be found in the Peiping Chronicle, April 28, 1934.
Every seat in the floor of the House was occupied and the galleries were crowded with distinguished diplomats and others who had secured admission.

The Foreign Secretary began by saying that the British Ambassador at Tokyo had made on April 25th to Mr. Hirota, the Japanese Minister for Foreign Affairs, "a friendly enquiry to the effect that the principle of equal rights in China was guaranteed very explicitly by the Nine-Power Pact to which Japan is a party, and that the British Government must continue to enjoy all rights in China which are common to all signatories except insofar as such rights are restricted by agreement, for example, the Consortium Agreement, or insofar as Japan had special rights recognized by the other Powers."

The Ambassador (Sir Francis Lindley) had said that the anxiety as regards China expressed in the Japanese statement could not apply to Great Britain and that, since it was the aim of British policy to avoid dangers to the peace and integrity of China, the British Government could not admit the right of Japan alone to decide whether any particular action, such as the provision of technical and financial assistance, promoted such danger.

Sir John Simon proceeded to say that under Articles 1 and 7 of the Nine-Power Pact Japan had the right to call the attention of the other signatories to any action in China inimical to her security.

This right provided Japan with safeguards. The British Government therefore assumed that the Japanese statement was not intended to infringe upon the common rights of the other Powers in China or upon Japan's own treaty obligations.
Mr. Hirota’s reply, the Foreign Secretary continued, indicated that the British Government was correct in that assumption.

The Japanese Foreign Minister had assured Sir Francis Lindley that Japan would observe the provisions of the Nine-Power Pact and that the policy of the British and Japanese Governments coincided. Mr. Hirota had concluded by saying that Japan continued to attach the greatest importance to the maintenance of the Open Door in China.

Replying to questions, Sir John Simon said that the statement made by Mr. Hirota was reasonably clear and the British Government was content to leave the matter where it was.

The British Government was resolved to assist to the utmost extent and in a spirit of international cooperation in China’s progress towards peace and prosperity and towards harmony and goodwill in the Far East.

It is clear that Great Britain was not prepared to accept the position assumed by the Japanese. What had the United States to say? On May 1st Reuter issued the following telegram* from Washington:

An official statement issued today by Mr. Cordell Hull, Secretary of State, says:—

The Ambassador to Japan, under instructions from the State Department, called on the Japanese Minister for Foreign Affairs on April 29th, and delivered a statement, the substance of which is as follows:

Recent indications of the attitude on the part of the Japanese Government regarding the

* The China Year Book, 1934, p. 728. An earlier report by the United Press may be found in the Peiping Chronicle, May 2, 1934.
interests of Japan and other countries in China, and in connection with China, come from sources so authoritative as to preclude their being ignored, and make it necessary for the American Government, adhering to the tradition of frankness that has prevailed in relations between it and the Government of Japan, to reaffirm the position of the United States in regard to the questions of rights and interests involved.

The relations of the United States with China are governed, as are our relations with Japan and other countries, by the generally accepted principles of international law, and the provisions of treaties to which the United States is a party.

The United States has, with regard to China, certain rights and obligations. In addition, she is associated with China, Japan, or with both together, and with certain other countries, in multilateral treaties relating to rights and obligations in the Far East, and in one great multilateral treaty to which practically all the countries in the world are parties.

The treaties are lawfully modifiable or terminable only by the processes prescribed and recognised or agreed upon by the parties to them.

In the international associations and relationships of the United States, the American Government seeks to be duly considerate of the rights, obligations and legitimate interests of other countries, and expects, on the part of other Governments, due consideration of the
rights, obligations and legitimate interests of the United States.

In the opinion of the American people and the American Government, no nation can, without the assent of other nations concerned, rightfully endeavor to make conclusive its will in situations in which are involved the rights, obligations and legitimate interests of other sovereign states.

The American Government has dedicated the United States to the policy of a good neighbor and to the practical application of the policy, and will continue on its own part, and in association with other Governments, to devote its best efforts to that policy.

Reaction of France and Italy to the Japanese Declaration

Great Britain and the United States were quite positive in their views, but France and Italy were no less so. Le Temps of May 5th carried the following:*

The Japanese Ambassador to France, Mr. Sato, has taken the initiative to bring to the Quai d'Orsay an interpretation of the declaration made on April 17th at Tokyo by a spokesman of the Ministry of Foreign Affairs. The following is the text presented on Tuesday by the Japanese Embassy:

Japan has neither impaired the independence of China nor her interests and has by no means the intention to do so. On the contrary, Japan desires with sincerity to maintain the territorial integrity, the unification and the prosperity of

* For this item and the item from The Times below the author is indebted to Dr. Tsien Tai, Chinese Minister to Spain. Another account of the French response may be found in the China Year Book, 1934, p. 728.
China. These ends should, in principle, be attained by China herself, thanks to the revival of her national energies and of her own efforts.

Japan has no intention to encroach upon the rights of other Powers in China. Done in good faith, the commercial and financial activities could have but happy effects upon China, with the result that Japan would consider them with satisfaction. Japan subscribes, naturally, to the principles of the Open Door and equal opportunity in China. She observes scrupulously all the treaties and agreements in force concerning this country.

However, Japan cannot remain indifferent to the eventual intervention of a third party, intervention which, under some pretext she makes, will be prejudicial to the maintenance of order and justice in the Far East, in the regions where Japan by reason of her geographical situation has interests of vital importance.

In consequence, Japan would not permit Chinese problems to be exploited by the third parties with a view to prosecuting an interested policy which does not take into consideration the conditions above indicated.

To this interpretation the French Government replied with the following communication:

May 3, 1934.

The Japanese Embassy has delivered to the Ministry of Foreign Affairs a copy of the note, in which the Imperial Japanese Government has given an official interpretation of the formal declaration of April 17th by a spokesman of the
Gaimusho concerning the Japanese policy in regard to Chinese affairs.

It is stated in this communication that far from seeking to encroach upon the independence or the interests of China, Japan desires sincerely to maintain the territorial integrity, the unification and the prosperity of this country. Having no intention to disregard the rights of other Powers, the Imperial Government considers, further, that the financial and commercial activities can have but happy results for China. She confirms at the same time her adhesion to the principle of the Open Door and equal opportunity as well as her respects for the treaties and agreements in force concerning China.

It is with satisfaction that the French Government records the affirmation thus given by the Japanese Government of her faith not only in general principles of international law but also in conventional rules which regulate actually the relations between China and the foreign Powers.

