

was built in 1395 immediately after the removal of the capital from Songdo (Kaijo) to Seoul, but was burned in 1592. According to the old records, the original architecture bore splendid works of art which have been proved by archaeological discoveries made among the ruins in later years. In 1867 the Regent, Taiwonkun, started repair works on the palace, which was completed in two years. The Royal family then moved to it from the East Palace.

In the Audience Hall (Kinseiden) of the palace coronation and other important official ceremonies were performed and the King used to give audience to the princes of the blood and other high dignitaries. "Keikairo" means the "Pavilion of Happy Meeting," and here luxurious court banquets and other classical entertainments were given. The two storied pavilion is supported by forty-eight solid stone pillars, fifteen feet high. In 1909 most of palace buildings of lesser importance were dismantled and in 1919 the buildings which contained the royal bed chambers were also moved to the East Palace. The total area of the North Palace is 130,000 tsubo. The wall that surrounded the original palace was twenty two feet in height and extended more than three kilometres.

**Government-General Office.** The magnificent white building, with the old North Palace at the background, is the Office of the Government-General. Begun in the summer of 1916, it was finished in the winter of 1925, at the total cost of nearly seven million yen. The art museum is located between the modern Government-General Office and the old classical "Keifuku" palace.

**The East Palace (Shotokukyu).** The royal residence of Her Highness the Dowager Princess Yi was built as detached palace, but has since been twice burned. The present palace was built after the Hideyoshi Invasion.

**The Throne Room (Jinseiden or "the Hall of Benevolent Rule")** and royal dwellings are located in the inner court. Here are the art museum of the Prince Yi household, and the zoological and botanical gardens. An old palace called the "Meiseiden" (The Hall of Bright Rule) belongs to the architecture of the later period of the "Koryo" Dynasty. Because it is facing the east contrary to all other palaces which are facing the south and because it is one of the oldest buildings in Keijo, this palace is the object of admiration for those who are interested in archaeology.

**The Keigaku-in (Temple of Con-**

fucius). This solemn classical edifice is rich in Chinese colouring and is surrounded by ginkgo biloba and other venerable old trees. In this temple sacrifices are offered to the spirits of Confucius and other sages at festivals held twice a year, in the spring and autumn. Attached to the temple is a Confucian institute known as "Meiringaku-in" where young men are trained in the principles of Confucian teachings.

**The Tokujukyu (Toksu Palace).** Beyond a large red gate known as Taikanmon (Taihanmoon) are a group of palaces. Those which are built in Korean style stand on one side and European-styled granite palaces at the farthest end of the royal ground.

**Pagoda Park** was laid out in 1905-1907 over the buried ruins of an ancient Buddhist temple. The pagoda itself was erected in 1464 under the reign of King Seicho, together with the old temple. In the park there is also a huge stone tortoise with a stone tablet on its back—a memento of an old temple. The bronze statue in the park is a monument dedicated to the late Baron Megata, financial adviser to the Korean Government, who rendered meritorious services to the Government and who was greatly interested in having the park enlarged and improved.

**The Chosen Hotel.** One of the most palatial, yet most homelike hotels in the orient and is built on the site where the Emperor Yi held his coronation in 1897. As a souvenir of the ceremony a wooden pagoda known as the "Temple of Heaven" still stands in the centre of the "rose-garden" behind the hotel.

**The Dokuritsu-mon (Doknip-moon or Independence Arch)** bears inscription, "Independence". The arch was built to commemorate the virtual Korean independence from China as the result of the Sino-Japanese War. In front of the arch there was once a gate known as "Geion-mon" which literally means gate of inviting favour from the celestial empire. Now only the lonely pillars remain.

**Shochu-dan Park and Prince Ito Temple.** To the east of the park across a stream stands Prince Ito Temple in the Kamakura age style, a magnificent two storied reinforced concrete building. The temple was erected to the memory of the late Prince Ito, the first Resident-General of Korea.

**Jinsen (Inchun or Chemulpo)** Until fifty years ago Jinsen was only a small fishing village lying on the coast of the Yellow Sea at the mouth of the Han River. It is a big port to-day. About 25

miles from Keijo it stands in the same relation as Yokohama to Tokyo, and railway connection between the two is good. In its inner harbour lies Getsubito while in its outer harbour are Yel-sato and a large group of smaller islands. The difference in the height between mean high and low tides in the harbour is ten metres which used to cause a great inconvenience for steamers in anchoring, and loading and discharging cargoes. To overcome this difficulty a lock-gate dock was constructed with electric control. The dock is 454.5 metres long and 218.1 metres wide with the minimum depth of water of 8 metres, and was finished in 1918 after seven years' work.

**Getsubito,** meaning literally "Moon-Tail Island," is known to foreigners as Roze Island, where amusements of various kinds are provided. Kokato or Kangwha Island in the mouth of the Han River is rich in historical remains and is beautiful to look at. Kangwha was a shelter of refuge for the Korean royal families in turbulent days.

**Kaijo, or Songdo** Songdo is an interesting place full of historical remains and scenic beauties, and is also a land of ginseng. In the tower of the South Gate is a big bell six hundred years old, which bears artistic designs and wonderful inscriptions in Sanskrit. Songdo was the capital of the Koryo Dynasty. The Wangs ruled there for 460 years till it was destroyed by Yi Talcho in 1392. In the environs of Songdo mausoleums of kings and queens of the Koryo Dynasty are found. At these mausoleums are some of the best products of art of the Koryo Period. To the north from Kaijo Station is the famous Park Yun waterfall, above which is an elegant pavilion arch, which was the north gate of an old castle formerly used as a detached palace of kings of the Wang Dynasty.

**Heijo, or Pyengyang** Heijo, now the greatest city in the northwest Chosen is situated on the extensive fertile plain watered by the Daido River and is a great industrial city.

There is an evidence that the people of the stone age made their dwellings along the Taitong River. A few miles north of Pyengyang are found remnants of this age, such as axes, knives, hammers, daggers, and arrowheads. Tangoon was believed to be the father of Korea and the name Chosen was given it by him probably in 2,333 B.C. Tangoon must have ruled Chosen and made Pyengyang his capital and made it, too, one of the oldest cities in the world. Pyengyang became later the

capital of Naknang Province and flourished until the Kokuryu people, migrated here from Fuyo district north of the Yalu River, invaded and took its possession about 314 A.D. The tombs and remains of these people show that the degree of culture which they attained was high. About 20 miles to the west of Pyengyang, at Oohull, are three great mounds, 30 feet high, 170 feet in diameter and 500 feet in base circumference. They are built of granite with an unusual skill.

**Kongosan or Diamond Mountain** Of all places of interest in Chosen Kongosan is most famous and is always the centre of admiration and praise of tourists.

The mountain group is a portion of the main range which extends from north to south of Chosen and stretches along her east coast. It extends over 65 kilometres and the precipitous peaks are said to number twelve thousands. It is only six hours' comfortable trip by train to get there from Keijo.

The best season for visiting the mountain is mid-autumn when the land enjoys an unbroken spell of fine weather ideal for outings. Then the entire mountain is agleam with gorgeous tints of autumn foliage. Another season which is good for visiting will be April and May when lilacs, magnolias and azaleas are in glorious bloom. It is also a good summer resort for those desiring to escape the heat in that season.

#### Koreans in Manchoukuo

**History of Emigration** The emigration of Koreans to Manchuria across the Yalu and Tumen Rivers has a historical background in addition to geographical reasons. According to popular traditions, there were Korean farm villages already dotted in the district of Chientao (Kanto) during the reign of "Kiang Hsi" (1662-1723). In early days there was no frontier line defined by the Governments of China and Korea for Chientao which was sparsely inhabited though the soil was very fertile. It was therefore perfectly natural for many Koreans to cross the Tumen River. In 1890 there was a record outflow of the northern Koreans who attempted to escape from privations of a terrible famine. After the establishment of a branch office of the Residency General in Chientao in 1907 there was a further increase. According to the official statistics for 1937, these immigrants, who number now 473,177 and occupy about 80 per cent of the total population of Chientao, are mostly farmers who have turned the wild soil into the



present fertile land. More than half of the arable land in Chientao is owned by the Koreans while a portion of the rest, though under Manchou ownership, is cultivated by Korean tenants. So Chientao has appearance of being a portion of Chosen.

Other groups of Koreans crossed the Yalu River and advanced to the interior of Manchuria. After the Russo-Japanese War still greater number from the north and south of Korea swarmed into Manchuria through Antung, and many have settled in the regions now traversed by the North Manchuria and the Kirin Tunwha Railways. According to the official returns for 1937, they number about 412,490, but the actual figure may be twice as large. These Korean farmers have transformed vast dreary wilds into 100,000 chobu of rich paddy fields, which form a good economic resource to Manchoukuo. The Government-General, in conjunction with the Imperial Government and the South Manchuria Railway Co. are making efforts to promote education, public health, quarantine, banking industries, relief work, police affairs, census registration, etc. for these people. With the birth of Manchoukuo the general conditions changed and the Koreans in Manchuria began to be prosperous, so that the Koreans at home began moving afresh to the new state in increasing number.

In order to provide permanent settlements for new immigrants the Government-General established between 1931 and 1934 within safety areas of north and south Manchuria four large farm villages. At the same time various facilities to look after their health, education, economic welfare, etc. have been installed. Conditions of these farm-villages follow:

(1) The Tieh-ling farm-village is on the upper basin of the Liaoho, about three miles from Lan Hsieh-Shan Station on the South Manchuria Railway line. The total area of the village is 1,019 chobu of which 916 chobu are paddy fields.

At present the village has 383 Korean families with 1,909 people.

(2) Wuchimho farm-village is near a tributary of the Sungari River lying to the east of Harbin six miles to the north-east of Wuchimiho Station on the North Manchuria Railway line. The total area is 2,538 chobu, of which 1,660 chobu are paddy fields and 800 chobu dry land. There live in this village 683 Korean families with 2,995 people.

(3) Yingkow (Newchwang) farm-village is at the mouth of the Liao River opposite Yingkow harbour. The total area is 3,000 chobu near which a vast grassland of 15,000 chobu extends along the right bank. There are 1,857 Korean families with 9,517 people.

(4) Suika farm-village is about twelve miles to the east of Chin Chia on the Hulan-Hailun Railway in north Manchuria across the Sungari River. The total area is 1,551 chobu with 2,024 people in 450 families.

The Chientao district has long been a nest for Korean malcontents and communist bandits. They used to incessantly harass Korean farmers, especially after the Manchurian Incident. In 1932 and 1933 the Government-General set about establishment in Chientao of twenty five special farming groups. Each group organized its self-defence corps and fortified their village. These groups enlarged their safety zones, and succeeded in establishing them at various strategic points, which play an important rôle in the preservation of peace in Chientao. The Government-General provides there all means to further prosperity of the farmers and assists them in making the farms ideal ones. An agreement was also made with the Oriental Development Company in 1932 with a view to installing 2,500 families of independent farmers with a grant of ¥2,000,000 spread over five years. At the end of July, 1938, 2,800 families have been settled on an area of 13,078 cho, and the expenses needed for the purpose reached ¥1,387,013.

## CHAPTER XLI

### TAIWAN (FORMOSA)

#### General Description

**Area and Topography** Taiwan (Formosa) forms the westernmost part of the Japanese Empire. It is washed by the Pacific on the east, and is separated from China on the west by the Formosan Straits and on the south from the Philippines by Bashi and Balintang Channels. It extends from 119° 18' to 122° 06' E. longitude, and from 21° 45' to 25° 37' N. latitude. The Tropic of Cancer bisects the island, which is about 394.28 km. long, its greatest width being 123.31 km. The Pescadores (Bokoto) and other outlying islands form a political division of the Taiwan Government-General. They cover 126.86 sq. km. The area of Taiwan, including the Pescadores, is 35,961.21 sq. km., being about 5.3 per cent of the total area of Japan, a little smaller than Kyushu, and about one-sixth the size of Chosen (Korea). As regards its topography, Taiwan is an island which rises from the sea to a height of 3,950 metres, reached at the summit of Mount Niantaka (Mount Morrison). It consists of a mountain range with narrow valleys on both coasts which are the population centres. The valley on

the west coast is the principal population centre. That on the east coast is little developed and is capable of but slight further development. The rivers are not long and their current is very swift; in the rainy season they flood the surrounding country, causing much damage. The climate is semi-tropical. In summer the north is visited by rains; in winter the south. The temperature rarely falls below the freezing point.

**The Inhabitants** The territorial system of Formosa was organized during five years, 1898 to 1902, by a large land-investigation enterprise made by the Government-General. The island is inhabited by Japanese, natives and foreigners. The Japanese went there after the occupation of the island by Japan, and the foreigners are mostly Chinese. The number of Western people is small. The native Chinese are mostly Mins from Fukien province and Cantonese from the China coasts across the Formosan Straits, composing 94 per cent of the total population. The aborigines consist of savages and semi-civilized tribes. The following figures show total number of the population at the end of 1935-1937:

	1935	1936	1937
Japanese	269,798	282,012	299,280
Koreans	1,604	1,694	1,985
Natives	4,990,131	5,108,914	5,261,404
Aboriginal savages	150,489	152,350	
Chinese	53,900	59,015	46,373
Foreigners	209	228	
Total	5,315,642	5,451,863	5,609,042

Including the savages, the total population at the end of 1937 in Taiwan was 5,609,042, showing an increase of 157,179 over that at the end of 1936 and 2,562,259 over the end of 1905, when the first census-taking results were announced. This means a yearly gain for

the 30 years of 75,626.

The areas, population, number of counties and districts and number of towns and villages of five provinces, three districts and nine cities at the end of 1937 follow:

	Area sq. ri	Population	No. of counties or sub-districts	No. of towns and villages
Taihoku province	297.8	1,101,898	9	39
Shinchiku ..	296.3	766,415	8	42
Taichu ..	478.6	1,251,513	11	57
Tainan ..	351.5	1,422,814	10	66



	Area sq. ri	Population	No. of counties or sub-districts	No. of towns and villages
Takao province	370.9	795,735	7	43
Taito district	227.9	77,842	3	11
Karenko ..	300.1	124,064	3	9
Boko ..	8.2	68,761	2	5
Total	2,331.5	5,609,042	53	272
Taihoku city	3.0	302,654	—	—
Keelung ..	3.0	92,928	—	—
Shinchiku ..	2.3	56,376	—	—
Shoka ..	4.2	56,007	—	—
Taichu ..	1.3	66,790	—	—
Tainan ..	3.4	120,282	—	—
Kagi ..	3.6	80,252	—	—
Takao ..	2.6	101,173	—	—
Heito ..	4.0	48,190	—	—
Total	27.8	924,652	—	—

**The Climate** Being in the semi-tropical zone, the summer time is long and the winter is short. The highest temperature, however, is not very much higher than in Japan proper, but the weather is warmer during the winter time. Frost is very rare and water has been known to freeze over only twice since Taiwan came under Japanese rule. The island lies in the highway of typhoons, and is yearly visited by them, terrible damage being sometimes caused.

During a 38-year period ending in 1934, Formosa was hit by severe typhoons no less than 91 times; of these, as many as 7 occurred in the year 1914.

Typhoons originate generally in the offing northeast or east of Luzon Island of the Philippines, and cross the island or enter the Chinese mainland, passing the southern or northern extremity of the island. Taiwan forms a part of an earthquake zone connecting Kyushu, Okinawa Islands and the Philippines and naturally it is very often visited by seismic shocks. The number of earthquakes registered in the island or the neighbouring seas during 28 years ending 1936, was 9,248, which means 330 a year or nearly one every day.

#### Administration System

When Taiwan came under Japan's rule in April, 1895, the Japanese Government established the Taiwan Affairs Bureau in June of that year and then in August of the same year the Taiwan Government-General Act was promulgated in connection with the introduction of military administration. This was replaced by the civil administration in March of the following year. The Taiwan Government-General came under the supervision of the Minister of

Overseas Affairs with the establishment of the Ministry in June, 1929. The Governor-General invested with authority to require military assistance from the commanders of the army and navy in the territory under his jurisdiction, when he deems it necessary to do so for the maintenance of peace and order in Taiwan. If the Governor-General is either a soldier or a naval man, he is able simultaneously to assume the command of the Formosan Army. The Governor-General also is invested with authority to supervise officials under him, promote them in rank, retire them from service, or recommend them for honours through the Minister of Overseas Affairs and the Premier, and to suspend or cancel orders and administrative measures of provincial governors under him, when such are deemed damaging to public interest or overstepping the sphere of their authority. The Taiwan Government-General consists, besides the secretariat to the Governor-General, of five bureaux, that is, the Home Affairs Bureau, Educational Affairs Bureau, Financial Affairs Bureau, Colonial Development Bureau and Police Affairs Bureau. The chief of general affairs, or civil governor, directors of the five bureaux and many other officials are under the supervision of the Governor-General. There is an Advisory Council to the Governor-General, which serves as a very important organ for the administration of the island. Not only does it give advice to the Governor-General on laws or regulations but also on general important business. The members consist of Government-General officials and leading persons in private circles in the island. The provincial administration extends over 5 provinces, 3 districts, 9 cities and 51 counties

There are the same number of provincial governors, district superintendents, city administrators and county chiefs, all under the Government-General.

#### Aboriginal Administration

The Taiwan aborigines are the oldest inhabitants of the island and are classified into semi-civilized aborigines and savage head-hunters. The former have now settled down as ordinary peaceful citizens and differ nothing in culture and general status from the natives who belong to the Han (Chinese) race. The head-hunters, on the other hand, live in mountainous districts and still adhere to their traditional habits and manners, their culture being very low. The Taiwan Government-General is concerned in its aboriginal administration mostly with these savage tribes. These savages lead a very primitive life, their dwelling-places being so difficult of access, and they still deter other tribes from settling near them by their traditional custom of head-hunting. Since Japan's occupation of Taiwan great efforts have been directed by the authorities to their subjugation and cultural improvement, and at the present time head-hunting is rapidly becoming extinct, and these savages are entering the first stage of civilized life. Some of them living along the mountain zone in west Taiwan, and those living on the sea coast in east Taiwan, pay taxes. These aborigines have a close resemblance to the Negritos in the South Sea Islands and are supposed by anthropologists to be of a Malay-origin. They may be classified into seven tribes: Taiyal, Saisset, Bunun, Tsuwo, Paiwan, Ami and Yami, and are entirely different in countenance, physical build, language and habits from the Han race who came over from continental China. These savages are distinguished by their extreme hatred of other tribes, and have a habit of combining together in an offensive and defensive alliance against any enemy. The number of these savages at the end of 1937 was 154,255, of whom 77,559 were male and 76,696 female. They lived in 25,343 houses in 429 villages. Their population in 1936 and 1937 was:

Tribes	1936	1937	Increase or decrease
Taiyal	36,129	36,600	532
Saisset	1,486	1,566	80
Tsuwo	2,167	2,204	37
Bunun	17,910	17,872	-38
Paiwan	43,987	44,316	329
Ami	48,898	50,052	1,154

Tribes	1936	1937	Increase or decrease
Yami	1,713	1,725	12
Others	61	56	-5
Total	152,350	154,255	1,905

Note: (-) shows decrease

**The Four Tribes** The savages of the Taiyal and Bunun tribes are known as the most ferocious of all. Occasionally they quarrel with and even kill their own comrades. The Tsuwo tribe abolished the custom of head-hunting many years ago. The Saisset tribesmen are the gentlest of all, and are quickly losing their savage proclivities. The Japanese authorities have cudgelled their brains how to bring these wild people under control. When Holland occupied the south of Taiwan and Spain the north, they tried to pacify them principally through the medium of religion and medicine. During the time when the Cheng family from south China ruled the island, force and conciliation were adopted in turn, but the results were not satisfactory. Conciliation has dominated Japan's policy toward these savages in the island since her occupation of Taiwan. When the campaigns against rebels came to an end in 1902, attention was given to the aboriginal control policy. Owing to the stubborn resistance offered by the savages, the Governor-General, General Viscount Samata Sakuma, drafted a five-year plan for dealing with the aborigines and established the campaign headquarters in the Government-General in 1909 to start the enterprise on an elaborate scale. The fundamental policy was based on conciliation, and training the savages to become law-abiding people on the one hand, and chastisement of the insubordinate on the other. The confiscation of their arms was one of the important tasks. All arms were given up to the Japanese authorities by the northern aborigines in 1914. This completed the task of aboriginal pacification in January, 1915. Occasional raids on police stations and head-hunting of innocent people were committed after that, owing to the instigation of malcontents. The worst outbreak that took place was the Musha Incident in October, 1930, which culminated in the sending of troops. Many of them are engaged in farm work and pay taxes. Some of them receive special education. Policemen are stationed at various points of vantage in the savage districts and peace maintenance, job-finding, education, medical care, traffic, public works and sundry other affairs are being looked after by them.



Since the occupation of Taiwan to the end of 1937 rifles confiscated numbered 32,415, of which 14,286 rifles were confiscated in 1914, when the five-year campaign plan came to an end. Spades replaced rifles. During the 42 years which ended in 1937, 7,080 people lost their lives at the hands of savages and the largest number of them in a single year was 761 in 1912. In 1930, 158 deaths were reported. This is due to the Mushi Incident. Of the total of 7,080 victims during those 42 years, those of police, Japanese and native, numbered 2,206 and those of officials and ordinary people together 4,874. During the same period 4,116 were wounded in connection with the campaign against savages. A change, however, is beginning to be made in the lives of these people in recent years. They are emerging from their primitive condition into an economic existence. They are glad to work on paddy fields and take up other sorts of labour. They are now pretty well initiated into money-saving habits. Their postal savings deposits at the end of 1937 amounted to ¥413,844, representing 17,997 depositors, the highest single deposit being ¥2,908 and the average deposit ¥23.00 per head. At present the aboriginal administration consists mainly in finding work for the aborigines and giving them education.

**Occupations of Aborigines** The work in which the aborigines are mainly engaged is cultivation of paddy fields, stock-raising, sericulture and other kinds of farming. They raised 29,716 koku of unhulled rice in 1937 (one koku being 5,1116 bushels), showing a gain of 2,504 koku over 1936. The authorities also encourage stock-raising. At the end of 1937 the natives had 30,769 pigs, 8,296 buffaloes, 3,730 cattle, and 3,235 goats. The value of their cocoon crop for 1937 totalled ¥57,464. They also raised sundry other farm products valued at ¥162,875 for the same year. Education is gradually spreading among the aborigines. At the end of April of 1938 there were 9,392 aboriginal children attending 185 schools maintained at the expense of the Government-General specially for these tribes. The Government-General authorities also are directing their energy to cultural enterprises for them. The aborigines have their own social organizations, such as the chiefs' societies, women's societies, young men's associations, school children's patron societies, and others. Members of these societies numbered 59,560. Also there were about 27,357 at the end of 1937, who were able to understand Japanese to the extent of performing some simple

work. Superstition is being gradually eradicated from among the aborigines, as medical attention is being increasingly given them. Free dispensaries provided exclusively for them numbered 230 at the end of 1937. The Government-General established 110 "exchange" houses for them to sell their products. The sales at these houses in 1937 totalled ¥617,877.

#### Police and Judicature

**The Police** The Taiwan police consist of men appointed from among Japanese, natives and semi-civilized aborigines. Their services are divided into the ordinary service and aboriginal police service. The police in aboriginal districts are re-enforced by police assistants appointed mostly from among natives. These are features of the police services of Taiwan. What is known as the tithing system of Taiwan provides a feature of peace preservation in the island. This system is of Chinese origin and was first adopted as an auxiliary to the police system in 1898. Owing to the satisfactory results attained, it also was extended to the lower grades of the administration in 1908. One tithing group consists of 100 houses and it looks after the peace of the group. In case these groups organize an association, the matter has to be sanctioned by provincial governors or district superintendents. Each group has its chief, who is elected and sanctioned by governor or superintendent. His duty is to maintain peace and order in his tithing district. Members of groups consist of men ranging from 17 to 50 years old and must be of good character. They offer their services free. The number of groups involved in the tithing system of Taiwan was 5,536 at the end of 1936. Many pirates infest the coast of Taiwan, mostly coming from south China. They attack junks during the summer time. The police on duty against these sea raiders are attached to provincial or district governments.

**Judicature** The judicature of Taiwan consists of two grades of courts, viz. the supreme court and four district courts, the latter having four branches in all—all under control of the Governor-General. The functions of the various courts are practically the same as those of the courts in Japan proper.

#### Religion and Education

**Religion** There are 48 Shinto shrines in Taiwan. The Taiwan Shrine is a first-rank Government shrine and is the

central shrine of worship for the Japanese people in the island. It is located in a suburb of Taihoku, the capital of the island, and is dedicated to Okuninushi, Oanamuchi and Sukunahikona, all legendary leaders of the early Japanese race, and to His Imperial Highness General Prince Yoshihisa Kitashirakawa, who died in the island when commanding the Japanese expeditionary force in Taiwan during the Sino-Japanese War. Shintoism, Buddhism and Christianity have been propagated by the Japanese since 1895. Confucianism is observed among the natives and Chinese people in the island.

**Education** The continuous efforts of the Government-General have been rewarded to such an extent that the na-

tives have been receiving education since 1922 together with Japanese in the classes of middle-school grade and in higher institutions, although the elementary education is still given both in the vernacular and Japanese languages. Besides numerous elementary schools, Taiwan had at the end of April, 1938, 4 kindergarten, 14 middle schools, 15 girls' schools, 12 business schools of middle school grade, 4 normal schools, 4 colleges and 1 Imperial University. The Taihoku Imperial University was founded in March, 1928. It consists of two departments, one literature and politics and the other physics and agriculture. The educational expenses for the last six years are:

	Total amount	State expenses	Provinces and districts	Cities, towns and villages
	(In ¥1,000)			
1933	16,723	4,895	7,842	3,985
1934	18,026	5,042	8,391	4,593
1935	21,264	5,839	9,179	6,245
1936	23,549	6,315	10,043	7,191
1937	28,565	6,945	11,862	9,757
1938	32,910	8,923	13,662	10,325
Average	23,506	6,326	10,163	7,016

#### Agriculture

Agriculture is the most important industry of Taiwan. Since the island came under Japan's control, it has made a rapid development and the total farm production in 1937 was worth ¥402,990,000, composing about 50 per cent of all the industrial production of the island. The area under cultivation in 1899 was 363,290 ko (one ko being 2,377 acres or 2,934 tsubo). It increased to 883,256 ko at the end of 1937, more than double that of 36 years ago. The cultivated land is more than 20 per cent of the island's total area. The area of cultivated land since 1899 has been as follows:

Year	Paddy field	Dry land	Total
	(In 1,000 ko)		
1889	211	151	363
1907	328	345	674
1912	346	364	711
1917	330	412	742
1922	376	397	773
1927	399	422	821
1929	406	423	830
1930	408	428	836
1931	411	424	835

Year	Paddy field	Dry land	Total
	(In 1,000 ko)		
1932	439	400	839
1933	482	362	845
1934	463	388	851
1935	493	363	856
1936	533	338	872
1937	544	338	883

People engaged in agriculture are about 53 per cent of the total population. At the end of 1937 their number was 2,880,410 of whom tenant-farmers were 877,171, landed farmers 1,062,201, and landed tenant-farmers 941,038.

**Rice Crops** The climate is very well suited to rice cultivation especially in the western district, where crops are harvested twice a year. The production in 1936 was about 9,550,000 koku with a value of over ¥210,000,000. Rice forms the chief of the three most important farm products of Taiwan, that is, rice, sugar cane and potatoes. Rice known as Hōrai rice is grown heavily in recent years. Its plantation area for 1936 totalled 702,685 ko and the crop amounted to 9,558,390 koku for two crops a year. The plantation areas and rice crops since 1899 follow:



	Plantation areas (In ko)	Crops (In koku)
1899	360,922	2,052,970
1912	495,128	4,046,611
1917	480,642	4,833,813
1922	527,096	5,445,814
1927	603,153	6,890,672
1928	603,058	6,795,005
1929	579,274	6,480,762
1930	633,444	7,370,516
1931	653,380	7,479,846
1932	684,928	8,949,216
1933	696,423	8,361,839
1934	687,664	9,088,866
1935	699,675	9,122,152
1936	702,685	9,558,390
1937	—	9,234,244

**Sweet Potatoes** Sweet potatoes also are extensively produced almost everywhere and all through the year in the island. The chief producing centres are Tainan, Taichu and Takao provinces. Potatoes serve as fodder for cattle besides being used as ordinary foodstuff. Dried potatoes are shipped to Japan as material for producing alcohol and starch. The export value of dried potatoes for 1935 totalled 44,332,580 kin (one kin being 1.3 pounds), worth ¥1,290,529. The crop of sweet potatoes for 1902 amounted to 501,160,292 kin and the amount has been increasing yearly since. The 1937 crop totalled 2,949,974,864 kin. The plantation area of 47 ko for 1902 increased to 143,308 for 1937.

	Yielding area (In ko)		Production (In koku)	
	1900	1937	1900	1937
Peanuts	11,958	32,441	120,838	627,700
Beans	11,365	13,609	50,281	58,887
Barley	1,479	674	11,460	4,591
Wheat	1,857	540	11,282	4,272
Sesame seeds	6,889	3,204	36,279	11,524
Jute	1,155	5,217	1,481,548 (kin)	15,371,005 (kin)
Hemp	1,654	1,949	1,022,063 ..	2,317,421 ..
Tobacco	240	1,511	363,900 (kg)	2,611,461 (kg)
Oranges	.317	—	2,025,965 (kin)	—
	(1905)		(1909)	
Pineapples	—	7,969	—	110,156,884 (pieces)
Longan	—	620,161 (trees)	—	2,569,348 (kin)
Vegetables	—	—	—	¥14,621,109

The export of raw pineapples for 1936 totalled ¥162,383 and that of canned pineapples ¥7,244,262.

Bananas are Taiwan's representative fruits. They are planted everywhere in the island, but are produced most heavily in Taichu province, where 52 per cent of the total production is got. They occupy the third position in the export

**Tea** Tea is one of the principal exports of Taiwan. The export totalled once as much as ¥11,500,000, though it has somewhat declined in recent years. The tea production amounted to 20,808,765 kin (in plantation area of 28,308 ko) for 1902 and that for 1936 amounted to 18,081,426 kin (in the area of 46,068 ko). Tea plantation was introduced there by immigrants from China. In 1868 some amount of tea roughly made in Taiwan was exported to Amoy, where it was refined, but later the Taiwan producers, bringing tea operators from Amoy and Foochow, began to export refined tea, and in 1869 as much as 200,000 pounds of refined tea was exported to New York. This was the first export of Taiwan tea to America. Then tea production developed considerably year after year. Export tea is classified into varieties, viz., Oolong, Pouchong, green and black. Oolong and Pouchong teas are most abundantly produced; the former, appreciated by Americans, and the latter, preferred by the people of the South Sea Islands, is exported to Java and Siam. Black tea extending its markets, and, although not as good as Ceylon tea, it is better in quality than Japanese black tea.

**Other Products** Other agricultural products are peanuts, beans, wheat, sesame, longan, (otherwise known as "dragon's eye") and vegetables. The yielding areas and production of these farm products for 1937, as compared with those for 1900, follow:

list of the island, the first being rice and the second sugar. Bananas exported during 1936 totalled 3,050,000 baskets, one basket being 75 kin, worth ¥14,000,000. In 1909 the plantation acreage was 560 ko with a crop of 10,536,062 kin, which increased in 1936 to 22,527 ko with a crop of 339,508,000 kin.

**Live-stock** The live-stock raising in-

dustry in Taiwan is flourishing. The number of cattle at the end of 1937 was 358,442, of which buffaloes numbered 282,101. Buffaloes play the most important rôle in agriculture. Hog-raising industry is widely maintained and hogs are kept by almost all native farmers. Their number at the end of 1937 was 1,849,195, having increased three-and-half times since the cession of the island to Japan. Poultry consists of chickens and geese, their total number at the end of 1937 being 9,461,587. It was in 1912 that sericulture was started in the island. Before that year no sericulture existed there. It took nearly 10 years before native farmers appreciated it as a side-line. This industry is becoming important among farmers. In the first year the cocoon crop amounted to only 84 koku and it increased to 1,325 koku in 1937. One of the unique features of sericulture in Taiwan is that silkworms can be raised at any time of the year, since even during the winter-time mulberry leaves are grown. Moreover, no insect ravage is experienced in the island. The cost of production is scarcely half of that in Japan.

**Agricultural Equipment** The Taiwan Government-General has taken every possible measure to encourage the rice cultivation and improve the quality of rice. "Hōrai rice" is a Japanese variety, and after many years' experiment the island succeeded in raising rice of good quality. The inspection of rice has been made under control of the Governor-General since July, 1926. Silkworms are raised and distributed by the Sericultural Experimental Station of the Colonial Development Bureau in the Government-General. The Government-General also is adopting all possible steps for improvement of tea cultivation and for this purpose is training tea-raising experts at its Tea Institute. The Pineapple Experimental Station is maintained under control of the Government-General for promotion of this industry. Agricultural warehouses, numbering 96, are doing business upon Government subsidy. The immigration of the Japanese into Taiwan so far has failed to realize satisfactory results. Farm settlers from Japan proper numbered 7,630 at the end of 1937. Fundamental farm investigation is being constantly carried on by the authorities. The investigation involves that of land management, tenancy, farm economy, farm production, demand and supply of products and fertilizers, land utilization, farm labour, market prices of farm products, etc. Irrigation work

also is pursued on an approved plan. The Landlord and Tenant-Farmers Harmonization Society was established in 1927 with government aid for the improvement of relations between landlords and tenants.

#### Sugar Industry

Taiwan is the centre of the sugar industry of Japan. The industry has existed since the coming of the Han race to the island and, when the Dutch occupied the island in 1624, sugar had already become one of the staple products of the island. It has maintained the topmost position of Taiwan's industries. At the time of Japan's occupation of Taiwan the annual output was only about 80,000,000 kin, one kin being 1.323 pounds. Japan proper consumed more than 300,000,000 kin of sugar, most of which had to be imported from abroad.

**Dr. Nitobé's Plan** Alive to this situation, the Taiwan Government-General concentrated its energy on the increased production of sugar by means of business improvement and expansion, and this has resulted in the present industrial prosperity. Not only has this prevented the import of foreign sugar, but it has contributed a great deal to the exploitation of natural resources and the financial and industrial development of the island. The late Dr. Inazo Nitobé was engaged by the Government-General to work out a sugar-industry development plan. He proposed several measures for industrial development, namely, the improvement of kinds of sugar cane and their cultivation, improvement of pressing and manufacturing methods, the application of artificial irrigation, increased land cultivation and expansion of sugar plantations, the establishment of sugar experimental stations, and the organization of sugar production guilds, as well as other measures. These formed the basic policy of the Taiwan-sugar industry. The sugar encouragement regulations were issued in June, 1902. According to these regulations, the Government-General would give a subsidy to sugar-cane planters or sugar manufacturers for cane plantation, fertilizers, cultivation, irrigation, and manufacturing machines, or, if necessary, implements will be lent or given. The subsidies given in this connection up to the end of the fiscal year of 1931-32 totalled ¥12,908,698. The Government-General is adopting a policy of reducing the subsidy with the progress of the sugar industry. With the establishment of sugar mills the competition



for the acquisition of canes became severe.

**Upon Consolidated Basis** In order to prevent evils arising out of this competition, the authorities issued regulations restricting the spheres of cane plantations in 1905. This caused sugar-makers to work on a consolidated basis yearly. As it was impossible for sugar manufacturers to get material from districts other than those designated for them by regulations, the makers took great care of the planters working on their fields. Planters also were placed on a definite basis of economy by the regulations, because the canes raised by them could be sold to the mills to which they belonged. When the sugar policy was established, the Extraordinary Taiwan Sugar Affairs Bureau was organized, but it was later replaced by the Sugar Refinery Section of the Colonial Development Bureau. The Government-General first established the Young Cane Seed Experimental Station in Taichu province in 1913. Seeds raised there were distributed to intermediate experimental yards, where they are further grown. Manufacturing companies are bound by duty to distribute these seeds free to farmers within their plantations. Thus the improvement of canes was realized. Young plants distributed till the end of March, 1933, totalled 657,900,000.

**The Sugar Experimental Station** The Taiwan Government-General Sugar Experimental Station was reorganized and was founded in Taiwan city in March, 1932, as the central organization for the promotion of sugar plantation. At first, the Hawaiian "rose bamboo" canes were adopted for the Taiwan sugar cultivation and canes of this kind occupied 96 per cent of all grown in 1913. Due to lack of adequate measures to keep the quality unchanged, and also to the fact that these canes had little power of resistance against storms they finally deteriorated. Then they were replaced by Java canes. At the end of March, 1932, the land under irrigation totalled 112,416 ko. The following are figures showing the area of sugar plantations and crop per ko since 1902:

Fiscal year	Plantation area (In ko)	Cane crop (In kin)	Crop per ko (In kin)
1905-06	35,158	1,690,206,794	48,078
1908-09	39,035	2,219,471,541	56,858
1910-11	75,329	3,159,599,569	41,944
1914-15	85,150	3,933,805,780	46,199
1917-18	150,450	8,817,535,709	45,314

Fiscal year	Plantation area (In ko)	Cane crop (In kin)	Crop per ko (In kin)
1919-20	108,376	4,382,506,262	40,438
1920-21	142,032	6,752,838,826	47,544
1921-22	123,233	7,793,688,518	63,243
1923-24	130,480	8,825,841,621	67,641
1925-26	123,426	8,615,430,295	69,802
1926-27	101,531	7,411,962,535	73,002
1927-28	108,318	9,697,644,651	89,529
1928-29	120,046	12,291,944,205	102,394
1929-30	109,397	11,618,358,926	106,204
1930-31	99,094	10,944,669,505	110,447
1931-32	109,496	13,415,197,477	122,518
1932-33	83,690	8,782,001,849	104,835
1933-34	91,153	8,683,801,544	97,440
1934-35	121,629	13,477,290,178	110,807
1935-36	128,329	13,190,389,434	102,785
1936-37	124,555	14,271,874,413	114,583

**Production of Sugar** The sugar industry at the time of Japan's occupation of Taiwan was very primitive. Out of about 1,100 sugar mills, not a single mill had adopted the modern mechanical method of manufacturing, and all of them used animal power. Owing to insufficient pressing power, a large percentage of sugar-substance was wasted during the manufacturing process and, moreover, the product was inferior. By 1934 there were only 92 mills of this kind, as the majority of them were gradually eliminated. In these primitive mills two stone wheel cars or three metal wheel cars are employed for grinding by animal power. Improved mills use pressing machines and motors. Brown sugar is also manufactured. Such mills numbered only 6, with a total productive capacity of only 910 tons for 1934. The modernly-equipped mills have pressing capacity ranging from 300 to 3,000 tons a day and are able to produce in great quantity. The Taiwan Sugar Manufacturing Company founded in 1901 was the first of its kind. During the financial boom following the Russo-Japanese War many sugar-manufacturing concerns were established, and Japan finally leaped into a prominent position among the world's sugar-producing countries. In 1934 there were 50 mills with the daily productive capacities of 28,150 British tons and 13,400 American tons. Most of them produce crude sugar known as centrifugals. Some of them turn out white sugar by a change of milling operation. Sugar-cane pressing capacity and production of white sugar follow:

Companies	Cane pressing capacity (In tons)	Production of white sugar		
		1935	1936	1937
Taiwan Sugar's Taihoku mill	Brit. 500	3,210,450	—	—
Taiwan Sugar's Sharokan mill	Amer. 1,200	25,633,887	36,107,409	38,196,246
Taiwan Sugar's Kibi mill	Brit. 1,200	19,848,625	25,211,965	25,625,026
Meiji Sugar's Shoryu mill	" 750	—	—	—
Meiji Sugar's Nansai mill	" 1,000	12,130,350	15,559,383	25,034,901
Meiji Sugar's Ujurin mill	" 750	22,386,047	26,765,275	30,998,066
Dai Nippon Sugar's Toroku mill	" 500	23,410,850	21,020,103	19,521,669
Ensuiko Sugar's Shinei mill	" 1,000	48,998,696	43,067,770	32,116,592
Ensuiko Sugar's				
Kishinai No. 1 mill	" 550	57,052,616	55,533,410	67,646,228
Kishinai No. 2 mill	" 700			
<b>Total</b>	<b>Amer. 6,950</b>	<b>250,004,926</b>	<b>247,374,552</b>	<b>298,736,518</b>

**Summary** Summarizing the status of the sugar industry, the caneplantation area at the beginning of 1902 was 26,167 ko, and there was only one mechanically-operated mill with a daily capacity of 200 tons and capitalization of only ¥1,000,000. In 1927 such mills numbered 45 with a daily productive capacity of 39,414 American tons and total capitalization of ¥290,520,000, although this drop-

ped to ¥233,520,000 in 1936, owing to mergers or readjustment of business. But the capacity increased to 43,528 American tons for 1935. The total production in 1902 was only 90,000,000 kin, but in 1927 it rose as high as 1,315,540,000 kin and further to 1,648,440,000 kin in 1932. It increased to 1,678,920,000 kin in 1937.

Companies	Head offices	Capital		No. of mills
		Subscribed	Paid-up	
Taiwan Sugar	Heito, Takao province	63,000	43,080	13
Shinko Sugar	Taiyo, Takao province	1,200	1,200	1
Meiji Sugar	Mato, Tainan province	58,000	41,700	7
Dai Nippon	Sunamachi, Tokyo city	61,970	56,333	9
Ensuiko Sugar	Shinei, Tainan province	60,000	29,052	7
Téikoku Sugar	Taichu city	27,000	20,250	6
Showa Sugar	Goketsu, Taihoku province	15,000	11,250	5
Taito Sugar	Taito	3,000	2,062	2
Sango Sugar	Nirinsho, Taichu province	3,550	3,550	1
<b>Total</b>		<b>292,720</b>	<b>206,477</b>	<b>51</b>

Production of sugar for the 1936-37 | fiscal year follows:

Companies	Materials used (In kin)	Sugar production	
		Production of molasses	Production of molasses
Taiwan Sugar	3,385,063,090	450,322,438	87,413,276
Shinko Sugar	156,939,550	20,270,828	6,096,305
Meiji Sugar	2,471,306,370	333,438,994	55,880,265
Dai Nippon Sugar	3,253,341,680	424,672,859	79,809,908
Ensuiko Sugar	1,861,851,330	232,238,996	49,226,464
Téikoku Sugar	794,345,240	107,082,519	19,327,091
Showa Sugar	394,630,100	51,499,649	11,514,163
Taito Sugar	110,505,350	14,706,809	3,057,336
Sango Sugar	89,542,300	11,518,287	1,919,887
<b>Total</b>	<b>12,517,525,010</b>	<b>1,645,751,379</b>	<b>314,244,695</b>
Improved mills	117,115,057	17,371,682	—
Primitive mills	141,241,651	15,797,097	—
<b>Grand total</b>	<b>12,775,881,718</b>	<b>1,678,920,158</b>	<b>314,244,695</b>

Sugar production in Taiwan since 1905 | is as follows:



Year (Nov.-Oct.)	Mechanically- operated mills	Improved mills (In kin)	Primitive mills	Total
1905	7,558,415	641,533	74,432,707	82,632,658
1915	313,064,988	18,609,895	15,771,514	347,446,398
1917	681,942,099	44,267,332	37,280,842	763,490,273
1919	435,905,228	17,226,885	33,224,850	486,356,963
1921	401,948,211	8,695,462	10,579,932	421,223,605
1923	581,460,227	3,766,752	7,093,274	592,320,253
1925	778,774,392	8,040,111	12,418,544	799,233,047
1927	671,018,437	5,571,067	8,643,715	685,234,019
1928	952,868,631	6,475,108	7,517,395	966,861,134
1929	1,296,552,378	9,627,008	9,368,152	1,315,547,538
1930	1,330,505,897	11,750,135	8,549,854	1,350,805,886
1931	1,311,805,427	9,584,858	7,458,389	1,328,798,674
1932	1,628,731,287	11,240,564	8,441,111	1,648,415,962
1933	1,028,066,503	16,784,410	11,356,418	1,056,207,331
1934	1,057,338,553	7,069,235	13,197,643	1,078,405,431
1935	1,571,186,721	16,656,732	21,577,230	1,609,420,683
1936	1,467,586,586	17,336,027	17,875,478	1,502,798,091
1937	1,645,751,379	17,371,682	15,797,097	1,678,920,158

#### Forestry and Afforestation

The surface of Taiwan is covered by mountains to the extent of almost two-thirds of its entire area, and the island is rich in thick forests of immense depth. Forest protection and afforestation are done on an approved system by the Government-General. The great mountain ranges running north to south with numerous peaks provide vegetation peculiar to temperate as well as to tropical and sub-tropical regions. The most renowned of the natural forests of Taiwan are those on the mountains in the central ranges, from Taihsyan in the south to the peninsula of Koshun; those on famous Mt. Arisan; those on Mt. Rokujodaisan in the north; and those on Mt. Seiran. Besides these, there are also extensive forests in the valleys of the River Dakusul and in some districts of Karenko. The total forest area in Taiwan in 1936 was 2,496,749 ko, of which 2,215,314 ko were government owned forests. Building-timber, sleepers and other forest products turned out in the same year amounted to ¥3,257,852. When the Portuguese first discovered the island, they were impressed with the immense expanse of forests and cried "Formosa!" signifying "beautiful." Reckless cutting of trees was done by Chinese immigrants and this, combined with the lack of adequate forest administration of the Manchu Dynasty, resulted in the devastation of forest districts. The Forest Bureau was established in 1915 and since then forest protection has been carried on in an approved manner by the Government-General.

**Timber Industry** The timber industry of the Arisan group is controlled by the Government-General. This famous mountain group is located east of Kagi in Tainan province and is on the Tropic of Cancer. It stands 9,240 feet high. It is covered with red cypress, Mongolian oak and hemlock. The former two kinds of wood are highly valued. There are many trees aged more than 3,000 years. Even the Imperial forest at Kiso in Nagano prefecture has few oaks of such great age. Timber used for the building of important shrines such as the Kashiwabara Shrine, dedicated to the memory of Jimmu Tenno, the first Emperor of Japan, the Imperial Mausolea at Momoyama for the Emperor Meiji and Empress Shoken, and the Meiji Shrine was grown on these mountains. The two great pillars constituting the torii of the Meiji Shrine are estimated to be 1,900 and 1,090 years old respectively. Both came from these mountains. The number of these valuable trees was originally estimated at 1,468,416 with 6,073,970 cu.m. But as the result of cutting down since the actual volume of trees at the end of 1934 was found at 1,481,000 cu.m. The Government-General spent ¥4,898,212 as initial outlay for the five years ending in 1912. This included ¥2,643,015 for railway construction, ¥1,200,000 as subsidy for Fujita Gum, Osaka, which temporarily undertook the enterprise for the Government-General. ¥1,052,869 as general expenses, and ¥2,327 for other purposes. Lumbering work started in 1912. Sales of lumber amounted to ¥1,061,052 for 1932; ¥1,139,310 for 1933; ¥1,138,437 for 1934; ¥1,158,043 for 1935; ¥1,239,272 for 1936 and ¥1,539,710

for 1937.

The lumber industry on Mt. Taihei near Rato town in Taihoku province is considered one of the most promising of all in the island. Until 1913 the mountain was not exploited, because it was a stronghold of the most savage aboriginal tribe. The quantity of timber on the mountain is estimated at 14,159,000 cubic metres, nearly four times that of Mt. Arisan. Work started in 1915 and has so far realized satisfactory results. Sales of lumber totalled ¥905,705 for 1932; ¥1,024,507 for 1933; ¥1,079,096 for 1934; ¥1,138,998 for 1935; ¥1,313,071 for 1936 and ¥1,821,926 for 1937.

**How Disposed** Taiwan wood is not only used for shrine and temple construction, but for building of warships and merchant-ships. Demand from naval arsenals and dockyards is yearly increasing. Taiwan wood is exported to Japan proper, Korea, China, British India, South Africa, Australia and other places. Sales to the market in the island, Japan proper and foreign countries from 1916, when the sales began, to 1937, follow:

	Amount (In cubic m.)	Value (In Yen)
1916		
Sales in islands	42,298	835,098
Sales to Japan	17,728	385,900
Sales abroad	911	24,556
Total	60,935	1,245,554
1933		
Sales in island	86,408	2,002,383
Sales to Japan	21,560	769,037
Sales abroad	—	—
Total	107,968	2,771,420
1934		
Sales in island	90,853	2,126,751
Sales to Japan	19,381	710,969
Sales abroad	—	—
Total	111,233	2,837,747
1935		
Sales in island	86,852	2,221,900
Sales to Japan	19,707	789,618
Sales abroad	—	—
Total	106,561	3,011,518

	Catches	Manufacturing (In yen)	Cultivated fish production	Total
1927	10,822,119	2,505,311	3,920,591	17,248,021
1928	12,670,180	2,706,623	3,401,779	18,778,582
1929	14,446,265	2,775,420	3,734,684	20,956,369
1930	11,771,144	1,793,273	3,142,981	16,707,398
1931	8,482,776	1,524,869	3,047,254	13,054,899
1932	9,197,468	1,545,164	3,130,800	13,873,432
1933	10,806,670	1,908,962	3,223,832	15,939,484
1934	11,452,341	2,290,923	2,890,340	16,633,604
1935	13,639,986	2,290,741	3,483,582	19,414,309
1936	14,934,405	2,500,298	4,207,178	21,641,881
1937	14,513,106	2,324,009	4,545,292	21,382,407

	Amount (In cubic m.)	Value (In yen)
1936		
Sales in island	83,574	2,430,005
Sales to Japan	19,815	827,847
Sales abroad	—	—
Total	103,389	3,257,852
1937		
Sales in island	102,373	2,937,012
Sales to Japan	23,668	1,390,009
Sales abroad	—	—
Total	126,041	4,327,821

#### Aquatic Products

The seas about Taiwan are rich in various kinds of fish and shell-fish, and catches are especially abundant in spring and autumn. Fishing is to a great extent still conducted in a primitive manner. There are, however, now 40 fishing companies of which 2 have their head offices in Japan proper and the rest in the island with capitalization of ¥101,500,000 for the former and ¥4,465,000 for the latter. There were 94 fish markets in the island at the end of 1936, and the total fish sales there during the year amounted to ¥5,662,739 and showed an increase of ¥4,042,000. The Takao Fish Market led the list. The Taiwanese are a fish-eating people, but the annual catch is so great that a large quantity is exported to Japan proper and other countries. Taiwan's marine product trade for 1937 amounted to ¥10,781,273. Trade figures include exports abroad totalling ¥831,749, imports from abroad totalling ¥686,738, exports to Japan proper totalling ¥4,110,779 and imports from these districts totalling ¥10,094,535. The making of dried bonito is the largest marine products industry. The annual output of dried and canned marine products is worth about ¥2,500,000 a greater part of which is accounted for by the dried bonito production. The marine production of Taiwan follows:



## Mineral Products

The principal mineral products of Taiwan are gold, silver, placer-gold, quicksilver, copper, iron, lead, zinc, coal, petroleum, sulphur and phosphorus. The mine-lots at the end of 1937, numbered 695 with a total area of 211,655,230 tsubo, one tsubo being six feet square. Mines in operation numbered 270 covering an

area of 108,530,000 tsubo. Of these 270 mines, 2 were gold mines, 2 gold and silver mines, 1 gold-copper mine, 29 placer-gold mines, 193 coal mines, 12 sulphur mines and 19 oil fields. The mineral production for 1937 totalled ¥36,223,154 showing an increase of ¥7,496,176 over 1936. The mineral production during the past five years, 1932-1936 inclusive follows:

	1932	1933	1934	1935	1936
		(In yen)			
Gold	722,733	1,681,592	1,581,328	3,494,040	4,223,712
Gold-copper ores	3,027,792	3,709,157	3,773,194	3,995,854	5,881,080
Placer-gold	11,611	57,017	94,730	62,477	159,509
Silver	10,003	16,632	8,472	21,542	16,746
Copper	174,419	294,388	274,484	376,072	469,830
Gold ores	70,750	—	66,633	2,330,178	2,076,851
Quicksilver	2,488	—	—	—	—
Coal	7,164,598	6,571,195	7,681,689	9,868,193	11,364,943
Sulphur	51,290	37,148	62,075	65,553	87,034
Phosphorous ores	647	—	—	365	851
Petroleum	263,631	345,944	424,677	384,860	312,159
Gasolene	1,787,275	994,003	574,857	490,383	456,396
Carbon black	43,552	205,527	341,079	516,125	291,554
Others and total	13,337,790	13,950,888	14,196,250	22,838,751	28,726,978

The Government-General conducted a mineral and geological investigation for eight years over the island following the introduction of civil administration in 1896. As a result, oil distribution was found almost all over the island. Subsidies were granted to those who had proper equipment for boring for oil to a depth of more than 2,000 feet. The subsidy was given from 1901 to 1924. It was then suspended, owing to financial reasons, but was resumed in 1930. Metal ores are found exclusively in the extreme north and the eastern district, coal in the northern and central parts and oil all over the island, especially in the central and southern districts. The mineral production in 1897 was only ¥112,000, but in 1907 it increased to ¥2,255,000, and in 1936 to as much as ¥15,196,250. Of this more than 50 per cent was coal, gold-copper ores 25 per cent; gasolene 4 per cent; gold 10 per cent; other minerals in smaller amounts in the following order: petroleum, carbon black, copper, placer-gold, gold ore, and sulphur.

Gold and Silver. Placer-gold was first discovered by Japanese invaders in

		1933	1934	1935	1936
Gold	Output in g.	32,301	—	—	—
	Value in yen	80,049	—	—	4,223,712
Silver	Output in g.	52,486	—	—	—
	Value in yen	1,886	—	—	16,746

Taiwan over 400 years ago, when Japanese pirates infested the neighbouring coasts of China. It was then got at Takikiri Gorge in Karenko district. In later years placer-gold was found in several localities, but at present the mining is conducted along the Keelung and other rivers. When the mining was most prosperous in 1903, the annual output reached 161 kan, one kan being 8.267 lb., valued at ¥610,000, but since then the industry has been sinking. The 1931 output was only 3.165 kan. A gold vein was first discovered at Mt. Kubu in 1893. In the following year gold deposits were found at Kinkwaseki and in 1891 another vein was discovered at Butanko. The gold mining interests at Butanko and Kinkwaseki was merged in 1913. The mining operation is done at Zuiho and Kinkwaseki. The Kinkwaseki mine is located about 10 miles east of Keelung. It is managed and operated by the Tanaka Mining Company, Ltd. The mining area at the end of 1931 was 4,053,000 tsubo. It has its own refinery.

Production at the mine for four years ending 1936 follows:

Gold-silver ores	Output in m.t.	115,693	—	65,085	—
	Value in yen	3,773,194	—	2,330,178	2,076,851
Gold-Silver	Output in m.t.	—	130,297	104,384	—
-Copper ores	Value in yen	—	5,008,812	3,995,854	5,881,080
Gold ores	Output in m.t.	805	624	232	—
	Value in yen	66,633	56,286	20,127	—
Precipitated copper	Output in kg.	1,365,780	2,299,168	2,411,204	—
	Value in yen	274,484	327,970	376,072	469,830
Precipitated gold and silver	Output in kg.	7,802	12,710	11,121	—
	Value in yen	250,716	445,794	623,118	2,087,020
Total value in yen		4,446,962	5,838,862	7,345,349	14,755,239

Fujita Gumi, Osaka, first operated the Zuiho Mine in 1898, but the enterprise was transferred to the Taiyo Mining Company in 1920. Business has failed

to realize satisfactory results. Its gold and silver output for four years follows:

		1932	1933	1934	1935
Gold:	Output in g.	569,749	566,907	1,002,928	1,131,862
	Value in yen	1,238,051	1,501,279	3,169,393	3,494,040
Silver:	Output in g.	180,968	178,666	296,941	329,212
	Value in yen	4,774	6,586	15,085	21,542
Total value in yen		1,242,825	1,507,865	3,184,478	3,515,582

Oil Oil in Taiwan was discovered by a Chinese about 80 years ago at Shukotan, near the Koryu valley, over an area covering 599,670 tsubo. Since 1905, 71 oil wells have been sunk. Well No. 18 is the best of all. From 1913 to 1925 the oil output from this well totalled 53,205 koku, by the Nippon Sekiyu Kaisha (Japan Oil Company, Ltd.). Owing, however, to the concentration of energy on the exploitation of the Kinsul Oil Field by the company, the output has gone off from the daily output of 300 koku. Lamp oil, gasolene, light oil and paraffin are manufactured from crude oil obtained here. The oil refinery is in Byoritsu.

The production from the crude oil is gasolene, 5 per cent, lamp oil 85 per cent, heavy oil 8 per cent and wax.

The kinsul oil field is the most important one in Taiwan. It is operated by the Japan Oil Company. A government subsidy was paid to exploit wells No. 1 to No. 5. It took eleven years for well No. 5 to realize satisfactory results. Well No. 10 produced an enormous output of 30,000,000 cubic feet a day in March, 1930, and a gasolene plant was installed there in November of the same year. When the capacity of the gasolene plants is fully developed, the daily output of gasolene will be 1,000 koku.

## Other Industries

Prior to the World War, industries other than sugar and tea developed very

little in the island. Since the War, however, chemical, spinning, machinery and other miscellaneous industries have developed to a considerable extent. The more important of those which are not mentioned elsewhere for 1936 follow:

	(In yen)
Spinning Industry	
Hemp tissues	1,242,685
Metal Industry:	
Tin plates	1,185,554
Gold and silver works	2,186,070
Machinery Industry:	
Machinery	4,713,860
Ceramics Industry:	
Bricks	3,525,415
Tiles	1,052,017
Cement	3,181,544
Chemical Industry:	
Oil cake	1,677,774
Vegetable oils	1,877,555
Papers	1,725,845
Mixed fertilizers	4,924,209
Food Stuff Industry:	
Soy sauce	2,286,681
Flour	2,123,297
Confectioneries	5,067,744
Macaroni	3,755,968
Ice	1,398,802
Miscellaneous Industries:	
Bamboo manufactures	1,986,196
Hats	3,776,790
Total industrial production	312,000,000



## Overseas Trade

The overseas trade of Taiwan, although it has experienced temporary set-backs from time to time, has made remarkable progress in recent years. The bulk of overseas trade is, however, with Japan proper, the rest being chiefly done with China, the United States, the Straits Settlements, the Dutch East Indies, the United Kingdom, Germany, British India, the Kwantung Leased Territory and Hongkong. The trade is carried on principally through the four large ports of Keelung, Tamsui, Anping and Takao. As Keelung is the most important port of trade in the north, so is Takao in the south. The

trade volume for 1898 amounted to ¥30,000,000 which increased to ¥50,000,000 in 1906, and, owing to the phenomenal growth of the sugar industry and import of sugar milling machinery, the amount went up to more than ¥100,000,000 in 1910. In 1917 the amount recorded a further gain to ¥234,000,000, due to active trade in sugar, alcohol and rice and heavy transit trade with China. An all-time record of ¥680,634,926 was made in the trade volume for 1935. The amount gained ¥66,770,507 over the year before. In 1929, the trade figure amounted to ¥476,000,000, but declined to ¥366,000,000, affected by a great economic depression. Taiwan's overseas trade since 1925 is as follows:

## OVERSEAS TRADE VALUE

Year	Exports abroad and exports to Japan proper and its colonies	Imports from abroad and Japan proper and its colonies	Total	Index
1910	59,962,255	48,923,289	108,885,544	349
1925	263,214,651	186,395,340	449,609,991	1,439
1926	251,425,070	183,412,450	434,837,520	1,392
1927	246,676,284	186,948,387	433,624,671	1,388
1928	248,417,285	190,653,933	439,071,218	1,406
1929	271,893,266	204,910,684	476,803,950	1,526
1930	241,441,304	168,258,310	409,699,614	1,311
1931	220,872,866	145,622,123	366,494,989	1,173
1932	240,727,968	164,497,770	405,225,738	1,298
1933	248,413,329	185,388,938	433,802,267	1,389
1934	305,928,680	215,021,701	520,950,381	1,668
1935	305,744,673	263,119,746	613,864,419	1,965
1936	387,948,978	292,685,948	680,634,926	2,178
1937	440,174,995	322,123,742	762,298,737	2,440
1938	456,454,000	366,659,000	823,113,000	—

## TAIWAN'S FOREIGN TRADE

Year	Exports	Imports	Total	Excess of imports
1911	14,960,228	19,307,126	34,267,354	4,346,898
1925	47,965,844	56,489,060	104,454,904	8,523,216
1926	49,315,487	62,007,666	111,323,153	12,692,179
1927	44,597,707	65,840,396	110,438,103	21,242,689
1928	33,895,688	58,335,729	92,231,417	24,440,041
1929	33,187,977	64,541,012	97,728,989	31,353,035
1930	22,807,963	45,131,193	67,939,159	22,323,230
1931	19,448,759	30,858,816	50,307,575	11,410,057
1932	18,045,250	31,040,823	49,086,073	12,995,573
1933	17,666,418	35,142,961	53,142,961	17,810,125
1934	26,518,409	38,030,977	64,549,386	11,512,568
1935	36,544,190	44,978,909	81,523,099	8,434,719
1936	29,053,980	48,854,419	77,908,399	19,800,439
1937	29,916,109	44,228,818	74,144,927	14,312,709
1938	36,350,000	38,709,000	75,059,000	2,359,000

## LIST OF PRINCIPAL EXPORTS

Year	(In ¥1,000)							
	Oolong tea	Pouchong tea	Camphor	Coal	Sugar	Canned food	Cotton textiles	Dried and salted fish
1925	5,220	6,172	3,609	7,448	5,887	—	497	—
1926	5,407	6,771	1,949	8,437	3,177	—	499	—
1927	5,102	6,454	1,895	6,174	2,550	—	496	3,746
1928	4,315	5,493	3,215	3,964	1,252	—	314	—
1929	3,423	5,765	1,653	3,308	453	—	230	2,993
1930	2,608	5,785	1,085	2,872	67	—	111	1,436
1931	2,350	4,489	1,586	2,295	2,356	—	80	428
1932	2,802	1,836	1,547	1,315	3,174	—	1,054	544
1933	2,894	1,816	2,962	1,530	563	—	363	602
1934	3,117	2,641	2,381	1,387	122	—	1,055	1,495
1935	3,814	2,814	—	1,334	5,555	—	2,082	1,603
1936	2,954	2,279	2,514	1,216	2,621	1,507	901	570
1937	2,539	2,446	1,860	1,369	2,560	1,753	1,290	200
1938	2,891	3,435	914	2,229	11,661	2,232	—	—

Of the above, tea deserves special mention. In 1937 production of unrefined tea amounted to 21,553,995 kin, worth ¥10,285,535, and that of refined tea 18,954,536 kin, worth ¥13,451,724. Refined tea included ¥2,870,562 of Oolong tea, ¥3,162,587 of Pouchong tea, ¥7,417,575 of black tea, and ¥1,000 of green tea. The tea is almost exclusively produced in Taihoku and Shinchiku provinces. Oolong tea is appreciated by Britishers and Americans. The largest amount goes

to the United States and the second largest amount to Great Britain. Pouchong tea is shipped to the South sea islands. Tea exports for 1937 show that the exports of black tea greatly increased amounting to ¥5,887,617 against ¥3,985,040 for 1936. Exports of Pouchong and Oolong tea for 1937 totalled ¥4,986,107, a decrease of ¥247,954 as compared with the previous year. Details follow:

	Exports abroad		Exports to Japan Proper and colonies		Total	
	Quantity (In kin)	Value (In yen)	Quantity (In kin)	Value (In yen)	Quantity (in kin)	Value (In yen)
Oolong	3,198,064	2,539,925	12,543	10,107	3,210,607	2,550,032
Pouchong	3,781,090	2,446,182	464,540	164,590	4,245,630	2,610,772
Black tea	8,842,353	5,887,617	839,968	1,158,657	9,682,321	7,046,274

## LIST OF PRINCIPAL IMPORTS

Year	(In ¥ 1,000)						
	Beans	Brans	Lamp oil	Gunny bags	Lumber	Matches	Bean cake
1925	—	—	1,307	2,794	1,711	1,233	16,777
1926	—	—	1,107	2,485	2,332	897	13,744
1927	—	—	1,395	2,411	2,692	596	12,289
1928	—	—	1,130	2,050	2,978	524	12,326
1929	—	—	1,484	2,884	2,946	689	12,757
1930	—	—	1,014	2,407	1,499	511	10,252
1931	—	—	636	1,652	1,103	527	7,354
1932	—	—	669	1,327	556	488	10,342
1933	—	—	534	2,718	283	501	11,593
1934	—	—	375	3,270	118	—	12,204
1935	—	—	2,379	3,566	176	1,982	14,613
1936	5,168	3,833	—	3,360	643	—	14,793
1937	5,741	2,748	—	2,775	489	—	13,574
1938	5,649	1,084	—	2,607	58	—	14,684



## TAIWAN'S TRADE WITH JAPAN PROPER AND ITS COLONIES

	(In yen)			
	Exports	Imports	Total	Balance
1925	215,248,807	129,906,280	345,155,087	85,342,527
1926	202,109,583	121,404,784	323,514,367	80,704,799
1927	202,078,577	121,107,991	323,186,568	80,970,586
1928	214,521,597	132,318,204	346,839,801	82,203,393
1929	238,705,289	140,369,672	379,074,961	98,335,617
1930	218,633,341	123,127,117	341,760,458	95,505,224
1931	201,424,107	114,763,307	316,187,414	86,660,800
1932	222,682,738	133,456,947	356,139,685	89,225,791
1933	230,746,911	149,912,395	380,659,306	80,834,516
1934	279,410,271	176,990,724	456,400,995	102,419,547
1935	314,200,483	218,140,837	532,341,320	96,059,646
1936	358,894,998	243,631,529	602,726,527	115,063,469
1937	410,258,886	277,894,924	688,153,810	132,363,962
1938	420,104,000	327,950,000	748,054,000	92,154,000

## LEADING EXPORTS TO JAPAN PROPER AND ITS COLONIES

	(In ¥ 1,000)						
	Rice	Sugar	Canned pineapples	Camphor	Camphor oils	Alcohol	Bananas
1925	72,110	105,651	—	2,087	2,468	3,854	9,096
1926	63,092	98,375	—	1,618	2,976	4,081	10,900
1927	67,885	96,430	3,145	1,078	1,887	3,616	8,616
1928	53,229	121,413	2,604	1,572	1,757	3,602	8,614
1929	49,320	142,601	4,407	2,612	3,040	3,505	8,419
1930	38,695	141,865	3,481	1,255	2,422	2,592	8,369
1931	41,097	120,475	4,157	766	1,824	3,054	8,329
1932	63,074	121,718	5,151	963	2,062	2,975	6,982
1933	64,627	118,614	4,791	1,174	1,554	5,455	7,899
1934	101,816	122,321	4,537	2,175	1,902	5,950	8,137
1935	105,545	145,977	7,306	—	—	6,767	9,475
1936	124,309	163,495	5,856	2,514	380	5,637	10,586
1937	126,171	188,985	7,599	2,616	1,587	7,429	11,736
1938	126,907	177,596	8,458	3,152	1,781	9,742	12,856

## LEADING IMPORTS FROM JAPAN PROPER AND ITS COLONIES

	(In ¥1,000)						
	Wheat flour	Dried and salted fish	Iron manufactures	Cotton and silk tissues	Paper	Lumber	Fertilizers
1925	—	5,905	—	15,708	3,422	2,194	6,691
1926	—	6,056	5,764	19,805	3,065	3,395	4,745
1927	2,983	6,135	8,126	14,942	2,989	4,044	4,138
1928	2,985	5,498	8,695	15,077	3,237	4,822	4,692
1929	3,126	6,547	9,087	16,873	3,567	5,807	5,170
1930	2,374	4,032	7,901	13,394	3,254	4,535	5,832
1931	2,011	3,412	7,343	13,596	3,233	4,216	4,319
1932	2,716	3,253	8,013	13,358	3,470	5,491	7,745
1933	2,710	3,535	10,458	15,105	3,970	6,276	11,225
1934	3,413	3,956	2,517	17,250	4,515	7,271	16,582
1935	4,530	4,734	—	20,265	5,061	10,211	22,771
1936	5,511	4,902	6,528	19,324	5,413	11,948	28,491
1937	5,084	5,039	7,028	21,635	6,339	13,055	37,749
1938	6,313	5,482	9,952	23,361	7,178	19,086	44,578

## Finance

The Bank of Taiwan is invested with authority to issue notes. This bank was founded in September, 1899, replacing the Taiwan Agency of the Bank of Japan. The bank was capitalized at ¥5,000,000 when it was founded. After 1920 its capitalization was increased to ¥60,000,000, but in September, 1925, it was cut to ¥45,000,000 and further to ¥15,000,000 in November, 1927, due to its readjustment following the great financial panic of the spring of 1927. The head office is in Taihoku and it has 31 branches and two agencies in Japan and abroad. The Japan Hypothec Bank maintains its real estate business in Taiwan and the outstanding balance of its loan in the island at the end of June of 1938 amounted to ¥103,070,000. The aggregate capitalization of banks having their head offices in the island at the end of June of 1938 was ¥28,800,000, of which ¥20,670,000 was paid up. The balance of deposits at the end of June of 1938 was ¥188,990,000, of which savings deposits totalled ¥13,010,000 and the outstanding balance of loans totalled ¥307,450,000. Exchange deals for the 1937-1938 fiscal year totalled ¥1,440,730,000 for income and ¥1,402,370,000 for payment. The average amount of note issue of the Bank of Taiwan at the end of June of 1938 totalled ¥105,440,000.

**Government-General Finance** The finance of the Taiwan Government-General has become independent from subsidization by the general accounts of the Central Government since the 1905-06 fiscal year, owing to favourable income following the Russo-Japanese War. In 1897 the revenue was about 11 million yen. In 1907, 10 years after the establishment of special accounts in Taiwan, the revenue increased to three times that amount; in 1917, after 10 more years, to six times; in 1927, to 12 times; in 1929 to 13 times the first figure. Revenue and expenditure follow:

	Revenue	Expenditure
	(In yen)	
1897	11,283,265	10,487,610
1917	65,425,496	46,166,558
1927	138,626,830	101,533,285
1929	150,420,607	122,295,326
1930	129,757,760	109,970,881
1931	115,972,147	99,060,013
1932	120,303,279	97,240,295
1933	130,812,152	102,220,615
1934	141,617,595	112,176,683
1935	150,549,367	123,943,964
1936	175,771,836	133,938,988
1937	202,836,543	156,444,600

**Bonds** Expenses required for enterprises such as the railway construction, land investigation, Keelung harbour construction, building of government offices, river work, Takao harbour construction, and purchase of private railways were raised by bonds. The outstanding balance of bonds in 1900 was ¥3,200,000, which increased to ¥34,465,399 in 1910, ¥94,213,038 in 1925, ¥106,946,733 in 1927 and ¥127,868,216 at the end of 1938.

## Monopolies

The products of Taiwan, opium, salt, camphor, tobacco, and saké are placed under monopoly of the Taiwan Government-General.

**Opium** The Taiwan Chinese, mostly natives, were addicted to opium smoking when Japan assumed ownership of the island. It was found impossible to eradicate the habit at once, and in order to limit the use of the drug a government monopoly, controlling the manufacture, sale and retail distribution of opium, was established. Smokers are registered and have to obtain a licence to buy the drug. In this way and also through education of the rising generation the vice is being gradually eliminated. The total names registered in September, 1900, reached 169,064, to whom the licences were granted. The number of licenced smokers at the end of 1932 had decreased to 19,532, of whom 16,532 were males and 3,254 females. The Chinese people who smoke opium on licence at the end of 1932 numbered 191, of whom 174 were males. Japan, in conformity with the spirit of the League of Nations' International Opium Treaty, has been endeavouring to stamp out the bad habit of opium smoking and has realized satisfactory results so far.

There are two forms of opium, viz., "treacle-opium" for smoking, and powder; the latter is sold only for medicinal purposes. Raw material obtained from poppies is imported from British India, Persia and Turkey. The Persian products are widely used now. Sales to licenced smokers are made by the Monopoly Bureau to specially designated wholesalers through provincial and district governments. The sales price to these wholesalers is ¥1.61 per 15 grammes, that from wholesalers to retailers is ¥1.63 and that from retailers to consumers is ¥1.77. 15 grammes is the maximum amount that one smoker is permitted to buy at one time; this must last him for three days. Sales have been decreasing yearly as follows:



	Quantity	Total sales
1906	87,690,750 grammes	¥4,359,497
1910	80,320,875	4,844,534
1913	86,326,500	5,289,495
1918	76,326,750	6,650,764
1922	51,558,000	5,449,395
1930	38,095,125	4,010,655
1931	31,535,625	3,320,071
1932	26,136,075	2,819,386
1933	21,553,200	2,350,563
1934	19,668,600	2,146,692
1935	18,975,600	2,071,934
1936	17,434,800	1,903,880
1937	16,367,200	1,789,482

**Salt** This was monopolized in 1899 by the Government-General. In former days the fields were only 197 ha. producing about 10,800,000 kg. a year, but in 1934 they were increased to 1,878 ha., producing 191,340,000 kg. Sales of salt in 1905 were only ¥557,876, which increased to ¥3,108,000 for 1935.

**Camphor** Taiwan maintains a monopoly on the cutting, distillation and selling of camphor. The island is rich in camphor trees, particularly in what are known as the "savage districts", and is the greatest camphor-producing place in the world. For many years after it came into Japan's possession, the production of camphor was a free industry, but the necessity of improving the quality compelled the Government-General to assume monopoly in 1899. The camphor production amounts to about 3,000,000 kilogrammes a year, which represents 70 per cent of the world's production. The manufacturing of camphor and camphor oil used to be entrusted to the Taiwan Seino Kaisha, but in July, 1934, the Government-General purchased it and now places the production and sales of their articles under its direct control. The improved B-quality camphor is sold by the monopoly bureau as material for refined camphor or celluloid. Refined oil is directly sold by the bureau in Taiwan, but in Japan it is sold to industrialists through the Japanese Government Monopoly Bureau. It is exported abroad on consignment mostly to the United States, Great Britain and other countries. The United States is the largest consumer. The sales price of improved B-quality for 1932 was ¥145.-50 per kilogramme f.o.b. Taihoku and ¥148 f.o.b. Kobe. By-products are widely used for making insecticides. As

the demand for camphor increases yearly, the Taiwan Monopoly Bureau is carrying out a camphor-tree plantation plan covering an area of 135,246 acres, for the production from natural-grown trees is expected shortly to become too small to meet the future demand. The proceeds from the camphor monopoly for 1935 totalled ¥7,710,000. The United States used to buy about ¥2,400,000 of camphor a year, but the export amount has decreased somewhat in recent years, owing to the invention of synthetic camphor.

**Tobacco** The tobacco monopoly in Taiwan dates from 1905. At the beginning of the monopoly the quality of tobacco grown in Taiwan was so poor that the leaves had to be imported from China. Efforts were made by the authorities for the improvement of native-grown leaves. Now tobacco cultivated in Taiwan is not inferior to Chinese tobacco. In addition to the Chinese variety, a successful experiment has been made in the cultivation of an American yellow variety for cigarettes, and another for cigars. The area of tobacco plantation in Taiwan was about 776 ha. in 1933 and the crop of leaves about 1,535,689 kg. The proceeds of tobacco monopoly for the fiscal year 1906-07 totalled ¥1,492,234, which increased to ¥11,531,850 for the year 1921-22, ¥16,275,916 for the year 1929-30, but declined to ¥14,465,962 for the year 1931-32, advancing to ¥20,375,058 for the 1936-37 year, further to ¥23,351,727 for the 1937-38 year.

**Saké and other drinks** These have been placed under monopoly since 1922. The sales of saké and other alcoholic drinks under the monopoly are not restricted to those made in Taiwan only, but include all drinks imported from Japan proper and other countries. Drinks now brewed in Taiwan are of 30 kinds besides saké. The saké monopoly furnishes a large source of revenue for the Government-General and brought in ¥25,019,228 for 1937.

#### Railways

At the time of Japan's occupation of Taiwan there was a 83-mile railway between Keelung and Shinchiku. Railway construction was undertaken by the Government-General subsequently and now the total mileage is 881 km. The railway receipts are as follows:

Fiscal year	Passenger fares	Freight receipts	Others	Total	Indices
	(In ¥1,000)				
1916-17	2,575	3,544	44	6,163	1,455
1926-27	7,488	9,711	—	17,199	5,008
1927-28	8,002	10,644	—	18,646	5,428
1928-29	8,277	11,420	—	19,697	5,735
1929-30	8,349	11,915	—	20,264	5,900
1930-31	7,720	11,391	—	19,111	5,564
1931-32	6,897	11,367	—	18,264	5,317
1932-33	7,109	11,742	—	18,851	5,488
1933-34	7,468	11,862	—	19,331	5,628
1934-35	7,966	13,458	—	21,425	6,238
1935-36	9,578	14,625	—	24,204	7,047
1936-37	9,722	16,353	—	26,076	7,592
1937-38	10,537	16,481	—	27,019	7,866

#### PRIVATE RAILWAY STATISTICS IN TAIWAN

Mileage (in km.)	Passenger fares (in yen)	Freight receipts	Others & total	Indices for income	
1928-29	551	993,761	2,302,948	3,326,098	3,904
1929-30	554	929,023	2,345,612	3,308,648	3,884
1930-31	542	775,164	2,168,499	3,001,102	3,534
1931-32	530	544,704	1,752,781	2,332,097	3,737
1932-33	534	460,706	1,913,548	2,406,931	2,825
1933-34	502	453,595	1,499,054	1,998,246	2,346
1934-35	504	451,595	1,643,378	2,121,833	2,491
1935-36	505	521,561	1,963,034	2,540,608	2,982
1936-37	506	546,965	1,845,578	2,455,949	2,883
1937-38	509	544,352	1,861,702	2,465,858	2,895

#### Light Railways

Mileage (in km.)	Passenger fares (In ¥1,000)	Freight receipts	Total	Indices for income	
1928-29	1,163	945	1,652	2,597	778
1929-30	1,329	867	1,551	2,418	727
1930-31	1,327	688	1,357	2,045	613
1931-32	1,367	562	1,096	1,658	497
1932-33	1,325	520	1,049	1,569	470
1933-34	1,247	521	1,129	1,650	494
1934-35	1,232	514	1,149	1,663	498
1935-36	1,218	463	1,138	1,601	479
1936-37	1,182	345	1,953	1,298	389
1937-38	1,038	327	958	1,285	385

#### Formosa Development Company

In connection with Japan's economic expansion in the island, the Formosa Development Company was founded by virtue of Law No. 43 of 1936 upon approval at the Imperial Diet on May 26 of the same year. The company is capitalized at ¥50,000,000, a half of which is invested by the Government in the shape of Government-owned property, consisting of fields, farms, forests, pastures, land and other real estate. The other half was invested by private persons. The Government organized an establishment committee of 81. Formal

sanction of the company's establishment was given by the Overseas Minister on August 27. Its virtual establishment took place on November 25 of the same year. The company's paid-up capitalization amounted to ¥18,750,000. Its head office is in Taihoku and it has a branch in Tokyo. Its president and vice-president are appointed by the Governor-General of Formosa on sanction of the Overseas Minister. The company is authorized to issue Formosa Development debentures three times its paid-up capitalization.

Because of its nature as a special business institution, the Government is vest-



ed with authority to issue necessary instructions for supervision to the company. The company is not bound by duty to pay any dividend to the Government's investments until it is able to declare an annual 6 per cent dividend rate to shareholders other than the Government. When it can declare a 7 per cent dividend, it will have to pay a 4 per cent dividend to the Government, and, when it can declare more than an 8 per cent dividend, it will have to pay the same dividend to the Government. Mr. Kyohel Kato is its president.

The company engages in the following enterprises: land management, cultivation of agricultural and forest lands, mass emigration of farmers, financing and investments in promising enterprises overseas.

The company adopted a 10-year plan for the industrial development of Formosa. The plan calls for investment of ¥1,000,000,000. First-period enterprises in the 10-year plan include raw cotton cultivation, colonial development and industrial emigration. These enterprises are expected to require for the first year about ¥4,500,000, which will be supplied by the company. The company has authority to issue debentures to raise necessary funds. Later, the company will develop plantations of cinchona and cacao trees and medicinal herbs. The company has decided to found a For-

mosa Raw Cotton Company with a capitalization of ¥3,000,000, making it its subsidiary. Its factory will be built at Kagi. The eventual object of the cotton company is to raise 100,000,000 kin of cotton a year on a plantation covering 100,000 chobu. This amount is expected to be raised 10 years hence. Total expenditures will be about ¥30,000,000. The first year's cotton crop is estimated at about 6,000,000 kin.

