

[Communicated to the Council  
and the Members of the League.]

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LEAGUE OF NATIONS

APPEAL BY THE CHINESE GOVERNMENT

OBSERVATIONS  
OF THE JAPANESE GOVERNMENT

ON THE

REPORT OF THE COMMISSION OF ENQUIRY

*Note by the Secretary-General :*

The Secretary-General has the honour to circulate to the Council and Members of the League the observations of the Japanese Government on the Report of the Commission of Enquiry, which was distributed on October 1st as document C.663.M.320.1932.VII.

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LETTER FROM THE REPRESENTATIVE OF JAPAN  
TO THE PRESIDENT OF THE COUNCIL

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Geneva, November 18th, 1932.

Referring to my letter of September 14th last<sup>1</sup> addressed to His Excellency M. Matos, Acting President of the Council, I have the honour to forward herewith the Japanese Government's observations on the Report of the Commission of Enquiry constituted under the Council's resolution of December 10th, 1931. I should be much obliged if you would be good enough to circulate these observations to the Members of the Council and of the League.

(Signed) H. NAGAOKA,  
*Japanese Representative on the Council.*

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<sup>1</sup> See document C.648.1932.VII.

## INTRODUCTION

The Japanese Government have studied with all the care demanded by the importance of the document the report presented by the Commission of Enquiry appointed by the League of Nations.

It has been the constant object of the Japanese Government to do everything in their power to afford information to the Commission and to facilitate their investigations. They sincerely appreciate the work done by the members of the Commission to make themselves acquainted with the details of a very delicate and complex situation, which presents many unfamiliar and novel features.

In view of the exacting nature of the task and of the very short time which could be devoted to it, it is not, however, surprising that the report should in various passages be marked by omissions, inconsistencies and misapprehensions. To obtain a thorough knowledge of the situation, a year would not have been too long. A six weeks' visit to Manchuria and some weeks spent in the atmosphere of Peiping and Nanking could not impart full understanding, dependent as the Commission necessarily were on the information furnished them, and the views entertained, by authorities more familiar than they with the Chinese language and conditions. Had they had more time and visited other parts of the country, especially South China, the optimism which they express regarding the Chinese situation would, it is felt, have been considerably modified.

It is by no means the intention of the Japanese Government to indicate all the points in which they feel that the report lies open to exception. Nor do they intend to enter into any meticulous criticism of details in the report, which, taken as a whole, and especially in its descriptive portions, furnishes a valuable compendium of events. For the moment, and of course without prejudice to the presentation of their further opinion, they will limit themselves to the formulation of certain observations on matters of capital importance, with the sole object of establishing the true facts.

In offering these observations, the Japanese Government have, needless to say, not the remotest intention of casting any reflection on the conscientious way in which the Commission have drawn up their report. But they are impressed by the feeling that items of information drawn from unimpeachable sources—*e.g.*, those presented by the representatives of the Japanese Government—have been passed over or disregarded, whilst undue credit has been accorded to information coming from obscure or even unknown quarters.

The Japanese Government cannot ignore the fact—apparent on the face of the report—that, in addition to the documents duly exchanged between the parties, the Commission have based their findings on newspaper articles, on letters received from casual correspondents, and on the private conversations of members of the Commission and their expert advisers with individuals invested with no special qualifications. It is a fact worthy of remark that this kind of evidence emanating from indefinite and uncertain sources is used to corroborate Chinese contentions as against those of Japan. The Japanese Government had no means of ascertaining in each case the source of such information and refuting it, and must necessarily reserve the right of making further enquiries to elucidate the degree of credit which is to be attached to such material.

**Japanese Government anxious to assist Commission.**

**Shortness of visit.**

**Only salient features here dealt with.**

**Evidence not adequately sifted.**

**Especially as regards Incident of September 18th and new State.**

The reception of this kind of evidence is particularly noticeable in the sections dealing with the Incident of September 18th and with the establishment of the independent State of Manchukuo. In the former case, it leads to a complete misconstruction of the motives which actuated the Japanese armed forces, and in the latter case to the presentation of suggestions for the future government of Manchuria, which are consistent neither with the tenor of the remainder of the report nor with the realities of the situation.

**Whole situation to be considered.**

In its future deliberations directed to securing the peace of the Far East, the Council of the League of Nations cannot, in fact, avoid taking into account the whole of the existing circumstances in this part of the world—in China as well as in Manchuria—including the events which have transpired subsequently to the preparation of the report. It is with a view to afford what assistance they can to this endeavour that the present observations have been drawn up, so that Members of the Council may have a clear comprehension of the real situation in all its bearings.

**Japan not hostile to Chinese people.**

When, in the course of these observations, reflections are unavoidably cast on the conduct of the Chinese, it may be well to disclaim the idea, sometimes latent in the report, that Japan entertains feelings of bitterness or hostility towards the Chinese people. The Japanese Government believe that the Chinese people have been much misled, much terrorised and much misrepresented, and that their main desire is to enjoy in peace and quiet the results of their industry. Japan, maintaining her old friendly attitude, looks forward to ages of prosperous and neighbourly co-operation between the two nations.

## Chapter I.

### CHINA

#### A. GENERAL SURVEY

The report very properly endeavours, before dealing with the situation in Manchuria, to give in Chapter I a general view of China and to furnish some account of the internal conditions there prevailing.

Unfortunately, it reveals that the investigations conducted by the Commission have been not only incomplete, but inadequate. It contains, indeed, many just conclusions flowing for the most part from observed facts. But all these observations and conclusions are enveloped in a mist of optimism the glamour of which is certain to be misleading to anyone who does not know the true facts.

The Commission appear to be surprised at such statements as that "China is not an organised State" (page 17) and that "China is in a condition of complete chaos and incredible anarchy" (page 17). They call attention to "an altogether different attitude that was taken at the time of the Washington Conference by all the participating Powers", when in fact there were two completely separate Governments in China—one at Peking and another at Canton—when banditry was rife, frequently interfering with the communications in the interior, and when preparations were being made for a civil war which a few months afterwards overthrew the "Central Government" and set up a third independent Government in Manchuria; when, in short, "there existed no fewer than three Governments professing to be independent, not to mention the virtually autonomous status of a number of provinces or parts of provinces" (page 17).

At that time, conditions were certainly not ideal. But there were then only three main rivals in the field. Now there is a whole kaleidoscope. Outer Mongolia and Tibet have been almost entirely lost, while the National Government at Nanking not only secure no obedience from various local leaders, especially the Southern faction at Canton, but are actually threatened by the tremendous communist aggregation which has its centre in the provinces of Hupei, Fukien and Kiangsi. That most of the factions aim at the ideal of a united China, of which each seeks to be the master, is possible enough, but that does not make China united, as the report seems inclined to assert.

At the time of the Washington Conference, it was possible to hope for an early restoration of unity and peace to China, but events have belied that hope. The disunion and anarchy of China have gone from bad to worse. The struggles of rival militarists have been woven into the very fabric and structure of Chinese politics, Communism has deeply entrenched itself in the heart of the country. The habit of civil strife has become ingrained and endemic; and it is only unreasoning optimism, or a failure to acquaint oneself with the conditions on the spot, which can prompt an observer to detect progress since 1922.

**China not organised State.**

**Events have belied assumptions at Washington.**

**Examples.**

The Japanese Government recognise the justice and force of many of the conclusions of the report in so far as it deals in Chapter I with the present conditions prevailing in China.

“ Political upheavals, civil wars, social and economic unrest, with the resulting weakness of the Central Government, have been the characteristics of China since the revolution of 1911. Those conditions have adversely affected all the nations with which China has been brought into contact and, until remedied, will continue a menace to world peace and a contributory cause of world economic depression ” (page 13).

At page 14, dealing with the problems of assimilation and transformation which confronted both Japan and China, the report emphasises the special conditions of China “ owing to the vastness of her territory, the lack of national unity of her people, and her traditional financial system, under which the whole of the revenue collected did not reach the central Treasury ”. It remarks that “ the reluctance of China to receive foreigners and her attitude towards those who were in the country was bound to have serious consequences,” and that “ it concentrated the attention of her rulers on resistance to and restriction of foreign influence ”, and it adds that, “ as a result, the constructive reform necessary to enable the country to cope with the new conditions was almost completely neglected ”.

At page 16, the report recalls the facts that, from 1914 to 1928, “ China was ravaged by warring factions ; and the ever-present bandits grew into veritable armies by the enlistment of ruined farmers, desperate inhabitants of famine-stricken districts, or unpaid soldiers. Even the constitutionalists, who were fighting in the South, were repeatedly exposed to the danger of militarist feuds arising in their midst.”

At pages 16 and 17, it notes that, upon the establishment of a government at Nanking in 1927, “ the party was now ready to put into operation its schemes of political and economic reconstruction, but was prevented from doing so by internal dissensions, the periodical revolt of various Generals with personal armies, and the menace of Communism. In fact, the Central Government had repeatedly to fight for its very existence.”

Finally, on page 17, it remarks that “ for a time unity was maintained on the surface. But not even the semblance of unity could be preserved when powerful war-lords concluded alliances amongst themselves and marched their armies against Nanking. Though they never succeeded in their object, they remained, even after defeat, potential forces to be reckoned with. Moreover, they never took the position that war against the Central Government was an act of rebellion. It was in their eyes simply a struggle for supremacy between their faction and another one which happened to reside in the national capital and to be recognised as the Central Government by foreign Powers,” and reaches the conclusion that, “ from this summary description, it appears that disruptive forces in China are still powerful ”.

How can these entirely justified statements be reconciled with the optimistic views to which expression is given in the same chapter ? It is stated, for instance, on page 17, that “ although, at present, the Central Government’s authority is still weak in a number of provinces, the central authority is not, at least openly, repudiated ”.

It is hardly necessary to recall facts of recent date, subsequent to the composition of the report, which prove that the struggles between rival war-lords are very far from having come to an end. In the North, despite the injunction of the National Government, General Liu Chen-nien and General Han Fu-chu have been carrying on hostilities since the middle

**Impossibility of reconciling these statements with non-repudiation of authority of “ Central Government ”. Recent events.**

of September. In the South, for instance, the struggle for the presidency of the Provincial Government of Fukien has also brought about fights between opposing military and civil factions. In the West, Tibetan troops have occupied the provinces of Hsikang and Kokonor. In the province of Szechuan, military operations have taken place between General Liu Wen-hui and General Liu Hsiang ; and, in spite of an urgent telegram from General Chiang Kai-shek, reminding them that such behaviour is calculated to produce an impression of want of unity, these hostilities have gone on unabated.

The report indeed explicitly states that Communism in China does not only mean, as in most countries other than the Union of Soviet Socialist Republics, either a political doctrine held by certain members of existing parties or the organisation of a special party to compete for power with other political parties. “ It has become an actual rival of the National Government. It possesses its own law, army and government, and its own territorial sphere of action. For this state of affairs, there is no parallel in any other country ” (page 23).

Upon this rapid review of the “ disruptive forces ”, the continually controlling nature of which the report duly recognises, it is the conviction of the Japanese Government that, contrary to the view expressed on page 17 of the report, that “ considerable progress has in fact been made ” since the date of the Washington Conference, fuller examination will show that the condition of China is in fact much worse.

**Conditions worse since Washington Conference, 1922.**

**B. ANTI-FOREIGN ACTIVITIES IN CHINA**

The many intense manifestations of anti-foreign sentiment that have taken place in China have played no less a part than those conditions of anarchy and disturbance which have just been described in creating the atmosphere that gave rise to the recent unfortunate conflict.

The report takes occasion to pronounce that :

“ Having started upon the road of international co-operation for the purpose of solving her difficulties, as was done at Washington, China might have made more substantial progress in the ten years that have since elapsed had she continued to follow that road. She has only been hampered by the virulence of the anti-foreign propaganda which has been pursued. In two particulars has this been carried so far as to contribute to the creation of the atmosphere in which the present conflict arose—namely, the use made of the economic boycott, and the introduction of anti-foreign propaganda into the schools ” (page 18).