In the last part of the note above-mentioned, it is stated that Japan could not remain indifferent to the interventions which would be prejudicial to the maintenance of order and justice in the Far East. If such an eventuality should arise in China, the French Government has the conviction that the Imperial Government would find, in concert with the other Powers, a solution in law, according to the principles which inspired the Washington Pact, and notably by the application of the amicable procedure seen in article 7 of the treaty of February 6, 1922. This is in effect the
only way and means in which such could be found, and in the opinion of the French Government, the only equitable and satisfactory solution of Chinese affairs.*

With regard to Italy The Times of June 2nd, says:

A statement bearing every trace of official inspiration, which was printed in the Italian Press last night, declares that within the last few days the Italian Ambassador in Tokyo, Signor Auriti, was charged to ask for explanation of the original statement on Japan and China, made to the Press by a “spokesman” of the Japanese foreign office, and received the same assurances from Mr. Hirota, as had been given to the representatives of Great Britain and the United States. Italy, the statement says, while taking note of these assurances and expressing her admiration for the great Japanese people “feels the necessity of saying with frankness, as is befitting between strong peoples, that a policy of monopolizing China would be dangerous.”

China (the statement continues) is so vast and so rich that all countries can find means of developing there their commerce and undertakings, not in the colonizing spirit of the nineteenth century, but in a spirit of collaboration calculated to raise the Chinese Republic to its proper rank as a great Power. Japan, therefore, which must have realized that the world will not tolerate a “Pax Nipponica,” should not be alarmed if China wishes to organize her army, fleet and air force for defensive purposes. Consequently, Italy “trusts that the acute political sensibility of the statesmen of the Empire of the

* For the translation the author is indebted to Mr. L. E. Tsao, Research Fellow of the Council of International Affairs.
Rising Sun will avoid the repetition of facts and words which in the eyes of certain people might make the policy of peace that Tokyo professes to be following, and certainly is following, appear other than that which is being sought."

Reaction of Great Britain and the United States to the Promotion of Autonomy Movements in North China by the Japanese

The attitude of the Powers towards the Japanese Declaration of April 17, 1934 is clear enough. It will be interesting to see how they reacted on another occasion. On December 5, 1935, at the height of the Japanese attempt to separate North China from the rest of China,* Reuter gave out from London the following despatch:**

Sir Samuel Hoare, the Foreign Secretary, devoted a considerable part of his speech in the House tonight on foreign affairs to the Far East.

He recalled the growing financial difficulties of China, the disorganization of Chinese currency with its consequent danger to China and to her industrial and commercial interests.

It seemed desirable that some remedy should be found and in the view of the British Government there could be no satisfactory solution to China's difficulties without the friendly cooperation of all countries concerned, including China herself.

In pursuance of these ideas Britain communicated with the Powers concerned and decided to send Sir Frederick Leith-Ross to the Far East on a mission of investigation, but other governments did

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* For this episode see above p. 30 and below p. 81.
** The Peiping Chronicle, December 7, 1935.
not accede to the suggestion that they might take a similar course.

After spending some weeks in Tokyo Sir Frederick proceeded to Shanghai and began investigation in consultation with the Chinese authorities, said Sir Samuel. In the midst of these discussions the Chinese Government, owing to a sudden exchange crisis, felt compelled to take swift action. On November 4th a decree was issued changing the basis of China's currency. The Chinese Government took this action on its own initiative without seeking the advice of Sir Frederick.

Reports so far received by the Government indicated that the currency reform scheme had been well received and had already had the good effect of restoring confidence.

But there was a serious cloud on the Chinese horizon, namely the so-called autonomy movement in North China. Reports, he said, have been rife concerning the activities of Japanese agents, and the recent movements of Japanese troops have also been supposed to be connected with the autonomy movement.

These reports caused the British Government considerable concern and the Charge d'Affaires in Tokyo was therefore specially instructed to inform the Japanese Government of our concern and to say that we should welcome a frank statement of Japanese policy.

The Charge d'Affaires was informed that the autonomy movement was purely a Chinese movement, that the Japanese Government was watching it closely in view of their great interests in North China, but that any idea that Japan was planning
military intervention was entirely unfounded. It was added that no Japanese troops had been moved into China as a result of the autonomy movement and that the garrisons in Tientsin and Peiping were below quota strength.

Troop movements near Peiping, it was added, were the movements of forces already south of the Great Wall, where Japan was entitled to maintain troops. These movements, continued Sir Samuel, were stated to have been prompted by the alleged removal of rolling stock.

The situation was obscure, continued the Foreign Secretary, but he trusted that the conversations proceeding between the Chinese and Japanese Government would result in an amicable settlement of any existing difficulties.

He could only regard it as unfortunate that events should have occurred which, whatever the actual truth, might lend color to the belief that the Japanese influence was being exerted to shape Chinese internal political development. Anything to create this belief could only harm Japanese interests and hamper all desires for the friendliest mutual relations between Japan and China and their neighbors and friends.

On the 7th the Central News Agency published the text of a statement* by Mr. Cordell Hull, American Secretary of State, which reads:

There is going on in and with regard to North China a political struggle which is unusual in character and which may have far reaching effects. Persons mentioned in the reports are many. Action

* The Peiping Chronicle, December 8, 1935.
is rapid and covers a large area. Opinions with regard to it vary and what may come of it no one could safely undertake to say. But whatever the origin, whoever the agents be, whatever be the methods, the fact stands out that an effort is being made and is being resisted to bring about a substantial change in the political status and the condition of several of China's northern provinces.

Unusual developments in any part of China are rightfully and necessarily the concern not only of the Government and people of China, but of all or many Powers having interests in China. For in the relations with China and in China the treaty rights and treaty obligations of the treaty Powers are, in general, identical. The United States is one of those Powers.

In the area under reference, interests of the United States are similar to those of other Powers. In that area are located our rights and obligations appertaining to considerable numbers of American nationals, some American property and substantial American commercial and cultural activities. The American Government is therefore closely observing what is happening there.

Political disturbances and pressure give rise to uncertainty and misgivings and tend to produce economic and social dislocation. They make difficult the enjoyment of treaty rights and fulfilment of treaty obligations.

Views of the American Government with regard to such matters not alone in relation to China, but in relation to the whole world, are well known. As I have stated on many occasions, it seems to this Government to be most important, in this period of world-wide political unrest and economic instabi-
lity, that the Government and people should keep faith in principles and pledges. In international relations there must be agreements and respect for agreements in order that there may be confidence and stability and a sense of security which are essential to the orderly life and progress. This country has abiding faith in the fundamental principles of its traditional policy. This Government adheres to the provisions of treaties to which it is a party and continues to bespeak respect, by all nations, for the provisions of treaties solemnly entered into for the purpose of facilitating and regulating, to the reciprocal and common advantage, the contacts between and among the countries signatory.
CHAPTER VI.

THE DIPLOMATIC PHASE—PART II.

Attempt by China at Rapprochement Greeted by the Hopei and Chahar Coups

In making the declaration of April 17, 1934 the Japanese must have consciously or unconsciously imitated President Monroe of the United States. They seem to have failed, however, to see the difference in the purpose that lay behind the American precedent as well as in the international situation in which the Monroe Doctrine was declared. In consequence they made themselves look somewhat ridiculous.