#### Electricity

The Taiwan Electric Power Company, Ltd., was established in April, 1919, under ordinance of the Taiwan Government-General. The Government-General appraised all of its electric assets at ¥12,000,000 and offered them to the company. The Government-General owns the company's shares to that amount, being the largest shareholder. The company started a gigantic power-generating undertaking, utilizing the water of Lake Jitsugetsutan, in August of the same year, but, owing to the subsequent financial depression, the work was suspended. In 1929 the resumption of work was decided on and the necessary amount, \$22,800,000 (¥45,737,211) was raised in America in July, 1931, on Government guarantee. Work was actually resumed in October of the same year on a three-year plan. Taiwan's electric enterprises at the end of 1934, are summarized as follows:

Companies	Capitalization	Lamps fitted	Power supplied kw.	Fans fitted
Taiwan Electric Power	¥34,495,000	646,994	20,822	25,934
Taiwan Electric Light	1,500,000	81,272	2,213	2,592
Taiwan Godo Electric	2,000,000	28,664	779	340
Karenko Electric	1,240,000	10,806	365	202
Koshun Electric	100,000	1,408	—	—
Nansho Electric	8,500	204	—	—
Total	39,343,500	769,348	24,179	29,068

#### Principal Cities

**Taihoku** Taihoku or Taipeh is the capital city of Taiwan. It is situated on the Tamsui River, near the northern extremity of the island. Formerly it consisted of three districts, Jonai, Daitotei and Manka, but with the introduction of the municipal system in 1920, all the surrounding villages were included in the greater Taihoku, and at present the city covers an area of about 15 square miles, embracing a population of 302,654. In Jonai are found the important public buildings, such as the official residence of the Governor-General, and many governmental buildings.

Most of the Japanese residents live in this district. Daitotei is the commercial centre. It is inhabited by more than 63,000 people and is renowned for its tea trade. Manka is situated close to the Tamsui River, west of Jonai. This district was formerly the most flourishing part of the city. During the Manchu Dynasty its commercial supremacy was transferred to Daitotei. This district is populated by 37,000 inhabitants. There are many places of interest in and around Taihoku, of which the more famous are:

**Taiwan Shrine.** This shrine is situated at a point two miles east of Taihoku. The sanctuary is built in

the old Japanese style. In the neighbourhood is the noted Maruyama park commanding a very fine view.

**The Rapids of Shinten Kei.** Situated at a point about 8 miles from Taihoku and at the confluence of the two rivers of Shinten-Kei, the rapids are among the chief attractions for visitors to Taiwan. On both sides stand out precipices. Shooting the rapids by boat affords a favourite pastime.

**Shinchiku** Shinchiku had been the cradle of civilization for the inhabitants in the northern Formosa. It became a city in 1930 and revived as a trade port since 1932, having a population of 55,015 in 1936.

**Tamsui** This is one of the four great ports of trade with a population of 26,796 in 1937. It is located 13 miles north of Taihoku. About one mile west from Tamsui Station lies the ruins of an old Khomoh castle, built by the Spaniards in 1626.

**Keelung** This is the starting-point of the railway which runs from north to south throughout the whole length of the island. The city with its 92,928 inhabitants extends as far as Taihoku covering a distance of 18 miles. Keelung is not only a port for liners from Japan proper, but is an important port of call for those sailing to and from south China and the South Seas. Keelung was once occupied by Spaniards and afterwards by the Dutch, and was

under the control of the Manchu Dynasty. About 1.5 miles distant from Keelung is located the famous Courbet Beach, where the French Admiral Courbet, in command of the French Asiatic Squadron consisting of 15 warships, landed during the Franco-Chinese War in 1884. This admiral was one of the victims of infectious disease, which claimed a heavy toll among his men. He died on Boko Island where his tomb still stands.

**Taichu** Located about 100 miles south of Taihoku in the centre of rice production. It is the seat of the provincial government of the same name, with a population of 66,790. Lake Jitsugetsutan is in this province.

**Kagi** Kagi has a population of 80,252 and is situated 163 miles south of Taihoku. Kagi is the starting point for climbers of Mt. Arisan.

**Tainan** Tainan has a population of 120,282, being the second largest port of Taiwan. Kaizan Shrine is dedicated to the spirit of Chen Cheng-kung, a loyal subject in the last days of the Ming Dynasty, who came over to this island, drove out the Dutch settlers, and opened war against the Manchu Dynasty, but failed.

**Takao** Takao has a population of 101,173. Terminus of the central railway line, situated at a distance of 229 miles from Taihoku, this port is as important in the south as Keelung is in the north.



## CHAPTER XLII

### KARAFUTO (SAGHALIEN)

#### General Survey

**Geography** Karafuto is a long island situated in the extreme north of the Empire of Japan along the Maritime Province of Siberia, and separated from it by the Mamiya Straits. The eastern coast is washed by the cold waters of the Sea of Okhotsk, which is bordered by the mainland of Siberia on the north, the Kamchatka Peninsula on the east, and the Chishima Islands (the Kuriles) on the south-east. Japanese Karafuto is the southern half of Saghalien Island, the dividing line being the 50th parallel of latitude; the northern half of the island is under the jurisdiction of Soviet Russia.

At the extreme southern end of the island lies Cape Nishi-Notoro. On the east or opposite side of it, across the Aniwa Gulf, is Cape Nakashirutoko, and embraced by these two capes is the port of Ohtomari at the northern extremity of the Gulf, which is an important port connecting with Wakkanai the extreme northern port of Hokkaido, across the Soya Straits. The traffic connection between Ohtomari and Wakkanai is maintained by freight boats run by the Imperial government railways.

Beyond Cape Nakashirutoko lies Taraka Bay, on the farther side of which Cape Kitashirutoko runs out to the north-east. Thus, Karafuto is deeply indented by the two large gulfs, Aniwa and Taraka, the latter lying to the north-east of the former. The island has two mountain ranges running parallel from north to south with the plains hemmed in between. The total area of Karafuto is 36,090.3 sq. km., the length being 455.6 km. and the breadth from 27.5 at the narrowest to 157 km. at the widest.

**Climate** The months which enjoy an average temperature above the freezing point are the seven months from April to October. The coldest month is January and the warmest August. The temperature rises suddenly as the thawing season approaches and falls abruptly when the snows set in. The western coast is warmer than the eastern owing to the warm ocean current. The island is, as a whole, high in humidity on account of the frequency of sea fogs, ex-

cept for the southern point of the western coast, but in both spring and autumn it decreases. Rainfall is most abundant in the summer and autumn seasons.

**Population** The great majority of the population of Karafuto is Japanese. The following table shows the racial distribution at the end of 1937:

#### POPULATION BY RACE OR NATIONALITY

Japanese	318,321
Korean	6,592
Ainu	1,333
Other Natives	413
Foreigners	287
Total	326,946

#### POPULATION IN CHIEF TOWNS

(Dec. 31, 1937)

Toyohara	37,365	Shirutoru	17,597
Ohtomari	24,269	Esutor	31,959
Shikuka	24,399	Ochiai	14,867
Hontocho	12,326	Tomarioru	12,306
Maoka	18,835	Rutaka	8,599

Note: For 1935 census see Chapter II.

**Administration** The chief administrative office of Karafuto is the Karafuto government and the governor is under direct control of the Minister of Overseas Affairs, but the powers of the former are far wider than those of a governor in the home land, as they extend over mining, forestry, taxation, railways and the postal service. The governmental work of Karafuto is subdivided into four main offices, i. e., Secretariat, Interior Bureau, Forestry Bureau and Police Bureau. The revenue of 1937 amounted to ¥57,004,000, of which ¥35,806,000 was from taxes and others, and the rest from various government undertakings.

#### Finance

The revenue of the Karafuto government is derived from taxes and other sources of income as well as an annual replenishment from the ordinary account of the national treasury. The principal taxes are:—the town homestead tax,

income tax, business profit tax, liquor-brewing tax, liquor-export tax, consumption tax, mining business tax, and fishery tax. The revenue from all these taxes was, in the 1939-40 budget, estimated at ¥46,747,712. The revenue, other than from taxes, consists of receipts from the sales of stamps, railway traffic and freight charges, medical treat-

ment charges at governmental hospitals, charges receivable at the Central Experiment Station, receipts from the sales of trees felled in the state forests, rents of homesteads and various Government buildings and loans. Below is given a brief fiscal history of the Karafuto government:

#### REVENUES (Yen)

	Taxes and non-tax elements	Replenishment from national treasury	Sum brought forward	Loans	Total
1910	1,229,705	544,714	260,524	—	2,034,943
1911	1,369,045	570,657	137,479	—	2,077,181
1912	1,534,991	591,819	169,949	—	2,296,759
1913	2,062,574	389,291	219,082	—	2,670,947
1914	1,548,748	323,575	392,901	—	2,265,224
1915	1,495,046	323,575	191,191	—	2,009,912
1916	2,058,576	293,575	329,255	—	2,681,406
1917	2,619,315	323,575	829,563	—	3,772,453
1918	2,936,793	—	1,663,970	1,091,000	5,692,761
1919	3,570,658	300,000	2,720,110	1,173,500	7,764,269
1920	5,221,674	770,000	2,022,404	3,381,209	11,395,291
1921	7,057,103	1,433,000	3,109,807	4,173,290	15,775,205
1922	8,396,012	1,100,000	3,707,623	7,607,920	20,801,558
1923	12,436,861	1,786,000	2,758,969	4,475,436	21,452,266
1924	15,772,056	1,000,000	2,168,245	416,218	19,357,520
1925	16,000,305	900,000	78,454	1,700,000	18,678,760
1926	18,339,308	1,577,343	618,814	1,786,562	22,322,027
1927	18,414,702	2,029,635	4,587,927	1,845,052	26,877,316
1928	21,963,835	2,029,635	6,894,976	1,857,924	32,646,370
1929	22,280,159	3,100,000	6,955,100	4,569	32,339,827
1930	21,192,064	1,600,000	3,752,468	—	26,544,532
1931	22,944,655	1,600,000	79,281	1,500,000	26,123,936
1932	19,601,609	1,600,000	826,744	1,000,000	22,428,353
1933	21,511,620	1,600,000	1,774,673	2,955,241	27,841,498
1934	33,408,070	1,000,000	5,626,912	4,615	40,039,597
1935	27,565,141	—	15,339,451	—	42,904,592
1936	32,842,000	185,000	15,442,000	—	48,469,000
1937	41,762,000	—	15,241,000	—	57,003,000

#### Expenditure

The expenditures have been increasing yearly. In 1907 they totalled only ¥1,211,968, but for the 1937-38 fiscal year the amount increased to ¥35,805,000, of which ordinary expenditures totalled ¥18,848,000 and extraordinary expenditures totalled ¥16,957,000. Items of expenditure consist of administrative, educational, forestry, employment, Karafuto development enterprises, public works and many others. Expenditures for the preceding five years are ¥19,982,340 for the 1927-28 year; ¥25,691,270 for the 1928-29 year; ¥28,587,359 for the 1929-30; ¥24,629,293 for the 1930-31; ¥21,179,749 for the 1931-32; ¥20,863,778 for the 1932-33 year; ¥22,214,586 for the 1933-34 years; ¥24,700,-

146 for the 1934-35 year; ¥27,462,435 for the 1935-36 year; and ¥33,228,032 for the 1936-37 year.

#### Monetary Organs

The principal monetary organs in the island are the Hokkaido Colonial Bank and the Karafuto Bank. The former is represented by its branches at Toyohara, Ohtomari, Maoka, Honto, Noda, Tomarioru, Ochiai, Shirutoru, Shisuka and Rutaka; its head office being located at Sapporo, Hokkaido. The business operation of the bank in the island at the end of 1937 showed deposits amounting to ¥44,359,381 and loans advanced to ¥28,511,609. The Karafuto Bank is the only one having its head office in the island, its deposits totalling ¥3,058,-



322 and loans advanced ¥5,295,637 on the same date. The bank came into existence in May, 1914, with a capital stock of ¥500,000 which was increased to ¥2,000,000 in March, 1919. The Karafuto Bank has its head office at Ohtomari and a branch at Maoka. The two banks are doing good work for the development of the island. Besides these banks there is a special bank which has a branch at Toyohara, and that is the Hokumon Savings Bank. This savings bank branch was opened on April 1, 1922. Its local business operation showed at the end of 1937, advances figured at ¥396,144 and deposits at ¥2,538,186.

#### Military Training Camps

The military training camps ordinance was promulgated in April, 1926, providing for the establishment of camps for the military drilling of youths below the conscription age. The ordinance, however, was not promulgated in overseas territories, the only exception being Karafuto, where the local authorities in view of the almost complete lack of nationalistic social work in operation and of the smallness in the number of

non-Japanese elements in the population, issued an order in May of the same year, making possible the growth of the military drilling work for the youths. Below is shown the present status of the work so far carried on:

#### MILITARY TRAINING CAMPS

Town	No. of Camps	Attendants
Toyohara	8	—
Ohtomari	9	—
Honto	9	—
Maoka	7	—
Tomarijoru	9	—
Motodomari	3	—
Shisuka	6	—
Total	51	3,080

#### Overseas Trade

The history of the overseas trade of Karafuto since 1905 is a history of steady expansion, though it underwent a frequent recession in the course of those 31 years. The table below illustrates the trend in a more graphic way:

Year	To Foreign Countries	To Japan proper (In yen)	Total
1928	937,710	97,000,380	97,938,090
1929	2,042,652	103,034,631	105,077,283
1930	2,335,126	82,140,506	84,475,632
1931	841,655	80,233,395	81,075,050
1932	274,447	92,626,343	92,900,790
1933	367,088	104,886,093	105,253,181
1934	430,644	133,777,256	134,207,900
1935	867,965	130,940,201	131,808,166
1936	402,848	173,207,406	173,610,254
1937	235,001	121,137,965	121,372,966

#### SHIPMENTS TO AND FROM JAPAN PROPER

Year	Outward-bound	Inward-bound	Total	Excess of Outward-bound
			(In yen)	
1928	50,915,329	46,085,051	97,000,380	4,830,278
1929	56,388,752	46,645,879	103,034,631	9,742,873
1930	46,812,144	35,328,362	82,140,506	11,483,782
1931	50,984,860	29,248,535	80,233,395	21,736,325
1932	63,510,076	29,116,267	92,626,343	34,393,809
1933	73,455,524	31,430,569	104,886,093	42,024,955
1934	96,648,171	37,129,083	133,777,256	59,519,086
1935	92,884,992	38,055,209	130,940,201	54,829,783
1936	119,435,796	53,771,610	173,207,406	65,664,186
1937	121,137,965	59,114,966	180,252,931	62,022,999

Principal shipments to Japan proper in 1934 consisted of pulp, lumber, paper, marine fertilizer, salt-salmon, salt-

codfish, dried herring, dried codfish, fish oil, edible seaweed and canned crabs. Principal shipments from Japan proper

during the same year consisted of rice, cotton goods, oils, beer, saké, oats, peas and beans, salt, sugar, soy (Japanese sauce), miso (bean paste), tobacco, fish and shellfish, vegetables, fruits, and mineral products.

#### Trade with Foreign Countries

The ports open to foreign trade in

Karafuto are Ohtomari and Maoka. The countries with which Karafuto has trade relations are Chosen, China, Eastern Russia, the Kwantung Leased Territory, America, Germany, Spain, Belgium, the Dutch Indies and Egypt. The following table contains detailed information on the foreign trade of Karafuto in the past 6 years:

#### EXPORT TRADE OF KARAFUTO

	1932	1933	1934	1935	1936	1937
	(In yen)					
Manchoukuo	—	81,834	12,321	152	40	—
Soviet Russia	—	8,000	6,851	—	—	—
China	898	—	500	9,511	35,743	97,098
Kwantung Leased Territory	4,347	18,049	1,952	23,317	78,154	82,848
America and European Countries	212	—	—	—	—	55,055
Total	8,558	107,883	21,624	32,980	113,937	235,001

#### IMPORT TRADE OF KARAFUTO

	1932	1933	1934	1935	1936	1937
	(In yen)					
Manchoukuo	—	1,340	1,570	—	—	—
Soviet Russia	192	5,413	3,680	2	—	404
China	76	—	—	5	—	—
Kwantung Leased Territory	76,679	126,069	248,832	173,552	234,566	284,863
America and European Countries	188,267	126,293	154,938	661,426	54,345	3,395
Total	265,889	259,205	490,020	834,985	288,911	288,662

#### EXCESS OF IMPORTS OVER EXPORTS

1931	1932	1933	1934	1935	1936	1937
	(In yen)					
—	257,331	151,322	387,396	802,005	174,974	53,661

#### EXCESS OF EXPORTS OVER IMPORTS

1931	1932	1933	1934	1935	1936	1937
	(In yen)					
429,666	—	—	—	—	—	—

#### Agriculture

There was practically no agriculture in Karafuto prior to its cession to Japan in 1905. No sooner had it passed into Japan's possession than vigorous steps were taken for the reclamation work of all arable lands. In 1937 the farm production reached ¥5,811,788, farming households 10,811 and arable lands 331,317 hectares. Yet the lands under actual cultivation cover only 34,888 hectares, which shows that there is still room to accommodate more farming inhabitants. The chief agricultural products are grains, peas and beans, potatoes

and green vegetables, and of the grains oats and rye are most abundantly produced. Keeping livestock goes hand in hand with agriculture in the island, for it is by pasturing that the livelihood of the agricultural settlers is made more stable. Every assistance is, therefore, being given by the Karafuto government to live-stock raising. Cattle, horses, swine and foxes are the principal animals kept, with some sheep, rabbits, chickens, ducks, etc. In 1937 the total live-stock product amounted in money value to ¥3,620,573, about one-half of the entire value of farm products.



## Mineral Products

**Coal** The most important mineral product in the island is coal and next to it comes petroleum. The coal producing centres are divided into the northern, southern and central districts. The coal bed is of the tertiary formation consisting of upper, middle and lower measures. Of the three coal districts the central is the largest and belongs to the lower measures. It runs for 100 kilometres from north to south and has a breadth of from 2 to 5 kilometres. A portion of

the southern coal field along the western coast and the greater portion of the northern and eastern coal fields belong to the upper measure. On the north-western coast there are several important coal fields belonging to the middle measure. The upper measure belongs to the Pliocene and the middle and the lower to the Eocene Period.

At the end of 1937 there were 83 coal fields under operation of an aggregate area of 27,287 hectares. The following table shows the general trend of the increase:

Year	No. of coalfields	Area (sq. m.)	Quantity (m. t.)	Value (In yen)
1922	6	23,562,593	114,547	1,238,198
1923	6	23,562,593	167,304	1,809,422
1924	9	32,030,708	199,385	2,255,713
1925	7	34,413,720	250,615	2,737,970
1926	11	36,982,649	245,220	2,712,289
1927	12	37,470,086	357,046	3,553,731
1928	12	49,626,496	539,481	4,887,989
1929	11	46,923,352	635,515	5,743,322
1930	14	97,915,360	644,963	5,622,177
1931	—	—	637,962	5,249,815
1932	—	—	677,354	5,200,889
1933	16	111,848,900	888,913	6,703,919
1934	21	121,186,700	1,196,647	9,119,161
1935	26	39,606,170 (tsubo)	1,515,647	11,475,813
1936	31	41,853,657 ( .. )	2,075,157	15,375,128
1937	83	27,287 (hectare)	2,530,000	

Of all the coal mines that of Kawakami used to be the most productive, though now superseded by O-hira mine. Its annual output coming up to 175,875 metric tons in 1932 and 190,210 tons in 1933. The O-hira mine had an annual production of 204,277 tons in 1932 and 290,901 tons in 1933. The Kawakami Mine extends over about 800 hectares located at a distance of 32 km. from Toyohara and is owned and operated by the Mitsui Mining Company, Ltd. The O-hira Mine is operated by the Oji Paper Mills, Ltd. The mine is located at a point 15 km. northeast of Esudori. Other large coal mines are the Shiratoru, Osakayé, Higashi-Shiraura, Kashiho, Amauchi, Naihoro, Estoru, Chitose, Mita and Tokai.

**Petroleum** Petroleum was first discovered at a point on the south-western coast of Karafuto in 1907 when an official investigation was conducted, after which oil strata were discovered in the neighbourhood of Hontocho, Konotoro, Karabutsu, Maruyama and several other places. In 1934 digging operations were conducted by the Japan Petroleum Co., Ltd., on Well No. 2 of Maruyama of Ochitai-machi while such operations

were carried over a total area of 23,204,106 square metres in 1930 and over 13,344,900 square metres in 1929 and 10,000,800 square metres in 1925.

## Fishery Products

The chief fishery products of Karafuto are herrings, salmon, codfish, trout, crabs, whales and fur-seals, the average yearly fishery products reaching as much as ¥10,000,000 to ¥20,000,000 in value. Of these varieties the herring comes first in importance, the 1937 catch being figured at 146,358,771 kilograms. Most of these fishery products are canned in the distributing centres in the island. Of all the canning centres Maoka ranks first, followed by Shiruka and Tomarioru. Edible seaweed is obtained along all parts of the coast, but principally along the western coast and Aniwa Gulf. The Island located on the north-eastern edge of Taraka Bay is the only breeding spot of fur-seals in Japan. When the southern half of Saghalien came into Japan's possession in 1905, seal hunting in this small island was prohibited, and every possible protection was given to their

breeding. In 1911 the hunting ban was alleviated, the annual number to be killed being limited to 550. In 1913 it became apparent to the supervisors that the number of landing fur-seals was decreasing, so in 1915 the ban was again imposed and was maintained until 1917. It was then withdrawn, with an annual permit to kill up to 550 head. In 1924 the hunting of old, non-breeding fur-seals was started. This increased the production in the year to 824 head and that in the following year to 942.

In 1937 the total reached 2,125. In accordance with the Fur-Seal Treaty concluded by Japan with the United States and Russia in 1911, Japan is paying 10 per cent annually of the profit from this fur-sealing to the governments of these two countries. Whales are principally hunted by the ships of the Oriental Whale-Hunting Company which has a base for that purpose in Aniwa Gulf. The following shows the money value of the chief fishery products:

## VALUE OF FISHERY PRODUCTS, 1932-1936

Kind	(In yen)				
	1932	1933	1934	1935	1936
Foodstuffs	4,553,126	6,487,003	7,021,629	10,395,190	9,452,781
Dried	2,738,067	2,181,542	2,775,982	3,796,197	5,714,131
Salted and dried	38,480	63,785	98,900	147,469	106,837
Boiled and dried	37,340	97,357	132,220	309,036	370,382
Smoked	17,063	24,675	15,146	38,641	22,834
Salted	569,484	1,344,536	942,175	2,136,629	1,209,913
Canned	928,913	2,395,697	2,644,809	3,389,000	1,172,229
Others	223,779	379,411	412,307	578,218	856,455
Fertilizers	5,322,058	5,671,564	7,185,527	5,474,388	6,375,516
Fish oils	405,143	464,403	798,065	863,639	1,343,801
Seaweeds	5,687	5,816	10,109	102,663	131,927
Other non-edibles	11,731	11,805	12,509	81,876	39,018
Total	10,298,645	12,640,591	15,027,839	16,917,756	17,343,043

Source: Statistics Book of the Ministry of Overseas Affairs.

## 1937 FISHERY PRODUCTS

Kind	Value in Yen
Herring and manufactures	7,715,574
Trout	1,900,169
Salmon	349,057
Codfish and manufactures	1,236,231
Flatfish .. ..	552,844
Crabs	1,495,717
Tangle	703,230
Sardine and manufactures	1,801,942
Shell-fishes	628,036
Isinglass	949,981
Others	1,775,758
Total	19,108,539

## Timber Production

The island is so thickly and extensively covered with primeval forests that, according to an authoritative estimate, about 2,976,491 hectares, i. e., about 83 per cent of the entire area of the territory, is forest land. In this estimate is included 833,333 hectares reserved for future growth and 79,365 hectares in use for the field work of the Imperial Universities of Tokyo, Kyoto, Hokkaido and Kyushu. There are about 49 species of trees and 73 of shrubs growing on the island, but those that have any commercial value are the Ezo-matsu (*Picea ajanensis*, Fisch), todo-matsu (*Abies*

sachalensis, Mast), gul-matsu, ichii (the yew, *Taxus baccata*), shirakaba (the silver birch, *Betula alba*), doroyanagi (a willow), hannoki (the black alder) tamo, and a few others. Their distribution is regular, according to districts. In the low coastwise districts we find the yanagi, hannoki, tamo, etc.; on the higher levels grow the todo-matsu and Ezo-matsu, and as we climb the slopes forests of the graceful silver birch mix with and replace the pines (matsu), growing thicker and thicker as the mountain peaks are approached. The gulmatsu (a pine species) grows principally in the lower, damper land. But the todo-matsu and Ezo-matsu are the species which predominate in nearly all parts of the island, occupying as much as 80 per cent of the total forest land. The revenue from the forestry amounted to ¥25,568,000 in 1937.

**Forest Administration** In ancient times the entire island of Karafuto was nothing but thick forest and the natives seem to have no rules to prevent them from felling trees whenever or wherever they chose; but they apparently felt no need to fell any large amount of standing trees. The land was almost as primeval as could be imagined when it was ceded by Russia to Japan in



1905. Moreover, during the earlier period of the new régime, devastation by fire was not infrequent. On the other hand, the increased number of population in the island had the effect of increasing the demand for timber in various ways. The first task which confronted the Karafuto government in their forest administration was therefore how to protect the forests from devastation, how best to fell and how to re-stock. As a tentative re-stocking measure large amounts of seeds of todo-matsu, Ezo-matsu, Kara-matsu and silver birch were sown on a wide burnt patch of mountain-side in the neighbourhood of Ochiai in June, 1920. As the experiment was satisfactory, seedlings were carried on a tract of 15.47 hectares and 50.01 hectares in 1921 and 1922 respectively. Then in 1923, the seeding work was carried on over a total tract of 4,285.09 hectares, then it was carried in the same way in 1926 and 1927 until in the latter year seedlings were carried on over a tract of 10,460.74 hectares and the supplementary sowings made on a tract of 2,569.68 hectares. The total area of seeding up to 1937 reached 50,208.21 hectares.

**Planting Work** With the increased need of re-foresting with saplings, the seedling work has become quite important. Since the first sapling plantation was established at Toyohara in 1912 its number began to increase, and now there are 17 sapling-plantations established throughout Karafuto producing annually about 6 million saplings. Details follow:

#### TIMBER PRODUCTION DURING 1924-1937

Year	Felling (Koku)	Shipment (Koku)	Delivery (Koku)
1924	2,366,545.98	2,502,820.31	2,547,288.54
1925	1,100,388.91	2,130,118.02	2,169,525.38
1926	744,982.00	1,274,693.17	1,319,501.38
		(cubic metres)	
1927	541,630.473	25,429.015	7,137.030
1928	459,340.777	494,156.669	509,218.133
1929	492,061.608	497,863.054	504,930.773
1930	198,742.706	455,250.462	455,250.462
1931	205,587.861	202,115.850	202,115.850
1932	201,020.000	196,532.000	196,532.000
1933	199,555.000	200,371.000	200,371.000
1935	202,413.000	169,751.000	173,367.000
		(Cubic metres)	
1937	212,507	208,303	208,303

**Forests for University Field Work** It was in April, 1914, that a forest tract of 20,000 hectares along the basins of the Ai-kawa (Ai River) and Odasamu-kawa (Odasamu River) was given to the Tokyo Imperial University for the field work

Location	Acreage (Hectares)	Date of Establishment
Toyohara	15,2110	5/1912
Shimizu	4,9500	5/1920
Tokobo	13,0485	5/1920
Tominalgishi	7,9467	"
Tomarioru	4,6781	"
Takarazawa	4,9639	"
Kawakami	6,7287	"
Otomari	4,9893	5/1926
Tamagawa	69,4040	5/1927
Yamashitagawa	6,1684	5/1927
Minaminazuki	5,3328	5/1929
Obara	6,8878	5/1929
Kitakotami	13,8217	5/1929
Towada	0,1530	5/1920
Contoro	1,2500	5/1930
Nayori	7,4250	4/1931
Kamishisuka	14,9100	4/1931
Total	137,8869	—

The total area of planting up to 1937 reached 26,379.36 hectares.

**Felling Work** The present Government's felling work was started in May, 1927, on the estimated basis of an annual production of 535,743 cubic metres of timber. But, in view of the difficulty felt in marketing, the annual aggregate felling was reduced to the basis of 196,370 cubic metres. The business plan for the year 1938 is as follows:

	¥
Receipts	4,020,683
Expenses	923,016

of forestry students of its College of Agriculture.

Before or after that year the forests totalling 94,502 hectares for the field work of the Hokkaido, Kyushu and Kyoto Imperial Universities were es-

tablished. The amount of standing timbers of these forests at the end of March of 1937 were 13,089,460 cubic metres for the coniferous trees and 893,893 cubic metres for the broad leaved trees.

**Fire Prevention Work** The work of fire prevention was initiated in 1922 over a stretch of 13,495 metres of forest area, mostly of the area artificially re-planted. But in recent years the prevention work was extended over natural forests, the work consisting in making openings or glades, so that in 1937 the total length of these openings for protection from fire reached 1,095,450.

#### FIRE-PREVENTION OPENINGS

Year	Extension (metres)
1922	13,495
1923	78,297
1924	87,973
1925	15,173
1926	237,973
1927	157,530
1928	119,129
1929	95,729
1930	22,062
1931	27,962
1932	82,840
1933	55,444
1934	28,568
1935	24,039
1936	5,380
1937	50,086
Total	1,095,450

**Re-foresting Work** The forest-restocking work is now attained by encouraging the natural recruiting process and in 1929 over an area of 173.36 hectares and then in 1930 over an area of 47.90 hectares have been recruited. In 1931 the same work was carried on over an

area of 92.60 hectares, bringing the total area accorded this treatment to 313.86 hectares.

#### Development of Various Kinds of Industries

With the growth of railway facilities the population began to increase, and, with it, various trade and industrial opportunities became more promising. Ohtomari and Maoka are the two ports with the best future outlook, being connected by railways at Toyohara, the seat of government of the island. Paper-pulp manufacturing, canning, brewing, starch manufacturing and butter-making are the leading industries in Karafuto. In 1937 products of various industries amounted to ¥187,258,847 of which products of manufacturing industries aggregated ¥112,919,938 which is compared with ¥37,569,368 of the products of all kinds and ¥17,987,842 of manufacturing industries in 1920, they show tremendous improvements. Various experiments for industrial purposes were conducted and are being continued at the Industrial Experimental Laboratory at Toyohara.

**Pulp** In 1913 the first pulp factory was opened at Ohtomari by the Oji Paper Manufacturing Company; then another was opened at Tomarioru by the Karafuto Kogyo Kabushiki Kaisha, both starting operations in 1915. Soon the World War gave an opportune stimulus to the speedy development of the industry and at present there are nine pulp factories in the island turning out 216,691 metric tons of pulp valued at ¥44,063,904 and 201,642 metric tons of paper valued at ¥53,936,189 in 1937. In 1935 a factory of the Japan Rayon Pulp Company was established at Shikuka, and the pulp production of the factory in 1937 reached 21 metric tons.

#### PULP FACTORIES IN KARAFUTO

Company	Location
Oji Paper Manufacturing Company <sup>1</sup>	Ohtomari
" " " "	Toyohara
" " " "	Noda
" " " "	Tomarioru
" " " "	Maoka
" " " "	Esutoru
" " " "	Ochiai
" " " "	Shirutoru
Japan Rayon Pulp Company	Shikuka

<sup>1</sup> The Oji, Karafuto Kogyo and Fuji were amalgamated in May, 1933, into one concern which retains the name of Oji Paper Manufacturing Co., with a capitalization of ¥150,000,000.



**Brewing** Early attempts to brew saké on the island were unsuccessful. The local demand for saké was so pressing, that it led enterprisers to improve all defects in equipment and to procure water of better quality. The result

proved promising, and today the island-brewed saké is as good as any produced in Japan proper. There are at present about 47 breweries. The productive value for 1937 amounted to ¥4,536,485.

#### PRODUCTION AND SUPPLIES OF SAKÉ

	Production		Import from Japan Proper	
	Quantity (thousand deci-litre)	Value (¥)	Quantity (litre)	Value (¥)
1928	66,603	3,862,093	254,670	1,490,544
1929	65,181	3,043,598	221,470	1,367,567
1930	45,614	1,926,964	183,310	956,698
1931	41,316	1,839,171	190,530	953,183
1932	42,748	1,800,285	172,870	921,881
1933	58,876	2,662,936	393,400	—
1934	70,423	3,205,850	502,900	—
1935	72,382	3,257,035	—	—
1936	72,906	3,731,377	—	—
1937	81,988	4,536,485	—	—

**Canning Industry** The canning industry in this island goes back to 1909, and in 1917 the canneries numbered 111, with a total production of ¥3,370,558. Crab-canning heads the list; but the reckless catching following that year caused a falling-off in the production, which was reduced to ¥1,458,000 in 1920. The canneries were also reduced in number to 14 and amalgamated. As a result both the number of mills and products decreased. But the industry has been for a while consolidated and is developing steadily. The number of canneries and their products during the years 1933-37 follow:

Year	No. of canneries	Qty. prod'd	Value (In yen)
1933	29	38,979	1,660,643
1934	33	54,985	2,268,286
1935	28	—	3,380,000
1936	20	—	1,170,000
1937	16	—	2,185,000

#### Legal System and Status

Karafuto is different from other dependencies of the country in that more laws of the home land are applied there than in any of the other dependencies. But in the sense that the legal administration is different from that of Japan proper it resembles Taiwan, Chosen, Kwantung, Leased Territory and the South Sea Islands. The chief point of difference is that all the laws concerning the judicial system, such as the civil law, criminal law, the laws of civil and criminal procedures, and the law of the constitution of the courts of justice are equally enforced in Karafuto and Japan proper. At

present there are 181 laws of the land applied or made applicable in Karafuto, of which 27 laws are operative only partially.

There are one local court, 2 district courts, and 9 detached offices of the two district courts in Karafuto.

#### Education

In 1905 Japan found the island a vast, primitive desert with practically nothing done towards bringing the inhabitants to a civilized way of life. But as the immigrants settled down there arose the necessity for schooling their children. It was in August, 1906, that the first elementary school was opened at Toyohara, and in October of the same year 2 other elementary schools were opened, one at Ohtomari and the other at Maoka. At the same time, private educationists started simpler elementary schools. In 190 all elementary schools were brought under the Karafuto government. A middle school was opened at Ohtomari in 1912, a girls' high school at Toyohara in 1916, a middle school at Toyohara in 1925 and another middle school at Maoka in 1927. Meantime, girls' high schools were opened at Ohtomari, Maoka and Tomarigishi. The following tables give the main educational statistics of Karafuto:

#### NUMBER OF SCHOOLS, TEACHERS AND PUPILS

(March, 1937)

	No. of Schools	Teachers	Pupils
Elementary schools	253	1,453	55,808
Secondary schools			
Middle schools	3	96	2,104

	No. of Schools	Teachers	Pupils
Girls' High schools	6	100	1,708
Takushoku (colonization) schools	1	8	60

**Education of the Natives** There are some 2,000 natives in Karafuto including Ainus, Gilyaks, Orochones and Tunguses. The Karafuto government is undertaking to educate the children of these backward natives. At the educational institution established at Shisuka-machi, where about 30 children of the natives are taught along the line of the primary school.

#### Religion

The three principal religions, i. e., Shinto, Buddhism and Christianity, are competing with one another in this promising field of labour. There are 42 propagating centres for Shintolism representing five sects, viz., Shinto proper, Kurosumi, Tenri, Konko and Taisha.

There are three governmental shrines and these are (1) Karafuto Shrine, (2) Toyohara Shrine and (3) Ani Shrine, all of which are dedicated to Imperial ancestors. August 23 is the day set for annual festival of the Karafuto Shrine, which is also the Inauguration Day of Japanese administration in Karafuto. The shrine is located at Asahiga-oka in a quiet western hilly suburb of Toyohara, and strikes the chance visitor with a sense of admiration for its grave beauty. The anniversary of the Toyohara Shrine falls on July 11. Buddhism is represented by the Shin, Nichiren, Soto, Shingon, Jodo and other sects. There are 81 temples and 120 preaching houses. Christianity is being preached by missionaries of seven denominations, i. e., Episcopal, Methodist, Presbyterian, Roman Catholic, the Salvation Army, the Holiness Church and Japan Union Church. The number of Christian churches in Karafuto is 14.



## CHAPTER XLIII

### SOUTH SEA ISLANDS

#### UNDER JAPAN'S MANDATE

#### Geographical Features

The South Sea Islands mandated to Japan, numbering over 1,400, with an aggregate area of 2,149 square kilometres, are the Mariana, Marshall and Caroline groups, between 131° 10' and 172° 10' of east longitude and between 1° 15' and 20° 32' of north latitude. They have a total area of 2,148.80 square kilometres. The Hawaiian Islands are to the east; the Philippines and Celebes to the west; the Bonin Islands to the north, and New Guinea to the south. Only one island among them, i. e. Guam belongs to the United States.

The Mariana archipelago starts close to the southern end of the Bonin Islands, stretching towards the equator, and the Marshall and Caroline groups extend to the east and west along the equator, forming an inverted letter "T" with the Marianas. About 740 miles south of the Bonin Islands lies Saipan, the largest of the Marianas, and about 180 miles farther south is Truk, one of the largest of the Carolines, which marking the crossing point of the inverted "T," is the centre of the mandated territory. The line of 148° east longitude divides the Carolines into the West Carolines, with Palau and Yap, and the East Carolines, with Truk and Ponape. Because of the distances between the islands and the extensive area covered by them, communications are difficult. The fact that each group of isles uses different words peculiar to itself sufficiently demonstrates the degree to which they are separated.

So small are the individual islands in area that the premier ones, such as Ponape and Babelthuap, cover barely 269 square kilometres. Their topography differs according to geological conditions. The Marshalls, which are made up of coral reefs, rise only 1.5 or 2 metres above sea level, but the Marianas and Carolines, which are composed largely of volcanic rocks, have peaks rising as high as 758 metres and little level land. There are no navigable rivers, and in several places good roads are still lacking.

With the exception of Yap, practically all of the islands are composed of volcanic rocks and coral reefs. There are three kinds of coral reefs, though no clear demarcation can be drawn; and the volcanic rocks are of two kinds, basalt and andesite, the former being found in Truk, Ponape and Kusale, of the Carolines, and the latter in Palau and Saipan. Everywhere in the islands, sea-birds nest and deposit phosphate, but principally on Angaur, Peleliu, Togobei and Fais. The soil also contains some amount of phosphoric acid, which helps vegetables and trees to grow. The narrowness of each islet, the volcanic topography and the dearth of rainfall, however, are handicaps to agriculture.

#### Groups of Islands

**The Marianas** The Marianas, the northernmost part of the territory, consist of 14 islands covering 632 square kilometres. At the southern extremity is Saipan, the seat of the Saipan Branch Office, with jurisdiction over the whole of the Mariana archipelago. The Saipan group, 185.00 square kilometres in area, extends over 64.36 km. to the northeast of Guam and stretches 104.59 km. to the southwest. Being nearest to Japan proper, the group forms the gateway to the South Sea Islands. It not only enjoys favourable communication with the mainland of Japan, but is endowed with fertile soil adapted to the cultivation of sugar cane, which has drawn no small number of immigrants. Here the South Sea Islands Development Company engages in the refining of sugar.

**The Carolines** The Carolines, lying along the equator, are divided into the four administrative groups of Palau, Yap, Truk and Ponape. On the island of Corrol in the Palau group are located both the South Sea government and its Palau branch office. The number of isles under the jurisdiction of this branch office is 109, covering an area of 80.29 square kilometres. Babelthuap, commonly called the Main Island of the Palau, has 370.37 square kilometres. Angaur, about 64.36 km. southwest of Corrol, is called the treasure island of

the archipelago, being buried under phosphate mounds. A regular steamship line connects it with Menado of Celebes and Davao of Mindanao, in the Philippine Islands. The Palaus are not only the administrative pivot, but are important geographically.

The Yap group lies 418.34 km. to the northeast of Palau and consists of 65 islets covering 228.91 square kilometres and extending over 804.50 km. from north to east. The four main islands, with an area of 36.26 square kilometres, form the nerve centre of communication as the submarine cables from different directions meet here. Here also is located the Yap branch office.

The Truk group lies 1,383.74 km. east of Yap, dotting the surface of the sea like a nebula. The Truk branch office, located on Natsu Island, controls 245 islets, which total in area only 124.16 square kilometres. As Natsu Island was formerly the seat of the German local government and later the headquarters of the Japanese defence corps for the entire mandated territory, it is fairly well known to the outside world.

The Ponape group is located 627.51 km. due east of Truk and consists of 138 islets covering more than 492.10 square kilometres. The island of Ponape, with 380.73 square kilometres in area, ranks first among all the islands of the territory. It is full of hills and is lacking in level land. Textile manufacturing and sugar refining were once started here by the Japanese, but later discontinued. Hope is still retained for some industrial undertaking, and a branch laboratory of the Industrial Experiment Station of the islands was established here in 1925 to make trial plantings of rice and medical herbs.

**The Marshalls** The Marshalls are located 1,222.84 km. east of Ponape. At the southern tip is Jaluit, on which is located the Jaluit branch office, which has control over the main portion of the archipelago, 32 islets, made up of more than 860 coral reefs comprising an area of 150.94 square kilometres. The soil being quite suited to the growth of coconut palms, they flourish everywhere. The copra industry of the islands is chiefly dependent on the material produced in this group.

#### Atmospheric Conditions

All the islands being within the tropical zone, they have one season instead of the four of the temperate zone. Cool sea breezes sweep over them day and night, contributing much toward balancing the temperature, and the inhabitants are favoured with a mild maritime cli-

mate rarely found in tropical countries and free from the danger of attack by venomous snakes, wild animals and miasma peculiar to the tropics.

There is an observatory established by the South Sea Government, where all sorts of atmospheric observations are conducted, and four hyetographical observatories. In addition, each branch office of the government has its own observation station. Thorough study of the insular climate is now being planned.

Atmospheric pressure in the neighbourhood of Truk and Ponape is generally low; in the vicinity of the Carolines and western Marianas, it is high in February and March and low from October to December; in the eastern islets of the Carolines, high from May to September and low in other months. The temperature is about the same all over the islands and shows little change through the year, the highest in the daytime ranging from 29° to 31° C. It seldom rises above 31°, and the difference during 24 hours is only 4 or 5 degrees. Humidity averages 82% and rarely falls lower than 60%.

From November to April, the wind generally comes from between the east and northeast. This is the trade wind. From May to October, the direction differs according to the position of the islands. The velocity averages 5 metres in the Marianas, weak in August and September and strong between October and February; in the western part of the Carolines, it is weak in April, May, June and September and strong in November, December, January, February and March.

The mean annual rainfall is more than 3,000 mm., and at Ponape it reaches even 4,000 mm. The rain comes in sudden torrents and passes away with the same suddenness. By this the unbearable tropic heat is greatly mitigated. The rainfall is greatest during July, August and September and least in January, February and March.

The Islands are, as it were, the hot-bed of the typhoons that devastate Formosa and Japan proper, but locally the wind rarely gathers hurricane strength. If a typhoon does strike, it leaves the islands in a miserable condition, and the natives fear typhoons as they do their gods. When Ponape was struck in 1906, nearly all the coconut palms fell. Jaluit suffered in 1918 and Yap in 1920 and 1923.

A third tempest at Yap caused tidal waves to sweep over the coast, considerably damaging houses, woods and farms. A typhoon at Palau in May,



1927, swept away practically all dwellings in Peleliu and caused no small damage to other islets far and near.

#### History

The discovery of the islands dates back to the 16th century, when Spain and Portugal were vying with each other for discovery of untrodden soil in any corner of the world. As they are scattered and insignificant, not all of the groups were found at the same time. The Marianas were found first and the Carolines at about the same time, though exploration of the latter was neglected for a long time until about 1885, when the Marshalls were discovered.

Found by the Portuguese, the Marianas came into the possession of Spain. Toward the close of the 19th century, Germany took possession of the Marshalls and threatened to encroach on the Carolines, then under Spanish control. Spain protested, and arbitration by the Pope in 1886 terminated the dispute amicably, the whole of the Carolines remaining under Spanish rule. Assiduous efforts by the Spanish to exploit and govern the islands continued until 1899, when, financially straitened due to the war with the United States, they sold the Marianas and Carolines to Germany. The whole of the present South Sea Islands mandated by Japan was thus shifted to the possession of Germany. The German reign lasted until 1914, when a Japanese squadron occupied the islands, which were later juridically placed under Japanese mandate, following the conclusion of the Paris Peace Treaty and other relevant agreements.

**German Administration** It is generally agreed that the establishment of sovereignty over the Marianas and Carolines by Spain in 1898 and the complete domination by Germany of the Marshalls in 1885 should be made the starting point in historical study of the archipelagos. Until purchased by Germany, the Marianas and Carolines had no government worthy of mention, and nothing now remains to recall the Spanish administration except the defence works on Yap and Ponape and a few buildings standing here and there. After the transfer to Germany, a complete change was effected. In the manner of the British East India Company, Germany started the Jaluit Company shortly after acquiring the Marshalls. The Government took over the business in 1906, when the company's contract expired, and tried to put all the island industries under its monopoly. Thus

Jaluit has naturally flourished as the business centre of the territory, reinforced by communications with Singapore, Hong-Kong, Australia and the United States.

In looking back upon the German programme in the South Sea Islands, we are struck above everything else with the largeness of its scale. A general government was first established in New Guinea, which sought to implant German authority in the Orient by embracing the numberless islets between New Guinea and Tsingtao. A step to this end was the laying in 1904 of a submarine cable connecting Yap with Shanghai, Guam and Menado, and in 1913 a radio telegraph station of gigantic size was erected on the same island. To make a scientific study of the South Sea Islands, the German Government dispatched a number of experts. One of their discoveries was phosphate, of which a deposit of 3,000,000 tons was found on Angaur. The German Phosphate Company, founded in Bremen in 1908, conducted mining operations until the Japanese occupation. Other deposits, though less valuable, were located at Peleliu, Togobei and Fala.

Germany exercised special efforts in diffusing culture among the natives, and to this end it dispatched no less than 100 missionaries, who opened churches in all the principal villages of the islands. The older natives still keep the German style of Roman letters to this day. Besides paying attention to educational advancement within the territory, the authorities sent men of talent to Tsingtao for further study.

**Relations with Japan** It is presumed that there must have been some early intercourse between Japan and the archipelagos because of their geographical position, but there is no reliable evidence for it. The Japanese training cruiser *Ryujo* in 1884 touched at Kusaie, an islet belonging to the Ponape group, where the chief of the natives enthusiastically welcomed the crew, declaring that his people were descendants of the Japanese race. In the same year, the Japanese Government, informed of the massacre of a Japanese on Raye Island, of the Marshalls, dispatched Mr. Taketaro Goto, who succeeded in settling the matter with the local chieftain. Early commercial relations were initiated by the South Island Company (Nanto Shokai), established at Ponape with the capital of ¥44,000, but its business was soon transferred to the Ichiya Shokai, which failed in 1895. In the year following the appearance of the Nanto Shokai,

two other trading firms, the Kaitsu Sha and Koshin Sha, came into existence; the former lasted only two years, but the latter carried on business until the Japanese occupation of the islands. The Hloki South Sea Trading Company was founded in 1893 with branches at Ponape, Truk, Saipan and Guam. Since amalgamation with the Murayama Shokai in 1906, it has been operating as the South Sea Trading Company and doing an extensive business.

#### Population

On June 30, 1938, the total population of the mandated territory is 121,128, comprising 50,868 natives, 70,141 Japanese and 119 foreigners. Of the natives, there are 47,041 Kanaka and 3,827 Chamorro. The Chamorro enjoy high birth rate, but the Kanaka scarcely maintain the status quo. Those within the jurisdiction of the Yap branch office show yearly decrease.

When Japan took over the archipelagos, there were only a few scores of Japanese dwellers. Gradually increasing, there are now 42,418 males and 27,723 females, most of them dwelling within the jurisdiction of the Saipan branch office and being engaged in agricultural pursuits.

When placed under Japanese control, the territory had a hundred Germans,

mostly engaged in missionary work and commerce. After they left, there remained fewer than 20 foreigners, chiefly Americans and British. There were, on June 30, 1938, 119 foreigners who are nearly all engaged in missionary service, coconut cultivation or the copra trade.

A census is taken every five years. The village officials and policemen also keep in constant touch with every change. As for Japanese settlers and foreigners, complete investigation is made in accordance with regulations. The first general census was taken in October, 1920, when the first national census was taken in Japan proper, attended with great difficulties and at enormous expense. Subsequent censuses came in 1925, 1930 and 1935.

#### DENSITY OF POPULATION, (June 30, 1938)

District under Branch Office	Population	Area sq. km	Density per 1 sq. km
Saipan	49,204	639	77.5
Yap	6,939	226	30.7
Palau	22,077	478	46.2
Ponape	13,630	504	27.0
Jaluit	10,546	170	62.0
Truk	18,732	132	141.9
Total	121,128	2,149	56.4

#### NUMBER OF HOUSEHOLDS

(June 30, 1938)

	Saipan	Yap	Palau	Truk	Ponape	Jaluit	Total
Japanese	11,273	598	3,178	1,615	1,296	199	18,159
Natives	679	1,588	1,185	2,709	1,559	1,758	9,478
Foreign	8	4	12	12	11	4	51
Total	11,960	2,190	4,375	4,336	2,866	1,961	27,688

Chosenese are included in the figures for Japanese.

#### POPULATION BY GROUPS

(June 30, 1938)

		Saipan	Yap	Palau	Truk	Ponape	Jaluit	Total
Japanese	men	25,564	808	10,582	2,547	2,604	313	42,418
	women	19,427	311	5,087	1,110	1,597	191	27,723
	total	44,991	1,119	15,669	3,657	4,201	504	70,141
Natives	men	2,126	2,976	3,404	7,480	4,956	5,203	26,145
	women	2,066	2,835	2,973	7,570	4,444	4,835	24,723
	total	4,192	5,811	6,377	15,050	9,400	10,038	50,868
Foreign	men	9	6	16	17	13	4	65
	women	12	3	15	8	16	—	54
	total	21	9	31	25	29	4	119
Total	men	27,699	3,790	14,002	10,044	7,573	5,520	68,628
	women	21,505	3,149	8,075	8,688	6,057	5,026	52,500
	total	49,204	6,939	22,077	18,732	13,630	10,546	121,128

Chosenese and Taiwanese are included in the figures for Japanese.



## YEARLY INCREASE OF POPULATION

Period	Japanese	Native	Foreign	Total
1930	19,835	49,695	98	69,628
1932	25,700	50,045	98	75,909
1933	30,670	50,114	100	80,884
1934	35,328	50,174	103	85,605
1935	47,412	51,056	97	98,565
1936	56,496	50,524	117	107,137
1937	62,305	50,849	123	113,277

## Tribes, Customs and Manners

**Tribes** Opinions differ as to the tribes residing in the mandated South Sea Islands. Some say that they immigrated from the Malay Peninsula, while others maintain that they are of the Polynesian stock. Though anthropologically named the Micronesian race, it is evident that they are a hybrid. Separate groups are clearly discernible, each with its own language and customs and manners. Roughly they are divided into the Kanaka and Chamorro. The former belong to the Micronesian race, and the latter are said to be of mixed White and Kanaka extraction, though other explanations are sometimes given.

The Chamorro are supposed to have settled first in Guam, later removing to the neighbouring isles, and the fact that they now flourish largely in the Marianas, Yap and Palau seems to endorse the supposition. Though the tribe thrived fairly well under the Spanish régime, it has gradually dwindled, due mainly to massacres, until today it numbers only 3,400. The characteristic features are yellowish brown skin and black hair. The Chamorro, unlike the Kanaka, are industrious and mild in nature. Their mode of living is advanced, and some even reside in foreign-style houses with modern improvements. Their present culture owes much to religious influences in the time of Spanish control.

Kanaka is the general term for the natives of the Pacific Islands. Most of those dwelling in the mandated islands belong to this group. They have dark brown or yellowish brown skin, black hair, heavy eyebrows and a big mouth. They are not hairy, and are simple and mild in nature. Though generally of medium stature, some are fairly tall. The Kanaka are cheerful in disposition, but extremely lazy. Their cultural standards are very low, and the mode of living lingers in the primitive stage. Of the total of 50,000 natives in the islands, those belonging to the Kanaka number 40,600.

**Customs and Manners** Because of the warm climate, it was originally the

custom of the natives to wear nothing except a piece of cloth around the waist. Contact with advanced people, however, has brought a change, and some now use foreign clothing. In Saipan and the Marshalls, the natives are clad after the fashion of Europeans, but those in Ponape, Truk, Palau and especially Yap are almost stark naked. The natives are not indifferent to personal adornment. Tattooing is an outstanding example. The more complicated the tattoo marks and the larger the space they cover, the more respected is the owner. There is also the strange ornamentation of scars deliberately cut into the flesh, which has more influence in Ponape than in the other islands. The custom of driving a hole through the ear-lobe for an earring or other dangling ornaments has been becoming less common of late years, due principally to the diffusion of education.

The staple foods of the natives are fruits, fish and meat. Nature bountifully supplies coconuts and tubers, which are mainly relied on, and tapioca, bananas, pineapples, mangoes, lemons and oranges, all of which are used as subsidiary food. Under such circumstances, it is but natural that little attention is given to agriculture. Fishing has made but little advance, but the supply of beef and pork is fairly sufficient. Wine and tobacco are greatly sought after, though the use of the former is almost completely prohibited. The habit of chewing areca still prevails.

The structure and appearance of dwellings vary in accordance with the cultural standard of each group of isles. In Saipan there is a street that looks like one in Europe, but in Yap one is reminded of how people lived in prehistoric ages. The dwellings in Truk and Jaluit are far inferior to those in Palau and Ponape, having not even floors. A general lack of windows leaves the interiors sombre and damp. "All-men-houses" are found everywhere in the archipelagos, which serve as a sort of rendezvous for the male villagers or as inns for travellers. On Yap there are one or two houses to every village where women live when ailing.

## Social Conditions

As the natives are not yet far removed from the primitive stage, their knowledge is very limited. They adhere to the traditions handed down from their forefathers and seem incapable of assimilating with any rapidity the cultural attainments of the outside world

with which they come in contact. Only a few can count correctly. Yet they have been progressing in education since primary education has been introduced. Whatever their intellectual deficiencies, they are fit for manual work.

There are two main social classes, superior and common, and between them there are several transition levels. Every village has its own chief, at whose mercy formerly were the life and property of the villagers. Among the chiefs there used to be ceaseless fighting. Under the German administration, their powers were greatly diminished, and at present they collect taxes and transfer government orders besides attending to the welfare of the people.

As has already been said, their mode of living is very simple, requiring little clothing and no farming for food. They are content to live in any miserable structure which affords shelter from wind and rain. Save for a handful of the Chamorro and a very small number of wealthy people, they live from hand to mouth in perfect contentment and have no thought of providing for posterity. They see no need of taxing their otherwise simple existence by using money. Such as they obtain is invariably spent for such luxuries as soap, perfume, tobacco and canned food, for their daily necessities are freely provided by nature. Of late years, however, a desire to own coconut trees and land has become discernible. They have aversion to anything that requires systematic labour. This is because they are little accustomed to it, there being no need for hard work where food is plentiful without it. In former times they were absorbed in subduing neighbouring villages, but in recent years their barbaric temperament has greatly abated in consequence of appropriate measures taken toward this end by the Japanese Government.

Each group uses its own language or dialect, and there are many instances of different languages in a single group of islets. Between the main island of Yap and the islets within its orbit, there is no common language. Since Japan took charge of the educational work, Japanese has been taught, increasingly meeting the daily needs of the natives.

## Administration

Following severance of diplomatic relations with Germany, the Japanese navy occupied in October, 1914, the German territory of the South Sea Islands and established a military government. In December, 1915, when military headquarters were instituted at Truk,

the islands were divided into six administrative districts, each governed by a resident garrison commander. In June, 1918, subsequent to the issuance of an Imperial ordinance, a civil administration was created under the commander of the Provisional South Sea Defence Corps, and civil officials took over the functions formerly entrusted to the commanders.

Under the terms of the peace treaty concluded in January, 1920, the islands were placed under Japanese mandate. Realizing the need of effecting fundamental renovation in the administration, the Japanese Government, upon withdrawing the troops, established the present South Sea Government in April, 1922. This was in accordance with an Imperial Ordinance of March, 1922, parts of which were later revised in 1924, 1927, 1930 and 1935. The Governor, who presides over the entire administration, is under the control and supervision of the Overseas Minister. Communications affairs are supervised by the Communications Minister, and currency, banking and customs matters by the Finance Minister. In emergencies, however, the Governor is authorized to act upon his own discretion and if necessary to request the commander of the naval station or the nearest responsible naval commander to take military action. The Government Office is composed of nine sections: Governor's Secretariat, Archives, Local, Finance, Police, Colonial, Aquatic, Civil Engineering and Communications. The Provisional Saipan Harbour Repair Office, a products museum and an experimental fishery station also belong to it. Under the government there are branch offices at Saipan, Yap, Palau, Truk, Ponape and Jaluit. All such general administrative business as census-taking, alms-giving, salvation, policing, hygiene, tax collection, education, religion, industry, engineering and harbour works are conducted by these local branches.

Besides the afore-mentioned, there are, under the control of the Governor, 24 elementary schools, 26 public schools, a woodwork training institute, a high court of justice with a public procurator's office, 3 local courts of justice, each with a public procurator's office, 1 industrial experimentation station with its two sub-stations, 7 hospitals, 1 mine, 9 post offices, 1 meteorological observatory and its 3 branches and 1 industrial school.

The branch offices are assisted by *soncho*, *kucho*, *son-cho* and *joyaku*, who are mostly native chiefs. Those in charge of the Kanaka are called *so-*



soncho and son-cho, and those among the Chamorro are named kucho and joyaku. The so-soncho and kucho act under the control and instructions of the branch office to which they belong, and the son-cho and joyaku assist them. The duties entrusted to these officials are (1) thorough diffusion of knowledge of the law and regulations, (2) the making of applications and reports to the branch office, and (3) the conveyance of official instructions and their fulfillment.

**Police Administration** Under the Police Affairs Section of the government there is a branch section at each of the six branch offices of the government. In addition, there are a police officer's detached station at Tinian, another at Rota, assistant police inspector's detached stations at Kusale and Angaur and policemen's offices at 23 less important villages. The distribution of these stations was determined more by special local conditions than by the density of population, for each branch office of the government has its own peculiar geographical and cultural conditions. On June 30, 1938, the number of police officials at each branch office ranged from 9 to 60.

The regulations for control of the islanders established in 1916 to guard against immigration of persons without property and criminals were amplified

and revised in 1917 and 1925. Special consideration is given to firearms and gunpowder, the possession and use of which are strictly prohibited to the insular inhabitants. Beverages of more than 3 per cent alcoholic content are forbidden except for medical use and religious rites. The possession and consumption of dangerous narcotics, save for medical purposes, are prohibited. Other regulations cover game hunting, publications, social gatherings and the formation of associations, collection of donations, fisheries and the employment of geisha and waitresses.

#### Finance

The expenditure for insular administration had been met by the military special account until an independent account of the South Sea Government was established in March, 1922. Since then the South Sea Government Special Account has been arranged and expenditures of the Government have been met by taxes, other revenues and the sum advanced from General Account. But its own revenue has increased so much that since 1932 the Islands have been receiving no budgetary assistance from Japan proper and have thus virtually become independent financially. The receipts and expenditure for the past several years follow:

#### ANNUAL REVENUE AND EXPENDITURE

(In yen)

Fiscal Year	Revenue			Expenditure		
	Ordinary Revenue	Extraordinary Revenue	Total	Ordinary expenditure	Extraordinary expenditure	Total
1932	4,819,299	3,134,687	7,953,986	2,500,544	2,233,198	4,733,743
1933	5,011,281	3,237,487	8,248,769	2,755,171	2,527,324	5,282,495
1934	5,118,466	2,979,828	8,098,295	2,914,837	2,478,924	5,393,761
1935	6,555,755	2,720,360	9,276,115	3,082,747	2,742,901	5,825,649
1936	6,505,478	3,652,264	10,157,742	3,416,554	3,189,985	6,606,539
1937	7,173,364	3,566,641	10,740,005	3,689,520	4,982,446	8,671,966
1938 (Budget)	9,408,201	496,270	9,904,471	4,548,021	5,126,648	9,674,669

The poll tax, customs duties and clearance charges on shipments constitute the premier taxes. A poll tax not exceeding ¥10 is levied on every male native aged 16 or more and from ¥2 to ¥50 on Japanese and foreigners, although there are quite a number of exceptions. All imports from foreign countries are subject to customs duty in accordance with regulations established in May, 1922. These regulations also provide that all shipments to Japan and dutiable at the destination are subject to a clearance duty at the same rate as levied at the destination.

The details of revenues are given below:

Import Duty, Clearance Dues, and Mine-Lot Tax in 1937			
(In yen)			
Branch office	Import duties	Clearance dues	Mine-lot tax
Saipan	41,171	4,866,092	5,490
Yap	—	—	1,304
Palau	33,018	11	15,785
Truk	11,134	—	—
Ponape	7,176	39	—
Jaluit	9,272	—	—
Total	101,771	4,866,142	22,579

#### Revenue from Taxes 1932-1937

(In yen)

Description of revenue	1932-33	1933-34	1934-35	1935-36	1936-37	1937-38
Poll tax	81,722	78,705	72,005	84,920	92,665	131,150
Clearance dues	3,099,000	3,037,227	2,691,536	4,052,013	3,506,053	5,256,260
Import duties	40,428	36,178	35,189	53,328	67,917	101,785
Mine-lot tax	143	143	1,005	574	5,079	23,586
Total	3,212,294	3,152,253	2,799,735	4,190,835	3,671,716	5,512,782

#### Revenue from Other Sources 1937-38

(In ¥1,000)

Items	Amount received
From Government properties and enterprises	1,526
Stamp receipts	58
Miscellaneous receipts	109
Sales of Government properties	15
Balance carried over from the previous year	3,551
Total	5,260

#### Revenue from Government Enterprises and Properties, 1937-38.

(In yen)

Branch Offices	Postal, cable and telephone receipts	Hospital	Forest-ry	Phosphate rocks	Gov't prop'tys	Elec. light	Total
Saipan Branch	140,823	32,430	5,997	—	74,476	49,699	303,425
Yap	10,909	3,663	887	—	4,376	3,664	23,499
Palau	181,521	74,691	3,774	1,778,750	18,296	59,946	970,988
Truk	41,486	19,931	3,707	—	2,438	7,842	75,404
Ponape	28,258	18,618	5,307	—	13,488	14,592	80,263
Jaluit	11,608	13,833	—	—	7,985	6,166	39,592
Total	414,605	163,166	19,672	1,778,750	121,059	141,909	1,493,184

#### Land and Agriculture

All transactions in real estate owned by natives are subject to approval by the government, a practice initiated by the German administration to safeguard the interests of those whose concepts of property are rudimentary. Total acreage is put at 213,000 hectares, of which about 90,000 hectares are thought fit for cocoanut plantation and general farming. The land already cultivated is calculated at 55,600 hectares for paddy field and dry land, and for cocoanut plantation, leaving more than 34,500 hectares for future development. Engaged in agriculture are 40 per cent of the entire native population, viz., 22,600 natives and 35,400 Japanese. There being little need of depending for their daily necessities upon farming, the agricultural technique of the natives is still in a primitive stage, but the rapid increase in the number of Japanese, who are setting good examples, will sooner or later

bring about some improvement. Livestock farming is also undeveloped, though the natives raise cattle, hogs, goats, hens and ducks, the cattle for transportation and farming purposes and the hogs and hens for food.

Sugar-cane cultivation dates as far back as the beginning of the 16th century, but until the arrival of the Japanese there was no sugar refinery and the inhabitants ate the cane raw. The island of Saipan being found fully qualified in both climate and soil, there was established there by the Japanese a sugar industry, which has made a healthy development. From 20 hectares in 1916 cultivation increased to 455 hectares in 1919 and to 6,140 hectares in 1933. There were two companies, with eight factories, in 1919, but in view of the inadvisability of continuing business on so small a scale, the South Sea Development Company, Ltd., capitalized at ¥20,000,000, was established, taking over the Nishimura Colonial Company, Ltd., and purchasing



the South Sea Industrial Company, Ltd. Factories of this company are now located on the islands of Saipan and Tinian, the two principal sources of the raw material. Each has a pressing efficiency of 1,200 English tons, but completion of new factories in Tinian and Rota increased the capacity by 2,950 English tons.

#### Industry

The lack of communication facilities greatly handicaps commercial and industrial advancement, and inadequate supplies of coal, water and iron disqualify manufacturing. The natives have little purchasing power, and the Japanese settlers, numbering 47,000 and possessing superior purchasing power, are scattered all over the Isles.

Daily wages for both Japanese and natives at the end of 1937 were roughly as follows:

Japanese:	
Carpenter	¥3.00—¥4.00
Shipwright	3.50— 4.50
Plasterer	2.50— 3.50
Blacksmith	2.00— 3.00
Sugar refinery worker	2.00— —
Mine worker (mechanic)	2.50 —
Mine labourer	1.50— 2.00
Natives:	
Carpenter	¥1.00—¥1.50
Shipwright	1.00— 2.00
Day labourer	.70— 1.50
Mine labourer	1.00— —

The value of the annual production of the principal industries for 1937 amounted to ¥25,030,925, of which the followings are principal products:

Sugar	¥ 18,851,080
Alcoholic drinks	535,507
Spirits for industrial use	1,328,061

**Forestry** All of the islands may appear to casual travellers to have good forests, but inspection would disclose that most of the trees are of no practical use. The natives have been careless in removing timber and have disregarded the necessity of reforestation. The only trees receiving attention are the coconut palms growing on the island coasts. But this does not mean that forestry enterprises are hopeless. Various kinds of useful trees are seen thriving among the bushes, and the natural benefits here are the very conditions required for the growth of plants.

The coconut trees have long been depended on by the islanders for food,

and practically every island is shaded by their long trunks and broad fronds of pinnate leaves. According to statistics for 1936, all the coconut plantations total 32,072 hectares in area, and the copra yearly produced therefrom amounts to 14,000 tons.

**Fisheries** There are no records available of fisheries in the islands before the Japanese occupation. A few Japanese made a start shortly after 1914, but unfortunately they all failed, due principally to unpreparedness to cope with the peculiar geographical and climatic conditions of the region. Only recently have profitable undertakings been established. The lack of transportation facilities, the unique conditions and the limited island market make it imperative that the industry be remodelled.

Bonito, tunny, mackerel, sardine, horse-mackerel and shark are found in abundance in neighbouring waters. In shallow waters near the coasts there are seen everywhere shoals of poly-coloured small fish and all sorts of shell-fish. The crocodile, hawk's-bill turtle and sponge of good quality are also plentiful.

The manufacturing side of the fishing industry is still in its infancy and is still limited to the drying of horse-mackerel, bonito and mackerel.

Bonito fishing has, however, advanced to a considerable extent. At present 147 motor boats are all engaged in bonito fishery. Catches in 1937 amounted to ¥2,830,000 in value. If fishing districts near the islands other than mentioned above were developed, further advance in the industry would be possible. In addition, some pearls and sponges are cultivated, chiefly at Palau.

**Mining** The only mining is for phosphate on the Island of Angaur, south of the main island of the Palau group in the Carolines. The island is 15.54 square kilometres in area. The thickness of the phosphate deposit varies from about 3 metres to 7 metres, and the amount available was estimated in 1935 at 1,600,000 tons. For some time after the Japanese occupation of the territory, the mining was carried on by the Navy, but it is now an enterprise of the government. Yearly production is put at 60,000-90,000 tons. In addition to the superintendent, who is an expert, there were in 1935 five assistant experts, 16 clerks, 440 mine workers, 13 labourers and 5 other employees.

The production of phosphate rocks and the value since 1931 follow:

year	Quantity in m. t.	Value in yen
1931	60,203	1,125,769
1932	65,610	1,205,172
1933	70,336	1,308,840
1934	72,148	1,778,750
1935	74,841	1,775,460
1936	85,823	2,121,113
1937	134,098	3,533,606

**Encouragement of Enterprises** Encouragement and financial assistance are given to a number of undertakings, including vegetable farms; coffee plantations, which have been receiving subsidies since 1927; the breeding of cows, pigs and oxen; the growing of sugarcane and the manufacture of sugar, which were subsidized to the extent of ¥17,097 in 1937; laundries, barber shops, shoe-repair shops and hotels; the cultivation of pearls; and the preparation of dried bonito. As the raising of coconut trees is recognized as one of the most promising industries in the islands, regulations were issued in 1922 stipulating that to those who seriously undertake the planting of coconut palms a subsidy is to be given at a rate not exceeding ¥20 per 2½ acres of newly planted land and not exceeding ¥10 per 2½ acres of old coconut groves put in order. Furthermore, the regulations were revised in 1931 to provide a subsidy of one-fourth of the cost of constructing factories for drying copra.

Since 1924, Saipan and Palau have held competitive shows of the local agricultural produce and handmade articles, supported by the government. In addition, representative products of the islands are exhibited at various shows and exhibitions in Japan proper through the good offices of the government. The South Sea Government Products Museum was established and opened at the beginning of 1930 for the exhibition of all sorts of insular products and geographical and historic studies.

An official investigation is being made in places sparsely inhabited by the natives to see whether there is land for additional immigrants, and wherever land is found and designated suitable for colonization every care is taken to assure comforts for settlers. A survey made in October, 1932, showed the existence of land for 393 families. Another investigation is seeking to distinguish lands owned by the government from those possessed by private citizens. Although no accurate figures are yet available, government-owned coconut groves are estimated at about 6,600 acres, with 298,000 trees. From

these figures, however, it is difficult to calculate the approximate amount of copra obtainable, for some of the groves are unproductive. A comprehensive survey is in progress.

**Experimental Stations** The Industrial Experimental Station in the islands, where all kinds of experiments and investigations connected with agriculture and stock-breeding are conducted, utilizes farms totalling 145 acres. The Aquatic Products Experimental Station, initiated in 1931 under the control of the Colonial Section of the government, experiments, among other things, with the preservation of bonito and mackerel and the breeding of sponges, turtles and shell-fish. Since the islands, though small in area, extend over vast expanse of sea, it was considered that the natural resources hidden therein deserved a careful investigation. Having found that small experiment boats would not serve for the purpose the Government has built a ship having a displacement of 183 tons with 360 h.p. This vessel is now engaged in investigation of the resources of the sea.

**Trade** The staple exports are phosphate, copra, sugar, dried bonito and alcohol, which account for 96 per cent of all exports. As to imports, 61 per cent of the total consists of cereals and other provisions and drinks, cotton textile and manufactures, clothing and fittings, metal goods, lumber and various wooden articles.

The open ports are Saipan, Palau, Angaur, Truk and Jaluit. Almost the entire overseas trade of the archipelago is done with the Japanese mainland save for sundry goods exchanged between Saipan and Guam, and between Jaluit and the Gilbert Islands, and for a nominal amount of sugar from Hawaii and copra and sundry goods from Guam, the Gilbert Islands and Manila.

The total exports in 1937 were ¥38,252,645, of which export to the Japanese mainland was ¥37,864,371. Among exports to Japan, sugar represented ¥19,565,238, phosphate, ¥2,399,000, and copra, ¥3,307,389. The total imports in the same period were valued at ¥23,264,525 of which ¥21,996,516 were from Japan. With countries other than Japan, exports amounted to ¥388,274 and imports ¥1,268,009.

#### Trade with Japan in 1937

(In yen)

Exports to Japan	
Sugar	19,565,238
Dried bonito	5,770,674



Dried-trepanng	1,970
Cereals, flour, seeds etc.	642,985
"Takasé" shell	18,800
Alcohol	897,815
Phosphate	2,399,000
Copra	3,307,389
Charcoal	15,075
Totals including others	37,664,371

## Imports from Japan

Cereals, flour, seeds etc.	3,022,853
Sugar	84,389
Alcoholic drinks	792,158
Tobacco	785,953
Tallow, wax, etc.	1,579,400
Petroleum	231,774
Chemicals, drugs, explosives, etc.	600,429
Fabric tissues and manufactures thereof	1,865,607
Clothing, etc.	623,873
Coal	198,337
Minerals and manufactures thereof	675,421
Metal manufactures	1,008,713
Machines, ships, etc.	2,874,823
Lumber	1,401,524
Total including others	21,996,516

## Trade with Foreign Countries, 1937

(In yen)

## Exports to Foreign Countries

Fabric tissues and manufactures thereof	48,318
Chemicals, drugs etc.	4,682
Total including others	388,274

## Imports from Foreign Countries

Cereals, flour, seeds, etc.	536,217
Chemicals, drugs, explosives, etc.	35,748
Oils, tallow, wax, etc.	430,085
Total including others	1,268,009

**Representative Companies** The Nanyo Kohatsu Kabushiki Kaisha, of which Mr. Harutsugu Matsue is the president, was established in November, 1921 with a capital of ¥3,000,000 succeeding the enterprises commenced by the Nishimura Takushoku and the South Sea Industrial companies on the island of Saipan under the Japanese Mandate. With sugar manufacturing as its pivotal enterprise, it has undertaken to develop the resources of the island. After less than two decades, the company has increased its capital to ¥40,000,000 taking into its hands immigration, manufacturing of starch, pure al-

cohol, and various marine products, mining of rock phosphate, ship building, and numerous other industries.

During the recent years, the company has advanced its enterprise far out into the Netherlands East Indies, operating cocanut groves, collecting pearls, growing cotton, gathering gum, raising sheep, opening marine service, etc.

The head office is situated in Saipan, with its branch office in Tokyo. It has factories in Saipan, Tenfan, Rota, Palau, and Ponape, and operating grounds in Ageegan, Pagan, Kusale, Truk, Pelillu, Tokobel, Timor, New Guinea, Celebes, and even in the Philippines.

Today, the company is one of the most outstanding enterprenuer in the South Seas employing nearly 40,000 people and owes its remarkable expansion to Mr. Matsue who has been its president ever since its foundation and has shown himself to be an unusual leader.

The South Sea Development Company was founded, as a result of necessary appropriations approved by the Imperial Diet in May, 1936, following the Imperial ordinance No. 228 proclaiming its establishment was issued. An establishment committee of 28 were organized and on November 27 the company was formally founded. It is capitalized at ¥20,000,000 of which the Government invested ¥10,546,000 in the shape of its property mostly connected with the mining right of phosphate rocks in Angaur and Fuais Islands in the mandated South Seas and appended property. The remaining amount was invested by those interested in enterprises in these islands.

Its head office is in Corrol Island in Palau group and a branch in Tokyo. The company's president is appointed by the Cabinet on recommendation of the Overseas Minister. It is vested with right to issue South Sea debentures equal to thrice its paid-up capital. The Government has power to supervise the company by virtue of the Imperial ordinance. The company's business scope includes agricultural, aquatic, mining and shipping enterprises, phosphate rock mining and others, all connected with economic development of South Sea Islands. Baron Ryutaro Fukao is its president. The principal shareholders of the company are the South Sea Government, the Nanyo Kohatsu Company, the Mitsui Bussan, the Mitsubishi Goshi, the N. Y. K. and the Toyo Takushoku. The company has business relations with the Taiyo Pearl Company, the Nantaku Pineapple Com-

pany, the Nanyo Aluminium Mining Company and 6 other companies.

## Transportation and Communications

There are no roads worthy of the name on the islands, though the Government realizes that they are the first requisite for industrial development. As large appropriations will be needed, their construction will have to wait for some years to come. Nor are there railways for public use. The short one at Angaur extending for 12 miles to the phosphate mine, and that at Saipan and Tinian which extends for 93 miles are exclusively for the hauling of freight belonging to the South Sea Development Company.

Land transportation is now principally

carried through the help of motor cars and other vehicles imported from Japan. The character of the roads, length of each and the number of vehicles are shown in the following tables:

## Extension of Roads, Dec. 31, 1937

Branch office	Width of Road (in km.)			Total
	Less than 4m	Less than 7m	Over 7m	
Saipan	39	104	28	171
Yap	—	118	—	118
Palau	66	35	6	107
Truk	64	2	—	67
Ponape	24	13	3	40
Jaluit	43	—	—	43
Total	236	272	38	546

## Number of Various Vehicles, Dec. 31, 1936.

Branch office	Motor car	Motor-cycle	Bicycle	Cart	Wagons	Others	Total
Saipan	159	25	9,351	11	3,242	—	12,788
Yap	1	4	131	9	5	—	150
Palau	30	23	2,270	58	13	—	2,394
Truk	7	3	416	22	2	—	450
Ponape	7	7	514	5	2	—	535
Jaluit	1	—	346	115	—	—	462
Total	205	62	13,028	220	3,264	—	16,779

Improvement of transportation facilities is now being concentrated on harbours. Generally speaking, the ports are favourable for mooring of steamers with a displacement of 3,000 tons, but the long distance between vessels lying at anchor and the landing places, as well as coral rocks extending far into the sea, handicaps their healthful growth as modern commercial ports. The construction of modern harbours depends upon unanimous appropriations and years of labour. The first real harbour, started in 1926 and completed in 1932 at a cost of more than ¥1,073,000, was at Saipan. In 1933-1935 an enlargement of the wharf was completed with an expenditure of ¥579,000. The third improvement plan which is to be completed within 6 years beginning with 1938 is now carried on. The estimated expenses will reach ¥1,870,000. A second project was launched in 1927 at Corrol, where, between the vessels at anchor and the landing place, lies a coral-reef. The work came to the completion after the expenditure of ¥106,992 in 1930, as the result of which the route has been reduced to one-third of what it used to be. A new wharf was constructed then with an expenditure of ¥84,000, and in 1934-35 another improvement work was completed. For

the construction of the port of Palau ¥2,710,000 was appropriated for a 6 year plan beginning with 1936.

**Shipping Routes** Upon the creation of the South Sea Government, all government-controlled shipping routes were placed under the Nippon Yusen Kaisha, Ltd. The schedule for these lines in 1938 follows:

(1) West Round Line: Plying between Japan and the Philippines, the ships touch at Yokohama, Osaka, Kobe, Moji, the insular ports, Menado and Davao, covering both ways in 44 days. 36 voyages are made in a year.

(2) East Round Line: Plying between Kobe and Jaluit, the ships of the line call at Saipan, Truk, Ponape, Kusale and Jaluit, covering both ways in 54 days. 15 voyages are made yearly.

(3) East and West Connecting Line: Between Kobe, Palau, Truk, Ponape, Kusale and Jaluit, this line includes calls at various insular ports. Both ways are covered in 53 days, and 6 voyages are made in a year.

(4) Saipan Line: The ports of call are Yokohama, Osaka, Kobe, Moji, Futatabi, Hachijo Islands, Saipan and Tinian. 7 round-trips, each made in 30 days, are scheduled for the year.

The number of vessels on these lines is 19, ranging from 3,141 to 6,181 tons.



Since 1938, the ships of the South Sea Marine Transportation Company are ordered to make 6 visits a year at Palau on their voyages between Japan and Java.

Among the islands themselves, shipping has been entrusted to the South Sea Trading Company, Ltd., which is subsidized by the Government. The services now available are: the Mariana line, connecting scattered islets within the Mariana Archipelago, available 19 times a year; the Yap, Palau, Truk and Ponape lines, each with 5 and 4 trips a year, and the Marshall line, which make 16 trips a year. In addition there are Ponape, Truk and Palau lines. Five vessels are used, ranging from 195 to 340 tons.

Since 1938, a ship of the South Sea Development Company is ordered to run between Palau, Yap, Truk and their lone islets.

During 1933, vessels that entered and cleared the nine ports of the territory numbered 507 and 520 respectively—331 steamships, 126 sailing vessels clearing and 301 steamships, 131 sailing vessels entering. The number of passengers landing and embarking were 65,083 and 29,697 respectively.

**Airway** In April, 1939, an air route was opened by the Japan Airways Company. The seaplanes of the company ply twice a month, running from Yokohama to Saipan, 2,610 kilometres and from Saipan to Palau, 1,570 kilometres.

**Communications** All means of communication were placed under the control of the local government when it was established. The Communication Section thus takes care of (1) post, telegraph, telephone, exchange and deposit services, (2) postal insurances, and (3) sea-routes, vessels and nautical markings. There are nine post offices, situated at Saipan, Jaluit, Tinian, Rota, Palau, Yap, Ponape, and Anguar. Each handles wireless messages. The cable and wireless lines now operated are as follow:

(1) Between Yap and Bonin Islands: dispatched by the Chichi-jima Wireless, relayed at Saipan.

(2) Between Yap and all except the Bonin Islands: dispatched on the submarine cable through Naha, Ryukyu (Loochoo).

(3) Between the South Sea Islands, except Yap, and Loochoo and Taiwan: sent by submarine cable.

(4) Between the South Sea Islands, except Yap, and the Bonin Islands: sent by the Chichi-jima Wireless, relayed at Saipan.

(5) Between the South Sea Islands and all outside points except the Bonin Islands, Taiwan and Loochoo: dispatched by the Tokyo Wireless, relayed at Palau.