**Anti-foreign propaganda and boycott to be co-ordinated.**

Anti-foreign propaganda (in the schools especially) and boycott are circumstances of aggravation which are unfortunately dissevered from each other in the report. They must be attentively co-ordinated, if we desire to understand the real state of things which prevailed in China, when special causes of tension in Manchuria resulted in the incident of September 18th, 1931.

The “ National ” Government are permeated by acute anti-foreign feeling, and work earnestly to instil a virulent hatred of foreigners into the minds of the younger generation. Fifty millions of young Chinese are growing up under the influence of violent ideas, thus constituting a terrific problem for the immediate future. The Nanking Government are doing their best to foster this alarming process. Let us cite from the report :

**Propaganda in schools.**

“ The ideas of Dr. Sun Yat-sen are now taught in the schools as if they had the same authority as that of the Classics in former centuries.

The sayings of the master receive the same veneration as the sayings of Confucius received in the days before the Revolution. Unfortunately, however, more attention has been given to the negative than to the constructive side of nationalism in the education of the young. A perusal of the text-books used in the schools leaves the impression on the mind of a reader that their authors have sought to kindle patriotism with the flame of hatred, and to build up manliness upon a sense of injury. As a result of this virulent anti-foreign propaganda, begun in the schools and carried through every phase of public life, the students have been induced to engage in political activities which sometimes have culminated in attacks on the persons, homes or offices of Ministers and other authorities, and in attempts to overthrow the Government" (page 19).

**Boycotts.**

The report recognises that the Chinese boycotts have been the definite expression of a hostile attitude on the part of China towards Japan, that they injure the economic interests of Japan, and that they are consequently detrimental to friendly relations between Japan and China, both from a psychological and from a material point of view. These observations confirm what the Japanese Government have always consistently maintained.

Some remarks may, however, be made on the special character of Chinese boycotts and on the question of responsibility for them.

In recent years, the boycott has developed in China the special characteristic of being employed, not only as a means of protest against legitimate measures of foreign Powers to protect the lives and property of their respective subjects in China, but also as an instrument of national policy to secure the abandonment by another nation of its treaty rights.

**Responsibility for boycott.**

As to the question of governmental responsibility, the report states that "there is no doubt" as to the responsibility of the Kuomintang for the boycotts. This is patently correct, and it must be added that the Kuomintang, or the Nationalist Party, is not a simple political party in the Occidental sense of the term, but a regular State organ of China in accordance with the Chinese organic law. It is evident that its acts entail a national responsibility upon the National Government.

**Revolutionary diplomacy.**

No isolated descriptions, however minute and detailed, of anti-foreign methods of education and of the operation of boycott movements can be sufficient of themselves to give a full understanding of the actual conditions prevailing in China. It is necessary that the whole should be co-ordinated, so as to reveal, underlying these two phases of anti-foreign activity, the anti-foreign policy of the Kuomintang and the Nationalist Government. This feature the report fails to bring out. It is noteworthy that the Kuomintang and the Nationalist Government began to play an important rôle in China within a few years of the Washington Conference. They have persistently pursued their so-called "revolutionary policy" ever since they came into power. It is this avowed policy of theirs, as well as the lawless conditions subsisting in China, that has alarmed foreign Powers and has increased their reluctance to surrender the rights which constitute at the moment their only protection.

On this point, the report states that "the influence of the Kuomintang has introduced into the nationalism of China an additional and abnormal tinge of bitterness against all foreign influences . . . It demands the return of leased territories, of administrative and other not purely commercial rights exercised by a foreign agency in railway areas, of administrative rights in concessions and settlements, and of extra-territorial rights which imply that foreigners are not amenable to Chinese laws, law courts and taxation" (page 18); and that "China demands immediately the surrender of certain exceptional powers and privileges because they are felt to be derogatory to her national dignity and sovereignty" (page 23).

Further study would have revealed to the Commission that these were not empty "demands", but that the Chinese authorities were determined to push them through to fruition by their own unilateral declarations and their own brute force.

The Kuomintang Party has time and again announced as its basic foreign policy the abolition of foreign rights, with the avowed intention of denouncing "unequal" treaties unilaterally, if need be, regardless of the attitude of the other signatory Powers. In 1926, General Chiang Kai-shek declared that, should the Nationalist revolution succeed, China would abolish all "unequal" treaties immediately and unilaterally. In January 1927, the British Concessions in Hankow and Kiukiang were forcibly seized by the Kuomintang. Its actions may have become somewhat more moderate after the establishment of the Nationalist Government at Nanking in April the same year, but its policy did not change. They repeatedly proclaimed their intention of abrogating "unequal" treaties and of doing away with the rights and interests acquired by foreigners in China. They repeatedly pledged themselves to the public to carry out this policy. Acting upon the pledge, the Government, on December 28th, 1929, promulgated a law providing for the abolition of extra-territoriality as from January 1st, 1930, and again, in January 1931, declared that, unless a satisfactory settlement of the extra-territoriality issue could be arrived at by the end of February of the same year, the Government would proceed with their proclaimed policy of abolishing extra-territoriality by other than diplomatic means. At the same time, there were issued "Regulations regarding the Administration of Justice in the Case of Foreigners", and thus they openly expressed their intention of unilaterally doing away with the treaties, announcing the fact to the interested Powers.

It will be apparent that foreigners and their rights in China were faced with serious dangers prior to the Incident of September 18th.

And, as the report observes: "So far as Japan is China's nearest neighbour and largest customer, she has suffered more than any other Power from the lawless conditions . . ." (page 23).

**Official threatening declarations.**

**Japan, greatest sufferer.**

**C. ABNORMAL STATUS OF FOREIGNERS IN CHINA**

The internal disintegration which, in fact, lies at the very heart of the capital question of China, together with the state of constant insecurity to which the lives and property of foreigners are consequently exposed, the inculcation of hatred in the schools and the anti-foreign propaganda among the adolescent, the perfected methods of boycott to be applied to foreigners of one nationality or another, the unilateral denunciation of treaties, along with the rest of the measures derived from the theories of "revolutionary diplomacy", all contribute to invest the problems which are presented by China, destitute as she is of a strong and united Government, with an entirely special character, and prevent the application of usual methods of solution. Such anti-foreign characteristics as have been described (and which are unparalleled anywhere else), have obliged foreign Powers to maintain a system for the protection of their rights and interests at their own hand. These Powers not only possess rights of extra-territorial jurisdiction in China, but maintain (of course, besides their leased territories) concessions in Tientsin, Hankow, Shanghai and other cities, which they themselves police and administer. While thus making due provision to minimise the evil effects of Chinese lawlessness, these Powers hold themselves in a condition to protect their rights by force of arms. Besides the forces protecting the Japanese railway in Manchuria, there were before the Incident of September 18th, 4,700 American, British, French and Italian troops, together with some 900

**Abnormal system of self-protection adopted by foreign Powers.**

Japanese, in the Peiping and Tientsin districts, all stationed there since 1901 in virtue of treaty stipulations. Most of these Powers also have forces stationed in Shanghai, not under treaty, but under the simple necessities of self-defence, a state of affairs which has come about altogether subsequently to the Washington Conference of 1922, and thus shows the deterioration of conditions since that date. Many men-of-war are also stationed, not only at seaports like Shanghai and Tsingtao, but also in inland waters, such as the Yangtze River and the Paiho.

Nor is this an empty form. There have been many occasions on which these troops and vessels have been employed in active self-defence.

Instances.

Besides such conspicuous cases as those presented by the firing by foreign forces at Shameen in 1925, the bombardment of Wanhsien in 1926 and that of Nanking in 1927, there have been numerous cases in which foreign men-of-war navigating the Yangtze River have been compelled to return the unprovoked fire of Chinese troops from the banks. These unprovoked attacks have indeed been on the increase in recent years, particularly since the Kuomintang came into power.

Report implies that China does not discharge functions of modern Government.

It is thus clear that the position of foreign Powers in China is an altogether exceptional one, without parallel in other parts of the world. International usages and the manner of exercising the right of self-defence are there marked by characteristics unlike any to be found in other civilised countries. The report states, on page 23, that "the realisation of China's national aspirations in the field of foreign relations depends on her ability to discharge the functions of a modern Government in the sphere of domestic affairs, and until the discrepancy between these two has been removed the danger of international friction and of incidents, boycotts and armed interventions will continue".

Consequent inapplicability of normal peace machinery in China.

The application of what may be called "peace machinery", such as resort to international courts or arbitrators, encounters insuperable obstacles in the case of China. It has been found impossible in the past to make use of these organs even in disputes which did not involve vital interests. The abnormal conditions of China and the fact that the Powers refuse, in view of their existence, to modify the abnormal and extraordinary institutions above mentioned are sufficient proof of the impossibility of applying to Chinese disputes the normal "peace machinery", as constituted at present.

## Chapter II.

### MANCHURIA

#### A. GENERAL SURVEY

Manchuria not naturally and necessarily integral part of China.

The Commission seem throughout to be influenced by the assumption that Manchuria is naturally and necessarily part of China. In fact, on page 29, they say it has always been considered "an integral part of China". As a matter of fact, the union of Manchuria with China has only been temporary and accidental. This is apparent from the report, which passes lightly over the situation which supervened on the dethronement of the Manchu Dynasty. Although the Manchurian authorities may have "followed the lead of Yuan Shih-kai", and may not have concerned themselves very much about their constitutional position, it is safe to accept the considered opinion of M. Escarra, an adviser to the Nanking Government (*La Chine et le Droit International*, page 240), who says that the disappearance of the Manchu Dynasty from China and the consequent

disappearance of the substratum (*support*) of the dynastic bond which united Manchuria in a personal union with China "ne s'accompagnait guère d'autres modes de rattachement". "*La Mandchourie*", says this author, "n'a jamais été vassale de la Chine, puisque c'est une famille mandchoue, au contraire, qui a conquis l'Empire chinois. On ne peut pas, d'autre part, considérer la Chine comme ayant été vassale de la Mandchourie, . . . il s'agit bien d'un exemple d'union personnelle . . ." "Au fond", M. Escarra proceeds, "il ne pouvait guère être question des droits de la Chine sur la Mandchourie. Il n'y avait eu que ce fait que des Mandchous étaient sur le trône de Chine, sans plus. Cette famille disparaissant, il fallait trouver une autre formule juridique pour expliquer le rattachement de la Mandchourie à la Chine. Il ne semble pas que cette formule ait été recherchée d'une manière consciencieuse." Thus the connection between Manchuria and China was loose and vague, and on various occasions Chang Tso-lin repudiated it in set terms.

After the Empire.

Even assuming that, in this ambiguous state of things, Manchuria must be pronounced to have been for the moment duly incorporated with China—a large assumption—the fall of the United Republic after the death of Yuan Shih-kai in 1916 signalled the break-up of all unity of government in China. None of the Governments arising in that vast area had any title to supremacy over the rest, and the eventual establishment of a Government at Nanking and its recognition as a legitimate Government by the Powers could not invest it with authority over regions, such as Manchuria, which had never been subject to its sway.

Chang Tso-lin.

In point of fact, Chang Tso-lin never took orders from any of the various parties who from time to time seized authority in Peking, though he may have consulted their inclinations when it suited him to do so. "His attitude from time to time", says the report (page 28), "depended on the nature of his personal relations with the military leaders who controlled the changing central authorities. He seems to have looked upon his relations with the Government in the sense of a personal alliance." The report gives many instances of his independence and proceeds to develop the theory that, in asserting independence of, and free alliance with, the Chinese Government, he did not mean to be independent of China (page 28). This assertion can only mean, at most, that Chang desired, and would have welcomed, a United China comprising his own Manchuria. That may or may not have been the case, but it obviously in no respect affects the status of Manchuria, which depends solely on facts and not upon surmises. In point of fact, in his declaration of May 1922, Chang expressly says that the North-Eastern Provinces "are not recognised as territories of the Republic of China".<sup>1</sup>

<sup>1</sup> "To the Foreign Ministers in Peking, the foreign Consuls in Tientsin and the foreign Residents, both Civil and Military, in Tong-shan.