But, while failing to establish a new doctrine to govern the international relations of the Far East, the Japanese declaration had one important effect. Hitherto many had thought that the Japanese would be satisfied with Manchuria and Jehol. Indeed some even believed that the islanders had grievances to redress in starting trouble in Manchuria—in other words, that there was a cause for what they had done. Henceforth doubts began to creep into the minds of those previously unsuspicuous. They began to see the hand that sprawled over the whole of China.

Many whose facile optimism helped them to hope against hope for a change for the better had yet to be stung to the quick by the Hopei Affair, when the North
China episode in Japan's drama of continental expansion was opened. Not so the National Government. It sensed the danger ahead and set itself to meet the situation. In harmony with the pacific policy adopted on the eve of the Tangku Truce it hastened the restoration of normal relations between the provinces on both sides of the Wall, and practically suspended all plans aiming at financial coöperation with Western Powers. More significant still, it sought a rapprochement with Japan herself. One will scan history in vain to find a government of the same standing that was able to bend itself to the will of another government to anything like the same extent. But was the National Government to be rewarded with the kind of success it deserved?

The negotiations which followed probably will long remain a secret to the public. But one can glean a very good idea of them by going over the daily papers and by listening to those who are in a position to know. On January 22, 1935 Mr. Koki Hirota, Japanese Minister of Foreign Affairs, in outlining Japan's foreign policies to the Japanese Diet, declared that Japan stood for non-aggression and good neighborliness. Seizing this opportunity various leaders of the National Government expressed China's readiness to bring about a rapprochement between the two countries, and in the following month Dr. C. H. Wang, the present Minister of Foreign Affairs, then a member of the World Court, made a special effort to stop over in Japan on his way to The Hague with the object of initiating the process. At Tokyo, it is said, Dr. Wang emphasised to Mr. Hirota the necessity of settling the Manchurian question and voiced the hope that Japan would act towards China in accordance with two principles: (a) equality and mutual respect for each other's independence; (b) real friend-
ship and return to normalcy in conducting the relations of the two countries. He wished that Japan, besides settling the Manchurian question, would cancel the unequal treaties and abstain from promoting disunion in China, or menacing her security, or countenancing the actions of Japan's nationals in respect to the narcotic trade.* Nothing was said about smuggling, as it had not yet developed. Mr. Hirota expressed his concurrence with the two principles mentioned by Dr. Wang, but advised him not to bring up the Manchurian issue for the time being. He also expressed his desire to see the termination of the anti-Japanese movement and boycott in China.

In spite of the liberalism of Mr. Hirota the National Government's chance of success was not bright from the very beginning. Although Mr. Hirota was evidently sincere, he was not his own master. No sooner had he made his statement in the Diet, than the military talked of renewing their activities in the intra-mural provinces.** Then while conversations were being carried on between the diplomats and gestures of goodwill were being exchanged between private citizens, the Japanese military feverishly set about preparing for another attack upon China. Finally in the month of May, when the rank of the diplomatic representatives in the respective countries was simultaneously raised from that of minister to that of ambassador, they delivered the Hopei and Chahar coups, one after the other.

* For a full account of this trade see the Council's Information Bulletins, Vol. 3, No. 4, February 11, 1937.
** Agreement for the purchase of the Chinese Eastern Railway which greatly eased the tension between Japan and the Soviet Union was signed on January 23, 1935, the day after Mr. Hirota made his Diet speech.
New Attempt by China at Rapprochement Greeted by the Formulation of the Hirota Principles and the Promotion of Autonomy Movements

In spite of what had taken place the National Government did not waver in its allegiance to the policy of bringing about a rapprochement. In August, 1935, when General Chiang Tso-pin, Ambassador in Tokyo, was proceeding to his post, he was instructed to take up the question with Mr. Hirota again. It is said that on this occasion the National Government went so far as to state that if Japan should accept the two principles expressed by Dr. Wang the previous February, it would do its best to suppress all anti-Japanese movements and boycotts, to desist from raising the Manchurian question for the present, and to work in closer economic cooperation so long as this would not violate the principles of equality and reciprocity. It also intimated that it would be prepared to go even further in cooperation with Japan in the event of mutual confidence being restored between the two peoples.

It may be recalled that at about this time the Japanese military, encouraged by their success in the Hopei Affair, were preparing to repeat the coup to the extent of organizing a puppet state out of five North China provinces. By this time Mr. Hirota had already been won over to the side of the military, or in other words, was no longer the liberal statesman he had seemed before. As might be expected from this change, he brought forward on October 7th, after more than a month’s discussion with his military colleagues, his “three principles.”

Mr. Hirota’s principles have been reported differently by different persons, and at different times. It is therefore difficult to know the exact wording originally
submitted. A careful reading of the various texts will suggest that they are substantially as follows:

1. China shall abandon the policy of “pitting one barbarian against another,” and shall not again utilize the influence of Europe and America to embarrass Japan.

2. The relations of China, Japan and the puppet state of Manchuria shall be satisfactorily maintained. In order to attain this object China shall recognize the puppet state. Pending this step China shall respect the latter’s *de facto* existence by preventing hostilities from breaking out, and by maintaining close economic relations between the said entity and the North China provinces.

3. China and Japan shall agree upon an effective method to check communism, especially along the northern border of China.

Summed up, the three Hirota principles meant practically this: that China shall recognize the *fait accompli* in Manchuria, Jehol, Hopei and Chahar, forsake the world, and make common cause with Japan against Soviet Russia. That was obviously more than any government could accept.

But that was not all. While Mr. Hirota submitted his Three Principles, the military went on relentlessly with the attempt to detach North China, resulting in the organization of the Hopei-Chahar Political Council, the establishment of the Hopei puppet regime, and the occupation of North Chahar.

Under the foregoing circumstances the National Government had not only to suspend for the time being its attempt to bring about a *rapprochement*, but also to prepare for the worst.
Some time previously the major portion of the Central Government troops sent to pursue the Red Army into the northwestern provinces had been recalled, and these were now being concentrated along the Lunghai Railway. Then in the month of November a series of Kuomintang sessions was held to decide upon questions of policy as well as to put the government into better shape for the prosecution of these decisions. On November 19th, at the height of Japanese intrigue in North China, General Chiang Kai-shek made at the Fifth National Congress a statement which ended with the following declaration:

If international developments do not menace our national existence or block the way of our national regeneration, we should, in view of the interests of the whole nation, practise forbearance in facing issues not of a fundamental nature. At the same time, we should seek harmonious international relations provided there is no violation of our sovereignty. We should abide by the decision of the Party and the nation to reach a resolute determination.