Telephone facilities are still limited, switch-boards being installed at only Palau and Saipan.

#### Judicial System

The judicial branch of the South Sea Government employs the double trial system, the court for the first trial being one of the Local Courts of Justice and for the second trial the High Court of Justice. To each court is attached a public procurator's office. In remote places, minor irregularities, both civil and criminal, are disposed of by the judgment of the branch office heads.

The South Sea Government's High Court of Justice is located in Palau. The Palau Local Court of Justice has jurisdiction in the Palau and Yap groups; the Saipan Local Court of Justice, in the Saipan group, and the Ponape Local Court of Justice, in the Ponape, Truk and Jaluit groups. In 1935 there were three judges, two procurators and four secretaries in the judicial system.

Most of the legal regulations are the same as those in Japan, but due consideration is given to the customs and conditions peculiar to the natives. Their civil affairs are handled quite independently of those settlers from outside; hereditary practices in land ownership are preserved, none but government officials being permitted to sell, purchase or mortgage their land; legal proceedings are made as simple as possible, and natives sentenced to less than one year of penal servitude may be subjected to labour instead of being sent to a prison.

#### Education

Besides elementary schools for the Japanese, there are 26 for natives throughout the insular territory. Though education is not compulsory, schools are provided, clothing and food supplied in particular cases and pupils from remote places received into dormitories. At the schools for native children, natives are employed as assistant instructors. The Japanese instructors must have the full qualifications of elementary school teachers in Japan proper.

There are schools for Japanese children in Saipan, Palau, Truk, Tinian, Yap and Ponape, and where there is no near-by Japanese school a Japanese class is attached to the native elementary school. The course of instruction, requiring six years, and the textbooks

are the same as in Japan proper. The natives' elementary education takes three years, and after that they are free to enter continuation courses of two years. The lessons are about the same as those taught in the Japanese schools, save for the stress placed on ethics, calculation and the Japanese language. To teach carpentry, a special institute is attached to the Corrol Public School for natives.

Christian schools number 3 in Saipan, 2 in Palau, 6 in Truk, 2 in Ponape and 1 in Jaluit. All of them are attached to churches and naturally concentrate on diffusing knowledge of Christianity. They are not worthy of being called educational institutions in the strict sense.

With the object of popularizing education, a scholarship society was formed on the foundation of an Imperial donation of ¥2,000, in February, 1924. The society is headed by the Governor, who, with the interest accruing to the original and yearly scholarship grants by the government, does everything possible to encourage deserving students. There is also the South Sea Islands Educational Society, headed by the Governor and with branches at the seats of branch offices of the government. Its sole object is elevation of the educational standard of the islanders. On April 30, 1938 it had funds amounting to ¥26,433.

The elementary schools for the Japanese, according to statistics taken at the end of April, 1938, have 155 instructors and 7,688 pupils including the continuation course. The schools for natives have 65 Japanese teachers and 26 native assistant teachers, 1,513 boys and 1,110 girls attending elementary school course, and 470 boys and 298 girls in the continuation course.

There are some private institutions, mostly kindergartens, for Japanese children. Kindergartens are found in Saipan, Yap, Palau, and Ponape, having in all 21 teachers and 342 children.

As there were not very many Japanese

children, no middle school was in existence in the archipelago prior to 1933. But owing to the industrial development and the increase of Japanese residents, it became necessary to establish one, and in accordance with the prefectural ordinance of March, 1933, an industrial school was established in the island of Saipan.

#### Religion

Among the native inhabitants there is no religion worthy of the name, but they have a sort of religious belief. Christianity was first introduced and propagated by Spaniards in 1666. A Jesuit missionary worked enthusiastically in Guam until banished in 1766 by Charles III and is said to have initiated the islanders into the methods of cultivating corn, tobacco, cocoa and potatoes. In more recent times, an American missionary group gained influence, though it finally abandoned work in Ponape and Truk, as did a Protestant mission group from Germany in the former island. Catholicism went on evangelizing side by side with Protestantism and is said to have had more funds. Priests of the Otani branch of the Shinshu Sect of Buddhism established themselves in Saipan for religious propaganda in 1919, and in 1926 a Tenrikyo church was opened in Palau.

Soon after the evacuation of the German Protestant missionaries, the Japanese Congregational Church dispatched four missionaries to Ponape and Truk. American missionaries in Kusaie and Jaluit are engaged in educational as well as religious work, and Catholic missionaries, who came in 1921 from Spain, are also active. It is generally accepted that the natives' mild temperament is the result of the long and untiring efforts of the missionaries. Generally speaking, Christianity seems to have placed the entire population under its influence, but very few of the church-goers understand its tenets.

#### CHURCHES, MISSIONARIES AND BELIEVERS, April, 1938

Religion	Catholic	Protestant	Buddhist	Tenrikyo	Total
Churches	10	13	10	1	34
Mission halls	41	84	1	—	126
Preachers	12	18	16	1	47
Inmates of Monasteries	27	11	—	—	38
Native Preachers	20	88	—	—	108
Japanese	111	27	46,666	19	46,820
Believers	Foreign	—	—	—	20
	Native	17,771	22,125	50	39,951
Total	17,902	22,125	46,716	24	86,791



The Charitable Society, founded on an Imperial donation of ¥1,000, was organized in May, 1927, in commemoration of the demise of the late Emperor Taisho. It is financed by the interest accruing to the foundation and contributions, and its principal mission is salvation of the poor and afflicted. So far its main accomplishment has been caring for lepers, 67 of whom were accommodated in 1938 in 4 sanatoria.

#### Medical and Hygienic Services

In general, there are fewer malignant diseases in the islands than in other tropical lands. But the fact that most of them are coral reefs and small in area makes it difficult to obtain water supply. Rain-water tanks are the usual source, and they often prove an agency for spreading sickness. When the trade wind begins and ends, bringing changes in the climate, influenza occasionally rages. The natives are most unsanitary and even when taken ill hesitate to consult a doctor. Despite untiring efforts by the authorities to better hygienic conditions, long-established customs have impeded progress.

The principal endemic diseases peculiar to the islands are amoeboid dysentery, frambosia and dengue. Dysentery breaks out at places all the year round, but the symptoms are generally slight. Framboesia, rampant among the natives, afflicts but few Japanese. In recent years, in consequence of injecting salvarsan as a remedy, the number of those contracting it has decreased.

Dengue is at times so prevalent that nearly every inhabitant has it, but few cases prove fatal. Fortunately, the islanders have never been attacked by malaria fever, cholera, pest, yellow fever or sleeping sickness. Typhus, paratyphus, dysentery and a few other infectious diseases, however, are common. One suspected case of small-pox

was reported in 1926, but it was agreed that the patient had contracted it while travelling in China and Japan.

**Medical Facilities** Medical practitioner's offices are maintained by the government, and for the benefit of those living in remote places visiting doctors are despatched several times a year. The entire territory is divided into three classes, A, B and C, according to the standard of living, and medical charges are fixed differently; class A, for instance, paying from a third to half as much as the resident Japanese. The task of health protection lies heavily upon the shoulders of the government, for the number of private medical practitioners within the territory is still far from sufficient. According to statistics taken at the end of June, 1938, officials in the government medical service throughout the insular territory include 26 doctors, 7 pharmacists, 3 secretaries, 13 employees, 13 assistants, 8 midwives and 27 nurses.

Special precautions are exercised against the outbreak of epidemics, and all arriving vessels are subjected to strict quarantine inspection. Compulsory vaccination is being practised, as in Japan proper. Geisha and waitresses undergo examination at least once a month. Lepers are found in several places, though the exact number is not yet available. The government opened a sanatorium in Salpa in 1926 and added others in Jaluit and Palau.

The health inspection is conducted in the schools once a year. The results indicate that though the physical growth of the native children generally surpasses that of the Japanese, cases of malnutrition and disease are much more numerous among the former. Inspection of water, and investigation of the causes of deaths are carried out to aid health and hygienic improvement.



MANCHOUKUO



MANCHOUKUO

## MANCHOUKUO

### Geography

**Position** Extending between 38°43' and 53°30' North latitude and 117°50' and 135°20' East longitude Manchoukuo is bordered on the north by Siberia and on the east by Korea and the Maritime Province of Siberia.

On the west its borders touch Outer Mongolia, Eastern Inner Mongolia and China proper, while on the south its shores are washed by the waters of the Yellow Sea and the Gulf of Pechili, the coast line extending over 855 nautical miles.

**Topography** Topographically, Manchoukuo is a vast expanse of plains, traversed from north to south by the Great and Little Hsingan (Khinyan or Khingan) mountain ranges in the north-western section, and by the Changpai mountains near the south-eastern boundary.

Several great rivers with many tributaries run through Manchoukuo, irrigating the plains which they pass. The most notable of these rivers are the Hellungkiang (Amur), Sungari, Ussuri, Yalu, Tumen and Liao rivers.

**Climate** The climate of Manchoukuo

is typically continental, despite the fact that this country lies within about the same latitudes as Japan, Korea, France and England.

Almost unaffected by ocean currents, Manchoukuo has a dry, cold climate with long severe winters and short hot summers. The spring season is windy, strong winds often carrying yellow dusts from the west.

The temperature falls as low as 49° C. below zero in winter and goes up as high as 40.0° C in some localities in summer.

### Area, Population, Language, etc.

**Area and Population** The area of Manchoukuo is put at 1,303,143 sq. km. and is about twice as large as the combined areas of Japan proper, Korea, Formosa and Karafuto. Prior to 1932 little effort was made to obtain reliable census. In that year the population of Manchoukuo was estimated at 30,000,000 people. Rapid increase immediately followed with the great influx chiefly of Chinese, Chosenese and Japanese. The total population reached 33,933,206 at the end of 1937. Details follow:

### POPULATION OF MANCHOUKUO BY PROVINCES

(December 31, 1932)

Provinces	Area sq. km.	Man- churians	Japanese	Chosenese	Others	Total
Kirin	89,656	5,121,521	25,598	76,129	310	5,223,558
Lungkiang	125,536	2,488,272	13,836	6,121	941	2,509,170
Heiho	109,813	58,342	1,521	858	785	61,506
Sankiang	107,545	1,192,467	9,340	22,525	219	1,224,551
Mutankiang	57,245	544,977	22,372	66,214	3,807	637,370
Pinkiang	87,110	4,438,469	32,971	36,194	37,803	4,545,437
Chientao	29,395	158,331	13,037	473,526	126	645,020
Tunghua	31,647	718,274	2,795	75,710	9	796,788
Antung	26,603	2,161,963	19,374	44,228	95	2,225,963
Fengtien	75,522	9,110,271	180,382	99,896	1,433	9,391,982
Chinchou	39,462	4,157,127	16,534	16,822	78	4,190,561
Jehol	66,585	3,628,361	6,367	870	66	3,635,664
West Hsingan	80,410	513,916	612	805	22	515,355
South Hsingan	79,021	818,985	1,609	3,861	11	824,466
East Hsingan	106,751	90,424	1,611	328	2,092	94,455
North Hsingan	160,396	55,458	4,565	320	16,608	76,951
Hsinking Special Municipality	446	261,691	65,235	7,032	734	334,692
<b>Total</b>	<b>1,303,143</b>	<b>35,518,849</b>	<b>417,759</b>	<b>931,459</b>	<b>65,139</b>	<b>36,933,206</b>



## POPULATION OF KWANTUNG LEASED TERRITORY

(As of December 31 each year)

Year	Manchurians	Japanese	Chosenese	Others	Total
1936	975,935	166,510	4,025	1,564	1,148,034
1937	1,009,870	174,587	3,917	1,629	1,190,003
1938	1,038,613	180,689	4,496	1,772	1,225,570

## POPULATION OF PRINCIPAL CITIES

(December 31, 1937)

Mukden	711,085	Chiamussu	50,017
Harbin	457,980	Chengte	40,363
Hsinking	334,692	Yenchi	27,995
Antung	204,382	Heiho	25,370
Yingkou	161,903	Hallar	21,630
Kirin	122,586	Manchouli	7,091
Chinchou	108,218	Dairen	503,778
Tsitsihar	98,175		

## CHINESE COOLIE IMMIGRATION INTO MANCHURIA (1936-38)

Year	Arrivals			Departures			Increase or Decrease
	Coolie Laborers	Family Members	Total	Coolie Laborers	Family Members	Total	
1936	358,122	65,323	423,445	366,761	69,745	436,506	(-) 13,061
1937	319,286	42,871	362,157	259,098	37,696	296,794	65,363
1938	492,376	81,410	573,786	252,798	29,891	282,689	291,097

Language Chinese is the official language of Manchoukuo, although native Manchus and Mongols living in the interior districts speak their own dialects and Japanese is now being taught at many native schools in Hsinking and other important centres of the country.

The original Manchus now living in the country are estimated to number between six and seven millions, but most of them speak Chinese, only those who live in some districts of Kirin province keeping to their own native dialect.

As the official, social and commercial language, the Peking mandarin language is most widely used in Manchoukuo, but the Shantung, Nanking, Shanghai, Canton and other dialects are spoken among the immigrants from these different parts of China.

Among other foreign languages Japanese and Russian are the best known in the country.

**Banditry** Manchoukuo has long been noted for its mounted bandits who ravaged the country. Under the old militarist régime even regular soldiers turned to banditry and quite often were enlisted among the regular troops when needed, so that the troops and bandits were not clearly distinguishable from each other.

Bandits in Manchuria once numbered as many as 200,000 after the Manchurian Incident owing to the fact that the regular troops in the army of Chang Hsueh-liang resorted to banditry. But the strenuous efforts of the Japanese and Manchoukuo troops have reduced the number to about 20,000 by the end of 1935.

As a result of the pacification of Jehol early in March, 1933, the base of operation of the major bandit groups was completely wiped out. With a view to furthering the work of restoring peace and order, a central peace preservation committee was organized in Hsinking. Between the autumn of 1933 and the early spring of 1934, an intensive campaign was directed against the remnant outlaws in Kirin province. Efforts are being made to confiscate the weapons illegally possessed by the people, to reduce the number of the so-called vigilance corps of the professional type, and to give work to the roaming outlaws who surrender to the authorities.

## History

**Before Ching Dynasty** Nearly twenty different dynasties have ruled successively in the territory now under the sovereignty of Manchoukuo, which includes Manchuria and part of Mon-

golia, from the Sushen dynasty to about the second and third centuries down to the Ching dynasty, which lasted from 1638 until 1911, when its rule was replaced by the new régime of the Republic of China.

The Ching dynasty was known as the Nuchen tribe before it gained hegemony in China proper. In 1638, the chief of the Nuchen tribe declared independence at Mukden against the Ming dynasty which was then in power in China proper, naming his country, which extended over the area now forming the territory of Manchoukuo, "Taching."

After rising to full stature of independence, Taching gradually expanded its territory until 1664, when conquering the Ming forces it occupied Peking and made that city its capital, after which Manchuria seemed deserted, except for the Han immigrants who came from China proper and settled there, though only sparsely.

Thus Manchuria was left neglected by the Manchus, who were almost entirely occupied in colonizing China proper, and when Russians penetrated into Manchuria they could do just as they liked in this region.

It was not until after the Russo-Japanese War that the Chinese authorities came to see the need of attending to the administration of Manchuria with any degree of seriousness. With this object in view, Hsu Shin-chang was appointed Viceroy of the Three Eastern Provinces in 1907, and notable improvements were effected in the systems of administration, communications and transport during the following few years.

The late Marshal Chang Tso-lin came into power in Manchuria after the Revolution of 1911, when Chao Erh-hsuan, then Viceroy of the Three Eastern Provinces, asked him to render military assistance to resist the advance of the revolutionary forces on Manchuria.

**Rise of Chang Tso-lin** The rapid ascendancy of Chang Tso-lin then followed and in 1916 he was appointed Inspector-General of the Three Eastern Provinces, thus virtually placing the entire territory of Manchuria under his autocratic rule.

After a series of three civil wars with the Chihli army, in the course of which General Kuo Sun-lin, one of his lieutenants, made an unsuccessful attempt to overthrow him, Chang Tso-lin started hostilities with the Kuomin army of Feng Yu-hsiang, the so-called "Christian General", in January, 1926, and occupying Peking in December that

year, installed himself as Generalissimo at Peking in June, 1927, thus attempting to reign over the entire territory of China.

This marked the peak of the ascendancy of the Mukden war-lord, for, in June, 1928, he had to leave Peking for Mukden ostensibly with the intention of spending the rest of his life in retirement. It was on this trip back to Mukden that the Marshal was killed in a train wreck near Mukden.

Under Chang Hsueh-liang Chang Hsueh-liang, known as the young war-lord of Mukden, then stepped into his father's shoes, but finding himself unable to keep effective control over the lieutenants of his late father, he declared allegiance to the National Government in December, 1928, and was appointed commander-in-chief of the North-Eastern Frontier Army. This was followed by the renaming of Fengtien province as Liaoning in March, 1929. During the civil war of 1930, Chang Hsueh-liang maintained an attitude of sympathetic neutrality, thereby making it possible for the National Army to defeat the rebels under Yen Hsi-shan and Feng Yu-hsiang. Apparently in appreciation of this, the National Government appointed Chang Hsueh-liang Vice-Commander-in-Chief of the National Army, Navy and Air Forces.

In 1931, Chang Hsueh-liang moved his headquarters to Peking and during his absence, all his influence in Manchuria was overthrown following the outbreak of the Manchurian Incident on September 18, 1931.

**Founding of Manchoukuo** The effort directed at restoring peace and order as the Chang Hsueh-liang government was driven out of Mukden by the outbreak of the Manchurian Incident first materialized in the Committee for Preservation of Local Peace and Order organized at Mukden. This soon led to the organization of the independent government of Fengtien province, the example of which was followed by Kirin and Heilungkiang provinces. Later, an Administrative Committee composed of members coming from various provinces was organized and preparations for establishment of the new state were made.

On February 18, 1932 the Committee fulfilled its first duty by announcing the declaration of the establishment of an independent state and appointing a standing committee of seven members for discussing various detailed problems. The fundamental principles of the new state as announced by the committee on February 25 are as follows:



the new state to be called Manchoukuo; the ruler to be called Chief Executive; the flag to be a five-coloured one; the new era to be called Tatung; and the capital to be Changchun, which later came to be called Hsinking.

Mr. Pu Yi, who was formally elected Chief Executive by the Administrative Committee, took office on March 9 of the same year. The law regulating the organization of the government and the law guaranteeing personal rights were promulgated on the same day. On the following day, Cheng Hsiao-hsu, Prime Minister, and other high officials were appointed.

At the request of the people of Manchoukuo, who appreciated and enjoyed the benevolent administration of the new régime under His Excellency Pu Yi, many of their leaders in Mukden and other principal cities and towns petitioned for his enthronement as Emperor of Manchoukuo in the beginning of 1934. This was accepted, and the Chief Executive was formally enthroned on March 1, 1934, the second anniversary of the founding of Manchoukuo. The state was thereafter called Manchoutikuo, which means the Empire of Manchuria, the Chief Executive the Emperor Kangtê, and the new era Kangtê.

#### Government

Under the Organic Law of the Manchou Empire of 1934 (For the text see Fourth Report, Appendix No. 13), the State is completely centralized in the Throne. The Emperor represents the State; supervises the sovereign rights and exercises them in accordance with the Organic Law; issues or causes to be issued ordinances for the maintenance of public peace and order and for the execution of laws; possesses the power to declare war, to make peace, and to conclude treaties; enjoys the supreme command of the army, navy, and air forces; and has the power to grant amnesty, special pardon, commutation of punishment, and restoration of civil rights. The Privy Council advises the Emperor on His various functions, while the legislative, judicial, and administrative authorities execute their respective functions under His general supervision. The people are guaranteed the freedom and rights of their life and property, which guarantees were completely lacking before the establishment of Manchoukuo. The basic philosophy of the Empire is the "Wangtao" or the "Way of Benevolent Ruler."

To perpetuate the Imperial Throne thus instituted and to strengthen the

foundation of the Empire, the "Law Governing Succession to the Imperial Throne of the Empire of Manchou" was promulgated on March 1, 1937, on the occasion of the fifth anniversary of the founding of the State. It (For the text, see Appendix III, No. 3) established the fundamental principle that the first ancestor of the Imperial lineage of Manchoukuo shall be H. I. M. the Emperor Kangtê, and that the Imperial Throne shall be succeeded to by His Majesty's Imperial descendants for ages eternal. It then clarified the order of succession, first by the "Imperial eldest son," then by the "Imperial eldest grandson," and lastly by the "Imperial son next in age and by his descendants." In the absence of any of these descendants the succession shall revert first to the "Imperial brother and his descendants," then to the "Imperial uncle and his descendants," and lastly to the "nearest member among the rest of the Imperial Family and his descendants." The Law decreed one notable exception, namely, that "when the Imperial heir is suffering from an incurable disease of mind or body, or when any other weighty cause exists, the order of succession may be changed in accordance with the foregoing provisions with the advice of the Privy Council."

Orchid has been designated as the Imperial flower and the Imperial crest has been designed from this honoured flower.

A complete reorganization of the national administrative machinery was effected as of July 1, 1937. The main features of this reorganization were the reversion to the system of three independent branches of administration, namely, the State Council, the Legislative Council, and the Courts of Justice, and the reshuffling of the number of Departments to six, namely, Public Peace, People's Welfare, Industry, Finance and Commerce, Communications, and Justice. The salient points in the reorganization may be summarized as follows:

(1) Abolition of the practice of submitting views to the throne by the Privy Council.

(2) Abolition of the Supervisory Council and creation of a Bureau of Audit in the State Council.

(3) Establishment of an Office of Home Affairs in the State Council to take charge, under the direct supervision of the Prime Minister, of matters concerning the general guidance of local organization and the general su-

per vision of provincial governors.

(4) Inauguration of a Planning Council, under the direct control of the Prime Minister, to study and to deliberate upon basic national policies.

(5) Abolition of the Department of Foreign Affairs and creation of a new Office of Foreign Affairs, under the direct supervision of the Prime Minister, to take charge of matters concerning the supervision of envoys and consuls abroad, international negotiations, guidance and protection of nationals abroad, and investigations of international political affairs, transferring matters concerning commercial affairs to the new Department of Finance and Commerce.

(6) Creation of the Department of Public Peace through amalgamation and reorganization of the Department of Defence and the Bureau of Police Affairs in the Department of Civil Affairs, to take charge of the police affairs of the State in addition to matters concerning national defence.

(7) Abolition of the Department of Mongolian Affairs and creation of an Office of Hsingan Affairs, under the direct control of the Prime Minister, to coordinate matters concerning the administration of the Mongols.

(8) Reorganization of the existing Departments of Civil Affairs, Industry, Finance, Communications, and Education into four Departments of People's Welfare, Industry, Finance and Commerce, and Communications: (a) the Department of People's Welfare to take charge chiefly of administration concerning education, social affairs, public health, stabilization of people's life, and elevation of national spirit; (b) the Department of Industry to take charge of administration concerning industrial activities in general and exploitation and conservation of national resources, incorporating within it the Bureau of Live-Stock Farming into which is merged the Horse Administration Bureau of the former Department of Defence, the Bureau of Forestry, the Patent Bureau, and the Hydro-Electric Power Construction Bureau, and abolishing the Provisional Industrial Research Bureau; (c) the Department of Finance and Commerce to take charge of administration concerning the financing of exploitation and conservation of natural resources and other matters connected therewith, incorporating within it the General Monopoly Office and the Weights and Measures Examination Office, formerly the Weights and Measures Bureau; (d) the Department of Communications to take charge of administration con-

cerning communication and transportation, incorporating within it the General Postal Administration Bureau and the Bureau of Navigation.

(9) Continuation without modification of the Department of Justice and its courts.

This reorganization of the Government was followed by an almost complete change in the personnel of high officials. General Chang Ching-hui was reappointed to occupy the responsible position of the Prime Minister. Other Ministers appointed are Public Peace, General Yu Chih-shan, former Minister of Defence; People's Welfare, Sun Chih-chang, former Minister of Civil Affairs; Industry, Lu Jung-huan, former Minister of Industry; Finance and Commerce, Han Yun-chieh, former Minister of Finance; Communications, Li Shao-keng, unchanged; and Justice, Chang Huan-hsiang. Hsi Chia was reappointed the Minister of Imperial Household and Tsang Shih-yi as the President of the Privy Council, while Tsai Yun-sheng was appointed the Chief of the Foreign Affairs Office.

The new Government organization of Manchoukuo is as follows:

H. I. M. The Emperor  
Imperial Household Dept.  
Committee on Imperial House Law  
Office of the Privy Seal  
Office of Aides-de-Camp  
Legislative Council  
Privy Council  
State Council  
Bureau of Audit  
Council on Decorations  
Board of Decorations  
Office of Foreign Affairs  
Secretariat  
Bureau of Political Affairs  
Bureau of Investigation  
General Affairs Board  
Council on Planning  
Secretariat  
Bureau of Planning  
Bureau of Accounts  
Bureaus of Legislation  
Bureau of Personnel  
Bureau of Statistics  
Bureau of Information  
Cadastre Adjustment Bureau  
Bureau of Supplies and Repairs  
Office of Home Affairs  
Secretariat  
Bureau of Management  
Bureau of Supervision  
Office of Hsingan Affairs  
Dept. of Public Peace  
Secretariat  
Bureau of General Staff



Bureau of Military Affairs  
 Bureau of Police Affairs  
 Dept. of People's Welfare  
 Institute of Cultural Research  
 Secretariat  
 Bureau of Education  
 Bureau of Social Affairs  
 Bureau of Public Health  
 Health Equipment Dept.  
 Dept. of Industry  
 Central Meteorological Observatory  
 Secretariat  
 Bureau of Agricultural Affairs  
 Bureau of Mining and Industry  
 Bureau of Construction  
 Bureau of Colonial Administration  
 Bureau of Live-Stock Farming  
 Forestry Bureau  
 Patent Bureau  
 Hydro-Electric Power Construction  
 Bureau  
 Dept. of Finance and Commerce  
 General Monopoly Office  
 Secretariat  
 Bureau of Commercial Affairs  
 Bureau of Revenue  
 Bureau of Finance  
 Dept. of Communications  
 General Postal Administration Bureau  
 Secretariat  
 Bureau of Railways  
 Bureau of Roads  
 Bureau of Navigation  
 Dept. of Justice  
 Secretariat  
 Bureau of Civil Affairs  
 Bureau of Criminal Affairs  
 Bureau of Penal Administration  
 Courts  
 Procurator's Offices  
 Offices of Special Municipalities  
 Provincial Government Offices  
 Hsingan Provincial Government Offices  
 Metropolitan Police Board  
 Capital Construction Bureau

An efficient administration of Manchoukuo required an efficient organization of local administration. For such a purpose, the administrative divisions which existed in Manchuria under the former militarist régime were too vast and unscientific, and the need for reorganization was keenly felt from the early days of Manchoukuo's statehood. Moreover, the former provincial divisions carried with them the vivid memories of past misrule and a complete renovation of administrative divisions became a matter of pre-requisite in realizing a new and enlightened administration. Geographic factors and the trend of new development too had caused the emergence of new centres

and had changed the general map of Manchoukuo decidedly since 1933.

With such a background and in line with the same spirit of general political reform, the first step toward the reorganization of local administrative system was effected on December 1, 1934, when the former "Four North-Eastern Provinces" were replaced by fourteen Sheng or Provinces (See Fifth Report, Sections 1-2). Under the new system, the Sheng became a mere administrative organ of the Central Government, while the division of administrative functions between central and local authorities were clearly demarcated. Thus, the Governor of a Sheng remains under the charge and supervision of the Prime Minister and Departmental Ministers. He is empowered to enforce all laws and to fulfill all instructions within his Sheng and superintends all affairs of administrative character. On the other hand, unlike the practices in force under the former regime, the collection of taxes, the stationing of troops, and the compilation of budgets are done under the direction of the Central Government. The realization of this noteworthy change, not only helped to unify local administration, but also eliminated opportunities for fraudulent practices and divisional dissensions which characterized the local administration before 1932. A Sheng is further subdivided into Hsien or Prefectures and a Hsien into Chu and Tsun as the last local administrative units. In addition, the Hsinking and Harbin Special Municipalities and the North Manchuria Special District (it was abolished as of January 1, 1936) were placed under the direct jurisdiction of the Department of Civil Affairs. Moreover, in the districts where the Mongols predominate, the Mongolian tradition was followed and preserved to a large extent. Thus the administrative unit of the Hsingan Provinces is Chi or Banner, a legal body under the supervision of the State with an autonomous assembly to determine the budget and other important matters.

The second step toward the reform of local administration was taken on July 1, 1937, in conjunction with the general administrative reorganization above described. It added two new Sheng, namely, Tunghua and Mutankiang; it expanded the function of the Sheng government with the exception of four Hsingan Provinces, among other things, adding a share in the national industrial administration such as mining, forestry, and agricultural activ-

ities, but made the constitution of the Sheng government quite elastic so as to make the functional divisions such as bureaux to conform with the local needs instead of following a standardized formula irrespective of needs; it created new offices of Deputy-Governor and Provincial Counsellor; it abolished the Harbin Special Municipality and incorporated it into the city of Harbin, thus limiting the "Special Municipality" system to Hsinking only; it created ten new cities, namely, Antung, Fushun, Yingkou, Anshan, Ssuningkal, Liaoyang, and Tiehling in anticipation of the relinquishment of Japan's extraterritorial rights within the S.M.R. Zone, and Mutankiang, Chinchou, and Chiamussu; it left the organization and functions of Chi untouched; it instituted a Police Bureau in each city; it created a fourth District Postal Administration Office at Chinchou and prepared the way for the expansion of city and village postal functions in anticipation of the relinquishment of Japan's extraterritorial rights.

#### National Defence

**History** The Manchurian army has its origin in the Litan army which rendered great services in founding the Ching dynasty. The soldiers of this army were since then hereditary and were garrisoned in various important points. After the Chinese Revolution of 1911 the army was modernized, and in Manchuria, there were stationed two divisions of the 27th and 28th numbering from 30,000 to 40,000. When Chang Tso-lin came into power, he increased it to 200,000, which was again increased by his son to 260,000 regulars with an additional 100,000 held as provisional forces. There was kept also a small fleet of 7 gunboats to protect trade carried on the rivers. These were the military forces in service under Chang Hsueh-liang at the time of the outbreak of the Manchurian Incident.

**Present Status** The army and navy of the empire is under the supreme command of the Emperor, and is garrisoned in defence of particular districts prescribed by the Emperor.

The Defence Department of Manchoukuo combines both services of army and navy having the following bureaux and sections:

(1) Staff Bureau, (2) Supplies Bureau, (3) General Affairs Section, (4) Justice Section, (5) Personnel Section, (6) Survey Section, (7) Accounting Section, (8) Auditing, (9) Naval Administration, and (10) Armaments Section.

Besides there are the Military Ad-

visory Board, where a number of Japanese officers are engaged who direct the military administration and the Investigation Board which engage in the investigations into the subjects of military affairs and also in propaganda.

#### STANDING ARMY

The military forces at various points are:

1. The Imperial Guards
2. The Selan Force
3. The Flying Corps
4. The Gendarmerie Corps
5. 1st Brigade in command of 1st military district
 

2nd " " " " 2nd " "
3rd " " " " 3rd " "
4th " " " " 4th " "
5th " " " " 5th " "
6. Kirin army
7. Hellungkiang army

The army numbers 80,000. As to the coastal and river defence, the country maintains 11 gunboats and 4 other vessels.

#### Foreign Relations

**With Japan** (1) Recognition by Japan. Japan is the only country with which Manchoukuo is exchanging envoys. Her relation with Japan is defined in the Japan-Manchoukuo Protocol signed on September 15, 1932, between the two countries at Hsinking, providing for their mutual defence. (See p. 205) The document is also notable for the fact that by virtue of it, Japan accorded recognition de jure to the new state far ahead of other nations.

(2) Emperor Kangtê's visit to Japan. In June, 1934, Prince Chichibu was sent to the Empire to convey the Imperial Message of Congratulation to the Emperor and Empress of the new state. In return for this, the Emperor Kangtê paid a visit to Japan, arriving in Tokyo on April 6, 1935, and made a formal call on the Emperor of Japan on the same day. He stayed till April 24.

(3) Abolition of Extraterritorial Privileges. Manchoukuo has confirmed, by the Japan-Manchoukuo protocol, the extraterritorial privileges which Japan had been enjoying under treaties with China. But the development and progress of the country, since its founding, in all branches of administrative system, which are connected with extraterritoriality, for instance, in judicial, police and taxation systems have been noteworthy. In fact more than 18,000,-



000 was set up for the reform of these systems in the budget for 1934. Accordingly Japan decided to give up the rights of extraterritoriality and obtained the Imperial sanction for doing so on August 9, 1935.

The second treaty that completely abolished Japan's extraterritoriality in Manchoukuo was signed on November 5, 1937, only a year after the first. This Japan-Manchoukuo treaty transferred completely all administrative rights in the railway zone. It covered judicial, police, and other matters not covered in the first treaty, and went into force on December 1, 1937, when the formal abolition and transfers took place.

In the Kwantung Bureau, the Police Department was abolished with the transfer of Japanese police forces to Manchoukuo and the Education Department was created to supervise School Associations and Federation of School Associations which took over Japanese educational activities in Manchuria. In the Kwantung District Government, all offices including police and postal services which were operating in the S.M.R. Zone were transferred to Manchoukuo, two Departments of Finance and Civil Engineering were added, and the Dairen Civil Administration Office was abolished, placing the City of Dairen under the direct supervision of the Kwantung District Government which was already moved from Port Arthur to Dairen. Moreover, various activities of purely Japanese character which were carried on by post offices in the S.M.R. Zone were entrusted to similar Manchoukuo post offices for the time being.

Another far-reaching result of the relinquishment of extraterritoriality, including consular jurisdiction, was the abolition of several Japanese consulates in Manchoukuo. This decision was announced by the Japanese Embassy in Hsinking early in January, 1939. The shift included the abolition of Consulates-General at Mukden, Kirin, and Tsitsihar and Consulates or branches at Antung, Chinchou, Chengte, Chihfeng, Palchengtzu, and Yenchi, leaving open for the time being the Consulates-General at Hsinking and Harbin and Consulates in Northeast Manchuria. The Mutankiang Branch of the Harbin Consulate-General and the Hunchun Branch of the Yenki Consulate were raised to the status of a regular Consulate in view of the growing importance of north-eastern frontiers.

(4) Japan-Manchoukuo Economic Agreement. The agreement regarding the establishment of a joint Japanese-Man-

choukuo economic commission was signed on July 15, 1935, at Hsinking by General Jirō Minami, Ambassador to Manchoukuo and commander of the Kwantung Army, and Mr. Chang Yen-ching, Foreign Minister of Manchoukuo. The object of the agreement is to extend to the economic field the inseparable relations between Japan and Manchoukuo that already exist in the defence and diplomatic fields and to accelerate the formation of the economic bloc between the two countries.

**With Soviet Russia** (1) Purchase of N.M.R. In view of ceaseless troubles concerning the North Manchuria Railway, Soviet Russia proposed to Manchoukuo to dispose of the railway. The first conference was opened at Tokyo in June, 1933, between the representatives of Manchoukuo and Soviet Russia with a few Japanese officials attending the parley. On account of the great disparity of opinions as to the value of the railway the conference had not proceeded smoothly until, at last through the mediation of Mr. Hirota, then Foreign Minister of Japan, Soviet Russia finally came to agree on March 23, 1935 to transfer the railway to Manchoukuo at ¥140,000,000. Frontier troubles between Soviet Russia and Manchoukuo are incessant, becoming quite major events at times. The descriptions are given in Chapter VI.

**With Great Britain and the U. S. A.** The Manchoukuo Government decided to make the Petroleum Monopoly Law effective as from April 10, 1935. The governments of Great Britain and America protested against Japan stating that the above law infringes the principles of the Open Door and Equal Opportunity established by the Nine-Power Treaty. The Japanese Government replied that it was an independent action of the state of Manchoukuo, and that Japan could do nothing about it. The reason of the protest of the British and American Governments was that the capital invested in petroleum in Manchoukuo by their nationals would be practically expelled from the country by the coming into force of this law. But the Manchoukuo Government had to issue this law to effect control over its principal industries which were absolutely necessary for her development, with no aim to expel foreign capital.

**With China** (1) Postal and Railway Business. Manchoukuo, when she proclaimed her independence on March 1, 1932, notified China that her relation with the latter would be the same as with any other power, and declared that she would take over the business of

postal service on the 20th of the same month. The country made new stamps and post cards, and had actually taken over the postal business on July 25, 1932. Matters in connexion with the revival of the postal business which had been pending between Manchoukuo and China were satisfactorily settled and ordinary mail service was opened between the countries as from January 10, 1935, and that on money order and parcels as from February 1. As regards cables the negotiation came to a satisfactory conclusion on October 17, 1935. As to the collection of customs duties, the business was also taken over by the Manchoukuo Government on September 25.

The question of railway, which was another important problem, came to a satisfactory solution on June 28, 1934, and the railway connection which had been severed for 2 years and 9 months since the occurrence of the Manchurian Incident was restored. Since July 1, 1934, one train each from Peiping and Mukden is being despatched every day.

(2) Exchange of Amity Commissions. The East Hopei régime decided to enter into formal relation with Manchoukuo. A goodwill commission was sent by the East Hopei Anti-Communist and Autonomous Government headed by Chih Tsung-mo which formally presented to Foreign Minister Chang Yen-ching of Manchoukuo a personal letter from Mr. Yin Ju-keng, chairman of the Tungchow Council, voicing a desire for friendship and amity with Manchoukuo. The commission was received in audience by the Emperor Kangtê on the 17th. In return the Manchoukuo Government despatched an amity mission of six headed by Mr. Kao Chung-lu which delivered a letter of amity signed by Foreign Minister Chung Yen-ching to chief Executive Yin Ju-keng on May 18.

With the occurrence of the China Affair Manchoukuo's relation with China is undergoing a radical change.

**With Germany** The German economic mission to East Asia headed by Dr. Otto Carl Kiep arrived at Hsinking on February 32, 1935. Since then the commission made a study of economic conditions in Manchoukuo, and later proceeded to Tokyo to take up the subject of concluding a treaty with Manchoukuo through the intermediation of Japan. As the result an announcement of the conclusion of a German-Manchoukuo trade agreement was made by the Manchoukuo Embassy on May 1, which was signed on April 30.

**Formal Recognition.** In his address delivered before the Reichstag on February 20, 1938, Chancellor Hitler declared that Germany would formally recognize Manchoukuo, the following being a summary of his speech concerning Germany's foreign policy:

1. On no account will Germany become entangled in conflicts in which the nation itself is not interested. Germany will remain neutral.

2. Germany demands the return of her colonial possessions. Therefore Germany will never re-enter the League of Nations which deprived her of her colonies.

3. Germany will recognize Manchoukuo.

4. Germany will extend moral support to Japan in the present Sino-Japanese conflict.

5. Germany will further buttress the Japan-Germany-Italy Anti-Comintern Pact against Soviet Russia.

Thus, Germany's recognition of Manchoukuo, which had been expected since the conclusion of the Japan-Germany Anti-Comintern Pact, was realized at last.

Five days later, Dr. Knoll, Reich Trade Commissioner in Hsinking, paid a visit to Mr. Chang, the Prime Minister of Manchoukuo, and announced that Germany's recognition of Manchoukuo would take effect from February 20, 1938, the day Chancellor Hitler made his speech referred to above.

**Treaty of Amity.** On May 12, 1938, Germany extended formal recognition to Manchoukuo when a treaty of amity was signed in Berlin, inaugurating diplomatic relations between the two States. The historic document was signed by Baron Ernest von Welzsaecker, State Secretary for Foreign Affairs, on behalf of the Reich, and Mr. Hiyoshi Kato, Manchoukuo's Plenipotentiary in Berlin, at the German Foreign Office. The treaty is composed of four articles and will come into force on the day when ratifications are exchanged between the Reichsfuehrer and His Majesty the Emperor of Manchoukuo. The treaty is as follows:

Article 1. Both countries, on an equal and independent footing, shall exchange Consuls to establish diplomatic and consular relations. The said Consuls shall be accorded equal treatment with the Consuls of other countries under the most-favoured-nation terms.

Article 2. Both countries shall be granted the freedom of residence, travel and business for their respective



nationals, for whose lives and property the two Governments undertake to provide protection.

Article 3. The two Governments agree to open, immediately after the signing of the present agreement, negotiations for the conclusion of a general treaty of trade and navigation with a view to promoting friendly relations.

Article 4. The text of the present treaty is prepared in duplicate in the German and Manchou languages. The treaty shall enter into force on the date when ratifications are exchanged between the Reichsfuehrer and the Emperor of Manchoukuo.

**With Italy** It must be recalled that the Italian Government, with the view to helping the maintenance of peace in the Far East gave de facto recognition to the Hsinking Government when it re-opened its consulate in Mukden on December 1, 1936. Italy once more manifested an admirable power of penetrating observation on the state of affairs in East Asia by announcing de jure recognition of Manchoukuo on November 29, 1937. Italy named her first minister to Hsinking in January and Manchoukuo hers in February, 1938. The treaty of amity, commerce and navigation was concluded on July 5, 1938.

**Manchoukuo Joins Anti-Red Pact** The historic signing of the protocol for Manchoukuo's participation in the Anti-Commintern Agreement took place in the flag-bedecked auditorium of the State Council Building in Hsinking on February 24, 1939, between the Manchoukuo plenipotentiary, Premier Chang Ching-hui, and the plenipotentiaries of Japan, Italy and Germany, Ambassador General Kenkichi Uyeda, Minister Luigi Cortese and Minister Wilhelm Wagner, respectively, the ceremony beginning at 10 a.m. Simultaneously a similar protocol was signed in Budapest whereby Hungary also formally entered the anti-Red pact. Both protocols are based upon the German-Japanese Agreement on Communism and its supplementary protocol signed in Berlin on November 25, 1936, and the Japan-Germany-Italy Protocol signed in Rome on November 6, 1937.

**Diplomatic Relations with Dominica** On August 16, 1934, the President of Dominica presented his autograph letter to the Emperor of Manchoukuo through the Foreign Office of that country, in return for which the Emperor sent his dated January 21, 1935, to the President. The Foreign Minister of the Republic therefore sent a letter of appreciation to the Emperor through the Foreign

Office of Manchoukuo, and in this manner diplomatic relations between the two countries have been established.

**Recognition by Salvador** On March 3, 1934, the Republic of Salvador declared that she would recognize Manchoukuo as an independent state.

**Recognition by the Holy See** Under date of April 18, 1934, the Holy See notified the Manchoukuo Government of its decision to form a separate mission field in Manchoukuo, independent from that of China, and appointed the Rt. Rev. Bishop A. Gaspais as Acting Apostolic Delegate in Manchoukuo with the intention to contribute to the moral and intellectual development of the country according to the disposition of the Manchoukuo authorities. The notice was confirmed on August of the same year by His Eminence Pierre Cardinal Fumasoni-Biondi, prefet de la S. Congregation de la Propagande.

**Recognition by Nationalist Spain** The Manchoukuo Government took steps to recognize the Franco Government in Spain and the latter did the same with regard to Manchoukuo. Official notes to the above effect were exchanged at Tokyo on December 2, 1937. This move, as the notes clarified, is another step toward the strengthening of an international united front against the destructive policies of the Third International.

**Recognition by Hungary** The Hungarian recognition of Manchoukuo was officially communicated to Hsinking on January 10, 1939, by Foreign Minister Csaky of Hungary. Premier Chang Ching-hui immediately replied and extended the official recognition of Hungary by the Manchoukuo Government.

**Recognition by Poland** The Governments of Manchoukuo and Poland on February 5, 1938, completed arrangements for the establishment of Polish Consulate in Harbin. Informal conversations between the representatives of Manchoukuo and Poland were carried on at Tokyo through the good offices of the Tokyo Foreign Office for the purpose of concluding a treaty of amity between the two countries. General agreement was reached in October and notes were exchanged under the date of October 19, 1938, for according to each other on condition of reciprocity the most-favoured-nation treatment in diplomatic and commercial relations. Poland thus accorded a de facto recognition to Manchoukuo.

**Passport Visé** Meanwhile, the Department of Foreign Affairs of Manchoukuo assiduously endeavoured to

pave the way for the opening of diplomatic relations with European and American countries, and promulgated new regulations governing the granting of passports and their visés effective June 1, 1933, and otherwise took steps to provide travelling facilities for foreigners.

Simultaneously with the enforcement of the new regulations, the Manchoukuo Foreign Office opened four passport offices in Antung, Dairen, Yingkow and Suifeng on June 1 to which Shanhaikwan, Manchouli, Tumen, Heiho and Kupeikou were added later, pursuant to the stipulations of the said regulation. Between June 1, 1933 and September 30, 1934, a total of 11,395 passports of foreigners entering or passing through the country were examined and viséd, an average of 950 a month.

**Manchoukuo Consulates** Another event worth mentioning in connection with Manchoukuo's foreign relations was the opening of the Manchoukuo consulate at Blagoveschensk, the first consulate to be established in a foreign country by the new nation, late in September, 1932. Mr. Kuei Heng-chin was appointed in charge of this consulate.

The number of Manchoukuo residents in Blagoveschensk, which is a Soviet city located near the Siberian border on the bank of the Amur River on the opposite side of Heiho, a Manchoukuo town, is approximately 7,000, most of them being engaged in the retail business.

Manchoukuo's second consulate in Soviet Russia was opened at Chita in January, 1933, the staff being headed by Mr. Li Yuan as consul.

Also the consulate at Shingishu, Korea, the first of the kind to be established in the Japanese Empire, was opened on November 9, 1934.

**Exchange of Ambassadors** The recognition of Manchoukuo by Japan on September 15, 1932, was acknowledged by the despatch of Pao Kuan-cheng to Japan by the Manchoukuo Government, to stay in Tokyo as Manchoukuo's representative, towards the end of the same month, and later by the visit to Tokyo of the Foreign Minister of Manchoukuo, Hsieh Chieh-shih, in November, 1932.

Meanwhile General Nobuyoshi Muto, commander of the Kwantung army, ambassador to Manchoukuo and governor of the Kwantung Leased Territory, who signed the Japan-Manchoukuo Protocol on September 15, 1932, presented his credentials as ambassador to the Chief Executive of the country.

This was followed by the arrival of General Ting Shih-yuan on May 10 in Tokyo as the first Manchoukuo Minister to Japan. Meanwhile Manchoukuo desired to elevate the legation at Tokyo to the status of an embassy in view of the increasing importance of her relation with Japan, which was endorsed by Japan on May 21, 1933. The first ambassador of Manchoukuo to Japan was Mr. Hsieh Chieh-shih, the former minister of Foreign Affairs.

Shortly after the conclusion of the Jehol expedition, Marshal Muto, to which rank he was promoted, fell ill in Hsinking and died on July 27. He was succeeded at his post by General Takashi Hishikari, and then by General Jirō Minami. The latter resigned and the post was taken by General Kenkichi Uyeda in March, 1936.

**Diplomatic Representations** Japan is the only nation which has an embassy in Manchoukuo. Consulates established by Japan and other Powers in that country and their locations follow:

Japanese Embassy at Hsinking.  
Japanese Consulates-General at Hsinking, and Harbin.  
Japanese Consulates at Yingkow, Tsitsihar, Paitsokuo, Tunghua, Hailung, Taoli, Hunchun, Manchouli, Chengchiatun, Toutsokou, Hsinminfu, Hailar, Suifengho, Yenki, Tumen, Tunhua and Mutankiang.  
British Consulates-General at Mukden and Harbin.  
British Consulate at Yingkow.  
American Consulates-General at Mukden and Harbin.  
French Consulates at Mukden and Harbin.  
U.S.S.R. Consulates-General at Mukden and Harbin.  
U.S.S.R. Consulates at Tsitsihar, Heiho, Suifengho and Manchouli.  
German Consulates at Mukden and Harbin.  
Italian Consulate at Harbin.  
Dutch Consulates at Harbin and Yingkow.  
Belgian Consulate at Harbin.  
Danish Consulate at Harbin.  
Norwegian Consulate at Yingkow.  
Polish Consulate at Harbin.  
Czechoslovak Consulate at Harbin.  
Portuguese Consulate at Harbin

At Dairen, Kwantung Leased Territory  
American Consulate  
British Consulate  
U.S.S.R. Consulate  
German Consulate  
French Consulate  
Dutch Consulate  
Swedish Consulate  
Finnish Consulate  
Belgian Consulate  
Estonian Consulate  
Norwegian Consulate



## Finance

While the finance under Chang Tso-ling was comparatively sound in his earlier administration, the expenditure commenced to increase steadily due to his army being enlarged in the latter days. Thus in 1926, the total expenditure was ¥120,000,000 and showed a budgetary deficit of ¥12,000,000. When he was succeeded by his son, Chang Hsueh-liang, the deficit was further increased. The recklessness of his finance was evidenced by the fact that, of the total expenditure of ¥142,500,000, the sum defrayed for the military purpose amounted to ¥114,-

720,000. The deficit thus created was met by increased taxes and inflation of currency, thereby causing the people great misery.

In view of the deplorable state of affairs, as above stated, the leaders of Manchoukuo directed their efforts for the stabilization of the financial conditions of the country without increasing tax economic pressure on the people. It is much to the credit of the new state that such a rapid and sound development has been made in finance and currency in so short a time.

Manchoukuo's national budgets since its foundation follow:

## MANCHOUKUO'S NATIONAL BUDGET

(In M¥1,000)

	Revenue			Expenditure		
	Ordinary	Extra-ordinary	Total	Ordinary	Extra-ordinary	Total
1932	97,386	15,922	113,308	104,482	8,826	113,308
1933	132,134	17,035	149,169	107,449	41,720	149,169
1934	163,321	25,404	188,725	131,662	57,063	188,725
1935	88,605	16,392	104,993	62,917	42,081	104,993
1936	193,234	26,170	219,405	134,322	85,082	219,405
1937	211,631	36,467	248,098	119,112	128,986	248,098
1938	240,335	64,219	304,555	143,659	160,875	304,555
1939	299,837	103,540	403,377	182,033	221,344	403,377

Note: Manchoukuo's fiscal year corresponds with the calendar year.

Manchoukuo's Budget for 1938 and 1939 The State budget for the fifth fiscal year of Kangtê covering the period from January 1 to December 31, 1938, was published in the Official Gazette December 28, 1937.

Compiled on the principle of rational and positive finance, the new budget is designed, inter alia, to adapt the country to the situation brought about by the China Incident. It aims in the main to effect, by mobilizing all internal facilities, the strengthening of national defence, promotion of the nation's producing capacity and efficient collaboration with Japan in the adjustment of international receipts and payments, besides ensuring a smooth working of the various arrangements in-

stituted to cope with the new situation arising from the abolition of extra-territoriality by Japan.

Much the same general trend governed the formulation of the 1939 budget now in force. This year, the Government is seeking some 396,428,000 yuan through the floatation of loans. Of this amount 42,300,000 yuan have been assigned to the new special account known as the Colonial Development Enterprise Special Account for various subsidized activities in connection with Japanese and Chosenese immigration. Of the balance, 250,000,000 yuan are taken up by the Investment Special Account, 30,000,000 yuan by the Hydro-Electric Power Enterprise Special Account, and 65,000,000 yuan by the General Accounts.

## MANCHOUKUO'S BUDGETS, 1937-1939

## (A) General Account Budget

(Unit: Yuan)

Classifications	REVENUE ESTIMATES		
	1937	1938	1939
Ordinary:			
Taxes and Duties	153,029,000	172,956,824	203,293,000
Customs Revenue	89,658,000	96,447,824	107,551,000
Internal Revenue	63,371,000	76,509,000	95,742,000

Classifications	1937	1938	1939
Stamp Revenue	9,097,032	9,887,890	14,986,598
Monopoly Profits	44,367,752	52,325,370	76,607,944
Revenues from State Industries and Other Sources	5,138,020	5,165,224	4,949,953
Total	211,631,804	240,335,308	299,837,495
Extraordinary:			
General	5,047,152	4,701,877	14,641,330
From Special Accounts	21,003,860	46,517,815	68,898,830
Surplus from Previous Year	10,415,944	13,000,000	20,000,000
Total	36,466,956	64,219,692	103,540,160

## EXPENDITURE ESTIMATES

Jurisdictions	1937	1938	1939
Imperial Household	2,100,000	2,100,000	2,100,000
Ordinary	2,100,000	2,100,000	2,100,000
General Affairs Board	38,865,829	103,178,004	131,381,258
Ordinary	10,210,659	33,703,570	49,149,952
Extraordinary	28,655,170	69,474,434	82,231,306
Dept. of People's Welfare (Civil Affairs to 1937)	63,965,953	14,941,415	19,225,832
Ordinary	28,201,547	7,671,707	10,352,420
Extraordinary	35,764,406	7,269,708	8,873,412
Dept. of Foreign Affairs	1,616,011	—	—
Ordinary	1,262,690	—	—
Extraordinary	353,321	—	—
Dept. of Public Peace (Defence to 1937)	80,170,141	111,904,659	137,661,713
Ordinary	43,210,197	67,310,011	82,839,546
Extraordinary	36,959,944	44,594,648	54,822,167
Dept. of Finance and Commerce	27,693,800	27,051,260	35,672,585
Ordinary	13,379,341	14,943,135	16,002,614
Extraordinary	14,314,459	12,108,125	19,669,971
Dept. of Industry	8,508,499	12,041,976	20,879,259
Ordinary	3,427,544	5,859,251	5,700,502
Extraordinary	5,080,955	6,182,725	15,178,759
Dept. of Communications	5,146,225	21,797,596	44,006,769
Ordinary	855,258	1,274,788	3,789,898
Extraordinary	4,290,967	20,522,808	40,216,871
Dept. of Justice	9,996,871	11,540,090	12,450,239
Ordinary	8,890,882	10,796,609	12,098,905
Extraordinary	1,105,989	743,481	351,334
Dept. of Education	5,697,925	—	—
Ordinary	4,807,553	—	—
Extraordinary	890,372	—	—
Dept. of Mongolian Administration	4,337,506	—	—
Ordinary	2,766,772	—	—
Extraordinary	1,570,734	—	—
Total	248,098,760	304,555,000	403,377,655

## (B) Special Accounts Budgets

(Unit: Yuan)

## REVENUE ESTIMATES

Classifications	1937	1938	1939
General Affairs Board:			
Loan Adjustment Fund	120,628,873	96,940,487	116,423,565
State Loans	110,735,000	266,916,000	396,428,000
Supplies	7,272,867	17,244,188	77,072,789
Capital Construction Bureau	5,231,847	2,147,403	3,199,687
Provincial Finance Fund	—	42,700,000	37,575,400



Classifications	1937	1938	1939
Officials' Mutual Relief	—	2,043,655	2,093,735
Scientific Research Fund	—	2,166,249	4,848,806
Pension Fund	—	—	5,618,039
Dept. of Public Peace (Defence to 1937):			
Army Clothing Factory	4,622,600	7,403,180	8,566,621
Arsenal	3,300,000	12,328,630	15,723,140
Horse Race	2,673,823	4,352,289	5,925,684
Dept. of Finance and Commerce:			
State Properties Adjustment Fund	5,010,995	5,732,994	10,551,781
Investments	91,448,316	326,214,654	280,327,347
Monopoly Projects	113,248,504	158,751,349	195,904,337
Railway Loans	48,709,462	14,777,837	8,280,450
Dept. of Industry:			
State Forestry Project	14,112,871	25,964,294	74,467,899
Gold Refining Project	1,500,000	4,478,107	—
Hydro-Electric Power Project	3,151,000	16,382,174	30,566,273
Colonization Project	—	—	42,313,841
Dept. of Communications:			
Postal Administration	5,898,249	12,024,987	14,824,980
Postal Life Insurance	—	989,449	3,066,071
River and Irrigation Project	—	1,800,000	4,967,949
Dept. of Justice:			
Prison Administration	5,414,622	7,578,902	13,075,881
Total	542,959,029	1,128,936,828	1,351,822,275

## EXPENDITURE ESTIMATES

Jurisdictions	1937	1938	1939
General Affairs Board:			
Loan Adjustment Fund	120,628,873	96,940,487	116,423,565
State Loans	110,735,000	366,916,000	396,428,000
Supplies	7,155,402	17,044,303	76,577,789
Capital Construction Bureau	5,231,847	2,147,403	3,199,687
Provincial Finance Fund	—	42,700,000	37,575,400
Officials' Mutual Relief	—	1,407,169	2,093,735
Scientific Research Fund	—	2,166,249	4,848,806
Pension Fund	—	—	3,769,468
Dept. of Public Peace (Defence to 1937):			
Army Clothing Factory	4,757,930	7,480,301	8,668,177
Arsenal	3,300,000	12,328,630	15,723,140
Horse Race	1,310,933	2,301,568	2,865,569
Dept. of Finance and Commerce:			
State Properties Adjustment Fund	4,144,364	5,121,577	10,551,781
Investments	91,448,316	326,214,654	280,327,347
Monopoly Projects	73,889,518	122,778,130	139,535,569
Railway Loans	48,709,462	14,777,837	8,280,450
Dept. of Industry:			
State Forestry Project	14,112,871	24,443,437	74,251,165
Gold Refining Project	1,500,000	5,388,068	—
Hydro-Electric Power Project	—	16,381,831	30,566,273
Colonization Project	—	—	42,313,841
Dept. of Communications:			
Postal Administration	5,898,249	12,024,987	14,824,980
Postal Life Insurance	—	630,985	1,393,102
River and Irrigation Project	—	1,800,000	4,967,949
Dept. of Justice:			
Prison Administration	5,114,622	7,578,902	13,075,881
Total	506,086,364	1,088,572,518	1,288,261,674

Government Monopolies In Manchuria, prior to the foundation of the new State, the production and sale of salt and matches were government mono-

polies. These monopolies, however, were not national, but provincial in character, without any uniformity or connection between each provincial system, for the four provinces that made up the so-called Northeastern régime in those days, were to all intents and purposes, separate entities, with their own laws and regulations.

Seven years have elapsed since the system of national monopolies was inaugurated in Manchoukuo, and along with the establishment of various other national systems, it has been gradually improved and expanded. Beginning with the promulgation of the Opium Law in 1932, an oil monopoly system was enforced in 1935, while salt and matches were made Government monopolies in 1937. The system which the Manchoukuo Government has temporarily adopted with regard to the sale of matches during the first five years was known as public sales system, a combination of taxation and monopoly systems. Under this system, the Government supervised the manufacture and distribution as well as retail business of matches but the public sale was entrusted to the Manchuria Manufacturers' Association, the wholesale dealers paying tax to the Government according to the amount of business handled. This system contained many defects and the Government has instituted investigations for the purpose of revising the system fundamentally. The result was the formulation of the Match Monopoly Law which was promulgated on December 26, 1936, and enforced from February 16, 1937. Under the new system, any person who wishes to manufacture, import, or export matches is required to obtain a permit therefor from the Government, while all matches manufactured or imported automatically become Government monopoly products, which must be sold to the Government in return for fair compensation. As in the other cases of monopoly products, the wholesale trade in matches is limited only to those who are licensed and designated by the Government.

The alcohol monopoly was instituted on January 1, 1938. It was designed to ensure the economical production of alcohol, to develop the use of alcohol in mixed liquid fuel, and to encourage the production and consumption generally. The monopoly alcohol contains 90 per cent or more pure alcohol, either absolute alcohol or hydrous alcohol, and a drastic control is placed over the alcohol with less than 90 per cent content. The manufacture, importation, or exportation of alcohol, as in other

cases, are carried on under the Government licence system and all alcohol manufactured or imported, with the exception of export alcohol in transit and alcohol for special purposes, is expropriated by the Government. The distribution is made by the Monopoly Office through licensed dealers. As Manchoukuo has various grains suitable for making alcohol and also sufficient manufacturing equipments to meet the domestic demand with considerable surplus, the Government has adopted the policy of restricting importation and encouraging exportation of alcohol. Thus, the manufacturers of shaochiu, a popular native drink which is distilled by a primitive method from a mixture of kaoliang, corn, Indian beans, and millet, are required to use the monopoly alcohol, while the manufacture of so-called "new shaochiu," a mixture of ordinary shaochiu and alcohol, has been prohibited.

The opium monopoly had as its fundamental purpose the extermination of opium evil through national control. In this respect, the reexamination of the system in 1934 and further study of the problem in general finally led the Government in August, 1937, to discard the policy of gradually eliminating addicts and to adopt a new policy of completely exterminating the habit within a period of ten years beginning in 1938. The ten-year plan for the extermination of opium evil as announced on August 12, 1937, outlined an elaborate programme including (1) education against opium-smoking, (2) prevention of the appearance of fresh cases, (3) curing of addicted persons, (4) control and improvement of opium to be used in the treatment of addicts, (5) self-restraint of Government and municipal officials, and (6) rigid control of production, buying, and selling of opium in conformity with the policy of eradicating opium smoking. Simultaneously with the strengthening of the opium monopoly, the Government has decided to ban the use of narcotic drugs. Consequently, the Narcotics Law was promulgated in August, and enforced from September 15, 1937. The narcotic administration under the Narcotics Law is primarily under the jurisdiction of the Health Department but, as the opium from which narcotic drugs are manufactured is a monopoly product, the manufacture, importation, and distribution of morphine and heroin were placed under the supervision of the Monopoly Office.

The national revenue from the mo-



monopoly products grew from 6,063,000 yuan for the year 1933-34 to 11,389,000 yuan for 1934-35, 6,373,000 yuan for 1935 (6 months), and 20,116,000 yuan for 1936. The addition of salt and match raised the budgetary estimate for 1937 to 44,368,000 yuan, the further addition of alcohol increased the budgetary estimate for 1938 to 52,325,000 yuan, and that for 1939 to a new record sum of 76,608,000 yuan or 12 times the net profit of 1933-34. In other words, the monopoly profit in 1933-34 amounted to only 3 per cent of the total net revenue but in the 1939 budget it rose to 17 per cent of the total estimated national revenue. With the progress of industrialization of the country, the monopoly profit is expected to increase further.

#### Banking

**Central Bank of Manchou** This bank was established on July 1, 1932, and it opened business on the same day. In it were included four old banks of issue, the Three Eastern Provinces and the Frontier Bank. It has its head office at Hsinking, and branch offices at Mukden, Kirin, Tsitsihar and Harbin. It is capitalized at MY30,000,000, and the Manchoukuo government hold more than 50,000 shares of MY100 each. It is authorized to mint coins and issue notes. The general balance sheet of the bank amounted to MY913,813,000 at the end of 1938.

**Currency Problem** The currency in Manchoukuo has been in an extremely complicated condition, native and Japanese and other notes and coins being in circulation. But in the newly regulated system of Manchoukuo currency 23.91 grammes of pure silver is taken as the unit called the yuan, there being 100 fen or 1,000 li in one yuan. The new paper notes are issued in five different denominations of 100 yuan, 10 yuan, 5 yuan, one yuan and chian, or 50 fen, circulated together with 1-chiao and 5 fen nickels and 1-fen and 5-li coppers. The amount of coins issued by December, 1938, reached MY27,158,869.

**Note Issue** Before opening for business on July 1, 1932, the Central Bank of Manchou took over old notes of 15 different kinds and 136 denominations amounting to MY142,234,881 calculated in the new currency at the exchange rate fixed officially. This figure was gradually reduced and by the end of June, 1935 a total of MY138,200,000 or 97.2% had been redeemed by the Bank. The amount of the notes in circulation at the end of December, 1938, reached MY425,738,000.

**Industrial Bank of Manchou** This

bank was founded in accordance with the Industrial Bank of Manchou Law issued by the Manchoukuo Government on December 3, 1936. Its capitalization is ¥30,000,000, a half of which is invested by that Government. Its object is to supply capital necessary for industrial development of Manchoukuo, and the domain of its business is not only limited to supply of capital to commerce, but to large and small industries on a basis of long-term and low interest rate. The bank is vested with authority to issue industrial debentures 15 times its paid-up capitalization. The Manchoukuo Government will guarantee for payment of principal and interest of loans for the bank, when the latter intends to raise necessary loans by floatation of its debentures abroad. Its president is Mr. Yutaro Tomita. Its head office is in Hsinking and branches in various cities of Manchoukuo. The general balance sheet of the bank amounted to MY587,590,953 at the end of 1938.

**Other Banking Institutions** Though the Central Bank of Manchou occupies the controlling position in the monetary market as the note issuing bank, there are other banks which do substantial banking business. The names and capitalizations of the principal banks follow:

Name	Authorized Capital
(1) Manchoukuo Banks	
Fentien Commercial and Industrial Bank	MY2,200,000
Fentien Commercial Bank	1,000,000
Yingkow	1,000,000
Kung Cheng "Yu Bank"	500,000
Tungpian Industrial Bank	1,500,000
I Fa Bank	1,000,000
I Tung Commercial Bank	1,000,000
Hui Hua Bank	250,000
(2) Japanese Banks	
Yokohama Specie Bank	¥100,000,000
Bank of Chosen	400,000,000
Shoryu Bank	12,000,000
Manshu Bank	10,000,000
(3) Chinese Banks	
Central Bank of China	25,000,000
Bank of Communications	10,000,000
Chin Cheng Bank	10,000,000
Ta Chung Bank	4,000,000
(4) Other Foreign Banks	
Russo-Asiatic Bank	R65,000,000
The Far Eastern Bank	\$5,000,000
Hongkong Shanghai Banking Corporation	\$5,000,000
National City Bank of New York	\$150,000,000
The Chartered Bank of India, Australia & China	£3,000,000

To aid the sound development and

proper control of banking, the Government promulgated a new Banking Law in November, 1933.

Encouraged by the favourable results of the two credit associations which were created in 1932 in Fengtien province the Finance authorities in 1933 inaugurated eight similar associations in Fengtien, two in Kirin and one in Heilungkiang province. In 1934, 39 more such associations were established and preparations have been made for the establishment of 30 others during 1935.

Coupled with the credit associations referred to above, the Government is planning to grant special licences to

chartered banking firms for the issue of premium bonds whereby they may be able to advance long-term low-interest loans to farmers and small industrialists.

The Government also is planning to create and subsidize a larger number of credit associations for the specific purpose of improving the finances of small and middle class farmers, merchants and minor industrialists. Such association would be subject to appropriate regulations and supervision by the Government. At the same time the Government is planning to assist and exercise necessary control over pawnshops.

#### CURRENCY ISSUE AND RESERVES OF CENTRAL BANK OF MANCHOU

Year	(Unit: MY1,000)				
	1934	1935	1936	1937	1938
Total Currency Issue (end of year)	184,104	198,939	274,691	329,909	452,896
Note Issue (End of year)	168,332	178,655	254,243	307,489	425,737
Reserves (end of year)					
Specie Reserve	74,818	92,230	177,181	208,096	216,309
Ratio of Specie Reserve to Total Note Issue	44.4%	51.6%	69.7%	67.7%	50.8%
Security Reserve	93,513	86,425	77,062	99,393	209,428
Issue of Coins (end of year)	15,772	20,283	20,448	22,419	27,158

#### CONDITION OF ALL ORDINARY BANKS IN MANCHOUKUO

Banks	(Unit: MY1,000)						Total at end of Nov. 1937
	Domestic Banks	Foreign Banks	Japanese Banks	Chinese Banks	Western Banks	Total	
No. of Banks	48	35	10	21	4	83	85
Capital	25,705	—	—	—	—	25,705	25,555
Reserves	3,733	—	—	—	—	3,733	3,746
Deposits	42,011	50,804	25,758	9,907	15,138	92,815	95,290
Loans From Banks, etc.	15,112	16,702	6,331	7,980	2,391	31,814	30,656
Capital unpaid	9,425	—	—	—	—	9,425	9,425
Advances	71,840	133,111	101,283	13,080	18,747	204,951	192,215
Deposits with Other Banks	3,935	9,778	3,853	3,581	2,342	13,713	13,417
Securities	1,406	4,196	—	3,631	565	5,602	5,545
Cash in Hand	1,339	1,327	466	662	198	2,666	2,885

#### BUSINESS CONDITION OF RURAL CREDIT ASSOCIATIONS

End of	(Unit: MY1,000)			End of			
	1936	1937	1938		1936	1937	1938
No. of Associations	103	107	126	Deposits	5,783	11,138	19,829
Membership	142,823	234,349	514,468	Advances and Discounted Bills	8,904	15,098	27,152
Investment	761	1,216	2,029	Deposits with Banks and Cash in Hand	5,369	8,295	15,045
Loan from Government	2,060	2,160	2,540				
Borrowings	7,311	12,443	23,377				

#### POSTAL SAVINGS IN MANCHOUKUO (1934-38)

Year	Manchurian Savings (In Yuan)			
	Deposits	Withdrawals	No. of Depositors	Average Amount per Depositor
1934	1,319,198	917,893	21,314	631,138
1935	4,005,435	2,300,485	72,675	2,336,089
1936	11,210,783	6,438,153	103,909	7,106,826
1937	22,627,976	13,145,569	204,634	17,304,209
1938	77,030,860	42,721,938	638,003	51,613,139



## Japanese Savings

(In Yuan)

Year	Deposits	With- drawals	At End of Year		Average Amount per Depositors
			No. of Depositors	Amount	
1934	38,768,832	32,108,142	437,636	38,248,792	87.40
1935	45,160,779	38,622,080	522,879	44,771,451	85.62
1936	47,918,224	42,318,518	595,031	50,018,738	84.06
1937	47,480,040	41,032,499	658,718	57,735,875	87.65
1938	49,003,964	49,316,382	625,965	57,941,469	92.56

## Industrial Expansion of Manchoukuo

## Five-Year Industrial Plan

On March 1, 1933, the Manchoukuo Government proclaimed the "General Outline of the Economic Construction Programme of Manchoukuo" and enunciated its national economic policy of control, and in cooperation with the Japanese Government, it began to draw up the second-period construction programme. The new programme was ready by the end of 1936 and the Government announced the outline of new five-year construction programme at the Provincial Governors' Conference in January, 1937. The second-period construction programme, requiring a huge expenditure of two and a half billion yuan, is designed to meet the need of strengthening the Japan-Manchoukuo economic bloc and to enable Manchoukuo to develop resources necessary for her national defence and for the eventual establishment of self-sufficiency of goods for consumption within the country as well as to supplement the resources of Japan. The nucleus of this programme is the Five-Year Industrial Plan which aims (1) to establish and expedite important industries and (2) to promote national economy.

The second-period Five-Year Industrial Programme calls for the development of natural resources and such industries as coal mining, iron mining, and coal liquefaction.

**Coal Mining** Coal, with an estimated deposit of over ten billion metric tons, is one of the most important mineral products of Manchoukuo. The Government has decided to raise the capital of the Manchuria Coal Mining Company, a Japan-Manchoukuo joint enterprise, from 16,000,000 yuan to 80,000,000 yuan.

It will enable the country to increase the annual production of coal to 24,600,000 tons during the next five years. This will necessarily require opening up of new mines. In 1931, the year before the birth of Manchoukuo, the domestic

coal output amounted to 9,200,000 tons, of which 6,520,000 tons or 70% were mined at the Fushun Colliery. In 1935, the production reached 11,670,000 tons including 8,380,000 tons of Fushun coal, an increase of 2,470,000 tons over the 1931 output. These figures indicate that the increase of coal output since 1931 was chalked up principally at the Fushun Colliery and naturally the new five-year programme aims to increase chiefly the output of the mines operated by the Manchuria Coal Mining Company. The most encouraging recent discovery of large deposits of coal in the so-called Tungpientao region or the southeastern section of the country along the Chosen border, including an estimated deposit of 50 million tons at Yentungkou, 10 million tons at Tiehchang, and 100 million tons at Wutaochiang, is believed to expedite the above programme tremendously.

**Iron and Steel Manufacturing.** The Five-Year Industrial Plan also gives primary consideration to the iron industry. In this important field, however, Manchoukuo is still largely dependent upon foreign countries for its supply. Consequently the Five-Year Industrial Plan proposes to make Manchoukuo self-sufficient in iron, producing at least 2,350,000 tons of steel and 2,400,000 tons of pig iron together with 6,600,000 tons of iron ores. For this purpose, a systematic exploitation of her iron deposits, estimated at some 1,200 million tons, is projected along with the expansion of the Showa Steel Works at Anshan and the Penhsihu Iron Works on the Mukden-Antung Line, including the utilization of modern methods of ore refining to boost the domestic production of the metal. The providential impetus given to this programme has been the discovery of extensive iron deposits in the Tungpientao region. It is estimated that these deposits, counting only those already ascertained, amount to 1,200 million tons of fine iron ores, including 78 million tons at Tali-

tzukou, 5 million tons at Chitaokou, 100 million tons at Laoling, and no less than 1 billion tons in a vein covering 40 kilometres from Pataochiang to Ertaochiang.

**Liquefaction of Coal** The rapidly increasing domestic demand for liquid fuel and the dearth of petroleum resources in the country have directed Manchoukuo's attention to the manufacture of substitute liquid fuel through the process of liquefying coal. Manchoukuo is fortunately well-equipped for this purpose as she is endowed with an almost inexhaustible supply of coal. As a first step in this direction, a coal hydrogenation plant is under construction at Fushun, the site of the world-famous open-cut coal mine and new plants will be built at Fushin in Chinchow Province, Holung in Chientao Province, and Ssupingkal in Fengtien Province. The largest of this group, the projected company at Fushun will be a Japan-Manchoukuo joint enterprise capitalized at ¥50,000,000. Moreover, the Government is giving every possible assistance to the expansion of the oil shale industry at Fushun and additional plants are now under construction to double the present capacity. A new plant is also planned at Sanhsing. The Five-Year Industrial Plan proposes to produce 500,000 tons through the liquefaction of coal and 800,000 tons from the oil shale. In addition, alcohol as a substitute liquid fuel is to be produced on a far larger scale than at present.

**Light Metallic Industry** Manchoukuo is rich in resources for the light metallic industry and the magnesium and aluminium manufacturing industries have sprung up. In the districts around Tashihchiao, a huge deposit of excellent magnesite ores, estimated at 1 billion tons, is found. In order to exploit the magnesite deposits there, the Manchuria Magnesium Company has been established with an authorized capital of 7,000,000 yuan. The Company has two large plants in Japan and manufactures metallic magnesium out of Tashihchiao magnesite ores. Raw materials for the manufacture of aluminium, particularly aluminium shale, are also found abundantly in Manchuria and the aluminium manufacturing in Manchoukuo holds bright prospects. The Manchuria Aluminium Manufacturing Company has been incorporated in 1936 with an authorized capital of ¥50,000,000 and its plants at Fushun has commenced their operation late in 1938. The Five-Year Industrial Plan calls for a production of 200 tons of magnesium

and 20,000 tons of aluminum.

**Electric Industry** Owing to the almost inexhaustible coal deposits in Manchuria, electricity is generated entirely by caloric heat and nothing so far has been done to harness the vast hydraulic resources of the country which, it is estimated, are capable of generating a constant supply of 1,500,000 kilowatt of electricity. In order to meet an increasing demand for electric power in the country, a far-reaching plan for the development of hydro-electric industry under the State management has been worked out in conjunction with the Five-Year Industrial Plan. It proposes to generate 350,000 kilowatts by hydraulic power and to increase the present amount of 420,000 kilowatts by caloric heat to 850,000 kilowatts. For this purpose, three projects are now under way. The Government is constructing a huge reservoir, approximately 210 square miles in area, by damming the Second Sungari a short distance above Kirin and a large hydro-electric plant capable of generating 180,000 kilowatts of electric power. The first-stage construction programme will be completed in five years and the second-stage construction programme will raise the maximum depth of the reservoir by 12 metres and will increase the generating capacity of the plant to 200,000 kilowatts. This project, besides generating necessary electric power, also (1) will help prevent the inundation by floods of about 160,000 hectares of land in the lower reaches of the Sungari River and (2) will help irrigate extensive dry districts for farming. The second project is the establishment of the Yalu River Hydro-Electric Power Company with an authorized capital of ¥100,000,000 to be invested jointly by Japan and Manchoukuo. The Japanese and Manchoukuo authorities have reached an agreement to harness the waters of the Yalu River for the purpose of facilitating the industrial development of the Tungpientao District of Manchoukuo and North Chosen and a huge dam is now under construction. When the first-stage construction programme which is spread over three years and which calls for 500,000 kilowatts of electric power is completed, the Company's capital will be increased to ¥300,000,000 and the generating capacity to 1,500,000 kilowatts. The third project now under construction is a hydro-electric plant on the shores of the Chingpo Lake. It was started in 1937 and will be completed in 1939 when it will generate 30,000 kilowatts of elec-



tricity. In addition, three generating plants are being constructed by the Manchuria Electric Industry Company at Santankou, Hunchun, and Mutankiang which will add 50,000 kilowatts by calorific heat.

**Pulp Industry** Having completed a survey of the forest resources of North Manchuria, the Government has decided upon their immediate exploitation with the object of increasing the present production of some 60,000 tons to 300,000 tons of rayon pulp and 100,000 tons of paper pulp annually when the five-year program is completed. Of this projected amount of 400,000 tons it is planned to produce 300,000 tons from woods, 70,000 tons from reeds, and 30,000 tons from bean stalks through the joint participation of the four already existing wood pulp companies in East Manchuria, the Yalu River Paper Manufacturing Company, the Kangte Reed Pulp Company, and the Manchuria Bean Stalk Pulp Company. However this is considered still inadequate and the Manchoukuo Government is now taking steps to establish a large pulp company with an authorized capital of 100,000,000 yuan in order to exploit the rich forestry resources in the Great Hsingan and Small Hsingan Ranges and to produce some 230,000 tons of pulp.

**Gold Mining** The present gold production in Manchoukuo is around 10,000,000 yuan worth. Under the Five-Year Industrial Plan, the Government aims to increase the production to 200,000,000 yuan worth within the next five years. For this purpose various adequate steps will be taken to encourage gold mining, especially the production of alluvial gold.

**Promotion of National Economy** Agriculture is the backbone of Manchoukuo's national economy and the development of her national economy rests upon the prosperity of her rural communities. Consequently, the Government has been exerting every possible effort to rehabilitate the rural communities by increasing the output of agricultural products, improving their quality and farming methods, rectifying rural finances, and reorganizing the rural social structure in general. The agricultural communities, however, are as yet in an impoverished condition and the second stage construction programme has incorporated a Five-Year Agricultural Programme as a fundamental measure for the rehabilitation of rural communities.

The Five-Year Agricultural Plan aims to establish the diversified farming in

place of the one-crop system of cultivating soya-beans in an effort to resuscitate rural economy. During the first year of its operation, it calls for a total expenditure of 5,000,000 yuan, comprising 3,000,000 yuan for the encouragement of an increased production and 2,000,000 yuan for the prevention of blight, the encouragement of the use of improved farming implements, the establishment of agricultural experimental stations, the cultivation of new farming lands, and the training of agricultural instructors.

The principal agricultural products whose output is to be increased are wheat, rice, oats, barley, lucerne, kenafe (Manchurian hemp), flax, castor-beans, cotton, tobacco, sugar beets, soya beans, kaoliang, millet, and maize. Special attention is to be directed toward wheat growing in North Manchuria and cotton cultivation in South Manchuria.

**Wheat** The increased domestic production of wheat, demand for which is yearly increasing, is absolutely essential for making Manchoukuo self-sufficient in this product and for expanding the domestic flour-milling industry. The Five-Year Agricultural Plan proposes to increase the 1935 wheat crop by 10 per cent to 1,100,000 hectares during 1937 and some 320,000 yuan have been appropriated by the Government for this purpose. At the end of five years, an increase of the wheat area by approximately 80 per cent and the wheat production to some 2,024,000 tons is expected.

**Raw Cotton** A new Five-Year Cotton Cultivation Plan was launched in 1937 to replace the 20-year programme enforced since 1933 with the object of producing 250,000,000 kin (1 kin equals 1.32 pounds) of unginued cotton annually after 1941 from 180,000 hectares of cotton fields in South Manchuria. Special attention will be paid to the cultivation of upland cotton in place of the native variety which is to be replaced by the former eventually as the yield from the former is far greater than that from the latter. In this connection the increasing activity of the Manchuria Cotton Association and the Manchuria Cotton Company looking forward to a complete revolution in cotton cultivation in South Manchuria is anticipated.

**Kenafe** Though new in Manchoukuo, the cultivation of kenafe shows much promise of developing into an important industry in the not far off future. In order to encourage its production among the farmers, the Department of

Industry in 1937 purchased some 8,000 yuan worth of kenafe seeds from the State-commissioned seed farms for distribution in Liaoyang-Hsien, Yingkou-Hsien, Haicheng-Hsien, Kalping-Hsien, Fu-Hsien, Hsinmin-Hsien, Talan-Hsien, and Chin-Hsien. It is also planned to increase 1933 seed farm areas to 250 hectares in 1937.

**Flax** In order to meet the increasing demand for flax in Japan and Manchoukuo, plans have been drawn up also for boosting an estimated 1937 flax production of 15,000 tons to 70,000 tons at the end of a five-year period. This will necessarily expedite the domestic hemp manufacturing industry.