"I have received from Hsu Shih-chang a communication giving away Three Eastern Provinces, the special areas, Jehol and Cha Ha-erh, also the Inner and the Outer Mongolia. All these are not recognised as territories of the Republic of China.

"I, with my special position, cannot but assume all the responsibilities thereof, and do my utmost to protect the lives and properties of all the friendly nations cultivating friendly relationship with them. All the important treaties which have been made under the Manchu Regime and the Republic of China will be fully recognised and respected. The Foreign Ministers, the foreign Consuls and foreign Residents who wish to conduct negotiations on other matters and affairs can communicate with my office at Lanchow. I shall hereafter have closer commercial relationship than ever before with the friendly nations in order to promote the happiness and prosperity of the people. Whatever treaties Hsu Shih-chang will make after the first day of this month with reference to the Three Eastern Provinces, the Inner and the Outer Mongolia, Jehol and Cha Ha-erh, and which do not have my direct permission, will not be recognised by me, and I shall look upon them as something done with bad intention by Hsu Shih-chang.—(Signed) CHANG TSO-LIN, Commander-in-Chief of Fengtien Troops."

**Chang Hsueh-liang.**

Chang Tso-lin's son and successor, General Chang Hsueh-liang, has adopted essentially the same attitude; not repudiating the ideal of a United China which should include Manchuria, and accepting the Nanking Government as a symbol of that ideal unity, but entirely repudiating any subjection to it in practice. As the report says (page 30):

"The relationship with the Central Government depended in all affairs—military, civil, financial and foreign—on voluntary co-operation. Orders or instructions requiring unquestioning obedience would not have been tolerated. Appointments or dismissals against the wishes of the Manchurian authorities were unthinkable."

The report thus clearly demonstrates the entire independence of Manchuria under the Changs from subjection to, or interference by, any Chinese Government.

**Self-contradiction of report.**

When, therefore, on page 29, the report declares Manchuria to have "remained an integral part of China", and elsewhere declares that such is still its position, it contradicts all that it has adduced to prove its independence. Invoking against Japan the Law of Nations, it collides with the most fundamental doctrine of that law—viz., that a State must possess and continue to possess one supreme Government. Since 1916, no single Government has ever exerted actual authority over the whole of China.

**Chinese racial origin no argument.**

As a further attempt to prove that Manchuria ought to be regarded as a part of China, the report relies on the undoubted fact that many or most of the present inhabitants of Manchuria are Chinese immigrants. To this, it is sufficient to remark that, as the report itself observes, the Chinese have not a keen sense of nationality, and to add that the doctrine of the report would have very awkward consequences for the territorial status of many countries and for the peace of the world if applied elsewhere.

#### B. MISGOVERNMENT OF THE CHANGS

The independence of the Three Eastern Provinces, and subsequently of the Four North-Eastern Provinces, and the maintenance even subsequently to December, 1928, of their administrative unity, does not mean that Manchuria was well governed. The Commission note, while they somewhat extenuate, the maladministration which prevailed under the Changs (page 31).

"The Manchurian authorities realised that, as before, their power derived much more from their armies than from Nanking.

"This fact explains the maintenance of large standing armies numbering about 250,000 men, and of the huge arsenal on which more than 200,000,000 silver dollars are reported to have been spent. Military expenses are estimated to have amounted to 80 per cent of the total expenditure. The remainder was not sufficient to provide for the costs of administration, police, justice and education. The Treasury was not capable of paying adequate salaries to the officials. As all power rested in the hands of a few military men, office could be owned only through them. Nepotism, corruption and maladministration continued to be the unavoidable consequences of this state of affairs. The Commission found grave complaints concerning this maladministration to be widely current. This state of affairs, however, was not peculiar to Manchuria, as similar or even worse conditions existed in other parts of China.

"Heavy taxation was needed for the upkeep of the army. As ordinary revenues were still insufficient, the authorities further taxed the people by steadily depreciating the irredeemable provincial currencies. This was often done, particularly of late, in connection

with 'official bean-buying' operations, which, by 1930, had already assumed monopolistic proportions. By gaining control over Manchuria's staple products, the authorities had hoped to enhance their gains by compelling the foreign bean-buyers, particularly the Japanese, to pay higher prices. Such transactions show the extent to which the authorities controlled banks and commerce. Officials likewise engaged freely in all sorts of private enterprise and used their power to gather wealth for themselves and their favourites."

This gloomy picture is a severely edited summary of the material presented by the Japanese Assessor to the Commission in Chapter VIII of "The Present Condition of China", and only imperfectly reflects the true and actual conditions, which were even worse (especially as regards the administration of justice and the police) than the above extract would suggest. But the passage is effective, even in its moderate statements, as showing how the Manchurian people laboured under an oppressive yoke of official and militarist victimisation, and how unlikely it was that any artificial Japanese stimulus was necessary in order to induce them to break it when the opportunity came.

#### C. SPECIAL POSITION OF JAPAN

It is in this region that Japan has acquired a "special position".

The "special position" of Japan in Manchuria, to which so much mystery is attached, is in reality a very simple matter. It is nothing but the aggregate of Japan's exceptional treaty rights in that country, plus the natural consequences which flow from her close neighbourhood and geographical situation and from her historical associations. Her measures of self-defence must be measured by the extent of her interests, and her interests are exceptional, intimate and vital. In the standard case of the *Caroline*, it was the propinquity to the United States and the extreme importance and disturbed conditions of Canada that led the United States to acquiesce in the action of Great Britain in invading American soil and destroying the instant menace.

Every act of self-defence must depend for its justification on the importance of the interests to be defended, on the imminence of the danger, and on the necessity of the act. Japanese interests in Manchuria are commanding; her territory is contiguous, and Japan cannot depend wholly upon the local forces. Her "special position" is at once apparent. It does not give her, nor is it asserted to give her, a general and vexatious right of intervention in the administration of the country. But it certainly creates a position in which she must defend herself with uncommon energy against military attack.

The Japanese Government agree fully with the passages in which the Commission enumerate the rights acquired by Japan in Manchuria by virtue of the Treaties of 1905 and 1915, which it is satisfactory to know that they recognise are in full force and cannot be abolished by unilateral action.

At page 38, they observe:

"This summary of the long list of Japan's rights in Manchuria shows clearly the exceptional character of the political, economic and legal relations created between that country and China in Manchuria. There is probably nowhere in the world an exact parallel to this situation, no example of a country enjoying in the territory of a neighbouring State such extensive economic and administrative privileges."

**"Special position" of Japan in Manchuria.**

**Special rights of Japan.**

And on page 39 :

“ Japanese interests in Manchuria differ both in character and degree from those of any other foreign country. Deep in the mind of every Japanese is the memory of their country's great struggle with Russia in 1904-05, fought on the plains of Manchuria, at Mukden and Liaoyang, along the line of the South Manchuria Railway, at the Yalu River, and in the Liaotung Peninsula. To the Japanese, the war with Russia will ever be remembered as a life-and-death struggle fought in self-defence against the menace of Russian encroachments. The fact that a hundred thousand Japanese soldiers died in this war, and that two billion gold yen were expended, has created in Japanese minds a determination that these sacrifices shall not have been made in vain.”

No conflict with local sovereignty.

There is nothing in this “ special position ” conflicting (as the report asserts) with the sovereign rights of China.

The powers conferred upon Russia, and secured by Japan, in the extremely limited area known as the South Manchuria Railway Zone did not at all present a conflict with Chinese sovereignty. No exception could have been taken to a cession or long lease by China of this zone to Russia, and through Russia to Japan. It would have been an exercise of sovereignty and not a conflict with sovereignty. That the nominal sovereignty of China was permitted to subsist, when the agreement with Russia was made, does not make the rights which China conferred on Russia “ conflict ” with the sovereignty of China ; they were, on the contrary, derived from the sovereignty of China.

Nor is it possible to imagine that the propinquity and the economic and strategic importance of Manchuria to Japan conflict with the local sovereignty. They make it more possible that Japan might be obliged to resort to self-protection by events in Manchuria than she would be if Manchuria were on the other side of the world. But this is no restriction on the sovereignty of the region ; it is only a remote liability to an occurrence to which every State is subject—even the strongest. The sovereignty of the United States was not impaired by the *Caroline* case.

Japan's civilising achievements.

The “ special position ” of Japan, called in question, has resulted in Japan's accomplishment, in spite of many embarrassments, of a great work of civilisation in Manchuria. The principal agent in this development has been the South Manchuria Railway in its multiform activities. But neither in Chapter II nor in Chapter VIII of the report is any acknowledgment made of the work so accomplished—in fact, the railway is scarcely mentioned at all, although great stress is laid on the activities of Chinese immigrants. The present prosperity of Manchuria is no doubt due, as the report says, in no small measure to the influx of a hard-working and plain-living Chinese population. This cannot be ascribed to an official Chinese policy of emigration. The phenomenon is simply and solely due to the attractiveness of Manchuria to the Chinese farmer. And Manchuria was attractive, not because it was well governed, but because, owing to the presence of Japan, it was free from the scourge of war. The Chinese, as is well known, and as is pointed out in the report, are highly adaptable to environment and are destitute of any strong national feeling. Their connection, if any, with China is a matter of social and family sentiment. It implies no political attachment. “ The ties ”, as the report observes (page 125), “ between Manchuria and the rest of China remain chiefly racial and social ”—i.e., they are not political. They are “ racial and social rather than economic ” (page 123). In view of this, it is difficult to understand the emphasis which is placed by the report on the political efficiency of this non-political, non-economic tie.

D. ATTACKS ON JAPAN'S POSITION

Although the report says little concerning the enterprises and establishments of the Japanese in Manchuria, it is these enterprises and establishments which have been the objects of Chinese direct attack, and, in Chapter III of the report, these particular questions are examined—viz. :

Attacks on Japan's position.

- (1) The encircling policy directed against the South Manchuria Railway ;
- (2) The embarrassments placed in the way of leasing land and of the exercise of other treaty rights ;
- (3) The oppression exercised upon Japanese subjects, and especially on those of Korean origin ;
- (4) The assassination of Captain Nakamura.

But the report neither in Chapter III nor anywhere else evinces any condemnation of the deliberate policy of violation and repudiation of treaties and other engagements pursued by China—it even inclines to excuse them on the plea of the Nationalist programme of emancipation. Nor does the report touch on the impossibility, by reason of the hostile attitude of China, of arriving at any satisfactory solution of pending questions. It is to be regretted that the report deals with those matters piecemeal and here again fails to co-ordinate them into one whole. If that had been done, it would have been apparent that one basic cause underlay them all, and that, whatever the precise rights or wrongs of each case, they were manifestations of a fixed intention to annihilate Japanese rights in Manchuria.

Extenuations in report.

That conclusion is more clearly apparent in the summary given in the report (pages 30 and 31) of the situation as it developed in Manchuria after the alliance of General Chang Hsueh-liang with the Government at Nanking.

Bearing of these attacks on Incident of September 18th.