As far as I am concerned, I will not evade my responsibility. We shall not forsake peace until there is no hope for peace. We shall not talk lightly of sacrifice until we are driven to the last extremity, which makes sacrifice inevitable. The sacrifice of an individual is insignificant, but the sacrifice of a nation is a mighty thing. For the life of an individual is finite, while the life of a nation is eternal. Granted a limit to conditions for peace and a determination to make the supreme sacrifice, we should exert our best efforts to preserve peace with the

determination to make the final sacrifice in order to consolidate and regenerate our nation. I believe this is the basic policy of our Party for the salvation and upholding of our nation.

Attempt by China at Readjustment of Relations Greeted by the Allegation that China Had Accepted the Hirota Principles

At the beginning of 1936, as soon as the situation in North China had become less acute, the National Government renewed its diplomatic activities, though, on account of the changed conditions, the new attempt took on the form of readjusting Sino-Japanese relations rather than of seeking a rapprochement. In this attempt its efforts were to be rewarded, however, with no greater success. The National Government was no more ready, of course, to accept the Hirota Principles, nor were the Japanese any more ready to abandon them. The National Government was determined that the East Hopei puppet regime should be terminated and North Chahar evacuated. The Japanese, on the other hand, were not only unwilling to undo the wrongs committed, but were even bent upon advancing one step further. By this time the smuggling situation had become intolerable, the North China Garrison was about to be augmented, and plans for the invasion of Suixuan were being developed.

Nevertheless the National Government was not discouraged. General Chang Chun, who had taken over the foreign portfolio during the government re-shuffle which took place the previous December, courageously invited the Japanese to open negotiations.

As before, the good intentions of the Chinese Government were not appreciated. No sooner had General
Chang sent out his invitation than Mr. Hirota made his January 21st speech in the Diet. The Japanese Foreign Minister stated:

With the further advance of this country’s international position in recent years the greater have grown its responsibilities. Fortunately the world is being brought, though gradually, to recognize Japan’s sincere desire to contribute toward the establishment of world peace and more particularly our wholehearted endeavors towards the stabilization of East Asia. . . .

The unchallenged independence of “Manchukuo” and her healthy growth now actually constitute an indispensable party[?] for the stabilization of East Asia. It is most desirable that she should continue to enhance her international prestige and promote her friendly relations with her neighbors. In other words, best efforts must be put forth for the readjustment of relationships between Japan, “Manchukuo” and China on the one hand and for proper adjustment of relations between Japan, “Manchukuo” and the Soviet Union on the other.

As for relations between Japan, “Manchukuo” and China, though some improvements have been effected, urgent necessity is felt to regulate further tripartite relations and put them upon a normal footing so as to strengthen the foundation of peace in East Asia. The Japanese Government have therefore, formulated after careful deliberations a definite program for their policy toward China, consisting mainly of the three following points:

The first point is concerned with the basic readjustment of Sino-Japanese relations, whereby we aim to bring about cessation by China of all un-
friendly acts and measures, and institute active and effective collaboration with Japan. The antagonism between Japan and China, which obviously works to the disadvantage of both, is a thing intolerable from the large viewpoint of East Asia.

If China should come to full realization of this point we would, of course, be ready to extend to her our moral and material support for her advancement. Rehabilitation of Sino-Japanese relations must necessarily be attended by the regularization of relations between "Manchukuo" and China, because in North China particularly, the interests of these two countries and of Japan are directly and closely bound up.

In fulfilment of this purpose lies the second point of our program. We are convinced that as the first step to complete the final adjustment of relations between Japan, "Manchukuo" and China, the Chinese Government should recognize "Manchukuo" and the two countries should open diplomatic intercourse and harmonize their interests. It is hoped that the day will soon arrive when this is done. In the meantime, we believe, temporary measures should be devised in order to prevent any untoward eventuality in relations between the three countries.

The greatest of all difficulties confronting China today is, I believe, Communism, which has found a ready soil for propagation in the unsettled conditions of East Asia, and which affects China most seriously, endangering not only her border regions but her internal social order itself. The Red menace is, of course, not confined to East Asia. Suppression of the Communist activities in our part of the globe and liberation of China from the Red menace, is therefore, a matter of vital importance not only for
China but for the stabilization of East Asia and of the world. Herein lies the third point.

These are the three points of our program. They involve no new or startling principles. In fact they are nothing but most obvious and elementary concepts that must underlie the great undertaking of insuring the stability of East Asia, and as such they should, I do not hesitate to say, constitute a cause[?] of all nations in East Asia.

The Chinese Government not only indicated its concurrence with our views but proposed recently to open negotiations on Sino-Japanese rapprochement along the lines stated above. The Japanese Government communicated their acceptance of the Chinese proposal and the Government are now awaiting a notice from the Chinese Government of the completion of preparations.

With the progress of these negotiations we shall be able, I am confident, to lay a foundation for a thorough readjustment of Sino-Japanese relations.*

The foregoing statement proved too much for the National Government. It did “propose recently to open negotiations on Sino-Japanese rapprochement,” but it did not “indicate its concurrence with our [the Japanese] views,” nor propose to open negotiations necessarily “along the lines stated” by Mr. Hirota. A statement** was therefore made by “a spokesman of the Waichiaopu” to the press correspondents the next day, January 22nd, as follows:

By the three principles Mr. Hirota must have meant those three points which he put forth to

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** Special despatch from Nanking, the Peiping Chronicle, January 23, 1936.
General Chiang Tso-pin, then Chinese Ambassador to Tokyo in September, 1935 by way of reply to the latter’s proposals. It will be recalled that last autumn the Chinese Government proposed through General Chiang to the Japanese Government certain fundamental measures for the improvement of the relations of the two countries. In reply Mr. Hirota informed General Chiang to the effect that the Chinese proposals in principle were not unacceptable to Japan but that before Japan’s acceptance of the same China must agree to three things: (1) China must abandon her policy of playing one foreign country against another; (2) China must respect the fact of the existence of “Manchukuo”; (3) China and Japan must jointly devise effective measures for preventing the spread of Communism in regions in North China. However, these three points were considered by the Chinese Government as too vague in their phraseology to serve as a subject for useful discussion. So the Japanese Government was requested to state the concrete terms embodied in these points, but up to the present the Japanese Government have not yet done so. Mr. Hirota’s recent statement to the effect that China had indicated her concurrence to these points is therefore entirely without foundation.

On the other hand, General Chang Chun, shortly after assuming his duties as Minister for Foreign Affairs, proposed that Sino-Japanese negotiations should be conducted according to regular procedure and through diplomatic channels with a view to the fundamental readjustment of the relations between the two countries. Now in his recent speech before the House of Peers Mr. Hirota not only expressed concurrence to General Chang’s proposal but also reiterated Japan’s fundamental policy of non-menace
and non-aggression against neighboring countries in the hope of restoring the relations of the two countries to normalcy as well as adjusting their mutual interests; from this standpoint there seems to be no divergence of views between the two sides. With this as a starting point in the negotiations between China and Japan there can be no doubt that the relations between the two countries will be greatly improved.