**Stock-Farming** Another important place in the Five-Year Agricultural Plan is assigned to the stock-farming. It aims to increase the existing breed of sheep, numbering some 3,000,000, to 4,200,000 and to produce some 4,740,000 tons of wool by introducing superior strains imported from abroad, such as Merinos and Corriedales from the United States and Australia, and by establishing adequate facilities. It plans to add some 400,000 heads of horses, 765,000 heads of cattle, and 260,000 heads of pigs. It also proposes to make an added effort in preventing and exterminating various forms of live-stock epidemics.

In cooperation with the Department of Industry, the Hsingan Affairs Office, until recently the Mongolian Administration Department, has also worked out a Five-Year Plan for the agricultural development of Mongolia through the introduction of modern methods of production and for the improvement and augmentation of the existing breed of Mongolian sheep. For this purpose several measures are being projected, such as the Hsingan Institute at Hallar for the training of veterinary surgeons, the establishment of sheep farms at Puhsi and Lupel and live-stock farms in banner districts, the opening of co-operatives communities, the encouragement of cultivation, and the readjustment of important facilities for the local farming industry.

**Japanese Immigration** The successful result attained by the Japanese farmer-immigrants during 1932-1936 has led the Japanese Government to initiate in 1937 a gigantic plan of settling 1 million Japanese households with 5 million members in twenty years. In view of the important part Japanese immigrants are destined to play in the second-stage construction programme, especially in promoting Manchoukuo's industrial de-

velopment through an increased radius of cultivation, the Manchoukuo Government is planning to enlarge the scope of the Manchuria Colonial Development Company and other official and unofficial organizations concerned with Japanese immigration and to provide all available facilities for Japanese settlements.

**Railways** Undoubtedly the most noteworthy progress witnessed in Manchoukuo since 1932 is the development of railway transportation. Whereas there were about 5,500 kilometres of railways in all Manchuria in 1932, the total mileage has since almost doubled, now nearing 10,000 kilometres. It is not too much to state that this amazing development in the field of transportation and communication has become the vehicle upon which the second-stage construction programme is now progressing. Now that the fourth-stage railway construction programme has been launched to expand the radius of railway transportation farther afield, the Department of Communications is planning to build, in addition to the lines already projected, some 300 kilometres of new lines annually, chiefly in North Manchuria, during the next five years as well as to encourage the construction of about 1,000 kilometres of privately-owned railways by granting subsidies.

**State Highways** The Department of Communications is also planning to build some 13,000 kilometres of new State highways during the next five-year period beginning in 1937. At the same time, some 8,000 kilometres of roads already completed will be improved to facilitate transportation. The Department of Communications will continue the present policy of bus-line management under the Railway Directorate General of the South Manchuria Railway Company and bus service on all important highways will be extended and improved. The other bus lines will be left to private management.

**Other Means of Communication** As to the other means of communications, including erection of bridges and expansion of Rashin and Hulutao harbours, every effort will be made to develop them to meet the growing needs of the growing State.

**Improvement of Financial Administration** In line with the nature of the second construction programme, the Government has decided to follow the policy of avoiding an increase in general administrative expenditures and of setting aside the largest possible amount



of appropriations within the limits of sound finance for stabilizing and promoting the livelihood of the nation. It has also decided to resort to loan flotation as a source of revenue in financing undertakings for the development of industry. Inasmuch as taxes and Government monopolies have an important bearing upon the national economy, it has devised the following measures for the smooth realization of the second-stage construction programme.

Nation-wide coordination and readjustment in the internal taxation system had been effected in 1936 and the whole system has since been completely modernized. Further reform is now under contemplation to readjust the local taxation system, the customs, and the monopoly system so as to distribute the tax burdens equally and to provide elasticity to the financial resources of the nation.

The customs tariff has been revised several times since Manchoukuo took over the Maritime Customs with the result that the nation's trade continues to grow with a corresponding rise in customs revenue year after year. A fundamental revision of the customs tariff and an improvement in the customs clearance procedure are now projected with a view to promoting domestic industry, effecting a rational readjustment of Japan-Manchoukuo trade, and lightening the tax burden of the people.

The monopoly system of Manchoukuo was formerly confined to opium, petroleum, and a part of the salt output of the nation. Starting in 1937, the country's entire salt production and matches have been placed under the Government monopoly. As a result, the price of salt has been reduced from 10.18 yuan to 7.95 yuan per 100 kin. This reduction means a saving of approximately 6,000,000 yuan by consumers annually. Hereafter the Government will endeavour to readjust rationally the prices of monopoly products, to increase their output, and to facilitate their distribution with a view to effecting a smooth operation of the monopoly system.

The financing institutions play an important part in carrying out such an all-embracing construction programme. Naturally the Government plans to facilitate the smooth operation of financing business and to supply funds necessary for industrial development by giving full play to the functions of the newly established Industrial Bank of Manchou and the Central Bank of Man-

chou. At the same time, it will direct its efforts toward effecting general improvements in the ordinary banks, will establish additional Rural Credit Associations, will found Urban Credit Associations, and will increase their efficiency and lower their interest rates in order to help the financing of middle and small class commercial and industrial firms and rural communities.

Financing of Five-Year Programme Funds needed to finance the Five-Year Industrial Plan are two and a half billion yuan. Of this amount about 500 million yuan can be raised in Manchoukuo and the remaining two billion yuan will have to be raised in Japan. While there have been conflicting rumours as to the possibility of raising such an enormous sum, it was not believed impossible in view of the past Japanese investments in Manchoukuo and the recent financial condition in Japan. Japanese investments have amounted to almost 300 million yuan annually since 1933 and especially in 1935 they showed a sudden increase to 400 million yuan. Inasmuch as the Five-Year Industrial Plan aims at a general industrial development of the country, including the projects already decided upon, the necessary funds represent practically the total amount of investments to be made in Manchuria. Accordingly, for the execution of the plan only a small additional investment of 50-60 million yuan is needed above the average annual investment now being made normally in Manchoukuo. On the other hand, the successful completion of the Five-Year Industrial Plan, it is believed, will contribute greatly to the industrial development of both Manchoukuo and Japan, the promotion of trade between the two countries, as well as the improvement of the balance of their international payments.

Revision of Five-Year Plan It has been already pointed out that the sudden outbreak of the China Incident in July, 1937, was instrumental in indirectly retarding the progress of the Five-Year Industrial Plan during the first year of its operation. On the other hand, because of the China Incident, the outlook for the economic construction in Manchoukuo began to bear an added significance. In the first place, it became necessary to expand the productive activities in Manchoukuo from the point of view of Japan-Manchoukuo economic bloc to meet the new international situation in the Far East. In the second place, the new situation thus created demanded the em-

phasis of expansion in the mining and industrial fields more urgently than in the other departments. The result was the revision of the Five-Year Industrial Plan which was effected during the closing months of 1937 and the beginning of 1938. The gist of the Revised Five-Year Industrial Plan, which remains unpublished, is reported to be as follows:

The first Plan called for the production of 2,400,000 tons of steel at the end of five years. This goal was raised to 4,500,000 tons and, at the end of four years, it is hoped that Manchoukuo will be able to produce 3,500,000 tons of pig iron and 1,500,000 tons of steel materials, enabling her to export 2,000,000 tons of pig iron to Japan.

The first Plan projected the production of 25,000,000 tons of coal at the end of five years. This was increased under the revised Plan to 38,000,000 tons, of which 6,000,000 tons will be exported to Japan.

The first Plan called for the generation of 1,200,000 kilowatts of electricity at the end of five years. Under the revised Plan, this amount is increased to 2,600,000 kilowatts, equally divided between hydraulic power and caloric heat.

Through the increased utilization of reeds and bean stalks as well as woods, the revised Plan proposes to produce 400,000 tons of pulp, an increase of 100,000 tons over the first goal.

The first Plan looked forward to the production of 200,000,000 yuan worth of gold in five years but this amount was increased to 300,000,000 yuan worth in four years under the revised Plan.

In looking forward to the increased production of liquid fuel, 1,100,000,000 yuan instead of the original 320,000,000 yuan are appropriated for the preparation of this work.

Beginning with the increased production of roughly 1,000,000 tons of salt, the revised Plan hopes to increase the production of such minerals as aluminum, magnesium, lead, zinc, and copper as much as possible, at least doubling the present capacity.

In the field of agriculture, the most effort will be directed toward the eventual increase in the production of soya beans, amounting to at least 5,000,000 tons at the end of five years. As for the immediate future, the revised Plan hopes to increase during the first year 4,500,000 tons each of soya beans and kao-liang, 3,500,000 tons of millets, 2,300,000 tons of maize, 1,550,000 tons of wheat, 400,000 tons of rice, 210,000 tons of sugar beets, and 180,000 tons of barley.

As a necessary requisite for industrial expansion, the Government, the South Manchuria Railway Company, and the Manchuria Telephone and Telegraph Company will cooperate in realizing the first Plan and a revised Plan will be drawn up after a further study of the field.

In proportion to the proposed enormous increase in the production covering all fields of industrial activities, the necessary funds for the execution of the Revised Five-Year Industrial Plan had been increased from an original estimated sum of 2,500 million yuan to a new estimated amount of 5 billion yuan. Of this new estimate by far the largest items are 1,100 million yuan for liquid fuel, 700 million yuan for steel, 500 million yuan for electricity, and 300 million yuan each for coal and pulp. Other large items include 140 million yuan for agriculture and live-stock raising, 640 million yuan for transportation and communications, and 220 million yuan for immigration. Of this huge sum, 1,700 million yuan are expected to be raised in Manchoukuo and 2 billion yuan in Japan, while the balance is expected to be raised in other countries. With the rapid rise in prices, the projected estimates of 5 billion yuan may also rise to 6 billion yuan and special efforts will be directed toward the increased production of gold, the augmentation of export trade, and the importation of foreign capital.

The Five-Year Industrial Plan thus revised was put into force in the spring of 1938 and, undismayed by a serious shortage of capital and materials as well as an insufficiency of technicians and labourers, Manchoukuo moved forward to face the second year of this gigantic construction programme.

Results of the Second Year The Five-Year Industrial Plan during its second year of operation in 1938, according to the report of the Industry Department, on the whole, progressed smoothly. It achieved more than its desired results in the field of steel production and electric generation, while in the other fields of mining and manufacturing preparations and equipments were completed practically according to schedule but production process was delayed. Except a 33 per cent decrease in the production of salt as compared with the result obtained during the first year, productions rose in all branches of the Plan.

In the production of pig iron, steel materials, and steel ingots, an increase was registered respectively of 17 per



cent, 50 percent, and 18 percent as compared with the results obtained during the first year. This meant an attainment of the second-year goal to the extent of 99 percent for pig iron, 112 percent for steel materials, and 93 percent for steel ingots. Moreover, a result beyond expectation had been obtained in the installation of furnaces and other equipments, mostly made in Manchoukuo. In the construction of hydro-electric power plants, all foundation works progressed according to, or even beyond, the schedule. In the production of coal, an increase of roughly 5 percent was achieved over the first-year results, the Manchuria Coal Mining Company producing 300,000 tons and the S.M.R. collieries chalking up 300,000 tons. The chief difficulty felt was the shortage of labour and lumber supplies. The delay in the importation of equipments and materials have caused a considerable delay in the construction of coal-liquefaction plants. The production schedule of soda and ammonium sulphate progressed smoothly, but the production of pulp did not measure up to the second-year goal due chiefly to the delay experienced in the utilization of forest resources in the Heilung Ranges. In the field of gold, zinc, lead, copper, aluminum, and magnesium industries, concentrated efforts were still being directed in completing preparations for increased or initial productions and, naturally, the actual production was 24 percent short of the expected goal. The salt industry lagged and the production reached only about 40 percent of the goal on account of the excess of rainfalls.

The agricultural plans received an unexpected setback on account of damages caused by cold and flood. Besides, the programme of establishing Agricultural Cooperative Associations did not progress according to schedule and their participation in the programme of increased production was sadly delayed. Yet, the programme of opening up new farms progressed steadily and the general results as shown by the third crop estimate for 1938 was fairly satisfactory. The productions of soya beans, maize, rice, and tobacco exceeded the expected results; of some 182,000 hectares of the area under cotton, only some 156,000 hectares matured due to the unreasonable cold weather but the actual yield was comparatively good; the wheat, kenaf, and lucerne crops did not measure up to the required goal due to abundance of rain, while the flax and wild silk productions were

on the whole satisfactory.

In the live-stock industry, accurate figures are too early to be had but the actual increase was reported to be on the whole up to the estimated figure. Comparatively good results were secured in the improvement of the quality of pork, beef, skins, and wool, while the results obtained in the case of sheep, horses, and cattle were nothing outstanding. Thus, the question of improving the entire field of live-stock industry, will bear analysis in the third year of the plan.

In the construction of railways, highways, and harbours, the results exceeding expectations were registered. The development of communications in particular has shown phenomenal development.

The outbreak of the China Incident has unavoidably impeded the set programmes for Japanese immigration into Manchuria and the actual number entering the country fell short of 25,000 households, which is the combined quota for the first two years. This shortage was amply made up, however, by the arrival in Manchuria of the newly inaugurated youth volunteer settlers, of whom 17,429 entered various training camps in Manchoukuo during the year. These youths, after two-year training, will join various types of Japanese settlements. Moreover, the Japanese colonists had a net income of about ¥800 on the average from each cho of land (.991 hectares or 2.46 acres) after deducting living expenses, repaying borrowed capital, and meeting miscellaneous expenditures, the yield from each cho of land being between ¥1,800 and ¥2,000.

Of the estimated fund of 850 million yuan needed for the second year of the plan, about 80 per cent had been actually secured. This included the yen-funds of 460 million yen, comprising 150 million yen from Japanese bond flotations, and 310 million yen raised by special corporations in Manchuria. With the exception of the Manchuria Coal Mining Company, the other special corporations on the whole succeeded in raising their needed funds without much difficulty. Due to the dismal international situation and the lag in exports the expected amount of foreign capital could not be obtained.

The following table shows the percentage of progress made in the manufacturing fields during the second year in comparison with 1936, the year before the Five-Year Industrial Plan was inaugurated, and the goal of the second-year in 1938.

#### SECOND YEAR OF FIVE-YEAR INDUSTRIAL PLAN

Classifications	Percentage over 1936 Figures	Percentage over Second-year goal
Steel	117%	99%
Steel Materials	150	112
Electricity	126	100
Chemical Products	449	92
Semi-manufactured Goods	118	95
Coal	105	91
Liquid Fuel	100	100
Metals Other than Steel	150	76

It should be added here, however, that the first and second years constitute a period of preparation and the actual results of the Five-Year Industrial Plan will not be shown until the end of the fifth year after passing through another period of added preparations during the third and fourth years.

#### Manchuria Industrial Development Corporation

The birth of the Manchuria Industrial Development Corporation in December, 1937, may be regarded as one of the greatest events in the industrial history of Manchoukuo.

The seeds of this project were sown in the early autumn of 1936 when Mr. Aikawa, the President of the Nippon Industrial Company, made a tour of Manchoukuo at the invitation of the Hsinking authorities for the purpose of inspecting all phases of the region's industrial opportunities. Later, he was appointed an advisor to the Kwantung Army. The seeds thus sown gradually bore a fruit in the form of a huge enterprise to harness and to make available the far-flung rich resources of Manchoukuo under one integrated and coordinated programme. Once this procedure had been decided upon, the negotiations proceeded smoothly and rapidly and the first announcement by the Japanese and Manchoukuo Governments and by Mr. Aikawa of the proposed change in the status of the Nippon Industrial Company and the formation of the Manchuria Industrial Development Corporation was made on October 29, 1937. On the following November 20, a general meeting of shareholders of the Nippon Industrial Company unanimously resolved to remove the Company's Head Office to the S.M.R. Zone in Hsinking; on December 1, the nationality of the Nippon Industrial Company was changed from Japanese

to Manchoukuo as a result of Japan's relinquishment of her extraterritorial rights in Manchoukuo and the transfer of her administrative rights over the S.M.R. Zone; on December 20, the Manchuria Industrial Development Corporation Administration Act was promulgated by the Manchoukuo Government; on December 27, a general meeting of shareholders of the Nippon Industrial Company unanimously passed the necessary resolutions for changing the Company into the Manchuria Industrial Development Corporation, and all the officers of the old Company resigned from office and new officers were elected; and on March 1, 1938, the new Corporation began its multifarious career officially.

The Manchuria Industrial Development Corporation is a semi-governmental corporation established under the Manchuria Industrial Development Corporation Administration Act which was promulgated on December 20, 1937. It was organized with its headquarters at Hsinking as a result of a merger of interests between the Manchoukuo Government and the Nippon Industrial Company. Thus, of its authorized capital of 450,000,000 yuan of which 356,750,000 yuan are paid up, one-half is furnished by the Manchoukuo Government and one-half by private interests which in fact are the shareholders of the Nippon Industrial Company which operates 18 huge subsidiary enterprises and 130 attendant projects with a combined authorized capital of ¥900,000,000 in Japan. Its object is defined in the Administration Act as expediting the coordinated establishment of heavy industries and controlling those industries. For this purpose the Corporation is authorized "to invest in any or all of the following industries and to direct the management thereof in this country: (1) iron and steel industry; (2) light metal industry; (3) automobile manufacturing industry; (4) aeroplane manufacturing industry; and (5) coal industry." It is authorized also that the Corporation "may invest in the business of mining gold, zinc, lead, copper, and other metals or other enterprises" by obtaining governmental permission for businesses other than the mining.

In order to safeguard the interests of shareholders and to provide for investment of private capital in Manchoukuo, the details of financing have been carefully worked out and defined by the Administrations Act as follows: (1) that the dividend, when the amount is not in excess of 7½ per cent, shall



be distributed in the proportion of one part to the Government and two parts to the private shareholders, and, when the amount exceeds 7½ per cent, such excess shall be distributed in equal proportion to both (Article 12); (2) that the Government shall guarantee the principal and consolidated net returns of 6 per cent per annum for ten years from the founding of the Corporation and, when the net profits at the end of each fiscal year are less than 6 per cent, it shall make up the deficit up to 6 per cent, it being understood that it shall be reimbursed in subsequent periods out of any earning in excess of 6 per cent (Article 13); (3) that, in case of the dissolving of the Corporation, the residual assets shall be divided between the Government and the private shareholders, in the ratio of one to two up to 150 per cent of the amount of the paid-in capital and equally in excess thereof (Article 14); and (4) that, when the capital is increased, special provisions shall be made for the distribution of dividends as well as the distribution of residual assets (Articles 12 and 14). In addition, according to a statement issued to the shareholders of the Nippon Industrial Company, the agreed terms include the following: that no Manchoukuo tax shall be imposed on profit made by the Corporation from investments outside of Manchoukuo and on dividends paid by the Corporation to shareholders residing outside of Manchoukuo; that the Manchoukuo Government shall take suitable steps in regard to the taxation of enterprises in Manchoukuo so that the function of integrated management of the Corporation will not be impaired when a change in the taxation system should cause an additional burden to be placed upon it in the future; that the Corporation shall not be restricted in fixing the dividend rate when a disposal of profits is made; and that the Japanese and Manchoukuo Governments shall take suitable measures with regard to the transfer of private shares so that the existing negotiability shall not be impaired. The Corporation is empowered to issue debentures up to twice the amount of the paid-in capital with the sanction of the Government. The Corporation is to have one President and two Vice-Presidents, to be appointed by the Manchoukuo Gov-

ernment, and five or more Directors and three or more Auditors, to be elected at general meetings of shareholders. Mr. Yoshisuke Aikawa, the former President of the Nippon Industrial Company, was appointed the first President of the new Corporation.

The work of the Corporation thus organized during the first year concerned on the whole in lining up its future activities. Under its general control have come among others, 9 companies in Manchuria and 13 companies in Japan as its principal subsidiaries. Those companies in Manchuria are the Showa Steel Works producing pig iron and steel products, the Penhsihu Coal and Iron Works producing pig iron and steel, the Manchuria Aluminum Manufacturing Company manufacturing aluminum, the Dowa Automobile Company producing passenger cars and trucks, the Manchuria Mining Company mining gold and other metals, the Manchuria Coal Mining Company engaged in coal mining, the Manchuria Gold Mining Company engaged in gold dredging, the Manchuria Lead Company producing lead and zinc, and the Manchuria Soya Bean Industry Company producing soya bean flour and oil. Of these, the first 4 are semispecial corporations, the next 3 are special corporations, and the last 2 are ordinary corporations. It has since organized the Manchuria Aircraft Manufacturing Company for the production of airplanes and the Tungpientao Development Company for the development of the Tungpientao region. The 13 companies in Japan were the subsidiaries of the Nippon Industrial Company before its merger.

#### General Industrial Expansion

The period under review has witnessed a continued expansion in all phases of industrial activities and new firms were established in increasing numbers. In this respect, Manchoukuo continues to be a veritable industrial boom land.

Between 1932 and 1935, the Manchoukuo Government has caused the establishment of 12 special and 6 semi-special corporations, the combined authorized capital of the former at the end of 1938 totalling 336,300,000 yuan and of the latter, 385,990,000 yuan. To these were added 17 special and 6 semi-special corporations during 1936-1938 as the following table shows:

#### SPECIAL AND SEMI-SPECIAL CORPORATIONS, 1932-1938

(In 1,000 Yuan)

Years	Number	Special Corporations		Semi-Special Corporations		
		Authorized Capital	Paid-up Capital	Number	Authorized Capital	Paid-up Capital
1932-35	12	336,300	234,000	6	385,990	258,490
1936	6	104,000	73,350	2	18,000	12,000
1937	6	607,000	518,850	2	6,000	3,100
1938	5	110,000	37,500	2	33,000	13,200
Total	29	1,157,300	863,700	12	442,990	286,790

Of the special corporations established during 1936-1938, the most important were the Manchuria Industrial Development Corporation, the Industrial Bank of Manchou, the Manchuria Colonial Development Company, the Manchuria Aluminum Manufacturing Company, the Manchuria Mixed Fuel Company (authorized capital 50,000,000 yuan, paid-up capital 10,000,000 yuan), and the Manchuria Yalu River Hydro-Electric Pow-

er Company (authorized capital 50,000,000 yuan, paid-up capital 25,000,000 yuan) which is the Manchoukuo portion of the gigantic Yalu River hydro-electric power project.

The companies and firms of all kinds which were established after the founding of Manchoukuo were as follows according to the reports of the Central Bank of Manchou:

#### NEWLY ESTABLISHED COMPANIES, 1932-1937

(In 1,000 Yuan)

Classification of Companies	No.	1932-1935		1936		1937	
		Authorized Capital	Paid-up Capital	Authorized Capital	Paid-up Capital	Authorized Capital	Paid-up Capital
Banking	20	40,750	23,650	4	30,700	15,350	—
Exchange	3	1,500	375	1	500	125	—
Cooperative Finance	2	130	32	3	270	67	100
Brokerage	28	9,774	7,969	19	3,080	1,780	1,084
Commercial	412	34,009	20,453	273	26,007	18,206	18,199
Market	4	1,015	915	1	70	70	60
Textile, Dye	10	8,520	5,520	6	5,856	4,717	6,928
Chemical	13	7,223	6,473	18	49,115	23,690	61,761
Metal, Machinery	29	43,812	21,437	8	37,979	13,844	12,051
Lumber, Wood Works	19	2,207	1,082	15	3,915	2,485	3,139
Food Stuff	51	16,144	20,762	22	9,011	5,686	9,414
Misc. Industries	41	22,350	8,385	35	59,130	57,802	28,421
Ceramic	66	78,764	64,112	6	991	663	246,085
Electricity, Gas	15	93,220	92,417	2	600	300	16,533
Transportation, Express	40	8,127	7,127	20	1,737	1,052	8,520
Warehousing, Insurance, Press	6	100,485	59,235	1	3,000	1,500	5,395
Real Estate, Building	38	15,303	12,713	27	4,079	2,449	21,002
Colonial Development	20	6,506	4,302	17	36,204	20,077	54,805
Contract, Coolie Supply	66	5,456	4,995	28	4,590	4,540	3,535
Newspaper, Printing	17	1,662	1,162	11	2,756	2,531	2,768
Hotel, Amusement	19	1,256	1,080	15	1,119	969	487
Miscellaneous	31	976	845	9	615	615	257
Total	956	520,218	265,212	541	281,387	178,521	500,551

During the year 1938, according to the same source, 625 new firms with a total combined authorized capital of 134,500,752 yuan were established, while 82 firms increased their authorized cap-

ital by 23,049,425 yuan, 75 firms increased their paid-up capital by 150,428,500 yuan, 3 firms decreased their capital by 212,500 yuan, and 107 firms with a total combined capital of 20,896,200 yuan were



dissolved, the total addition to the number of firms during the year being 518, and the total increase in authorized capital being 136,441,447 yuan. At the end of 1938, moreover, the total number of companies, according to the same source, jumped to 3,888, with a total combined authorized capital of 3,362,523,000 yuan and a total combined paid-up capital of 2,478,805,000 yuan. The details are as follows:

NUMBER OF COMPANIES.  
DECEMBER 31, 1938

(In 1,000 Yuan)

Classifications	No.	Author- ized Capital	Paid-up Capital
Banking	53	87,466	45,903
Exchange	12	26,685	9,435
Cooperative			
Finance	13	2,310	1,102
Brokerage	165	79,728	34,869
Commercial	1,809	150,682	114,410
Market	10	1,285	1,134
Textile, Dye	52	87,898	43,945
Chemical	119	262,640	127,729
Metal, Machinery	115	259,094	212,695
Lumber, Wood Works	91	30,550	16,062
Foodstuffs	216	75,402	47,439
Misc. Industries	119	114,818	95,858
Ceramics	186	734,114	603,331
Electricity, Gas	28	190,739	144,103
Transportation, Express	164	902,581	761,824
Warehousing, In- surance, Press	21	64,220	41,313
Real Estate, Build- ing	151	89,846	44,406
Colonial Develop- ment	119	733,722	82,627
Contract, Coolie Supply	212	37,358	29,210
Newspaper, Print- ing	61	13,794	9,373
Hotel, Amusement	51	11,142	7,858
Miscellaneous	121	6,449	4,150
Total	3,888	3,362,523	2,478,805

**New Industrial Center of Mukden**  
Parallel with the construction of Hsinking as the political capital of the new State, the city of Mukden is witnessing a marvellous transportation of its western section into a new industrial centre. Just as in the case of Hsinking, what was before 1931 nothing but a rolling stretch of grassy fields and scattered farms has now become a veritable bee-hive of industrial plants, public buildings, and private residences. The Tiehsí, as this section of Mukden west of the railway is called, is destin-

ed to become the industrial capital of Manchoukuo.

Long before 1931, the South Manchuria Railway Company, with its usual foresight, planned to establish a new industrial centre in Mukden and repeatedly negotiated with the Chang regime for the purchase of a large tract of land to the west of the railway. All negotiations failed. Then came the Manchurian Incident and the eventual establishment of Manchoukuo. After the emergence of the new State, the eventual construction of an industrial empire was proclaimed by the publication on March 1, 1933, of the "General Outline of Economic Construction Programme of Manchoukuo." In this detailed document, the Government proposed, among other things, to establish industrial districts in Mukden, Antung, Harbin, and Kirin for the purpose of stimulating a "healthy development of industries" and securing the "benefits of concentrated establishments." It was in realization of this vision that the phenomenal development of industrial districts followed, especially at Harbin and more notably at Mukden.

With such a background, an auspicious start in the development of the Tiehsí section of Mukden was made in March, 1935, with the establishment of the Mukden Industrial Land Company. This Company was established with an authorized capital of 3,500,000 yuan, all paid up (increased to 5,500,000 yuan in July, 1935), jointly furnished by the Manchoukuo Government and the South Manchuria Railway Company, for the purpose of constructing and managing the industrial sites and accompanying facilities, including city streets and public utilities. Two years later, in 1937, in view of the impending abolition of Japan's extraterritorial rights in Manchoukuo, the South Manchuria Railway Company sold off its shares in the Mukden Industrial Land Company to the Manchoukuo Government and the management of the entire project was completely entrusted to the City of Mukden. The land involved in this gigantic industrial project now totals some 4,500,000 tsubo or 14,215,000 square metres, approximately 5 square miles.

Within a short span of slightly over three years since the inauguration of the project, the human efforts have transformed the Tiehsí area into a great industrial town. The marvellous speed with which the Tiehsí had been built up may be seen from the fact that, on January 31, 1939, there were already 107 factories in operation, 36 factories

under construction, and 48 factories still untouched, representing a total capital of almost 300,000,000 yuan. The following table gives the distribution of various industries on the Tiehsí map as of January 31, 1939:

NUMBER OF FACTORIES IN  
TIEHSÍ, MUKDEN

Industries	In Opera- tion	Under Con- struc- tion	Being Pro- jected	Total
Textile	5	2	3	10
Metal	30	7	9	46
Machinery, Tools	15	6	12	33
Chemical	10	12	12	34
Food-stuff	15	1	1	17
Ceramic	5	3	2	10
Lumber, Wood Works	8	0	3	11
Miscellaneous	19	5	6	30
Total	107	36	48	191

Although the Tiehsí is easily reached from the centre of Mukden, a new city is also growing around the rapidly multiplying factories. For the project includes, not only the building of an industrial district, but also the accommodation of all necessary facilities such as residences, stores, governmental buildings, schools, and even parks and other recreation centers. Thus, by the close of 1938, there were already some 13,000 households embracing 63,000 inhabitants and roughly 80,000 people in employment within the district. Within a few years, an all-inclusive industrial town with a population of at least quarter of a million and annual production exceeding 100 million yuan is expected to rise.

**Japan's Investments in Manchoukuo**  
Japan's investments in Manchoukuo were estimated to have amounted to about ¥2,928,716,000 at the end of August, 1936. The figure does not include those before the Manchurian Incident, such as those in limited and unlimited partnership companies, private companies and others. If the pre-Incident figure is added, the actual investments in Manchuria are believed to total at least ¥3,400,000,000 or so. The fact also must not be overlooked that, in addi-

tion, the Manchurian Incident expenditures paid by the Japanese Government for six years, 1931-36, amounted to ¥1,067,528,000. The combined total of Japan's "investments" thus makes the aggregate sum of ¥4,467,528,000. This enormous amount of money is penetrating into that State and is forming sources of economic boom of Manchoukuo.

Of Japan's total investments, about ¥1,700,000,000 was invested before the outbreak of the Incident. According to the South Manchuria Railway Company, the pre-Incident investments were distributed as follows: 30 per cent in transportation; 11.6 per cent in finance; 6.7 per cent in commerce; 16.2 per cent in agriculture, forestry and mining; 9.2 per cent in industry; and 26.3 per cent in other enterprises. It is further classified that out of the ¥1,700,000,000 investments, ¥837,000,000 took the form of investments in securities and the remaining ¥863,000,000 in limited and unlimited partnership companies and private companies.

Investments in securities before the Incident consisted of those in debentures and stocks and loans, which may be partially regarded as investments in securities. At the end of 1931, the total investments of Japan in securities relating to Manchuria amounted to ¥837,536,000, of which ¥710,906,000 was connected with the S.M.R.Co. The fact shows Japan's investments in Manchuria before the Incident were almost exclusively limited to the railway company. Details are:

To this huge total were added new investments amounting to some ¥788,381,000 during 1932-35 or first four years of the new State, making the total investments up to 1935 around ¥2,405,347,000. During the period under review, according to the reports of the Manchurian Affairs Bureau, ¥262,995,000 were added in 1936, ¥341,272,000 in 1937, and ¥430,981,000 in 1938, or a total of ¥1,035,248,000. The grand total of Japanese investments in Manchuria at the end of 1938 is thus estimated to be around ¥3,440,595,000.

The details of Japanese investments in Manchuria during 1936-1938, as announced by the Manchurian Affairs Bureau in Tokyo, are as follows:



## JAPANESE INVESTMENTS IN MANCHURIA, 1936-1938

Specifications	(In 1,000 Yen)		
	1936	1937	1938
S. M. S. Share Payments	36,000	56,000	20,000
S. M. R. Debenture Increase	154,775	21,000	115,000
S. M. R. Borrowings	75,550	84,000	89,000
S. M. R. Subsidiary Shares Sold	17,205	—	1,344
Net Increase in Debentures and Borrowings of Leading Companies in Manchuria	31,750	20,050	28,700
Paid-Up Capital of New Companies	36,046	34,144	91,613
Paid-Up Capital of Old Companies	23,394	50,719	42,285
Manchoukuo Loans	2,000	2,000	2,000
Manchoukuo National Bonds	4,000	6,000	8,000
Manchoukuo Borrowings for N. M. R.	15,400	38,360	38,360
Manchoukuo N. M. R. Bonds	60,000	—	50,000
Manchoukuo Investment Bonds	—	—	600
Manchoukuo Special Enterprises Bonds	—	—	100,000
Manchuria Industrial Bank Bonds	—	45,000	—
Total	262,995	341,272	430,981

**Foreign Investments** The foreign investments in Manchoukuo in 1933 amounted to ¥2,063,850,000 distributed among the various countries as follows, according to the statistics compiled by the South Manchuria Railway Company:

Country	Amount of Investments	%
Japan	¥1,510,755,000	73.201
Russia	465,051,000	22.531
Great Britain	39,590,000	1.918
United States	26,400,000	1.279
France	21,086,000	1.022
Sweden	850,000	0.041
Denmark	157,000	0.008
Total	2,063,880,000	100.000

According to the most reliable statistics, foreign investments in Manchoukuo before the Incident are roughly estimated at ¥2,400,000,000, of which those by Japan are approximately ¥1,700,000,000; those by the Soviet Union ¥590,000,000; those by Great Britain ¥40,000,000; those by the United States ¥30,000,000; and those by France ¥25,000,000.

## Agriculture

**General** The vast plains of Manchuria consist for the most part of agricultural land, covered with fertile soil or humus, and agriculture has always been the main occupation of the people of Manchuria. The recent development of transport facilities has encouraged the coming of immigrants in large numbers from China, especially from Shantung province. Undeveloped land is being thus brought under cultivation, and every year sees some increase in the total amount of farming products. Unfortunately, these immigrants

possess neither scientific knowledge nor capital, and, as they still follow primitive methods of cultivation, the productiveness of the land is not yet fully exploited. The wide plains that characterize the country invite the use of machinery for large-scale cultivation and if capital and technical skill were applied, their agricultural products could certainly be multiplied many times. One novel feature of the agriculture in Manchoukuo is that Korean farmers who migrated there are doing a large share of the work.

The plains along the lower Liao River, the upper and middle Sungari River, and the Hurka River are most fertile and constitute the main agricultural territory of Manchoukuo. Next come the lands in the centre or Lungkiang province and along the lower reaches of the Sungari. These districts have been developed with an astonishing rapidity by the Chinese immigrants from Shantung and Hopen.

**Arable Land** The area of arable land in Manchoukuo in 1935 follows:

## AREA OF ARABLE LAND IN MANCHURIA

Provinces	Total Area	Arable Land
Kirin	11,276,777	4,618,860
Lungkiang	16,042,130	8,223,280
Heiho	2,858,260	873,180
Sankiang	9,685,380	4,090,750
Pinkiang	16,882,840	6,347,340
Chientao	4,629,220	1,853,780
Antung	8,160,250	425,000
Fentien	7,068,350	3,252,560
Chinchow	2,290,330	795,090
Jehol	13,806,060	1,217,930
Total	92,499,590	31,697,870

In round figures, 70% of the total crops constitute items of private and domestic consumption while the remaining 30% represent the exportable commercial goods. Soya beans constitute the dominant produce intended for export, 80% of which is marketed abroad. At any rate, agriculture in Manchuria can distinctly be labelled as private and individualistic. In the following sections, such items as area of cultivated land, produce in amount, and the conditions of commercialization will be briefly treated.

## Agricultural Products and the Area

of Cultivated Land As it is commonly known, the primary crops of Manchuria are soya beans, kaoliang, millet, corn, and wheat. The total land area used for the raising of these products is 80%. The remaining crops are paddy rice, upland rice, beans, green peas, buck wheat, cane, barnyard grass, rye, and barley, which are raised throughout Manchuria, while cotton, tobacco, hemp, flax, perilla, gingelly, etc., are widely raised. Together with cabbage, hop, fruits and lucerne, the entire agricultural products of Manchuria number some forty or fifty species.

## CULTIVATED AREAS AND PRODUCTION OF CEREALS

## CULTIVATED AREAS

(In hectares)

	Soya Beans	Other Legumes	Kaoliang	Millet	Maize	Wheat	Paddy-field Rice	Upland Rice	Other Cereals
1929	3,989,920	347,350	2,965,150	2,131,780	876,220	1,297,150	88,280	111,890	1,043,520
1930	4,118,450	350,220	3,031,420	2,209,670	865,520	1,381,200	98,140	108,380	1,086,320
1931	4,200,590	313,490	2,980,490	2,232,320	987,710	1,506,160	81,800	118,500	1,232,190
1932	3,878,610	300,580	2,661,360	2,156,690	979,990	1,395,150	62,980	105,270	1,124,250
1933	4,000,670	323,350	2,658,430	2,380,850	1,101,950	1,373,950	79,360	104,760	1,218,020
1934	3,050,000	429,000	2,969,000	2,516,000	1,076,000	748,000	113,000	107,000	1,033,000
1935	3,249,000	329,000	2,764,000	2,394,000	1,235,000	979,000	120,000	114,000	955,000
1936	3,302,000	347,000	2,855,000	2,457,000	1,254,000	1,216,000	175,220	114,229	977,000
1937	3,590,000	375,000	3,046,000	2,613,000	1,418,000	1,216,000	210,909	104,544	1,036,000
1938	3,614,300	355,906	3,095,750	2,723,755	1,669,267	1,085,261	244,079	95,558	1,012,816

## PRODUCTION

(In metric tons)

	Soya Beans	Other Legumes	Kaoliang	Millet	Maize	Wheat	Paddy-field Rice	Upland Rice	Other Cereals
1929	4,849,460	377,490	4,681,560	3,351,960	1,613,290	1,302,230	136,820	156,270	1,593,690
1930	5,297,820	369,270	4,779,690	3,276,480	1,585,680	1,356,660	154,350	157,840	1,722,760
1931	5,227,010	312,020	4,497,490	2,960,020	1,701,110	1,580,310	158,640	162,800	1,852,670
1932	4,267,890	277,070	3,729,360	2,615,370	1,541,850	1,133,090	109,790	137,310	1,550,390
1933	5,205,170	325,320	4,229,440	3,273,020	1,868,290	1,429,810	164,880	148,160	1,832,950
1934	3,841,000	265,000	3,784,000	2,280,000	1,516,000	645,000	190,000	129,000	1,513,000
1935	3,889,000	292,000	3,970,000	3,030,000	1,828,000	947,000	442,215	155,433	1,092,000
1936	4,175,000	320,000	3,980,000	3,037,000	2,099,000	882,000	523,709	134,433	1,021,000
1937	4,173,078	316,817	4,098,208	3,184,989	2,126,825	1,079,183	523,709	134,433	1,036,636
1938	4,185,774	305,053	4,152,406	3,040,291	2,440,535	854,326	577,765	118,242	1,002,118

**Immigration of Japanese and Korean Farmers** As a result of the Manchurian Incident the various obstacles brought to bear upon the Japanese, were effectively eradicated in 1931. The Japanese settlers were now entitled to hold land and to carry on commerce, and contrary to the previous situation, received much encouragement from the Manchoukuo Government, under whose efficient ad-

ministration, peace, order and safety replaced the chaotic conditions prevalent in the past years. Consequently, the Overseas Ministry of the Japanese Government drew up definite plans in 1932 to promote the immigration of Japanese farmers into Manchuria seeking to send as many individuals or families that desired or were capable of cultivating farm lands.



Great care was taken by the above authorities to pursue a different immigration policy than that followed heretofore in sending contract labourers or employees destined for settlement in the Kwantung Leased Territory or the South Manchuria Railway Zone.

Thus, the Overseas Ministry decided to carry out its initial experimental immigration programme which called for the sending of approximately 2,800 families in five stages during the years beginning with 1932 and ending in 1936. The results of this programme were carefully studied from all angles.

Simultaneous with the above programme, others were carried out, some of them being private affairs. The main ones included the immigrants of the Tenrikyo Sect, Tenshoen, and the railway guard settlements sponsored by the South Manchuria Railway's General Directorate of Railways.

The experimental immigration projects were generally successful. On the one hand, the Government of Manchoukuo passed a law to protect and aid Japanese agricultural immigrants coming into the country. In 1935, the Manchuria Immigration Association was formed, and carried on advertisements, recruiting of prospective immigrants, and looked after preliminary training of the recruits. Then in the earlier part of 1936, the Manchuria Colonization Joint-stock Company capitalized at ¥15,000,000, was formally inaugurated, and authorized to handle immigration affairs in behalf of settlers such as negotiation for land leases, jurisdiction and distribution of land, to create establishments and institutions for immigrants, and to handle financial matters. Finally, in July of the same year, the Overseas Ministry in Tokyo adopted concrete plans to send a total of 1,000,000 families (5,000,000 persons) to Manchuria over a period of twenty years, as a result of careful deliberation in the Japanese Cabinet supported mainly by the success of the Fifth Experimental Immigration. Some 50,000 Japanese have already migrated to Manchoukuo.

In conformity with the mass immigration plan, the Manchuria-Korea Colonization Company, which took over the Korean immigrant farmers' encouragement work in the new State, conducted formerly by the Toa Kangyo Company, upon its establishment towards the end of 1936, has purchased suitable lands in various parts of the country for the settlement of Korean farmers, and is making every effort to

stabilize their livelihood. For this purpose, it is establishing various facilities necessary for their settlement, is advancing loans to them to engage in independent farming, and is planning to transfer the ownership of farms to the settlers on an annual instalment payment plan.

The Company's business record for the past year is as follows:

	No. of households	No. of persons
Settlement of new immigrants	2,800	14,200
Settlement of those who had already migrated	330	1,650
Total	3,130	15,850

	Increase over 1937 (In chobu)	
Paddy fields under cultivation	16,150	3,390
Lands cultivated with other crops	30,050	15,750
Loans advanced	MY11,046,082	

The Manchuria-Korea Colonization Company plans to settle 10,000 Korean households in Manchoukuo in 1939.

Live Stock Raising of domestic animals is indispensable to Manchoukuo's agricultural system, as they serve well for the daily life of the farmer as well as for transport purpose. They are widely spread and almost every family raises some kind of them. Farm wastes are utilized for feeding them, while their excrements are used as fertilizer, and ploughing, stamping, harrowing, manuring, transporting and threshing, etc. are carried out with their help. The number and principal kinds of live stock were as follows in September, 1937:

Cattle	1,683,259
Sheep	1,965,091
Goats	1,243,105
Pigs	5,335,723
Camels	12,738

**Wools and Hides** Sheep are raised for the purpose of getting meat, but not for wool. Wool obtained from them is very coarse. It is not good for woollen cloth making, and is therefore used only as carpet wool. The amount of wool produced is estimated at 9,000,000 lbs. a year.

As meat is of universal demand in Manchoukuo, the number of live stock slaughtered every year is very large. Owing to the lack of accurate statistics,

the number actually slaughtered is not known, but the production of hides is estimated at 450,000 from cattle, 2,000,000 from sheep, and 380,000 from mules and donkeys. But there is no tannery which is equipped with modern machinery to put a good finish to the hides, though a large number of hides is exported every year.

#### Forestry

**General** The total forest area in Manchoukuo is estimated at 358,634 sq. km. which is equal to about 36 per cent of the entire area of the country.

#### STANDING TIMBER IN MANCHOUKUO

Districts	Estimated Standing Timber in 1,000 koku	Principal Species of Timber
Right bank of the Yalu and the Hunho valley	276,635	Korean pine, Korean fir, Korean larch, silver-fir, maple, birch, oak, ash, doronoki.
Sungari valley	874,036	
Tumen valley	420,401	
Hurka valley	420,951	Korean pine, fir, spruce, larch, lime, oak, elm, ash, birch.
Lalin valley	300,490	
North Manchuria Railway eastern line district	898,296	Korean pine, fir, spruce, maple, birch, doronoki, Siberian cork-tree, Manchurian walnut.
Sansing district	2,615,302	Korean pine, fir, spruce, Siberian cork-tree, ash, birch, oak, lime.
Great Khingan range	5,600,000	Larch, Japanese birch, Siberian red pine, willow, alder.
Little Khingan ..	3,500,000	
Total	14,906,111	

For the purpose of preserving forests and securing their rational management, the authorities of the new régime have stopped granting fresh forest concessions and have commenced to classify forests into three categories, viz., State, public, and private, under a three-year programme. At the outset the authorities took over the various forests of the Central Bank in Kirin province as State forests, for which purpose a sum of MY2,000,000 was appropriated in the 1933 supplementary budget. The forestry offices established in 1933 at Chiaocho, Tunhua, Yenki, Wuchang and Pelanhen and the branch office at Hallar, have been entrusted with the rational management of State forests and the improvement of forestry. Some 15 other forestry offices were also established in various other districts during 1934-35.

Under the slogans, "Arouse the Love for Forests," "Build Up the Health of the Citizens," "Beautify the Suburbs," and "Plant Forests for Protection

Some 350 species of timber are found in the forest regions located in the Yalu Valley, Tumen Valley, Mutan Valley, Lalin Valley, Sansing District, Great Hsingan Range and Small Hsingan Range. The volume of standing timber is estimated at 15,000,000,000 koku. Investigation conducted by the Manchoukuo Government, however, shows that the deforestation seems to have been done in a reckless manner in the past and the real volume of the standing timber may perhaps be about 9,000,000,000 koku.

Against Winds," Hsinking observed Arbor Week from April 16 to 22, 1939, by planting 400,000 saplings in various parts of the capital and along the Kirin Highway for a distance of 10 kilometres. One hundred thousand officials, citizens and students were mobilized for this task. On the last day, an impressive ceremony marking the completion of Arbor Week was held at Tatung Park, where saplings were distributed to all attending the function. Other cities throughout Manchuria also observed Arbor Week by planting thousands of young trees.

This year is the last year of the first stage of the 30-year reforestation and afforestation programme, upon the completion of which 845,000 hectares will be afforested, 812,000 hectares will be reforested, 3,065,000 hectares of nurseries will be established, and 7,960,000 hectares of forests will be preserved. Divided into four periods, the programme is as follows:



Unit: 1,000 hectares

	1-5	6-11	11-20	21-20	Total
Afforestation	95	150	300	300	844
Reforestation	65	150	300	295	812
Nurseries	155	510	1,200	1,200	3,065
Preservation	215	925	3,800	3,020	7,960

In 1939, 5,000 hectares will be planted with trees.

The forestation programme will entail an expenditure of MY7,901,803 during the next five years, including this year.

Year	Yuan
1939	1,208,874
1940	1,346,787
1941	1,608,766
1942	1,819,426
1943	1,917,950
Total	7,901,803

**Species of Timber** In Manchuria there are as many as 350 species of timber, but the more common species are the following:

**Evergreen:** Korean pine, silver fir, Korean fir, spruce, larch.

**Deciduous:** Korean oaks, birch, Amur lime tree, ash, elm, willow.

The proportion of evergreen to deciduous is 4 to 6, and in the evergreen the Korean pine constitutes more than half of the total.

**Lumber Industry** Lumber industry is carried on in the districts of Antung, Kirin and Harbin, but that in Antung districts is best known. Production of lumber in Manchoukuo in 1937 was 7,525,617 koku.

The industry in Eastern Manchuria. There has been a boom recently in the timber industry due to bustling building activities in the principal cities and the construction of additional railways throughout the country. At the present there are thirteen large lumber-mills in this region working at full capacity. If timber sawn by coolies in a primitive method is taken into consideration, the annual amount of timber sawn in this region may even reach 1,500,000 koku (1 koku=10 cu. feet). The thirteen large lumber-mills capitalized at MY12,600,000 produced 2,700,000 koku; 1,300,000 koku of sleepers and 1,400,000 koku of others in 1936.

**Pulp Industry** With abundant timber resources, Eastern Manchuria is also expected to occupy an important position in the pulp industry. Four companies, the East Manchuria Rayon Co. (Kaishantun), Manchuria Pulp Co. (Hualin), Oriental Pulp Co. (Shih-shien), Japan-Manchuria Pulp Co. (Tunhua), capitalized at MY7,500,000, are planning to start operation in 1938. The

demand for timber by these companies will amount to no less than 800,000 koku. The production of pulp in Manchoukuo in recent years was as follows:

	In metric tons
1933	17,361
1934	13,737
1935	13,718
1936	13,171
1937	15,011
1938 (estimate)	44,000

### Fisheries

**General** In spite of the largeness of area, the coast line of Manchoukuo is comparatively short, its total length being only 855 kilometres. Moreover, the coast is made up of shallow bays, which readily get frozen in winter and are not therefore favourable for fisheries. But the industry is growing and, in 1937, the amount of catches reached 16,390,000 kan valued at ¥7,462,000.

**Fresh Water Fishery** Fresh water fishes are abundantly found in the Sungari, the Nonni, the Mutankiang, the Ussuri, the Amur and the Liao Rivers as well as Lake Hujunti, Peterhik, etc. The amount of catches in 1932 follows:

### CATCHES OF FRESH WATER FISHES

River or lake	Catches in kg.
Hulanpelerh	4,500,000
Sungari River	4,200,000
Mutankiang	500,000
2nd Sungari River	1,500,000
Nunchiang	6,000,000
Ussuri River	2,000,000
Liao River	1,000,000
Yalu River	2,000,000
Heilungkiang River	2,000,000
Total	23,700,000

**Salt Industry** The coast line of Manchoukuo stretches only for 855 km. which is but one-eleventh of the entire border line of the country. However, the coast on the Yellow Sea and the Po-hai has very little rainfall and as the evaporation is very rapid and the air dry, the district is well adapted for salt manufacturing by evaporation. The total area of salt fields as at the end of 1934 was 15,400 chobu of which 8,300 chobu belong to Manchoukuo and 7,100 chobu to Kwantung Leased Territory. The production in 1934, though much reduced on account of the weather, totalled 700,000,000 kin of which the quantity produced by Manchoukuo amounted to 280,000,000 kin and that by Kwan-

tung Leased Territory to 420,000,000 kin. The salt field extension plan of Kwantung Leased Territory made a great progress. Production of salt in recent years was as follows:

Year	Area in hectare	Amount in metric ton
1936	22,594	691,178
1937	22,964	834,711
1938	23,026	688,821

### Mining Industry

The first sign of interest in mining manifested by the Manchoukuo Government took the form of the Mining Law and regulations connected therewith, promulgated on August 1, 1935, which were put into force on September 1, the same year. The former mining regulations classified the legal minerals into three groups and contained different stipulations concerning the procedure for filing applications for mining permits for each class of minerals. They also specified different categories of taxation. Under the new Law, however, all these distinctions were abolished and a common procedure for the acquisition of mining privileges established, while forty different minerals, considered important from the standpoint of Manchoukuo's mining and industrial policy, have been designated as legal minerals.

The forty legalized minerals are gold ore, silver ore, platinum ore, copper ore, lead ore, zinc ore, tin ore, iron ore, antimony ore, aluminium ore, nickel ore, cobalt ore, iron sulphate ore, chromite ore, mercury ore, arsenic ore, phosphorous ore, sulphur, graphite, coal, petroleum (including combustible natural gas closely related to oil-bearing strata), asphalt, oil shale, limestone, dolomite, magnesite, fluorspar, feldspar, fire clay, barite, saltpetre, gypsum, silica, talc, asbestos and mica.

Special mining corporations are: the Manchuria Gold Mining Company which was established in May, 1934, following the discovery of prospective gold fields in North Manchuria, capitalized at 12,000,000 yuan (one fourth paid-up), of which 5,000,000 yuan each is invested by the Manchoukuo Government and the South Manchuria Railway Company, and 2,000,000 yuan by the Oriental Development Company, the corporation, with its head office in Hsinking, has a monopoly of gold mining in the former provinces of Kirin and Heilungkiang; the Manchuria Coal Mining Company was incorporated in May, 1934, with a capitalization of 16,000,000 yuan, subscribed jointly by the

Manchoukuo Government (8,000,000 yuan in kind) and the South Manchuria Railway Company (5,000,000 yuan in kind and 3,000,000 yuan in cash). Necessitated by the expansion of its enterprise resulting from the enforcement of its five-year plan of increased production, aiming at 10,000,000 tons annual output, the capitalization was raised to 80,000,000 yuan in April, 1937, the 64,000,000 yuan increase being borne equally by the Government and the S. M. R. Its head office is located in Hsinking. The Manchuria Petroleum Company was established in February, 1934, as a Manchoukuo juridical person, for the purpose of exploiting the oil resources of the country and of regulating the domestic demand and supply of petroleum, its initial capital of 5,000,000 yuan, of which 2,000,000 yuan was invested by the South Manchuria Railway Company, 1,000,000 yuan by the Manchoukuo Government, and 500,000 yuan each by the Nippon Oil, Ogura Oil and the Mitsui and Mitsubishi interests, was recently raised to 10,000,000 yuan. Of the 5,000,000 yuan increase, 2,500,000 yuan was furnished by the Manchoukuo Government and the remaining 2,500,000 yuan equally by the Central Bank of Manchou, the Nippon Oil, Mitsui, Mitsubishi and S. M. R. companies. Abiding by the Manchoukuo Oil Monopoly Law, enforced in April, 1935, and conforming to the plan for placing petroleum products in Manchoukuo on a self-supporting and self-sufficing basis, the Company is engaged in the buying, selling and refining of oil, as well as the investigation and prospecting of oil resources in the country. It has a large plant at Kanseishi, across the bay from Dairen, where crude oil imported from foreign countries is refined and sold to the Manchoukuo Government, which has a monopoly of the sale of gasoline, kerosene, gas-oil, heavy oil, benzol, and fuel oil substitutes; and the Manchuria Mining Development Company was established by Imperial Ordinance No. 91, promulgated in August, 1935, which stipulated that the company will have exclusive right to mine the following twenty-three minerals: platinum ore, lead ore, zinc ore, tin ore, iron ore, antimony ore, aluminium ore, nickel ore, iron sulphate ore, manganese ore, scheelite ore, molybdenum ore, mercury ore, phosphorous ore, coal, petroleum, oil shale, magnesite, fluorspar, fire clay, saltpetre, talc and asbestos. Its total capitalization is 5,000,000 yuan, subscribed equally by the Manchoukuo Government (1,000,000 yuan in kind and 1,500,000



yuan in cash) and the South Manchuria Railway Company (200,000 yuan in kind and 2,300,000 yuan in cash).

Gold has been mined in Manchuria, especially in North Manchuria, from ancient times as there are historical facts showing that gold miners in the Moho district at one time established a republic of their own in opposition to the Chinese Government which held sway over the region. Records of that time show that as much as 500 poods of the precious metal (present value 19,000,000 yuan) were mined in the Moho district alone in three years.

The Moho district was later reverted to Chinese control through the dexterous policy of Li Hung-chang, Senior Grand Secretary of State, and the exploitation of its gold resources was conducted as a government enterprise, but no appreciable progress was witnessed owing to inefficient supervision and management.

In contrast to the slow progress of the gold mining industry in Manchuria prior to the advent of the new State, due to the employment of primitive mining methods by private interests, marked development is expected in the future, considering the rapid pace at which the industry has advanced within the short span of five years since the inception of Manchoukuo.

**Iron** The greater part of the iron deposits in Manchuria is found in South Manchuria. The ores are generally hematite and contain from 34 to 70 per cent of iron. The bulk of the deposits analyse between 35 to 40 per cent.

By the terms of the Sino-Japanese Treaty of May, 1915, the Japanese were allowed to take up mining activities in South Manchuria, and the Anshan Iron Ore Development Company was incorporated in March, 1916, under Japanese-Manchurian joint investment, for the purpose of mining the Anshan deposits and supplying them to the Anshan Iron Works, which was simultaneously established by the S. M. R. Company.

For several years the Anshan Iron Works experienced much difficulty owing to the high cost of production, due to the low content of iron in the Anshan deposits. To remedy the situation, a special concentration process for utilizing profitably the lean Anshan ores, invented after a series of painstaking research, was employed from 1926 with satisfactory results, but difficulties in management and finance were still unavoidable.

The outlook, however, became optimistic with the boom created in the heavy industries following the Manchurian Incident, and in 1933 the Showa Steel Works was established as an independent corporation with a ¥100,000,000 capital to take over the entire enterprise of the Anshan Iron Works.

Following its establishment, the Showa Steel Works purchased the rich iron mine at Kungchangling and built a railway line to transport ores from that mine to Anshan. The iron deposits at Kungchangling are estimated at about 380,000,000 tons.

In November, 1935, the Sumitomo corporation of Japan completed at Anshan, a well-equipped factory for producing iron pipes and fittings, with an annual output of 25,000 tons. The products are partly marketed in Manchuria and partly exported.

The iron works at Penhsihu are built on a smaller scale. Records show that the Penhsihu iron mine was worked by the Manchurians in a primitive way as early as 1833. Just before the outbreak of the Russo-Japanese War, the Russians had plans on foot for its exploitation, which were, however, frustrated by later events.

In 1914, the Penhsihu Colliery and Iron Works was established as a joint Japanese-Chinese enterprise, but owing to inefficient and complicated management, the company encountered much difficulty, especially after the World War. Following the Manchurian Incident, an extensive reorganization was effected and with the rapid progress of heavy industries during the past few years, the enterprise has been attaining noticeable improvement.

The leading market for Manchurian pig iron is Japan, which imports nearly 75 per cent of the total exported from the country.

**Coal** Coal is the most important mineral of Manchuria. According to an estimate made by the S. M. R. Geological Institute at the end of 1929, the total deposits in the country amounted to 4,800,000,000 tons. With the restoration of peace and order since the birth of the new State, an extensive survey has been made, and in consequence, a number of new mines have been discovered and opened so that to-day, the deposits are estimated at 10,000,000,000 tons at least. Many rich coal fields are expected to be found as further surveys are made in future, raising the aggregate deposits still higher.

**Magnesite** Manchuria is endowed with an abundant supply of magnesite, the total deposits being estimated at

several billion tons. In the districts around Tashihchiao, huge deposits of excellent magnesite, amounting to one billion tons, are found.

Magnesite mining in Manchuria is of a comparatively recent origin. It dates back to 1913 when native inhabitants brought an incombustible mineral resembling limestone to the South Manchuria Railway Company for chemical analysis. The mineral was found to be none other than magnesite, and the S. M. R., recognizing the need of magnesite as raw material for the future of Japan's light metallic industry, made every effort to acquire magnesite mining districts. Between 1915 and 1921, it managed to acquire thirteen such districts. Since 1921, it has purchased several other districts.

**Oil Shale** Oil shale covers the main coal seams of the Fushun coal fields to a thickness ranging from 70 to 120 metres. The deposits there are estimated at 5,400,000,000 tons, of which 200,000,000 tons will be dug out in the routine process of operating the open-cut coal mines, and thus this raw material is virtually obtained without involving extra cost. The oil content of Fushun shale varies from one to 14 per cent, averaging round six per cent.

**Aluminium Shale** In Manchuria, fire clay is found in layers between the strata of coal which belongs to the Permian carboniferous series. Fire clay having a high content of aluminium is used as raw material for the manufacture of aluminium and was discovered by Mr. Murakami, former director of the S. M. R. Geological Institute. He named it aluminium shale.

To commercialize the manufacture of aluminium from aluminium shale, the Japan-Manchoukuo Light Metal Manufacturing Company has been incorporated with a 25,000,000 yuan capital. Its plant, now under construction at Fushun, is expected to commence operations in the near future.

The Yental fire clay deposits are exploited by the Showa Steel Works, but the production there does not amount to much.

**Petroleum** Since Japan is sorely in need of mineral oil resources, she conducted investigations in Manchuria following the Russo-Japanese War, but it was generally concluded by geologists that there was no oil in the country.

Before the Manchurian Incident, the South Manchuria Railway Company, hearing that oil was found to some extent in the district near Chalsinoerh and another locality on the former North Manchuria Railway, took every

pain to locate the reported oil fields, but came to the conclusion that the Chalsinoerh district alone was worth further surveying.

After the Manchurian Incident the diamond drilling system was employed in the Chalsinoerh district, with no appreciable results. Since the establishment of the Manchuria Petroleum Company, the oil boring method has been used, but so far no oil has been struck.

**Steatite** Steatite is found in large quantities near Taling, Tashihchiao and Halcheng. Its output is steadily mounting, due to increasing demand in Japan resulting from the rapid expansion of the paper manufacturing and spinning industries there. The Taling Steatite Company was established by the Northeastern Mining Bureau prior to the Manchurian Incident, and it soon came to take a controlling hand over the steatite mining industry.

Following the birth of Manchoukuo, the Minister of Industry, with the view to unifying the steatite industry in the country, caused the establishment of the Manchuria Steatite Company, with which was merged all the small mining companies, and entrusted this new concern with the exploitation of the rich Taling steatite deposits. Since then the industry has made marked progress.

**Copper** Well known copper mines in Manchuria are located at Malukow, in Chientao Province, and at Panling, on the Antung-Mukden line, but the operation of these is still discontinued at the present, due to the low price of copper. The reopening of these mines is highly desirable in view of the projected establishment of a copper refinery in Mukden and Japan's large importation of this mineral from abroad.

**Lead** In contrast to the scarcity of lead in Japan, Manchuria has large deposits of this mineral. The largest mine in operation at present is Yang-chiachangtzu, near Chinchou, which is owned jointly by the S. M. R. and other Japanese interests.

**Limestone** Another abundant Manchurian mineral is limestone. The largest deposits are located at Choushuitzu, Huolienchai and Penhsihu. The Choushuitzu limestone is used extensively in cement and glass making at the factories located nearby. The output from Penhsihu and Huolienchai is utilized at the iron works of Penhsihu and Anshan. The combined limestone output annually ranged from about 450,000 to 700,000 tons in recent years. Manchurian limestone is rarely found in pure form, but its total deposits are very



great.

**Sulphuric Iron** Sulphuric iron ore is found in many parts of the country, but so far no large mines have been discovered. At Linchiatal, near Tungyuanpu on the Mukden-Antung line, and at Yangmukou, there are sulphuric iron mines which are still being worked. The yield of these mines is supplied to the Sulphuric Acid Plant of the Fushun Colliery.

At the Penhsihu, Nihsintal and Yental coal fields, sulphuric iron ore is found in the coal seams, and is mined together with the coal.

**Manganese** Manganese is found at Heisunglin and at Hslaohuangchi, where the deposits are of good quality but small, and are now being mined.

#### MINERAL OUTPUTS

(Unit: Metric Ton)

Products	1934	1935	1936
Iron Ore	1,133,371	1,477,940	1,795,287
Pig Iron	475,826	607,949	647,402
Sulphuric Iron	4,250	5,115	5,798
Manganese Ore	703	599	280
Gold	(unpublished)		
Coal	10,618,961	11,186,632	12,042,468
Coke	521,253	666,844	711,712
Oil Shale	2,105,760	3,227,946	3,648,278
Crude Oil	58,238	120,299	123,320
Magnesite	100,329	225,654	191,568
Fire Clay	79,457	138,184	147,494
Soapstone			
(Talc)	49,894	69,816	80,326
Zechstein			
(Dolomite)	166,107	170,200	179,493
Limestone	419,033	650,602	1,001,726
Asbestos	119	70	69
Silicas	—	—	815
Felspar	—	—	1,403

#### Manufacturing Industries

**General** In spite of the abundant supplies of various raw materials and cheap labour, the industry in Manchoukuo is not yet in an advanced stage. This was particularly the case before the advent of Japanese into the country, owing to the undeveloped state of transport and the backward condition of most regions. At present industries have developed in the Kwantung Leased Territory and the South Manchuria Railway Zone. Aside from it the industry of modern type sprang up around Harbin. As a whole the industry in Manchoukuo is based on raw materials produced in the country which use them as material for products intended for exports as well as for the domestic consumption. Spinning industry is at present the only industry

which uses raw materials imported from abroad. But except those in Kwantung Leased Territory most of the cotton spinning mills are of a class which are barely able to fulfill domestic demands.

Mills which employ more than 5 operatives in Manchoukuo number about 4,000 the products of which amount to more than ¥300,000,000 a year. Industries which yearly produce more than ¥10,000,000 are as follows:

Articles Produced	Amount Produced in yen
Bean cakes	72,000,000
Bean oil	32,000,000
Tobacco	29,000,000
Cotton yarns & fabrics	23,000,000
Wheat flour	23,000,000
Rolling stock	20,000,000
Cereals	19,000,000
Intoxicants	13,000,000
Pig iron	11,000,000

**Oil Industry** Making of soy bean oil and bean cake by pressing the soy beans early developed in Manchoukuo. With almost limitless supplies of soy beans, the industry advanced from mere handicraft work into the modern advanced industry as soon as the real worth of bean oil and bean cake was recognized. The bean oil and bean cake produced in this way constitute the most important items for export. The prosperity of Manchoukuo largely depends on this industry. In 1936 the total output of soy bean oil amounted to 65,940 metric tons and that of bean cake 654,500 metric tons.

**Textile Industry** Tusser silk is another export article next only to bean oil in importance. With the increased demand for pongees in Europe and America, the Japanese silk weavers in Fukui, Gifu and Kyoto prefectures began weaving them and the demand for this silk comes from these prefectures in Japan. The reeling is carried on by the Chinese farmers as a side line, and necessarily on the household basis. The production is largest in Antung. In 1932 it was MY9,775,000, in 1933 MY9,555,000 and in 1934 MY7,408,000. About 70 per cent of the total export goes to Japan.

Of the total population of 30,000,000 in Manchoukuo, about 90 per cent wear cotton clothes. Therefore, from ancient times, there existed in Manchoukuo small, primitive plants for cotton weaving, but no large modern factories rose before the Great War. The establishment of the Cotton Spinning and Weaving Plant by Chinese at Mukden was followed by the establishment of

three companies by Japanese, viz.: the Manchurian Cotton Spinning Company, the Chinchou Factory of the Naigai Spinning Company, and the Manchuria Fufang Company. The total number of mills in 1932 was 83, the number of labourers 9,621, and the total production ¥17,401,310. The production of course cannot keep pace with the demand, and cotton cloth constitutes one of the principal imports for Manchoukuo, the amount reaching from ¥40,000,000 to ¥74,000,000.

Production of cotton yarns in 1937 amounted to 24,453,700 kg. and that of cotton textiles to 2,278,700 tan.

**Flour Milling** Flour milling industry is one of the three main industries of Manchoukuo. It is carried on either by the old-fashioned native mills or the modern mills run by machinery. Harbin is the centre of flour milling and has 40 mills, there being only 8 other mills in the southern part of Manchoukuo. The consumption in 1930 was only about 24,000,000 bags a year, which included both domestic and imported products. This increased in 1934 to 23,000,000 bags, exclusive of domestic product. If, therefore, the domestic product amounted in the year to 15,000,000 bags, the amount of consumption totalled 38,000,000 bags. Even this per capita consumption in Manchoukuo was a little over one bag, so that there is still a vast room left for further consumption. Import from Japan in 1934 amounted to 17,000,000 bags and about 6,000,000 bags were imported from Australia and America. The amount of its import is only second to that of cotton cloth in value.

Production of wheat flour in 1936 amounted to 337,447,700 kg. and in 1937 to 312,396,700 kg.

#### Foreign Trade

In parallel with the expansion of productive power brought about by worldwide rearmament, the trade policy of the Powers is aimed at closer economic relationship within their economic sphere of influence on the one hand, and, on the other, efforts for the de-

velopment of international trade are being made not in accordance with free trade policy but within the sphere of controlled economy. Manchoukuo's foreign trade of 1937, too, moved in the direction of a closer Japan-Manchoukuo economic bloc on the basis of the Five-Year Industrial Development Plan. This tendency became stronger with the outbreak of the China Incident, and, with the strengthening of Manchoukuo's international position, her trade policy for the regulation and extension of foreign trade developed along the line of controlled trade. This policy of controlled trade took concrete forms upon revision of the Manchoukuo-Germany Trade Agreement in May, upon the establishment of the Otto Wolf Credit in September, and upon the revision and enforcement of Exchange Control Law in October.

With the expansion of the Five-Year Industrial Development Plan the Manchoukuo-Germany Trade Agreement which was extended for another three years and the Two Million Pound Otto Wolf Credit, gained in importance with the expansion of the Five-Year Plan. The revision of the Exchange Control Law and the Trade Control Law were aimed at the regulation of international balance of payment on the basis of Japan-Manchoukuo economic bloc in concert with the trade control policy of Japan, the former through the regulation of 'money' and the latter through the control of 'goods.' The economic relations between Japan and Manchoukuo made marked progress not only in the movement of capital but also in trade through these measures. The revised Customs Law at the end of December, 1937, further strengthened the inseparable economic tie of the two countries. Under a series of these measures the foreign trade of Manchoukuo achieved remarkable progress in 1937 and 1938. As it will be seen in the following figures, the total amount of trade in 1938 increased by 35 per cent to MY2,000,202,050, the largest since the establishment of Manchoukuo.

(Amount in MY1,000)

	Exports		Imports		Total		Excess of Imports
	Amount	Index Number	Amount	Index Number	Amount	Index Number	
1933	448,478	100.0	515,832	100.0	964,310	100.0	67,354
1934	448,427	99.9	593,562	115.1	1,041,989	108.1	145,135
1935	421,078	93.9	604,149	117.1	1,025,227	106.3	183,071
1936	602,759	134.4	691,830	134.1	1,294,589	134.3	89,130
1937	645,298	143.9	887,412	172.0	1,532,709	158.9	242,115
1938	725,454	161.7	1,274,747	247.1	2,000,202	207.4	549,293



The causes of the remarkable increase in the value of trade were, the rise of commodity prices, especially those of imports; the increase of export value and the increase of volume of raw ma-

terials exported. The increase of import trade was due to the tremendous demand for construction materials as shown in the following table:

#### IMPORTATION OF HEAVY CONSTRUCTION MATERIALS

(Unit: 1,000 Yuan)

Goods	1933	1934	1935	1936	1937	1938
Iron and Steel Products	39,997	58,227	51,540	39,506	76,429	122,074
Machinery and Tools	9,544	28,056	33,510	38,918	65,901	121,501
Vehicles and Vessels	22,699	30,946	38,471	58,870	44,724	81,734
Electrical Appliances	8,115	14,484	10,778	21,683	34,014	39,767

According to Countries Japan's share of the foreign trade of Manchuria has been larger than that of any other nation for many years. This tendency has been strengthened further after the emergence of Manchoukuo and the creation of the Japan-Manchoukuo economic bloc. This result is natural when one takes into consideration various factors, especially the geographic proximity and the phenomenal expansion in all phases of industrial activities in Japan.

During the period under review, the Manchoukuo trade with Japan kept on steadily increasing and far outdistanced other nations in its volume. It has grown from a total amount of 673,967,000 yuan in 1935 to 820,533,000 yuan in 1936, 987,731,000 yuan in 1937, and 1,410,238,000 yuan in 1938, respectively, from 65 per cent of the total trade of Manchuria in 1935, to 63 per cent in 1936, 64 per cent in 1937, and 71 per cent in 1938.

In studying these figures in terms of goods, a decidedly steady growth is noticeable in the importation of Japanese cotton, silk, and woollen goods into Manchuria. Especially noticeable has been the supremacy established by the Japanese cotton industry. Japan's strenuous but constant efforts to develop this industry have resulted in an amazing organization of all phases of this industry that its products can successfully compete with any Western products in almost any part of the world. In addition, Japan was favoured by her geographic position, enabling her to send her goods to the Manchurian market at much less freight expenses than the Western competitors. Thus, after the Great War, which crippled the cotton mills in Western countries and disturbed ocean transportation, Japan stood supreme in the Far Eastern market. But it should be remembered that the

more Japanese cotton goods are exported to Manchuria or elsewhere, the greater will be the purchase of American and Indian raw cottons by Japan.

Next to Japan, China for years has occupied an important place in the Manchurian trade and the position second only to Japan has been consistently maintained. Since the Manchurian Incident, the Manchurian trade with China has declined for obvious reasons, from a total of 135,022,000 yuan in 1933 to 123,299,000 yuan in 1934 and to a low watermark of 97,346,000 yuan in 1935. It began to pick up again in 1936 when a total of 176,288,000 yuan was chalked up, followed by 153,077,000 yuan in 1937 and 192,398,000 yuan in 1938. It is an interesting fact that, in this decline and rise, the Manchurian export trade with China has been steadily on the increase. Thus, Manchurian exports to China rose from 55,210,000 yuan in 1933 to 65,694,000 yuan in 1934, 65,353,000 yuan in 1935, 128,603,000 yuan in 1936, 113,753,000 yuan in 1937, and 121,682,916 yuan in 1938. The imports from China have shown a slight gain during the period under review, from 31,993,000 yuan in 1935 to 47,685,000 yuan in 1936, 39,324,000 yuan in 1937, and 70,716,000 yuan in 1938.

If we turn to Western countries, the Manchurian trade with the United States has shown a most noticeable development in the recent years. The American trade with Manchuria totalled only 22,758,000 yuan in 1932 but it has jumped to 40,088,000 yuan in 1936, 76,197,000 yuan in 1937, and 104,430,000 yuan in 1938. The most remarkable fact about these figures has been the strong favourable balance which the United States has maintained steadily. Thus, the Manchurian imports from the United States have increased from 17,748,000 yuan in 1932 to 23,735,000 yuan in 1936, 57,523,000 yuan in 1937, and 93,070,000 yuan in 1938, more than a five-fold in-

crease, while the Manchurian exports to the United States have increased from 5,010,000 yuan in 1932 to only 16,353,000 yuan in 1936 and 18,674,000 yuan in 1937, dropping to 11,360,000 yuan in 1938, less than a two-fold increase between 1932 and 1938. These figures are most interesting in the face of the American attitude of non-recognition and her complaint against what she calls the "closed door" in Manchuria. On the other hand, the Manchurian trade with Germany has been about the same in value as that with the United States, but the Manchurian exports to Germany far outweighed the German exports to Manchuria. The Manchurian trade with Germany gradually dropped from 79,716,000 yuan in 1932 to 47,541,000 yuan by 1935 and began to regain the lost ground again since 1936, reaching 63,303,000 yuan in 1936, 76,330,000 yuan in 1937, and 87,-

700,000 yuan in 1938. Unlike the American trade, however, the bulk of the Manchurian trade with Germany was made up of exports. Thus, the Manchurian exports to Germany, which amounted to 73,946,000 yuan in 1932, dropped to 32,799,000 yuan in 1935 and began to rise again in 1936 with the conclusion of the new trade Agreement, rising to 50,278,000 yuan in that year and to 59,052,000 yuan in 1937, and dropping slightly to 50,396,000 yuan in 1938. The Manchurian imports have been increasing during the same period, increasing from 5,770,000 yuan in 1932 to 13,025,000 yuan in 1936 and 17,278,000 yuan in 1937 and jumping to 37,304,000 yuan in 1938.

The Manchurian trade with other Western countries has been almost negligible as the following two tables clearly indicate:

#### MANCHURIAN TRADE ACCORDING TO COUNTRIES

(Unit: 1,000 Yuan)

Countries	1936			1937			1938		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
Japan	285,903	534,630	820,533	321,511	666,269	987,780	416,825	993,413	1,410,238
China	128,603	47,685	176,288	113,753	39,324	153,077	121,683	70,716	192,399
U. S. A.	16,353	23,735	40,088	18,674	57,523	76,197	11,360	93,070	104,430
Germany	50,278	13,025	63,303	59,052	17,278	76,330	50,396	37,304	87,700
England	27,462	7,419	34,881	9,322	11,128	30,451	5,447	7,376	12,823
Br. India	1,691	28,224	29,915	132	45,624	45,756	46	30,603	30,649
Netherlands	7,072	631	7,703	16,570	1,527	18,097	8,001	799	8,800
Italy	382	1,624	2,007	2,644	1,064	3,708	3,457	2,393	5,850
Others	85,015	34,856	119,871	103,640	47,675	151,315	108,239	39,074	147,313
Total	602,759	691,830	1,294,589	645,298	887,412	1,532,709	725,454	1,274,748	2,000,202

#### PERCENTAGE OF MANCHURIAN TRADE ACCORDING TO COUNTRIES

Countries	1936			1937			1938		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
Japan	48.4	77.3	63.4	49.8	75.1	64.4	57.5	77.9	70.6
China	21.3	6.9	13.6	17.6	4.4	10.0	16.8	5.5	9.6
U. S. A.	2.7	3.4	3.1	2.9	6.5	5.0	1.6	7.3	5.2
Germany	8.3	1.9	4.9	9.1	2.0	5.0	6.9	2.9	4.4
England	4.6	1.7	2.7	1.4	1.3	1.3	0.7	0.6	0.6
Br. India	0.3	4.1	2.3	0.0	5.1	2.9	0.0	2.4	1.5
Netherlands	1.2	0.1	0.6	2.6	0.1	1.2	1.1	0.1	0.4
Italy	0.0	0.2	0.2	0.4	0.0	0.2	0.5	0.2	0.3
Others	13.2	4.4	9.2	16.2	5.5	10.0	14.9	3.1	7.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

According to Commodities In the field of exports, the agricultural products continue to dominate all other products. Although Manchuria is rapidly becoming a bee-hive of industries, it is still primarily an agricultural country and the soya beans and their products, bean-

cakes and bean-oil, have constituted more than half of its total exports for years. During the period under review, this condition has roughly persisted. The exports of soya beans and other beans, beancakes, and bean-oil totalled 214,611,000 yuan in 1935, increasing



steadily to 305,827,000 yuan in 1936, 325,297,000 yuan in 1937, and 334,224,000 yuan in 1938. In the total value of exports, these figures represented 50.9 per cent in 1935, 50.7 per cent in 1936, 50.6 per cent in 1937, and 46.1 per cent in 1938. Next to soya beans among agricultural products come millet, kaoliang, maize, groundnuts, and seeds. The export of millet has increased from 9,049,000 yuan in 1935 to 18,318,000 yuan in 1936, dropped slightly to 14,197,000 yuan in 1937, and again rose to 20,260,000 yuan in 1938, respectively, 2.1 per cent, 3.6 per cent, 2.2 per cent and 2.8 per cent of the total exports; that of kaoliang has increased from 3,993,000 yuan or 0.9 per cent of total exports in 1935 to 11,726,000 yuan or 1.9 per cent in 1936, 9,843,000 yuan or 1.5 per cent in 1937, and 18,846,000 yuan or 2.6 per cent in 1938; that of maize has increased from 1,470,000 yuan or 0.3 per cent of total exports in 1935 to 6,995,000 yuan or 1.2 per cent in 1936, 8,526,000 yuan or 1.3 per cent in 1937, and 18,328,000 yuan or 2.5 per cent in 1938; that of seeds, including perilla and castor seeds, has risen from 21,335,000 yuan or 5.1 per cent of total exports in 1935 to 22,936,000 yuan or 3.8 per cent in 1936, but dropped to 18,822,000 yuan or 2.9 per cent in 1937 and 17,868,000 yuan or 2.5 per cent in 1938. Next to agricultural products in importance is the coal which is gradually declining as an export item due to the increasing demand within Manchuria. Thus, the export value of coal has decreased from 40 million yuan or 9.6 per cent of total exports in 1935 to 35 million yuan or 5.8 per cent in 1936, 36 million yuan or 5.5 per cent in 1937, and 28 million yuan or 3.9 per cent in 1938. The export of sulphate of ammonium has increased from 6 million yuan in 1935 to 17 million yuan in 1938.

Among the commodities imported during the period under review, by far the largest group has been still the construction material. Thus, the imports

of iron and steel, machinery and tools, vehicles and vessels, electrical equipments and appliances, timber and cement have first slightly dropped from 157,759,000 yuan or 26.1 per cent of total imports in 1935 to 151,897,000 yuan or 22.0 per cent in 1936 but again have risen to 224,347,000 yuan or 25.3 per cent in 1937 and 410,609,000 yuan or 32.2 per cent in 1938. Next in importance came the cotton piece goods which have increased from 60,340,000 yuan or 9.9 per cent in 1935 to 87,501,000 yuan or 12.6 per cent in 1936 and 104,645,000 yuan or 11.8 per cent in 1937, dropping slightly to 83,225,000 yuan or 4.4 per cent in 1938. On the other hand, the import of raw cotton has increased steadily from 9 million yuan in 1935 to 18 million yuan in 1936, 32 million yuan in 1937, and 43 million yuan in 1938. The increase in the importation of silk and woollen goods has been also noticeable, altogether showing the rising purchasing power of the populace in general. The imports of gunny bags, sugar and paper are steadily on the increase also. A marked decrease in the importation of wheat flour has been strikingly noticeable, decreasing from 53,969,000 yuan in 1935 to 27,116,000 yuan in 1936 and 13,828,000 yuan in 1937 but again rising to 47,089,000 yuan in 1938. This eloquently indicates an increasingly important place which the flour industry is beginning to occupy in Manchuria. On the whole, the import figures continue to show the tremendous amount of construction activities which are in progress under the Five-Year Industrial Plan and also the increase of the purchasing power of the Manchurians in general brought about by the thorough reform of the former chaotic currency system and the initiation of good administration under the new régime.