“ In the domain of foreign policy, the union of Manchuria with the Nationalist Government was to have more important consequences, although, in this respect, the local authorities were also left much liberty of action. The persistent assaults of Marshal Chang Tso-lin on the position of the Chinese Eastern Railway in Manchuria, and his disregard of certain rights claimed by Japan, show that in Manchuria a “ forward policy ” had already been adopted before the union with the Nationalists. However, after the union, Manchuria was opened to well-organised and systematic Kuomintang propaganda. In its official party publication and numerous affiliated organs it never ceased to insist on the primary importance of the recovery of lost sovereign rights, and abolition of unequal treaties, and the wickedness of imperialism. Such propaganda was bound to make a profound impression in Manchuria, where the reality of foreign interests, courts, police, guards or soldiers on Chinese soil was apparent. Through the Nationalist school books, party propaganda entered the schools. Associations such as the Liaoning People's Foreign Policy Association made their appearance. They stimulated and intensified the nationalist sentiment and carried on an anti-Japanese agitation. Pressure was brought to bear on Chinese house-owners and landlords to raise the rents of Japanese and Korean tenants, or to refuse renewal of rent contracts. The Japanese reported to the Commission many cases of this nature. Korean settlers were subjected to systematic persecution. Various orders and instructions of an anti-Japanese nature were issued. Cases of friction accumulated,

and dangerous tension developed. The Kuomintang Party headquarters in the provincial capitals were established in March 1931, and subsequently branch organisations were set up in the other towns and districts. Party propagandists from China came north in increasing numbers. The Japanese complained that the anti-Japanese agitation was intensified every day. In April 1931, a five-days' conference under the auspices of the People's Foreign Policy Association was held at Mukden, with over three hundred delegates from various parts of Manchuria in attendance. The possibility of liquidating the Japanese position in Manchuria was discussed, the recovery of the South Manchuria Railway being included in the resolutions adopted. At the same time, the Union of Soviet Socialist Republics and her citizens suffered from similar tendencies, while the White Russians, although they had no sovereign rights or exceptional privileges to surrender, were subjected to humiliation and ill-treatment."

Unfortunately, this summary, which gives an adequate picture of the situation as it existed on the eve of September 18th, is only to be found in Chapter II of the report, and nothing is said about it in connection with the account of the incident of that date (which is dealt with in Chapter IV).

**Background of Incident cut adrift.**

In dealing with that crucial subject in Chapter IV, the report evinces no appreciation of its connection with the long chain of Chinese attacks on Japanese interests. Neither the intensive boycott of Japanese goods, nor the denial of validity to Japanese treaties, nor the destructive competition with the Japanese railways, nor the obstructions put in the way of Korean immigrants, nor the Wanpaoshan affair, is referred to; and the case of Captain Nakamura is only incidentally touched upon. The whole background of the incident is cut adrift.

All the evidence of an aggressive determination on the part of Chinese is discarded. It is replaced by a collection of reasons why the Japanese people may be supposed to have been prepared "for a resumption of 'positive policy'".

Surely an armed attack on a vital nerve of the nation's safety by the regular troops of an aggressive neighbour may be repelled without calling in such factors as Japanese trade depression to explain it. The result of dissociating the swift and complete repulse from the prior evidence of Chinese aggressive disposition is to put before the reader the domestic discontents in Japan, in place of Chinese aggressiveness, as the reason why the final attack on the railway was dealt with as it deserved. It is the reason why the Chinese adopted a "positive policy" in Manchuria that the Commission might well have investigated.

**Japan's effort to lessen tension.**

As early as June 15th, 1931, the Japanese Government were pointing out the serious results which would be liable to follow from the conduct of the officials and police in Manchuria, and, so far from being impelled by trade depression or military and political discontents to initiate a "positive policy", they endeavoured by all means to lessen the tension. In spite of these efforts, the aggressive attitude of the Chinese continued unabated, and it is notable that, when the "North Barracks" were entered by the Japanese troops, there was observed on the walls a placard exhorting the men in garrison to "look at the railway running along the west side of these barracks". It is little wonder that, at this very spot, the explosion of September 18th was engineered by those very men.

This attitude of aggressiveness on the part of the Chinese, and not the resumption of a "positive policy" on the part of Japan, as is suggested in the report, explains the state of tension which existed in Manchuria. Many other instances of the insolence and truculence prevailing in General Chang Hsueh-liang's army in Mukden are given in a pamphlet prepared

by the Kwantung Army and laid before the Commission on April 24th, entitled "A Review on Sino-Japanese Clashes in Manchuria", to which they have not apparently thought it necessary to allude in their report. The paramount necessity of avoiding the smallest act which might explode the inflammable atmosphere must be apparent to everyone who has followed the march of events so far, and has realised the growing aggressiveness of the Chinese as detailed in the report.

### Chapter III.

#### THE INCIDENT OF SEPTEMBER 18th AND SUBSEQUENT OPERATIONS

The Japanese military authorities have furnished the Commission, both in writing and in conversations with the headquarters staff of the Kwantung Army, with a complete and detailed information regarding the various phases of this incident. This information is considered by the Japanese Government an accurate and truthful account, and they must sustain it in its integrity.

**Official account.**

The report sums up this information in six paragraphs entitled "the Japanese version" (page 67). From this summary, many not unimportant details are omitted. Accordingly, Members of the Council, who wish for further information, are referred to the accounts supplied by the principal actors themselves and inserted in the documents presented by the Japanese Government.

After summing up also "the Chinese version", the report formulates certain conclusions which cannot but cause surprise, as they are not the logical consequence of the two versions which precede them, and appear, as the report admits, to be especially influenced by information drawn from other and unofficial sources.

**Commission's surprising conclusions.**

The Commission recognise (page 71) the fact of the explosion, but they add that the damage done was not of itself "sufficient to justify military action". Here they fail to take into account two others factors, which they nevertheless admit to have existed—viz., the state of acute tension already existing between the conflicting military forces and the existence of an emergency plan of campaign, which the Japanese Army, like any other organised force, must necessarily prepare whenever it is stationed on or in the neighbourhood of foreign territory, particularly when repeated occurrences show that prompt measures may become imperative.

This state of acute tension, admitted by the report to have existed—general and growing tension between China and Japan, and local tension between the military forces in close contact—is, as has already been observed, insufficiently brought out in the report.

**Tension neglected by report.**

As respects the assertion that the Japanese had "a carefully prepared plan to meet the case of possible hostilities between themselves and the Chinese" (page 71), it is only necessary to look for a moment at the facts to be convinced that no other Power or its armed forces could possibly have acted otherwise.

**Japanese army plan.**

The Japanese Army in Manchuria before September 18th, in view of its much inferior strength, faced, as it was, by very superior forces provided with a vast supply of material, including aeroplanes, reserve

munitions and a great arsenal, naturally had to provide for the event of some occurrence, or a Chinese attack, obliging it to take immediate steps to prevent itself from being overwhelmed by a more numerous adversary. That the Japanese Army had its plans for dealing with such a situation is undoubtedly the case, and it would have been a gross dereliction of duty if it had not. Every possible combination had been minutely worked out; frequent manœuvres helped to make the execution of the plan almost automatic. And although a certain amount of initiative had to be left to those who were on the spot in any given conjuncture, the main objectives in case of any attack were foreseen and well known. It was therefore perfectly natural that, after the explosion on the railway-line and the firing of the first shots—all the work of Chinese soldiery—the plan was “put into operation with swiftness and precision” (page 71).

The report draws a contrast between the preparation of this emergency plan, a legitimate and necessary measure of security, and the absence on the Chinese side of any plan “of attacking the Japanese troops, or of endangering the lives or property of Japanese nationals at this particular time or place” (page 71). It relies, in support of this attitude, on a telegram supposed to have been sent on September 6th by General Chang Hsueh-liang, instructing the Chinese forces to exercise patience and avoid having recourse to force. Supposing—though the Japanese have no knowledge on the point—that such a telegram was in fact despatched, received and circulated, and, further, that these orders were not subsequently cancelled or modified by General Chang Hsueh-liang himself, the telegram in itself could not, in the notorious state of indiscipline of a Chinese army, give any guarantee that the Chinese would never have attacked the Japanese, nor could it furnish any decisive proof that they did not make the attack of September 18th. And it is to be remarked that, in point of fact, the Chinese troops did attack on that night and continued to resist by force of arms. The Commission’s statement that “the Chinese made no concerted or authorised attack on the Japanese forces” shows that they do not discard the hypothesis of a Chinese attack, but would limit its bearing on the case by refusing to call it “concerted” or “authorised”. According to the report, the attack might be the work of soldiery acting on their own initiative and without orders from their superiors.

But, in any event, there remains the solid fact that the explosion did take place, and that an attack was launched by Chinese soldiers; in consequence, the Japanese emergency plan was automatically put in motion long before such question as the extent of the damage could ever be discussed.

In dealing with the events of the night of September 18th, the Commission have thought it their duty further to add that “the military operations of the Japanese troops during this night . . . cannot be regarded as measures of legitimate self-defence” (page 71).

It is entirely impossible to accept this opinion, which must be a surprising one to anyone belonging to those countries which are parties to the Briand-Kellogg Treaty for the outlawry of war.

The paragraph concerning the right of self-defence contained in the Identical Note of Mr. Kellogg, Secretary of State, dated June 23rd, 1928, reads :

“(1) *Self-defence.* — There is nothing in the American draft of an anti-war treaty which restricts or impairs in any way the right of self-defence. *That right is inherent in every sovereign State and is implicit in every treaty.* Every nation is free at all times and regardless of treaty provisions to defend its territory from attack or invasion and it alone is competent to decide whether circumstances require recourse to war in self-defence.”

Asserted  
peace  
telegram.

Automatic  
execution of  
plan.

Opinion  
expressed by  
Commission.

Self-defence  
authorised.

The resolution adopted by the Senate of the United States at the time of ratification of that Treaty states :

“It is well understood that the exercise of the right of self-protection may, and frequently does, extend in its effect *beyond the limits of the territorial jurisdiction of the State exercising it.*”

The letters of Sir Austen Chamberlain to the American diplomatic representatives in London, dated May 19th and July 18th, 1928, may also be cited.

The first observes :

“4. After studying the wording of Article 1 of the United States draft, His Majesty’s Government do not think that its terms exclude action which a State may be forced to take in self-defence. Mr. Kellogg has made it clear in the speech to which I have referred above that he regards the right of self-defence as inalienable, and His Majesty’s Government are disposed to think that on this question no addition to the text is necessary. . . .

“10. The language of Article 1, as to the renunciation of war as an instrument of national policy, renders it desirable that I should remind Your Excellency that there are *certain regions of the world the welfare and integrity of which constitute a special and vital interest for our peace and safety.* His Majesty’s Government have been at pains to make it clear in the past that interference with these regions cannot be suffered. *Their protection against attack is to the British Empire a measure of self-defence.* It must be clearly understood that His Majesty’s Government in Great Britain accept the new treaty upon the distinct understanding that it does not prejudice their freedom of action in this respect. The Government of the United States have comparable interests any disregard of which by a foreign Power they have declared that they would regard as an unfriendly act. His Majesty’s Government believe, therefore, that, in defining their position, they are expressing the intention and meaning of the United States Government.”

The second says :

“I am entirely in accord with the views expressed by Mr. Kellogg in his speech of April 28th, that *the proposed treaty does not restrict or impair in any way the right of self-defence,* as also with his opinion that *each State alone is competent to decide* when circumstances necessitate recourse to war for that purpose.”

The French Government, in their reply of July 14th, 1928, to the American Ambassador in Paris, similarly remarked :

“*Rien dans le nouveau Traité ne restreint ni ne compromet d’une façon quelconque le droit de défense personnelle. Chaque nation à cet égard reste toujours libre de défendre son territoire contre une attaque ou une invasion; seule, elle est compétente pour décider si les circonstances exigent de recourir à la guerre pour sa propre défense.*”

The German Government, in their letter of April 27th, 1928, to the American Ambassador in Berlin, also declare that they start with the presumption that the proposed treaty “would not put in question the sovereign right of any State to defend itself”.