Shortly after the foregoing exchange of statements the military revolt of February 26, 1936 took place in Tokyo. This incident was the culmination of a series of onslaughts upon the Japanese constitution bred by the Manchurian adventure. The like of them had not been seen since the Shogunate gave place to the Empire in the sixties and they had the effect of shaking the existing political structure of the islands to its very foundation. In consequence not much could be done in the readjustment of Sino-Japanese relations beyond the exchange of views which General Chang was able to have in March with Mr. Hachiro Arita, Japanese Ambassador at Nanking, before the latter returned to Japan in order to become Minister of Foreign Affairs.*

Definition of Policy by the Leader of the National Government in Consequence of the Southwestern Crisis

While China was waiting for Japan to recover from the shock she had suffered at the hands of the unruly soldiery, an event took place in China which had the effect of compelling the leaders of the Central Government to define their policy vis-a-vis Japan.

* Mr. Arita went out of office with the Hirota cabinet in January, 1937.
The readiness of the National Government to carry on discussion with Tokyo in spite of the Hirota Principles created a great deal of misgiving among the members of the Southwestern Political Council. In April, General Li Tsung-jen, one of the Kwangsi leaders, came out openly to advocate a war of resistance in place of diplomatic readjustment. In the meantime internal politics crept in. By June the provinces of Kwangtung and Kwangsi were in open rebellion against the Central Government.

In order to deal with the situation the Second Plenary Session of the Fifth Kuomintang Central Executive Committee and Central Supervisory Committee was convened for the middle of July. A motion calling for an immediate expedition to check Japanese aggression was made by twenty-eight members from the two Kwang provinces. The motion was not passed, but General Chiang Kai-shek availed himself of the opportunity to define the policy of the Central Government by way of giving an explanatory reply to the rejected motion. In effect he stated:

All Chinese know that we have to save the country, to defend her. But in saving the country or defending her what kind of a step should we take? It is of the utmost importance that we lay down a clear minimum to be the guide in the determination of a national policy. This absolute minimum is what was decided upon by the Fifth National Congress last year, namely, “we shall not abandon peace as long as peace has not become hopeless; we shall not speak lightly of sacrifice as long as sacrifice is not the only alternative.” . . . I wish now to explain clearly the meaning of these words: . . . What the Central Government considers to be the absolute minimum in foreign relations is the maintenance of our territorial sovereignty intact. If any nation
should seek to violate our territorial sovereignty, it would be absolutely impossible for us to endure. We shall definitely refuse to sign any agreement that violates our territorial sovereignty, and shall definitely refuse to endure any actual violation thereof. To put it more plainly, if others should force us to sign an agreement violating our territorial sovereignty such as that for the recognition of the puppet state, it would be impossible for us to endure any longer, it would be time for us to make sacrifices. This is one point. Next, beginning with the National Congress in November last year, if our territorial sovereignty is found violated by others, in the event all political and diplomatic means are exhausted and the violation is still not repelled, it will mean that the fundamental existence of our nation and our race is threatened, it will mean that it is impossible for us to endure any longer. When that time comes, we shall not hesitate to make sacrifices. This is what we mean by the absolute minimum.*

From the foregoing statement it is clear where the National Government stood. First, they would be ready to put up with the existence of "Manchukuo" for the time being, but under no circumstances would accord it recognition, de jure or de facto. Secondly, they would not tolerate the violation of Chinese territorial sovereignty outside of the limits of the so-called "Manchukuo" which, since the National Congress of November, 1935, the Japanese had continued to commit. Such violation, it seems, would include—

(a) Promotion of secession or defection, in the intra-mural North China provinces,

* Translation from the Central News Agency despatch in the Ta Kung Pao of Tientsin, July 14, 1936.
(b) Same in Inner Mongolia,
(c) Maintenance of a puppet regime in East Hopei,
(d) Occupation of North Chahar,
(e) Connivance at smuggling,
(f) Stationing of troops along the Peiping-Liaoning Railway beyond the customary limit,
(g) Flying over Chinese territory without authorization,
(h) Maintenance of special service agencies in important centers in North China, including Inner Mongolia.

In the third place, they would first of all employ only pacific means for resisting the violation, but would be prepared to resort to whatever measures were necessary in the event of those means being exhausted. Finally, if we may take the Generalissimo's earlier statement to complete the picture, they would at the same time seek "harmonious international relations, provided there is no violation of our sovereignty, and economic coöperation based upon the principle of equality and reciprocity."

*New Attempt by China at Reëadjustment of Relations Greeted by a Move to Commit Her to Further Concessions and by the Invasion of Suiyüan*

Reasonable as the stand of the National Government was, it did not so appeal to the Japanese. Immediately after the Generalissimo made his statement, there was quite a stir, for a time, among the military of the island empire.

As might be expected, the Japanese did not wait for the Chinese to propose terms. Instead they assumed
the offensive on both the military and the diplomatic fronts. The Suiyüan war, in which the renegade irregulars enlisted to fight for a cause unknown to themselves, has already been reviewed. It will suffice here to examine the diplomatic negotiations.

In the month of August an anti-Japanese riot took place at Chengtu, the capital city of Szechuen, on account of the presence of a party of Japanese whose visit formed part of an attempt to open a consulate there and therefore appeared a challenge to the people who opposed the attempt. The riot was promptly stamped out by the local authorities, but it came so suddenly that the lives of two of the visitors were lost before government efforts at suppression proved effective. When this came to pass, the Japanese seized the opportunity and instructed their Ambassador at Nanking, Mr. Shigeru Kawagoe, to open negotiations with General Chang Chun.

The lengthy discussions that followed began on September 15th and did not end until December 3rd, with a total of eight conferences held. During this period there took place also the Pakhoi Incident, a murder case in which a Japanese was the victim; the Tsingtao Incident, in which the Japanese landed marines and raided the Kuomintang headquarters in consequence of an ordinary strike in Japanese-owned mills; and, more serious still, the Suiyüan War. All these naturally poisoned the atmosphere and made discussion the more difficult. But, with or without them, it is doubtful whether any good result could have come out of the discussion, the Japanese temper being what it was. The Japanese Ambassador, it is said, started by accusing China of being anti-Japanese. For two conferences the Chinese Minister of Foreign Affairs listened patiently, but during the third one on September 23rd, he sprang upon the Japanese Ambassador
a list of demands, or rather suggestions, covering mainly questions relating to the North China situation.* This step took his colleague quite by surprise, and, though falling far short of readjusting Sino-Japanese relations, it had the salutary effect of checking the Japanese diplomatic offensive. In the end the Chengtu and Pakhoi Incidents were settled more or less in the normal way.