The following tables show the principal imports and exports comparatively for four years between 1935 and 1938.

## PRINCIPAL COMMODITIES OF EXPORT

(In Yuan)

Commodities	1935	1936	1937	1938
Soya Beans	126,329,191	210,250,528	222,932,539	234,263,340
Other Beans	16,779,794	21,062,456	15,685,474	15,286,626
Bean Cakes	51,370,088	53,126,934	62,335,743	70,575,007
Bean Oil	20,132,208	21,382,719	25,342,855	14,099,414
Kaoliang	3,993,135	11,726,465	9,843,121	18,845,746
Millet	9,049,721	18,318,478	14,196,991	20,260,226
Maiz	1,470,218	6,995,450	8,525,859	18,328,485
Groundnuts	15,140,649	16,109,760	16,369,566	12,115,315
Seeds	21,334,690	22,936,292	18,821,683	17,867,980
Coal	40,473,980	35,181,459	35,610,491	28,198,127
Ammonium Sulphate	6,051,084	11,423,631	9,675,958	16,571,204

## PRINCIPAL COMMODITIES OF IMPORT

(In Yuan)

Commodities	1935	1936	1937	1938
Cotton Goods	60,339,907	87,500,927	104,644,996	88,224,678
Raw Cotton	9,406,593	18,601,313	32,202,253	42,663,883
Silk and Rayon Goods	29,554,139	53,961,556	36,460,702	61,344,988
Woollen Goods	18,910,766	24,720,584	35,900,864	23,345,191
Iron & Steel	51,539,998	39,506,313	71,428,998	122,074,161
Vehicles, Vessels	38,471,304	38,669,550	44,724,290	81,733,603
Machinery, Tools	33,510,014	38,917,649	65,900,611	121,500,810
Electrical Equipments	18,778,326	21,682,543	34,014,327	39,767,207
Gunny Bags	14,640,550	14,024,752	19,273,736	20,909,887
Sugar	13,642,512	30,917,586	22,426,980	35,778,943
Paper	12,959,295	16,792,962	25,055,858	37,230,076
Wheat Flour	53,988,584	27,115,884	13,827,593	47,088,571
Timber	13,509,063	10,564,704	13,127,193	26,347,896

## BEANS AND BEAN PRODUCTS EXPORTED

(Unit: Yuan)

(A) Soya Beans

Countries	1936	1937	1938
Japan	62,911,982	78,939,077	74,509,000
Chosen	9,413,460	7,715,023	4,065,000
China	18,815,647	6,312,893	11,019,000
Germany	34,387,643	42,510,502	37,711,000
Great Britain	21,410,843	4,143,263	3,457,000
Egypt (to Europe)	50,557,990	76,118,615	92,856,000
Netherlands	2,325,631	3,000,476	2,093,000
Hongkong	1,740,728	1,197,205	1,150,000
Straits Settlements	1,622,564	1,602,381	3,000
Denmark	5,001,345	1,227,225	1,614,000
Italy	8,736	1,089,699	3,143,000
Others	8,277,987	2,219,835	1,379,000
Total	216,474,556	226,076,194	234,263,000

(B) Bean-Cakes

Countries	1936	1937	1938
Japan	41,390,947	48,658,656	62,775,000
Chosen	1,829,210	1,633,550	2,588,000
China	7,340,768	7,712,930	3,134,000
Germany	320,302	300,565	30,000
Netherlands	12,600	58,734	284,000
U. S. A.	1,610,115	2,896,361	774,000
Others	622,992	1,074,947	987,000
Total	53,126,934	62,335,743	70,575,000

(C) Bean Oil

Countries	1936	1937	1938
Japan	411,719	196,009	83,000
Chosen	17,619	23,224	10,000
China	3,109,849	846,476	5,317,000
Hongkong	3,290,757	2,410,702	46,000
Great Britain	3,550,729	1,302,977	51,000
Germany	8,182,641	6,730,744	3,804,000
Netherlands	1,235,496	9,252,533	3,625,000
U. S. A.	859,667	2,197,061	157,000
Others	724,242	2,383,129	1,002,000
Total	21,382,719	25,342,855	14,099,000



## INTERNATIONAL ACCOUNTS OF MANCHOUKUO

(Unit: 1,000 Yuan)

	1935	1936	1937
I. Visible Foreign Trade:			
Exports	421,078	602,759	645,298
Imports	604,149	691,830	887,412
Total	1,025,227	1,294,589	1,532,710
Import Excess	183,072	89,071	242,114
II. Invisible Foreign Trade:			
Exports (receipts)	622,861	758,508	796,888
Imports (payments)	342,827	591,579	513,858
Total	965,688	1,350,087	1,310,746
Exports (receipts) Excess	280,034	166,929	273,030
III. Grand Total (Visible and Invisible Trade):			
Exports (receipts)	1,043,939	1,361,267	1,432,186
Imports (payments)	946,977	1,283,409	1,401,270
Exports (receipts) Excess	96,962	77,858	30,916
IV. Income Outside of Trade:			
A. Ordinary Receipts:			
1. Interest and dividends on foreign securities	4,378	2,736	3,408
2. Interests on deposits and loans abroad	4,658	7,369	7,589
3. Profit through overseas enterprises	663	1,817	1,352
4. Receipts from shipping	19,334	18,269	28,304
5. Receipts in connection with insurance	6,680	8,104	10,215
6. Receipts from foreigners in Manchoukuo	123,192	153,577	190,615
7. Other receipts by Manchoukuo Government	502	704	262
8. Others	3,674	3,680	8,248
Total	163,081	196,256	249,993
B. Extraordinary Receipts:			
1. Foreign Capital invested in Manchoukuo	404,030	495,126	476,943
2. Withdrawal of capital invested abroad	55,750	67,125	59,952
Total	459,779	562,252	536,895
Grand Total	622,861	1,361,267	1,432,186
V. Payments Outside of Trade:			
A. Ordinary Payments:			
1. Interests and dividends on Manchoukuo securities	72,841	36,194	89,585
2. Interests on foreign loans and deposits	7,730	8,456	12,577
3. Net income of foreign enterprises in Manchoukuo	11,076	86,194	98,585
4. Funds carried out or remitted by immigrants.	41,863	44,628	41,407
5. Payments in connection with shipping	4,055	4,421	7,297
6. Payments in connection with insurance	14,866	18,636	21,918
7. Amounts expended by Manchurians abroad	25,289	37,616	39,081
8. Other payments abroad by the Manchoukuo Government	1,549	27,834	19,705
9. Others	4,604	8,347	32,081
Total	183,873	244,855	283,162
B. Extraordinary Payments:			
1. Investments outside of Manchuria	72,704	64,791	106,853
2. Withdrawal of foreign capital invested in Manchoukuo	20,810	236,056	89,985
3. Others	65,440	45,877	34,857
Total	158,954	346,724	230,696
Grand Total	342,827	591,579	513,850

## Transportation

The Railway Act, 1933 Simultaneously with the establishment of the State railway system, the Manchoukuo Government enacted the Railway Act of

1933, on February 9, 1933. After studying the conditions of these railways which were managed by diverse methods, entailing serious loss, and contemplated nationalization of the whole system in order to develop the economic wealth

of the nation and maintain national defense and public peace. The law provides that railways shall be under national ownership except those operating in particular localities and not engaging in general transportation. The State Railways adopted the standard gauge of 1.0435 metres (4 feet 8½ inches). In order to carry out the objective of a State railway system, the law provides that the Government shall purchase the privately owned railways. The Government subsequently purchased the Mukden-Hailung, Tsitsihar-Koshan, and the Hulan-Hailun lines. Three new railways—the Lafa-Harbin line, the Koshan-Hailun line, and the Tunhua-Tumen line—extending the Hsinking-Tunhua railway to the Korean border, were built by the end of 1933 under contract with the South Manchuria Railway Company, which constructed these lines and furnished funds amounting to about ¥100,000,000. The Manchoukuo Government also purchased the Tienpaoshan-Tumen Light Railway at the cost of ¥6,000,000 borrowed from the South Manchuria Railway Company.

The Office of the General Directorate of State Railways was established at Mukden and commenced its work on March 1, 1933. It set up harmonious interconnection with the South Manchuria Railway lines, the North Chosen Railways, and other lines. The General Directorate also inaugurated equal freight rates on domestic and foreign goods—the discrimination maintained under the former Northeastern régime being practically done away with. The additional tax on freight hitherto charged under the former régime in the form of "universal or consolidated tax" was also abolished. Improvement of the railway track and rolling-stock, which was utterly neglected under the preceding régime, was steadily and gradually carried into effect. These railways, when under the former régime, employed thirty-five thousand persons for less than 3,000 kilometres, or 11 employees per kilometre. Although so many employees were not required under the new management, the General Directorate did not discharge any of them. It pays their wages and salaries promptly and regularly, in contrast to the frequent default in payment of wages under the former régime.

The Transfer of the North Manchuria Railway On March 23, 1935, the North Manchuria Railway was transferred to Manchoukuo with the signing of the historical agreement between

Manchoukuo and the Soviet Union. The Manchoukuo Government, under the contract signed on March 23, 1935, entrusted the management of the entire line and its affiliated enterprises to the South Manchuria Railway Company. The General Directorate had enlarged its Harbin Office for the purpose of meeting this added task and took over the operation of the newly acquired lines on the day of its transfer. Thus the historic shift in the management of the North Manchuria Railway was effected without the least interruption in its traffic movement. The General Directorate is now taking steps to bring about the complete renovation, including the change of the gauge, of otherwise decrepit and obsolete lines.

The newly acquired lines have been divided into three sections and renamed as follows:

	Kilometres	Miles
Hsinking-Harbin line	240.2	141.1
Harbin-Manchouli line	934.8	580.5
Harbin-Suifenho line	546.4	336.3
Branch lines	7.0	4.3
Total	1,728.4	1,071.2

The Administration of North Chosen Railways The establishment of direct connection between North Manchuria and the Japan Sea had been a problem of long standing. It was realized, at last, with the completion of the Tunhua-Tumen line which made possible the through traffic between Hsinking and Seishin or Yuki, both facing the Japan Sea.

In order to facilitate this through traffic and place it under unified management, the Government General of Chosen entrusted the operation of the North Chosen Railways to the South Manchuria Railway Company on October 1, 1933. In order to meet this added responsibility, the Company established the North Chosen Railway Division with its headquarters at Seishin, taking over the operation of some 205 miles of lines in northeastern Chosen.

With the completion of the Lafa-Harbin and Peian-Heiho lines, this through railway line now penetrates North Manchuria as far as the Amur River, while the Tumen-Ningpei line, with its eventual extension to Chiamussu, opens up the northeastern corner of Manchuria to direct communication with the Japan Sea. This new development will find its eventual gate at Rashin, where a new port is now under construction. In other words,



with the management of the North Chosen Railways within its hands and the vast resources of North Manchuria tapped through the Manchoukuo State Railways, the S. M. R. Company, in co-operation with Manchoukuo, has become the pioneer agency in the development of North and Northeastern Manchuria.

The Length of the Lines Operated The following table gives the progress of railway construction activities during 1936-1938, year by year:

#### NEW RAILWAY LINES COMPLETED,

1936-1938

1936	Length in Kms.
Lines	
Pingchuan-Chengte	97.4
Mutankiang-Linkou	110.0
Linkou-Mishan	170.9
Solun-South Hsingan	130.8
Ssupingkaï-Hsian	82.5
Total for 1936	591.6

1937

1937	Length in Kms.
Lines	
Linkou-Chiamussu	221.5
Noho-Nonkiang	93.5
Taipingchuan-Lupei	192.3
South Hsingan-Halunarshan	15.4
Ihsien-Fuhsin	78.1
Fuhsin-Shinlitun	53.4
Meiho-Tunghua	130.2
Mishan-Hulin	160.9
Total for 1937	945.3

1938

1938	Length in Kms.
Lines	
Lungtanshan-Tafengman	22.4
Chengte-Kupeikou	106.3
Total for 1938	128.7

#### UNDER PROVISIONAL OPERATION IN FEBRUARY, 1939

Length in Kms.	
Lines	
Tunghua-Huangpai	82.1
Wangching-Pei Huangling	82.4
Suihua-Shenshu	135.8
Minghsan-Niuhshintai	13.3
Total under Provisional Operation	313.6

With these new lines added, the total length of new railways which had been constructed after the establishment of Manchoukuo reached 3,642.4 kilometres. This made the total length

of the Manchoukuo State Railways 8,374.3 kilometres and the total length of all railway lines in Manchoukuo 10,148.4 kilometres, with the addition of 1,129.1 kilometres of the South Manchuria Railways, 102.1 kilometres of the Chin-Fu Railway, and 229.3 kilometres of private railways, at the end of March, 1939. In addition, 313.6 kilometres of the Manchoukuo State Railways were under provisional operation and the road beds of further additional 192.3 kilometres had been laid. Thus, within the scheduled ten years, Manchuria is combed by a net work of over 10,000 kilometres of railway lines. And the railway construction work still continues.

**Construction of Harbours** It has been noted in the Fifth Report that the expanding radius of Manchoukuo State Railways necessitated outlets to sea in addition to the existing ports of Dairen, Yingkou, Antung, and Port Arthur, and that the construction of Rashin and Hulutao harbours had been started by the Construction Bureau of the South Manchuria Railway Company. These construction activities have been progressing according to schedule during the period under review. In addition, plans were made for the construction of a new non-freezing port of Hsiao-shihkou and the expansion of existing ports, especially the port of Dairen.

**1. Port of Rashin.** A project of constructing a modern port on an erstwhile quiet fishing village at Rashin had been undertaken in 1932, and the work had been started actually in 1933. The project involves the completion by 1947 of most modern facilities for the handling of some 9,000,000 tons of cargo annually. One-third of this project, including all foundation works, was to be completed in five years by the spring of 1938, at an estimated cost of ¥11,200,000, the next one-third by the spring of 1942 at ¥11,139,000, and the last one-third by 1948 at ¥11,487,000. The first leg of this three-fold enterprise was started in April, 1933, and successfully completed on schedule, by the end of March, 1938, and the second leg was started immediately, at the same time giving finishing touches to the already completed portions of the project. In addition, a new project of constructing equipments across the Bay for the handling of local and coastwise trade had been started in 1938. Thus, at the end of 1938, two beautiful piers and one-half of the third pier, capable of handling 3,000,000-ton cargo annually, had seen their completion with necessary

railway connections and other facilities and the port of Rashin had grown almost overnight to a city embracing 24,500 people. The accompanying table shows the rapid increase of trade at Rashin which naturally followed the progress of the harbour construction activities.

#### TRADE AT RASHIN, 1937-1938

Years	(Unit: 1,000 Yen)		Total
	Exports	Imports	
1937	28,863	11,766	40,449
1938	28,683	21,590	100,273

**2. Port of Hulutao.** In 1935, the South Manchuria Railway Company, through the Manchoukuo Government, had launched a five year harbour construction programme at Hulutao. The development of Hulutao was undertaken for the purpose of providing facilities for handling an increasing movement of goods to and from the Liaosi regions or the south-western part of Manchoukuo. The project involved the construction of two main piers together with various appurtenant equipments at a total estimated cost of some 20,000,000 yen with a view to increasing the cargo handling capacity of the port to 3,500,000 tons a year when the project is completed in the spring of 1941. The work was actually started in April, 1936, and the project has been progressing on schedule since. Thus, by the end of 1938, one pier had been completed and the foundations were laid for the second, trebling the cargo handling capacity from 65,000 tons in 1937 to 200,000 tons. However, in consideration of the increasing importance of Hulutao in connection with the Five-Year Industrial Plan and the looming closer relationship with North China since the beginning of the China Incident, the original project had been revised in 1938 to expand and to increase the capacity of the port to 4,000,000 tons a year. Under this revised project, requiring an additional estimated expenditure of 10,000,000 yen, both Piers 2 and 3 will be opened for use in 1939, while Pier 4 will also be completed during the same year, raising the capacity to 1,000,000 tons. The entire project is scheduled for completion by the spring of 1940.

**3. Five-Year Harbor Expansion Programme.** The initiation of the Five-Year Industrial Plan and the subsequent explosion and continuation of the China Incident have decidedly increased the movement of goods to and from Manchuria. Even the port of Dairen, with its capacity to handle 10,000,000 tons of

cargo annually, became too limited to face the changed situation. Thus was drawn up in 1938 a Five-Year Harbour Expansion Program. At Dairen, among other things, it proposes to complete the Pier 4 which was started back in 1923 but which had been discontinued since and to construct two new piers at Jijiko, raising the eventual capacity to 12,000,000 tons; at Kansenshi, across the bay from Dairen, it proposes to construct a special pier for handling of iron and steel products; and at Yingkou, among other things, it proposes to add a new wooden pier and a warehouse. These various projects and appurtenant equipments were started in 1939 at an estimated expenditure of some 130,000,000 yen. The construction of the Pier 4 at Dairen was resumed even earlier, in 1938, and is scheduled to be completed in 1939, while the two new piers at Jijiko will be started in 1939. The new Kansenshi pier will be started also in 1939 and completed in the spring of 1942.

**4. Port of Shiao-shihkou.** Among the various features of Manchoukuo's harbour expansion programme, a part of which has been already outlined above, the most interesting is the proposal to construct a non-freezing port at Shiao-shihkou, some 20 miles south-west of Antung. Another five-year programme of construction is drawn up for this purpose and the work will be started in 1939 with an initial estimated expenditure of some ¥7,000,000 for the first year. When completed, the new port of Shiao-shihkou will have facilities to handle 2,000,000 tons of cargo a year. Side by side with the construction of the port, an equally far-reaching project for the construction of an extensive industrial district will also be launched. It may be added also that the Government General of Chosen is constructing a similar port at Tashu Island near by, which will have a cargo handling capacity of 1,000,000 tons a year.

**Extension of Highways** Since the announcement by the Manchoukuo Government in 1932 of its programme to construct some 60,000 kilometres of national highways in ten years, various circumstances necessitated its slight modifications. It assumed the form of the First and Second Five-Year Highway Construction Projects. The First Five-Year Project covered the years 1932-1936 and involved the construction of 9,809 kilometres of national highways and 20 special bridges at an estimated expenditure of 30,785,000 yuan, while the Second Five-Year Project, extend-



ing over 1937-41, proposed the construction of 13,268 kilometres of national highways and 37 special bridges at an estimated expenditure of 62,000,000 yuan. For the realization of the First Five-Year Project, the Government has established the State Highway Bureau and the Highway Construction Offices at Hsinking, Mukden, Harbin, and Tsitsihar. With the launching of the Second Five-Year Project, the Highway Construction Offices were shifted to Tsitsihar, Tumen, and Mutankiang.

The work thus started progressed normally. During the period allotted to the First Five-Year Project, 8,992 kilometres of modern highways and 20 special bridges had been completed, while during the first two years of the Second Five-Year Project, 4,613 kilometres of national highways and 24 special bridges had been successfully completed. The following table shows the growing length of national highways according to years:

#### HIGHWAY CONSTRUCTION 1932-1938

Years	Highways In Kilometres)	Expenditures (In Yuan)
1932	707.7	872,099
1933	3,000.9	6,931,466
1934	2,632.3	12,876,452
1935	580.4	3,699,127
1936	2,071.0	10,915,945
1937	2,168.6	7,092,430
1938	2,444.5	6,249,247
Total	13,605.4	50,636,766

With the launching of the First Five-Year Highway Construction Project, the Government early realized the necessity and importance of improving the local highways also. After a careful investigation of the existing local highways and roads, the Government, in cooperation with Provincial Governments, undertook to construct or reconstruct local highways and roads for the purpose of facilitating the transportation system throughout the country. This project had been started in 1933 and had progressed with an amazing rapidity. The following table shows the record of accomplishments in this field during 1933-37:

#### CONSTRUCTION OF LOCAL HIGHWAYS AND BRIDGES, 1933-1937

Years	Local Highways (In Kilo- metres)	Bridges (In Metres)	Expendi- tures (In Yuan)
1933	5,218.5	480	132,100
1934	2,138.1	1,595	829,880
1935	1,468.7	2,122	585,261
1936	1,485.7	3,266	1,052,900
1937	989.8	5,700	905,950
Total	11,300.8	13,163	3,516,111

In addition to these local highways, the Government also undertook in 1934 to construct or reconstruct highways in the Tungpientao region, erstwhile nest of bandits, as a part of the programme of rehabilitating the poverty-stricken farming population of the 16 Hsien in this region. As a result, during the three years between 1934 and 1936, some 3,733 kilometres of local highways had been either constructed or reconstructed at a total expenditure of 476,485 yuan.

Another noteworthy project is the construction of highways to facilitate the work of Japanese and Chosenese immigrants in Manchuria. This work was started by the Government in 1937 with the inauguration of the Five-Year Immigration Highway Project. Under this plan, some 1,290 kilometres of local highways had been constructed during 1937-38 at a total expenditure of 1,172,300 yuan.

Air Transport Civil aviation has made rapid strides since the advent of the new State. At present there are no less than 13 regular air routes, stretching 4,715 km., operated by the Manchuria Air Transport Company which was established in October, 1932, with a capital of MY3,580,000. Aviation in this country is favoured by the vastness of territory and suitable climatic and topographic conditions. The air routes are as follows:

1. Hsinking-Mukden-Shingishu.
2. Harbin-Hsinking-Mukden-Dairen.
3. Hsinking-Harbin-Tsitsihar-Manchouli.
4. Hsinking-Taonan-Tsitsihar.
5. Tsitsihar-Nonkiang-Taheiho.
6. Hsinking-Kirin-Yentai-Hungching-tsun-Selshin.
7. Harbin-Pelanchen-Taheiho.
8. Harbin-Ilan-Chiamussu-Fuchin.
9. Mukden-Chinchow-Shanhalkwan.
10. Mukden-Chinchow-Chaoyang-Linyuan-Jehol.
11. Mukden-Chinchow-Chaoyang-Chih-feng.
12. Harbin-Mutankiang-Suifenho-Misan-Hulin-Taheiho-Fuchin.
13. Harbin-Mutankiang-Poli-Chiamussu.

A direct non-stop air service linking Tokyo and Hsinking was inaugurated on March 1, when the new Heinkel plane "Togo," covered the 1,350-kilometer distance between the Tachikawa Airport, in the suburbs of Tokyo, to the Hsinking Aerodrome in five hours and 55 minutes.

The start from the Tachikawa field was made at 9:03 a.m. with Pilots Matsui and Ueno aboard. Crossing the Japan Sea the plane made a beautiful landing at the Hsinking airfield at 2:52 p.m. the same day.

Two Heinkel planes, the "Togo" and the "Nogi," are used on the new route. Trips from Tokyo are made on the 1st, 11th, 21st and 31st, and return flights to Tokyo on the 6th, 16th and 26th of each month.

South Manchuria Railway Co. This railway was acquired by Japan as a result of the Portsmouth Treaty of September, 1905, and the Sino-Japanese Treaty of December, 1905. The rights Japan secured in respect to the railway line between Dairen and Hsinking, and branch lines, were those originally held

by Russia. The company is capitalized at ¥800,000,000 following the issuance of 3,600,000 new shares of ¥100 each on August 10, 1933. Until then the capital of the company was ¥440,000,000, one-half of which was held by the Japanese Government, the other half being distributed among private shareholders.

The president and vice-president of the company are appointed by the Japanese Government with Imperial sanction, while the directors are also appointed by the Government, though without Imperial sanction. The auditors are elected from among the shareholders.

(1) Volume of Business The total amount of the Company's assets on March 31, 1938 stood at ¥2,243,194,000. Details follow:

#### GENERAL BALANCE SHEET

For the Fiscal Year ending on March 31, 1938

##### ASSETS

Subscribed Capital Stock Uncalled		¥123,792,000.00
Fixed Assets		852,719,686.84
Railway and Equipment	317,465,693.65	
Hotels	5,247,262.22	
Harbours and Wharves	110,239,049.88	
Collieries and Equipment	137,260,163.43	
Shale Oil Distilling Plant	12,752,548.50	
Coal Liquefaction Plant	5,301,832.97	
Equipment for Local Administration	101,874,201.14	
Offices, Employees' Dwellings, & Others	73,529,490.08	
Investments		777,347,396.39
Bonds and Shares	152,005,268.88	
Loans	625,342,127.51	
Current Assets		285,981,458.56
Cash in Hand and at Banks	76,151,398.31	
Bills Receivable	875,714.01	
Exchange Accounts	2,309,404.72	
Accounts Receivable	153,148,403.97	
Guaranty Funds	23,560.00	
Collateral Securities, etc.	4,810,665.30	
Due from Other Concerns	254,171.94	
Merchandise:—Coal and Other Products	4,192,647.04	
Material and Supplies	44,215,493.27	
Unadjusted Accounts		203,354,082.84
Partial Payments made in Advance	203,354,082.84	
<b>TOTAL ASSETS</b>		<b>¥2,243,194,624.63</b>

##### LIABILITIES

Capital Stock Subscribed		¥800,000,000.00
Reserves		248,190,000.00
Legal Reserve	44,290,000.00	
Special Reserve	203,900,000.00	
Bonds		797,950,000.00
Current Liabilities		110,100,735.73
Bills Payable	72,800,000.00	
Accounts Payable	35,840,576.11	



Collateral Securities, etc.	21,100.00	
Guaranty Funds	364,695.17	
Exchange Accounts	194,697.52	
Matured Bonds Unpaid	30,300.00	
Due to Other Concerns	849,366.93	
Deposits		172,878,805.52
Employees' Savings Deposits	17,860,003.69	
Employees Surety Deposits	65,167,930.22	
Employees' Mutual Relief Society Deposits	5,781,947.19	
Subsidiary Companies' Deposits, etc.	84,068,924.42	
Unadjusted Accounts		22,677,902.84
Balance brought forward from Previous Year		17,467,885.97
Net Profit for the Year ending March 31, 1938		73,929,494.57
<b>TOTAL LIABILITIES</b>		<b>¥2,243,194,624.63</b>

## S. M. R. DEBENTURES

(In yen)

Fiscal Year	Amounts Issued	Amounts Redeemed	Amounts Outstanding	Interests Paid
1907-1916	136,682,000	19,526,000	117,156,000	46,121,000
1925	35,000,000	45,300,000	243,752,000	17,095,653
1930	20,000,000	525,000	296,577,000	16,202,000
1935	115,000,000	225,000	652,400,000	28,966,297
1936	225,000,000	100,225,000	777,175,000	33,900,990
1937	56,000,000	35,225,000	797,950,000	35,472,746
<b>Total</b>	<b>1,501,434,000</b>	<b>703,484,000</b>	<b>797,950,000</b>	<b>408,633,416</b>

The total length of South Manchuria Railway lines open to business at the end of the fiscal year, March 31, 1938, remained the same as that of the previous year, viz. 1,129.1 kilometres.

Since its formal organization in 1906 the railway business of this company has grown with the years as is shown in the following table (in yen):

Year	Passenger Revenue	Freight Revenue	Other Revenue	Total
1907	3,594,239	6,160,274	14,375	9,768,887
1912	5,008,633	13,913,341	985,482	19,907,456
1916	6,040,453	19,882,476	1,892,420	27,815,349
1921	12,194,288	59,615,835	6,394,010	78,204,132
1926	15,216,353	89,513,059	3,194,155	107,923,567
1927	16,102,953	94,040,819	3,100,408	113,244,180
1928	17,619,293	97,738,147	3,281,649	118,639,090
1929	17,451,585	101,089,474	3,562,684	122,103,743
1930	11,461,175	77,936,688	5,932,867	95,330,730
1931	9,135,663	70,897,756	4,539,937	84,573,356
1932	14,812,045	85,022,314	4,012,153	103,846,512
1933	16,434,000	94,263,000	8,980,000	119,677,000
1934	17,405,000	101,469,000	7,631,000	126,525,000
1935	22,412,000	103,362,000	8,911,000	134,686,000
1936	22,302,299	103,165,249	173,576,950	299,044,498
1937	24,875,527	115,558,375	214,612,237	355,048,139

Note: Figures for "other revenue" in 1936 and 1937 include receipts from coal mines and all other associated works.

In 1937-38 the number of passengers carried was 17,515,044, a gain of 2,200,000 over the previous fiscal year, and the tonnage of goods hauled was 24,331,393 metric tons, a gain of 3 million. Among the goods transported by this

railway, beans, bean cake, cereals and coal are the most important items.

(2) Accessory Business. In addition to its transportation business, the company is engaged in activities in many other fields including manufacturing,

warehousing, shipping, mining, real estate and building, and various public works.

(a) As regards manufacturing, the company makes and repairs its own locomotives and other rolling stock at its Dairen shop, which occupies a site of 340,000 tsubo in area.

(b) The company operates warehousing business at 31 different places at the wharf of Dairen and along its railway lines.

(c) As for marine transportation, the company started a steamship service between Dairen and Shanghai in 1907. The opening of the Tsingtao line and the Hong-Kong line followed later, the latter being intended to facilitate the shipping of the company's coal, mined at Fushun, to South China.

All these three lines were later transferred to the Dairen Steamship Company, which is capitalized at ¥25,000,000 by the company.

(d) Harbours are a wing of the railway business and are inseparable from it. Therefore, the South Manchuria Co., Ltd. has invested a sum amounting to ¥97,280,000 in Dairen, Port Arthur, Antung and Yingkow. Special attention has been devoted to the improvement of the harbour of Dairen, and the greater half of the entire harbour programme has already been finished, its present facilities being capable of handling 7,000,000 tons of freight annually with a berthing capacity of 190,000 tons of shipping at the same time.

(e) In mining, the company operates coal mines at Fushun and Yental, and in addition to this, it is also engaged in shale-oil mining and steel foundry work.

(f) In the railway zone, the company is engaged in the real estate, building business and municipal administration, attending to the needs of sanitation, education and policing, while at the same time promoting agriculture, industry, commerce and mining in this area. The sum invested by the Company in these branches of work amounts to ¥188,620,000.

(g) The landed estate owned by this company extends over a total area of 371,430,000 square metres, of which approximately 50,000,000 square metres is leased to individuals. The company also owns some 14,200 buildings, of which 850 are rented to individuals.

(h) Another notable achievement of the company is its city-planning in various places. Up to the present it has built 25 cities at Liaoyang, Mukden, Hsinking, Yingkow, Antung, and other places. In

these places the company has constructed roads, bridges, sewerage, schools, parks, markets and other modern municipal facilities.

(i) In education, the company now operates 26 kindergartens, 36 primary schools, 5 middle schools, 4 girls' high schools, 2 colleges, 1 university, 10 public schools for Chinese students, 34 business supplementary schools, 13 girls' housekeeping schools, 2 commercial schools, 1 mining school, and 6 other schools. It has also opened two public libraries, one each at Dairen and Mukden, and 27 other reading rooms with 566,782 books in November, 1937. (j) Among other enterprises of the company are 87 hospitals and 1 sanatorium, and for research and experimental work it carries on a hygienic station, an agricultural station, a farm, a tobacco farm, a geological research station, a central experimental station, and other institutions.

(3) There are in Manchoukuo 72 companies directly connected with the S.M. R. Co., with an aggregate paid-up capital of MY461,675,000, about 43 per cent of which is being borne by the mother company.

## Communications

(1) Postal Service. The post office is under the direction of the Department of Communications and Manchoukuo now has 353 post offices and 783 postal agencies, as compared with 283 and 720, respectively, in March, 1932. Since July, 1932, postal charges for both domestic and foreign mails have been reduced. Postal savings which were started in May, 1933, now total MY1,150,000 (end of Aug., 1935). Money orders can be exchanged between this country and Japan, as well as China, Germany, Dutch Indies, Poland and Netherlands. Ordinary mail between Manchoukuo and China, too, is now exchanged without serious hitch, while international postal air service has also been inaugurated.

With the pacification of Jehol in 1933, the Government succeeded in bringing the postal administration throughout the country under its complete control. Since then postal charges have been reduced for both domestic and foreign mails. In May, 1933, postal savings, telegraphic transfer, postal note and savings transfer, and account services were opened for the benefit of the masses. In addition the new administration has inaugurated an international postal air service. Japanese postal administration in the S.M.R. Zone was transferred to Manchoukuo in 1937.



## NUMBER OF DOMESTIC MAILS

## (A) Ordinary Mails

Year	Received	Delivered
1935	100,955,354	151,795,711
1936	107,189,330	129,589,143
1937	124,293,844	145,820,507
1938	185,160,591	200,893,139

## (B) Parcel Posts

Years	Received	Delivered
1935	694,634	718,438
1936	645,258	745,559
1937	1,443,191	1,467,523
1938	1,109,595	1,399,336

## (C) Air Mails

Years	Received	Delivered
1935	635,632	843,572
1936	689,384	965,826
1937	633,182	649,241
1938	2,195,032	2,133,738

## NUMBER OF FOREIGN MAILS

## (A) Ordinary Mails

Year	Received	Delivered	Total
1935	38,648,674	32,965,633	71,614,307
1936	45,143,919	41,732,370	86,876,289
1937	44,898,650	42,245,492	87,144,142
1938	127,836,761	147,443,843	375,280,604

## (B) Parcel Posts

Years	Received	Delivered	Total
1935	446,113	113,027	559,140
1936	636,445	150,095	786,540
1937	641,504	317,867	1,159,371
1938	663,426	3,182,450	3,845,876

(2) Telegraph, Telephone and Radio Services. By virtue of the agreement concerning the establishment and joint management of a communications company signed between Japan and Manchoukuo, the Manchuria Telegraph and Telephone Company was established on March 26, 1933, capitalized at ¥50,000,000. The Company was entrusted with the management, improvement, unification and control of the communication systems in Manchoukuo.

The Company's head office is located in Hsinking while its branch offices are in Dairen, Mukden, Hsinking, Harbin, and Tsitsihar, and a district office in Chengte.

Since the machinery and equipment which the Company took over were in a very poor condition with the exception of those in the Kwantung Territory and the South Manchuria Railway zone, the Company undertook vast improvement and expansion programme

costing ¥2,000,000 in 1933, and ¥10,000,000 annually since 1934. The appropriations made by the Company since 1933 are as follows:

Transferred property	¥21,358,414
Accounts for 1933	2,868,048
" " 1934	11,012,652
" " 1935	10,130,940
" " 1936	10,647,134
" " 1937 (1st six months)	1,550,153
Total	¥57,567,341

Following the transfer of the North Manchuria Railway to Manchoukuo from Soviet Russia, by virtue of the agreement signed on March 23, 1935, the Manchuria Telegraph and Telephone Company came into possession of all the establishments and equipment owned and operated by the N. M. Railway. Extensive improvements were made on the existing facilities, while new offices were created at the important railway stations where there were no telephone or telegraph connections. The Company eliminated all the inconveniences of communication between North and South Manchuria experienced in past years and perfected the communication facilities linking the two regions.

Telegraph and telephone administration in the Chientao district which lies on the border between Chosen and Manchoukuo, was in the hands of the Chosen Government's Bureau of Communications. The telegraph and telephone stations located at Lungching-tsun, Yenki, Hunchun, and Toutaokuo under Chosen Government were taken over by the Company on April 1, 1936, after satisfactory negotiations.

The demand for communication between Japan, Chosen, and Manchoukuo has been increasing year by year, and the Company has been doing everything possible to meet the requirements and has produced remarkable results. Through its newly established huge wireless station at Hsinking, the Company inaugurated radiophone service on August 1, 1934, between Tokyo and Hsinking, linking all the cities in Japan with the important municipalities in Manchoukuo, bringing the two countries much nearer than ever before. In addition to this, direct telegraphic connections have been established between Manchoukuo and North Chosen, a region which is witnessing remarkable industrial development, while direct telephone and wireless connections have been completed. Foreseeing the need for further expansion

of communication facilities between Japan, Chosen and Manchoukuo, the Company commenced work recently on a long-distance submarine cable at a cost of ¥14,000,000. Part of the cable, or that over the land section between Mukden and Antung, has already been completed. The distance between these two places is 280 kilometres, and the cable used is of non-loading variety, which marks a novelty in technique and material, and is the first experiment of its kind in the world.

Heretofore, international communications were possible only at Dairen through the Dairen-Chefoo submarine cable, and at Harbin which possessed facilities for wireless communication with Peking, Tientsin and Shanghai. In February, 1935, the Company revived the Mukden-Tientsin telegraph service, and in June of the same year, tele-

phone connections between the two cities were restored. In October of the same year, an agreement was signed between Manchoukuo and China for handling messages in the Japanese language.

Communications with Europe and America were perfected in March, 1934, the equipment used being entirely of Japanese make. Continuous two-way radio connections with Berlin and San Francisco were made available at the Hsinking wireless station, while in December, 1935, direct two-way contact with Paris was inaugurated.

There were 363 offices handling telegrams in Manchuria in September, 1933, and the number increased to 691, at the end of 1937, an increase of 328 offices since the formation of the Company. The various offices are classified as follows:

	1934	1935	1936	1937	Comparison between 1936 and 1937
Telephone and telegraph offices	75	95	124	187	+63
Telegraph offices	148	136	147	100	-47
Offices handling telegrams	222	243	249	275	+26

	1934	1935	1936	1937	Comparison between 1936 and 1937
Offices handling both telegrams and telephone calls	2	6	7	4	-3
Offices handling telegrams and telephone messages	14	27	38	71	+33
Wireless stations	1	—	—	—	—
Stations handling wireless messages	38	48	51	54	+3
Total	504	555	616	691	+75

With the increase in the number of offices for handling telegrams, a surprising increase was seen in the number of telegrams transmitted. In 1930, there were only 4,770,000 messages sent and received, but in 1933 (the year the Company was established) there were 8,730,000; 10,340,000 in 1934, 21,750,000 in 1935, and 25,240,000 in 1936. The monthly figures for 1937 follow:

	No. of telegrams including those relayed	Index No. (Base: Sept 1933=100)
July	2,461,168	217
August	2,506,889	221
September	2,479,517	219

Frequency of international messages handled is on the increase, the figures for the year beginning October, 1936 and ending September, 1937, were as follows:

Messages sent	275,551
Messages received	269,537
Total	545,088

## TELEPHONE SUBSCRIBERS ACCORDING TO NATIONALITY

	1934	1935	1936	1937 (Aug.)
Manchoukuoans	12,707	17,634	21,701	25,660
Japanese	26,701	32,424	37,907	42,446
Foreigners	2,090	1,169	1,120	1,143
Total	41,498	51,227	60,728	69,246

## NUMBER OF TELEGRAMS HANDLED IN 1937

(Jan.—Sept.)

	No. of telegrams including those relayed	Index No. (Base: Sept 1933=100)
January	2,108,848	186
February	1,817,412	160
March	2,602,892	230
April	2,332,195	208
May	2,310,300	204
June	2,195,934	194



## INCREASE OF INCOME

	(In Yen)			
	1934	1935	1936	1937 (1st half-year)
Charges for usage	3,715,759	5,076,279	6,070,464	3,145,927
Income from messages	2,168,916	2,928,841	2,935,172	1,729,228
Charges for special usage	103,300	154,481	211,861	142,786
Registration fee	104,302	85,709	83,817	25,730
Installation	1,551,944	1,223,260	1,188,504	340,960
Directories	13,557	20,072	28,104	17,997
Charges for transfers	269,229	427,274	495,468	222,921
Miscellaneous income	22,609	26,675	248,364	236,028
Installation for police and national defence	4,986	5,060	8,564	4,138
<b>Total</b>	<b>7,953,602</b>	<b>9,948,551</b>	<b>11,270,318</b>	<b>5,865,716</b>

Radio Broadcasting Stations. The number and details of radio broadcasting stations under the management of the Company are as follows:

Station	Call No.	Power
Hsinking	MTCY	10.00 kw
" No. 2	MTCY	100.00 "
Mukden	MTBY	1.00 "
Dairen	JQAK	1.00 "
" No. 2	JRAK	1.00 "

Station	Call No.	Power
Dairen	JDY (short wave)	10.00 kw
Harbin	MTFY	3.00 "
Mutankiang	MTGY	0.01 "
Chengte	MTHY	0.05 "
Antung	JQBK	0.05 "

The following figures give the number of listeners of all nationalities in Manchoukuo, the figures being for November, 1937:

## NUMBER OF LISTENERS ACCORDING TO NATIONALITY

City	Japanese	Manchoukuoans	Foreigners	Total
Dairen	21,592	1,577	118	23,287
Mukden	19,795	4,191	76	24,062
Hsinking	16,833	5,229	21	22,083
Harbin	7,546	2,382	645	10,573
Tsitsihar	2,108	1,073	63	3,244
Chengte	728	472	3	1,203
<b>Total</b>	<b>68,602</b>	<b>14,934</b>	<b>926</b>	<b>84,452</b>

The latest figures (January, 1938) reveal that there are 93,859 radio listeners.

## NUMBER OF LISTENERS ACCORDING TO YEAR

Year	Total No.	No. of Increase	Percentage of Increase
1933	7,995	2,196	37.9%
1934	12,386	4,391	55.0%
1935	19,764	7,378	59.6%
1936	41,202	21,438	109.0%
1937 (November)	84,452	43,250	104.9%

## Justice and Police

General The present judicial system of Manchoukuo comes largely from the old Chinese system, which existed before the founding of Manchoukuo.

Before the unification of the country by the National Government, the number and grades of new courts established in China proper, the Three Eastern Provinces and other districts were as follows:

1. Supreme court, 1; supreme court prosecutorate, 1 at Nanking.
2. High court and high court prosecutorate, 23.
3. Branch high court and branch high court prosecutorate, 26.
4. District court and district court prosecutorate, 66.
5. Branch district court and branch district court prosecutorate, 25.

After the founding of Manchoukuo the old system has been revised several times due to the contradiction it involves being inimical to the other ex-

isting systems and the obstacles it offered against the smooth working of laws.

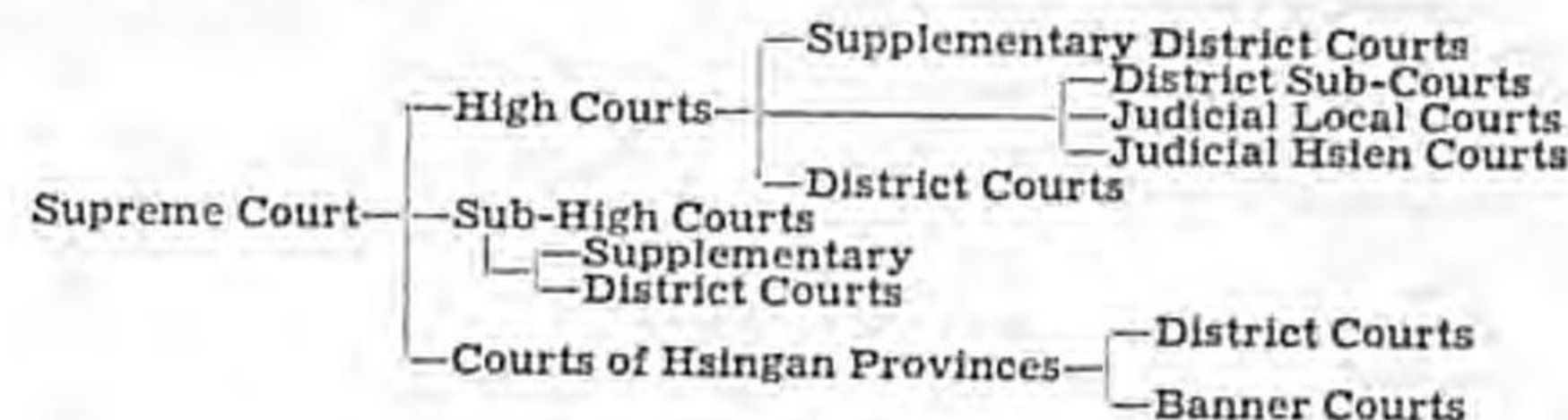
**Judicial System** According to the principle of the independence of the four divisions of government of Manchoukuo the judicial power is invested directly with the Emperor, and its independence is assured by making it independent of the cabinet.

The present judicial system of Manchoukuo is based upon the Organic law promulgated on March 1, 1934, and in accordance with this law many improvements have since been effected seeking to give a fair and speedy trial to all.

Manchoukuo makes the abolition of extraterritoriality as the fundamental national policy and preparations for that

purpose are progressing. A general programme has been already mapped out for the improvement of courts and prisons, as well as for the establishment of a new system for police and new procurator's offices. For the training of competent judicial officers, a number of judicial experts from Japan have been engaged as advisers and instructors. A law school for training Manchurian judicial officers has been established.

The defect of the old régime was the want of a central and well organized judiciary. Laws were dead letter because there were no efficient courts to expound and define their true meaning and operation. The organization of the courts of Manchoukuo to-day stands as follows:



## COURTS

Institutions	Kirin	Lung-kiang	Fengtien	Antung	Chinchow	Ping-kiang	Sang-kiang
Supreme Court	1	—	—	—	—	—	—
High courts & sub-high courts	1	(1)	1	(1)	—	1,(1)	(1)
District courts & supplementary district courts	2	(1)	10	1,(1)	1	4,(1)	(1)
District sub-courts & judicial local courts	—	(2)	6	2	1	1	—
Ssufakungshu	5	—	6	3	1	4	—
Chienlissufahsienkungshu	10	3	9	4	7	20	13
Cheng-shenso	—	1	—	—	2	—	1
Judicial hsien courts	—	—	—	—	—	—	—
<b>Total</b>	<b>19</b>	<b>8</b>	<b>29</b>	<b>12</b>	<b>12</b>	<b>32</b>	<b>16</b>

Institutions	Lunk-lang	Helho	Jehol	East Hsing-an	South Hsing-an	West Hsing-an	North Hsing-an	Total
Supreme Court	—	—	—	—	—	—	—	—
High courts & sub-high courts	1	—	1	1	1	1	1	9 (4)
District courts & supplementary district courts	3	—	1	—	—	—	—	22 (4)
District sub-courts & judicial local courts	—	—	—	—	—	—	2	12 (2)
Ssufakungshu	—	—	—	—	—	—	—	19
Chienlissufahsienkungshu	22	8	—	—	1	—	—	94
Cheng-shenso	—	—	12	—	—	—	—	19
Judicial hsien courts	—	—	—	5	8	9	6	28
<b>Total</b>	<b>26</b>	<b>8</b>	<b>14</b>	<b>6</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>211</b>

Remarks: Figures in parenthesis are sub-high courts, supplementary district courts and judicial local courts.



Institutions	Prosecutorates							Total
	Kirin	Lung-kiang	Fengtien	Antung	Chinchow	Ping-kiang	Sang-kiang	
Supreme procuratorate	1	—	—	—	—	—	—	1
High proc'te & sub-high procuratorates	1	(1)	1	(1)	—	1,(1)	(1)	9,(4)
District proc'te & sup'rly dist'ct proc'tes	2	(1)	10	1,(1)	1	4,(1)	(1)	22,(2)
District subproc'te & judicial local proc'tes	—	(2)	1	2	1	1	—	12,(2)
Ssufakungshu	5	—	6	3	1	4	—	19
Chienlissufahsienkungshu	10	3	9	4	7	20	13	94
Cheng shenso	—	1	—	—	2	—	1	16
Hsin proc'tes	—	—	—	—	—	—	—	28
Total	19	8	29	12	12	32	16	211

Institutions	Lunk-kiang	Heiho	Jehol	East				Total
				Hsing-an	Hsing-an	Hsing-an	Hsing-an	
Supreme procuratorate	—	—	—	—	—	—	—	1
High proc'te & sub-high procuratorates	1	—	1	1	1	1	1	9,(4)
District proc'te & sup'rly dist'ct proc'tes	3	—	1	—	—	—	—	22,(2)
District subproc'te & judicial local proc'tes	—	—	—	—	—	—	2	12,(2)
Ssufakungshu	—	—	—	—	—	—	—	19
Chienlissufahsienkungshu	22	8	—	—	1	—	—	94
Cheng shenso	—	—	12	—	—	—	—	16
Hsin proc'tes	—	—	—	5	8	9	6	28
Total	26	8	14	6	10	10	9	211

**Police System** With the founding of Manchoukuo, the police administration was put under supervision of the Minister of Civil Affairs, and a new police system was founded, which would suit the particular conditions of each province. According to the investigation made by the police bureau in the Department of Civil Affairs in November of 1932, the total number of police was 101,000.

As organs for training police there are the Central Police School, Local Police Schools and police training schools. Superior police are sent to Japan for further study there for a year and in 1935 students numbering 30 were despatched for that purpose to Japan for the fourth time. From 5 to 20 experienced Japanese policemen are engaged in various hsiens and they are directing police in general in various provinces.

#### Education and Religion

**General Public Education** in Manchoukuo, except in the Hsingan provinces, comes under the jurisdiction of the Department of Education. In the provinces, education, in accordance with the policy as outlined by the Department of Education, is governed by the Department of Mongolian Administration.

Works in education are being organized under and undertaken by School Education and Social Works Bureaux. The primary object of school education is character building with the principle of equal opportunity for all which is the basis of the entire educational system. Anti-foreignism which the former régime fostered has been entirely done away with, and the ideas of "Wangtao" are inculcated in the minds of the children. Compilation of new text-books is progressing rapidly and in most of the schools the new text-books are already in use. Practically vocational training is another important work of the schools.

**Schools** The number and kinds of schools and pupils at the end of 1933 were as follows:

Kind of School	No.	No. of Students
Primary schools	13,886	1,429,805
Boys' high schools	89	24,390
Girls' high schools	23	6,933
Normal schools	15	3,947
Vocational schools	66	11,738
Colleges	8	1,854
Normal college	1	525
University	1	150
Total	14,085	1,479,342

**The Hsinking Medical College** Under the former regime health and hygienic facilities were likewise neglected. The South Manchuria Railway Company alone had a medical college in Mukden and managed a number of fine hospitals in the S.M.R. Zone. In many districts various malignant diseases were prevalent and the sanitary condition of the general community was such as to cause no small anxiety. Since the birth of the new State the Manchoukuo authorities have been exerting their utmost efforts to prevent epidemics and to spread knowledge of hygienic living among the people. As the training of competent doctors and their stationing in different parts of the country are most essential in realizing the above purposes, the Government transferred the medical school attached to the Kirin National Hospital, to Hsinking in March, 1933, and renamed it the Hsinking Medical College. Modern equipment has been installed at this institution which has at present an enrollment of 285 students. Its course is four years.

**The Tatung Academy** Of the various educational institutions founded since the birth of Manchoukuo, the Tatung Academy in Hsinking is probably the most unique.

The Tatung Academy was established for the purpose of training government officials and young men entering government service, in the spirit underlying the foundation of Manchoukuo and also practically, to qualify them for the task of building up the new State. It was founded in July, 1932, only a few months after Manchoukuo was born, because the training of many such men was vitally necessary at the time.

This unique establishment is under the control of General Affairs Board of the State Council, and admits graduates of institutions above higher schools and colleges, and officials already in government service. It is divided into two sections, one for Japanese and the other for Manchurians. Besides giving necessary courses in political science, economics, geography and history, the Tatung Academy conducts surveys of actual rural conditions, lets Japanese students travel in various parts of Manchoukuo, and sends Manchurian students to tour Japan.

**The National University** The National University was founded in Hsinking in May, 1933, with the object of propagating the spirit in which the new State was founded, and of educating men who will become builders of a moral society and leaders in the work of national enlightenment. It is under the direct supervision of the Premier. All educational expenses of the students admitted to this institution are borne by the State.

The National University offers a six year course, divided into two courses of three years each. Those who have completed secondary education are admitted to the basic course upon passing entrance examinations. Those finishing this course and graduates of colleges and universities are admitted into the advanced course after rigorous selection. Higher ordinary education is chiefly given in the basic course, with emphasis placed upon the study of the spirit of national foundation and actual training for developing the spirit of service, which is also given in the advanced course. The subjects taught in the advanced course are political science, economics, logic and philosophy. All the students are housed in dormitories in order to inculcate discipline and the spirit of self-government. The National University was opened with an enrollment of 150 in the basic course.

The National University, according to plans, will have separately a graduate school and a research institute. The former will admit those graduating from the advanced course or those of similar scholastic standing, who will further specialize in their selected fields. The faculty will form the organization of the research institute which will serve as an agency for research in various studies.

**Religion** The principal religions in Manchoukuo are Confucianism, Buddhism, Taoism, Lamaism, and Mohammedanism. Christianity was introduced in 1858. In April, 1934, the Holy See formed a separate mission field in Manchoukuo, independent from that of China, and appointed the Rt. Rev. Bishop A. Gaspals as Acting Apostolic Delegate for the whole of Manchoukuo. The latest available number of preachers and believers for each and the number of temples, shrines, and churches follow:



## NUMBER OF PREACHERS

Provinces	Buddhism	Taoism	Mohammed-anism	Lamaism	Roman Catholics	Protestants
Fengtien	1,324	786	132	324	131	235
Kirin	311	570	172	—	73	232
Lungkiang	196	131	31	—	22	36
North Manchuria	49	8	11	12	67	63
Hsinking Special Municipality	85	3	1	—	9	15
Total	1,965	1,498	347	336	302	582

## NUMBER OF BELIEVERS

Provinces	Buddhism	Taoism	Mohammed-anism	Lamaism	Roman Catholics	Protestants
Fengtien	697,316	22,408	79,850	276	27,843	18,277
Kirin	39,933	12,994	30,885	—	11,735	8,373
Lungkiang	5,777	1,329	7,086	—	10,779	648
North Manchuria Special District	10,921	373	31,076	3,182	13,776	4,437
Hsinking Special Municipality	2,522	30	2,300	—	130	458
Total	756,469	37,134	151,197	3,458	64,263	32,192

## NUMBER OF TEMPLES AND CHURCHES

Provinces	Buddhism	Taoism	Mohammed-anism	Lamaism	Roman Catholics	Protestants
Fengtien	652	319	90	22	63	136
Kirin	74	133	32	—	27	51
Lungkiang	42	28	15	—	13	16
North Manchuria Special District	15	5	12	6	19	27
Hsinking Special Municipality	10	3	1	—	2	4
Total	793	488	150	28	121	234

## Medicine and Sanitation

**Sanitary Conditions** The climate of Manchuria is not at all unhealthy. But since the country is extensive, bordering on Mongolia and Siberia and inhabited by different races, many of whom lead an insanitary life in extremely primitive conditions, and especially since coolies and refugees are constantly migrating in large groups, the risk of the spread of dreadful infectious diseases is rather common. In the past twenty years, Manchuria has been often afflicted by such plagues; for instance, the pneumonic plague in 1910-1911, cholera in 1919, pneumonic plague again in 1920-1921, and pneumonic plague once more in 1927. Another plague is the pest which destroyed the lives of 900 people in 1934. But due to vigorous exertion made jointly by the Department of Civil Affairs, the Department of Mongolian Administration and the South Manchuria Railway Co. special districts have been mapped, isolation hospitals

and lookouts established and they have been placed under supervision of the pest investigation institute. Owing to the activities of these institutions as well as the thoroughness in inoculation the number afflicted by pest in 1935 was reduced to one-half of that of 1934.

**Medical Institution** The administration of hygiene of the country is undertaken by the Bureau of Hygiene of the Department of Civil Affairs. As regards the facilities of the administration of hygiene they have organs established in various provinces, in North Manchuria Special District, in Hsinking, in various hsien, the police stations, etc. Though medical institutions in large cities in the Kwantung Leased Territory and the South Manchuria Railway Zone are well equipped the situation is quite different in local districts and is not so good. State hospitals are located in Kirin, Harbin and Chengte where patients numbering about 25,000 are received every month. Among public hospitals there are Feng-

tien City Hospital, the Harbin First and Second Hospitals and a few others which are under construction. Physicians in the public service number 67 in all and it was planned that there would be at least one public physi-

cian in every hsien. In addition there are some private hospitals. The number of places where there are public physicians and private hospitals are as follows:

Province	No. of Places		Province	No. of Places	
	Public Physicians	Private Hospitals		Public Physicians	Private Hospitals
Fengtien	5	1	Lungkiang	10	2
Pingkiang	9	2	Antung	5	1
Sankiang	8	2	Hsingan (4 prov.)	7	1
Kirin	6	2	Jehol	10	1
Chinchow	5	1	Chientao	3	1
Heiho	2	1			

In addition to the above there are many medical organs which are under the management of the General Direction of State Railways, the South Manchuria Railway and Japan Red Cross Society as well as of foundations and religious bodies. These are tabulated as follows:

Public hospitals run by the South Manchuria Railway	13
The Red Cross Society	10
Various foundations	6
Religious bodies	28
Municipal and hsien offices	19
Associations affiliated with social welfare works	34
Those which belong to the military	7
National asylums for opium addicts	10

Under management of  
The General Direction of State Railway 30  
The South Manchuria Railway 29  
Under management of

The number of physicians, dentists, mid-wives, pharmacists and drug stores follows:

	Fengtien	Kirin	Lungkiang	Tungsheng Special District	Total
Physicians					
Practitioners in Chinese medicine	3,284	495	398	99	4,276
Ordinary physicians	658	133	121	287	1,199
Dentists	125	12	5	183	326
Mid-wives					
Old-fashioned	1,564	9	27	8	1,608
New-styled	600	4	39	7	650
Pharmacists	441	?	?	?	441
Drug stores					
Chinese drug	995	?	?	?	996
Western medicine	229	?	?	?	229

**Medical Education** As organs for educating medical students there are only the Medical School attached to Kirin Government Hospital College and the Harbin Medical College. All the other educational organs are under management of foreign countries. They are the Manchuria Medical University and College, Fengtien Medical College, Harbin First and Second Dental School, and one pharmaceutical school under Russian management. But all except the Manchuria Medical University, are poorly equipped. In view of this, the

Manchuria Medical College opened its technical course in 1933 and now admits Manchurian students.

For the improvement of national health, and especially for the successful realization of the ten-year anti-narcotics plan which was launched in 1937 in order to eradicate narcotic evils for which Manchuria was rather notorious under the former régime, Manchoukuo is urgently in need of more medical facilities and a greater number of efficient doctors. Such being the case, the government has recently



decided to raise the medical school at Hsinking to college standing. The construction of the building for the new college, costing MY339,200, is to start early in the spring of 1938 and expected to be finished early in 1939.

**Sanitation** With central epidemics prevention organ in the Bureau of Hygiene there are various sanitary institutions placed in local districts. There are also installed six quarantine stations at the frontier which have been established as permanent organs. As an organ for the prevention of pest 2 pest investigation institutes, 9 isolation hospitals and 9 lookouts which are permanent institutions have been established. Quarantine and the hygiene of the ports of Dairen and Port Arthur are under the direction of the Marine Office of the Kwantung government and its branch.

Hygienic investigations and inspections are conducted by the following institutions: The Central Laboratory, the Hygiene Institute and the Animal Disease Research Institute of the South Manchuria Railway Company; the government hospitals at Dairen and Port Arthur; physicians, veterinary surgeons and pharmacutists stationed by the Kwantung government at civil administration offices, police stations and sub-stations.

The Hygienic Institute was established in 1925 by the railway company at an outlay of ¥400,000 in view of the lack of facilities for pathogenic investigations, and also for the supply of preventive and curative medicines.

Vaccines, serums, and disinfectants produced at the Institute are distributed free or at cost not only in Manchuria but also in Tientsin and Shantung districts. The latest statistics for production and distribution of vaccines and serums give the following figures:

	Vaccines and serums manufactured in cc.	Products sold or distributed in cc.
1928	21,856,857	21,128,423
1929	25,574,962	25,513,384
1930	30,801,140	30,728,469

The Animal Disease Research Institute of the South Manchuria Railway Co. was established in 1925 at Mukden at a cost of ¥250,000. The Institute is divided into the Research and Enterprise Divisions. The Enterprise Division manufactures and distributes serums, vaccines and medicines for various animal diseases, conducts classes and lectures on animal diseases, gives itinerant

medical treatment by sending free treatment and research corps, and also operates the examination station in the Institute.

**Extermination of Opium Evil** The painstaking efforts of the new State during the past four years since the enforcement of the Opium Law in January, 1933, to curb the drug habit were not made in vain, and the Government, having established an efficient monopoly system, has succeeded in completing its preparatory period for the eradication of the evil. In view, however, of the fact that conditions at home and abroad demand the immediate extermination of the opium menace, the Government authorities have formulated a ten-year plan under which they hope to prevent the appearance of fresh cases and to cure the present addicts. Concerning this ambitious project, which was launched in 1938, Premier Chang Ching-hui, in an announcement made on August 12, 1937, stated in part:

In accordance with its policy framed at the time of the foundation of the new State to eradicate the opium evil in the country, the Manchoukuo Government enforced an opium monopoly and established various facilities for its smooth execution. Though much appreciable results have been achieved, the Government keenly realizes the necessity of augmenting the policy in order to exterminate the age-long curse, especially at a time when general conditions in the country strongly call for national unity and readjustments, externally and internally. The Government has therefore firmly decided to expand and improve the existing facilities, enforce more stringent regulations and to surmount all difficulties to exterminate the evil practice as early as possible.

The main points of the ten-year programme are:

1. Reformatory education. Every effort will be made to propagate the necessity of abolishing opium smoking through the medium of educational and social institutions, while at the same time, a national anti-opium campaign will be launched through the Manchoukuo Concordia Association to awaken the people to the deadly effects of opium-smoking.

2. Prevention of the appearance of fresh cases.

(a) More effective control over the issue of certificates to addicts will be exercised, and no person under 25 years of age will, under any circumstances, be permitted to smoke five years after

the launching of the programme.

(b) A nation-wide investigation will be conducted during 1938 and 1939 to register every addict so that no one, excepting those who have registered, will be permitted to smoke.

(c) The entry of addicts into the country from abroad will be strictly prohibited.

(d) No addicts will be employed by Government institutions, the Army and Navy, and special companies.

3. The curing of addicts.

(a) The present retail firms will be all brought under State management by the end of 1940.

(b) Additional opium infirmaries will be established in various parts of the country with a portion of the opium monopoly profits.

(c) The sale of opium will be limited to prepared opium alone by the end of 1939, and the amount of opium contained in prepared opium will be gradually decreased to reduce the toxicity of the addicts.

4. Production, buying and selling of opium.

(a) In accordance with the ten-year plan opium production will be gradually decreased. To open new fields of occupation for poppy growers who will be eventually compelled to abandon their present occupation, the Government will conduct investigations for selecting suitable crops for cultivation in their fields, and give them every encouragement and assistance in this respect.

(b) The purchasing agents in the designated opium producing districts will be abolished, and purchase will be made through agricultural co-operative associations.

(c) Buying and selling prices will be determined in conformity with the policy of eradicating opium smoking.

#### Principal Cities

**Hsinking** Hsinking has, within the brief period of three years, grown from a sleepy railway junction town into a fast expanding thriving city with a population of 334,692 at the end of 1937, 65,222 of which are Japanese. Prior to the establishment of the new State the population had remained stationary at about 130,000. Situated 702 km. north of Dairen as at the northern terminus of the South Manchuria Railway line, Hsinking, formerly known as Changchun, is now the capital of Manchoukuo and the seat of the Imperial Palace and all other important government buildings.

This city is also an important com-

mercial centre as it forms the junction of the South Manchuria Railway, the North Manchuria Railway and the Hsinking-Tumen Railway. Its area, inclusive of the S.M.R. Zone, the Open Mart, the Chinese town and Kuan-chengtzu was, prior to the establishment of the new state, 21 sq. km. Today, owing to the rapid expansion of the city, its area, including the new first-stage construction zone, is 200 sq. km. The population is rapidly increasing and is expected to exceed 300,000 by the time of the completion of the first stage construction works in 1937 and surpass the half-million mark when the second and third stage projects are finished.

It is divided into three sections known as the new city, the open town and the walled city, and plans are now being promoted which will ultimately make it a fine metropolis of some 3,000,000 population.

The Japanese population in Hsinking has increased from 10,000 to approximately 59,000 in these few years, and the Japanese institutions in this city include the chamber of commerce and industry, the stock exchange, banks, industrial organizations, the district and transportation offices of the South Manchuria Railway Company, and several schools of various grades, in addition to the offices of the ambassador extraordinary and plenipotentiary, the consulate-general, and the headquarters of the commander of the Kwantung army.

**Capital Construction Plan.** The plan for the first five years alone, called for a site 21.4 square kilometres in area. The private and public buildings that made their debut by the end of 1937 numbered 6,700, costing MY60,000,000. If roads, water supply system, and other public utilities are added to this huge sum, the total cost would easily reach MY200,000,000.

Hsinking has paid much attention to parks. Five large beautiful parks—Tatung, Paishan, Mutan, Shuntien and Hoshun—have been laid out, while another—Huanglung—is in the process of completion. These parks have all been preserved in their natural state, with appropriate artificial touches added to harmonize with the original state. Then there is the old West Park itself, although it had to sacrifice a part of its terrain for Government buildings.

Apart from these parks, there is the huge Hsinking Stadium at Nanling, where work on various units is being rushed. Covering an area of 1,500,000 square metres, the sports centre, upon its completion will become one of the



largest and best equipped stadiums on the Asiatic continent. Compared to foreign municipalities, Hsinking has set aside 7% of its city area for parks, playgrounds and stadiums, against 2% of Berlin, 2.8% of Tokyo, 1.4% of Washington, and 9% of London.

Hsinking also boasts the best water supply system in Manchoukuo. The present system can best be appreciated by comparing it with the water supply system of the Changchun days. Under the former régime, there were water mains only in the S. M. R. zone. The majority of the residents of other sections had to buy drinking water at so much a pail. Good pure water comes from the Chingyuchan reservoir in the suburbs of the city, another huge project completed under the first five-year plan of Capital Construction. Covering an area of 78 square kilometres, the mammoth reservoir utilizes water from a tributary of the Itung River, and enough water is stored there to supply a population of half a million.

**Mukden** Mukden (Fengtien), formerly the seat of the old militarist government of the Chang family, still retains its prosperity as a commercial and industrial centre of Manchoukuo situated as it is in the heart of a vast plain watered by the Liao River.

The main line and the Antung-Mukden line of the South Manchuria Railway, the Mukden-Shanhaikwan Railway, and the Mukden-Hailung Railway converge at Mukden thus making this city an important point of communication between Europe and Asia.

As an industrial centre, Mukden produces matches, bean-oil, rice, pottery, textiles and tobacco. This city also is a centre of education in Manchoukuo, among its important schools being the Manchuria Medical College, in addition to several primary and secondary schools for boys and girls.

The population of the open town and the railway zone of Mukden at the end of 1937, numbered 711,085, of which 83,542 are Japanese nationals.

**Dairen** Dairen is the most important port for Manchoukuo. Located in the Leased Territory of Kwantung the city is under Japanese administration. Starting from this city, the main line of the South Manchuria Railway runs north as far as Hsinking, branching off at Mukden to Antung.

The city is built on the shore of the Bay of Dairen, extending 7.8 kilometres from east to west and 3 kilometres from north to south. Divided into the residential, mixed, commercial and industrial districts, the city is well plan-

ned, with a sewerage system, parks and other modern public utilities completed by the Japanese.

In 1915 the city was organized as an autonomous municipality and efforts have since been continued to perfect its sanitary and educational institutions and fire-preventing facilities.

From the central square covering an area of more than 10,000 tsubo, 10 boulevards radiate in all directions, the streets of this city being of seven different widths with a maximum of 25 ken or about 50 yards.

Among the parks of the city, the Electric Park is the most famous, Hoshigaura Park, which is in Hoshigaura, a suburb of Dairen, is also well known for its golf links and sea-bathing beach.

Being the largest commercial centre of South Manchuria, the city has a population of approximately 503,778 of which 158,696 are the Japanese coming from Japan proper. Among the important offices in the city are the headquarters of the South Manchuria Railway Company, the city hall, the civil administration office, the bureau of communications, the chamber of commerce and industry, the branch offices of the Yokohama Specie Bank, the Chosen Bank, the Oriental Colonization Company, the Central Bank of Manchou, the Chenglung Bank, the Mitsui Company, the Mitsubishi Company, the Okuragumi, Mitsukoshi and other business concerns.

Various local institutions include the Manchuria Dockyard Company, the Dairen Steamship Company, the South Manchuria Electric Company and the Dairen Hospital. Among the schools in this city are 12 kindergartens, 14 primary schools, 2 middle schools, 2 girls' high schools, a commercial school, a girls' commercial school, a commercial and industrial school, a foreign language school and a technical college.

**Ryojun (Port Arthur)** Ryojun was once the seat of the government of the Kwantung Leased Territory. Situated at the southern tip of Liaotung peninsula, the city is surrounded by hills on all sides except on its water front, which forms a port opening to the Gulf of Pechihli.

The city is made up of two sections, the old town and the new town. In the old town are located the city hall, the dockyard, the defence headquarters, the higher law court, the civil administration office and the headquarters of Port Arthur fortress.

The new city is built on the shore of the west port and forms the government and school district with the for-

mer office of government of the Kwantung Leased Territory, the Ryojun Engineering College, and other schools located in it.

The boulevards of the city are of two different widths, 64 feet and 63 feet respectively, while the standard width of the street is 42 feet.

The vicinity of Ryojun is the old scene of the siege of Port Arthur during the Russo-Japanese War, and a smooth driveway now connects Ryojun and Dairen to take tourists to the old battlefields.

The population of the city is put at 31,000, of which about 12,000 are the Japanese nationals.

**Yingkow** Before the opening of Dairen, Yingkow was the only commercial port of Manchuria, and it enjoyed great prosperity. It is now known mostly as an industrial centre for manufacturing bean oil, tobacco, brick and soy sauce.

Being situated on the bank of the Liao River about 14 miles from its mouth, this town still plays an important rôle in the commerce of the river, meeting the needs of the rural populace along its banks. The town on the opposite bank of the river is known as Newchwang.

The population of the Japanese section of the city is put as 5,433 among the total population of 161,903 at the end of 1937.

**Kirin** Standing on the western bank of the Sungari River, Kirin is the terminus of the Kirin-Changchun Railway and is known as an important station in the transportation of lumber produced in the upper basin of the river.

Being one of the largest cities in Manchoukuo, it has a population of 122,586, of which 12,556 are the Japanese. As the city is kept comparatively clean, surrounded by shapely hills, Kirin is known among the Japanese as the Kyoto of Manchuria. Among other products marketed in this city are lumber, tobacco leaf, hemp and furs.

**Harbin Special Municipality** Harbin is situated on the eastern bank of the Sungari River, at 44.5 degrees North Latitude and 126.40 degrees East Longitude. Although now known as the Paris of the Far East, Harbin was only a deserted village before the Russian penetration into Manchuria.

Built in European style, the city has a population 457,980, of which 26,247 are the Japanese, 4,355 Koreans and 34,133 Russians.

From this city, the southern line of the North Manchuria Railway runs to Hsinking. The city also forms an im-

portant point in the long railway which links Vladivostok and the cities of Europe via Siberia.

As the largest commercial and industrial centre of north Manchuria, Harbin handles more than 4,000,000 tons of soy beans, wheat, bean-cake and other products annually.

The city was formerly divided into three sections: Old Harbin, the new city and the open town. The new city is said to have been planned after Moscow. The railway station, the offices of the North Manchuria Railway and the North Manchuria Railway and the foreign consulates are located in this section.

In the open town, which is the commercial section of the city, reside Russian, Japanese and Manchurian merchants engaged in thriving business activities. The Harbin offices of the Yokohama Specie Bank, the Chosen Bank and Mitsui Company are found in the open town.

In June of 1933 Harbin was made a special municipality and since July 1, 1933 the municipality became an autonomous city which comes under the direct control of the Department of Civil Affairs. Since then the old plan of extension of the city has been given up and the city is under construction according to a new plan which purports to make it ten times as large as that designed under the old plan.

#### Kwantung Leased Territory

**General and Historical** The Kwantung Leased Territory under Japanese rule which was ceded to Japan by Russia and the lease of which lasts till 1997, together with the railway zone of the South Manchuria Railway Company, forms the most civilized area of Manchuria with all kinds of modern facilities introduced by the Japanese.

Occupying a small southern portion of Liaotung Peninsula, the Leased Territory covers an area of some 3,367.88 square kilometres with a population of 1,134,074 at the end of 1935, of which 163,796 are Japanese, 4,389 Koreans, 963,875 Chinese and Manchou and 2,014 people of other nationalities.

**Government** The government of the Kwantung Leased Territory at Ryojun is in charge of the civil administration office under the supervision of the Kanto Bureau, which is again placed under the Embassy at Hsinking.

In the beginning the territory was under military rule with an army officer as governor-general. This system was changed in 1919, and since then a civili-



an officer was appointed governor of the territory by the Emperor of Japan. A drastic change was made in this system on December 26, 1934, in which the Kanto Bureau was established at Hsinking under the control of the Ambassador at Hsinking, and most of the administrative powers formerly vested in the governor of the Leased Territory were transferred to the president of the newly created Bureau. The president takes charge of the civil administration within the territory and supervises the business of the South Manchuria Railway Co. The Bureau is sub-divided into the president's secretariat, home affairs, police, and controller's divisions. At the same time a separate office was created for administration of the Peninsula. Under this office, which is at Ryojun, falls the administration of civil affairs in the Peninsula, the prisons, the Ryojun Engineering College, the middle schools, the girls' high schools, the normal school for natives, the commercial school for natives, the agricultural schools for natives, the Police Training School, the Meteorological Observatory, the government hospitals, the Agricultural Experimental Station, the Sericultural Experimental Station and several other institutions in the territory.

**Finance** Taxes are regularly collected, but due to a large expenditure required for improvement in hygiene, strengthening of police force, extension of educational facilities, development of industries, etc., the revenue from this source is not enough to meet the expenditure, so that subvention is allowed from the General Account. The budget

for the financial year 1936-37 was as follows:

Revenue	
Ordinary revenue	¥4,760,276
Extraordinary ..	¥2,510,243
Total	¥7,270,519
Expenditure	
Ordinary expenditure	¥3,544,089
Extraordinary ..	¥3,726,430
Total	¥7,270,519

Of the ordinary revenue the income from taxes amounts to ¥2,066,278, that from the Government enterprises and properties to ¥2,393,450, while in the extraordinary revenue the Government subvention amounts to ¥1,747,412. The main items of expenditure included ¥2,084,432 for various subsidies, ¥1,510,251 for public works and repairs, ¥1,198,056 for various enterprises and ¥757,213 for education.

**Justice and Communications** In regard to the administration of justice in the Leased Territory, a judicial system was established in 1906 whereby the courts of justice were empowered to adjudicate in all civil and criminal cases, irrespective of the nationalities of the persons involved.

The defence of the Leased Territory is secured by a neutral zone along the northern frontier.

The communication system and educational, hygienic and other modern institutions are well organized in the territory. In matters concerning hygiene and sanitation, the Kwantung government is collaborating with the South Manchuria Railway Company.







AMIND

# CHINA

## Area and Population

Owing to the lack of scientifically compiled statistics it is difficult to grasp the actual size of the territory and the population of China. The ambiguity of the international position is also in some way responsible, for in many cases, the Chinese make their calculations with Manchuria and Outer Mongolia still considered as integral parts of China while both of them are clearly independent of the Chinese Republic. As regards the various divisions and separations which have occurred from the political viewpoint following the outbreak of the China Incident, however, it would be more convenient to keep them out of consideration because the events closely associated with the occurrence are still in progress.

### Area

The following figures are those available showing the area of the provinces included in China Proper and the border regions:

#### North China

Name of Province	Area in Square Kilometers	( )
Hopel	140,526	( 153,682)
Shantung	153,711	( 179,269)
Honan	169,782	( 172,736)
Shansi	161,842	( 155,935)
Shensi	195,076	( 187,394)
Kansu	380,863	( 378,059)
Total	1,201,800	(1,227,075)

#### Central China

Name of Province	Area in Square Kilometers	( )
Kiangsu	105,605	( 108,339)
Chekiang	101,061	( 103,058)
Anhwei	143,447	( 134,426)
Kiangsi	168,326	( 200,209)
Hupel	183,724	( 207,692)

#### Location

British Concession	Location	Date of Creation	Area
French	Tientsin	1860	About 8,300 sq
Italian	"	1806	" 2,360 "
Japanese	"	1902	" 771 "
Japanese	"	1898	" 2,150 "
French	Hankow	1898	" 186 "
Japanese	"	1896	" 360 "
"	Shasi	1897	" — "
"	Chungking	1899	" — "
"	Soochow	1897	" 484 "

Name of Province	Area in Square Kilometers	( )
Hunan	215,457	( 273,231)
Szechwan	403,634	( 431,309)
Total	1,321,165	(1,458,264)

#### South China

Name of Province	Area in Square Kilometers	( )
Fukien	121,050	( 158,702)
Kwangtung	223,844	( 217,404)
Kwangsi	219,876	( 217,578)
Kweichow	176,480	( 179,478)
Yunnan	398,583	( 320,051)
Total	1,139,833	(1,093,213)

#### Border Regions

Name of Province	Area in Square Kilometers	( )
Chahar	258,815	( 278,957)
Suiyuan	304,058	( 291,432)
Ninghsia	302,451	( 274,910)
Chinghai (Kokonor)	728,198	( 697,194)
Sikang	472,704	( 371,599)
Tibet	904,999	(1,215,788)
Sinkiang	1,641,554	(1,828,418)
Total	4,612,779	(4,958,298)
Grand Total	8,275,577	(8,736,850)

(Note: The figures in parentheses were published by the Ministry of the interior of the National Government on March 17, 1937, and do not cover the cities of Nanking, Shanghai, Peking (then Pelping), Tientsin, Tsingtao and Weihaiwei.)

In passing, it may be noted that the area of Outer Mongolia is given as 1,612,912 square kilometres (the figures published by the Ministry of the Interior of the National Government on March 17, 1937, being 1,621,201 square kilometres).

Foreign Concessions Following is a list of the foreign concessions, international settlements and leased territories in China:



Location	Date of Creation	Area
Japanese Concession	Hangchow 1897	1,689 sq
"	Amoy 1896	40 "
"	Foochow 1842 (opened)	"
British	Shameen 1861	254 "
French	" 1861 (opened)	54 "
"	Shanghai 1844 ( " )	14,900 "
International Settlement	Wuhu 1905	689 "
"	Kulangsu 1902	"
"	Yantai 1866	309 "
"	Shanghai (dating from 1863 when the British concession created in 1845 and the American concession created in 1847 were merged)	32,504 "
Territory leased to France	Kwangchow Bay 1899	"
Territory leased to Portugal	Macao 1887	"
Territory leased to Great Britain	Kowloon 1898	"

(Note: One "sq" corresponds to 160 square feet.)

Those foreign concessions and leased territories which have been recovered by China are given below:

Location	Date of Creation	Date of Recovery
German Concession	Tientsin 1895	1919
Russian	" 1898	1924
Belgian	" 1902	1929
Austrian	" 1903	1919
British	Amoy 1920	"
"	Hankow 1862	1927
German	" 1895	1919
Russian	" 1896	1924
British	Kiukiang 1861	1927
"	Chinkiang 1861	1929
Territory leased to Germany	Kiaochow Bay 1898	1922
Leased territory	Weihaiwei 1898	1922

#### Population

The inhabitants of China are generally divided into six tribes, the Hans, Tibetans, Miaos, Manchus, Mongols and Turks. The Hans, found all over China, account for more than 90 per cent of the total population. They are prolific, highly civilized and have great economic power. The total number of Tibetans is estimated at approximately 2,000,000, all living in Tibet. Their standard of civilization is low. The Miaos are aborigines of China and at present inhabit the two provinces of Kwelchow and Yunnan, having been gradually driven to these southwestern provinces by the Hans. The Manchus, who were the founders of the now defunct Ching dynasty, migrated, during the time they were in power to various parts of China Proper, where they were assimilated with the Hans. At present they are estimated to number some 5,000,000 per-

sons. The Mongols, of whom there are probably about 800,000, inhabit chiefly Inner and Outer Mongolia, though some of them are found in Sinkiang and Chinghai (Kokonor). The Turks live in Kansu, Shensi and Sinkiang, their number being estimated at about 10,000,000.