The Japanese Government, informed of all these communications, also did not fail to emphasise, in their note of May 26th, 1928, to the American Ambassador, that “the proposal of the United States is understood to contain nothing that would refuse to independent States the right of self-defence”.

In the face of these express reserves, the right to pronounce a decisive opinion on an act of self-defence falls solely within the sovereign appreciation of the interested State. And on this point the finding of the Commission explicitly is that "the Commission does not exclude the hypothesis that the officers on the spot may have thought they were acting in self-defence" (page 71). In the case of this incident of September 18th, no one except the officers on the spot could possibly be qualified to judge whether or not the action undertaken by the Japanese Army was a measure of self-defence.

Self-defence varies with importance of interests involved.

It is unnecessary here to enlarge on the nature of the right of self-defence. It has never been better defined than by Daniel Webster when, as Secretary of State of the American Republic, he laid down that it demanded for its just exercise a case of "necessity, instant and overwhelming, allowing no choice of means and no instant for deliberation". With those conditions the Incident of September 18th precisely complies. There was the necessity of meeting a great and imminent danger—an overt attack by members of a vastly superior force, capable, if not nipped in the bud, of driving the Japanese into the sea. There was no choice of means. What else was to be done? There was no instant for deliberation—the open attack was launched upon them. It is fortunately unnecessary to consider whether the magnitude of the interests at stake warranted forcible measures. For these interests were nothing less than the whole position of Japan in the Far East.

It is as impossible as it would be unjust to make Japan responsible for the further events which supervened on the Chinese resistance. Measures of self-protection usually meet no resistance and are at once settled by amicable discussion between the Governments concerned. If, however, they are not met by armed opposition, there is no knowing how far they may develop, and necessarily so.

It may not be inappropriate to recall the case of *Navarino*, where a conflict was so little desired or expected that one of the Governments involved described it as an "untoward event". The Egyptian armament had come to assist the Turks to suppress the revolt in Greece. They were faced by a fleet of English, French and Russians, who were bent on preventing them from doing so. In that state of tension, a chance shot furnished the spark that produced the conflict. The result destroyed the Egyptian fleet and Turkish hopes, and set the seal on the independence of Greece. Yet it began in mere self-defence—the return of fire. This illustrates how impossible it is to limit the consequences of self-defensive measures.

Synchronisation.

The Commission, while drawing attention to the synchronisation of the operations which took place on September 18th throughout the entire extent of the South Manchuria Railway zone, omit to notice the necessity for such simultaneous action. There was no other alternative for the Japanese commander, with his 10,400 troops stationed all along an eleven-hundred-kilometre line of railway, and faced by 220,000 Chinese troops (without reckoning 110,000 beyond the Great Wall, also under General Chang Hsueh-liang's command). At Mukden itself, a single Japanese regiment of reduced strength together with a few railway patrols, 1,500 men in all, were faced by 15,000 Chinese with some forty guns; and a similar situation existed at Changchung and elsewhere. The Japanese Commander-in-Chief was, in fact, responsible for the protection of over a million Japanese subjects residing in Manchuria. In case of an attack at one point, and with the evident possibility before him of attacks at other points, the only possible way of assuring that protection was to use all the transport facilities that the railway afforded, and to take the Chinese troops by surprise before they could have time to move.

Conclusion.

To sum up, the operations which commenced on the night of September 18th were only the putting into active execution of a plan prepared to

meet the case of a Chinese attack, and whose prompt and accurate execution had always been considered by the Commander-in-Chief as absolutely essential for the fulfilment of the task of protection which was incumbent on him, in view of the great local superiority of the Chinese. These operations had no relation to anything but self-defence, and the Japanese Government cannot allow either their necessity or their appropriateness to be the subject of dispute.

Subsequent operations.

The report relates at considerable length the ensuing operations undertaken subsequently to September 18th with a view to effectively ensuring the safety of Japanese life and property. The Japanese Government will not here enter into the numerous points of detail on which observations would have to be made. They are conscious of never having transgressed the due limits of the right of self-defence.

## Chapter IV.

### THE NEW STATE

The questions regarding Manchuria considered in Chapter VI of the report are of great importance, since it is on the conclusions formulated in this chapter, respecting the establishment of Manchukuo and the attitude of its inhabitants towards the new Government, that the Commission base their general finding in Chapter IX to the effect that "the maintenance and recognition of the present regime in Manchuria would be equally unsatisfactory".

Importance of topic.

The conclusion in question appears to have been reached with little reference to proved facts. It is certainly hard, in the course of a brief sojourn, to ascertain the true state of affairs in the case of a new State, only a few weeks old. Such a State is naturally subject to infantile ailments, to all the hostile activities of dissident and discontented elements, to the difficulties necessarily incident to a period of transition, particularly inimical to business and agriculture, and, in an especial measure in the case of Manchukuo, to an intensely hostile and unscrupulous propaganda.

Unsatisfactory nature of evidence.

It is nevertheless regrettable that the Commission, declining to accept the solemn declarations of the Japanese Government and attaching too little value to the detailed documents presented by them, have, alike in Manchuria and in Peiping, the stronghold of General Chang Hsueh-liang, apparently listened to the opinion of unidentified persons and given credence to letters and communications of doubtful or unknown origin.

Accordingly, the Japanese Government think it their especial duty to enable the Council of the League of Nations to acquire a more correct idea of the matters which form the subject-matter of Chapter VI—viz., the establishment of Manchukuo, the views of its inhabitants and the organisation and prospects of the new State.

#### A. ESTABLISHMENT OF MANCHUKUO

The report concludes, in the first place, that nothing was ever heard of the independence of Manchuria before September 1931 (page 97).

Manchurian independence no new thing.

It has been clearly explained above, however, that Manchuria has always constituted a special territory—often even forming entirely independent Kingdoms—geographically and historically distinct from China Proper. It constituted, under the Manchu Dynasty, a separate crown

domain or private estate appanage ; there was no power in the Republic or its officers to annex it to China Proper, and its independence was at least twice proclaimed by Chang Tso-lin, as the report itself acknowledges. The oppressive misgovernment of that ruler, and, still more, that of his son, General Chang Hsueh-liang, are notorious and are also admitted by the report. At the expense of Manchuria, their ambition and greed induced them to embark on costly and disastrous invasions of China, and it is matter of history that this led very long ago to the cry of " Manchuria for the Manchurians ", embodied in the movement known as " Paoching Anmin " (preserve the frontiers and give us peace). From such a movement to complete independence, in name as well as in fact, was a very small step. The existence of this movement is no supposititious figment ; its leaders are perfectly well known. They were M. Wang Yung-chiang (Provincial Governor of Fengtien under Chang Tso-lin) and M. Yu Chung-han, one of Chang's counsellors. Both had to resign and give way to Chang's grandiose schemes. It was this M. Yu who, subsequent to the incident of September 18th, became the organiser of the Self-Government Guiding Board mentioned later. In this, he was not yielding to Japanese solicitations ; he was merely carrying on his interrupted work. His case is typical.

The point need not be elaborated by citing the other independence movements of different shades which arose in the time of the Changs. But a certain surprise may be avowed that the report avers that the idea of independence did not exist.

The misgovernment and extortions of Chang Tso-lin and General Chang Hsueh-liang had long driven the educated Chinese and Manchus to consider the necessity of reforms. Dr. Chao Hsin-po, President of the Lawyers' Association of Mukden, broached the subject to Chang Tso-lin, who refused to listen. At the Feng-yung University, in Mukden, a group of professors also took up the study of the political reforms rendered necessary in order to counteract the militarist policy of General Chang Hsueh-liang, and Dr. Chao was in touch with this group.

There was in existence, therefore, at a period prior to September 1931, a movement based on Manchurian independence, and here the Commission appear to have entirely left out of sight all the information supplied them, particularly in the course of conversations in Manchuria with the leading personages in the new Government.

So much for the assertion that Manchurian independence had never been heard of. We now come to the mode of the definite establishment of the independent State of Manchukuo and the attitude of the Japanese toward it. Here the report is very far from being in accordance with the facts.

The report says that the movement to proclaim the independent State of Manchuria was inaugurated, organised and carried through by the Japanese as a solution for the situation which had arisen as a consequence of the events of September 18th, utilising for this purpose the names and active co-operation of certain Chinese personages ; that the activities of the Japanese Headquarters Staff were marked, from September 18th onwards, by political motives ; and that the General Staff in Tokio lent the independence movement their assistance and gave directions to its organisers.

But a little thought will show how unfounded is this assumption.

When the authorities who, under General Chang Hsueh-liang, were responsible for the maintenance of order in Manchuria disappeared, as they mainly did after the events of September 18th, some organisation was evidently necessary in order to carry on the normal machinery of daily life ; local vigilance committees were formed by the local leaders, and the Japanese Army welcomed their co-operation and assisted them. An

Details of recent assertion of independence.

army is bound to do as little damage to an occupied territory as possible, and the preservation of the means of civilised life was one of the first cares of the Japanese Army and was accomplished in this way. That these nuclei of government eventually coalesced and developed into a genuine State is no matter for astonishment and offers no occasion for invoking an imaginary Japanese stimulus. The country had been wretchedly governed and was only superior to China in this—that it had one master and was not ravaged by the conflicts of half-a-dozen. It is no wonder that its new administrators decided to be free of the Chang regime. To anyone acquainted with the actual conditions which prevailed in Manchuria before and after September 18th, 1931, it will be readily apparent that the widespread determination to get rid of the Chang administration was one which was easily capable of developing into a movement for the proclamation of complete independence. And, in this connection, it should also be remembered that another movement—that for the restoration of the Manchu Dynasty—is as old as the Republic of China, and has been connected throughout in a large degree with Manchuria, once the cradle of that dynasty and later its own crown domain. The "independence movement", as it actually developed, can have caused no surprise to anyone with an intimate knowledge of these circumstances. And the supposition that it was wholly (page 97, line 25), or partially (page 97, line 33), the work of unidentified Japanese or of the Japanese General Staff must then be discarded.

According to the statements of the report itself, all these movements in favour of local, provincial and State independence were the work of personages of high standing who were all Chinese, Manchus or Mongols. At Mukden, it was Dr. Chao Hsin-po, President of the Lawyers' Association ; M. Yuan Chin-kai, a former Vice-President of the North-Eastern Political Committee under General Chang Hsueh-liang ; M. Yu Chung-han, Vice-President of the Committee of Peace and Order ; General Tsang Shih-yi, Governor of the Province of Fengtien. At Kirin, it was General Hsi Hsia, Acting President of the Provincial Government ; at Harbin, it was General Chang Ching-hui, Administrator of that Special District. And the persons who worked at the preparation of plans of the establishment of the new State were two Chinese, M. Yu Chung-han and General Tsang Shih-yi. The detailed organisation of the State was framed, and the declaration of independence drawn up, by the principal men of Fengtien, Kirin, Heilungkiang, Jehol and the Special District, and by various Mongolian bannermen who assembled at Mukden. And Chinese, Manchus and Mongols alone comprised the North-Eastern Administrative Council, which formed the germ of the new State.

The evident inconsistency between the facts and the conclusions of the Commission becomes a sheer contradiction if we consider the dates. The Committee for the Preservation of Order in the region of Fengtien was established on September 24th, and already on the 26th it was issuing declarations which contemplated the independence of that province and of the Three Eastern Provinces. On September 26th, General Hsi Hsia declared the independence of the province of Kirin. At Harbin, on September 27th, there was established a Committee for the preservation of order. On October 1st, General Chang Hai-peng proclaimed his independence at Taonan. On October 17th, General Yu Chi-shan, the commander of the Liaoning Army of Defence, also declared his independence, demanding the foundation of a Manchu-Mongol State with the ex-Emperor as its ruler. Can it be supposed that, between September 18th and these various independence movements, Japanese officials could have met together, concerted and agreed upon a programme of initiating independence, and secured its being at once put in execution by Chinese, Manchus and Mongols as their own ? It is more simple and more reasonable to

Admittedly work of Chinese and Manchus.