The Japanese Ambassador also measured up well in carrying out his mission. He kept on patiently with the discussion in the hope of wresting from his colleague some unexpected concessions. However, he came to realize before long that this would be impossible, and at the eighth meeting he changed his tactics by submitting a memorandum recording what he considered to have been agreed upon, evidently with the intention of committing his colleague to points which he was unable to secure otherwise.

If the Japanese Ambassador had entertained any hope of success by the new method, he must have been disappointed. For no sooner had he read his memorandum, than the Chinese Foreign Minister drew his attention to its inaccuracy. For the same reason the document was rejected when left with the Foreign Minister, to use the Ambassador's words, "for his reference." Later, on the document's being sent to the Waichiaopu, a note was addressed to the Japanese Embassy and a statement issued to the press by a spokesman of the Ministry for the purpose of putting on record the Chinese view. The statement throws lights on the latest stage in China's attempt to readjust Sino-Japanese relations as well as

*An idea of the Japanese demands and Chinese counter-demands may be gathered from a despatch from its China correspondent published by the Manchester Guardian on October 3, 1936.
giving the present Chinese stand concerning the question. For these reasons it is here reproduced *in extenso*:

For the readjustment of Sino-Japanese relations it is the conscientious belief of the Chinese Government that for the sake of maintaining peace in the Far East, it is imperative that the two countries should liquidate their differences on the principle of equality, reciprocity and mutual respect for each other's sovereignty and territorial integrity. The said principle is an indispensable factor in the maintenance of the equilibrium of contemporary international relations, without which there would be lacking a basis for the establishment of good faith and peace between nations. And it is China's belief that whether a nation is sincere in international dealings is proved by whether she abides by this inalienable principle. Since Japan has likewise repeatedly pointed out the necessity of readjusting Sino-Japanese relations, it is the conviction of the Chinese Government that Japan should also show concurrence with the above-mentioned principle and stand ready to make it applicable to the relations between the two countries.

Last March, shortly after his assumption of office as Foreign Minister, General Chang Chun clearly explained the necessity of readjusting Sino-Japanese relations in the course of conversations with Mr. Arita, emphasizing the point that the most logical procedure for such negotiations would be to begin with the discussion of China's Northeastern

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*Free translation given out by the Central News Agency on December 7, 1936, the Peiping Chronicle, December 8, 1936. For an unofficial statement on the status of questions raised by Mr. Kawagoe with General Chang see Appendix B, below p. 110.*
Provinces, in order that her territorial integrity may be restored.

At that time Mr. Arita considered the time inopportune for the settlement of the Northeastern problems. General Chang therefore proposed that the removal of conditions obstructing China's administrative integrity in Hopei, Chahar and Inner Mongolia should be the first minimum requirement in the readjustment of Sino-Japanese relations.

Though the feelings of the Chinese people have in recent years been stirred up by certain events, the Chinese Government has done everything possible within its power to suppress activities detrimental to the friendly relations between the two countries in the hope that a way might be found to solve all outstanding issues by regular diplomatic means. Fortunately, this attitude on the part of the Government has met with sympathetic understanding and no untoward event has happened.

Unfortunately, however, the Chengtu Incident occurred last August and immediately the Chinese Government expressed readiness to settle the incident in accordance with the usual international practice. On the other hand at the opening of the negotiations Japan brought forward a number of demands, many of which were important, and insisted that these should be discussed first.

Although the Chinese Government is always ready to proceed with diplomatic negotiations for the readjustment of the relations between the two countries, it nevertheless did not wish such readjustment to be only in name and not in fact, for fear that such a readjustment might breed further difficulties.

More than once has the Chinese Government made it clear to the Japanese authorities that it
viewed with regret the various incidents that had happened to Japanese nationals, but on the other hand it must be remembered that countless incidents have occurred since September 18, 1931 to cause uneasiness and arouse the indignation of the Chinese people. Even so, the Chinese Government has exerted itself to the utmost in calling upon the people to maintain friendly relations with neighboring countries and, as already stated, its efforts at the suppression of unlawful activities have been attended with signal success.

However, in order to realize a fundamental solution of all issues, it is imperative that both the Chinese and Japanese authorities should endeavor to restore the friendly feelings of the people of the two countries towards each other. Such restoration, it is believed, depends first of all on the complete eradication of various causes for misunderstanding. Otherwise, not only will the rationally-minded not be able to achieve their goal, however desirous they may be to further the friendly relations between the two countries, but there will always be the danger of certain elements taking advantage of the situation and succeeding in their sinister designs. This is the sincere belief of the Chinese Government; and its views on this point have not changed.

Since Japan has requested the satisfaction of certain demands which she presented, the Chinese diplomatic authorities have shown sincerity in discussing them from the very beginning and have explained the attitude of the Chinese Government on each issue. China’s attitude has always been based on the principle of reciprocity and mutual respect for each other’s territorial integrity. At the same time, the Chinese authorities have, on the basis of
the said principle, also presented certain points and urged their rational solution. But on these points the Japanese authorities did not see completely eye to eye with the Chinese.

After more than two months of negotiations the views of both parties began to come closer on several of the points discussed. Unfortunately, the Suiyüan situation has in the meantime developed, although General Chang Chun has repeatedly urged the Japanese Government to prevent its outbreak, thus hindering the progress of Sino-Japanese negotiations. It is a matter of sincere regret that up to the present there has been no definite conclusion of the points discussed.

On December 3rd, General Chang Chun arranged an interview with Mr. Kawagoe, during which General Chang first lodged a protest with Mr. Kawagoe against the landing of Japanese bluejackets at Tsingtao and their subsequent raiding of the Kuomintang offices, and then reported on the facts gathered by investigation on the Suiyüan situation, with the request that the Japanese Government should promptly suppress the participation of Japanese military and civilians in the Suiyüan affair.

Thereupon Mr. Kawagoe, referring to the various points in the Sino-Japanese negotiations, read a previously prepared memorandum. General Chang declared that what related to the negotiations should be discussed at a later stage, as a result of which the interview was concluded. As to the memorandum read by Mr. Kawagoe, it recounted the past proceedings of the negotiations but it was not an accurate record, which fact was immediately pointed out by the Waichiaopu in a letter addressed to the Japanese Embassy.
This was in brief what happened at the meetings between General Chang Chun and Mr. Kawagoe since the middle of September and subsequent to the Chengtu Incident.

It is our sincere hope that the present obstacles in the way of Sino-Japanese negotiations may soon be removed, so that all the problems may find a rational solution through proper channels in a calm and friendly atmosphere. General Chang Chun entertains the utmost admiration for the sincere efforts of Mr. Kawagoe in the interest of Sino-Japanese relationship and hopes that within the shortest possible period obstacles may be removed and progress may be made through Mr. Kawagoe’s efforts.

The Part Played by the Industrial Leaders in the Attempt at Re-adjustment of Relations

A review of the diplomatic phase of the North China problem would be incomplete, perhaps, without a word about the part which the industrial leaders have tried to play.