Figures for the total population of China vary according to estimates from different sources. The Ministry of the Interior of the National Government reported in 1928 that the country had a total population of 474,787,386 persons. The Year Book published by the Shen Pao gives the total population as 433,077,785 persons. The average density of population in the 18 purely Chinese provinces is given as 110 persons to each one square kilometre. Details of the figures compiled by the Shen Pao, excluding those for Manchuria and Outer Mongolia, are tabulated as follows:

	Number of Households	Population	Density of Population (per one square kilometer)
Kiangsu Province	6,998,389	35,102,524	336.77
Chekiang	4,737,223	20,663,754	204.89
Hangchow City	117,674	574,439	259.54
Anhwei Province	3,832,813	22,020,591	153.51
Kiangsi	2,988,709	15,746,765	93.59
Hupei	4,759,559	25,137,732	139.67
Hunan	4,059,938	22,329,658	103.63
Honan	6,099,427	33,658,673	198.24
Hopel	5,018,500	28,466,530	203.74
Shantung	6,782,114	37,214,088	244.03
Shansi	2,155,856	11,610,778	71.74
Kwangtung	5,894,177	32,023,496	143.06
Kwangsi	2,556,051	12,882,532	58.58
Fukien	1,814,133	11,987,986	99.03
Szechwan	7,671,412	37,427,593	92.73
Yunnan	2,338,272	11,795,486	29.59
Kweichow	1,600,817	6,906,361	39.13
Shensi	1,975,379	9,752,015	49.99
Kansu	1,061,784	6,360,075	16.69
Ningsia	74,100	417,751	1.38
Suiyuan	402,216	2,321,879	7.64
Chahar	393,651	1,876,461	7.25
Nanking City	190,953	989,045	2,073.47
Shanghai City	407,721	3,703,430	4,147.55
Peiping (Peking) City	305,636	1,575,606	2,983.33
Tientsin City	240,808	1,209,998	13,296.68
Tsingtao City	94,337	465,912	412.36
Weihaiwei	36,487	199,983	270.91
Sinkiang Province	544,721	2,506,719	1.53
Chinghai	206,779	1,190,509	1.63
Tibet	141,666	769,249	0.85
Sikang Province	92,527	416,113	0.88
Total	75,594,802	399,303,731	

**Chinese Abroad** The number of the Chinese residents abroad is estimated at 7,838,895 persons by the committee on affairs concerning Chinese residents abroad, according to the 1925 edition of the year book compiled by the Shen Pao. The 1936 edition gives two different figures, one being 8,758,533 persons and the other 11,405,332 persons (because two different figures are given for the Chinese residents in Siam and the Dutch Indies). It must be noted that the above figures also include Formosans. With the Formosans excluded, it is believed that the Chinese residents abroad at present number about 6,500,000 persons, including 2,500,000 in Siam, 1,825,000 in the Dutch Indies, 1,273,000 in Malay and the Straits Settlements, 381,000 in the French Indo-China, 193,000 in Burma, 75,000 in the United States, 47,000 in the British

North Borneo, 43,000 in the Philippines and 46,000 in Taiwan.

The economic power which the Chinese residents abroad possess is not small. Through their homeward remittances, the Chinese residents in foreign countries have been making a great contribution towards balancing the trade of their homeland with foreign nations. At one time, the total amount of remittances which the Chinese residents made to their homeland was estimated at more than 400,000,000 yuan, but a decrease has been brought about by the recent economic depression.

**Density of Population** Density of population in China is estimated at 1,405 per square mile, headed by Kwangtung with 3,011. In northern 5 provinces it is said to be 629, in provinces along the Yellow River valley 1,171, in provinces south of the Yangtze 2,108.



**Distribution by Age Group** The distribution of population by age group is supposed to be as follows:

Age Group	Percentage
Under 9	22.2
10-19	19.5
20-29	17.1
30-39	14.8
40-49	11.8
50-59	8.4
Over 60	6.3

**Marriage** The average year of marriage of Chinese people is placed at 20.6 for men and 18 for women.

**Birth and Death Rates** According to the reports of major cities in China in 1929 death rate was higher than birth

rate in all reported cities, except Peking. Nanking reported 5 births per 1,000 of population and Tientsin but 3 births per 1,000 of population. Yearly reports of the Kuomintang Government give a death rate of 20 per 1,000 of population. But that all these reports are unreliable is the unanimous opinion of Chinese scholars both native and foreign. A Chinese scholar puts birth rate as 38.2 per 1,000 of population, death rate 25.8 and the rate of annual increase of population 12.4. But this scholastic conclusion is untenable, because the present Chinese population will be doubled in the coming 10 years and reach over 800 million, and such a matter will never happen judged from the history of Chinese population in the past.

#### Kuomintang and Government

Following the Opium War and the Taiping Rebellion, the corruption of the Ching dynasty and the oppression by foreign countries came to be felt more keenly than ever before and after the weakness of China had been demonstrated by the result of the Sino-Japanese War, 1894-5, the country became the objective of the struggle of the Powers for rights and interests. This, coupled with the imposition of the enormous indemnity in connection with the Boxer Uprising by the interested Powers, spelt ruin to the Ching dynasty. Endeavours were made to resuscitate it through reforms, but in vain.

**Birth of the Chinese Republic** The revolutionary drive which was launched in the Wuhan area on October 10, 1911, spread like wild-fire and on January 1, 1912, a provisional government was established in Nanking with Sun Yat-sen, the "father of the Chinese Republic," designated as President ad interim.

Unable to completely overcome the old influence in the north, however, the revolutionaries concluded a compromise with Yuan Shih-kai, representing the Ching dynasty, under which the Emperor abdicated his throne and the Chinese Republic was formally inaugurated. Sun Yat-sen then resigned as President ad interim to be succeeded by Yuan Shih-kai who assumed office in Peking, but there was a deadlock for sometime as to whether this city or Nanking should be the capital. As representative of the revolutionaries, Li Yuan-hung was designated Vice-President. In the third year of the Repub-

lic, the first cabinet of the new regime was formed, with Tang Shao-yi as the Prime Minister.

In the meantime, the Kuomintang or Nationalist Party was brought into being as a strong rival of the faction headed by Yuan Shih-kai. The rivalry led to the assassination in the North Station of Shanghai of Sung Chiao-jen, one of the most capable of the southern leaders, and was one of the many events which led to the subsequent second revolution launched in Kiangsi by Li Lieh-chun against the Peking faction. After about two months of fighting the revolutionaries were defeated by Feng Yu-hsiang and Chang Hsun.

The national assembly was inaugurated in April of the second year of the Republic (1913) and in October of the same year, Yuan Shih-kai was formally installed as President for a period of five years. A frontal clash, however, soon occurred between Yuan and the Nationalists over the question of a constitution with the result that the national assembly was dissolved and a new Advisory body of the President's nominees appointed to act in its stead after two years of absolute rule. Yuan went to the length of having a movement for a monarchical form of government launched with a view to having himself installed as emperor. In opposition to the monarchist movement, the Nationalists launched a third revolution in December of the fourth year of the Republic (1915) in Yunnan, and in June of the following year, Yuan died but not before he had cancelled his monarchical project, on April 25.

After the death of Yuan Shih-kai, Li

Yuan-hung was promoted from Vice-President to full President. As a system of responsible government through a cabinet had already been adopted, however, the real power fell into the hands of Tuan Chi-juei, the Premier. Feng Kuo-chang was designated Vice President and with the support of the Kuomintang, he strove for the restoration of the old provisional constitution and a national assembly, but was opposed by Tuan, who, with the support of the new political party called the Cheng-hsueh-hui, and held the Nationalists in check. The Nationalists soon, therefore, departed for the south and their influence gradually waned.

When the European War broke out, China also became involved. In March, 1917, the Republic severed its diplomatic relations with Germany, but over the question of the declaration of war Parliament disagreed with the government, and the various militarist factions supporting the Tuan Cabinet urged its dissolution. President Li Yuan-hung rejected the demand and discharged Tuan from his Premiership, thus bringing about a dangerous situation. The military governors (tuchun) established a provisional government in Tientsin, and with its backing, Chang Hsun, outstanding leader of the militarists at the time, pressed for the dissolution of Parliament. Under the circumstances, President Li could not refuse, and Chang Hsun, whose influence was thus increased, suddenly announced on July 1, the restoration of the Ching Emperor to the throne, and the political system being changed overnight President Li escaped to the Japanese barracks for shelter. Tuan Chi-juei, who had been living in Tientsin since his discharge by President Li, immediately organized an expedition against Chang Hsun and easily defeated him. The monarchist move thus failed. Feng Kuo-chang was now appointed President, and Tuan Chi-juei formed a cabinet for the second time, the proposed declaration of war against Germany being issued on August 14, 1917.

In spite of the services he rendered the Republic by crushing the monarchist move, the relations between Tuan Chi-juei and the Kuomintang failed to improve. The Nationalists continued their demand for the restoration of the national assembly but Tuan would not approve it. Meanwhile, the former members of the national assembly, encouraged by a circular telegram issued by Tang Chi-yao of Yunnan, proceeded

to Canton from Shanghai and there supported Sun Yat-sen to become President of the new military government organized in September, 1917, by the Nationalists. Thus, the opposition between the northerners and the southerners became intensified.

Tuan Chi-juei planned to suppress the southerners by armed force but his plan was frustrated by acting President Feng Kuo-chang secretly communicating with the southerners. As a result, the Tuan Cabinet collapsed, but in the absence of any person capable of settling the chaotic situation at the time, Tuan became Prime Minister for the third time, in the seventh year of the Republic (1918). This time he promulgated new ordinances and convened a new national assembly which elected Hsu Shih-chang as President. Subsequently, Tuan resigned of his own accord but his Anfu faction continued its remarkable activity in the political world in the north.

On the other hand, Lu Jung-ting of the Kwangsi faction joined the military government in Canton, which resulted in a reorganization of the government with Sun Yat-sen retiring in favour of Chen Chun-hsuan of the Kwangsi faction as the political supervisor. This change brought about a situation favourable for the peace-advocating policy of President Hsu Shin-chang and under the influence of the atmosphere created by the termination of the Great European War, a peace conference of the northerners and southerners was called in Shanghai during 1919. No agreement was reached at the parley, however, and the conditions in the north and south remained most chaotic. Internal dissension of the southerners continued, with Sun Yat-sen and his associates being driven away from Canton by the Kwangsi faction.

In March, 1920, the opposition between the Chihli and Anfu factions came to the surface with the result that Tuan Chi-juei, leader of the Anfu group, organized an expedition against the Chihli group headed by Tsao Kun who had among his lieutenants Wu Pei-fu. Chang Tsuo-lin, the then governor of the Three Eastern Provinces, sent his troops across the Great Wall to assist the Chihli forces. The Anfu troops were defeated and Tuan Chi-juei retired from active service.

The militarists in the south were also fighting among themselves with the result that the Kwangsi faction was expelled from Canton and Sun Yat-sen and his associates returned. The military government there was reorganized



and the old national assembly was convened in Canton in April, 1921, when the general principles for the organization of the National Government were decided and Sun Yat-sen was elected formal President of the Chinese Republic.

The Nationalists led by Sun Yat-sen soon placed Kwangsi under their control, but their influence, confined as it still was within the bounds of the two provinces of Kwangtung and Kwangsi, could not affect the general situation in China. On the other hand, the Fengtien (Mukden) faction in the north rapidly increased its influence after the defeat of the Anfu faction but the antagonism between the Chihli group and the Anfu group had been eliminated only to be replaced by the rivalry between the Chihli group and the Fengtien clique. About that time, many local militarists declared their independence and the organization of a sort of Federation of Provinces of China after the model of the United States of America in order to realize the national unity of the Chinese Republic was advocated.

In April, 1922, the Chihli and Fengtien factions came into armed conflict. The Fengtienites were defeated and Chang Tsuo-lin retired to the Three Eastern Provinces while the Chihli faction, elated over the victory and with Wu Pei-fu as its leader, commenced working for a compromise with the southerners. A circular telegram was issued announcing an accord between the north and the south and Hsu Shih-chang was reinstated as President. In the following year, Tsao Kun drove President Hsu out of office and realized his ambition to become President by bribing members of the national assembly.

Prior to this, Sun Yat-sen as President of the southern government undertook to achieve national unity by dispatching a punitive expedition against the northerners. The expeditionary forces advanced as far as Kwangsi in the latter part of 1921, but in November Sun Yat-sen had to escape to Shanghai because Chen Chiung-ming, military leader at Canton, rose in revolt against him. While Sun was planning a rally, the Soviet diplomat Joffe arrived in the East and held an interview with Sun in Shanghai during January, 1922. Their conversation resulted in an agreement whereby the Soviet would assist in the accomplishment of the Chinese Revolution and the Chinese Communist Party would cooperate with the Kuomintang.

In the same month the Kuomintang was reformed and Sun was invited to Canton to assume the post of generalissimo.

When Tsao Kun bribed members of the national assembly for the realization of his ambition to become president Chang Tsuo-lin of Mukden, Lu Yung-hsiang of Chekiang and the Kwangtung government formed a tripartite alliance against the Chihli faction. In September, 1924 Wu Pei-fu caused Chi Hsieh-yuan to lead an expedition against Lu Yung-hsiang, but before the expedition could be completed, the second war between the Chihli and Fengtien factions broke out and the former had to fight with desperation because the latter was assisted by the Kwangtung faction in the south. In October, Feng Yu-hsiang, who was then commander of the third army of the Chihli forces, suddenly appeared with his army in Peking and demanded peace. Wu Pei-fu fell from power, and following up his success, Feng imprisoned President Tsao Kun and caused the Emperor Hsuan Tung to seek refuge because of his non-recognition of the agreement on courteous treatment of the old Imperial family. Tuan Chi-juei returned to power and assumed the post of Regent ad interim.

**Expedition to the North** As the generalissimo with headquarters in Canton, Sun Yat-sen ordered a punitive expedition to the north in the thirteenth year of the Republic (1924) with Tan Yen-kai designated as commander-in-chief but as the political situation changed as a result of the coup effected by Feng Yu-hsiang, Sun Yat-sen was invited to Peking in November of the same year for a conference with the Northern leaders. There Sun fell ill and died in March of the following year. Meanwhile, the Fengtien faction, in the execution of a plan to advance to the Yangtze valley, clashed with the Five Provinces' Combined Forces under the command of Sun Chuan-fang and was defeated. Taking advantage of the situation thus created, Kuo Sung-ling stirred up trouble in Manchuria and acting in concert, Feng Yu-hsiang sent a circular telegram proclaiming an expedition against Chang Tsuo-lin. The affair proved a failure for Feng because Wu Pei-fu, who was at Hankow at that time, took action in support of the Fengtien group. The Tuan regime collapsed and Chang Tsuo-lin appeared in Peking again to organize a transitional government with Tu Hsi-kuei as acting regent. When the Nationalist expedition to the north progressed, Chang

assumed the post of commander-in-chief of the Ankuochun or national pacification forces and finally realized his ambition to become generalissimo, in June, 1927.

After the death of Sun Yat-sen, the Kuomintang made a new start. For some time Hu Han-min acted as the generalissimo and in April, 1925, a National Government on the basis of the committee system was inaugurated with all relations with the Peking Government severed. In July of the following year, Chiang Kai-shek assumed the post of commander-in-chief of the revolutionary forces and the Nationalist expedition to the north was commenced. In October, the Nationalist forces occupied the Wuhan area and toward the end of the same year the Wuhan Government was brought into existence. The Communist Party was in its heyday then and its machination accounted for the recovery of the British concession in Hankow.

January of the sixteenth year of the Republic (1926) witnessed the gaining of control over the Shanghai-Nanking area by the revolutionary forces. The intensification of the dissension between the Kuomintang and the Communist Party led Chiang Kai-shek to remove the National Government to Nanking and to effect a coup against the Communists. When Wuhan and Nanking reached a compromise, Chiang resigned as commander-in-chief of the revolutionary forces and made a trip to Japan. Shortly afterwards, however, he returned to power and carried out the second stage of the expedition to the north to fight against the Chihli and Shantung armies. Feng Yu-hsiang and Yen Hsi-shan joined the Kuomintang about that time and Li Tsung-jen and Pai Chung-hsi, both of Kwangsi, also came forward to assist the revolutionary forces in fighting the Mukden troops.

The expedition steadily progressed favorably for the revolutionary forces until May, 1928, when a hitch occurred as a result of the Tsinan affair, in which they became involved with the Japanese at the time of the occupation of that city, the provincial capital of Shantung. In the meantime, the situation gradually became unfavourable for the Fengtien faction. Chang Tsuo-lin withdrew from Peking to return to Mukden, but on the way he met his death by the train on which he was travelling being blown up. Peking then fell into the hands of the revolutionary forces and was renamed Peking while Chihli was renamed Hopei.

**Chiang Kai-shek the President** Upon

the completion of the expedition to the north, Chiang Kai-shek became president of the National Government in October, 1928. Chang Hsueh-liang, heir and successor of Chang Tsuo-lin, joined the Kuomintang and the Three Eastern Provinces were placed under the control of the National Government, thus formally realizing the national unity of the Chinese Republic.

In the eighteenth year of the Republic (1929) the question of disbanding local troops gave rise to a dispute between the National Government and Feng Yu-hsiang who revolted against the Nanking regime. The revolt was soon suppressed but the internal troubles continued. When Wang Ching-wei, who had been staying abroad on account of his differences with Chiang Kai-shek, returned, he joined in creating a common front with Feng Yu-hsiang, Yen Hsi-shan and Li Tsung-jen against the National Government. Renewed civil war ensued and Chang Hsueh-liang dispatched his troops from Manchuria across the Great Wall into North China to assist the Nanking forces and help them to victory.

The foundation of the National Government thus became solidified and the influence of Chiang Kai-shek increased, but the internal dissension among the Nationalists could not be eliminated so easily. A clash in opinion occurred between Chiang Kai-shek and Hu Han-min over the question of a provisional constitution with the result that Hu, who was then president of the Legislative Yuan of the National Government and outstanding leader of the Kwangtung faction, was kept in confinement for some time and the Kwangtung faction severed its relations with the Nanking government. About that time, the Chinese Communist Party which had been weakened by the coup effected by Chiang Kai-shek gradually regained its influence with the aid of a red army organized in Kiangsi Province. This engaged the attention of Chiang, who finally undertook to suppress the red elements by starting an anti-Communist drive and proceeding to Nanchang to take personal command of the punitive forces.

After the outbreak of the Manchurian Incident of September 18, 1931, the Nanking government reached a compromise with the Kwangtung faction, whereby the National Government was reorganized with Chiang Kai-shek resigning in favour of Lin Sen as the President. Later, Chiang returned to power by assuming the chairmanship



of the newly created Military Affairs Committee and Wang Ching-wei resumed cooperation with Chiang by assuming the post of president of the Executive Yuan of the National Government. When the Manchurian Incident spread to Shanghai, the advocacy for an early accomplishment of the national unity gained ground and Chiang Kai-shek assumed the post of commander-in-chief of the air, land and sea forces of the Chinese Republic, thus greatly increasing his influence.

The Japanese campaign in Jehol was followed by a conflict between the Japanese and Chinese forces in North China in the 22nd year of the Republic (1933) which brought about a new situation in North China. Huang Fu was appointed chairman of the political affairs committee in Peiping and during the latter part of May an armistice terminating the hostilities within the Great Wall was concluded. Wang Ching-wei held the post of Foreign Minister at the time concurrently with his presidency of the Executive Yuan and took charge of the diplomatic dealings of the National Government with Japan.

During the latter part of 1933, Li Chi-shen of the Kwangsi faction, who had been kept in confinement for some time by Chiang Kai-shek, joined hands with the Leftist elements and established a popular government in Fukien Province by secretly communicating and conspiring with the Communist army. A rebellion broke out, but was immediately crushed by Chiang Kai-shek. The activity of the anti-Japanese elements caused trouble in North China in 1935 at a time which coincided with the launching of a movement for autonomy and defence against Communism by those friendly toward Japan. As a result, an anti-Communist autonomous government was established in East Hopei under the chairmanship of Yin Ju-keng.

Following the emergence of the East Hopei government, the Nanking authorities created a Hopei-Chahar political Council under the chairmanship

of Sung Che-yuan. Prior to this, Wang Ching-wei was assaulted and injured by a ruffian in connection with his policy toward Japan and Chiang Kai-shek had succeeded him as head of the Executive Yuan. The Kwangtung faction, which had joined forces with the Nankingites after the outbreak of the Manchurian Incident, again took an uncompromising attitude toward the Chiang Kai-shek regime after its leader Hu Han-min suddenly died in May, 1936 and revolted with anti-Japanese slogans. Public opinion in the country, however, was against internal dissension at a time when the nation was face to face with a crisis, and this, causing a split in the Kwangtung faction, resulted in the revolt collapsing and Chen Chi-tang fleeing from Canton, in July.

In November of the 25th year of the Republic (1936), the Suiyuan affair occurred and hostilities were opened between the Inner Mongolian troops and the central army. While the war situation was developing favourably for the central army, Chiang Kai-shek, who was then visiting at Sian in Shensi Province, was kept in confinement by Chang Hsueh-liang and Yang Hu-cheng. The general situation in the country suddenly became threatening but the trouble was settled when Chiang was released. The compromise which was reached between Nanking and Sian in connection with the release of Chiang led to a great intensification of the anti-Japanese movement and the subsequent outbreak of the Lukouchiao affair on July 7th of the 26th year of the Republic (1937). The affair developed into the North China Incident which in turn developed into a sweeping armed conflict between the Chiang Kai-shek regime and Japan.

As a result of the Japanese advance to Nanking the Kuomintang Government issued an announcement on November 20, 1937, and removed the seat of government to Chungking, placing the military headquarters at Hankow which was again forced to remove to Chungking in October, 1938.

### Industries

#### Agriculture

Only 17 per cent of the entire area of China is now under cultivation. Those engaged in farming, however, account for more than three-fourths of the entire population of the country and four-fifths of the national incomes

are composed of receipts from agricultural enterprises. The agricultural community is composed of big landlords, medium landlords, independent farmers, tenant farmers and farming labourers. The tenant farmers accounted for 32 per cent of the entire agricultural community during 1933, increasing from

28 per cent in 1912, while the percentage of independent farmers during the same period decreased from 49 per cent to 45 per cent.

The principal agricultural products with the amounts of production are shown in the following table (the figures being given in units of 1,000 piculs):

	1931	1933	1935	1936
Rice	817,481	879,017	878,627	871,002
Wheat	432,360	450,562	426,052	461,555
Barley	158,552	148,295	158,112	162,748
Kaoliang	131,535	138,324	132,051	153,532
Millet	128,678	132,829	131,098	135,487
Maize	127,744	114,988	129,974	122,602
Rye	30,691	30,360	32,786	32,467
Sweet potatoes	316,537	358,041	369,459	341,797
Oats	—	15,888	17,444	18,036
Peas	—	58,118	66,901	69,096
Beans	—	55,410	63,442	62,253
Glutinous rice	44,140	86,736	88,161	87,296
Soya beans	114,327	145,428	112,311	118,220
Rape-seeds	43,462	42,132	49,749	49,572
Ground-nuts	—	59,613	50,355	52,622
Sesame	—	19,266	15,640	17,300
Leaf tobacco	—	12,598	11,294	12,673
Raw cotton	14,570	16,595	14,586	20,639

#### Mining

More than 1,000,000 tons of iron ore has been produced annually with Chinese capital, including about 380,000 tons at Tayeh, about 70,000 tons at Hsiangpishan, about 280,000 tons at Fanchang and about 200,000 tons at Tangtu. The annual output of coal has amounted to some 20,000,000 tons, 39 per cent of which has been produced with the aid of foreign capital, the rest being accounted for by Chinese capital. The production of antimony in China is about 70 per cent of the world's total. China is also a leading producer of tungsten, accounting for 42 per cent of the world's total production.

On account of insufficient facilities the production of steel is small, and considerable supplies, therefore, have to be obtained from abroad. The production of minerals is as follows:

#### PRODUCTION OF MINERALS

	(In units of 1,000 tons)			
	1931	1933	1935	1936
Coal	28,820	18,585	14,938	15,034
Iron ore	2,201	1,136	1,364	1,340
Iron	—	173	—	—
Tin	6	8	9	—

	1931	1933	1935	1936
Antimony	18	14	19	—
Zinc	14	11	9	—
Tungsten ore	4	6	7	7
Manganese	61	10	—	—
Gold	(118,505)	(94,608)	—	—
Silver	(153,000)	(200,585)	—	—

(Note: The figures in ( ) are in units of tael. The production in Manchuria is included. The underlined figures are based on the 1937 edition of the Chinese Year Book.)

#### Manufacturing Industry

Modern industry was introduced into China after the Opium War of 1840. As a means for self-advancement, the Ching dynasty tried to promote industrial enterprises of a military nature and established the Anking and Shanghai arsenals in 1862. These were followed by the Kiangnan dockyard and a few more similar institutions. After the Sino-Japanese War of 1894, Japan acquired the right to conduct industrial enterprises in the treaty ports of China and the various Powers began working for the acquisition of similar rights. In 1897, Germany having obtained mining concessions along the Kiaochow-Tsinan Railway, intensified competition among the Powers in making investments in China resulted. Under the circumstances, the Chinese bureaucrats and landlords became interested in industrial investments and modern industry entered upon an important stage.

The outbreak of the Great European War in 1914 brought about a situation favourable for a rapid development of industry in China. As the war progressed, foreign capital, with the exception of Japanese, became less active, and gave the Chinese financiers a good opportunity to further the industrial development of their country. This situation, however, did not last very long as boom conditions disappeared with the termination of the war, and the various Powers renewed their efforts for supremacy. Such was the position until 1932 when the Chinese found themselves confronted with both a national and an industrial crisis.

In the light industries, Japanese and British capitals were definitely dominant. During the period from 1919 to 1935, the number of the spindles in the Japanese spinning mills in China increased seven times while those in the Chinese mills increased only three times. The number of weaving machines in the Chinese mills, too, increased by only



slightly over three times against an increase by fifteen times in the Japanese mills. Detailed figures for the spinning

and weaving industry, as given in the 1936 edition of the Year Book compiled by the Shen Pao, are tabulated below:

	1933	1934	1935	1936
Number of mills	133	136	143	143
Number of spindles	5,019,917	5,171,600	5,381,688	5,526,847
Number of weaving machines	39,564	42,834	47,064	52,009
Amount of cotton yarn produced	2,332,684	2,272,834	2,288,357	2,025,489
(bales)	(bales)	(bales)	(bales)	(bales)
Amount of cotton cloth produced	20,121,900	23,465,437	999,323,134	1,036,575
(rolls)	(rolls)	(thousand square yards)	(thousand square yards)	(thousand square yards)
Amount of raw cotton used	8,706,019	8,955,767	8,892,633	8,768,161
(piculs)	(piculs)	(piculs)	(piculs)	(piculs)
Number of workers	—	—	—	207,899

As a result of the hostilities of 1937 in connection with the China Incident, eight spinning mills under Chinese management were totally destroyed in Shanghai and five others partially destroyed.

The woollen textile industry in China has a history of 50 years but its development has been very slow. According to a survey made at the beginning of 1937, there were 39 mills, with a total capital of 5,069,770 yuan and 2,655 hp., engaged in the woollen textile industry in the country.

With reference to the manufacture of matches, the Chinese displayed considerable activity for a time but at present Japanese capital dominates the industry. No more than 40 per cent of the production of tobacco in China is accounted for by the Chinese; while the salt refining industry has been unable to achieve any remarkable development on account of the restrictions of the Finance Ministry of the National Government.

Prior to the outbreak of the China Incident, the conditions of the flour manufacturing enterprises in China were quite satisfactory. The total capital of the Chinese flour mills in 1935 amounted to 28,900,000 yuan, while the amount of flour produced during the one year ending in July, 1936, reached 61,941,612 bales. The control of the flour manufacturing enterprises in Hopei and Shantung Provinces has, however, since the outbreak of the Incident, fallen into the hands of Japanese capitalists.

The conditions of the machinery industry in China are not satisfactory when viewed from the standpoint of Chinese management. There have been more than 560 factories throughout the country but their total capital has never exceeded 6,000,000 yuan, and the work they have done has been limited

to repairs or manufacture of parts. Almost all necessary machines have been imported from foreign countries, imports of this kind during 1937 amounting to approximately 6,500,000 yuan, the principal items of which were connected chiefly with the expansion of spinning mills under the management of foreign capital and construction work undertaken on the strength of the refunding of the Boxer Indemnity.

The chemical industry in China is still in its infancy. The number of establishments engaged in the industry which have each a capital of more than 100,000 yuan is only 17, made up of five salt factories and twelve acid factories. Only two establishments are capitalized at more than 1,000,000 yuan each. The alcohol manufacturing enterprises in the country have a history of only five or six years but their conditions are comparatively satisfactory.

The following is a list showing the index number of production of the principal industries in China during the past few years:

#### INDEX NUMBER OF PRINCIPAL INDUSTRIAL PRODUCTS

(Base, 1931=100)

	1932	1933	1934	1935
Cotton Yarn	103.9	93.4	105.9	100.7
Tobacco	114.6	106.9	93.9	99.2
Wheat Flour	66.0	109.4	101.3	89.3
Matches	96.8	100.4	103.0	96.7
Cement	96.8	100.4	103.0	98.7
Beer	—	87.0	105.0	101.1
Alcohol	—	—	—	100.0
General Index	99.5	97.2	100.7	102.1

Accurate statistics for the factory workers in China are still unavailable. According to a survey conducted by the

National Council of Industrial Associations during 1927, there were more than 2,680,000 factory workers and more than 11,000,000 persons engaged in handwork during that year. The returns of the survey conducted by the Central Factory Inspection Office at Nanking on the basis of the revised factory law, show that there was a total of 6,344 factories in the various provinces and cities during the first half of 1935, employing a total of 521,215 workers. The number of railway workers was given as 61,545 persons by the Railways Ministry of the National Government, while the Communications Ministry gave the number of workers engaged in the postal service as 26,639 and 23,355 telegraph workers.

The following is a list giving the number of labour unions and their members on the basis of reports received by the International Labour Office:

	Number of Labour Unions	Number of Members
1932	647	411,329
1933	695	422,730
1934	759	462,742
1935	823	469,240

#### Transportation and Communications

**Railways** Railway construction in China was started in 1863 but it did not progress rapidly until after 1890. According to a survey compiled at the end of June, 1936, the total length of the state, provincial and private railways in the country was about 10,000 kilometres. The number of state lines was 16, the principal being as follows:

Peking-Hankow Line  
Peking-Mukden Line  
Tientsin-Pukow Line  
Shanghai-Nanking Line  
Soochow-Chiahsing Line  
Shanghai-Hangchow-Ningpo Line  
Peking-Sulyuan Line  
Chengtai or Shansi (Shihchiachwang-Taiyuan) Line  
Lunghai (Haichow-Tungkwan) Line  
Canton-Kowloon Line  
Shantung (Tsingtao-Tsinan) Line  
Nanchang-Klukiang Line  
Canton-Hankow Line

The railway loans outstanding at the end of June, 1936, amounted to 1,441,637,538 yuan, about 90 per cent of which was accounted for by foreign loans. In other words, every one kilometre of the state railways in China then was under the obligation to redeem a foreign loan amounting to more

than 144,000 yuan. The biggest creditor in connection with the railway loans was Great Britain, followed by France and Germany.

**Road** Road construction has become quite active during the last four or five years. The total length of motor-roads, which was only some 1,000 kilometres in 1921 and a little more than 66,000 kilometres in 1931, reached 109,749 kilometres at the end of 1936. The construction of public highways, which used to be associated chiefly with military operations in connection with civil disturbances and the anti-Communist-bandit drives, has also shown remarkable progress in recent years in line with the general construction programme.

**Aviation** Aviation in China has a history of only eight or nine years and almost all the activities in this field have been conducted with American and German capital.

The China National Aviation Corporation was brought into existence with a capital of 10,000,000 yuan in 1929 by American capital and technique. The air routes under the management of the corporation at the end of 1936 covered a total distance of 5,595 kilometres including the Shanghai-Chengtai line (2,023 kilometres), the Shanghai-Peking line (1,235 kilometres), the Shanghai-Canton line (1,543 kilometres) and the Chungking-Kunming line (780 kilometres).

The Eurasia Aviation Corporation was established in 1931 with a capital of 7,200,000 yuan, of which 2,500,000 yuan was paid by Germany. Up to 1935, the corporation had inaugurated air services covering a total distance of 6,560 kilometres including the Shanghai-Lanchow line (1,860 kilometres), the Peking-Canton line (2,050 kilometres), the Peking-Lanchow line (1,350 kilometres) and the Sian-Kunming line (1,300 kilometres).

The Southwest Aviation Corporation was established by the Kwangtung Provincial Government in 1934 and was placed under the control of the National Government in 1936 after the settlement of the Southwestern Affair involving a campaign launched by the Southwesterners against the Chiang Kai-shek faction. The air services under the management of this body include the Canton-Hanoi line (the northern line linking the two points via Lungchow, a distance of 838 kilometres, and the southern line connecting the two points via Kwangchowwan, a distance of 1,010 kilometres), the Canton-Nanning line (777 kilometres) and the Canton-Klung-



cow line (505 kilometres).

Besides, an aviation corporation was established in North China during November, 1936, in accordance with an agreement reached between Japan and the then Hopai-Chahar Political Council, to take charge of the air services linking North China to Manchoukuo.

**Telegraphic Communication** At the end of 1936, there were a total number of 1,404 telegraph offices operating a total length of 102,346.1 kilometres of telegraph lines throughout the country. The number of radio stations was 65. The development of the wireless telegraph in the country during the period from 1931 to 1936 is shown in the following table:

	Number of Radio Stations	Number of Transmitting Apparatuses	Number of Receiving Apparatuses
1931	32	73	101
1932	38	89	120
1933	39	99	123
1934	47	117	154
1935	60	143	207
1936	65	173	260

The international telegraphic systems of China are in the hands of the British-managed Eastern Extension Australia and China Company, the Danish-managed Great Northern Telegraph Company (actual control being in British hands) and the American-managed Commercial Pacific Cable Company. Between Japan and China there are cables either

owned by the Japanese Government or under joint Sino-Japanese management.

The following is a list classifying the various telegraphic services in China according to management or control:

Points Connected By Telegraphic Services	Managed By
Tsingtao-Sasebo	Japan and China jointly
Shanghai-Hongkong	G. N. T. C.
Shanghai-Nagasaki	"
Shanghai-Hongkong	E. E. A. C. C.
Shanghai-Manila	C. P. C. C.
Shanghai-Nagasaki	Japan
Foochow-Tamsui	"

**Shipping** The shipping business in China has been almost completely under the control of foreign shipping interests. The greater part of the foreign trade of China has been conducted by foreign vessels and even in the inland river shipping, foreign interests have been dominant over Chinese shipping interests. The volume of shipping, which was 145,000,000 tons for 1935, suddenly decreased to 90,000,000 tons in 1937 on account of the military operations and stoppage of shipping in connection with the China Affair.

The movements of shipping during 1937 together with the activities of Chinese, British and Japanese vessels are shown in the following tables:

#### 1. Movements of Shipping in China (1937)

	Foreign Shipping	Chinese Shipping	Total
Number of arrivals and departures	58,006	133,393	191,399
Tonnage	64,449,000	25,588,738	90,037,738
Percentage of tonnage	72.25	27.75	100.00

#### 2. Arrivals & Departures of Chinese British & Japanese Shipping (1937)

	International Routes	Chinese National Routes	Total
Chinese shipping (excluding junks)	8.30%	4.15%	23.98%
British shipping	36.51	43.43	40.10
Japanese shipping	19.18	11.02	14.23

Among the foreign shipping interests which hold dominant positions in China are Messrs. Butterfield and Swire, Messrs. Jardine, Matheson and Company, the Nisshin Kisen Kaisha, the Dairen Kisen Kaisha and the Standard Oil Company.

According to a survey conducted in May, 1935, there were then a total of 20 foreign firms interested in the ship-

ping business in China, operating 199 vessels of a total of 457,337 tons. The number of Chinese shipping companies each having no less than 5,000 tons of ships was 46 which operated 228 ships of a total of 350,961 tons. Of the foreign firms, 6 were Japanese which operated 59 vessels of a total of 141,004 tons against 124 vessels of a total of 305,100 tons for 10 British firms.

#### Foreign Trade

Imports and exports in units of 1,000 | yuan are given below:

	Imports	Exports	Total	Excess of Imports
1904	536,046	373,120	909,166	162,926
1909	851,490	528,150	1,179,641	123,339
1914	867,975	537,947	1,405,923	330,028
1919	1,008,022	982,801	1,990,823	25,221
1924	1,586,372	1,202,440	2,788,812	383,932
1929	1,972,083	1,584,440	3,554,524	389,642
1931	2,233,376	1,416,962	3,650,339	816,413
1932	1,634,726	767,535	2,402,261	867,190
1933	1,345,567	611,827	1,957,395	733,739
1934	1,029,665	535,214	1,564,879	494,450
1935	919,211	575,809	1,495,020	343,402
1936	941,544	705,741	1,647,289	235,803
1937	953,386	838,256	1,791,642	115,130
1938	886,200	762,641	1,648,841	123,559

(Note: Up to 1932 the figures include the trade of Manchuria.)

#### 1. Principal Imports

(In 1,000 yuan)

	1934	1935	1936	1937
Metals & ores	98,884	87,443	108,055	131,138
Oils	109,217	101,697	105,133	118,556
Miscellaneous goods	52,099	55,671	119,927	95,825
Machinery and tools	59,306	65,853	59,981	65,013
Books and maps	49,553	53,125	57,467	65,302
Raw cotton & cotton manufactures	126,003	68,679	54,360	37,563
Chemicals	41,594	37,443	51,840	61,282
Vehicles and vessels	36,312	37,016	52,484	42,102
Cereals and flour	111,743	135,917	49,220	58,556
Miscellaneous metal manufactures	53,833	34,806	46,712	41,439

#### 2. Principal Exports

(In 1,000 yuan)

	1934	1935	1936	1937
Textile fibres	74,761	97,396	112,980	128,227
Animals and animal products	77,867	80,256	103,985	124,494
Oils	31,665	57,280	91,387	127,040
Ores, metals and metal products	30,737	43,575	56,743	102,453
Cotton yarn and cotton thread	54,320	42,475	47,476	48,696
Seeds	27,944	49,001	40,805	35,881
Hides, leather and skins	29,108	23,629	40,502	53,785
Tea	36,099	29,624	30,662	30,787
Miscellaneous goods	28,752	29,649	24,639	27,657
Cereals and cereal products	15,722	18,921	24,792	15,170

#### 3. Imports of Gold into China

Imported from	1936	1937
	yuan	yuan
British India	4,419	—
England	761,137	292
Hongkong	308,711	1,721,234
Japan	13,602	—
Others	3,706	—
Total	1,091,575	1,721,526

#### 4. Exports of Gold from China

Exported to	1936	1937
	yuan	yuan
England	19,064,851	24,555,334
Hongkong	—	2,822,277
Total	19,064,851	27,377,611



The above two tables show an excess of exports over imports, amounting to 17,973,276 yuan in 1936 and 25,656,085 yuan in 1937.

## 5. Imports of Silver into China

Imported from	1936 yuan	1937 yuan
England	2,579	1,589
Hongkong	4,568,055	502,000
Japan	109,798	92,880
Others	33,050	—
Total	4,713,482	596,469

## 6. Exports of silver from China

Exported to	1936 yuan	1937 yuan
England	661,961	—
Hongkong	36,788,031	399,085,596
Japan	300	607
America	216,886,471	—
Total	254,336,763	399,086,203

The foregoing two tables show an excess of export over import, amounting to 249,623,281 yuan in 1936 and 398,489,734 yuan in 1937.

## FOREIGN TRADE BY COUNTRIES

(Unit: 1,000 yuan)

Year		1935	1936	1937	1938
Total	{ Imports	919,211	941,545	953,386	886,200
	{ Exports	575,809	705,741	838,256	762,641
With Japan	{ Imports	139,593	153,577	150,432	209,864
	{ Exports	82,059	102,367	84,306	50,736
With Great Britain	{ Imports	98,232	110,497	111,695	70,606
	{ Exports	49,463	64,884	80,380	56,769
With U. S. A.	{ Imports	174,930	185,512	188,859	151,254
	{ Exports	136,410	186,321	231,449	86,853
With Germany	{ Imports	103,385	150,238	146,374	112,939
	{ Exports	28,926	39,174	72,477	56,440

## Finance

The budget for the 26th year of the Republic (from July 1st, 1937 to June 30th, 1938) amounted to 1,000,649,499 yuan, as compared with 990,658,450 yuan for

the preceding fiscal year. Details of the budget are shown in the following tables:

## 1. Revenue (In yuan)

	Amount	Percentage	Amount for Preceding Year	Comparison with Preceding Year
Customs duty	369,267,522	36.90	317,937,514	16.13%
Salt gabelle	228,625,553	22.85	189,187,225	20.85
Tobacco and spirits tax	21,046,642	2.10	16,987,395	23.90
Stamp duty	11,300,000	1.13	11,300,000	—
Consolidated taxes	175,617,650	17.55	132,796,117	32.25
Mining tax	4,751,638	0.48	3,631,862	30.83
Exchange tax	170,000	0.03	1,350,000	(-) 87.41
Income tax	25,000,000	2.50	5,000,000	400.00
Inheritance tax (new tax)	2,000,000	0.20	—	100.00
Banking tax	1,600,000	0.16	1,600,000	—
Receipts from state property	4,143,917	0.41	5,791,767	(-) 28.45
Receipts from state enterprises	24,134,307	2.41	21,201,531	12.83
Administrative receipts of government	13,847,095	1.38	10,901,232	27.02
Business profits of government	16,076,784	1.61	41,397,583	(-) 61.17
Receipts from local bodies	3,680,040	0.37	3,198,000	115.07
Miscellaneous receipts	99,391,350	9.93	6,666,113	139.10
Loans	—	—	221,676,111	(-)100.00
Total	1,000,649,499	100.00	990,658,450	1.01

## 2. Expenditure (In yuan)

	Amount	Percentage	Amount for Preceding Year	Comparison with Preceding Year
Kuomintang	7,311,440	0.73	5,419,080	34.92
State Council	17,962,546	1.79	15,535,130	15.63
Defence Services	392,499,952	39.22	322,019,200	21.89
Interior	6,188,932	0.62	8,836,520	(-) 29.96
Foreign Affairs	9,435,816	0.94	9,690,234	(-) 2.62
Finance	69,222,090	6.92	64,515,566	7.31
Education	42,934,368	4.29	44,339,962	(-) 3.17
Justice	4,315,846	0.43	3,240,898	33.17
Industry	3,072,322	0.31	4,226,447	(-) 27.31
Communications	5,056,595	0.51	4,835,734	4.57
Mongolian and Tibetan Affairs	2,500,362	0.25	2,320,766	7.74
Subventions	31,015,076	3.10	105,816,000	(-) 70.69
Pacification and relief funds	6,678,497	0.67	5,664,704	17.90
Redemption fund	324,693,754	32.45	239,037,908	35.83
Construction fund	70,000,000	7.00	53,110,221	31.80
Reserve fund for relief purposes	3,000,000	0.30	—	—
Second reserve	4,751,907	0.47	5,713,360	35.68
Capital funds for state undertakings	—	—	96,337,720	(-)100.00
Total	1,000,000,000	100.00	990,658,450	1.01

The settled accounts for the fiscal year of the 23rd year of the Republic (1934-35), as reported by the Ministry of Finance headed by Finance Minister H. H. Kung of the National Government, are tabulated below:

## 1. Revenue

(In yuan)

Tax receipts	744,922,042.20
Customs duty	353,175,774.95
Salt gabelle	167,437,077.36
Consolidated taxes	104,566,384.64
Cigars and Cigarettes	68,133,649.60
Cotton cloth	15,633,721.46
Wheat flour	4,786,867.71
Matches	8,948,167.92
Cement	3,086,313.48
Snuff	3,977,664.46
Spirits and tobacco duty	11,484,844.06
Stamp duty	6,914,406.46
Mining tax	4,232,259.30
Exchange tax	139,763.71
Banking tax	1,613,539.06
Receipts from state property	2,270,595.96
Receipts from state enterprises	60,503,154.53
Administrative receipts of government	10,627,049.06
Net profits or government enterprises	1,281,060.00
Other receipts	20,676,133.07
Receipts in loans and advances	226,195,589.69
Brought forward from preceding year	59,589,332.69
Total	1,030,706,964.58

## 2. Expenditure

(In yuan)

Party expenses	6,420,863.57
Civil expenses	230,868,398.94
State Council	16,448,979.01
Ministry of Interior	5,395,405.61
Ministry of Foreign Affairs	8,703,246.32
Ministry of Finance	68,553,342.77
Ministry of Education	31,739,487.23
Ministry of Justice	3,727,229.72
Ministry of Industry	6,725,402.94
Ministry of Communications	6,553,691.63
Ministry of Mongolian and Tibetan Affairs	1,669,457.19
Construction fund	26,364,620.28
Capital funds for state undertakings	537,200.00
Subventions	55,488,072.42
Pacification and relief funds	1,557,205.47
Relief fund	700,000.00
Military expenses	387,855,936.31
Investments in banks	73,500,000.00
Loan Service	237,498,355.57
General Reserve	4,784,901.81
Brought forward from preceding year	89,778,508.47
Total	1,030,706,964.58

A review of the National Government's budgets for the five fiscal years beginning in 1930 shows that the principal items in the table of expenditure are military expenses and loan service funds while the amount set aside



for education and construction expenses is comparatively small. This fact is well illustrated by the following figures:

## 1. Military Expenses

(In one million yuan)

	Amount	Percentage to Total Expenditure
1930	312	40.2
1931	304	40.6
1932	321	45.9
1933	373	44.6
1934	384	41.2
1935	321	33.8
1936	322	33.7
1937	392	39.2

(Note: The underlined figures denote that some of the expenses were defrayed during the preceding fiscal year.)

## 2. Appropriations for Redemption of Loans &amp; Payment of Indemnity

(In one million yuan)

	Amount	Percentage to Total Expenditure
1930	290	37.5
1931	270	36.1
1932	210	30.0
1933	244	29.2
1934	237	25.2
1935	274	29.6
1936	239	24.4
1937	324	32.4

## 3. Education &amp; Construction Expenses (In one million yuan)

	Amount	Percentage to Total Expenditure
1933	24	2.8
1934	58	6.2
1935	73	7.6
1936	97	9.7
1937	112	11.2

Most of the revenue comes from customs duties, the salt gabelle and consolidated taxes. The customs duty accounted for 36.9 per cent of the total revenue during the 1937-38 fiscal year (in the 1928-29 fiscal year it was as high as 65.9 per cent) while the salt gabelle accounted for 22.9 per cent and the consolidated taxes, 17.5 per cent. Detailed figures are tabulated below:

## PRINCIPAL SOURCES OF INCOME

(In one million yuan)

	Customs Duty	Salt Gabelle	Consolidated Taxes	Total
1929	245	85	39	369
1930	294	130	40	462
1931	389	115	74	618
1932	312	145	83	540
1933	340	159	89	588
1934	335	176	113	624
1935	316	184	116	616
1936	324	205	(132)	—
1937	342	(228)	(175)	—

(Note: The parenthesized figures in the above table are based on the budget estimates of the National Government.)

## Banking

The modern-type banking business in China may be said to have commenced in 1900 when the country began to import foreign goods in large quantities. The modern-type banks thus appearing in the country are divided into two categories, i.e. foreign establishments and the Chinese institutions. The increases, 157, and decreases, 156, in the number of Chinese commercial banks during the period from 1912 to 1936 show a net gain of one.

For a long time, the old-fashioned credit associations of China exercised a great influence upon banking circles but, after the panic of 1932, many credit associations went into bankruptcy, while some others were reorganized into modern-type banks. Since the monetary system in the country was unified and a large number of branches of the

modern-type banks have commenced operating in the interior, the time honoured associations have been losing their influence. The number of credit associations in the various provinces and their paid-up capital are said to be as follows:

	Number of Credit Associations	Total Paid-up Capital (Unit: 1,000 yuan)
Kiangsu Province	188	29,947
Chekiang	269	7,583
Shansi	39	1,587
Shantung	75	2,292
Honan	25	2,610
Shensi	6	155
Hopel	99	6,718
Szechwan	53	4,061

Number of Credit Associations  
Total Amount of Paid-up Capital (Unit: 1,000 yuan)

Anhwei	17	445
Kiangsi	73	2,132
Hupei	55	2,824
Hunan	59	1,102
Fukien	85	5,955
Kwangtung	174	8,115
Suiyuan	20	1,376
Total	1,217	76,904

According to the latest available figures, the number of Chinese banks with deposits departments is 28, the total deposits being as below:

	Total Deposits with 28 Banks (In yuan)
1921	13,221,332
1931	206,668,240
1932	246,117,664
1936	456,222,902

## Foreign Banks Operating in China

	Head Office	Branches
1. Japanese Banks		
Yokohama Specie Bank	Yokohama	Canton, Hankow, Hongkong, Peking, Shanghai, Tientsin, Tsingtao
Bank of Chosen	Keijo (Seoul)	Shanghai, Tientsin, Tsingtao, Peking
Bank of Taiwan	Taihoku	Shanghai, Hankow, Canton, Amoy, Hongkong, Foochow, Swatow
Kanan Bank	"	Foochow, Canton
Mitsubishi Bank	Tokyo	Shanghai
Mitsui Bank	"	"
Sumitomo Bank	Osaka	"
Bank of Tsinan	Tsinan	Tsingtao
Bank of Tientsin	Tientsin	Peking
Exchange Bank of China	"	" (doing no business now)
Bank of Hankow	Hankow	Shanghai
2. British Banks:		
Hongkong & Shanghai Banking Corporation	Hongkong	Shanghai, Tientsin, Hankow, Canton, Peking, Tsingtao, Amoy, Chefoo, Foochow
Chartered Bank of India, China and Australia	London	Shanghai, Tientsin, Hankow, Canton, Hongkong, Peking, Tsingtao
Mercantile Bank of India	London	Shanghai, Hongkong
P. & O. Banking Corporation	London	Shanghai, Hongkong
E. D. Sasson Banking Co.	Hongkong	Shanghai
3. American Banks:		
National City Bank of New York	New York	Canton, Hankow, Hongkong, Peking, Shanghai, Tientsin
Chase Bank	"	Shanghai, Tientsin, Hongkong
Tientsin Commercial and Credit Corporation, Inc.	Tientsin	"
Underwriters Saving Bank for the Far East	Shanghai	Hongkong
4. French Banks:		
Banque de l'Indochine	Paris	Canton, Hankow, Hongkong, Mengtzu, Peking, Shanghai, Tientsin, Kunming
Banque Franco-Chinoise pour le Commerce et l'Industrie	Paris	Peking, Tientsin, Shanghai, Hongkong
Union Mobilière	Shanghai	(Tientsin)
5. Belgian Banks:		
Banque Belge pour l'Etranger	Brussels	Shanghai, Hankow, Tientsin, Hongkong (stet)
Credit Foncier d'Extreme-Orient	"	Shanghai, Tientsin, Hankow, Peking, Tsinan, Hongkong
6. Dutch Banks:		
Nederlandsche Handel Maatschappij N. V.	Amsterdam	Shanghai, Hongkong



	Head Office	Branches
Nederlandsche Handels Bank	Indische "	Amoy, Shanghai, Hongkong
7. German Bank: Deutsch Asiatische Bank	Berlin	Canton, Hankow, Shanghai, Tientsin, Tsingtao, Peking
8. Soviet Bank: Moscow Narodny Bank	Shanghai	
9. Italian Bank: Italian Bank for China	Shanghai	Tientsin
10. Portuguese Bank: Banco National Ultramarino	Lisbon	Macao, Hongkong

### Monetary System

The year 1935 deserves special mention as the year which witnessed China going off the silver standard and adopting the controlled currency system on the basis of foreign exchange. The drastic reform was necessitated by the rapid soaring of the price of silver and the violent rise of the exchange rates of the Chinese currency. The new monetary system was established with the support of the banking capital of Great Britain, while the monetary agreement concluded with the United States contributed much toward the maintenance and operation of the system.

After the outbreak of the China Affair in July, 1937, and even after the fall of Nanking, capital of the National Government, into the hands of Japanese forces, the Chinese monetary system continued to be strongly upheld, contrary to expectations. Among the factors accountable for the continuance of the monetary system were the support extended to the National Government by Great Britain and others and the exchange stabilization funds which the National Government were able to create with the large quantities of silver it obtained from various quarters in the country and shipped abroad.

Emergence of the Provisional Government of the Chinese Republic in North China and the establishment of the Federal Reserve Bank, also in North China, as well as the inauguration of the

Renovation Government of the Chinese Republic in Central China, however, rendered it inevitable for the National Government to modify its exchange policy. Under date of March 13th, 1938, the National Government issued a notice announcing that the sales of exchange by the Central Bank in Shanghai would be discontinued and that the Central Bank in Hankow and its branch in Hongkong would conduct such sales instead. This change brought about a week tone in the exchange market in Shanghai, but a collapse was prevented by the deflation arising from the shortage of the old legal tender and the allotment of foreign currencies. Under the circumstances, the Central Bank changed its original scheme and opened an office in Shanghai to receive exchange purchase offers for transmission to the head office in Hankow.

With the nationalization of silver in November 3, 1935, the note issue, which had been in many banks' hands, became the prerogative of the three Government Banks, but the Farmers' Bank was exempted for the time being because of its connections in the interior, where the Government Banks did not function.

The following is a table showing the amount of notes issued by the Central Bank, the Bank of China, the Bank of Communications and the Farmers' Bank of China, demonstrating the growth with the withdrawal of private issues. (The figures are given in units of 1,000 yuan):

	Central Bank	Bank of China	Bank of Com- munications	Farmers' Bank	Total
End of December, 1935	176,065	286,245	176,244	29,847	668,402
End of December, 1936	325,592	459,310	295,045	162,014	1,241,962
End of December, 1937	430,608	606,548	371,144	230,798	1,639,098
End of January, 1938	432,244	623,324	372,927	244,142	1,677,637
End of February, 1938	441,650	632,986	361,143	261,409	1,777,188
End of March 1938	444,354	654,188	319,013	261,632	1,679,187

The reserves of the aforementioned four banks against note-issues were estimated at the end of February, 1938, to be as follows:

	Coins & Gold and Silver Bars	Bonds
Central Bank	285,502,000 yuan	156,148,000 yuan
Bank of China	406,340,000	226,646,000
Bank of Communications	216,808,000	144,334,000
Farmers' Bank of China	175,284,000	86,125,000

### National Defence

For a number of years, the National Government under the leadership of General Chiang Kai-shek was engaged on large-scale warlike preparations with a hostile eye upon Japan, and this finally led to the outbreak of the China Incident. A review of the conditions of the military operations in connection with the incident shows that although the Chinese troops displayed considerable powers of resistance in some regions, their general standard was low. The lack of unity and discipline and imperfect equipment betrayed the nature of the Chinese troops as semi-feudal bodies. The backwardness of

China is reflected in the fact that the National Government, in carrying on its military operations of resistance against Japan, must look to foreign countries for the supply of almost all the arms needed.

There is a point which cannot be overlooked in the consideration of the Chinese troops and that is that the Chinese troops have of late come to be political-minded as a result of the racial movement. The conditions of the Chinese troops in the early stages of the China Affair were as shown in the following lists:

First Route	Commander	Affiliation	Location of Headquarters
	Chen Tiao-yuan	Chiang Kai-shek faction	
Second Route	Liu Chih	"	Kaifeng
Third Route	Han Fu-chu	Shantung army	Tsinan
Fourth Route	Liu Chien-hsu	Hunan army	Chuhsien (Chekiang)
Eleventh Route	Liu Mao-en	Liu Chenhua clique	Liuan (Anhui)
Fifteenth Route	Ma Hung-kui	Ningsia army	Ningsia
Sixteenth Route	Hsu Yuan-chuan	Formerly of Chang Tsung-chang clique	Wanhsien (Szechwan)
Twentieth Route	Chang Fang	Honan mixed army	Kiangsi
24th Route	Ma Lin	Mohammedan army	Chinghai
26th Route	Sun Lien-chung	Honan army	Chengting (Hopei)
27th Route	Feng Chin-tsai	Shensi army	Tai (Shensi)
Fourth Route Army	Yu Han-mou	Kwangtung army	Canton
Fifth Route Army	Li Tsung-jen	Kwangsi army	Kueilin
Sixth Route Army	Liu Shiang	Szechwan army	Chengtu

### Foreign Relations

After the outbreak of the China Incident, originating in the Lukouchiao affair of July 7, 1937, the National Government instituted a great propaganda campaign and mobilized its diplomatic services in an attempt to gain the sympathy and assistance of third countries.

The first appeal of the National Government to the League of Nations was made on August 30th of the same year. On September 13th, the National Government invoked Articles 10, 11 and 17 of the League Covenant in making its second appeal to the Geneva institution. The League Council took up the

appeal for discussion on September 16th and then referred the matter to a committee of 23 members, which held its first meeting on September 21st and resolved to invite Japan, China, U. S. A. and Germany to a conference. Japan and Germany declined the invitation but the United States consented to participate in the discussion as an observer.

On September 21st, the Chinese delegate presented a note to the League in connection with the bombing of Nanking by the Japanese air force. The committee of 23 members brought up the question on September 27th and on the basis of the information obtained



from the Chinese side, passed a resolution censuring Japan for the bombardment of the National Government's capital. The League Assembly unanimously adopted the resolution on the following day. Meeting again on October 1st, the committee of 23 members decided the composition and powers of a subcommittee of 12 members including representatives of Great Britain, China and the Soviet Union. The Chinese side presented another anti-Japanese resolution which, however, had to be modified at the subcommittee meeting, although the Chinese side prepared it only after it had given up its original intention of invoking the provisions of the League Covenant concerning sanctions against Japan.

The chairman of the subcommittee prepared a formula by way of revising the Chinese proposal and Great Britain presented an amendment to the chairman's formula. As neither of them could be agreed upon, the subcommittee decided to create a drafting committee of 6 members on October 4th. The following day witnessed the completion of the draft resolution which was referred to the committee of 23 members and then to the League Assembly. At the meeting of the Assembly which was held on October 6th, all approved the draft resolution except Siam and Poland which abstained from voting. The resolution thus passed contained the following five points:

1. The president of the Assembly shall be requested to take necessary steps in regard to the proposal for the convocation of a conference of those League members who are signatories to the Nine-Power Treaty.

2. The Assembly shall express moral support to China.

3. The Assembly shall recommend to the League nations that they refrain from taking such actions as would weaken the resisting power of China, thereby increasing the difficulties between Japan and China in the present dispute.

4. The Assembly shall recommend to the League nations that they consider the extent to which they shall assist China.

5. Although the Assembly has decided to close its session, the president shall be empowered to call a session of the Assembly any time at the request of the committee of 23 members.

Thus, it may be seen that the League of Nations, while expressing sympathy with China, avoided such words as could be construed as criticism of Ja-

pan and which might excite the Japanese people, so that the resolution which it adopted was merely a formal one. By doing so, the League virtually shifted the responsibility for dealing with the Sino-Japanese conflict on to the shoulders of the Nine-Power Treaty Conference which was convened later. The question of recognizing the annexation of Ethiopia by Italy incidentally showed more clearly than ever the inability of the League to help China.

In accordance with the resolution of the Assembly, the president requested the League nations which were signatories to the Nine-Power Treaty to meet in conference concerning the Sino-Japanese conflict. Apparently with a view to avoiding responsibility, both Great Britain and the United States induced Belgium to send out invitations to a proposed conference at Brussels. Although the United States is not a member of the League of Nations, it participated in the Brussels parley with readiness as it played the leading part in the conclusion of the Nine-Power Treaty. The Soviet Union also took part in the parley on the strength of its being a member of the League of Nations while both Japan and Germany refused to participate because they were no longer within the League structure.

The schedule to open the Brussels conference on October 30th was changed on account of the political change in Belgium and the meeting did not commence until November 3rd. When it started, the delegates of the various countries, including the Soviet Union but excluding China, decided that a special committee should be created, in accordance with the proposal presented by the United States, to examine the reply of Japan refusing to participate in the Nine-Power Treaty conference and to employ their good offices in facilitating efforts for a compromise between China and Japan. In this connection, it must be noticed that the Italian delegate emphasized that the best way to find a solution to the question at issue would be to request Japan and China to open direct negotiations.

On November 6th, the Nine-Power Treaty conference decided on another note addressed to Japan, urging peace between Japan and China. The Japanese Government, however, firmly maintained the stand that it had previously taken in its refusal to participate in the Brussels parley. The Chinese delegate then presented a proposal to en-

force economic sanctions against Japan, which met with instant opposition by the Italian delegate. The Italian delegate also opposed the joint proposal of Great Britain, France and the United States to issue a declaration holding that the action of Japan in China was in contravention of the Nine-Power Treaty and the Kellogg anti-war pact. Sweden announced its intention to abstain from voting on the ground of its lacking important interests in the Far East, and Norway and Denmark followed suit. Accordingly, the joint proposal was adopted with a vote of 14 to one.

An adjournment followed the issuance of the declaration. When the Japanese military operations in the Kiangnan area progressed, the Nine-Power Treaty conference resumed activity on November 22nd, but without anything being achieved, the meeting was brought to an end on November 24th when an adjournment for an indefinite period was declared.

**Soviet-Chinese Non-aggression Treaty**  
The negotiations between Nanking and Moscow which had been under way for some time for the conclusion of a non-aggression pact between China and the Soviet Union progressed rapidly along with the development of the situation in connection with the Sino-Japanese conflict and on August 29th, the authorities at Nanking and Moscow who had been maintaining secrecy about their negotiations announced that a Soviet-Chinese non-aggression pact had been concluded. Reports were current that in addition to the non-aggression pact, the National Government concluded a secret pact for mutual assistance with Moscow against Japan but no confirmation has been available. Whether there be such a secret pact or not, however, there has been increasing Soviet assistance to the National Government since the outbreak of the China Incident, including the supply of arms, ammunition, aviators and aircraft.

The Soviet Ambassador to China, Mr. Bogomoloff, who had meant to remain in Nanking until the last moment in the face of the steady advance of Japanese forces on the capital of the National Government, suddenly left Nanking for

Moscow by air on September 28th. Upon his arrival at Moscow, he was dismissed from office and was succeeded by Mr. Orelsky who reached Hankow by air in December and has since been maintaining close connections with the Chiang Kai-shek administration. The National Government also issued an order to the Chinese Ambassador in Moscow. Mr. Chiang Ting-fa, during December, instructing him to come home. When the ambassador returned by way of the Indian Ocean during the early part of April, he was relieved of his duties and as his successor, General Yang Chieh, formerly assistant chief of the General Staff who had previously been dispatched to Moscow, was appointed Chinese Ambassador to the Soviet Union under date of May 11th.

**Peace-making Efforts of the German Ambassador**  
Under instructions from his home government, the German Ambassador to China, Mr. Oscar P. Trautmann, in the fall of 1937, made endeavours to pave the way for direct negotiations between the National Government and the Japanese Government for a solution of the Sino-Japanese conflict. The Chinese side, however, failed to seize the opportunity provided by the German envoy and the hostilities were continued. Details of the peace-making efforts of Germany were not revealed but in the course of the 72nd session of the Imperial Japanese Diet, on January 22, 1938, Foreign Minister Hirota stated that the Japanese Government presented the following four demands to the National Government:

1. China should abandon the pro-Communist and anti-Japanese policy and should cooperate in the anti-Communist policy of Japan and Manchoukuo.

2. Demilitarized zones should be created within necessary areas and special machineries should be established within the regions concerned.

3. An agreement on close economic collaboration should be concluded among the three nations of Japan, Manchoukuo and China.

4. China should pay necessary reparations to the Japanese Empire.

**Lists of Diplomats**  
The following are lists of the various foreign envoys in China and the Chinese envoys to the various foreign countries.

#### FOREIGN ENVOYS IN CHINA

	Name	Date of Arrival at Post
British Ambassador	Sir Archibald John Kerr-Clark Kerr	Apr., 1938
American "	Nelson Trusler Johnson	Sept., 1935



	Name	Date of Arrival at Post
French Ambassador	Paul Emile Naggiar	July, 1936
German "	Oscar P. Trautmann	Sept., 1935
Italian "	Giuliano Cora	Apr., 1937
Soviet "	Luganetz Orelsky	Dec., 1937
Spanish Minister		
Swedish "	Baron Johan Beck-Friis	Aug., 1937
Cuban Chargé d'Affaires	Francisco Bonacheay Romero	
Norwegian Minister	Fin Koreu	May, 1935
Portuguese "	Armando Navarro	Dec., 1930
Danish "	Oscar de Oxholm	March, 1933
Belgian "	Baron Jules Guillaume	Sept., 1937
Polish "	Georges Bartel de Weydenthal	Jan., 1934
Dutch "	Baron G. W. de Vos van Steenwyk	Sept., 1935
Brazilian "	Renato Lago	Feb., 1936
Swiss Chargé d'Affaires	Etienne Lardy	Jan., 1933
Chilean "	Eleazar Vega	Oct., 1935
Peruvian "	Fernandy Devila	May, 1937
Mexican Minister	General Francisco J. Aguilar	Apr., 1937
Finnish "	Ville Niskanen	May, 1937

## CHINESE ENVOYS ABROAD

Location of Post	Office	Name
Great Britain	Ambassador	Quo Tai-chi
United States	"	C. T. Wang
Soviet Union	"	Yang Chieh
Germany	"	Cheng Tien-fang
France	"	V. K. Wellington Koo
Italy	"	Liu Wen-tao
Holland	Minister	Chin Wen-ssu (W. King)
Switzerland	Minister	Hu Shih-tseh (C. Hoo)
Turkey	"	Huang Te-chien
Belgium	"	Chien Tai (Tsien Tai)
Spain	Chargé d'Affaires	Wang Te-yen
Portugal	Minister	Li Chin-lun (C. F. Lee)
Denmark	"	Wu Nan-ju
Brazil	"	Hsiung Chung-chih (S. S. Young)
Peru	"	Li Chun
Mexico	"	Tan Shao-hua (S. H. Tan)
Cuba	"	Chu Shih-chuan
Panama	"	Shen Chin-ting (G. D. Shen)
Chile	"	Chang Chien (H. K. Chang)
Poland	"	Wei Chen-tsu
Sweden	"	Wang Ching-chi
Norway	"	"

Delegates to the League of Nations are V. K. Wellington Koo, Quo Tai-chi and Chien Tai.

## Sino-Japanese Hostilities in 1937-39

The Manchurian Incident which broke out in 1931 would have terminated with the accomplishment of the Japanese campaign in Jehol during 1933 had it not been for the persistent provocations by Chinese troops on the border of the new independent state of Manchoukuo. As it was, the Sino-Japanese hostilities were extended to North China in May,

1933. The end of the hostilities was marked by the conclusion of the Tangku Agreement and in order to meet the requirements of the new situation thus brought about, the Executive Yuan of the National Government created a political readjustment committee under the chairmanship of the late Mr. Huang Fu. The relations between the new

Chinese organ in North China and the Japanese side, however, were none too satisfactory. To make matters worse, anti-Japanese terrorisms were frequently committed there by the machinations of the Kuomintang and various secret Chinese societies. The assassination of the presidents of two Chinese newspapers in Tientsin which had connections with the Japanese side, in May, 1935, finally led to the presentation of the Japanese demand for the abolition of the Kuomintang branch in North China and the withdrawal of the Chinese central army from Hopei Province. By way of settling the affair, the so-called Umetsu-Ho Agreement was concluded between the then commander of the Japanese garrison in North China and the Chinese War Minister General Ho Ying-chin who was in charge of the North China branch of the Military Affairs Committee at the time.

Consequently, prospects became brighter and it was loudly advocated that economic cooperation should be established among Japan, Manchoukuo and China. Failing to grasp the real significance of the advocacy, the Chinese side took a non-conciliatory attitude and the North China regime that had been dealing with the Japanese side was suddenly dissolved in August, 1935. In such a manner, the National Government increased its influence in North China and anti-Japanese machinations there were intensified. In the meantime, a movement for autonomy was launched by the Chinese farmers with the result that the East Hopei Anti-Communist Autonomous Government was established under the chairmanship of Mr. Yin Ju-keng within the demilitarized zone as stipulated by the Sino-Japanese truce for North China. Thereupon, the National Government created a Hopei-Chahar Political Council under the chairmanship of General Sung Che-yuan in December of the same year to conform to the new developments.

The situation failed to improve, however, because the Chinese side showed no sign of willingness to realize the necessary economic cooperation among the Japanese, Manchoukuo and Chinese peoples. The non-conciliatory attitude of the National Government towards Japan became more conspicuous after the Sulyuan affair, which occurred during the latter part of 1936, and the Sian affair. The negotiations under way between the Japanese and Chinese authorities for a solution of the Chengtu affair broke down and the anti-Japanese sentiment of the Chinese heighten-

ed throughout China. Under the conditions, the China Incident broke out.

**Lukouchiao Incident** On the night of July 7, 1937, a small group of Japanese soldiers was suddenly fired upon by Chinese troops while engaged in manoeuvres at Lukouchiao on the outskirts of Peking. Negotiations were opened immediately for a settlement of the affair but while the negotiations were still in progress, the Chinese troops at Lungwangmiao and other points again made provocations which led the Japanese forces in North China to commence operations against the Chinese. Lungwangmiao was occupied by the Japanese on July 8th and the Chinese troops at Lukouchiao were disarmed. The negotiations finally resulted in an agreement whereby the Chinese troops withdrew to the bank of the Yungting River. On July 9th, however, the Chinese troops advanced to Lungwangmiao in violation of the agreement, thus aggravating the situation again.

While maintaining a policy for preventing amplification of the affair, the Japanese Government viewed the situation with apprehension and announced on July 11th that reinforcements would be dispatched to North China. Meanwhile, the Chinese central army steadily advanced northwards and firing by the Chinese troops took place at intervals at various points. Under the circumstances, the then commander of the Japanese garrison in North China, General Kazuki, announced on July 20th that resolute actions would be taken to deal with the repeated Chinese provocations.

The first severe fighting after the outbreak of the Lukouchiao affair occurred on July 25th when Japanese forces retaliated against the Chinese troops which had fired upon Japanese soldiers repairing the military telephone line linking Tientsin to Peking, in the neighbourhood of the Langfang station. As a result of the occurrence, the Japanese commander sent an ultimatum to the Chinese authorities, demanding the withdrawal of the 37th division under the Command of General Feng Chih-an of the 29th Army from Peking by noon of July 28th. The Chinese firing at the Kwanganmen gate in Peking further stiffened the attitude of the Japanese military authorities, who finally ordered the air force, artillery and infantry into action with a view to driving away the entire 29th Army.

The situation in Tientsin became disquieting because the 38th division under the command of General Chang Tzu-



chung of the 29th Army concentrated in the neighbourhood of that city. The Japanese garrison enforced special precautions in the city on the night of July 28th when Chinese troops attacked the Japanese. On the following day, the Japanese forces began capturing the Chinese bases of operations in the city and by July 31st had gained complete control. In the meantime, the 37th division evacuated Peking.

On July 29th, the peace preservation corps in Tungchow, the seat of the East-Hopei Anti-Communist Autonomous Government, mutinied and massacred the local Japanese residents including the staff members of the Japanese special service mission there. After the massacre, the mutineers kidnapped Mr. Yin Ju-keng, chairman of the autonomous government, and advanced to the northeast but were soon suppressed by Japanese forces.

Following the escape of General Sung Che-yuan from Peking, peace preservation committees in Peking and Tientsin were inaugurated and Japanese forces entered the walled city of Peking on August 8th, thereby restoring peace and order in the Peking-Tientsin district.

**Around Shanghai** After the Lukou-chiao affair, the anti-Japanese activities in Central and South China increased rapidly under the direction of the National Government with the result that the general Sino-Japanese situation became more and more threatening. The Chinese began establishing military facilities within the Shanghai demilitarized zone, a breach of the Sino-Japanese truce agreement at Shanghai. On August 9th, Lieutenant Oyama and another member of the Japanese Landing Party in Shanghai were assaulted and murdered on the Extension Road of the International Settlement by members of the local Chinese preservation corps. Again on August 13th, Chinese plainclothes agents and regular soldiers fired upon Japanese patrols near the headquarters of the landing party.

Thereupon, the Japanese Government modified its policy of restricting the field of hostilities and resolved upon suppressing the hostile intentions of the Chinese. The resolution was made at a special session of the Cabinet Council on August 14th and was immediately announced in a statement of the Government. The China Incident thus developed in real earnest.

On the same day, units of the Japanese naval air force carried out a

bombardment of the Chinese aviation fields in Hangchow and Kwangte. The air force continued daily raids on the Chinese air bases in Nanking, Nanchang and Soochow for the purpose of crippling the Chinese air force, besides operating in cooperation with the landing party for the control of the Shanghai area. The landing party started bombardment of the Chinese positions near the North Station on August 13th, establishing its defence works in the North Szechwan Road area.

The Imperial Japanese Diet opened a special session on September 4th to deliberate on measures to cope with the situation arising from the outbreak of the Sino-Japanese hostilities. The Imperial Rescript granted on the occasion of the opening of the session expressed regret at the fact that the Empire had been forced to take resolute action to punish the Chinese troops for their outrages and clarified the fact that the operation of the Imperial forces was aimed at the consolidation of peace in East Asia by urging the National Government to reconsider its attitude. An additional budget to finance the military operations and various related bills were presented to the special Diet session and approved.

**Development of North China Fighting** The 37th division of the 29th Army which evacuated the Peking region concentrated along the Peking-Hankow Railway line while the 38th division of the same army withdrew from the neighbourhood of Tientsin to proceed southwards along the Tientsin-Pukow Railway line. About that time, the Chinese troops including units of the Central Army were already rushing warlike preparations in and around Paoting on the Peking-Hankow Railway, Tsangchow on the Tientsin-Pukow Railway and Changchiakow (Kalgan) on the Peking-Suiyuan Railway, obviously with a view to encircling the Peking-Tientsin area. The Japanese forces started counter operations by first advancing from Peking on Nankow to repulse the Chinese troops which had entered the demilitarized area in violation of the Doihara-Chin Agreement.

Nankow, strategic point on the Great Wall, was occupied by the Japanese forces on August 13th. Three days later, the Japanese succeeded in capturing the natural stronghold of Pataling. Prior to this, the Japanese Kwantung Army commenced operations to assist its friends operating within the Great Wall. Units of the army marched from Jehol into Chahar and occu-

pled Changchiakow on August 27th with the result that the entire Chahar Province soon fell into the hands of the Japanese forces. In the meantime, the Inner Mongolian troops started action for the realization of their aspirations of autonomy and commenced operations against the agents of the National Government along the Peking-Suiyuan Railway line with the cooperation of the Japanese forces. Under the conditions, the Japanese forces in the north were divided into two groups, one advancing on Shansi Province and the other marching into Inner Mongolia.

In the Peking-Hankow Railway sector, military operations began making rapid progress on August 15th when the natural stronghold of Fangshan was captured by the Japanese forces. This was soon followed by the Chochow battle. The fall of Chochow into the hands of Japanese forces constituted a signal victory for the Japanese in the North China campaign. On September 24th, Paoting which virtually formed the general headquarters for the Chinese operating along the Peking-Hankow Railway line was taken by the Japanese. On the same day, Tsangchow which was the most important base of operations for the Chinese in the Tientsin-Pukow Railway sector was completely occupied by the Japanese forces.

**Development of the Shanghai Fighting** Japanese troops commenced landing in the neighbourhood of Lotienchen on the lower reaches of the Yangtze River and Woosung at the estuary of the Hwangpoo River on August 23rd to reinforce the Japanese marines who had been fighting against more than 10 times as many Chinese troops since August 13th. The operations then started progressing in steadily enlarged areas. The walled town of Paoshanhsien was captured by a unit of the Japanese forces on September 6th and connections between this unit and those occupying Lotienchen and Yuohpuchen were soon established. The connections between the Japanese units operating against the Chinese holding the "to-chka" (pill-box) positions on the bank of the Hwangpoo River and in the neighbourhood of the Chuking Road and other Japanese units, however, were not established until September 13th on account of the stubborn resistance put up by the Chinese.

The Japanese gradually pressed the Chinese troops back towards the Municipal Government building, and the operations centred around the creeks where the Japanese advance was check-

ed by the stubborn resistance put up by the strongly entrenched Chinese troops. On October 8th, General Iwane Matsui, supreme commander of the Japanese forces in the Shanghai area ordered a general offensive against the Chinese on October 23rd. Two days later, the Chinese troops started retreating, leaving their positions to be occupied by the Japanese who then advanced to Nansiang and the Soochow Creek sector.

On November 5th, large groups of Japanese soldiers landed on the northern bank of Hangchow Bay and immediately advanced on Sungkiang and Chekiang. As a result of this surprise landing, the Chinese carried out a general retreat from the Shanghai area and the city of Shanghai, together with Nantao, completely fell into the hands of the Japanese forces on November 12th.

**Cleaning-up Operations in North China** The Japanese forces operating in the Peking-Hankow Railway sector held a ceremony on entering into the walled town of Paoting on September 25th. On October 8th, Chengting also fell into the hands of the Japanese who launched a general offensive against Shihchia-chwang on October 10th and succeeded in capturing the strategic point the same day. After occupying Shunte, the last important Chinese position in Hopei Province, on October 15th, the Japanese advanced into Honan Province and captured Changte on November 5th.

The Japanese forces operating in the Tientsin-Pukow Railway sector continued their advance, acting in concert with their friends in the Peking-Hankow Railway sector. On October 1st, they advanced to Shantung Province and captured Sangyuan. Their operations were soon extended to the Yellow River sector following the occupation of Techow, Chinese stronghold in the northeastern section of Shantung Province.

The various units of the Kwantung Army operating in the Peking-Suiyuan Railway sector took Tatung, the most important area in North Shansi, on September 13th. They then commenced operating to assist in the attack against Hainkouchen, the natural stronghold which the Chinese troops meant to maintain at all costs as the first line of the defence of Taiyuan. In the face of the vigorous advance of the Japanese forces, however, the Chinese had to begin retreating on November 3rd, leaving numberless dead behind them. In the meantime, a Japanese unit captured Chinghsing, in the colliery



district, on October 13th and continued to attack Niangtzukwan on the border of Shansi Province. Niangtzukwan fell and the Japanese forces advance on Tai-yuan from various directions, finally occupying the provincial capital on November 9th, which marked the accomplishment of the battles in North China and Inner Mongolia.

**Occupation of Nanking & Hangchow** The Japanese forces gained complete control of Greater Shanghai on December 12th when the operations for clearing Nantao of the remnants of the defeated Chinese troops were successfully concluded. The positions of the Chinese on the outskirts of the city fell easily and Chiating and Nansiang were soon taken by the Japanese. The fall of Soochow and Wuhai followed and operations for the capture of Nanking, the then capital of the National Government, were commenced.

On December 2nd, Kiangyin, stronghold on the Yangtze River fell into the hands of the Japanese who then advanced to Chinkiang and Chuyung, occupying the famous aviation field in the latter place on December 5th. In the meantime, those Japanese units which had crossed the Taihu lake after capturing Soochow reached a point about 10 miles southeast of Nanking on December 5th. Another group of Japanese forces which had been marching westwards after the occupation of Kwangte completely occupied Wuhu on December 10th, thus threatening to cut the retreat of the Chinese troops in Nanking. On the same day, the offensive against the walled town of Nanking was launched and the entire capital fell into the hands of the Japanese three days later.

On December 17th, Prince Asaka as well as General Matsui, the then supreme commander of the Japanese forces in Central China, and Admiral Hasegawa, commander of the Japanese squadron operating in Chinese waters, took part in the triumphal entry of the walled town of Nanking. The offensive was launched on December 22nd against Hangchow which the Japanese forces captured without losing a single soldier.

The Chinese sustained enormous losses in the Nanking battle, leaving 53,874 dead behind them when they were routed. The booty taken by the Japanese included 108 heavy guns, 19 field and mountain guns, 79 trench-mortars, 37 anti-aircraft guns, 7 anti-aircraft machine-guns, 19 howitzers, 956 machine-guns, 136 automatic rifles, 9,334 rifles, 115 revolvers, 10 tanks, 6 airplanes, 36

automobiles, 77,850 hand-grenades, 8,216 rounds of ammunition for heavy guns, 1,026 rounds of ammunition for field and mountain guns and 62,572 rounds of ammunition for trench-mortars.

**Hsuechow Battle** The fall of Nanking marked the completion of the first stage of the China Incident. The Chinese troops, made up of 7 divisions of the Kwangsi army, 2 divisions of the Szechwan army and the troops under the command of Generals Yu Hsueh-chung, Pang Ping-hsun and Sung Che-yuan as well as the remnants of General Han Fu-chu's troops, and the Central Army then began to strengthen their positions along the Tientsin-Pukow Railway line and the Lunghai Railway line. The commencement of the Japanese preparations for the Hsuechow battle was marked by the occupation of Pengfou on February 2nd following the capture of Linhuikwan on the previous day.

In the process of the Japanese preparations for the Hsuechow battle, about 6 divisions under the command of General Tang En-po were lured into the eastern section of Shantung Province. Failing to perceive the real intentions of the Japanese forces, the Chinese concentrated as many as 30 divisions in the southern section of Shantung, while conducting with elation the propaganda of victory in the Talerhchwang sector.

A part of the Japanese forces advancing from the south was manoeuvred for the capture of Yencheng in the north-eastern section of the Kiangtung region and also of Founing. They then gained control of Hsuechow. On May 5th, the main body of the forces crossed the Hual River and advanced on Hsuechow by way of Suhsien. On the other hand, the Japanese units advancing northwards from the district west of the Tientsin-Pukow Railway line cut the road leading to the Hsuechow area in Mengcheng, Yungcheng and Haohsien. Continuing, they succeeded in cutting the last important line of Chinese communication, namely, the Lunghai line, in the neighbourhood of Tangshan on May 14th. Simultaneously, the connections between the Japanese forces in Central China and those marching southwards from North China were established. The Japanese units marching southwards from the neighbourhood of Chining in Shantung advanced to the Lanfeng sector by way of Tsaoschow on May 13th, which marked the virtual completion of the Japanese encirclement of the Chinese positions in the Hsuechow area.