Dates.

conclude that the aspirations which were already floating in the minds of many of the leading Chinese, Manchu and Mongol inhabitants spontaneously and naturally found a sphere of action hitherto denied them, upon the disappearance of an administration which presented so many objectionable features.

There can be no doubt that the idea of proclaiming independence, which had also a certain affinity with the idea of restoring the Manchu Dynasty, had its origin, therefore, entirely among the Chinese, Manchus and Mongols. For instance, M. Chang Yin-ching (Manchukuo Minister of Industry, Commerce and Agriculture, a son of Chang Chih-tung, the renowned scholar-statesman under the Manchu regime) and M. Hsieh Chieh-shih, the present Foreign Minister of Manchukuo, were both prominent figures in the movement, particularly in the restoration movement of the Manchu Dynasty. General Hsi Hsia, a Manchu and a noted monarchist, at present the Manchukuo Minister of Finance, was also a leading member of the same group. Japanese officials were certainly cognisant of the currency of these ideas; but whatever sympathy may have been felt for such projects by individuals, neither the Japanese Government nor the Headquarters Staff on the spot gave them any encouragement.

Japanese abstention.

It is proper, in this connection, to point out the fact that both Baron Shidehara, Minister for Foreign Affairs, and General Minami, Minister of War, issued, on September 26th, instructions to the Japanese officials in Manchuria strictly forbidding participation by Japanese in the various attempts to establish a new political authority in Manchuria.

Conformably with these instructions, the Japanese, civil as well as military, uniformly abstained from interference. When the movement had become a definite one, the Headquarters of the Kwantung Army could evidently not ignore it, and when its leaders had matured and explained their plans, the movement was in a situation to command respect from those ultimately responsible for the preservation of order, as a development calculated to remove all disquieting elements by the definite establishment of a new regime.

As for the "Self-Government Guiding Board", to which the report appears to attach some importance, this was not created until November 10th, and was under the management of a Chinese. Yet the report turns it into an organ of the Fourth Department of the Kwantung Army Headquarters, "organised, and in large part officered, by Japanese" (page 92). This is a mere repetition of the allegations in the Chinese memorandum, corroborated, according to the report, by "reliable" witnesses, who are left unidentified, and it is completely at variance with the facts. There has always been at the Kwantung Army Headquarters a department for the study of political developments in Manchuria, and, after September 18th, 1931, when the independence movements began to show themselves, this department, in the fulfilment of its functions, had certainly to collect all the information that could be gathered concerning them. But this department of the Headquarters had no connection whatever with the "Self-Government Guiding Board", organised under the management of M. Yu Chung-han for the purpose of co-ordinating the action of the various committees for preservation of peace, or for independence, which had already been constituted in the province of Fengtien since the beginning of October. Dr. Chao Hsin-po recounted to the Commission how the association of which he was President set to work, immediately after September 18th, to form an Independence Committee, which sent delegates to the various provincial districts to ascertain the opinions of the leading personages regarding the establishment of a new Government.

Argument based on presence of Japanese troops.

Finally, the report makes the point that such a movement in favour of a change of Government could not have been carried through but for the presence of the Japanese troops. But the Japanese troops were there

in the exercise of their just rights. They were stationed in the railway zone in virtue of a right derived from treaty, and they moved out of the zone in the exercise of the right of self-defence. If the independence movement took advantage of the conditions thus created, that altered in no wise the spontaneity of the movement. There are many instances in other continents where the presence of foreign forces has afforded the possibility of attaining independence, and where that independence has never been questioned.

It may be urged that the Nine-Power Treaty of 1922 prevents the signatory Powers from impairing the sovereignty of China. That is true, but irrelevant. If, in the due fulfilment of its lawful rights, a signatory Power finds herself in Chinese territory, she cannot be held responsible for the consequences. If these consequences impair Chinese sovereignty and integrity, it is not she who is to blame. Even supposing, therefore, that Manchuria under General Chang Hsueh-liang was really an integral part of China, still Japan cannot be answerable for the consequences of her proper and necessary action. If China really were an organised State retaining an integrity of administration in Manchuria, this would still be true.

In short, to deny that the present regime is to be regarded as the outcome of a natural and spontaneous movement is to admit that all the evidence presented by Manchukuo has been disregarded. The *Histoire de l'indépendance du Mandchoukouo*, prepared by the Manchukuo Government and presented to the Commission, contains an account of the successive demonstrations in favour of independence which took place in the various districts throughout the country. Here, we have precision and open declarations; names are given; the text of declarations and resolutions is reproduced. Commercial, industrial, agricultural, educational groups, sometimes numbering thousands of adherents, were represented at those demonstrations. For the Constituent Assembly, delegates were appointed in each district, in the accustomed fashion, by the accord of the four leading local associations, so that the General Assembly which, on February 29th, 1932, proclaimed at Mukden the establishment of the new State was fully representative of every interest. And it is singular that the report, in sketching a practical system by which to ascertain the state of popular opinion on the conduct of a Manchurian Government, suggests this very same traditional system of representations of the chambers of commerce, the trade guilds and other civil agencies (page 134).

Argument based on "Nine-Power" Treaty.

In fine, the conclusions of the Commission in this section of Chapter VI run counter to the historic elements which underlie the new regime, to the psychological and material causes which have called forth the surge of latent sentiments, and to all the facts which go to prove the spontaneous character of the independence movement among the people of Manchuria, which has had for its result the foundation of the new State.

Conclusion.

The Japanese Government would repeat that the movement for the proclamation of the independence of Manchuria was a genuine, spontaneous, popular and natural one. The old crown domain installed the descendant of its ancient chiefs as its ruler, to secure it alike from the oppressions of its quondam militarist tyrants and from the anarchy of China Proper. Why this eminently rational and natural step should be ascribed to the machinations of Japan, it is hard to imagine. The assertions that the chief agency in bringing about independence was an organ of the Kwantung Army Headquarters (page 92); that a group of Japanese officials conceived, organised and carried through this movement (page 97); and that the activities of Japanese officials were "a most effective" factor in the creation of Manchukuo (*ibid.*) are assertions destitute of foundation, contrary to the express assurance of this Government, and entirely unsupported by evidence. In putting them forward, the report appears simply to have adopted wholesale the allegations of the Chinese Assessor.

B. ATTITUDE OF THE INHABITANTS TOWARDS MANCHUKUO

The Commission have had placed at their disposal, as material upon which to form their opinion :

Materials in hand of Commission.

(1) Petitions and declarations emanating from qualified bodies composed of persons of various races (Chinese, Manchus, Mongols, Japanese, Koreans, Russians) representing chambers of commerce, political organisations, agricultural and educational organisations, etc. ;

(2) Letters and other written communications to the number of 1,550, transmitted by post or otherwise, and apparently coming from Chinese ;

(3) Private conversations with business-men, bankers, professors, physicians, police officers and others.

Excessive and deficient credit accorded.

A striking feature of this part of the report is the great credit accorded to the letters of unknown Chinese—all but two of which are said to be unfavourable to Manchukuo and Japan—and the little weight given to official memoranda and to the petitions and declarations of responsible bodies, which enumerate the grievances which the population had against the late administration and which give voice to its aspirations and its hopes.

The Commission have received 1,548 letters objecting to the foundation of the new State. Considering the vigour and activity of Chinese propaganda, it is really astonishing that they received no more. There are some 30,000,000 people in Manchuria, and if one in twenty thousand only was moved to communicate his desires to the Commission, the fact is rather a tribute to the credit of Manchukuo than otherwise. On the other hand, the positive evidence afforded by gatherings of thousands of people in favour of Manchukuo, supported by the testimony of responsible delegations and leading citizens, is simply dismissed as generally due to the machinations of the Japanese. It is surely intelligible that a people who had admittedly been systematically "squeezed", oppressed and defrauded by their rulers would not need the stimulus of Japanese threats and bribes to induce them to accept and approve a Government which at least offered them a chance of security for the produce of their labour. Certainly the attitude of the farmers and workmen cannot be collected from the opinions of "foreigners and educated Chinese" (page 109).

Opinions of various classes and races.

As to the other classes of the population (officials, police, soldiers, business-men, bankers, etc.), the report not only carefully takes note of anyone who is hostile, but discredits those who support Manchukuo as being actuated by self-interest or by fear, and as moved by no patriotic ideals.

Lastly, the report, insisting on the antagonism of the Chinese to Manchukuo, tries to explain away the adhesion freely given to the new State by the Koreans, the Russians and the Mongols. The report admits the welcome given by the Koreans to the new regime, but it cannot bring itself to do so ungrudgingly. It wonders how long the welcome will last. As for the Mongols, while recognising their generally favourable attitude, the report gives undue emphasis to one anti-Manchukuo declaration made by a deputation of Mongol princes at Peiping under the ægis of General Chang Hsueh-liang.

The truth is fortunately more encouraging than the unfavourable picture drawn in the report. It is needless to recall once more the many great popular demonstrations which immediately preceded the establishment of the new State, described as they are in detail in the document

*Histoire de l'Indépendance du Mandchoukouo.* Nor need there be enumerated here the signal marks of acceptance which, in spite of the efforts of the enemies of Manchukuo, the population has continuously accorded to the new regime. It is a civil Government, the first of this character that the people of the country have known since the Manchu Dynasty was overthrown, and this civil character stands out conspicuously in comparison with any of the autocratic militarist Governments which at present bear rule in China.

C. ORGANISATION AND PROSPECTS OF MANCHUKUO.

The report, after describing in Chapter VI the organisation of Manchukuo, its programme, and the various measures it has taken to affirm its independence from China, observes that :

Report's comments on programmes of reform in Manchukuo.

"The programme of this 'Government' contains a number of liberal reforms, the application of which would be desirable, not only in Manchuria, but in the rest of China—in fact, many of these reforms figure equally in the programme of the Chinese Government. In their interviews with the Commission, the representatives of this 'Government' claimed that, with the help of the Japanese, they would be able to establish peace and order within a reasonable time and would thereafter be able to maintain it permanently. They expressed the belief that they would be able to secure the support of the people in time by assuring them an honest and efficient administration, security from bandit raids, lower taxation as the result of reduced military expenditure, currency reform, improved communications and popular political representation" (pages 105 and 106).

But from this promising material the report only concludes that, "after making every allowance for the short time which has hitherto been at the disposal of the 'Manchukuo Government' for carrying out its policy, and after paying due regard to the steps already taken, there is no indication that this 'Government' will, in fact, be able to carry out many of its reforms. To mention but one example, there seem to be serious obstacles in the way of the realisation of their budgetary and currency reforms" (page 106).

The comments of the Commission on Manchukuo above quoted present a signal contrast with certain comments offered in Chapter I, where we read :

Report's comments on programmes of reform in China Proper.

"The present Government has tried to balance its current receipts and expenditures and to adhere to sound financial principles. Various taxes have been consolidated and simplified. In default of a proper budgetary system, an annual statement has been issued by the Ministry of Finance. A Central Bank has been established. A National Financial Committee has been appointed, which includes among its members influential representatives of banking and commercial interests. The Ministry of Finance is also trying to supervise the finances of the provinces, where the methods of raising taxes are often still highly unsatisfactory. For all these new measures the Government is entitled to credit. . . . In many things, no doubt, the Government has failed, but it has already accomplished much" (pages 17 and 18).

It will be noted that, while China is given credit for having accomplished much, in view of the various measures which are enumerated by the Commission, but which, in fact, have mostly failed to bring about

Why this pessimism and optimism ?

any actual results, judgment on Manchukuo inclines rather on the side of severity.

Two special features: order and finance.