Japanese military adventures in Manchuria and North China have been detrimental to the interests of the industrial leaders in Japan no less than to the people in China. The loss of trade experienced by the industrialists in other parts of China in consequence of those adventures is too well-known to need mention. But that is not all they would suffer if these activities were to continue unchecked. The tax-bearing capacity of the Japanese farmers and laborers is limited. If military expenditure is to increase indefinitely, the further it goes the higher will be the percentage that will
have to come out of the pockets of the financial magnates, depleted though those pockets have become.

The industrial leaders in Japan could not have been unaware of their own fate. But up to 1935 they had remained a silent partner in Japanese politics for four years. Evidently, if they were to become articulate, some moral support from outside would be necessary.

The Chinese Economic Mission which set out for Japan in October, 1935, at the height of the Japanese intrigues in North China, seemed to have this point in mind. The mission, headed by Dr. Wu Ting-chang, the present Minister of Industry, then President of the Four-Bank Syndicate, arrived at Tokyo on the 9th. On the following day a meeting was held with the industrial leaders of Japan. At this meeting the head of the Chinese Mission, after speaking of the economic inter-dependence of the two countries and the wisdom of close coöperation, proceeded to point out the true meaning of the latter term. He said in part:

How then to coöperate? It is not sufficient just to say: “Let us enlist Japanese capital, utilize their technical knowledge, and exchange raw materials for Japanese finished products.” We have to know that economic coöperation is a life-long affair. It must not be considered on the basis of profit and loss of the moment. It cannot be actually brought about by borrowing such and such a sum of Japanese money, or by employing this or that number of Japanese technical experts, or by increasing so much or to so high a figure the trade between Japan and China. If we are going to bring about Sino-Japanese economic coöperation, we must have a correct idea. We must recognize that to promote general Japanese economic development is advant-
ageous to China and to promote general Chinese economic development is advantageous to Japan. The true meaning of coöperation is to promote each other's interest.*

From here he went on to show how the lack of an understanding of the true meaning of coöperation had led to the situation existing between the two countries and the necessity of rectifying it as a preliminary step toward reaching the goal.

The Japanese military were then tightening their hold upon North China. In addition Japan had not yet experienced the military revolt of February 26th. The situation was not yet favorable for the Japanese industrial leaders to take a stand. Hence nothing was done beyond the organization of a Sino-Japanese Trade Association.

The seeds had not been cast upon stony ground, however. A year elapsed in which the military and the diplomatic arms of the Japanese Government vied in attempting to cow China into submission. Both met with complete failure. At this juncture the Japanese industrial leaders organized a mission to return the call of the Chinese. Before its departure the head of the mission, Mr. Kenji Kodama, said in part:

On account of the political questions that have cropped up in recent years Sino-Japanese relations are far from being normal, and the people are easily inclined towards opposition in point of sentiment. To us this is regrettable. Since the two countries are closely related in every way, it is unavoidable that there are political and economic frictions. It is up

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* A translation. For Chinese text see the Ta Kung Pao of Tientsin, October 16, 1935.
to the people of China and Japan to keep in mind the interest of East Asia and struggle for coöpera-
tion and readjustment in order that we shall soon get out of the unsatisfactory situation and at the same time be able to guide the relations of the two countries into the realm of friendship and stability.

Concerning economic coöperation, we have had proposals from all sides. But in order that they may be carried out it will be necessary first to harmonize the sentiment of the two peoples. Under the present state of opposition, it is difficult to expect any satisfactory coöperation.

The two countries should not be allowed to stand in opposition. Unless both sides try to understand each other and do their best to improve the situation it is impossible to find a solution. Although the political and economic problems of today are full of difficulties, there will be means of solution if both sides discuss them in the spirit just mentioned. It is my belief that both countries should improve their relations on the basis of respect for territorial sovereignty and of the principles of reciprocity and equality. We have this realization and shall struggle toward the goal.*

The Mission arrived in Nanking on March 15, 1937, and was warmly received by all government leaders, including General Chiang Kai-shek, who seemed to have come down specially for the occasion from Kuling, where he was recuperating from physical injuries sustained during the Sian Crisis, and Dr. Wu Ting-chang, who had headed the Chinese Economic Mission in 1935. At the reception given by him in honor of the party, the

* Translated from the Chinese text in the Ta Kung Pao of Shanghai, March 12, 1937.
Generalissimo asked the distinguished visitors for their sympathy for China in this period of national reconstruction, which he compared with the Restoration and early Meiji Era in Japan. He pleaded for the preservation by the Oriental peoples of the most essential part of their culture, the emphasis upon propriety in human and international relations. The Generalissimo related an incident of his experience in Japan in 1928 when the late Viscount Shibuzawa, a noted industrial leader, presented him with a copy of the *Anecdotes of Confucius* and told him that he admired most therein the passage: "What you do not want done to yourself, do not do to others." He concluded by offering to the Mission a word of wisdom from the *Book of Rites*, another of the Chinese Classics, which reads: "Benevolence and love are real treasures."*

In greeting his honored guests Dr. Wu said:

In going to Japan the year before last we had exactly the same object as yours in coming to China now. Unfortunately it was then the beginning of winter when the weather became colder and colder everyday, and the seeds of economic coöperation which we scattered could not avoid destruction by the elements and failed to grow. You have come in the middle of spring when the weather will become warmer and warmer every day. I believe the seeds which you will scatter will undoubtedly grow into a forest, and come to preserve between the two countries a permanent atmosphere of the spring.

Between China and Japan it is but natural that there should be economic coöperation. That it had not been possible to attain this objective

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* For full report see the *Ta Kung Pao* of Shanghai, March 17, 1937.
until now is perhaps due to the human factor. To me the two characters *t'ī hsi* ("coöperation" in English) mean, from the standpoint of object, "mutual benefit," not "self-benefit," and from the standpoint of method, "shaking hands," not "shaking the fist." If the people of China and Japan can understand clearly the true meaning of the two words, there is no doubt that the hope of economic coöperation between the two countries will be realized.*

The Japanese Mission has since returned to Japan. Let us hope that their efforts will not be exerted in vain.

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*A translation. For Chinese text see the *Ta Kung Pao* of Shanghai, March 16, 1937.*
THE OUTLOOK

We have thus followed the development of the North China problem down to the present. The question one would ask naturally is: what will come next? This, of course, only the Japanese can answer. The Chinese position is a clear one. Manchuria and Jehol are integral parts of China. They are integral parts not in the sense that they are mere Chinese possessions. Most of this territory is inhabited by the Chinese race in the same way as the region within the Great Wall; and its western fringe is inhabited by a race which for centuries has had happy relations with the Chinese.* Furthermore, these extra-mural provinces happen to be strategically related to the Great Plain of China and hence to the entire intra-mural country. For the past thousand years they have served repeatedly as a base of operation against China. It was through the occupation of that region that the Chitans, the Nüchens, the Manchus, and in a sense also the Yüan Mongols were able to menace the security of the Chinese nation. It is the historic road of alien invasion and conquest. Therefore, it is inconceivable that China should ever be disposed under any circumstances to part with Manchuria and Jehol. The leader of the National Government expressed the

* See above Chapter IV.
feelings of the people on the question when he said: “If others should force us to sign an agreement violating our territorial sovereignty such as that for the recognition of the puppet state, it would be impossible for us to endure any longer, it would be time for us to make sacrifices.”