The air units of both the Japanese navy and army operated daily for the bombardment of the Chinese positions with the result that the Chinese troops, in spite of their numerical strength, soon became unsteady and dismayed. On May 19th, the Morozumi unit of the Japanese forces succeeded in occupying one corner of the walled town of Hsuechow, which was immediately followed by the penetration into the town by other Japanese units. The Chinese stronghold, the defence of which was characterized by the Chinese boasted Chiang Kai-shek line, thus fell into the hands of the Japanese, and on May 27th, the historic interview between General Count Hisalchi Terauchi, the supreme commander of the Japanese forces in North China, and General Shunroku Hata, the supreme commander of the Japanese forces in Central China who succeeded General Matsui during the early stages of the preparations for the Hsuechow battle, took place in the neighbourhood of the walled town of Hsuechow. On the same day, the Japanese War Minister and Navy Minister were granted an Imperial Message complimenting the forces on their success in capturing Hsuechow.

According to an announcement issued by the army section of the Imperial Headquarters on May 24th, the Chinese troops sustained a total of 240,000 killed and wounded at the least, with some 103,000 dead bodies being left on the battle-field. The Japanese forces captured 96 guns, 270 heavy machine-guns, 86 machine-guns, 2,031 freight cars and 8 armoured trains as well as large quantities of ammunition.

Following the Hsuechow battle, a part of the Japanese forces marched westwards, pressing hard on the fleeing Chinese troops. With the cooperation of the Japanese units crossing the Yellow River from the north, the Yasuda, Nasu and Yokoyama units occupied Lanfeng on May 24th and then captured Kweite on May 27th. The operations for the capture of Kalfeng, the provincial capital of Honan which formed the first line of the defence of the Wuhan area, followed. The general offensive was launched on June 4th and on the following day, the Chinese stronghold was in the hands of the Japanese forces.

The Japanese forces then proceeded to attack Chengchow, junction on the Peking-Hankow Railway and the Lunghai Railway. In the meantime, the Chinese troops breached the embankment of

the Yellow River at more than 10 places in an attempt to check the Japanese advance, with the result that tens of thousands of Chinese homes were flooded. The rapid actions taken by the Japanese forces, however, prevented more serious consequences; the embankment was repaired and the Chinese flood sufferers were rescued and cared for.

**Hankow Battle** Some of the Japanese forces which had occupied Hofei (Luchow) on May 14th started advancing on June 6th in the direction of Anking, the provincial capital of Anhwei, which was taken by a combination of naval, army and air units of the Japanese forces. This was followed by the fall of Hukow and Kluking. On the other hand, a number of Japanese army units captured Taihu on July 26th and then took Susung. Continuing, they crossed the provincial border into Hupei and captured Huangmei on August 2nd. Thus, the Japanese naval, army and air units steadily pressed on the Wuhan area from the north, northeast and east.

In the face of the steady Japanese advance, the National Government transferred its administrative organs from Hankow to Chungking and advised the local inhabitants to seek shelter at safer places, while rushing warlike preparations by strengthening the defence works in the area. The first line of the defence of the Wuhan area extended as far north as Kunghsien, with Hsuechang on the Peking-Hankow Railway line being made the centre. This line was left in charge of General Tang En-po. The second line which had its centre at Sinyang traversed the Peking-Hankow Railway and was committed to the charge of General Sun Lien-chung. The third defence line formed a semi-circle linking Wushengkwang on the Peking-Hankow Railway to the southern bank of the Yangtze River by way of Macheng, east of Hankow, and crack artillery units and mechanized units were posted along it. Two extra lines were established for the protection of the three main lines, one leading from Kushi to the Yangtze River in the south by way of Macheng and the other along the Tapieh mountain range. The northern extra line had its centre at Loyang and was placed under the command of General Cheng Chien while General Li Tsung-jen was appointed commander of the southern extra line with its centre located at Kushi. Still another section of the defence was created at Macheng with General Chang Fa-kuéi appointed commander; this sec-



tion was primarily aimed at preventing Japanese advance from the bank of the Yangtze River.

**Occupation of Canton** When the battle for Hankow was in full swing, a campaign no less spectacular was started in South China by the Japanese Army in cooperation with the Navy. Crack units of the Japanese Army and Navy at dawn, October 12th, 1938, succeeded in making a surprise landing at Bias Bay in South China, and made a swift advance toward Canton. On October 15th they occupied Waichow, and on the 19th reached Tsengshing. At 3:30 October 21st, Japanese tank units entered Canton. General Yu Han-mou and other leaders of the Canton armies had fled from Canton before the Japanese entry, and the remnants of Chinese troops in Canton were routed by the Japanese forces on October 21st, 1938.

**Fall of Hankow** The Wuhan district comprising the three cities of Hankow, Hanyang and Wuchang fell on October 27th, 1938. After breaking through the Chinese positions on the Shih River and Mount Fukinshan, Japanese forces reached the Peking-Hankow railway on October 12th, 1938, thus completing a pincer movement against Hankow. The success of Japanese forces in South China served to confound the Chinese troops in defence of Hankow and all key points fell before the Japanese onslaughts one after another, while General Chiang Kai-shek who had declared to share the fate of Hankow was compelled to flee from the city.

After the fall of Hankow the Japanese forces in North and Central China engaged in clearing the banditry of the Chinese troops in the occupied areas.

**Hainan Campaign** Early in the morning of February 10th, 1939, crack units of the Japanese Army and Navy succeeded in effecting a surprise landing on Hainan Island, and the Island was soon completely occupied by the Japanese forces.

**Activity of the Imperial Navy** The Imperial Japanese Navy has displayed remarkable activity since the early stages of the China Incident, at times operating in close cooperation with army units and at other taking independent action. In the beginning, the navy concentrated its efforts on the prevention of amplification of the incident in line with the policy of the Imperial Government and the withdrawal of Japanese residents from various points in Central and South China where the anti-Japanese sentiment heightened with

developments in North China. The assault and murder of Lieutenant Oyama of the Japanese Landing Party in Shanghai on August 9th, however, brought about a sudden change in the attitude of the navy and on August 13th, the Japanese marines commenced operations against the Chinese troops.

On August 14th, Chinese airplanes carried out a raid on Japanese warships, the headquarters of the Japanese Landing Party, the Japanese Consulate-General and also dropped bombs in the neighbourhood of the Cathay Hotel and other centres of the International Settlement, causing many casualties among civilians. With a view to crippling the Chinese air force, the navy ordered out an air squadron, which crossed the ocean in defiance of a stormy weather, to attack Hangchow and Kwangte. On the following day, the air squadron bombarded Nanchang, Nanking, Shanhsing, Hangchow, Chihsing, Soochow, Chuyang and Yangchow, smashing 100 Chinese planes held ready for action on the ground, shooting down about 50 others in aerial warfare and destroying some Chinese aerodromes.

August 25th witnessed the issuance of a statement by Admiral Hasegawa, commander of the Japanese squadron operating in Chinese waters, announcing the blockade of the China coast from the estuary of the Yangtze River to Swatow. The scope of the blockade was enlarged on September 5th to the entire Chinese coast, except the leased territories of third nations and Tsingtao. The declaration of the enlargement was made jointly by Admiral Hasegawa and Admiral Yoshida, commander of the Japanese naval unit operating in South China.

Prior to this, Japanese warships effected the occupation of Tungsha Island. The naval operations for the stoppage of shipping were conducted in two divisions for some time but were later unified in command. A statement announcing the unification was issued on November 20th in the name of Admiral Hasegawa.

Many Chinese warships have been sunk by the Japanese navy, among them, to October 4th, were the cruisers Pinghai, Haichou, Yingjul and Chaohe, in addition to one cruiser of the 2,500-ton class and the gunboats Yat-sen (Ihsien), Tesheng, Yungsul and Yungsheng, the Chinese naval force thus being practically annihilated.

On May 10th, a Japanese naval unit landed on Amoy Island and, driving out the Chinese troops holding the pill-

box positions, captured the eastern end of the island. The unit carried on its drive against the Chinese, with the co-operation of air corps, until May 11th when the entire island was completely occupied. On the 20th of the same month, another Japanese naval unit attacked Lienyun port, terminus of the Lunghai Railway, occupying the port by effecting a landing in front of the enemy.

The Japanese naval air force sent a squadron of about 30 machines to conduct an aerial bombardment of the Chinese military establishments in Canton and vicinity on May 23th. Daily bombardments followed and the Chinese side appealed to third countries with the assertions that the Japanese air force had been bombing defenceless cities and causing casualties among civilians. The naval section of the Imperial Headquarters, however, contradicted the Chinese assertion by enumerating facts showing that Canton formed an important base of the Japanese military operations.

Under the protection of the navy, the Takahashi and Sato units advanced up the Yangtze River and landed at a point on the lower reaches of Anking on June 12th. The surprise attack forced the Chinese troops to retreat, leaving Anking to be occupied by the Japanese on the same night. Concerted actions of the army, naval and air units of the Japanese forces followed for the clearing of the river of mines and booms as well as for crushing the Chinese troops in their way, and on July 4th

they succeeded in taking Hukow, strategic point on the upper reaches of the Yangtze River. Klukiang was taken on July 26th, and Hankow was now menaced.

**Chungking Attacked** The Japanese naval air forces made successful raids on Chungking, seat of the Nationalist Government on May 3rd and 4th, and similar raids have been repeated in following months.

**Summary of Japanese Military Gains and Losses** On May 29, 1939, the Army section of the Imperial Headquarters made public the results of the Sino-Japanese hostilities from the outbreak of the China Affair in July, 1937, to the end of April, 1939.

The total area under Japanese occupation in China comprises the seven provinces of Chahar, Suiyuan, Hopeh, Shantung, Shansi, Kiangsu and Anhwei in their entirety, the greater part of Honan Province, wide areas in the four provinces of Chekiang, Kiangsi, Hupeh and Kwangtung and all of Hainan Island.

The Japanese occupied region in China covers an area of 1,562,938 square kilometres, about two-and-half times as large as Japan, the area of which is 675,365 square kilometres.

The proportion of the Japanese occupied area to China Proper, which has an area of 3,157,346 square kilometres, is 50 to 100, while the percentage of the Japanese occupied area to continental China (including the outlying provinces), which has an area of 10,059,877 square kilometres, is 16 to 100.

#### COMPARATIVE SINO-JAPANESE LOSSES

(Compiled at the end of April, 1939)

Fronts	Campaigns	Sectors	Period	Chinese Losses Bodies abandoned on battlefields	Japanese Losses Killed
(From July, 1937, until November, 1938)					
North China	Haichow Campaign & Clean-up Campaign	Haichow Sector and Other Ports of North China	From December, 1938 to April, 1939	823,296	47,133
Central China	Nanchang Campaign	Wuning and Nanchang Sector	March 19 to March 31	73,200	12,865
	Lushan Campaign	Lushan Mountains	April 17 to April 24	12,300	
	Anlu Campaign & Clean-up Campaign in Other Parts of Central China	Yingcheng and Anlu Sector and Other Places	December, 1938 to April, 1939	920 17,822	
South China,	Hainan Campaign, Others	Hainan Island & Other Places in South China	December, 1938 to April, 1939	8,807	
Total				113,049	



The total losses from the outbreak of the China Affair up to April, 1939, were 936,345 Chinese soldiers killed and left on the battlefield as against 59,998 Japanese killed.

N.B. The results of the Japanese clean-up campaigns in various parts of China

have not yet been fully reported. The above list, therefore, is incomplete. Conservative estimates of total Chinese casualties during the period under review may be placed at 2,300,000, including 936,345 bodies actually counted on the battlefields.

#### ARMS AND WAR MATERIALS CAPTURED BY THE JAPANESE UP TO THE END OF APRIL, 1939

	(From the Outbreak of the China Affair, July, 1937 to November, 1938)	(From Decem- ber, 1938 to April, 1939)	Total
Rifles	208,017	7,556	215,573
Light Machine-guns	7,982	378	8,360
Heavy Machine-guns	3,222	124	3,346
Revolvers	730	285	1,015
Trench-Mortars	1,211	26	1,237
Field, Cavalry and Mountain Guns, including 15 Centimetre Heavy Guns	686	129	815
Heavy Guns	330	3	333
Infantry Guns	108	—	108
Anti-aircraft Guns	99	—	99
Anti-tank Guns	198	10	208
Grenade Throwers	27	4	31
Bayonets	5,652	184	5,836
Spears	605	107	712
Swords	12,104	81	12,185
Hand Grenades	2,304,039	17,502	2,321,541
Gun shells	817,921	1,873	819,794
Rifle ammunition	13,596,192 rounds	461,542	14,057,734 rounds
Dumdum Bullets	20,000	3,200	23,200
Trench-Mortar Shells	1,718,173	248	1,718,421
Poison-gas Bombs	4 cases	—	4 cases
Revolver Cartridges	37,170 rounds	—	37,170 rounds
Grenades	6,027	—	6,027
Lead Bullets	7,000	—	7,000
Bombs	9	—	9
Mines	152	—	152
Mechanical Mines	60	—	60
Gas Masks	4,430	5	4,435
Tanks, Armoured Cars, Motorcars and Motor-lorries	561	66	627
Aeroplanes	3	—	3
Locomotives	89	—	89
Passenger Carriages and Waggon	2,219	—	2,219
Searchlights	2	—	2
Armoured Trains	8	—	8
Wireless Sets	17	18	35
Telephones	—	8	8
Gunboats	—	1	1
Junks	30	86	116
Steam launches	—	2	2
Bicycles	—	26	26
Bridge-building Materials	For Use by Two Companies	—	For Use by Two Companies
Gasoline	4,000 tins	—	4,000 tins
Horses	1,743	444	2,187

#### RESULTS OF MAJOR AIR COMBATS

N.B. The above list is based on the exact figures which appeared in the reports received from the front; all intangible designations, such as "large quantities," are excluded from the list. The amount of ammunition captured by Japanese forces, therefore, may be considerably larger than that shown in the above list. Large quantities of medical supplies, carts, waggon, clothing and provisions, including rice and tobacco also have been captured from the Chi-

nese armies, but this list is concerned only with major items of arms and ammunition. The gun shells mentioned above comprise all sorts of shells, including all heavy gun missiles, except those used for trench-mortars.

Naval Achievements Achievements of the Japanese Naval Air Force in China, as announced by the Navy section of the Imperial Headquarters on November 9, 1938, are tabulated below.

#### RESULTS OF MAJOR AIR COMBATS

Date	Places	Number of Planes Shot Down		Destroyed on the Ground		Total
		con- firmed	uncon- firmed	con- firmed	uncon- firmed	
July 4	Nanchang	37	8	9	0	54
July 15	Nanchang	0	0	15	0	15
July 16	Hankow	10	0	3	0	13
July 17 & 18	Nanchang	8	0	19	0	27
July 19	Hankow	1	0	13	5	19
August 3	Hankow	27	5	7	0	39
August 6	Hankow	0	0	8	7	15
August 18	Hengyang	14	2	9	3	28
August 30	Nanyung	17	3	0	3	23
September 28	Yunnanfu	7	0	14	0	21
October 4	Liangshan	7	0	9	0	16
October 22	Liangshan	5	0	8	0	13

#### COMPARATIVE SINO-JAPANESE LOSSES OF AEROPLANES

Date	Shot Down			Destroyed on the Ground			Total	Japanese Total
	con- firmed	uncon- firmed	Total	con- firmed	uncon- firmed	Total		
Up to end of June	439	59	498	459	57	516	1,013	88
Up to end of July	76	12	88	78	15	93	181	5
Up to end of August	66	13	82	26	13	39	121	6
Up to end of September	13	0	13	29	8	37	50	6
Up to end of October	13	1	14	27	8	35	49	6
Grand Total	610	85	695	619	601	1,220	1,415	111

Operations by Japanese naval planes during the month of November, 1938 were extensive. Bombing expeditions were conducted in the provinces of Kiangsi, Hupeh, Szechuan, Hunan and Kwantung. The air field and military establishments at Ichang in Hupeh Province were bombed many times, while repeated visits were paid to Nanning in Kiangsi Province, Chungking, Liangshan and Chengtu in Szechuan Province, Hengyang in Hunan Province and various points along the Chekiang-Kiangsi and Canton-Hankow Railways. Chinese troop concentrations at Mienyang, 100 kilometres southwest of Hankow, were also attacked.

In Central China, the Japanese naval

force continued its drive up the Yangtze during November, sweeping mines and removing booms. After re-opening the waterway at Shuikow, the naval force reached Sangchilashih, 12 miles above Yaowan, on November 5th. Paotachow was reached the following day.

Naval Achievements The Navy section of the Imperial Headquarters on May 31, 1939 announced the results of the Japanese naval operations between January 1st and May 31st, including the losses inflicted on the Chinese air force and the number of mines discovered and disposed of by the Japanese fleet.

(1) Chinese Losses in Aeroplanes: During the period under review, the Chinese air force lost 58 planes, includ-



ing eight which were not confirmed, bringing the total of Chinese losses since the outbreak of the current Affair to 1,561 planes, including 218, which have not yet been confirmed. The Japanese naval air force lost three planes in the period under review, making a total of 116 lost since the beginning of the China Affair.

(2) Chinese Mines Discovered and Disposed of: The Japanese fleet discovered

and disposed of 536 mines in the Yangtze River, bringing the total number of mines discovered and disposed of since the outbreak of the Affair to 2,848, while 237 mines were discovered and disposed of in the Pearl River, making a total of 654 since the beginning of the hostilities. The grand total of mines discovered and disposed of since the inception of the China Affair is placed at 3,502.

### Emergence of New Regimes

#### Provisional Government of the Chinese Republic

Along with the amplification of the Lukouchiao affair of July 7th, which finally developed into the China Affair, the Hopei-Chahar Political Council ceased to function, with the result that a state of anarchy began to prevail in North China. In order to cope with the situation, peace preservation committees were organized within the various areas occupied by the Japanese troops but as they could work only for the maintenance of peace and order in their respective localities, it was strongly urged that a new regime should be established to take charge of the administration of North China as a whole. Accordingly, the Provisional Government of the Chinese Republic was inaugurated at Peking on December 14, 1937, one day after the fall of Nanking, the capital of the National Government.

The Provisional Government is composed of three committees, namely, the Deliberative Committee, the Administrative Committee and the Judicial Committee. The general principles of the official organization of these organs are as follows:

#### 1. Deliberative Committee:

Article 1—The deliberative committee shall be the highest deliberative organ of the Provisional Government.

Article 2—The committee shall have one chairman, five standing members and a number of members.

Article 3—The matters for deliberation shall include (1) administrative policy, (2) legislative bills, (3) budget estimates and settled accounts, (4) appointment of officials of Chienjen rank, (5) declaration of war, negotiation for peace and the conclusion of treaties and (6) other matters which are recognized as requiring the consideration of the said committee.

Article 4—The regulations governing the proceedings of the deliberative committee shall be determined separately.

Article 5—The committee shall have a secretariat.

#### 2. Administrative Committee:

Article 1—The administrative committee shall be the highest administrative organ of the Provisional Government.

Article 2—The committee shall have one chairman and five members.

Article 3—The matters for consideration of the administrative committee shall include (1) legislative bills to be presented to the deliberative committee, (2) budget estimates and settled accounts to be presented to the deliberative committee, (3) bills to be presented to the deliberative committee concerning declaration on war, negotiation for peace and the conclusion of treaties, (4) amnesties, mitigation of penalties and reinstatements, (5) matters concerning the powers of the organs under its jurisdiction and (6) other matters which are recognized as requiring the consideration of the said committee.

Article 4—The regulations governing the proceedings of the administrative committee shall be determined separately.

Article 5—The administrative committee shall have a secretariat and seven departments, namely, the administrative department, the department of the interior, the department of public peace, the department of education, the department of justice, the department of economics and the department of industry.

Article 6—The administrative committee may engage the service of advisers or counsellors with a view to achieving the best results in administration.

Article 7—The administrative committee may have investigators to inspect conditions of the administration of the various localities.

Article 8—The administrative committee may have auditors to audit budget accounts. The regulations governing auditing shall be determined separately.

#### 3. Judicial Committee:

Article 1—The judicial committee shall be the highest judicial organ of the Provisional Government.

Article 2—The committee shall have one chairman and five members.

Article 3—The matters for the consideration of the judicial committee shall include (1) unification of the interpretation of laws and ordinances, (2) the change of judicial precedents, (3) such matters to be referred to the deliberative committee as are within its jurisdiction, (4) appointment and dismissal of officials of Chienjen rank of the organs under its jurisdiction and (5) other matters which are recognized as requiring consideration of the committee.

Article 4—The regulations governing

#### 1. Deliberative Committee:

Chairman: Tang Erh-ho

Standing Members: Wang Ko-min, Chu Shen, Tung Kang, Wang I-tang, Chiang Chao-tsung, Kao Ling-wel, Chi Hsieh-yuan.

#### 2. Administrative Committee:

Chairman: Wang Ko-min

Members: (Director of Administrative Department) Wang Ko-min  
(Director of Department of Interior)  
(Director of Public Peace Department) Chi Hsieh-yuan  
(Director of Department of Education) Tang Erh-ho  
(Director of Legislative Department) Chu Shen  
(Director of Relief Department) Wang I-tang  
(Assistant Director of Relief Department) Yao Kuo  
(Director of Department of Industry) Wang Yin-tai  
(Director of Central Construction Office) Yin Tung  
(Assistant Director of Central Construction Office) Li Hsuan-wel

#### 3. Judicial Committee: Chairman, Tung Kang

#### 4. Important Local Officials:

Kao Ling-wel (Governor of Hopei), Su Ti-jen (Governor of Shansi), Ma Liang (Governor of Shantung), Hsiao Jui-chen (Acting-Governor of Honan).

**Amalgamation of the East-Hopei Government.** The East-Hopei Anti-Communist Autonomous Government issued a statement at the time of the inauguration of the Provisional Government of the Chinese Republic, announcing that it would be willing to dissolve itself in appreciation of the fact that the policy of the new regime and its own proved to be one and the same, and would begin immediately to prepare for the dissolution. By way of putting the finishing touches to the preparations, Mr. Chih Tsung-mo, chief administrator of the East-Hopei Government, held an interview with Mr. Wang Ko-min, chairman of the administrative committee of the Provisional Government, on January 30th, when an agreement was reached between them to merge the East-Hopei into the Provisional Government on February 1st. Official notes embodying the agreement were exchanged

the proceedings of the judicial committee shall be determined separately.

Article 5—The judicial committee shall have a secretariat, a supreme court, a court of administrative litigation and a committee on the disciplining of officials.

The Provisional Government announced the structures of its various organs under date of January 1, 1938. Three days later, it issued a decree that the old laws and ordinances would be applied for the time being so long as their provisions did not run counter to the purport of the manifesto issued by the Provisional Government.

Following is a list of the important staff members of the Provisional Government:

ed between them and their contents were published the same day.

Under date of April 6th, the Provisional Government promulgated a set of regulations prohibiting crimes against the lives and property of individuals and the welfare and order of the community under the penalty of death. The legislation was intended for coping with the transition period, being prescribed to remain in force for three years only.

**Education.** On March 25th, the Provisional Government decided the fundamental policy towards education and on the following day, instructions based on the policy were issued to the various educational institutions in the name of Education Minister Tang Erh-ho. The principal points of the instructions were as follows:

1. In the past, the educational policy as followed by the National Govern-



ment was to enhance the authority of the Kuomintang and stimulate antagonism against Japan. It is this policy that has led to the present incident. A strict control is, therefore, required in order to stop such pro-Kuomintang and anti-Japanese education in the future.

2. In the rehabilitation of schools, attention shall be paid in the first place to primary schools and later extended to secondary and higher schools. For the establishment of schools, permission of the Provisional Government shall be obtained and instructions of the Department of Education shall be sought.

3. In consideration of the fact that education is capable of making a great contribution towards the betterment of living, close relations with actual life should be maintained in enforcing this educational policy. In education at primary schools due attention shall be paid to the requirements of living as well as to hygiene.

4. Secondary schools shall, as a rule, be divided into two categories, one for male students and the other for female students. Otherwise they shall have separate classes for males and females. Until women's higher professional schools and women's universities are established, however, the general higher professional schools and universities may admit female students to study together with male students.

5. In the education of females, due considerations shall be given to their primary missions, both in society and the home, as distinct from those of males. Special stress shall be laid upon character building in their education.

6. All those schools managed by foreigners shall be properly controlled and directed so that they may follow the educational policy of the Provisional Government.

7. With reference to physical training in primary and secondary schools, the materials for instruction shall be arranged with due consideration to national arts as well as exercises.

8. Boy scouts shall be organized with a view to training in collective action and public service. Separate groups shall, as a rule, be formed for each town or village.

9. Teachers at primary and secondary schools shall be trained anew so that their mistaken conceptions, as manifested in the past, may be rectified.

**Friendly Policy Towards Japan** In response to the statement of the Japanese Government issued on January 18th announcing that no diplomatic dealings would be conducted with the

Chiang Kai-shek regime in the future, the Provisional Government at Peking announced its determination to work for the relief of the masses of people suffering from the ravages of war and for the prevention of the spread of Communism with the co-operation of Japan. The Provisional Government made the announcement on January 27th by issuing a lengthy statement in which it enumerated various salient facts showing the blunders committed by the Kuomintang and the Chiang Kai-shek regime and in which it voiced its appreciation of the readiness of the Japanese Government to adjust its diplomatic relations with China by dealing with the Provisional Government. In the statement, the Provisional Government pledged itself to work for the reconstruction of the country, and thereby contribute towards the consolidation of peace in the Orient with the co-operation of the Japanese nation.

With a view to the protection of the Chinese residents in Japan as well as facilitating the conduct of dealings with the Japanese Government, the Provisional Government decided to create a branch office in Tokyo. The decision was carried out on April 10th when the Tokyo branch was inaugurated.

For the purpose of extending respect to the Japanese Government and people and at the same time holding important conversations with the leaders of the Japanese Government, Mr. Wang Ko-min, chairman of the administrative committee of the Provisional Government, arrived in Tokyo on May 1st, flying from Shanghai the same day. Upon arrival Mr. Wang issued a statement through the Japanese Foreign Office, which read in substance as follows:

"The distance between Japan and China has been so shortened that either may be reached from the other in a day, but it is a matter of regret that diplomatic relations between the two nations have been characterized by frequent untoward events culminating in the present unprecedented situation. Whether in power or out of it, I have been making efforts for the collaboration between the Japanese and Chinese peoples. Particularly, I have done my bit at one time as member of the Hopel-Chahar Political Council and at another time as member of the Political Readjustment Committee in North China after the influence of the Kuomintang was extended to that sector of the Chinese Republic. In connection with the present incident, it must be noted

that I urged peace from the very beginning. When the statesmen of the National Government plunged the people into distress, I found it difficult to remain indifferent and accordingly organized the Provisional Government of the Chinese Republic in Peking in co-operation with my kindred spirits with a view to the restoration of the situation to normalcy and the stabilization of the living of the people.

"I am happy to say that the organization of the Provisional Government has been perfected and the fundamental principles concerning a merger with the Renovation Government have also been decided. This time I have come to Japan with the object of thanking the Government and people of the country for the great assistance they extended to us in the formation of the Provisional Government. Stabilization of the situation in China is, in my opinion, a prerequisite for tranquillity in East Asia and it is essential that the Japanese and Chinese peoples should maintain close relations and supply each other's needs in the interest of East Asian peace. It is my earnest hope that the Government and people of Japan will continue to render great assistance to the Provisional Government in the future from the standpoint of the general situation in East Asia."

**North China Customs** The Provisional Government took over, on December 16th, 1937, the Maritime Customs in North China which had been under the control of the National Government. On the same day, Mr. Wang Ko-min, chairman of the administrative committee of the Provisional Government, issued the following statement:

"The present Government, which was established on December 14th on the basis of the collective will of the masses of the people, considers the administration of the Customs is important not only from the financial viewpoint but also from the vital and delicate relations it has with commerce and industry. It is impossible for the present Government to neglect any item of administrative affairs in order to promote the real happiness and welfare of the people, and any part of the organization of the old regime, which was engrossed in causing international political troubles through its pro-Communist and anti-Japanese policy in disregard of the stabilization of the living of the people, should be replaced. It is advised, therefore, the Maritime Customs inspectors at Tientsin and Chinwangtao to submit to the direction and control of

the present Government. Both the Customs inspectors and their subordinates were willing to accept the advice in appreciation of the situation and accordingly the present Government has taken over the two Customs peacefully. With reference to the obligations secured by the Customs revenue, the present Government will dispose of the share in a fair and adequate manner."

Soon after its inauguration, the Provisional Government created a tariff readjustment committee to study a concrete plan for revising the Customs tariff in conformity with the changed situation. As a result of the function of the committee, a public notice was issued on January 21st and put in operation the following day. The notice follows:

"The Customs revenue forms an important item of the income of the state; it not only occupies a leading position in the finances of the country but also is intimately related to the commerce and industry of the nation. In consideration of this fact, the Government has decided to effect a tariff readjustment with a view to securing the Customs revenue and guaranteeing the various creditor nations' claims concerned. The readjustment will be carried out generally in accordance with the determination of the Customs authorities. On the basis of the already-established policy of the Government, however, the following revision will be effected:

1. Manchoukuo and the Kwantung Leased Territory shall be regarded as foreign lands and a Customs duty shall be imposed on the goods imported therefrom and the goods exported thereto.

2. A revision of the tariff regulations shall be effected to meet the minimum requirements of the stabilization of the living of the people in general and the revised regulations shall be enforced as from January 22nd of the 27th Year of the Chinese Republic (1938).

3. The present surtax on the Customs duty shall be abolished immediately and instead a relief surtax corresponding to 5 per cent of the total amount shall be levied for the relief of areas affected by calamities."

With reference to the tariff revision, the authorities of the Provisional Government issued an informal statement which read in substance as follows:

"The present tariff revision is the result of one month's careful deliberation of the tariff readjustment committee. In connection with import duties,



reductions and exemptions were made in regard to the minimum number of items prerequisite for the rehabilitation of the devastated areas and the relief of suffering people. With reference to export duties, adequate reductions and exemptions were made in conformity with the requirements of the industrial reconstruction of the devastated areas. In short, the tariff revision was effected from the standpoint of relieving the suffering masses and no discrimination was made against any foreign country.

"Mention must be made here of the fact that the specific trade tariff in East Hopei has now been discontinued and henceforward the revised tariff regulations will be applied to East Hopei, also. Thus, the trade situation will become stable and dishonest dealings and evasions of Customs duty will be vigorous-

ly suppressed.

**Federal Reserve Bank of China** With the object of promoting the industrial development of the country and the economic advance of the nation, the Provisional Government decided on January 7th to establish a Federal Reserve Bank of China, besides commencing efforts to unify the monetary system. On February 6th, the regulations governing the organization of the Federal Reserve Bank of China were promulgated and in accordance with the regulations, representatives of eight Chinese banks participating in the new institution and those of the interested Japanese quarters assembled to hold the inaugural general meeting of the new organ.

The following is a list of the leaders of the Federal Reserve Bank of China:

President and Vice-President, Wang Shih-ching  
Adviser, Kichii Sakatani

Directors: Pan Pai-mei (Manager of the Bank of China)  
Hsu Pai-yuan (Manager of the Bank of Communications)  
Wang I-ling (Manager of the Kinchong Banking Corporation)  
Hsu Han-ching (Manager of the Continental Bank)  
Hsia Yun-sheng (Manager of the Bank of East Hopei)  
Li Hsuan-wei (Director of the General Affairs Bureau of the Administrative Department)

Auditors: Yueh Chien-fu (Manager of the Yien-yieh Commercial Bank)  
Wang Meng-chui (Manager of the China and South Seas Bank)  
Hsiung Meng-chu (Director of the Financial Bureau of the Administrative Department)

The Federal Reserve Bank of China commenced its business on March 10th when new currencies were issued for circulation in North China. The Provisional Government issued a statement in which it announced, among other things, that the Federal Reserve Bank of China had concluded a contract with the Japanese Banking Syndicate for a credit amounting to \$100,000,000. The Provisional Government also promulgated a set of regulations concerning the adjustment of old currencies as follows:

Article 1—The bank-notes and coins issued by the Federal Reserve Bank of China shall be the national currency and all payments shall be made therewith. However, the old bank-notes hitherto in circulation shall be recognized as being current in so far as they conform to the provisions of the present regulations.

Article 2—The bank-notes of the Bank of China and the Bank of Communications as well as those issued by the Hopei Provincial Bank and the Bank of East Hopei may remain in circulation for one full year only from the

date of the enforcement of the present regulations.

The bank-notes as mentioned in the foregoing paragraph shall be current at the rate of one yuan per one yuan of the national currency for the time being.

Article 3—The bank-notes of the Central Bank of China and those bank-notes of the Bank of China and the Bank of Communications which bear place names other than Tientsin, Taing-tao and Shantung may remain in circulation for three months only from the date of the enforcement of the present regulations.

The bank-notes as mentioned in the foregoing paragraph shall pass current at the rate of one yuan per one yuan of the national currency for the time being.

Article 4—Those bank-notes hitherto in circulation which are not mentioned in Article 2 and 3 shall be allowed to pass current for three months only on the basis of the provisions of the foregoing article. However, the treasury-notes issued by the Min Sheng Bank

of Shantung and the bank-notes of the Shansi Provincial Bank, the Shansi-Suiyuan Local Railways Bank, the West Suiyuan Development Bank and the North Shansi Salt Industrial Bank shall be dealt with in accordance with separate regulations.

Article 5—Small notes and coins of less than one yuan shall be handled according to separate regulations.

Article 6—Those banks issuing bank-notes as mentioned in Article 2, Article 3 and Article 4 shall recover their bank-notes in accordance with orders issued by the Government.

Article 7—All payments to the Government including those of taxes and public levies shall be made with the national currency. For the time being, however, the Government shall specify the kind of payments whereof the present regulations are applicable and the government offices which shall accept such payments.

#### Supplementary Rule

The present regulations shall be enforced as from the day of their promulgation.

Simultaneously, the Provisional Government promulgated a set of regulations for control of such actions likely to disturb financial conditions as are enumerated hereunder:

1. The taking out of silver without the permission of the Government.

2. Dealing in paper currency and exchange for speculative purposes.

3. Circulation of wild rumours about financial matters.

4. Other attempts at disturbance in financial circles.

**Sino-Japanese Economic Council** Negotiations between the authorities of the Japanese Government and those of the Provisional Government resulted in an agreement to create a Sino-Japanese Economic Council to function as the highest directing organ for the economic development of North China through Sino-Japanese collaboration. Mr. Wang Ko-min, representing the Provisional Government, and the representative of the supreme commander of the Japanese forces in North China met together in Peking on March 26th to sign a memorandum providing for the organization and operation of the council. Immediately after the signing, a joint statement was issued by the headquarters of the Japanese forces and the Provisional Government, which explained the purpose of the new organ. The statement also stated that the economic council was to be composed of 10 members equally divided between the Japa-

nese and the Chinese and that the chairmanship was to be assumed by the chairman of the administrative committee of the Provisional Government while the vice-chairman was to be selected from among the Japanese members of the body.

The economic council was so organized as to have five sections, namely, the banking section, the financial section, the commercial section, the mining and industrial section and the agricultural section. It was indicated that the economic development of North China under the direction of the economic council would be generally divided into two stages. In the first stage, efforts would be concentrated on assisting in the accomplishment of the industrial programmes of Japan and Manchoukuo, thus laying the foundation of the economic co-operative body of Japan, Manchoukuo and China. Positive efforts for the promotion of the development of North China would be made in the second stage. The principal points follow:

1. To make efforts in the first stage to promote the exploitation of the Tantung and Kanlan coal mines with a view to feeding the heavy industries of Japan and Manchoukuo.

2. To work, along with the aforementioned efforts, for the improvement and perfection of the railway and shipping facilities in North China by way of providing for the positive development of North China in the second stage.

3. To endeavour, at the same time, to promote the production of salt at Changlu with a view to increasing the supply of industrial salt needed by the soda industry, staple fibre industry and glass industry of Japan.

4. To work, also, in the first stage, for the rehabilitation of the agricultural districts through the distribution of seeds and guidance in the improvement of crops as well as the adjustment and increase of financial facilities in order to facilitate the positive development of North China in the second stage.

**Organization of the Hsin Min Hui** With the object of co-operating in the execution of the policy of the Provisional Government, the Hsin Min Hui was inaugurated in Peking on December 24th. After the inaugural meeting, which was attended by many notables including Mr. Wang Ko-min, chairman of the administrative committee of the Provisional Government, a manifesto was issued clarifying the aim of the new body and announcing that deter-



mined efforts would be made to combat Communism.

After perfecting its central and local organizations, the Hsin Min Hui launched its vigorous new people's movement aiming principally at the political training of the masses and the promotion of agricultural co-operative societies. In the promotion of agricultural co-operative societies, the association stresses respect for the traditional self-governing systems of the agricultural villages and pays special attention to the creation of experimental co-operative zones, besides the training of technical instructors of co-operative societies.

#### Renovation Government of the Chinese Republic

Along with the progress of the Japanese military operations in Central China, the plan of the Chinese leaders in Shanghai for the establishment of a new regime materialized and the Renovation Government of the Chinese Republic was inaugurated with solemn ceremony at Nanking, the old capital of the Kuomintang administration, on March 28th. Upon its inauguration, the Renovation Government announced a 10-point platform as follows:

1. To enforce a constitutional system providing for three powers standing independent of one another and doing away with the autocratic rule by one party.

2. To exert the utmost efforts for the prevention of the spread of Communism in East Asia, thereby consolidating the foundation of the state and eliminating the source of troubles.

3. To base diplomacy on the principle of equality and make its aim the furtherance of national prestige, promoting Oriental peace in conformity with the conditions of the world and securing permanent friendships with treaty nations.

4. To have the inhabitants of the various areas affected by the military operations return home and cause them to go about their respective business as before, and create peace preservation corps, even in those areas which have not been affected by the military operations, so as to terminate banditry.

5. To place the relief of unemployment, the exploitation of natural resources, the promotion of industry and the improvement of agricultural crops under the direction of the state, inviting foreign capital and realizing a close co-operation with friendly nations for the purposes.

6. To promote the development on a

sound basis of the various commercial, industrial and banking enterprises with a view to increasing the wealth of the nation.

7. To foster a people of profound wisdom and strong constitution by adding the essence of modern science to the traditional moral principles and culture of the Chinese Republic and rectifying the previous radical education and superficial knowledge.

8. To work for balancing the budget by curtailing expenses while lessening the burden on the people by abolishing all bad taxes.

9. To adopt the merit system so that men of talent and learning may render efficient services to the country and respect the freedom of speech so that the people may criticize the government at any time.

10. To enforce strict official discipline by severely punishing breaches of discipline and reforming the administrative structure.

With reference to relations with foreign Powers, the Renovation Government issued a statement announcing that the legitimate rights and interests of the Powers would be respected according to the principles of international law and international usage but that the new regime would not recognize any treaty which a foreign Power might conclude with the Kuomintang administration after the inauguration of the Renovation Government.

The general principles of the official organization of the Renovation Government are given below:

Article 1—The Renovation Government of the Chinese Republic shall exercise governing powers in the Chinese Republic.

Article 2—The Renovation Government of the Chinese Republic shall be composed of the following three yuan:

1. Executive Yuan.
2. Legislative Yuan.
3. Judicial Yuan.

Article 3—The Executive Yuan, Legislative Yuan and Judicial Yuan shall each have one president and one vice-president.

Article 4—The Executive Yuan shall be the highest administrative organ of the Renovation Government of the Chinese Republic.

Article 5—The Executive Yuan shall be composed of the various departments as enumerated hereunder:

1. Foreign Affairs.
2. Interior.
3. Pacification.

4. Finance.
5. Education.
6. Industry.
7. Communications.

The departments may be merged, increased or decreased according to the conditions of state affairs.

Article 6—The Executive Yuan shall have the following sections:

1. Secretariat.
2. Board of Decorations.
3. Board of Examination.
4. Board of Statistics.
5. Board of Ceremonies.
6. Currency Board.
7. Board of Affairs Concerning Chinese Residents Abroad.

Article 7—The Executive Yuan shall have a deliberative committee which, having three standing members, shall meet in session when required by state affairs. The presidents and vice-presidents of the Executive Yuan, Legislative Yuan and Judicial Yuan and the heads of the various departments of the Executive Yuan shall be ex-officio mem-

bers of the said committee. The official organization of the committee shall be determined separately.

Article 8—The Legislative Yuan shall, until the inauguration of the national assembly, take charge of the deliberation on the legislative bills, budget estimates and matters concerning amnesty, declaration of war and negotiation for peace.

Article 9—The Legislative Yuan shall have a legislative committee of from 40 to 60 members and meetings of the committee shall be presided over by the president of the Legislative Yuan.

Article 10—The Judicial Yuan shall be the highest judicial organ of the Renovation Government of the Chinese Republic and shall have a department of Judicial administration while judicial affairs concerning administration shall be handled at an administrative litigation court.

Article 11—The present general principles shall be enforced as from the day of their promulgation.

The following is a list of the important staff members of the Renovation Government:

President of Executive Yuan,  
Foreign Minister,  
Foreign Vice-Minister,  
Home Minister,  
Home Vice-Minister,  
Acting Pacification Minister,  
Pacification Vice-Minister,  
Finance Minister,  
Finance Vice-Minister,  
Education Minister,  
Education Vice-Minister,  
Communications Minister,  
Communications Vice-Minister,

" Minister of Industry, "  
Vice-Minister of Industry,  
Director of Department of Judicial Administration,  
President of Legislative Yuan,  
Governor of Kiangsu,  
Governor of Anhwei,  
Governor of Chekiang,

Hua Chung Iron Mining Kungssu The first joint Sino-Japanese concern to be formed under the Renovation Government of the Chinese Republic was the Hua Chung Iron Mining Kungssu (corporation) which was inaugurated in Shanghai on April 8th. The inaugural meeting was attended by many notables including Mr. Wang Tzu-hui, Industry Minister of the Renovation Government, and Major-General Harada of

Liang Hung-chih  
Chen Lu  
Lien Yu  
Chen Chun  
Hsia Chi-feng  
Jen Yuan-tao  
Jen Yuan-tao  
Chen Chin-tao  
Yen Chia-shih  
Chen Tse-min  
Ku Fa-jan  
Chiang Hung-chieh  
Jen Fu-pang  
Hu Nai-tai  
Wang Tzu-hui  
Shen Neng-yi  
Hsu Hsiu-chih  
Wen Tsung-yao  
Chen Tse-min  
Yi Tao-liang  
Wang Jui-kai

Japan.

Taking Over of the Shanghai Customs Negotiations were commenced between Sir Robert Craigie, the British Ambassador to Japan, and Mr. Horinouchi, the Japanese Foreign Vice-Minister, in February concerning the question of the Shanghai Customs. The final agreement between them on the matter was reached on May 2nd and on the following day, the Japanese Government publish-



ed the progress of the negotiations and the contents of the agreement. According to the agreement, Mr. Li Chien-nan, superintendent of the Shanghai Customs, forwarded a note to Mr. Rawford, Commissioner of the Shanghai Customs, containing the following four points:

1. Foreign loans, the Boxer Indemnity and all other payments shall be in accordance with the arrangements made between Japan and Great Britain.

2. The remainder existing after the expenses of the Shanghai Customs, the security for foreign loans and the Boxer Indemnity have been paid shall be disposed of according to the order of the Renovation Government.

3. Matters concerning the Customs tariff and Customs regulations and questions between China and Japan shall be in accordance with the order of the Renovation Government.

4. The five-coloured flag which is designated as the national flag by the Renovation Government shall be raised atop of the Shanghai Customs building.

Commissioner Rawford approved of the note and the Shanghai Customs were peacefully taken over by the Renovation Government.

**Revision of Customs Regulations** While the Provisional Government in Peking effected a revision of the Customs tariff affecting 254 items on January 22nd after taking over the North China Customs, the situation brought about by the emergence of the Renovation Government in Central China rendered it necessary for the two governments to unify their tariff policies in consideration of relations with the various Powers. Accordingly, negotiations were opened between the authorities of the two governments, who agreed that the Customs system should be fundamentally reformed so as to conform to the changed situation. The revised tariff based on the agreement was announced on May 31st and enforced as from June 1st. In effecting the revision, the Provisional Government and the Renovation Government issued the following joint decree:

Article 1—A revision of the regulations governing import duties of the 27th year of the Chinese Republic (1938) is hereby promulgated and the same revision shall be enforced as from June 1st of the 27th year of the Chinese Republic.

Article 2—The regulations governing export duties of the 23rd year of the Chinese Republic (1934) shall be revised and the revised regulations shall

be enforced as from June 1st of the 27th year of the Chinese Republic (1938).

Article 3—The surtax on import duties hitherto in force shall be discontinued and instead a relief surtax amounting to 5 per cent of the duty shall be levied for the relief of distressed areas.

Article 4—The various regulations of the maritime customs hitherto in force, which do not conflict with the present decree, shall be regarded as remaining in force unless otherwise provided for.

#### Supplementary Rules

Export duty shall be levied on native products exported to Manchoukuo and the Kwantung Leased Territory.

Import duty shall be levied on goods imported from Manchoukuo and the Kwantung Leased Territory.

In connection with the above-mentioned tariff revision, the authorities of the Japanese Foreign Office granted a press interview, in the course of which the following remarks were made:

"The new import duties as a rule follow the customs regulations enforced on January 1st, 1931, with a change to the metric system, and retain a part (20 items) of the revised tariff promulgated on January 20th by the Provisional Government of the Chinese Republic. They are to be enforced in North China and Central China alike. The new export duties follow the tariff promulgated by the Provisional Government of the Chinese Republic on January 20th and are to be enforced in Shanghai as well. The new re-export duties follow the revised levies in force in the Shanghai area since October 1st and are to be enforced in North China as well.

"It may be recalled that the tariff enforced in 1931, which forms the basis of the afore-mentioned new import duties, was the first tariff to be determined by the National Government on the basis of the tariff autonomy which it acquired with the approval of the Powers concerned in 1929. The tariff was reasonable in regard to Japanese goods, too. In 1933 and 1934 when the National Government effected upward revisions of the tariff, however, an anti-Japanese tariff wall was built up. It is a matter of common knowledge that the Japanese Government made repeated demand to the National Government for the abolition of the tariff wall.

"This time the Provisional Government and the Renovation Government have adopted the comparatively low and reasonable tariff, which fact must be welcome to both Japan and other inter-

ested countries. It may be not quite in conformity with the current situation to revive the tariff of 1931 but we have to appreciate the measures taken by the new Chinese regimes because both time and careful study are required for effecting a tariff reform and further, the economic situation in China has not yet been stabilized as the China Incident is still in progress.

"In short, the tariff revision which has just been effected is a downward revision when viewed as a whole and is a reasonable one in the light of prevailing conditions. It is a matter for congratulation for the future of the new-born China that the structure of the Customs has been unified through close co-operation between the Provisional Government and the Renovation Government."

#### Question of Merging the Two Governments

A delegation of the Renovation Government, comprising Mr. Liang Hung-chih, President of the Executive Yuan; Mr. Chen Chin-tao, Minister of Finance, and Mr. Jen Yuan-tao, Vice-Minister of Pacification, arrived in Peking on April 3rd to hold important conversations with the leaders of the Provisional Government with a view to realizing a unified central government. The conversations resulted in a complete accord of opinion that the two governments should be merged at an opportune time. The delegation of the Renovation Government left Peking to return to their posts on April 6th after reaching an understanding with the leaders of the Provisional Government on the following points:

1. The foreign policy should be unified under the supervision of the Provisional Government and the Renovation Government should report all diplomatic affairs to the Provisional Government as such affairs occur.

2. The customs tariff should be unified according to the tariff policy of the Provisional Government.

3. For the time being, the salt gabelle collected in Central China should be assigned to cover the expenses of the Renovation Government. The consolidated tax being levied on cement, cigars, cotton yarn, flour, matches and beer should also be made a source of revenue for the Renovation Government for the time being.

4. The bank-notes and coins issued by the Federal Reserve Bank of China should be made current in Central China in due course of time and until then the old legal tender may circulate

in Central China.

Formally to return the visit of the delegation of the Renovation Government, Mr. Wang Ko-min, chairman of the administrative committee of the Provisional Government, arrived in Shanghai on April 28th and called on Mr. Liang Hung-chih on April 30th. In the course of their interview, further conversations concerning the question of merging the two governments were held. This time they agreed to have a joint committee created as a preparatory organ for the realization of the merger of the two governments.

#### Mongolian Governments

**South Chabar Autonomous Government** The old Chabar Provincial Government collapsed on August 24th, 1937, when General Liu Ju-ming, chairman of the provincial government, together with his lieutenants, fled the district. Four days later, a peace preservation committee was organized as an emergency measure to cope with the situation. Representatives of the various circles in the province then met in conference on September 3rd when a resolution was passed for the establishment of a South Chabar Autonomous Government by severing the relations between the province and the National Government. The new regime was inaugurated on September 4th.

The leaders of the autonomous government include:

Members of the Supreme Committee:  
Tu Yun-yu (in charge of finances and banking)  
Kan Pin-hsiang (in charge of communications)  
Chen Wang-yu

**North Shansi Autonomous Government** A peace preservation committee for North Shansi was created on September 14th, 1937, one day after the occupation of Tatung by Japanese forces. On October 15th, the North Shansi Autonomous Government was established in accordance with the following organic law:

Article 1—The North Shansi Autonomous Government shall represent the collective will of the inhabitants of North Shansi.

Article 2—The North Shansi Autonomous Government shall have one highest adviser, one highest committee-man and two committee-men.

The highest committee-man shall supervise the conduct of the affairs of the Government, controlling the various governmental organs.

Important matters of the Government



shall be referred to a conference of the highest adviser, the highest committee-man and the committee-men.

Article 3—The North Shansi Autonomous Government shall have a secretariat, a civil administrative board, a finance board and a public safety board.

Article 4—The various boards shall each have one adviser and one director. The board directors shall take charge of the business of their respective boards acting under the instructions of the highest committee-man.

Article 5—The Secretariat shall handle the government seals, documents, personnel affairs and confidential matters of the Government.

Article 6—The Civil Administrative Board shall handle matters concerning the local administration, education, public works and local industries.

Article 7—The Finance Board shall handle matters concerning taxation, public loans, banking, governmental enterprises and key industries.

Article 8—The Public Safety Board shall handle police and judicial affairs.

Article 9—The regulations governing the organization of the secretariat and the various boards shall be determined separately.

Article 10—The present organic law shall be enforced as from the day of its promulgation.

Inner Mongolian Autonomous Government A general meeting of the leaders of Inner Mongolia was held in the walled town of Suiyuan on October 27th, 1937, when a resolution was passed for the formation of an Inner Mongolian Autonomous Government under the chairmanship of Prince Yun to be assisted by Prince Teh as vice-chairman. The general principles of the official organization of the autonomous government are as follows:

Article 1—The chairman of the Inner Mongolian Autonomous Government shall be a person who has rendered meritorious services in the restoration movement of the Mongols and shall be designated as such at the Mongolian congress. The chairman shall be the head of the Inner Mongolian Autonomous Government. In the absence of the chairman, the duty shall be performed by the vice-chairman.

Article 2—The Inner Mongolian Autonomous Government shall have for its territory the regions which originally belonged to the Mongols. For the time being, however, its territory shall comprise the Ulanchar League, the Silinghol League, the Ikochoo League, the Houho City and the Paotou City.

Article 3—The Inner Mongolian Autonomous Government shall aim at the prevention of the spread of Communism and stand for the amity and harmony of races.

Article 4—(omitted)

Article 5—The chronological year of the Inner Mongolian Autonomous Government shall be in conformity with the period counting from the era of Chingghis (Genghis) Khan.

Article 6—The Inner Mongolian Autonomous Government shall have its capital in Houho.

Article 7—The regulations governing the relations between the Inner Mongolian Autonomous Government and its various local organs shall be determined separately.

Article 8—The organic law of the Inner Mongolian Autonomous Government shall be determined separately.

The provisional organic law of the Inner Mongolian Autonomous Government is given below:

Article 1—The Inner Mongolian Autonomous Government shall be composed of a political council and a general headquarters and shall be supervised by a chairman.

Article 2—The chairman shall be elected at the Mongolian congress and his term of office shall be five years. The regulations governing the organization and powers of the Mongolian congress shall be determined separately.

Article 3—The chairman shall be responsible for all matters concerning the administration of the Union of Inner Mongolia.

Article 4—The Inner Mongolian Autonomous Government shall have one vice-chairman who shall assist the chairman and represent him when he is absent under unavoidable circumstances. The vice-chairman shall be appointed by the chairman with the approval of the Mongolian congress.

Article 5—The political council shall have a president who shall supervise the conduct of all affairs of the council.

Article 6—The general headquarters shall handle military affairs and shall have a commander-in-chief.

Article 7—The decrees issued by the chairman shall be countersigned by the commander-in-chief when military affairs are concerned and by the president of the political council when other matters are concerned.

Article 8—The Inner Mongolian Autonomous Government may have political and military advisers in order to assist the chairman.

Article 9—The Inner Mongolian Au-

tonomous Government may have counsellors in order to give counsel to the chairman in regard to administrative affairs.

Article 10—The regulations governing the various sections of the Inner Mongolian Autonomous Government and the various local government offices shall be determined by the decree of the chairman.

#### Supplementary Rule

The present organic law shall be enforced as from December 1st of the 732nd year after the era of Chingghis Khan.

The following is a list of the important staff members of the autonomous government:

Chairman, Prince Teh  
Vice-Chairman, Li Shou-chen  
President of the Political Council,  
Tao Ko-tao  
Commander-in-Chief, Li Shou-chen

(Note: At the outset, Prince Yun was elected chairman of the autonomous government but after his death on March 24th, the chairmanship was assumed by Prince Teh.)

Federation of Autonomous Governments of Mongolian Provinces In appreciation of their common cause which is featured by the determination to combat Communism and work for racial harmony, the autonomous governments of Inner Mongolia, South Chahar and North Shansi created a joint committee on November 22nd, 1937, in order to facilitate their concerted actions. The agreement for the creation of the organ was signed by representatives of the three governments who assembled in Changchiakow (Kalgan) on November 22nd for the said purpose. It must be noted that the realization of the close co-operation among the three governments forms a strong wing of the anti-Communist axis created by Japan, Germany and Italy.

The first general meeting of the joint committee was held on November 23rd when it was decided to establish a Mongchiang (Mongolian Marches) Banking Corporation to do the banking business in South Chahar and Suiyuan. The new bank, capitalized at 12,000,000 yuan and financed equally by the three autonomous governments, opened its business on December 1st. On the same day, it approached the Bank of Japan with an offer to purchase ¥1,000,000 worth of public loan bonds of Japan. Upon the founding of the bank, the Bank of South Chahar, which forms

the nucleus of the new concern, issued a statement which in substance read as follows:

"The Bank of South Chahar, which was opened to business with its head office in Changchiakow (Kalgan) on October 1st has already made considerable contribution towards promoting financial facilities along the Peking-Suiyuan Railway line. As a result of the creation of the joint committee of the autonomous governments of Inner Mongolia, South Chahar and North Shansi, it has now been decided to rename the present bank "the Mengchiang Banking Corporation," as if it were the establishment of a new bank. The capital is to be increased to 12,000,000 yuan. Both the government bank in Suiyuan and the Feng Yeh Bank will be absorbed into the new concern."

#### The China Affair and Diplomacy

A review of the attitudes of the various Powers toward the China Affair shows that Great Britain and the Soviet Union have been extending both material and moral assistance to the Chiang Kai-shek regime since the outbreak of the incident. The United States has refrained from the application of its Neutrality Act but it has been maintaining a neutral attitude, while showing delicate movements. The attitude of France has been one of following the example of Great Britain in most cases. As for Germany and Italy, they are both closely bound to stand on the side of Japan by the anti-Communist pact but the attitude taken by Germany has been slightly different from that taken by Italy on account of its economic interests in China.

Anglo-Chinese Relations When the incident spread to Shanghai, Great Britain, regarding the Yangtze Valley as her sphere of influence, began to render assistance to the Chiang Kai-shek regime. She came to take a hostile attitude toward Japan while extending both direct and indirect assistance to support the Chiang administration. Particularly, she took such actions in the course of the Shanghai battle as could not be passed unnoticed.

Simultaneously, Britain made great efforts to induce the United States and France to intervene in the Sino-Japanese conflict, displaying constant diplomatic activities. When the North China incident occurred, the British Government expressed its desire to realize a close co-operation between Britain and the United States in dealing with the situation and made overtures to the Washington authorities. With reference



to the British overtures, Mr. Cordell Hull, the Secretary of State of the United States, stated in the course of a press conference that the Government had received a notification from the British Foreign Secretary and had merely acknowledged the notification, which showed that the United States had not accepted the British proposals which were reported to be concerted actions by Britain, the United States and France urging Japan and China to discontinue the use of armed force. It was further reported that Britain made such proposals to the United States at the instance of the Chiang Kai-shek regime and after consulting with France.

As the United States maintained a cautious attitude, showing no sign of an intention to accept the British proposals, however, the British Government acted independently and through its diplomatic service, expressed its views and wishes to the Japanese Government.

When the Sino-Japanese hostilities commenced in Shanghai, the various interested Powers separately urged that Shanghai be excluded from the war zone. The situation in Shanghai, however, continued to be aggravated and on August 18, 1937, the British Government suddenly presented proposals to the Japanese Government and the National Government for the creation of a neutral zone in Shanghai. The proposals contained the following major points:

1. The Shanghai area shall be made a neutral zone and both the Japanese and Chinese forces shall withdraw from the zone.

2. The demarcation of the neutral zone shall be made through local negotiations on the spot.

3. Matters concerning the protection of the Japanese residents in the neutral zone shall be handled by the British Government on condition that the Governments of the United States and France extend their assistance.

It is said that the neutral zone proposals were worked out by Mr. J. W. Davidson, British consul-general in Shanghai, and adopted by the British Government. The proposals were also submitted to the American and French Governments together with a request that the two governments co-operate in the realization and execution of the proposals. The National Government accepted the proposals and the French Government expressed support for them but the American Government, considering the proposals to be impractic-

able, took an indifferent attitude and did not give a reply. The Japanese Government maintained that the Shanghai hostilities had been caused by Chinese provocation and that the way to a solution of the issue was for the Chinese regulars and peace preservation corps to evacuate the demilitarized zone as stipulated by the Shanghai Truce of 1932 and thus rejected the British proposals.

The British Government forwarded an official note to the Japanese Government on August 21, 1937, demanding an indemnity. The British note asserted that Japan should be responsible for the payment of an indemnity against the losses sustained by British residents through the Sino-Japanese conflict and that Japan should be responsible for paying rentals, besides making compensation for losses, in regard to the buildings owned by British nationals within the International Settlement which were occupied by Japanese forces.

Thus, Britain made one diplomatic move after another and aimed at inducing the United States to take concerted action. The matter was submitted to the League of Nations, but the League proved powerless, and delegated the subject to a conference of the signatories of the nine-Power treaty with a view to dragging the United States, leading figure in the conclusion of the pact, into the whirlpool. The United States, however, maintained a cautious attitude.

Finding it difficult to secure the co-operation of the United States immediately, Britain finally resolved to act, even single-handed, in rendering the greatest possible assistance to the Chiang Kai-shek regime, the assistance being mainly financial.

It is considered that the key to the limit of the British assistance to the Chiang regime lies in the amount of the Chinese specie holdings abroad. Previously, large quantities of silver had been hoarded in China but when the monetary system was reformed, the National Government obtained an enormous amount of silver through the nationalization of the white metal. It is believed that the specie holdings of China in London and New York were increased to an unprecedented extent. It is the existence of the specie holdings that has formed the basis of the British financial assistance to the Chiang administration.

Attitude of the American Government As already stated, Great Britain made overtures to the Government of

the United States when the North China incident occurred, but the latter did not accept the overtures. While there has been no perceptible change in the attitude of avoiding embroilment in the Sino-Japanese dispute, the United States has gradually become nervous over the Far Eastern situation, and though taking an attitude rather cautious as compared with that of the Stimson doctrine, the present administration of the United States has of late come to follow a policy which seems to have only minor differences from that followed by the preceding administration. Nevertheless, it must be noticed here that the United States has always acted in such a manner as to show its intention of dealing with the situation from an independent standpoint, refusing to dance to the tune played by Great Britain.

Breaking the silence which the Government of the United States had maintained toward the North China incident, Mr. Cordell Hull, the American Secretary of State, made a statement on July 16, 1937, that the United States was concerned over any trouble in any section of the world because such trouble could not but affect the interests, rights or obligations of the United States. The statement emphasized the abstract principle of peace or respect of treaties and also touched upon the question of armaments. This statement did not mention any specific nation and merely repeated the foreign policy of the Washington Government, being illustrative of the cautious attitude taken by the United States.

When the situation became aggravated through hostilities spreading to the international port area of Shanghai, much discussion arose in both government and civilian circles in the United States about the question of operating the Neutrality Act, but it was finally decided that it should not be invoked in consideration of the necessity of guaranteeing the security of the American residents in China and the necessity of avoiding embroilment in the vortex of war. For the purpose of guaranteeing the security of the American residents, a contingent of 200 marines was rushed to Shanghai from San Diego and at the same time, the American residents in the dangerous localities were advised to withdraw to safe places.

Further, the Government of the United States urged that the Japanese and Chinese Governments should protect the vested rights and interests of the United States and forwarded a notice

to the effect that the Japanese and Chinese Governments should assume responsibility for any losses which the Government of the United States and American citizens might sustain as a result of the Sino-Japanese hostilities.

In consideration of the public opinion at home, President Roosevelt formally announced the banning of shipment of arms to Japan and China by government-owned vessels on September 14th.

Great international sensation was caused by the news that several hundred casualties including four American citizens (one of them being the correspondent of the New York Times) had been caused in a central position in Shanghai by a bombardment by Chinese planes and on September 23rd, 1937, Secretary of State Cordell Hull telegraphed a strong protest to the National Government and at the same time made another statement on the current situation. The second statement clarified certain points which had been left ambiguous by the first statement, giving a general idea of the determination of the American Government to avoid embroilment in any political alliance or trouble but to oppose extreme isolation.

On October 5, 1937, President Roosevelt in addressing an audience in Chicago made the highly inflammatory remarks that international peace was at stake, blamed the aggressor nations (though not giving any specific names) and urged the peace-loving nations to co-operate with one another in effecting a quarantine against the aggressor nations. The speech of President Roosevelt gave an impression that the United States was finally abandoning the policy of quiet watching and was about to take some positive actions. The truth, however, seemed to be that the President intended his speech for home consumption as well as a gesture toward the League of Nations and the conference of the signatories of the nine-Power pact.

On October 6th, one day after President Roosevelt had made his speech in Chicago, the Department of State issued a statement asserting that the action taken by Japan in China ran counter to international principles, besides infringing upon the nine-Power pact and the anti-war pact. This was a statement of the views of the American Government appreciating the official report received from the League Assembly on October 6th. Stress was then laid upon the importance of the various principles governing international rela-



tions such as were clarified by President Roosevelt in his Chicago speech, namely:

1. Opposition to the use of armed force for the execution of policies and interference with the internal affairs of other countries;
2. Adjustment of international relations through peaceful negotiations and by agreements;
3. Respect by all nations of the rights of other nations;
4. Upholding of the principle of sanctity of treaties.

It was also observed that President Roosevelt had pointed out the following points in examining the international situation:

1. Unless all nations observe law and morality, it will be impossible for tranquillity and peace to exist between nations or within a nation;
2. International anarchism will undermine the very foundation of peace;
3. It in turn will, either immediately or in the future, jeopardize the security of nations, big or small;
4. It therefore is the greatest concern to the American people to see that the spirit of respecting treaties and international morality is restored.

Thus, it may be noted that the third American statement did nothing more than stress the attitude of the United States for upholding principles of peace and for respect of international treaties.

With the League of Nations having taken care to facilitate the United States to co-operate by having revived the advisory committee of 23 nations which had been created at the time of the Manchurian Incident, the United States appointed its Minister to Switzerland to participate in the League meetings in the capacity of an observer and with the same object that characterized the participation of the United States in the League meetings at the time of the Manchurian affair. In other words, the United States' representative to the League meetings gave his counsel at the request of the League but did not participate in any voting.

When the political stage shifted from the League of Nations to the conference of the signatories of the nine-Power pact, the United States dispatched a delegation headed by Mr. Norman Davis, Ambassador-at-large. Great Britain attempted to make the United States the prime mover at the nine-Power pact conference, which was held at Brussels, on the ground that the United States sponsored the nine-Power pact, but the United States did not act just as Britain

wished her to do. As a result, the Brussels conference, too, ended in failure.

On May 14, 1938, two days after Secretary of State Cordell Hull announced the principle of non-recognition of invaded territories in connection with the recognition by the League of Nations of the annexation of Ethiopia by Italy, the authorities of the Department of State expatiated upon the announcement and declared that the non-recognition principle would be maintained in regard to the new Chinese regimes established in North China and South China from the same standpoint that the Government of the United States refused to recognize the independence of Manchoukuo. It was also stated that accordingly, Mr. Nelson T. Johnson, the American Ambassador to China, was to be stationed at Hankow so long as the Chiang Kai-shek regime remained there and that the Ambassador was to be transferred to wherever the Chiang administration should establish its offices.

In June, 1938, the United States together with Great Britain and France issued a statement denouncing aerial bombardments, under the influence of the propaganda conducted by the Chinese in connection with the bombardment of Canton by the air force of the Japanese Navy. The Chinese publicists told the various nations that the Japanese naval air force had been bombarding defenceless Chinese cities, causing casualties among non-combatants. On June 11th, Secretary of State Cordell Hull, in the course of a press conference, touched upon the matter and intimated that the Government of the United States would express its opposition against aerial bombardments through checking the exportation of military planes.

**Soviet Assistance** When Mr. Sun Fo, special emissary of the National Government who had been on a tour of Europe since January with the mission of securing assistance from the Soviet Union and Great Britain and France, paid a second visit to Moscow in June, 1938, rumours were revived about the conclusion of a secret military alliance between the Soviet Union and China. This happened at a time when the Chinese troops had suffered a crushing defeat in the Hsuechow area at the hands of Japanese forces and were in great consternation retreating towards Hankow. It was considered by some circles as possible that the National Government, like a drowning man catching at a straw, had concluded a military

pact with the Soviet Union by accepting the severe terms imposed by the latter, among which were said to be the following five major points:

1. Joint defence of the Soviet-Chinese frontiers;
2. Supply of arms to the Communist guerrilla corps;
3. Recognition of the specific rights and interests of the Soviet Union in Sinkiang, Ninghsia and Chinghai;
4. Employment of Soviet nationals to serve as advisers to the chairman of the National Government;
5. Reform of the administrative structure of the National Government.

Whether the contents of the alleged secret pact are exactly based on the afore-mentioned terms or not still remains to be known but it is considered almost certain that the Soviet Union secured specific rights and interests in the Sinkiang area in the negotiations for the pact. Some sources even reported that the Soviet Union acquired the right to station one division of Soviet troops in Sinkiang in return for supplying arms to the Chiang Kai-shek regime's troops. At any rate, it is clear that the Soviet Union has been making positive machinations aiming at the increase of the influence of the Chinese Communists through assisting in the long-term anti-Japanese operations.

**Positive Activity of France** The attitude of France toward the China Affair has been one of following the example of Great Britain in most cases, reflecting the diplomatic dealings between the two countries in regard to the European situation. Since the outbreak of the incident, France has endeavoured to supply arms to the Chiang Kai-shek regime, concluding an agreement with Dr. H. H. Kung for a 200,000,000-franc credit for the purchase of arms for the Chiang administration. One of the routes for the transportation of the arms leads from Haiphong in French Indo-China to Kunming in Yunnan Province by rail, with Kunming being linked to Kwelyang in Kweichow Province by motor car and carriage. The other route leads also from Haiphong to Chennankwan on the border of Kwangsi Province by rail, with Chennankwan being linked to Nanning and Kweilin by motor car and carriage.

It was further reported that an agreement had been reached between France and the Chiang Kai-shek regime whereby a railway connecting Chennankwan and Nanning would be constructed in five months with French capital. Following the defeat of the Chinese troops

in the Hsuechow area, it was indicated that France was going to give greater assistance to the Chiang regime than ever before in consideration of the close relations between French Indo-China and Yunnan Province where the Chiang regime means to establish its final base. It is easy to suppose that France has been active in securing whatever possible concessions she can from the Chiang regime in return for her assistance, taking advantage of the relations between Yunnan and French Indo-China.

After the German military advisers to the National Government had withdrawn from China, France joined the Soviet Union in supplying necessary military advisers to the National Government.

**Germany and Italy** Both Germany and Italy are bound by the anti-Comintern pact to stand by Japan in the China Affair. There has, however, been a difference between the attitude taken by Italy and that of Germany. Italy was quick in liquidating all sorts of relations with the Chiang regime such as might be taken to mean Italy's assistance to it, by discontinuing the sale of arms to China and withdrawing its nationals from among the military advisers to the National Government. The attitude taken by Germany in manifesting friendship toward Japan, however, was not quite thorough-going from the very outset. It was not until the latter part of May when the German Government issued a strict order to the German military advisers to the National Government to withdraw that the German advisers resolved to quit the National Government. This dealt a great blow to the Chiang regime inasmuch as the plans of operations and the construction of defence works had been principally in the charge of the German advisers. Special mention must be made here of the fact that Germany tried to pave the way for peace between Japan and China, but its good offices were set at naught by the lack of sincerity on the part of the Chiang Kai-shek regime, as it was mentioned elsewhere.

#### Incident and China's Economy

The exact figures of the economic losses which China has sustained directly and indirectly as a result of the Incident are still difficult to obtain, but a Chinese economic expert estimates that up to the end of March, 1938, they totalled some 14,000,000,000 yuan, and included approximately 200,000,000 yuan for military operations, 10,000,000,000 yuan damage to general buildings and property, 600,000,000 yuan lost by commercial and industrial circles and the



decrease in taxation receipts, and 3,000,000,000 yuan in the incomes of individuals in general.

Surveys conducted by various Chinese circles show that the Chinese losses sustained directly in connection with the hostilities in Shanghai total 4,450,384,560 yuan, as compared with 1,483,461,854 yuan in the Shanghai affair of 1932. The losses arising from the destruction of civilian houses by fires are estimated at 333,000,000 yuan. The various cultural organs are estimated to have sustained a total loss of 10,360,000 yuan, including 6,000,000 yuan for 15 universities and colleges, 2,100,000 yuan for 27 secondary schools, 260,000 yuan for 42 primary schools and 2,000,000 yuan for institutions for social education. The estimated losses sustained by shipping interests total 70,000,000 yuan, for 475 steamers of no less than 100 tons each or a total of 570,000 tons of steamers sunk, confiscated or used for blockading purposes in the Shanghai area.

According to an estimate by an American, the total losses sustained by foreigners amount to 844,400,000 yuan. Details of the estimate are shown in the following table:

	Number of Mills	Number of Spindles	Number of Weaving Machines
Weaving and spinning mills located in the city of Shanghai	31	1,237,074	8,754
Weaving and spinning mills which sustained losses in the incident	13	423,394	2,342
Percentage of losses	42%	34%	26.7%

The number of factory workers and mill hands who became jobless on account of the incident is quite enormous. According to an investigation made in the early part of November, there were in Shanghai only about 50,000 factory workers and mill hands or 30 percent of the number recorded prior to the outbreak of the incident. In other words, about 120,000 workers were thrown out of employment as a result of the outbreak.

The loss of the Shanghai-Nanking area dealt a great blow to the economy of China. In this connection, it must be noted that a great difference exists between the loss of the Shanghai-Nanking area, which was thoroughly devastated by gunfire, and the loss of the Peking-Tientsin area, which was taken over intact from the control of the Chiang Kai-shek regime. There is

Factories and equipment thereof	350,000,000 yuan
Other immovable property	200,000,000 ..
Import profits	12,500,000 ..
Export profits	5,000,000 ..
Decrease in domestic trade	140,000,000 ..
Damages to steel, iron and other metal wares	13,400,000 ..
Imports by other ports	12,500,000 ..
Damages to warehouses	50,000,000 ..
Losses of merchandise in war zones	50,000,000 ..
Losses of shipping firms	10,000,000 ..
Miscellaneous losses of foreign residents	1,000,000 ..
Total	844,400,000 ..

A report dated November 8th which was presented to the Ministry of Industry by the social welfare bureau of the Shanghai Municipal Office estimates that a total loss amounting to 500,000,000 yuan was caused to more than 2,000 factories within the city of Shanghai alone, including Chapel, Klangwan, Woosung and Chenju. Some details concerning the losses sustained by the weaving and spinning mills are shown in the following table:

no need to emphasize the fact that Shanghai formed the economic centre of China, accounting for one half of the manufactured goods produced in the country, numerous weaving and spinning mills, flour mills, cement factories, arsenals and ship-building yards being located there. In Nanking, there were ice-factories, flour mills and silk weaving mills. Big rice-cleaning mills, flour mills, filatures and spinning mills were located in Wuhsi and manufacturing for flour, matches and cement were to be found in Chinkiang, while Hangchow was the seat of the only aeroplane factory of China and in addition contained some arsenals. Some details of the Chinese spinning mills which were either totally or partially destroyed by gunfire in the Shanghai area are shown in the following tables:

## DISTRIBUTION OF INDUSTRIES

## 1. Totally Destroyed Chinese Spinning Mills

Name of Mill	Spindles	Doublers	Looms	Labourers employed
Yung An No. 2	49,696	—	—	1,856
Yung An No. 4	89,460	35,200	—	1,800
Pao Shing	12,240	2,520	200	855
Tien Sheng	11,588	—	—	630
Shen Hsin No. 1	72,476	—	1,387	3,902
Shen Hsin No. 8	50,400	—	—	2,122
Ming Sung	9,000	400	128	Not working
Heng Dah Sing Kee	21,600	—	—	850
Total	296,560	38,120	1,715	12,025

## 2. Partially Destroyed Spinning Mills

Name of Mill	Spindles	Doublers	Looms	Labourers employed
Dah Foong Ching Kee	29,950	—	—	1,940
Chung Hsin	34,000	—	—	1,940
Chen Ting	28,502	—	—	2,044
Tai Chi	25,500	5,040	640	140
Heng Fong	54,544	—	614	3,000
Total	172,498	5,040	1,254	9,064

The losses sustained by the Japanese spinning mills cannot be considered as pure economic losses to China but this fact does not prevent the losses from constituting a change in an important component of China's economic structure. It is estimated that the Japanese interests in Shanghai sustained total losses amounting to 200,000,000 yen, of which the losses to spinning mills are estimated at around 40,000,000 yen. The Japanese spinning mills in Tsingtao, comprising 6,500 spindles, 47,000 doublers and 4,412 looms were total-

ly destroyed. The losses thus sustained are estimated at over 100,000,000 yen. As a result of the Manchurian Incident and the China Affair, the Chiang Kai-shek regime lost the greater part of its important industrial zones. This fact is well illustrated by the following table which shows the distribution of modern industry in China (the table apparently having been compiled by Chinese, as might be supposed from the inclusion of the "Three Eastern Provinces."):

## DISTRIBUTION OF MODERN INDUSTRY (1934)

Industry	Three Eastern Provinces	Hopei, Shantung, Kiangsu, Chekiang	Fukien Kwangtung	Others
Steel and iron	13.0%	15.0%	—	72.0%
Cast iron	4.5	81.8	13.7%	—
Leather	4.5	67.0	2.0	26.5
Cement	80.0	14.0	6.0	—
Rubber	—	85.4	14.6	—
Oil	57.7	23.5	12.5	6.3
Machinery	25 factories	174 factories	20 factories	42 factories
Match	13	52	11	9
Paper	9	16	3	4
Glass	—	34	12	32
Tobacco	—	44	—	—
Silk	42	121	37	12
Egg	—	5	—	118

The separation of North China from the Chiang Kai-shek regime is also highly significant from the standpoint of national resources. The emergence of the Provisional Government of the

Chinese Republic in Peking to replace the Chiang administration in governing North China brought about a situation favourable for including the vast natural resources in a Japanese-Manchoukuo-



Chinese economic bloc. The following tables show the estimated deposits of coal, the output of coal, and the estimated deposits of iron ore in the various provinces of North China:

## 1. Deposits of Coal

Location	Deposits	Proportion to Total Deposits in China
Hopei Province	3,071,000,000 tons	1.26%
Shantung "	1,639,000,000 "	0.67
Honan "	6,624,000,000 "	2.72
Shansi "	127,127,000,000 "	52.17
Shensi "	71,950,000,000 "	29.53
Chahar "	504,000,000 "	0.21
Suiyuan "	417,000,000 "	0.17
Total	211,332,000,000 "	86.73

## 2. Output of Coal (1931)

Origin	Production	Origin	Production
Hopei Province	7,660,000 tons	Shensi "	227,000 "
Shantung "	2,093,000 "	Chahar "	114,000 "
Honan "	1,844,000 "	Suiyuan "	91,000 "
Shansi "	2,266,000 "	Total	14,295,000

## 3. Deposits of Iron Ore

Location	Deposits	Proportion to Total Deposits in China
Hopei Province	32,424,000 tons	13.69%
Shantung "	13,700,000 "	5.78
Honan "	1,019,000 "	0.43
Chahar "	91,645,000 "	38.69
Total	138,788,000 "	58.59

The estimated deposits of coal in Central China are shown in the following table:

Location	Deposits	Proportion to Total Deposits in China
Anhui Province	360,000,000 tons	0.15%
Chekiang "	100,000,000 "	0.04
Kiangsu "	217,000,000 "	0.09
Total	677,000,000 "	0.28

In Central China, there are not many areas under Japanese influence which contain deposits of iron ore. The Taochung and Tangtu iron mines in Anhwei Province, however, are two of the most important mines of this kind in China, their output being shown below:

## OUTPUT OF IRON ORE

	1932	1933	1934
Taochung Iron Mine	101,333 tons	110,000 tons	280,000 tons
Tangtu Iron Mine	166,710 "	150,000 "	200,000 "

The principal agricultural products of North China and Central China and the amount of the annual production thereof are tabulated as follows:

## 1. Principal Agricultural Products of Central China

	(In piculs)			Total
	Kiangsu Province	Anhui Province	Chekiang Province	
Rice	97,633,000	41,229,000	83,956,000	222,818,000
Wheat	57,434,000	26,818,000	8,841,000	84,252,000
Barley	28,680,000	10,936,000	6,356,000	45,971,000
Glutinous Rice	15,330,000	4,279,000	12,521,000	32,130,000
Rapeseed	3,667,000	3,241,000	5,310,000	12,218,000
Sesame	1,787,000	1,432,000	176,000	3,395,000
Raw Cotton	3,951,000	495,000	642,000	5,088,000

## 2. Principal Agricultural Products of North China

Province	(In piculs)			
	Wheat	Kaoliang	Millet	Soyabeans
Hopei	37,769,000	17,721,000	28,556,000	5,556,000
Shantung	67,297,000	34,143,000	34,912,000	26,996,000
Honan	78,985,000	23,319,000	28,313,000	16,610,000
Shansi	17,265,000	8,170,000	13,857,000	1,610,000
Shensi	24,129,000	2,095,000	4,882,000	1,287,000
Chahar	2,259,000	5,586,000	3,767,000	763,000
Suiyuan	2,553,000	1,655,000	1,800,000	369,000
Total	230,257,000	92,689,000	116,096,000	53,196,000

Province	(In piculs)			
	Maize	Rice	Raw Cotton	Ground-nuts
Hopei	25,130,000	2,647,000	2,539,000	7,339,000
Shantung	16,190,000	82,000	1,790,000	11,070,000
Honan	15,064,000	4,642,000	1,367,000	4,680,000
Shansi	5,900,000	79,000	496,000	159,000
Shensi	5,349,000	2,858,000	539,000	336,000
Chahar	406,000	250,000	—	—
Suiyuan	86,000	—	—	—
Total	68,125,000	10,559,000	7,131,000	23,584,000

Trade The foreign trade of China during the first half of 1937, that is, prior to the outbreak of the China Incident, was unusually active, but its substance suffered a sudden change as a result of the outbreak. The effect of the Incident is well illustrated by the following figures:

Table No. 1  
(not affected by Incident)

	(In yuan)	
	Jan.-July, 1937	Jan.-July, 1936
Imports	731,587,000	535,759,000
Exports	571,837,000	393,552,000
Total	1,303,424,000	929,311,000
Excess of imports	159,750,000	142,207,000

Table No. 2  
(affected by Incident)

	(In yuan)	
	Aug.-Dec., 1937	Aug.-Dec., 1936
Imports	224,647,000	408,764,000
Exports	266,286,000	313,239,000
Total	490,933,000	722,003,000
Excess	42,286,000	95,525,000

(Note: The underlined figures denote excess of exports, while those not underlined denote excess of imports.)