The Japanese Government are not disposed to discuss the grounds of the pessimistic opinion advanced by the Commission, because facts are more eloquent than words. However, the attention of the Council is called to two important points—namely, the steps for the restoration of peace and order, in which the Japanese Army is co-operating with the Government of Manchukuo, and the financial condition of that Government.

Establishment of order.

That in a newly-founded State peace and order should be disturbed by reactionaries and malcontents is a common phenomenon in all parts of the world. In the case of Manchukuo, there is further to be observed the special circumstance that vast forces, enlisted in regular armies under the old regime, were, upon the fall of that regime, turned adrift to become hordes of bandits. The Government of Manchukuo, in their programme for the restoration of peace and order, consider the first stage to be the destruction or dispersal of the major groups formed by these bandits; the second stage being the subjugation of the less important remnants, and of the smaller native bands of brigands, through the police system now in process of complete establishment, as well as by other administrative measures. At the same time, they are improving the existing means of communication in order to facilitate the work of restoring order. It should be stated that much progress has been made in the accomplishment of the work of the first stage above indicated since the time when the Commission were in Manchuria. The forces under the command of General Ma Chan-shan, by far the most formidable foe to the new State, have been destroyed. Those under General Li Hai-Ching have been beaten. Those under Generals Ting Chao and Li Tu have been driven into the remote regions north of the Eastern Section of the Chinese Eastern Railway. The strong brigand bands which infested an area between the Mukden-Hailung Railway and the River Yalu and constituted the principal source of danger in South Manchuria have been annihilated by the joint forces of Japan and Manchukuo. Other major groups in South Manchuria are being driven into remote places along the border between Fengtien and Jehol. Generally speaking, the present situation throughout Manchuria, north and south, is such as to make it possible for the Government of Manchukuo to embark upon the second, or police, part of their programme.

Chinese help to brigands.

Regarding the present condition of banditry in Manchuria, the significant fact should not be forgotten that all these soldier-bandits are receiving support from China Proper. It is sufficient to point to the public collection of funds for the assistance of the Manchurian bandits, which is conducted in various Chinese cities, without adverting to the many cases in which such support is secretly given.

Apparent attempts to discredit Manchukuo by stimulating crime.

It should also be noted that, of late, in proportion to the lessening of that menace to peace and order which arises from the activities of major groups of bandits, the operations of the numerous minor bands have come more and more to display the character of political tactics. For instance, the recent activities of bandits and kidnappers in Manchuria have mainly been directed against foreigners, thus casting discredit upon the newly-established nation. This is believed to be a deliberate attempt on the part of the anti-Manchukuo element in China to make present conditions appear worse than before.

Bandit menace extinguishable in reasonable time.

Finally, the Japanese Government, whilst anticipating that the complete restoration of peace and order in Manchuria will require some considerable time, as indeed it would anywhere in similar circumstances, are content to repeat the expression of their confident belief, quoted in the report, that the presence of the Japanese troops in the country will

enable the principal bandit units to be wiped out within from two to three years: and they adopt as their own the words in which the Commission describe their attitude:

“ They hope that the organisation of ‘ Manchukuo ’ police and of self-defence corps in each community will help to put an end to banditry. Many of the present bandits are believed to have been peaceful citizens who, on account of the complete loss of their property, were induced to take up their present occupation. Given the opportunity of resuming the occupation of farming, it is hoped that they will return to their former peaceful mode of life ” (page 83).

As regards the financial condition of Manchukuo, the Council can easily see how unfounded is the gloomy view contained in the report by referring to the following information supplied by the Government of Manchukuo.

Finance.

From the foundation of the State on March 1st, 1932, to June 30th of the same year (the first year of Tatung), the income and expenditure of the Central Government are as follows:

Income and expenditure.

	Yuan
Income (income from taxes and from the Salt Gabelle) . . . . .	9,300,000
Paid out . . . . .	9,100,000

This indicates a far better financial status than existed at the time of the visit of the League of Nations Commission of Enquiry.

Subsequently, Manchukuo has taken over the Maritime Customs (in June) and has abolished the finance offices of the various provinces (in July), thus proceeding rapidly with its task of centralising and strengthening the financial structure. As a result of these measures, its budget for the first year of Tatung (from July 1st, 1932, to June 30th, 1933) is based upon the following estimate:

Central finance: budget for 1932-33.

	Yuan
Annual income . . . . .	101,000,000
Annual expenditure . . . . .	113,000,000

This indicates a very satisfactory condition. (Incidentally, the military expenditure in this budget totals 33,000,000 *yuan*—i.e., about a third of the 100,000,000 *yuan* expended in 1930—and, while the budget shows a deficit of 12,000,000 *yuan*, it must be noted that the budget allows for an emergency reserve fund of 15,000,000 *yuan*.)

The Central Bank of Manchukuo, founded with a capital of 30,000,000 *yuan*, took over, from provincial banks of the old regime, 142,000,000 *yuan* in notes in circulation, against which it has a specie reserve of 82,000,000 *yuan* and a guarantee fund of 60,000,000 *yuan*. It opened for business on July 1st.

Central Bank.

In this connection, it is interesting to observe that the Bank of Japan opened for business in 1882 with a silver capital of 10,000,000 *yen* and successfully unified all the paper currency issued by various national banks; and that the capital of the Manchukuo Central Bank is sufficient, if one takes into due consideration the economic status, for the trade conditions and the population of Manchuria.

The Manchukuo Government, respecting the independence of the bank, is taking every precaution not to interfere with the functions of the institution as a note-issuing bank, and therefore it may safely be said that to declare that the basis of the Central Bank and Manchurian currency is unstable is a flagrant error. As a point of fact, the Central Bank, since its establishment four months ago, has maintained its paper currency at par, and has stabilised the currency, the circulation of which is very normal.

Currency.

It may be remarked that this shows a signal contrast to the actual state of things under the Changs.

Manchuria, having an excess of exports, receives a large amount of silver from abroad. Therefore, there is no doubt that Manchukuo will be able to maintain the value of its currency.

The Japanese Government desire, further, to give emphatic expression to their opinion, formed upon mature consideration, regarding the future prospects of the country.

Manchukuo has before it a brilliant future. With a great extent of territory and a large population, it has the advantage of possessing natural frontiers. Its Government have spontaneously declared that they intend to respect all international engagements made by China, so far as they are applicable to Manchuria, and that they will faithfully observe the principles of the Open Door and Equal Opportunity. They entertain no anti-foreign sentiments. There is no communist peril, such as exists in China. Manchukuo is still in its infancy ; but would it not have been an act of straightforward justice on the part of the Commission, who have shown themselves, in spite of all discouragements, so sympathetic towards China, to exhibit some degree of patience with a State scarcely six months old ?

In so far as the report's observations concern the Japanese Government, they would prefer not to dwell upon the purely gratuitous suppositions contained in the report, to the effect that all political and administrative power in Manchukuo is in the hands of Japanese officials and advisers. The report notes the occasional divergence of opinion between these officials and the Tokio Government, but it states that the Japanese officials possess all the means of exerting irresistible pressure on the Manchukuo Government. This, it remarks, flows from the fact of military occupation and through the dependence of Manchukuo on the Japanese troops for the maintenance of its sovereignty and independence.

These allegations can certainly not command the attention of the League of Nations. There are, and there have been, numerous States, universally acknowledged to be independent, which employ the services of many officials of one or more foreign nationalities, and others which have foreign troops stationed within their territory. The Members of the League of Nations have only recently admitted that the presence of such foreign troops is no obstacle to the admission of a State as a Member of that Society.

Finally, the report emphasises (page 106) the difficulty that was experienced by the Commission in defining the relations between Japan and Manchukuo. That difficulty has now disappeared through the signature of the Protocol of September 15th, 1932, which reads :

“Whereas Japan has recognised the fact that Manchukuo, in accordance with the free will of its inhabitants, has organised and established itself as an independent State ; and

“Whereas Manchukuo has declared its intention of abiding by all international engagements entered into by China in so far as they are applicable to Manchukuo ;

“Now the Governments of Japan and Manchukuo have, for the purpose of establishing a perpetual relationship of good neighbourhood between Japan and Manchukuo, each respecting the territorial rights of the other, and also in order to secure the peace of the Far East, agreed as follows :

“1. Manchukuo shall confirm and respect, in so far as no agreement to the contrary shall be made between Japan and Manchukuo in the future, all rights and interests possessed by Japan or her subjects within the territory of Manchukuo by virtue of Sino-Japanese treaties, agreements or other arrangements or of Sino-Japanese contracts, private as well as public ;

Opinion of Japanese Government on prospects of Manchukuo.

Suggestion that Japan controls Manchukuo.

Misleading characters of allegations.

Protocol of September 15th, 1932.

“2. Japan and Manchukuo, recognising that any threat to the territory or to the peace and order of either of the High Contracting Parties constitutes at the same time a threat to the safety and existence of the other, agree to co-operate in the maintenance of their national security ; it being understood that such Japanese forces as may be necessary for this purpose shall be stationed in Manchukuo.”

It is scarcely necessary to point out that nothing in this Protocol, nor in the acts of Japan in co-operating with the new Government thus established, is inconsistent with any of the public engagements of this country. By the Nine-Power Treaty of Washington, she joined in an undertaking to respect the sovereignty and the territorial and administrative integrity of China. That undertaking was never intended to exempt China from the usual accidents of State life, and to deprive the people of China of the right of self-determination and securing themselves a sound and acceptable Government. It is an inevitable corollary from this that the signatories be not disabled from recognising such a *fait accompli*, as required by the necessities of international intercourse. In the same way, Article 10 of the Covenant of the League of Nations is an engagement to respect and preserve the territorial integrity of Members of the League “as against external aggression”. If by internal development the territorial integrity of a Member is impaired, there is nothing in the Covenant to interfere with the right and duty of Members to recognise that impairment. To hold otherwise would be to deny the basis on which many European and most American States subsist.

## Chapter V.

### CONCLUSIONS

In the observations advanced above, the Japanese Government have set forth the following propositions :

1. That China has, since the Revolution of 1911, fallen into a condition of confusion bordering upon anarchy, and remains in the same condition at the present moment ; that, so long as such a state of affairs persists, China may properly be considered as in a condition of national disintegration ; and that at least, under present circumstances, it is entirely impossible to tell when China may come to have a strong and permanent central Government, even if we grant the ultimate possibility of that event.

2. That, because of the fact that such a state of affairs prevails in China, foreign lives and property cannot be afforded adequate protection, and that, especially in recent years, the situation has been aggravated as a result of the intensification of internal conflict and the operation of the so-called “revolutionary” foreign policy of the Kuomintang directed against foreign Powers.

3. That, consequently, foreign Powers have continued to exercise exceptional powers and privileges in China of a character now without parallel elsewhere in the world, such as extra-territorial jurisdiction, settlements and concessions, the maintenance of garrisons and the permanent stationing of warships in inland waters.

4. That, while all foreign Powers having interests in China have suffered from the anarchical condition and anti-foreign policy of China, Japan has suffered by far the most severely.

Not inconsistent with any international engagement.

Japanese propositions.

China an abnormal country.

No security for foreign life and property.

Consequent system of constant self-protection.

Special damage sustained by Japan.

Japan in intimate relation to Manchuria.

5. That Japan stands in the most intimate relation, geographically and historically, to Manchuria ; that she possesses in that region important treaty rights besides vast economic interests, while great numbers of her people are settled there ; that, moreover, the question of her own national security makes Japan vitally interested in Manchuria both from a political and strategic point of view—in fine, that Japan's position in Manchuria is an altogether exceptional and special one, unparalleled in other parts of the world.

Encroachments on Japan's rights.

6. That, of late years, the former Manchurian authorities resorted to various intrigues with a view to undermining this special position, and that, after the *rapprochement* of General Chang Hsueh-liang with the National Government, the encroachments of the Manchurian authorities upon the rights and interests of Japan became increasingly frequent and flagrant, despite Japan's earnest efforts to ameliorate the situation, producing an alarming state of tension.