We are at a loss to divine the real purpose of the Japanese in the creation of the North China problem. If it is their intention to annex a few intra-mural provinces and the western half of Inner Mongolia, we shall have no remark to make, for to the Chinese this “will mean that the fundamental existence of our nation and our race is threatened,” this “will mean that it is impossible for us to endure any longer.” But if by their activities in North China the Japanese mean simply to compel China to acquiesce in the loss of the northeastern provinces, or even to accord de jure or de facto recognition to the puppet state, we shall tell them that they may as well abandon their dream.

The fact that the Japanese have been able not only to occupy Manchuria and Jehol, but also to carry out the series of coups described in the foregoing pages is due undoubtedly to the sum total of the situations prevailing respectively in China, Japan and the world at large. The Sian Crisis of last December actually has prevented the Central Government from taking any active steps for the liquidation of the North China problem, but it also has hastened the solution of two of the most knotty problems faced by the leaders in their attempt to bring about internal unification—those of the Chinese Red Army and the Northeastern Army. With one of the two armies now virtually laying down its arms and the other army placed under the direct control of the Central Government, China will emerge eventually in a better position to question Japan’s right to remain in Hopei and
Chahar. In the international sphere changes for the better also are noticeable. It will suffice to cite such signs as the world-wide tendency towards economic recovery and the realization that further concession to the reactionary forces let loose by the incident of September 18, 1931 is neither becoming to the world Powers nor effective as an instrument of policy. Japan's fortunes on the other hand, appear to have started on the downward grade. The unrestrained military adventures which she has undertaken on the continent during the last few years seem to have proved too much for the strength of her economic and constitutional structure. Already we can hear the latter creaking under the pressure of popular unrest and military insubordination bred by those adventures. How long it will continue to stand the strain is truly a question to which time may soon furnish the answer. In view of the hard facts of changed circumstances, if not of the justice of the case, would it not be advisable, therefore, for the rulers of Japan to revise their policy concerning North China and be prepared also to discuss the Manchurian question?
APPENDICES

A. Second Statement of Waichiaopu regarding the Japanese Declaration of April 17, 1934

(Given out by Reuter on April 21, 1934)

Characterizing as most absurd the New York Tribune’s Tokyo report alleging that “reliable quarters” indicated that Japan’s new statement of policy had received Chinese Government leaders’ acquiescence before foreign office publication, a spokesman of the Ministry of Foreign Affairs denied most emphatically that the Chinese Government had any knowledge of the contents of the Japanese statement before its publication on April 17th, and still less had acquiesced in it.

According to the spokesman, the announcement of the baseless doctrine of Japanese hegemony over Asia came just as much, if not greater, a shock to China as it was to other nations of the world. To believe that the Chinese Government could acquiesce in such a doctrine enunciated by Japan is no less absurd than to believe that a man could acquiesce in his own destruction.

Continuing, the spokesman expressed the opinion that the New York Tribune report was presumably inspired by official Japanese quarters. “Evidently the object of fabricating and spreading such rumors is to make the world believe that China has already agreed to the Japanese course of action, thereby seeking to lessen the opposition from the Powers. Fortunately or unfor-
fortunately the world has learned to know Japan too well since the Manchurian affair to give credence to such a fantastic tale.”

B. *Unofficial Chinese Statement on the Status of Questions Raised by Mr. S. Kawagoe with General Chang Chun*  

(Given out by the *Central News Agency* on December 8, 1936)

A recent Domei report alleged that partial agreement, in principle, has been reached between Mr. S. Kawagoe, Japanese Ambassador to China, and General Chang Chun, Minister of Foreign Affairs, on the following five questions:

1. The establishment of direct air traffic between China and Japan.
2. The revision of China’s import tariff,
3. The control by the Chinese Government of unlawful activities of Koreans,
4. The employment of Japanese advisers, and
5. The suppression of anti-Japanese activities.

The *Central News Agency* has been informed by unimpeachable sources of the true attitude of the Chinese Government on these questions as expressed by the Chinese Foreign Minister during the recent Sino-Japanese negotiations.

1. The discussions of direct China-Japan air traffic were confined to the question of linking of Shanghai and Fukuoka by a civil air line. This question was first brought up by Japan even before September 18, 1931. Last year, the ministries of Communications of Japan and China, after several discussions, reached a draft agreement, based on the principles of equality and reciprocity.
APPENDICES

Unfortunately, since last winter, Japanese airplanes have been freely flying over North China without going through the legitimate procedure of obtaining the consent of the Chinese Government. Such illegal flights are a violation of China’s sovereignty. The Chinese Government maintains that before a stop is put to these illegal flights, it will be extremely difficult to proceed with further discussions to link Shanghai and Fukuoka by a civil air line. The Chinese Government has not modified this attitude.

2. Revision of China’s import tariff is China’s domestic affair. The tariff may be re-adjusted at any time as required by national financial and commercial conditions. But when tariff re-adjustment is being studied the Chinese Government regards the suppression of smuggling and freedom of the Chinese Customs Preventive Service as questions to be first considered.

3. In connection with the question of suppressing unlawful activities of Koreans, it is pointed out that the Chinese Government naturally does not like to see illegal acts committed on Chinese soil by nationals of whatever foreign country. But the Japanese Government should also suppress unlawful activities, committed under its protection by Koreans, Formosans and other subjects of Japan.

4. On the question of employing Japanese advisers, it is pointed out that the employment of foreign advisers by the Chinese Government depends upon the requirement of the Government and the technical ability of those to be employed. The question of nationality does not enter. Should Sino-Japanese relations have taken a turn for the better, it would not be impossible for China, on her own initiative, to employ Japanese technicians as experts. But this is not a matter which can be made the subject of a demand by a foreign government.
5. Referring to the question of suppressing so-called anti-Japanese activities in China, the Chinese Government has repeatedly issued orders to the people stressing the necessity of maintaining friendly relations with foreign nationals. These orders have been strictly carried out by the local authorities.

While the Chinese Government will continue to suppress illegal acts according to law, cognizance must also be taken of the fact that there must be a cause that excites the sentiments of the masses. If Japan can change her policy toward China and really cooperate with her with sincerity, then all the so-called anti-Japanese activities will completely disappear and a sincere friendship will always exist between the two peoples.