The excess of exports recorded for the period from August to December is quite singular and was brought about by a sudden and greater decrease in imports than exports, probably through the hurried shipment of stocks out of the various ports. The increase in



shipments to Hongkong was particularly conspicuous. Under the circumstances, it is but natural that the volume of trade with Japan should have shrunk remarkably. This is shown in the following table:

## CHINA'S TRADE WITH JAPAN

	(In yuan)	
	Jan.-July, 1937	Aug.-Dec., 1937
Imports	19,527,000	2,749,000
Exports	10,221,000	2,553,000
Total	29,748,000	5,302,000

The monthly average of imports fell from 2,500,000 yuan in the pre-incident period to 550,000 yuan after the outbreak, and the monthly average of exports fell from 1,460,000 yuan to 510,000 yuan.

The effect upon the trade with the United States was remarkable. The monthly average of imports dropped from 26,000,000 yuan before the incident to 10,000,000 yuan after, but it must be noticed that the trade with Great Britain showed no such decline. This

fact indicates the active trade conducted through Hongkong and also manifests the specific position of Britain in the China Incident.

The position of Shanghai in foreign trade presents a striking contrast to the prosperity of Hongkong. The amount of foreign trade conducted by Shanghai during 1937 was 914,000,000 yuan, made up of 510,000,000 yuan in imports and 404,000,000 yuan in exports. Compared with the similar figures for 1936, imports decreased by 8 per cent and exports increased by 11.8 per cent while the total amount showed a decrease of 0.1 per cent. While the trade conducted by Shanghai accounted for 56 per cent of the foreign trade of China during 1936, the percentage dropped to 51 per cent in 1937, Shanghai's percentage being from January to July 56.9 per cent and from August to December 34.7 per cent. Generally speaking, the share of South China in the foreign trade of the republic has increased remarkably.

The following tables show the changes brought about by the Incident in the foreign trade of China as classified according to localities.

## 1. Imports (In 1,000 yuan)

	1936		1937	
	Amount	Percentage	Amount	Percentage
North China	140,903	14.9	145,790	15.3
Central China	637,697	67.5	591,944	61.9
South China	165,923	17.6	218,500	22.8
Total	944,523	100.0	956,234	100.0

## 2. Export (in 1,000 yuan)

	1936		1937	
	Amount	Percentage	Amount	Percentage
North China	191,112	27.0	215,741	25.7
Central China	380,640	53.0	417,025	49.7
South China	135,039	19.1	206,004	24.6
Total	706,791	100.0	838,770	100.0

## 3. Trade in 1937 (In 1,000 yuan)

	January-July		August-December	
	Amount	Percentage	Amount	Percentage
Imports				
North China	114,194	15.6	31,636	14.1
Central China	500,372	68.3	91,572	40.8
South China	117,061	16.1	101,439	45.1
Total	731,587	100.0	224,647	100.0
Exports				
North China	160,452	28.4	55,289	20.7
Central China	312,714	54.6	104,313	39.1
South China	98,673	17.0	107,331	40.2
Total	571,837	100.0	266,933	100.0

According to customs statistics, the imports of China during the first quarter of 1938 amounted to 231,840,000 yuan (as compared with 271,480,000 yuan for the corresponding period of the preceding year) and in exports 134,268,000 yuan (as compared with 239,981,000 yuan for the corresponding period of the preceding year).

In other words, the trade during the first quarter declined by 15 per cent in imports and 33 per cent in exports from the similar figures for the corresponding period of 1937. Details of the change, according to localities, are shown below:

	Imports		Exports	
	Jan.-March 1938	Jan.-March 1937	Jan.-March 1938	Jan.-March 1937
North China	15.48%	14.47%	24.74%	28.61%
Central China	24.50	70.27	25.55	52.86
South China	60.02	15.26	49.71	18.53
Kowloon	43.23	4.53	4.34	0.34
Canton	7.15	3.20	19.98	6.16

The foregoing figures show that the increase in the trade conducted by South China centred around Kowloon. In this connection, it must be observed that while the Yangtze River had hitherto constituted the principal channel for the conduct of the foreign trade of China, the channel shifted to the Hankow-Canton Railway as a result of the blockade of the lower reaches of the river after the outbreak of the China Incident.

## Railways and Public Highways Con-

struction of railways has been the most important economic item carried out in China during recent years, particularly noteworthy being the completion of the Canton-Hankow Railway in September, 1936. As the situation in North China became strained, greater attention was paid to perfecting the network in South China, but as a result of the China Incident, the greater part of the Chinese railways has been placed under Japanese control, as shown in the following table:

Name of Railway	Total track	Under Japanese control (in kilometers)	Under Chiang régime
North of the Yangtze River			
Peking-Hankow	1,319	800	519
Tientsin-Pukow	1,105	1,105	—
Peking-Suiyuan	878	878	—
Peking-Shanhaikwan	466	466	—
Kiao-Tsi	453	453	—
Lung-Hai	1,226	530	696
Cheng-Tai	278	278	—
Taokow-Chinghwa	152	152	—
Tung-Pu	1,013	1,013	—
Kaifeng-Honan (?)	214	214	—
South of the Yangtze River			
Nanking-Shanghai	329	329	—
Shanghai-Hangchow-Ningpo	209	209	—
Soochow-Chiating	74	74	—
Canton-Hankow	1,242	—	1,242 (?)
Chekiang-Kiangsi (?)	650	—	650
Nanchang-Kiukiang	128	—	128
Canton-Kowloon	143	143 (?)	—
Kiangnan	178	178	—
Total	10,135	6,822	3,147

Thus, over 60 per cent of the Chinese railways has been separated from the control of the Chiang Kai-shek régime.

There is no need to emphasize the military and economic importance of this great loss to the Chiang régime, which,



under the circumstances, began to concentrate its efforts on the construction of public highways to link its territory with French Indo-China, Burma and Soviet territory. In connection with the construction of railways and public

highways, special mention must be made of the fact that the Chiang regime, along with the progress of the construction work, obtained increased foreign capital and thus became more and more bound to certain foreign countries.

#### Development of New China

##### The China Affairs Board

A central institution to carry on the important work of aiding in the construction of the new China and of realizing a new order in East Asia was created on December 16, 1938 with the inauguration of the China Affairs Board. Need had been felt for a powerful administrative organ to direct the task of development in China, a task with which the very existence of Japan is allied and which naturally includes problems of the utmost importance.

Concrete plans for the creation of a central administrative organ had been seriously discussed by the Army, Navy and Foreign Departments. Early in October, 1938, the Cabinet formally decided on the establishment of the institution now known as the China Affairs Board, which came into being on December 16th upon the promulgation of Imperial Ordinances concerning the Organization of the China Affairs Board and of the Liaison Office of the China Affairs Board, and concerning Amendments on the Organization of the Foreign Office.

As an explanation of the purpose with which the Board was created, we quote here from the address delivered by the then Prime Minister Prince Konoé on the occasion of its inauguration. Prince Konoé stated:

"The ultimate objective of the present hostilities, as has been enunciated on various occasions, does not stop with victory in arms but rather lies in the reconstruction of China and the establishment of a new order in the Far East based on the principle of co-operation between Japan, Manchoukuo and China. The overthrow of the anti-Japanese, pro-Comintern Régime of Chiang Kaishek must lead the people of China to recognize the rationality and justice of cooperating with Japan, politically, economically and culturally.

"In pursuance of this task the China Affairs Board has been created. The Board endeavours, on the one hand, to co-ordinate and unify the various forces at home directed toward the consummation of the achievements of the China

Affair and, on the other, to keep in close touch through its Liaison Division with the actual developments in China. Creation of the China Affairs Board will enable the Government to conduct more efficiently the planning and execution of construction work in East Asia and will thereby hasten the attainment of the ultimate objective of the present conflict."

Thus, the China Affairs Board serves as a connecting link between the Government and the operations in China, presenting a united front in the prosecution of national policies. Created in connection with and existing for the duration of the China Affair, the new Board is presided over by the Prime Minister. Exclusive of purely diplomatic affairs, its business comprises (1) political, economic and cultural problems relating to the China Affair; (2) the study and investigation of governmental policies to be taken in regard to the matters coming under the above category; (3) supervision of the operations of the companies established under special laws for the purpose of doing business in China as well as the control of the business transactions in China by persons who are so engaged; (4) the maintenance of unity in the administrative affairs of the different Government Offices relating to China.

Accordingly, the activity of the Board covers a wide field, political, economic and cultural, in which is included the problems of co-operation with the new Governments in China, the supervision of the North China Development Company and the Central China Promotion Company and matters relating to the culture and welfare of the Chinese people. In its organization, the Board is divided into various Bureaus, besides the President's Secretariat, including the Political, Economic, Cultural and Technical Bureaus. The Prime Minister is the President *ex officio* and is assisted by the Foreign, Finance, Army and Navy Ministers as Vice-Presidents. The Director-General of the Board is Lieutenant-General Heisuke Yanagawa and under him are fifty officers and sixty clerks.

As the result of the taking over of cultural work in China by the China Affairs Board, the Bureau in the Foreign Office which hitherto had charge of this work has changed its name and will devote itself to international cultural affairs, excluding those in China. Other minor changes took place in the organizations of the Foreign Office and of the Department of Overseas Affairs.

As for the place where the Liaison Division of the China Affairs Board is to be established and the area within which it will function, these will be chosen and designated by the Prime Minister. It may be added that there is additionally a Liaison Committee whose duty it is to promote unity among the different Government Departments with reference to the undertakings of the China Affairs Board.

##### Rehabilitation and Reconstruction

It is a well-known fact that the Chinese people have long acquiesced in the oppressive rules of governments and have endured extortion and exploitation by war lords. With all the blessings of fertile land, their lives and existence have constantly been threatened. Once a civil war has broken out, fathers and brothers are taken for the armies, the products of their labour are relentlessly requisitioned and taxes are levied most exorbitantly; after the fighting, nothing remains but devastation over all the war areas. They have, in the past, experienced the hard lot of war refugees in seeking food and shelter in strange villages, towns and cities.

After the sweeping victories of the imperial forces on all fronts the Chinese masses experienced nothing but sympathy, kindness and relief—things totally different from what they had expected: medical care for the sick, food for the hungry, shelter for the homeless. Thus, under the protection of the Japanese armies peace and order have been restored and energetic activities for reconstruction have been started amidst confusion and devastation. The fact that the Imperial Army is fighting not against the Chinese people but for emancipation has been brought home to their minds.

Activities for the enlightenment of Chinese masses have been taken up by the Enlightenment and Rehabilitation Corps.

The functions of the corps are to enlighten the masses in the war areas concerning Japan's purposes, to persuade and help the refugees to return to their towns and villages, to extend relief to the suffering, and to assist the Chinese in establishing and maintaining peace

and order in all localities. Furthermore, to assist in economic and cultural reconstruction is another important function of these soldiers of peace.

These soldiers of peace invariably follow the Imperial forces. Residents in the war areas where the Chinese troops stubbornly hold their lines are accustomed either to flee with the Chinese forces when they retreat or to seek refuge beforehand somewhere in the interior fearing that looting and other outrages will likely be committed by the retreating forces. Nothing but desolation, therefore, is to be found in towns and villages. The few figures to be seen are usually the aged or deformed or children who have lost their parents. Even these helpless people cannot be easily approached in order to that help and relief might be extended to them, because they have been inculcated by the Communists with the false story that the Japanese soldiers will slaughter even women and children. The first step in the activities of the soldiers of peace is to disarm the fears of the masses and win their confidence. The next step is to try to restore peace and order.

Camps for refugees are set up for the homeless; food and food-stuffs are distributed among the hungry; medical attention is administered to the sick, and even measures for preventing epidemics are carried out as occasion demands.

Establishment of employment bureaus and publication of local newspapers are found effective in securing rehabilitation. Such natural and humane acts as giving candy to and playing with children and taking special care of the aged have worked for the winning of the confidence of the Chinese masses. For this type of humanistic activities many Japanese and Chinese women workers are offering self-sacrificing services.

Assisting in economic rehabilitation and reconstruction is a measure not only essential for the material life of the people in the new China but also one having vital bearing upon their morale. Activities which come under the functions of the Enlightenment and Rehabilitation Corps, though limited in scope and temporary in nature, are the promotion of circulation of money and resumption of agricultural and commercial activities among rehabilitated villagers. The organization of harvesting groups has been founded to encourage the return of farmers to their fields. As they are supplied with Sun flags, the farmers can be distinguished from



disguised bandits or remnants of Chinese troops. Protected thus against falling victim to bandit attacks and secure against Japanese fire, these returning farmers have gathered in their crops in many places. For the products of these farms, the establishment of markets has necessarily been promoted.

Assisting in cultural reconstruction is another essential function of the soldiers of peace. Through their endeavours the Chinese leaders who have been disillusioned with the policy anti-Japanism hitherto enforced and are awakened to the possibilities of Sino-Japanese collaboration have already commenced activities for constructing a new culture based not upon exaggerated, narrow nationalism and disastrous anti-Japanism but upon the ideal of the moral State and of a moral world order. This change in cultural principles has naturally given rise to a desire to know Japan and the Japanese language. Accordingly, not only in the Peking-Tientsin area but also in Tsinan and other cities enthusiasm for learning Japanese is running high. Four Japanese language schools with 3,000 students are being conducted in the city of Tsinan alone.

The grateful hearts of the Chinese masses toward the Imperial Army have taken expression in various forms in many places. Recently the commander of a Japanese unit was presented a tablet bearing a eulogy by the residents of Tehsien, Shantung Province. The Chinese have generally co-operated with Japanese troops in repairing roads and bridges, recruiting coolies, getting supplies and facilitating encampments.

Assisting in organization of "villages for caring for and protecting roads" is another important function of the Enlightenment and Rehabilitation Corps. These villages are organized by the Chinese living along the principal railway lines with a view to promoting interest in the movement for caring for and protecting roads, training leaders, and organizing and guiding junior and women's bands. Several of these villages have now been organized in districts under Japanese occupation; the members of the organization, or villagers, are required to serve daily in taking care of and protecting railways, highways and lines of communication. Besides, they are expected to sound alarms in case of bandit raids. In recompense for these services they are accorded the right of priority in protection by the authorities in case of danger. The villagers are further compensated by the supply of their wants,

food-stuffs and other necessities of life, seeds and young plants of superior quality. The establishment of village schools and other educational facilities are also offered to them.

Where these villages are organized, the villagers have gradually come to understand the true motives and intentions of the Japanese assistance and to respect the members of the Corps. Instances have been reported in which villagers sheltered Japanese workers in their homes from the raids of bandits. Though unarmed, these soldiers of peace have always been safe, freely and friendly mingling with the masses.

Organization of young men's, boys' and women's bands for the purpose of training and preparation for future leadership has been successfully carried out. The most advanced band is one of boys organized at Shihkiachwang, with a membership of several hundreds. These boys not only engage in mental work such as street sweeping but also assist in the work of enlightenment and rehabilitation. Their services in that town and in near-by villages have contributed materially toward realizing the ideal of Sino-Japanese collaboration.

Wherever the Japanese forces advance, Japan's soldiers of peace are busily occupied in the Yellow River basin, Shansi, Shensi and other provinces. Those at work, totally unarmed, as friends and advisers of the agrarian masses, particularly in districts behind the lines where remnants of defeated Chinese troops, bandits and Communists are rampant in disturbing peace and order, are really worthy of being called "soldiers of peace." Due, in a considerable degree, to their heroic and devoted activities, even in Shansi Province, the noted stronghold of Red China, the ideal of a moral order based upon Japanese-Manchoukuoan-Chinese collaboration has dawned. Thus a new China is emerging. Chinese youths who seek to master the Japanese language, Chinese children who are joyfully playing with Japanese soldiers, and Chinese labourers who are energetically working for construction of hope—these make up the picture of the new China, the real friendly neighbour of Japan.

Prior to the outbreak of the present Affair, school children of Tungkwang-hsien used to sing:

Stand up for our fatherland, sons of China!  
Wipe away our disgrace, compatriots!  
March forward, every one of you,  
To annihilate all Japanese;  
To kill only one of them means little.

But such a hymn of hatred is to be heard no longer. Instead, children are singing songs of joy and happiness, some of them in Japanese. Indeed, the present Affair, one of the greatest upheavals in modern China, regrettable as it is from the point of view of destruction of lives and property it entailed, has given the Chinese a new world and a new import to their national life.

#### Establishment of Central Companies

Two companies were established on November 7, 1938, for the economic development of North and Central China. For North China the Kita-Shina Kaishatsu Kabushiki Kaisha or North China Development Company is capitalized at ¥350,000,000, half of which is borne by the Japanese Government. The other company is the Naka-Shina Shinko Kabushiki Kaisha or Central China Promotion Company capitalized at ¥100,000,000, half of which is borne by the Japanese Government.

The North China Development Com-

pany commenced its business in 1938 with a paid-up capital of ¥99,319,000, under the presidency of Sonyu Otani, former Minister for Overseas Affairs, for the capitalization and supervision of business corporations engaged in transportation, communications, electricity, mining and salt enterprises in North China, and to carry on its own enterprises.

The Central China Promotion Company also started its business in 1938 with a paid-up capital of ¥31,382,000 under the presidency of Kenji Kodama, former president of the Yokohama Specie Bank, and is already capitalized for the establishment of 7 business corporations and 1 bank in Central China.

#### Conditions of North China

Prices Soar According to the investigations made by various circles the prices of commodities in North China are soaring. The index numbers of wholesale prices at Tientsin and retail prices at Tientsin and Peking are as follows:

#### INDEX NUMBER OF WHOLESALE PRICES AT TIENSIN

(Base: 1926=100)

Year	General	Foodstuffs	Clothes	Metallic goods	Building material	Fuel	Miscellaneous
1931	122.55	114.39	117.03	145.34	116.88	139.43	132.35
1934	92.31	80.64	90.73	105.60	106.22	110.99	97.66
1936	110.62	115.50	99.07	116.42	110.74	111.40	98.68
1938	168.21	156.36	134.98	241.07	176.52	191.24	165.27
1939 (Feb.)	187.14	173.31	153.90	264.82	207.62	202.21	173.93

#### INDEX NUMBER OF RETAIL PRICES AT TIENSIN

(Base: 1930=100)

Year	General	Foodstuffs	Clothes	Fuel	Miscellaneous
1937 (Jan.)	89.75	88.27	89.27	103.41	85.80
1938 (Jan.)	108.93	112.30	81.24	137.72	106.00
1939 (Jan.)	140.57	142.81	112.96	169.74	136.37

#### INDEX NUMBER OF RETAIL PRICES AT PEKING

(Base: April, 1937=100)

Year	General	Foodstuffs	Fuel	Cotton textiles	Miscellaneous
1937 (June)	98.15	93.23	99.40	101.81	—
1938 (Jan.)	111.16	116.44	123.06	105.33	99.84
1938 (June)	134.77	117.27	168.27	135.78	117.74
1939 (Jan.)	141.67	128.80	160.34	138.47	139.07

Foreign Trade of North China With the restoration of peace the foreign trade of North China has improved, and in 1938 the total amount of trade reached

574,512,000 yuan or legal tender notes, an increase of 242,498,000 yuan or 73 per cent as compared with 1936.



## FOREIGN TRADE OF NORTH CHINA

(Unit: 1,000 tender notes)

	Exports	Imports	Excess of Exports (+) or Imports (-)
1932	163,392	264,467	(-) 101,075
1933	152,271	204,676	(-) 52,405
1934	135,781	161,776	(-) 25,995
1935	159,644	150,133	(+) 9,511
1936	191,111	140,903	(+) 50,208
1937	215,741	145,790	(+) 69,951
1938	254,526	319,986	(-) 65,460

The number of trade vessels entered into 6 ports in North China, i. e. Tientsin Tsingtao, Chefoo, Chinwangtao, Lungkow and Weihaiwei, in 1938 reached 4,433 with an aggregate tonnage of 4,091,212 tons. Of the 6 ports Tientsin headed the list with 2,201 vessels, a great increase as compared with 756 vessels in the previous year.

**Increase of Japanese Residents** The number of Japanese subjects resident in North China, which was 43,897 in

May, 1937, increased to 130,862 at the end of 1938. Details follow:

## JAPANESE RESIDENTS IN NORTH CHINA

At the end of 1938

Number of households	38,704
Number of persons	130,862
From Japan proper	
Number of households	31,504
Men	57,623
Women	40,208
Total	97,831
Koreans	
Number of households	7,050
Men	13,743
Women	10,436
Total	24,179
Formosans	
Number of households	150
Persons	451
Residents in rural districts	8,400

Peking had 26,357, Tientsin 34,731, Tsingtao 20,530 and Tsinan 10,500.

## CHRONICLE OF THE SINO-JAPANESE HOSTILITIES,

July 1937—June 1939

1937:

July 7—North China Incident occurred at Marco Polo Bridge.

July 15—The Japanese Government decided to despatch Japanese troops to North China.

July 25—Hostilities began at Langfang.

July 28—Commander Katsuki notified the Chinese authorities of the Imperial Army's decision to take free action.

July 29—Japanese troops began operations against the Chinese 29th Army.

August 8—Japanese troops entered Peking. Japanese residents in the cities on the Yangtze completed evacuation.

August 9—The Oyama incident occurred in Shanghai.

August 13—Hostilities began in Shanghai.

August 14—Commander Hasegawa of the Third Fleet of the Imperial Navy, declared the intention of the Imperial Navy to attack the Chinese forces.

The air force of the Imperial Navy made their first attacks on Chinese military centres in Central China, flying over the China Seas from Japan.

August 15—The air force of the Imperial Navy carried out the first attacks on Nanking and other military centres and destroyed more than 40 Chinese planes.

August 19—The Japanese Landing Party occupied a Chinese wharf at Shanghai.

August 23—The Imperial Army effected a

forced landing at Shanghai under cover of and in cooperation with the Navy and Naval Forces.

August 25—The Imperial Navy in Chinese waters declared the closing of a part of the China coast to the traffic of Chinese vessels.

August 27—The Imperial Army entered Changchiakow (Kalgan).

August 31—Woosung was occupied by the Imperial forces.

The air forces of the Imperial Navy made their first attacks on Canton.

September 1—The Naval air forces attacked Shanghai.

September 4—Japanese residents evacuated Tsingtao.

September 5—The entire coast of China was blockaded by the Imperial Navy.

September 8—The Imperial Army entered Inner Mongolia.

September 13—Tatung was occupied by the Imperial Army.

September 19—The Commander of the Third Fleet gave notice of the extension of naval operations in and around Nanking.

September 24—The Imperial Army entered Paoting.

The air forces of the Imperial Navy attacked Hankow and Nanchang.

September 29—The Japanese Naval Landing Party made general advances from

North Szechwan Road.

September 30—Pailingmiao, Inner Mongolia, was occupied by the Imperial Army.

October 8—Chenting was taken by the Imperial Army.

October 10—Shihkiachwang fell into the hands of the Imperial Army.

October 14—Kalgan was occupied by the Imperial Army.

October 17—Paotow was captured by the Imperial Army.

October 18—The air forces of the Imperial Navy bombed Hankow and other places and destroyed more than 30 Chinese planes.

October 26—The Shanghai Race Course and Tachangchen were occupied by the Imperial Army.

October 27—The North Station, the Chapel sector and Chenjuchen were taken by the Japanese Naval Landing Party.

October 30—The air forces of the Imperial Army bombed Taiyuan and destroyed 17 Chinese planes.

November 3—Japanese forces advanced to the south of Soochow Creek.

November 5—The Imperial Army accomplished a forced landing on the northern coast of Hangchow Gulf, under the protection and in cooperation with the Imperial Navy.

November 9—Taiyuan was occupied by the Imperial Army.

Shanghai and Nanshih encircled by Japanese forces.

November 11—Occupation of Nanshih.

November 13—The air forces of the Imperial Army bombed Stan.

Linhochen, Chiating and Kashan-hsien, were occupied.

The Japanese Naval Landing Party took Nanshih.

November 14—Occupation of Taitsang-hsien.

November 15—Kunshan-hsien was occupied.

November 19—Soochow and Kashing (Chiahsing) were taken.

November 20—The removal of the Nanking Government to Chungching was announced.

November 25—Occupation of Wush.

November 29—Changchow and Kwangteh were captured.

Kuyung was occupied.

December 9—The air forces of the Imperial Navy bombed Nanchang, Nanking and other places, and destroyed 25 Chinese planes.

December 10—General attack on Nanking by the Japanese forces began.

December 13—The fall of Nanking.

December 14—The air forces of the Im-

perial Navy bombed Nanchang and Anching, and destroyed 35 Chinese planes.

December 22—The Naval air forces bombed Nanchang and Chowkiakow, and destroyed 30 Chinese planes.

December 24—Occupation of Hangchow.

December 27—The Imperial Army entered Tsinan.

1938:

January 4—The air forces of the Imperial Navy attacked Suchow (Hsuehou), Hankow and the Canton-Hankow railway line, and destroyed 21 Chinese planes.

January 5—Occupation of Yenchow in Shantung.

January 10—The Japanese forces landed at Tsingtao.

January 6, 24, 27—The air forces of the Imperial Navy repeatedly attacked Hankow, Nanchang, Ichang-hsien and the Canton-Hankow railway, and destroyed over 45 Chinese planes.

February 3—The Imperial Naval Landing Party landed at Chefoo.

February 9—The Naval air forces made the first attack on Changsha.

February 16, 21, 25—The Naval air forces attacked Chungching, Hankow, Hengyang, Ichang, Nanchang and railways in South China, and destroyed 90 Chinese planes.

March 6—The Japanese Naval Landing Party landed at Weihaiwei.

March 25—The Imperial Army air forces attacked Kweiteh (Kueite) and destroyed 14 Chinese planes.

April 3—Occupation of Talerhchwang.

April 13, 29—The Naval air forces bombed Canton and Hankow, and destroyed 66 Chinese planes.

May 11—Occupation of Amoy by the Imperial Navy.

May 18—General attack on Suchow by the Imperial Army began.

May 19—Occupation of Suchow.

May 24—Occupation of Lanfeng.

May 28—Occupation of Kweiteh.

The air forces of the Imperial Navy began attacks on Canton which were repeated for weeks following.

May 31—The Naval air forces bombed Hankow and destroyed 20 Chinese planes.

June 6—Occupation of Kaifeng.

June 13—Occupation of Anching.

June 17—Occupation of Chienshan.

The Naval air forces bombed Hainan Island.

June 25—The Naval air forces attacked Nanchang and destroyed 19 Chinese planes.

July 4—Occupation of Hukow.

The Naval air forces attacked Nanchang and destroyed 51 Chinese planes.



- July 16 and 19—Hankow bombed by the Naval planes.
- July 26—Occupation of Kiukiang on the Yangtze.
- August 3—Hankow attacked by the Naval Air Force and 32 Chinese planes were shot down, while 2 Japanese planes were lost.
- August 24—Occupation of Juichang in Kiangsi Province.
- August 29, 30—Japanese troops crossed the Pi River.
- September 5—Kushih in Honan Province was occupied by a Japanese force.
- September 16—Shangcheng at the northern base of the Tapieh mountain range occupied by Japanese forces.
- September 17—Occupation of Wusueh on the Yangtze by the Naval landing party.
- September 28—Naval air squadrons raided Yunnan, capital of Yunnan Province, and destroyed 20 Chinese planes.
- October 2—Occupation of Paishih on the Fu River.
- October 12—Surprise landing of Japanese forces at Bias Bay in South China.
- October 13—A Naval air unit bombed and destroyed 37 Chinese tanks at Waichow.
- October 16—Occupation of Shihhweyao on the Yangtze.
- October 21—Occupation of Canton.
- October 24—General Chiang Kai-shek left Hankow set on fire by the Chinese Army.
- October 25—A part of Japanese forces drove into the northeastern part of Hankow.
- October 27—Fall of Hankow, Hanyang and Wuchang cities.
- November 11—Occupation of Yochow.
- November 13—Destruction of Changsha set on fire by Chinese.
- November 20—Yenan, the Red city in Shensi Province, raided by Japanese Army Air Forces.
- December 3—Occupation of Kowloon.

1939:

- February 10—Japanese forces succeeded in landing on Hainan Island early in the morning.
- February 12—Japanese Army Air Forces attacked Lanchow in Kansu Province and shot down 38 Chinese planes.
- February 20—Lanchow attacked for the second time and 36 Chinese planes were shot down, while one Japanese plane was lost.
- March 4—Occupation of Haichow.
- March 27—Occupation of Nanchang.
- March 29—Occupation of Wuning.
- April 6—Naval Air Forces attacked Yunnan and destroyed 41 Chinese planes. On the following day the same air squadrons effected a heavy air raid on Nanning.
- May 3—Repeated raids on Chungking by the Naval Air Forces effected beginning with May 3.
- May 25—Kulangsü in Fukien blockaded by the Japanese Navy.
- June 14—Tientsin Foreign Concession blockaded by the Japanese Army.
- June 21—Japanese army and naval forces landed on Swatow.
- June 27—Occupation of Chaochow to the north of Swatow.



## APPENDIX



## THE CONSTITUTION

### CHAPTER I THE EMPEROR

ARTICLE I The Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal.

ARTICLE II The Imperial Throne shall be succeeded to by Imperial male descendants, according to the provisions of the Imperial House Law.

ARTICLE III The Emperor is sacred and inviolable.

ARTICLE IV The Emperor is the head of the Empire, combining in Himself the rights of sovereignty, and exercises them according to the provisions of the present Constitution.

ARTICLE V The Emperor exercises the legislative power with the consent of the Imperial Diet.

ARTICLE VI The Emperor gives sanction to laws, and orders them to be promulgated and executed.

ARTICLE VII The Emperor convokes the Imperial Diet, opens, closes and prorogues it, and dissolves the House of Representatives.

ARTICLE VIII The Emperor, in consequence of an urgent necessity to maintain public safety or to avert public calamities, issues, when the Imperial Diet is not sitting, Imperial Ordinances in the place of law.

Such Imperial Ordinances are to be laid before the Imperial Diet at its next session, and when the Diet does not approve the said Ordinances, the Government shall declare them to be invalid for the future.

ARTICLE IX The Emperor issues, or causes to be issued, the Ordinances necessary for the carrying out of the laws, or for the maintenance of the public peace and order, and for the promotion of the welfare of the subjects. But no Ordinance shall in any way alter any of the existing laws.

ARTICLE X The Emperor determines the organization of the different branches of the administration, and salaries of all civil and military officers, and appoints and dismisses the same. Exceptions especially provided for in the present Constitution or in other laws shall be in accordance with the respective provisions bearing thereon.

ARTICLE XI The Emperor has the

supreme command of the Army and Navy.

ARTICLE XII The Emperor determines the organization and peace standing of the Army and Navy.

ARTICLE XIII The Emperor declares war, makes peace, and concludes treaties.

ARTICLE XIV The Emperor declares a state of siege.

The conditions and effects of a state of siege shall be determined by law.

ARTICLE XV The Emperor confers titles of nobility, rank, orders and other marks of honour.

ARTICLE XVI The Emperor orders amnesty, pardon, commutation of punishments and rehabilitation.

ARTICLE XVII A Regency shall be instituted in conformity with the provisions of the Imperial House Law.

The Regent shall exercise the powers appertaining to the Emperor in His name.

### CHAPTER II RIGHTS AND DUTIES OF SUBJECTS

ARTICLE XVIII The conditions necessary for being a Japanese subject shall be determined by law.

ARTICLE XIX Japanese subjects may, according to qualifications determined in laws or ordinances, be appointed to civil or military or any other public offices equally.

ARTICLE XX Japanese subjects are amenable to service in the Army or Navy according to the provisions of law.

ARTICLE XXI Japanese subjects are amenable to the duty of paying taxes according to the provisions of law.

ARTICLE XXII Japanese subjects shall have the liberty of abode and of changing the same within the limits of law.

ARTICLE XXIII No Japanese subject shall be arrested, detained, tried or punished, unless according to law.

ARTICLE XXIV No Japanese subject shall be deprived of his right of being tried by the judges determined by law.

ARTICLE XXV Except in the cases provided for in the law, the house of no Japanese subject shall be entered or searched without his consent.

ARTICLE XXVI Except in the cases mentioned in the law, the secrecy of the



letters of every Japanese subject shall remain inviolate.

ARTICLE XXVII The right of property of every Japanese subject shall remain inviolate.

Measures necessary to be taken for the public benefit shall be provided for by law.

ARTICLE XXVIII Japanese subjects shall, within limits not prejudicial to peace and order, and not antagonistic to their duties as subjects, enjoy freedom of religious belief.

ARTICLE XXIX Japanese subjects shall, within the limits of law, enjoy the liberty of speech, writing, publication, public meetings and associations.

ARTICLE XXX Japanese subjects may present petitions, by observing the proper forms of respect, and by complying with the rules specially provided for the same.

ARTICLE XXXI The provisions contained in the present chapter shall not affect the exercise of the powers appertaining to the Emperor, in times of war or in cases of a national emergency.

ARTICLE XXXII Each and every one of the provisions contained in the preceding Articles of the present chapter, that are not in conflict with the laws or the rules and discipline of the Army and Navy, shall apply to the officers and men of the Army and of the Navy.

### CHAPTER III

#### THE IMPERIAL DIET

ARTICLE XXXIII The Imperial Diet shall consist of two Houses, a House of Peers and a House of Representatives.

ARTICLE XXXIV The House of Peers shall, in accordance with the Ordinance concerning the House of Peers, be composed of the members of the Imperial Family, of the orders of nobility, and of those persons who have been nominated thereto by the Emperor.

ARTICLE XXXV The House of Representatives shall be composed of Members elected by the people according to the provisions of the Law of Election.

ARTICLE XXXVI No one can at one and the same time be a Member of both Houses.

ARTICLE XXXVII Every law requires the consent of the Imperial Diet.

ARTICLE XXXVIII Both Houses shall vote upon projects of law submitted to them by the Government, and may respectively initiate projects of law.

ARTICLE XXXIX A Bill which has been rejected by either the one or the other of the two Houses shall not be again brought in during the same session.

ARTICLE XL Both Houses can make representations to the Government as to laws or upon any other subject. When, however, such representations are not accepted, they cannot be made a second time during the same session.

ARTICLE XLI The Imperial Diet shall be convoked every year.

ARTICLE XLII A session of the Imperial Diet shall last during three months. In case of necessity, the duration of a session may be prolonged by Imperial Order.

ARTICLE XLIII When urgent necessity arises, an extraordinary session may be convoked in addition to the ordinary one.

The duration of an extraordinary session shall be determined by Imperial Order.

ARTICLE XLIV The opening, closing, prolongation of session and prorogation of the Imperial Diet, shall be effected simultaneously for both Houses.

In case the House of Representatives has been ordered to dissolve, the House of Peers shall at the same time be prorogued.

ARTICLE XLV When the House of Representatives has been ordered to dissolve, Members shall be caused by Imperial Order to be newly elected, and the new House shall be convoked within five months from the day of dissolution.

ARTICLE XLVI No debate can be opened and no vote can be taken in either House of the Imperial Diet, unless not less than one-third of the whole number of the Members thereof is present.

ARTICLE XLVII Votes shall be taken in both Houses by absolute majority. In the case of a tie vote, the President shall have the casting vote.

ARTICLE XLVIII The deliberations of both Houses shall be held in public. The deliberations may, however, upon demand of the Government or by resolution of the House, be held in secret sitting.

ARTICLE XLIX Both Houses of the Imperial Diet may respectively present addresses to the Emperor.

ARTICLE L Both Houses may receive petitions presented by subjects.

ARTICLE LI Both Houses may enact, besides what is provided for in the present Constitution and in the Law of the Houses, rules necessary for the management of their internal affairs.

ARTICLE LII No Member of either House shall be held responsible outside

the respective Houses for any opinion uttered or for any vote given in the House. When, however, a Member himself has given publicity to his opinions by public speech, by documents in print or in writing, or by any other similar means, he shall, in the matter, be amenable to the general law.

ARTICLE LIII The Members of both Houses shall, during the session, be free from arrest, unless with the consent of the House, except in cases of flagrant delicts, or of offences connected with a state of internal commotion or with a foreign trouble.

ARTICLE LIV The Ministers of State and the Delegates of the Government may, at any time, take seats and speak in either House.

### CHAPTER IV

#### THE MINISTERS OF STATE AND THE PRIVY COUNCIL

ARTICLE LV The respective Ministers of State shall give their advice to the Emperor, and be responsible for it.

All Laws, Imperial Ordinances and Imperial Rescripts of whatever kind, that relate to the affairs of the State, require the countersignature of a Minister of State.

ARTICLE LVI The Privy Councillors shall, in accordance with the provisions for the organization of the Privy Council, deliberate upon important matters of State, when they have been consulted by the Emperor.

### CHAPTER V

#### THE JUDICATURE

ARTICLE LVII The Judicature shall be exercised by the Courts of Law according to law, in the name of the Emperor.

The organization of the Courts of Law shall be determined by law.

ARTICLE LVIII The judges shall be appointed from among those who possess proper qualifications according to law.

No judge shall be deprived of his position, unless by way of criminal sentence or disciplinary punishment.

Rules for disciplinary punishment shall be determined by law.

ARTICLE LIX Trials and judgments of a Court shall be conducted publicly

When, however, there exists any fear, that such publicity may be prejudicial to peace and order, or to the maintenance of public morality, the public trial may be suspended by provision of law or by the decision of the Court of Law.

ARTICLE LX All matters, that fall within the competency of a special Court, shall be specially provided for by law.

ARTICLE LXI No suit at law, which relates to rights alleged to have been infringed by the illegal measures of the administrative authorities, and which shall come within the competency of the Court of Administrative Litigation specially established by law, shall be taken cognizance of a Court of Law.

### CHAPTER VI

#### FINANCE

ARTICLE LXII The imposition of a new tax or the modification of the rates of an existing one shall be determined by law.

However, all such administrative fees or other revenue having the nature of compensation shall not fall within the category of the above clause.

The raising of national loans and the contracting of other liabilities to the charge of the National Treasury, except those that are provided in the Budget, shall require the consent of the Imperial Diet.

ARTICLE LXIII The taxes levied at present shall, in so far as they are not remodelled by a new law, be collected according to the old system.

ARTICLE LXIV The expenditure and revenue of the State require the consent of the Imperial Diet by means of an annual Budget.

Any and all expenditures overpassing the appropriations set forth in the Titles and Paragraphs of the Budget, or that are not provided for in the Budget, shall subsequently require the approbation of the Imperial Diet.

ARTICLE LXV The Budget shall be first laid before the House of Representatives.

ARTICLE LXVI The expenditures of the Imperial House shall be defrayed every year out of the National Treasury, according to the present fixed amount for the same, and shall not require the consent thereto of the Imperial Diet, except in case an increase thereof is found necessary.

ARTICLE LXVII Those already fixed



expenditures based by the Constitution upon the powers appertaining to the Emperor, and such expenditures as may have arisen by the effect of law, or that appertain to the legal obligations of the Government, shall be neither rejected nor reduced by the Imperial Diet, without the concurrence of the Government.

ARTICLE LXVIII In order to meet special requirements, the Government may ask the consent of the Imperial Diet to a certain amount as a Continuing Expenditure Fund, for a previously fixed number of years.

ARTICLE LXIX In order to supply deficiencies, which are unavoidable, in the Budget, and to meet requirements unprovided for in the same, a Reserve Fund shall be provided in the Budget.

ARTICLE LXX When the Imperial Diet cannot be convoked, owing to the external or internal condition of the country, in case of urgent need for the maintenance of public safety, the Government may take all necessary financial measures, by means of an Imperial Ordinance.

In the case mentioned in the preceding clause, the matter shall be submitted to the Imperial Diet at its next session, and its approbation shall be obtained thereto.

ARTICLE LXXI When the Imperial Diet has not voted on the Budget, or when the Budget has not been brought into actual existence, the Government shall carry out the Budget of the preceding year.

ARTICLE LXXII The final account of the expenditures and revenue of the State shall be verified and confirmed by the Board of Audit, and it shall be submitted by the Government to the Imperial Diet, together with the report of verification of the said Board.

## THE IMPERIAL HOUSE LAW

### CHAPTER I

#### SUCCESSION TO THE IMPERIAL THRONE

ARTICLE I The Imperial Throne of Japan shall be succeeded to by male descendants in the male line of Imperial Ancestors.

ARTICLE II The Imperial Throne shall be succeeded to by the Imperial eldest son.

ARTICLE III When there is no Im-

The organization and competency of the Board of Audit shall be determined by law separately.

### CHAPTER VII

#### SUPPLEMENTARY RULES

ARTICLE LXXIII When it has become necessary in future to amend the provisions of the present Constitution, a project to that effect shall be submitted to the Imperial Diet by Imperial Order.

In the above case, neither House can open the debate, unless not less than two-thirds of the whole number of Members are present, and no amendment can be passed, unless a majority of not less than two-thirds of the Members present is obtained.

ARTICLE LXXIV No modification of the Imperial House Law shall be required to be submitted to the deliberation of the Imperial Diet.

No provision of the present Constitution can be modified by the Imperial House Law.

ARTICLE LXXV No modification can be introduced into the Constitution, or into the Imperial House Law, during the time of a Regency.

ARTICLE LXXVI Existing legal enactments, such as laws, regulations, Ordinances, or by whatever names they may be called, shall, so far as they do not conflict with the present Constitution, continue in force.

All existing contracts or orders, that entail obligations upon the Government, and that are connected with expenditure, shall come within the scope of Art. LXVII.

perial eldest son, the Imperial Throne shall be succeeded to by the Imperial eldest grandson. When there is neither Imperial eldest son nor any male descendant of his, it shall be succeeded to by the Imperial son next in age, and so on in every successive case.

ARTICLE IV For succession to the Imperial Throne by an Imperial descendant, the one of full blood shall have precedence over descendants of half blood. The succession to the Imperial Throne by the latter shall be limited to those cases

only, when there is no Imperial descendant of full blood.

ARTICLE V When there is no Imperial descendant, the Imperial Throne shall be succeeded to by an Imperial brother and by his descendants.

ARTICLE VI When there is no such Imperial brother or descendant of his, the Imperial Throne shall be succeeded to by an Imperial uncle and by his descendants.

ARTICLE VII When there is neither such Imperial uncle nor descendant of his, the Imperial Throne shall be succeeded to by the next nearest member among the rest of the Imperial Family.

ARTICLE VIII Among the Imperial brothers and the remoter Imperial relations, precedence shall be given, in the same degree, to the descendants of full blood over those of half blood, and to the elder over the younger.

ARTICLE IX When the Imperial heir is suffering from an incurable disease of mind or body, or when any other weighty cause exists, the order of succession may be changed in accordance with the foregoing provisions, with the advice of the Imperial Family Council and with that of the Privy Council.

### CHAPTER II

#### ASCENSION AND CORONATION

ARTICLE X Upon the demise of the Emperor, the Imperial heir shall ascend the Throne, and shall acquire the Divine Treasures of the Imperial Ancestors.

ARTICLE XI The ceremonies of Coronation shall be performed and a Grand Coronation Banquet (Daijosai) shall be held at Kyoto.

ARTICLE XII Upon an ascension to the Throne, a new era shall be inaugurated, and the name of it shall remain unchanged during the whole reign, in agreement with the established rule of the 1st year of Meiji.

### CHAPTER III

#### MAJORITY, INSTITUTION OF EMPRESS AND OF HEIR-APPARENT

ARTICLE XIII The Emperor, the Kōtaishi and the Kōtaison shall attain their majority at eighteen full years of age.

ARTICLE XIV Members of the Im-

perial Family, other than those mentioned in the preceding Article, shall attain their majority at twenty full years of age.

ARTICLE XV The son of the Emperor, who is Heir-apparent, shall be called "Kōtaishi." In case there is no Kōtaishi, the Imperial grandson, who is Heir-apparent, shall be called "Kōtaison."

ARTICLE XVI The institution of Empress and that of Kōtaishi or of Kōtaison shall be proclaimed by an Imperial Rescript.

### CHAPTER IV

#### STYLES OF ADDRESS

ARTICLE XVII The style of address for the Emperor, the Grand Empress Dowager, the Empress Dowager and of the Empress, shall be His, or Her or Your Majesty.

ARTICLE XVIII The Kōtaishi and his consort, the Kōtaison and his consort, the Imperial Princes and their consorts, the Imperial Princesses, the Princes and their consorts, and the Princesses shall be styled His, Her, Their, or Your Highness or Highnesses.

### CHAPTER V

#### REGENCY

ARTICLE XIX When the Emperor is a minor, a Regency shall be instituted.

When He is prevented by some permanent cause from personally governing, a Regency shall be instituted, with the advice of the Imperial Family Council and with that of the Privy Council.

ARTICLE XX The Regency shall be assumed by the Kōtaishi or the Kōtaison, being of full age of majority.

ARTICLE XXI When there is neither Kōtaishi nor Kōtaison, or when the Kōtaishi or the Kōtaison has not yet arrived at his majority, the Regency shall be assumed in the following order:

1. An Imperial Prince or a Prince.
2. The Empress.
3. The Empress Dowager.
4. The Grand Empress Dowager.
5. An Imperial Princess or a Princess.

ARTICLE XXII In case the Regency is to be assumed from among the male members of the Imperial Family, it shall be done in agreement with the order of succession to the Imperial Throne. The same shall apply to the case of female



members of the Imperial Family.

ARTICLE XXIII A female member of the Imperial Family to assume the Regency shall be exclusively one who has no consort.

ARTICLE XXIV When, on account of the minority of the nearest related member of the Imperial Family, or for some other cause, another member has to assume the Regency, the latter shall not, upon the arrival at majority of the above mentioned nearest related member, or upon the disappearance of the aforesaid cause, resign his or her post in favour of any person other than of the Kotaiishi or of the Kotalson.

ARTICLE XXV When a Regent or one who should become such, is suffering from an incurable disease of mind or body, or when any other weighty cause exists therefor, the order of the Regency may be changed, with the advice of the Imperial Family Council and with that of the Privy Council.

## CHAPTER VI

### THE IMPERIAL GOVERNOR

ARTICLE XXVI When the Emperor is a minor, an Imperial Governor shall be appointed to take charge of His bringing up and of His education.

ARTICLE XXVII In case no Imperial Governor has been nominated in the will of the preceding Emperor, the Regent shall appoint one, with the advice of the Imperial Family Council and with that of the Privy Council.

ARTICLE XXVIII Neither the Regent nor any of his descendants can be appointed Imperial Governor.

ARTICLE XXIX The Imperial Governor can not be removed from his post by the Regent, unless upon the advice of the Imperial Family Council and upon that of the Privy Council.

## CHAPTER VII

### THE IMPERIAL FAMILY

ARTICLE XXX The term "Imperial Family" shall include the Grand Empress Dowager, the Empress Dowager, the Empress, the Kotaiishi and his consort, the Kotalson and his consort, the Imperial Princes and their consorts, the Imperial Princesses, the Princes and their consorts, and the Princesses.

ARTICLE XXXI From Imperial sons to Imperial great-great-grandsons, Imperial male descendants shall be called Imperial Princes; and from Imperial daughters to Imperial great-great-grand-daughters, Imperial female descendants shall be called Imperial Princesses. From the fifth generation downwards, they shall be called, male descendants, Princes, female ones, Princesses.

ARTICLE XXXII When the Imperial Throne is succeeded to by a member of a branch line, the title of Imperial Prince or Imperial Princess shall be specially granted to the Imperial brothers and sisters, being already Princes or Princesses.

ARTICLE XXXIII The births, namings, marriages and deaths in the Imperial Family shall be announced by the Minister of the Imperial Household.

ARTICLE XXXIV Genealogical and other records relating to the matters mentioned in the preceding Article shall be kept in the Imperial archives.

ARTICLE XXXV The members of the Imperial Family shall be under the control of the Emperor.

ARTICLE XXXVI When a Regency is instituted, the Regent shall exercise the power of control referred to in the preceding Article.

ARTICLE XXXVII When a member, male or female, of the Imperial Family is a minor and has been bereft of his or her father, the officials of the Imperial Court shall be ordered to take charge of his or her bringing up and education. Under certain circumstances, the Emperor may either approve the guardian chosen by his or her parent, or may nominate one.

ARTICLE XXXVIII The guardian of a member of the Imperial Family must be himself a member thereof and of age.

ARTICLE XXXIX Marriages of members of the Imperial Family shall be restricted to the circle of the Family, or to certain noble families specially approved by Imperial Order.

ARTICLE XL Marriages of the members of the Imperial Family shall be subject to the sanction of the Emperor.

ARTICLE XLI The Imperial writs sanctioning the marriages of members of the Imperial Family shall bear the countersignature of the Minister of the Imperial Household.

ARTICLE XLII No member of the Imperial Family can adopt any one as his son.

ARTICLE XLIII When a member of the Imperial Family wishes to travel beyond the boundaries of the Empire, he

shall first obtain the sanction of the Emperor.

ARTICLE XLIV A female member of the Imperial Family, who has married a subject, shall be excluded from membership of the Imperial Family. However, she may be allowed, by the special grace of the Emperor, to retain her title of Imperial Princess or of Princess, as the case may be.

## CHAPTER VIII

### IMPERIAL HEREDITARY ESTATES

ARTICLE XLV No landed or other property that has been fixed as the Imperial Hereditary Estates shall be divided up and alienated.

ARTICLE XLVI The landed and other property to be included in the Imperial Hereditary Estates shall be settled by Imperial writ with the advice of the Privy Council, and shall be announced by the Minister of the Imperial Household.

## CHAPTER IX

### EXPENDITURES OF THE IMPERIAL HOUSE

ARTICLE XLVII The expenditures of the Imperial House of all kinds shall be defrayed out of the National Treasury at a certain fixed amount.

ARTICLE XLVIII The estimates and audit of accounts of the expenditures of the Imperial House and all other rules of the kind shall be regulated by the Finance Regulations of the Imperial House.

## CHAPTER X

### LITIGATIONS, DISCIPLINARY RULES FOR THE MEMBERS OF THE IMPERIAL FAMILY

ARTICLE XLIX Litigation between members of the Imperial Family shall be decided by judicial functionaries specially designated by the Emperor to the Department of the Imperial Household, and execution issued, after Imperial sanction thereto has been obtained.

ARTICLE L Civil actions brought by private individuals against members of the Imperial Family, shall be decided in the Court of Appeal in Tokyo. Members of the Imperial Family shall, however, be

represented by attorneys, and no personal attendance in the Court shall be done in agreement with the Court.

ARTICLE LI No member of the Imperial Family can be arrested, or summoned before a Court of Law, unless the sanction of the Emperor has been first obtained thereto.

ARTICLE LII When a member of the Imperial Family has committed an act derogatory to his (or her) dignity, or when he has exhibited disloyalty to the Imperial House, he shall, by way of disciplinary punishment and by order of the Emperor, be deprived of the whole or a part of the privileges belonging to him as a member of the Imperial Family, or shall be suspended therefrom.

ARTICLE LIII When a member of the Imperial Family acts in a way tending to the squandering of his (or her) property, he shall be pronounced incapable by the Emperor, prohibited from administering his property, and a manager shall be appointed therefor.

ARTICLE LIV The two foregoing Articles shall be enforced upon the advice of the Imperial Family Council.

## CHAPTER XI

### THE IMPERIAL FAMILY COUNCIL

ARTICLE LV The Imperial Family Council shall be composed of the male members of the Imperial Family, who have reached the age of majority. The Lord Keeper of the Privy Seal, the President of the Privy Council, the Minister of the Imperial Household, the Minister of State for Justice and the President of the Court of Cassation shall be ordered to take part in the deliberations of the Council.

ARTICLE LVI The Emperor personally presides over the meeting of the Imperial Family Council, or directs one of the members of the Imperial Family to do so.

## CHAPTER XII

### SUPPLEMENTARY RULES

ARTICLE LVII Those of the present members of the Imperial Family of the fifth generation and downwards, who have already been invested with the title of Imperial Prince, shall retain the same as heretofore.

ARTICLE LVIII The order of succes-



sion to the Imperial Throne shall in every case relate to the descendants of absolute lineage. There shall be no admission to this line of succession for any one, as a consequence of his being an adopted Imperial son, Koyushi or heir to a princely house.

ARTICLE LXIX The grades of rank among the Imperial Princes, Imperial Princesses, Princes and Princesses shall be abolished.

ARTICLE LXX The family rank of Imperial Princes and all usages conflicting with the present Law shall be abolished.

ARTICLE LXXI The property, annual expenses and all other rules concerning the members of the Imperial Family shall be specially determined.

ARTICLE LXXII When in the future it shall become necessary either to amend or make additions to the present Law, the matter shall be decided by the Emperor, with the advice of the Imperial Family Council, and with that of the Privy Council.

#### A SUPPLEMENT TO THE IMPERIAL HOUSE LAW

(February 11, 1907)

ARTICLE I A Prince may be granted a family name and be caused to join the order of nobility by Imperial Order or through a petition.

ARTICLE II A Prince may become, by obtaining the sanction of the Emperor, the successor to the headship of a noble family, or be adopted into a noble family, with the object of succeeding to its headship.

ARTICLE III The wife and direct descendants of a Prince, who has, in accordance with the two preceding Articles, become a subject, and the wives of such

descendants, enter such subject's family. This rule does not apply, however, to females married to other members of the Imperial Family and the direct descendants of such females.

ARTICLE IV A member of the Imperial Family, who has been deprived of its privileges may, by Imperial order, be caused to descend to the status of subject.

ARTICLE V The cases provided for in Articles I, II, and IV (of the supplementary law) shall be subject to the advice of the Imperial Family Council and that of the Privy Council.

ARTICLE VI A member of the Imperial Family who has become a subject can not be restored into the Imperial Family.

ARTICLE VII Regulations relating the personal status and other rights and duties of members of the Imperial Family, shall be especially determined besides those prescribed in the present Law.

The regulations referred to in the preceding clause apply when a member of the Imperial Family and a private individual are parties to a matter, concerning which different rules are provided to apply to such parties respectively.

ARTICLE VIII Provisions in Laws and Ordinances, which are set down as applicable to members of the Imperial Family, shall be applicable only when there are no special provisions in the present Law or in Regulations that may be issued in conformity with the present Law.

#### A SUPPLEMENT TO THE IMPERIAL HOUSE LAW

(November 28, 1918)

A female member of the Imperial Family may marry a Prince of the principal House or of the branch Houses of the Ri Family.

#### LIST OF EMPERORS

No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign	No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign
1	JIMMU	(B. C.)	660-581	9	KAIKA		157-97
2	SUIZEI		581-548	10	SUJIN		97-29
3	ANNEI		548-510	11	SUININ		29-71
4	ITOKU		510-475	12	KEIKO	(A. D.)	71-131
5	KOSHŌ		475-392	13	SEIMU		131-192
6	KŌAN		392-290	14	CHŪAI		192-201
7	KŌREI		290-214	15	ŌJIN		270-313
8	KŌGEN		214-157		(Jingo, Regent)		201-270

#### LIST OF EMPERORS

No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign	No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign
16	NINTOKU		313-400				
17	RICHU		400-406				
18	HANSHŌ		406-412				
19	INGYŌ		412-453				
20	ANKŌ		453-456				
21	YŌRYAKU		456-480				
22	SEINEI		480-485				
23	KENSŌ		485-488				
24	NINKEN		488-499				
25	BURETSU		499-507				
26	KEITAI		507-531				
27	ANKAN		531-535				
28	SENKA		535-539				
29	KIMMEI		539-572				
30	BITATSU		572-585				
31	YŌMEI		585-587				
32	SUSHUN		587-592				
33	SUIKO (Empress)		592-629				
34	JOMEI		629-642				
35	KŌGYOKU (Empress)		642-645				
36	KŌTOKU	Taika (645-650), Hakuchi (650-654)	645-654				
37	SAIMEI (Empress)		655-661				
38	TENJI		661-671				
39	KŌBUN		671-672				
40	TEMU	Hakuhō (672-686) Suichō (686- )	672-686				
41	JITŌ (Empress)	Suchō (686-697)	686-697				
42	MOMMU	Taihō (701-704), Keiun (704-707)	697-707				
43	GEMMYŌ (Empress)	Keiun (707-708), Wadō (708-715)	707-715				
44	GENSHŌ (Empress)	Reiki (715-717), Yōrō (717-724)	715-724				
45	SHŌMU	Jinki (724-729), Tempyo (729-749), Tempyokanhō (749)	724-749				
46	KŌKEN (Empress)	Tempyōshōhō (749-757) Tempyōhōji (757-758)	749-758				
47	JUNNIN	Tempyōhōji (758-764)	758-764				
48	SHŌTOKU (Empress)	Tempyōhōji (764-765), Tempyōjingo (765-767), Jingokeiun (767-770)	764-770				
49	KŌNIN	Jingokeiun (770), Hōki (770-781), Ten-ō (781)	770-781				
50	KAMMU	Ten-ō (781-782), Enryaku (782-806)	781-806				
51	HEIZEI		806-809				
		Enryaku (806), Daidō (806-809)					
52	SAGA	Daidō (809-810), Kōnin (810-823)	809-823				
53	JUNNA	Kōnin (823-824), Tenchō (824-833)	823-833				
54	NIMMYŌ	Tenchō (833-834), Jōwa (834-848), Kashō (848-850)	833-850				
55	MONTOKU	Kashō (850-851), Ninju (851-854), Saikō (854-857), Tennan (857-858)	850-858				
56	SEIWA	Tennan (858-859), Jōgwan (859-876)	858-876				
57	YŌZEI	Jōgwan (876-877), Gwangyō (877-884)	876-884				
58	KŌKŌ	Gwangyō (884-885), Ninna (885-887)	884-887				
59	UDA	Ninna (887-889), Kwanpyō (889-897)	887-897				
60	DAIGO	Kwampyō (897-898), Shōtai (898-901), Engi (901-923), Enchō (923-930)	897-930				
61	SUZAKU	Enchō (930-931), Jōhei (931-938), Tengyō (938-946)	930-946				
62	MURAKAMI	Tengyō (946-947), Tenryaku (947-957), Tentoku (957-961), Ōwa (961-964), Kōhō (964-967)	946-967				
63	REIZEI	Kōhō (967-968), Anna (968-989)	967-969				
64	ENYŪ	Anna (969-970), Tenroku (970-973), Tenen (973-976), Jōgen (976-978), Tengen (978-983), Eikan (983-984)	969-984				
65	KAZAN	Eikan (984-985), Kanna (985-986)	984-986				
66	ICHIJŌ	Kanna (986-987), Eien (987-989), Eiso (989-990), Shōryaku (990-995), Chōtoku (995-999), Chōhō (999-1004), Kankō (1004-1011)	986-1011				
67	SANJŌ	Kankō (1011-1012), Chōwa (1012-1016)	1011-1016				
68	GOICHIJŌ		1016-1036				



No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign	No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign
		Chōwa (1016-1017), Kannin (1017-1021), Chian (1021-1024), Manju (1024-1028), Chōgen (1028-1036)				Ninnan (1168-1169), Kaō (1169-1171), Jōan (1171-1175), Angen (1175-1177), Jishō (1177-1180)	
69	GOSUZAKU	Chōgen (1036-1037), Chōryaku (1037-1040), Chōkyū (1040-1044), Kantoku (1044-1045)	1036-1045	81	ANTOKU	Jishō (1180-1181), Yōwa (1181-1182), Juēi (1182-1184), Genryaku (1184-1185)	1180-1185
70	GOREIZEI	Kantoku (1045-1046), Eijō (1046-1053), Tenki (1053-1058), Kōhei (1058-1065), Chiryaku (1065-1068)	1045-1068	82	GOTABA	Bunji (1185-1190), Kenkyū (1190-1198)	1185-1198
71	GOSANJŌ	Chiryaku (1068-1069), Enkyū (1069-1072)	1068-1072	83	TSUCHIMIKADO	Kenkyū (1198-1199), Shōji (1199-1201), Kennin (1201-1204), Genkyū (1204-1206), Kenēi (1206-1207), Jōgen (1207-1210)	1198-1210
72	SHIRAKAWA	Enkyū (1072-1074), Jōho (1074-1077), Jōryaku (1077-1081), Eiho (1081-1084), Ōtoku (1084-1086)	1072-1086	84	JUNTOKU	Jōgen (1210-1211), Kenryaku (1211-1213), Kenho (1213-1219), Jōkyū (1219-1221)	1210-1221
73	HORIKAWA	Ōtoku (1086-1087), Kanji (1087-1094), Kaho (1094-1096), Eichō (1096-1097), Jōtoku (1097-1099), Kōwa (1099-1104), Chōji (1104-1106), Kajō (1106-1107)	1086-1107	85	CHŌKYŌ	Jōkyū (1221)	1221
74	TOBA	Kajō (1107-1108), Tennin (1108-1110), Tin-ei (1110-1113), Eikyū (1113-1118), Gen-ei (1118-1120), Hoan (1120-1123)	1107-1123	86	GOHORIKAWA	Jōkyū (1221-1222), Jō-ō (1222-1224), Gennin (1224-1225), Karoku (1225-1227), Antēi (1227-1229), Kanki (1229-1232), Jōēi (1232)	1221-1232
75	SUTOKU	Hoan (1123-1124), Tenji (1124-1125), Daiji (1126-1131), Tenjō (1131-1132), Chōjō (1132-1135), Hoen (1135-1141), Eiji (1141)	1123-1141	87	SHIJŌ	Jōēi (1232-1233), Tempuku (1233-1234), Bunryaku (1234-1235), Katei (1235-1238), Ryakunin (1238-1239), Ennō (1239-1240), Ninji (1240-1242)	1232-1242
76	KONOYE	Eiji (1141-1142), Kōji (1142-1144), Tenyō (1144-1145), Kyūan (1145-1151), Nimpel (1151-1154), Kyūju (1154-1155)	1141-1155	88	GOSAGA	Kangen (1242-1243), Kangen (1243-1246)	1242-1246
77	GOSHIRAKAWA	Kyūju (1155-1156), Hogen (1156-1158)	1155-1158	89	GOFUKAKUSA	Kangen (1246-1247), Hōji (1247-1249), Kenchō (1249-1256), Kogen (1256-1257), Shōka (1257-1259), Shōgen (1259)	1246-1259
78	NIJŌ	Hogen (1158-1159), Heiji (1159-1160), Eiryaku (1160-1161), Ōho (1161-1163), Chōkan (1163-1165), Eiman (1165)	1158-1165	90	KAMEYAMA	Shōgen (1259-1260), Bunnō (1260-1261), Kōcho (1261-1264), Bunēi (1264-1274)	1259-1274
79	ROKUJŌ	Eiman (1165-1166), Ninnan (1166-1168)	1165-1168	91	GOUDA	Bunēi (1274-1275), Kenji (1275-1278), Kōan (1278-1287)	1274-1287
80	TAKAKURA		1168-1180	92	FUSHIMI	Kōan (1287-1288), Shō-ō (1288-1293), Einin (1293-1298)	1287-1298
				93	GOFUSHIMI	Ein in (1298-1299), Shōan	1298-1301

No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign	No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign
		(1299-1301)				(1558-1570), Genki (1570-1573), Tenshō (1573-1586)	
94	GONIJŌ	Shōan (1301-1302), Kengen (1302-1303), Kagen (1303-1306), Tokuji (1306-1308)	1301-1308	107	GOYŌZEI	Tenshō (1586-1592), Būnroku (1592-1596), Keichō (1596-1611)	1586-1611
95	HANAZONO	Tokuji (1308), Enkyō (1308-1311), Ūchō (1311-1312), Shōwa (1312-1317), Bumpo (1317-1318)	1308-1318	108	GOMIZUNO-Ō	Keichō (1611-1615), Genna (1615-1624), Kanēi (1624-1629)	1611-1629
96	GODAIGO	Bumpo (1318-1319), Gennō (1319-1321), Genkyō (1321-1324), Shōchū (1324-1326), Karyaku (1326-1329), Gentoku (1329-1331), Genkō (1331-1334), Kemmu (1334-1336), Engen (1336-1339)	1318-1339	109	MYOSHO (Empress)	Kanēi (1629-1643)	1629-1643
97	GOMURAKAMI	Engen (1339-1340), Kōkoku (1340-1346), Shōhei (1346-1368)	1339-1368	110	GOKŌMYŌ	Kanēi (1643-1644), Shōho (1644-1648), Kelan (1648-1652), Jō-ō (1652-1654)	1643-1654
98	CHŌKEI	Shōhei (1368-1370), Kentoku (1370-1372), Bunchū (1372-1375), Tenju (1375-1381), Kōwa (1381-1383)	1368-1383	111	GOSAI	Jō-ō (1654-1655), Meiryaku (1655-1658), Manji (1658-1661), Kanbun (1661-1663)	1654-1663
99	GOKAMEYAMA	Kōwa (1383-1384), Genchū (1384-1392)	1383-1392	112	REIGEN	Kanbun (1663-1673), Empō (1673-1681), Tenna (1681-1684), Jōkyō (1684-1687)	1663-1687
100	GOKOMATSU	Genchū (1392), Meitoku (1393-1394), Ōei (1394-1412)	1392-1412	113	HIGASHIYAMA	Jōkyō (1687-1688), Genroku (1688-1704), Hōei (1704-1709)	1687-1709
101	SHŌKŌ	Ōei (1412-1428), Shōchō (1428)	1412-1428	114	NAKAMIKADO	Hōei (1709-1711), Shōtoku (1711-1716), Kyōho (1716-1735)	1709-1735
102	GOHANAZONO	Shōchō (1428-1429), Eikyō (1429-1441), Kakitsu (1441-1444), Bunnan (1444-1449), Hōtoku (1449-1452), Kyōtoku (1452-1455), Kōshō (1455-1457), Chōroku (1457-1460), Kanshō (1460-1464)	1428-1464	115	SAKURAMACHI	Kyōho (1735-1736), Gembun (1736-1741), Kampō (1741-1744), Enkyō (1744-1747)	1735-1747
103	GOTSUCHIMIKADO	Kanshō (1464-1466), Būnshō (1466-1467), Ōnin (1467-1469), Būmei (1469-1487), Chōkyō (1487-1489), Entoku (1489-1492), Meishō (1492-1500)	1464-1500	116	MOMOZONO	Enkyō (1747-1748), Kan-ēn (1748-1751), Hōryaku (1751-1762)	1747-1762
104	GOKASHIWABARA	Meishō (1500-1501), Būnki (1501-1504), Eishō (1504-1521), Daiēi (1521-1526)	1500-1526	117	GOSAKURAMACHI	(Empress) Hōryaku (1762-1764), Meiwa (1764-1770)	1762-1770
105	GONARA	Daiēi (1526-1528), Kyōroku (1528-1532), Temmon (1532-1555), Kōji (1555-1557)	1526-1557	118	GOMOMOZONO	Meiwa (1770-1772), An-ēi (1772-1779)	1770-1779
106	ŌGIMACHI	Kōji (1557-1558), Eiroku	1557-1586	119	KŌKAKU	An-ēi (1779-1781), Temmei (1781-1789), Kansei (1789-1801), Kyōwa (1801-1804), Būnka (1804-1817)	1779-1817
				120	NINKŌ	Būnka (1817-1818), Būnsei (1818-1830), Tempō (1830-1844), Kōka (1844-1846)	1817-1846
				121	KŌMEI	Kōka (1846-1848), Kaēi (1848-1854), Ansei (1854-1860), Man'en (1860-1861), Būnkyū (1861-1864), Genji	1846-1866



No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign	No. of Reign	Emperor	Year Name (with its duration in parenthesis)	Duration of Reign
		Keiō (1864-1865), Keiō (1865-1866)	1865-1866	123	TAISHŌ	Taishō (1912-1926)	1912-1926
122	MEIJI	Keiō (1867-1868), Meiji (1868-1912)	1867-1912	124	PRESENT TENNŌ	Showa (1926- )	1926-

**TREATY OF COMMERCE AND NAVIGATION  
BETWEEN JAPAN AND THE UNITED  
STATES OF AMERICA**

Signed at Washington, February, 1911

**ARTICLE I** The subjects or citizens of each of the High Contracting Parties shall have liberty to enter, travel and reside in the territories of the other to carry on trade, wholesale and retail, to own or lease and occupy houses, manufactories, warehouses and shops, to employ agents of their choice, to lease land for residential and commercial purposes, and generally to do anything incident to or necessary for trade upon the same terms as native subjects or citizens, submitting themselves to the laws and regulations there established.

They shall not be compelled, under any pretext whatever, to pay any charges or taxes other or higher than those that are or may be paid by native subjects or citizens.

The subjects or citizens of each of the High Contracting Parties shall receive, in the territories of the other, the most constant protection and security for their persons and property, and shall enjoy in this respect the same rights and privileges as are or may be granted to native subjects or citizens, on their submitting themselves to the conditions imposed upon the native subjects or citizens.

They shall, however, be exempt in the territories of the other from compulsory military service either on land or sea, in the regular forces, or in the national guard, or in the militia; from all contributions imposed in lieu of personal service, and from all forced loans or military exactions or contributions.

**ARTICLE II** The dwellings, warehouses, manufactories and shops of the subject or citizens of each of the High Contracting Parties in the territories of the other, and all premises appertaining thereto used for purposes of residence or commerce, shall be respected. It shall not be allowable to proceed to make a domiciliary visit to, or a search of, any such buildings

and premises, or to examine or inspect books, papers or accounts, except under the conditions and with the forms prescribed by the laws, ordinances and regulations for nationals.

**ARTICLE III** Each of the High Contracting Parties may appoint Consuls-General, Consuls, Vice-Consuls, Deputy Consuls and Consular Agents in all ports, cities and places of the other, except in those where it may not be convenient to recognize such officers. This exception, however, shall not be made in regard to one of the Contracting Parties without being made likewise in regard to all other Powers.

Such Consuls General, Consuls, Vice Consuls, Deputy Consuls and Consular Agents having received exequaturs or other sufficient authorizations from the Government of the country to which they are appointed, shall, on condition of reciprocity, have the right to exercise the functions and to enjoy the exemptions and immunities which are or may hereafter be granted to the consular officers of the same rank of the most favoured nation. The Government issuing exequaturs or other authorizations may in its discretion cancel the same on communicating the reasons for which it thought proper to do so.

**ARTICLE IV** There shall be between the territories of the two High Contracting Parties reciprocal freedom of commerce and navigation. The subjects or citizens of each of the Contracting Parties, equally with the subjects or citizens of the most favored nation, shall have liberty freely to come with their ships and cargoes to all places, ports and rivers in the territories of the other which are or may be opened to foreign commerce, subject always to the laws of the country to which they thus come.

**ARTICLE V** The import duties on articles, the produce or manufacture of the territories of one of the High Contracting Parties, upon importation into the territories of the other, shall henceforth be regulated either by special arrangements between the two countries or by the internal legislation of each.

Neither Contracting Party shall impose any other or higher duties or charges on the exportation of any article to the territories of the other than are or may be payable on the exportation of the like article to any other foreign country.

Nor shall any prohibition be imposed by either country on the importation or exportation of any articles from or to the territories of the other which shall not equally extend to the like article imported from or exported or any other country. The last provision is not, however, applicable to prohibitions or restrictions maintained or imposed as sanitary measures or for purposes of protecting animals and useful plants.

**ARTICLE VI** The subjects or citizens of each of the High Contracting Parties shall enjoy in the territories of the other exemption from all transit duties and a perfect equality of treatment with native subjects or citizens in all that relates to warehousing, bounties, facilities and drawbacks.

**ARTICLE VII** Limited-liability and other companies and associations, commercial, industrial, and financial, already or hereafter to be organized in accordance with the laws of either High Contracting Party and domiciled in the territories of such Party, are authorized, in the territories of the other, to exercise their rights and appear in the courts either as plaintiffs or defendants, subject to the laws of such other Party.

The foregoing stipulation has no bearing upon the question whether a company or association organized in one of the two countries will or will not be permitted to transact its business or industry in the other, this permission remaining always subject to the laws and regulation enacted or established in the respective countries or in any part thereof.

**ARTICLE VIII** All articles which are or may be legally imported into the ports of either High Contracting Party from foreign countries in national vessels may likewise be imported into those in vessels of the other Contracting Party, without being liable to any other or higher duties or charges of whatever denomination than if such articles were imported in national vessels. Such reciprocal equality of treatment shall take effect without distinction,

whether such articles come directly from the place of origin or from any other foreign place.

In the same manner, there shall be perfect equality of treatment in regard to exportation, so that the same export duties shall be paid, and the same bounties and drawbacks allowed, in the territories of each of the Contracting Parties on the exportation of any article which is or may be legally exported therefrom, whether such exportation shall take place in Japanese vessels or in vessels of the United States, and whatever may be the place of destination, whether a port of the other Party or of any third Power.

**ARTICLE IX** In all that the stationing, loading and unloading of vessels in the ports of the territories of the High Contracting Parties, no privileges shall be granted by either Party to national vessels which are not equally, in like cases, granted to the vessels of the other country; the intention of the Contracting Parties being that in these respects the respective vessels shall be treated on the footing of perfect equality.

**ARTICLE X** Merchant vessels navigating under the flag of Japan or that of the United States and carrying the papers required by their national laws to prove their nationality shall in the United States and in Japan be deemed to be vessels of Japan or of the United States, respectively.

**ARTICLE XI** No duties of tonnage, harbour, pilotage, lighthouse, quarantine, or other similar or corresponding duties of whatever denomination, levied in the name or for the profit of Government, public functionaries, private individuals, corporations or establishments of any kind shall be imposed in the ports of the territories of either country upon the vessels of the other which shall not equally, under the same conditions, be imposed on national vessels in general, or on vessels of the most favoured nation. Such equality of treatment shall apply reciprocally to the respective vessels from whatever place they may arrive and whatever may be their place of destination.

**ARTICLE XII** Vessels charged with performance of regular scheduled postal services of one of the High Contracting Parties, whether belonging to the State or subsidized by it for the purpose, shall enjoy, in the ports of the territories of the other, the same facilities, privileges and immunities as are granted to like vessels of the most favoured nation.

**ARTICLE XIII** The coasting trade of the High Contracting Parties is excepted



from the provisions of the present Treaty and shall be regulated according to the laws of Japan and the United States, respectively. It is however, understood that the subjects or citizens of either Contracting Party shall enjoy in this respect most-favoured-nation treatment in the territories of the other.

A vessel of one of the Contracting Parties, laden in a foreign country with cargo destined for two or more ports of entry in the territories of the other, may discharge a portion of her cargo at one of the said ports, and, continuing her voyage to the other port or ports of destination, there discharge the remainder of her cargo, subject always to the laws, tariffs and customs regulations of the country of destination; and, in like manner and under the same reservation, the vessels of one of the Contracting Parties shall be permitted to load at several ports of the other for the same outward voyages.

ARTICLE XIV Except as otherwise expressly provided in this Treaty, the High Contracting Parties agree that, in all that concerns commerce and navigation, any privilege, favour or immunity which either Contracting Party has actually granted, or may hereafter grant, to the subjects or citizens of any other States shall be extended to the subjects or citizens of the other Contracting Party gratuitously, if the concession in favour of that other State

shall have been gratuitous, and on the same or equivalent conditions, if the concession shall have been conditional.

ARTICLE XV The subjects or citizens of each of the High Contracting Parties shall enjoy in the territories of the other the same protection as native subjects or citizens in regard to patents, trade-marks and designs, upon fulfilment of the formalities prescribed by law.

ARTICLE XVI The present Treaty shall, from the date on which it enters into operation, supersede the Treaty of Commerce and Navigation dated the 22nd day of November, 1894; and from the same date the last-named Treaty shall cease to be binding.

ARTICLE XVII The present Treaty shall enter into operation on the 17th of July, 1911, and shall remain in force twelve years or until the expiration of six months from the date on which either of the Contracting Parties shall have given notice to the other of its intention to terminate the Treaty.

In case neither of the Contracting Parties shall have given notice to the other six months before the expiration of the said period of twelve years of its intention to terminate the Treaty, it shall continue operative until the expiration of six months from the date on which either Party shall have given such notice.

## TREATY OF COMMERCE AND NAVIGATION BETWEEN JAPAN AND GREAT BRITAIN

Signed at London, April 3, 1911

ARTICLE I The Subjects of each of the High Contracting Parties shall have full liberty to enter, travel, and reside in the territories of the other, and, conforming themselves to the laws of the country—

1. Shall, in all that relates to travel and residence, be placed in all respects on the same footing as native subjects.

2. They shall have the right, equally with native subjects, to carry on their commerce and manufacture, and to trade in all kinds of merchandise of lawful commerce, either in person or by agents, singly or in partnerships with foreign or native subjects.

3. They shall in all that relates to the pursuit of their industries, callings, professions, and educational studies be placed in all respects on the same footing as the subjects or citizens of the most favoured nation.

4. They shall be permitted to own or hire and occupy houses, manufactories, warehouses, shops, and premises which may be necessary for them, and to lease land for residential, commercial, industrial, and other lawful purposes, in the same manner as native subjects.

5. They shall, on condition of reciprocity, be at full liberty to acquire and possess every description of property, movable or immovable, which the laws of the country permit or shall permit the subjects or citizens of any other foreign country to acquire and possess, subject always to the conditions and limitations prescribed in such laws. They may dispose of the same by sale, exchange, gift, marriage, testaments, or in any other manner, under the same conditions which are or shall be established with regard to native subjects. They shall also be permitted, on com-

pliance with the laws of the country, freely to export the proceeds of the sale of their property and their goods in general without being subjected as foreigners to other or higher duties than those to which subjects of the country would be liable under similar circumstances.

6. They shall enjoy constant and complete protection and security for their persons and property, shall have free and easy access to the Courts of Justice and other tribunals in pursuit and defence of their claims and rights; and shall have full liberty, equally with native subjects, to choose and employ lawyers and advocates to represent them before such Courts and tribunals; and generally shall have the same rights and privileges as native subjects in all that concerns the administration of justice.

7. They shall not be compelled to pay taxes, fees, charges, or contributions of any kind whatever, other or higher than those which are or may be paid by native subjects or the citizens of the most favoured nation.

8. And they shall enjoy a perfect equality of treatment with native subject in all that relates to facilities for warehousing under bond, bounties, and drawbacks.

ARTICLE II The subjects of each of the High Contracting Parties in the territories of the other shall be exempted from all compulsory military services, whether in the army, navy, national guard, or militia; and from all forced loans and military requisitions or contributions unless imposed on them equally with native subjects as owners, lessees, or occupiers of immovable property.

In the above respects the subjects of each of the High Contracting Parties shall not be accorded in the territories of the other less favourable treatment than that which is or may be accorded to subjects or citizens of the most favoured nation.

ARTICLE III The dwellings, warehouses, manufactories, and shops of the subjects of each of the High Contracting Parties in the territories of the other, and all premises appertaining thereto used for lawful purposes, shall be respected. It shall not be allowable to proceed to make a domiciliary visit to, or a search of, any such buildings and premises, or to examine or inspect books, papers, or accounts, except under the conditions and with the forms presented by the laws for native subjects.

ARTICLE IV Each of the High Contracting Parties may appoint Consuls-General, Consuls, Vice-Consuls, and Consular

Agents in all the ports, cities, and places of the other, except in those where it may not be convenient to recognize such officers. This exception, however, shall not be made in regard one of the High Contracting Parties without being made likewise in regard to all other Powers.

Such Consuls-General, Consuls, Vice-Consuls, and Consular Agents, having received exequaturs or other sufficient authorizations from the Government of the country to which they are appointed, shall have the right to exercise their functions, and to enjoy the privileges, exemptions, and immunities which are or may be granted to the Consular officers of the most favoured nation. The Government issuing exequaturs or other authorizations has the right in its discretion to cancel the same on explaining the reasons for which it thought proper to do so.

ARTICLE V In case of the death of a subject of one of the High Contracting Parties in the territories of the other, without leaving at the place of his decease any person entitled by the laws of his country to take charge of and administer the estate, the competent Consular officer of the State to which the deceased belonged shall, upon fulfilment of the necessary formalities, be empowered to take custody of and administer the estate in the manner and under the limitations prescribed by the law of the country in which the property of the deceased is situated.

The foregoing provision shall also apply in case of a subject of one of the High Contracting Parties dying outside the territories of the other, but possessing property therein, without leaving any person there entitled to take charge of and administer the estate.

It is understood that in all that concerns the administration of the estates of deceased persons, any right, privilege, favour, or immunity which either of the High Contracting Parties has actually granted, or may hereafter grant, to the Consular officers of any other foreign State shall be extended immediately and unconditionally to the Consular officers of the other High Contracting Party.

ARTICLE VI There shall be between the territories of the two High Contracting Parties reciprocal freedom of commerce and navigation. The subjects of each of the High Contracting Parties shall have liberty freely to come with their ships and cargoes to all places, ports, and rivers in the territories of the other, which are or may be opened to foreign commerce, and conforming themselves to the laws of the country to which they thus come, shall