Propriety of Japan's military measures.

7. That it was in this strained atmosphere that the events of September 18th occurred ; that none of the measures taken by the Japanese Army at the time of that incident, or subsequently, exceeded the limits of the right of self-defence ; and that Japan must, on any impartial consideration, be pronounced to have done precisely what any other Power would have done in similar circumstances.

Manchuria's separate situation : her rejection of Chang tyranny, and assertion of self-determination, spontaneous popular act.

8. That Manchuria has always occupied a separate position, historically as well as geographically, in relation to China Proper, and that its inhabitants bitterly resented the tyrannous rule of the Changs, and opposed the latter's policy which dragged Manchuria into the civil turmoil of China Proper ; that, from this geographic and historical circumstance, coupled with the popular opposition to the Chang family, there sprang the movement known as " Preserve the frontiers and give us peace " ; that the foundation of Manchukuo was accomplished by the spontaneous action of the Manchurians, the movement to restore the Manchu Dynasty playing no small part ; that Manchukuo is making steady progress guided by sound policy, and has a highly promising future before it ; and, finally, that the attitude of Japan towards the establishment of Manchukuo and her formal recognition of that State do not violate any international engagement whatever.

Recapitulation.

Abnormal condition of China has introduced abnormal rights of self-protection.

Especially in case of Japan, which has so many vital points of contact.

Normal rules insufficient for this abnormal situation.

In order, therefore, to understand correctly the questions at issue, it is necessary to bear constantly in mind these propositions. *First*, that the abnormal conditions of China are such as can scarcely qualify her to be a modern organised State, and that, because of this abnormal condition, other Powers have, in order to protect their own interests by themselves, retained extraordinary powers and privileges which operate as limitations on Chinese sovereignty, and have been accustomed, whenever those rights were threatened or injured, to make use of these extraordinary powers. *Secondly*, that this aspect of the foreign relations of China Proper becomes more pronounced in the case of Manchuria as far as Japan is concerned, because of her special position there and the special position which Manchuria itself occupies in relation to China Proper. The fact must be thrown into relief that the Chinese problem, and especially the Manchurian problem, are characterised by exceptional complexity and by abnormal features, which are to be found nowhere else. Consequently, in handling the quite abnormal problem, it is difficult to apply the formulae commonly employed in dealing with international questions under ordinary circumstances, nor can the procedure employed in handling such an abnormal question or any solution that may eventually be reached thereon

establish precedents for ordinary cases of international dispute. With regard to this point, the report contains a significant passage at the beginning of Chapter IX :

" It must be apparent to every reader of the preceding chapters that the issues involved in this conflict are not as simple as they are often represented to be. They are, on the contrary, exceedingly complicated, and only an intimate knowledge of all the facts, as well as of their historical background, should entitle anyone to express a definite opinion upon them. This is not a case in which one country has declared war on another country without previously exhausting the opportunities for conciliation provided in the Covenant of the League of Nations. Neither is it a simple case of the violation of the frontier of one country by the armed forces of a neighbouring country, because in Manchuria there are many features without an exact parallel in other parts of the world " (page 126).

The above are put forward as the fundamental views of the Japanese Government with regard to the Chinese problem, and particularly the Manchurian problem. A few observations may now be offered, on the basis of these fundamental views, on some of the points advanced in Chapters IX and X of the report.

One paragraph in Chapter IX reads :

" It must be clear from everything that we have already said that a mere restoration of the *status quo ante* would be no solution. Since the present conflict arose out of the conditions prevailing before last September, to restore these conditions would merely be to invite a repetition of the trouble. It would be to treat the whole question theoretically and to leave out of account the realities of the situation " (page 127).

The statement has the unreserved concurrence of this Government. But they cannot agree with the opinion recorded in the same chapter to the effect that the maintenance and recognition of the present regime in Manchuria would be an equally unsatisfactory course to adopt. In fact, even if all the passages in the report bearing on the point were accepted for the sake of argument, it is impossible to admit that such an opinion can be arrived at as a necessary deduction. The Japanese Government's view has already been stated that a solution based upon the maintenance and recognition of Manchukuo would in no way be in contravention of the fundamental principles of international obligation. It has further been stated that such a solution would satisfy the aspiration of the Manchurians. Moreover, the expectation may be confidently entertained that the Chinese people themselves will ultimately come to realise that such a solution alone can stabilise relations between Japan and China and ensure peace in the Orient. At any rate, it can never be supposed that the dissolution of the new State, which has been set up and is making rapid and healthy progress, can really be a course adapted to "existing realities". It is the belief of the Japanese Government that, in view of the necessity of handling and regulating these matters in accordance with the realities of the situation, it cannot be a commendable policy to ignore the actual fact of the existence of Manchukuo, or to leave that State devoid of international intercourse.

Japan, because of the important and special position which she occupies in Manchuria, cannot afford to leave that country and her relations with it in a state of instability and uncertainty. For the above-stated reasons, Japan considers the general recognition of Manchukuo, and international co-operation for the purpose of fostering its healthy development, as the only solution which is adapted to the existing circumstances

Application of above propositions.

Report rejects mere restoration of status quo ante

Maintenance of Manchukuo essential.

Japan specially concerned to have stable conditions in Manchuria.

and which will stabilise conditions in Manchuria and bring peace to the Far East. It is believed that any other country placed in Japan's position would have come to the same conclusion and would have followed the same course. It was for this reason that the Japanese Government signed the Protocol of September 15th, which is based upon the above essential conditions and which defines clearly the relations between the two countries. A foundation has thereby been laid down in an amicable manner for the protection of Japanese rights and interests in Manchuria, for the preservation of the territorial integrity of Manchukuo, and for the assurance of Manchurian safety against external and internal menaces; in this way, contributing in no small degree to the securities for the maintenance of peace in the Far East.

Upon this point, a passage occurring at the beginning of Chapter X of the report may be regarded as pertinent :

“ It is with this object that, whilst bearing in mind the principles of the League of Nations, the spirit and letter of the Treaties concerning China and the general interests of peace, we have not overlooked existing realities, and have taken account of the administrative machinery existing and in process of evolution in the Three Eastern Provinces. It would be the function of the Council, in the paramount interest of world peace, whatever may be the eventuality, to decide how the suggestions made in our report may be extended and applied to events which are still developing from day to day, always with the object of securing a durable understanding between China and Japan by utilising all the sound forces, whether in ideals or persons, whether in thought or action, which are at present fermenting in Manchuria ” (page 132).

The Council of the League of Nations, in studying the report with the due regard to the view of the Commission expressed in this passage, must necessarily desire to acquire a full comprehension and satisfactory information regarding the course of events as it develops from day to day, which will be found to exhibit continued confusion in China Proper and steady progress on the part of Manchukuo. In this connection, the Japanese Government are at all times prepared to furnish the Council with any further information at their disposal, so that, in accordance with what was said in the introduction to these observations, the Members of the Council may have a thorough acquaintance with every aspect of the complex situation.

As regards certain suggestions contained in Chapter X of the report, that chapter opens with a statement that “ it is not the function of the Commission to submit directly to the Governments of China and Japan recommendations for the solution of the present dispute ” (page 132), which is a right and proper observation in view of the Commission's terms of reference. The report itself brings out the point clearly that these suggestions are merely intended as an illustration of one way in which the various principles contained in Chapter IX might be carried into practical effect. Moreover, the Commission themselves show the tentative and contingent nature of these suggestions in adding the following observations :

“ Even if the formal recognition of ‘ Manchukuo ’ by Japan should take place before our report is considered in Geneva—an eventuality which we cannot ignore—we do not think that our work will have been rendered valueless. We believe that, in any case, the Council would find that our report contains suggestions which would be helpful for its decisions or for its recommendations to the two great Powers concerned, with the object of satisfying their vital interests in Manchuria ” (page 132).

Daily development of events to be subject of close attention.

Criticism of suggestions made by report.

In other words, the Commission recognised, by the vague terms in which they attached some continuing importance to their suggestions in such an event, that a certain amount of doubt would be cast upon the utility of these suggestions in case the recognition of the Manchukuo by Japan should have taken place. It would, therefore, seem unnecessary to enter into detailed discussions of these suggestions. In order further to elucidate the position, however, the following brief remarks on certain features of these suggestions may be ventured.

(a) As we shall see, principle 10 of Chapter IX would be liable to result in an international control of China Proper. In the same way, the still more important suggestions contained in Chapter X would amount, in practice, to a disguised international control of Manchuria, which is certain to be rejected by Manchukuo. Nor from the standpoint of Japan can these suggestions be regarded as acceptable.

(b) These suggestions appear, moreover, to be of too refined and intricate a nature. They might prove suitable if applied to Europe and America, but would not prove adaptable to the realities of the Far East as they at present exist. Such a plan as is advanced by the Commission calls for the minimum requirement that the disputant parties shall each possess a strong and reliable central Government. To attempt to apply these suggestions to the solution of the Manchurian question, which is one of unprecedented complexity, and one in which one party does not possess a strong and reliable central Government, is to make confusion worse confounded.

(c) The Japanese Government cannot persuade themselves that the suggestion of demilitarising Manchuria, maintaining peace and order there by a special international gendarmerie alone, would adapt itself to the realities of the situation. It is questionable whether, even in Europe, peace and order could possibly be adequately maintained throughout a territory so vast as Manchuria by such a system. It could never meet the desires of the Manchurians, and would be a source of great anxiety to the Japanese Government, as it would foment unrest and disturbances in that region, which is exactly what Japan desires above everything to avoid. Thus the suggestion is extremely unsatisfactory in that it would make matters worse than the restoration of the *status quo ante*, which is rejected by the Commission themselves.

So much for the concrete suggestions. We now come to a little more abstract matter—viz., the principles for the solution of the dispute on which these tentative suggestions are based. The Commission took pains to define in Chapter IX “ the general principles to which any satisfactory solution should conform ”, and it was in supposed conformity with these principles that the plan of settlement in Chapter X was elaborated. Certain of these principles to which the Japanese Government have no fundamental objection have already found concrete application in the Protocol signed by Japan and Manchukuo.

But, in any view of the matter, it must evidently be impossible, so long as the anarchical state of things in China persists, to arrive at a satisfactory solution of the question at issue on the basis of the first nine of these principles, especially principles 4 to 9. As is sustained in principle 10, these nine principles cannot be practically applied “ without a strong central Government in China ”. In order to help a strong central Government to come into being in China, international co-operation in the task of internal reconstruction is certainly desirable. Any international co-operation (apart from technical assistance) for that purpose is, however, a remote contingency and extremely difficult to attain, unless, indeed, such co-operation were to take the form of an international control of

Criticism of suggested ten principles.

China. Moreover, even granting that such an international co-operation were possible, there would be no assurance that, in that way, a strong central Government would forthwith be brought into being. Japan cannot idly wait for such an uncertain eventuality in order to solve the Manchurian question.

**Apprehensions  
of danger if  
stability be  
disturbed by  
unsympathetic  
attitude to  
Manchukuo.**

Such being the case, any scheme that might tend to destroy that peace and order which is now in process of restoration will inevitably usher in a new era of disputes and difficulties. Would it not, then, be better statesmanship to work at least for the stabilisation of conditions in Manchuria? Should not the world, which has manifested so much patience and sympathy regarding the reconstruction of China throughout these past twenty years, come to entertain sentiments of understanding and hope concerning the new State of Manchukuo? When the Manchurian question shall have once been settled, the settlement of the far greater question of China itself will be materially simplified. It can hardly be the subject of doubt that the advent of peace and a good and efficient administration in Manchuria will set an example which it would be well for China to follow, and will exert a favourable influence upon her attitude and divert her domestic and foreign policies into sane and moderate channels, not only bringing happiness to the Chinese people, but allowing other nations to share the resultant benefits.