

Review of Political Condition for March 1931

(13)

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Division of
FAR EASTERN AFFAIRS
MAY 13 1931
Department of State

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No. 411.

AMERICAN CONSULATE GENERAL

Mukden, China.

April 14, 1931

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SUBJECT: Review of Political Conditions
for March 1931.

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The Honorable

Nelson Trusler Johnson,
American Minister,
Peiping, China.

Sir:

In accordance with standing instructions,
I have the honor to submit a brief report on
political conditions in the Mukden consular
district for the month of March, 1931.

GENERAL

Few events took place during the month of
March of striking importance in themselves. The
next few months, however, may bring developments
which will be of major interest. The Shansi
situation continues to be the most difficult
problem which General Chang Hsueh-liang has to
contend with. No solution appears to have been
found for the disbandment of Shansi troops and
the treasury of the Mukden Government has had

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so many unusual calls upon it in the past two years that it is difficult to see how much can be expected from that quarter. Speculation is rife as to how the Young Marshal plans to raise money to meet the situation. The establishment of the Kuomintang in Manchuria, the visit of Shih Yu-san to Mukden, the Sino-Japanese shooting incident when Chinese police fired on Japanese soldiers and the appointment of Colonel Chang Hsueh-ming as Mayor of Tientsin all were matters of some interest.

ESTABLISHMENT OF KUOMINTANG
HEADQUARTERS

On March 26 the Headquarters of the Kuomintang for the three Northeastern Provinces were officially opened in Mukden. At the instance of General Chang Hsueh-liang all army officers above the rank of major were invited to become members. Party Commissioners for Kirin, Jehol, Heilungkiang and Harbin took oath of office and a public holiday was declared.

At the ceremony Mr. Chang Chi, Vice President of the Judicial Yuan spoke at some length, his utterances being characterized by a marked "anti-imperialistic" attitude. Mr. Wu Tieh cheng, also spoke. Mr. Wu is reported to be here in the nature of a tutor on Party affairs to General Chang Hsueh-liang.

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The Young Marshal replied to Mr. Chang Chi's address in very measured terms stating that the work of the party would be carried on in accordance with the principles of Dr. Sun and that the utmost would be done to realize the expectations of the Central authorities.

The significance of the opening of the Kuomintang in Manchuria is not believed to be so great as the ceremonies connected therewith would indicate. General Chang is ready to admit of the form of the organization here to give the appearance of his unity with the National Government, a unity which, it is believed, he sincerely desires. However, it is very much doubted whether he would ever allow the organization to obtain the extra-legal power it has exercised in China proper.

CHANG TSO-HSIANG AND HIS RELATIONS
WITH THE YOUNG MARSHAL

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Although the relations between the Kirin Governor and General Chang Hsueh-liang appear on the surface to be satisfactory - the former will look after Northeastern affairs during the latter's absence in Peiping and Nanking - there is considerable mutual suspicion among the staffs of the two leaders. It is not believed that General Chang Tso-hsiang has ever become entirely reconciled to General Chang's intervention in

affairs

Strictly Confidential
affairs south of the wall and there is little doubt that he objects strongly to the presence of the Kuomintang in Manchuria. It is reported that he at first refused to attend the inauguration ceremonies. For these reasons one hesitates to give credence to the report that General Chang Hsueh-liang plans to be away from Mukden for a period of six months beginning the latter part of April. In the opinion of close observers an absence of six months would be most unwise.

SHIH YU-SAN AND HIS MUKDEN VISIT

In the early part of the month General Shih Yu-san, commander of the 13th Route Army in southern Hopei was ordered to Mukden to consult with General Chang Hsueh-liang concerning the return of the rolling stock which he had seized to insure the payment of his troops and other matters. It is understood that most of the rolling stock was returned and that the three armoured trains which he had with him were also returned. His army was reduced to three brigades. No exact information can be obtained as to the amount of money which he received from General Chang. Wild and unauthentic reports appeared in the Japanese press to the effect that Shih was being forcibly detained in Mukden. General Shih returned to his command to effect the re-organization on March 29th.

White

WHITE RUSSIAN MOVEMENT

One Pieshkoff, an ex-Captain of Cossacks who led a partizan band in North Manchuria which surrendered to the Chinese in December, has recently been in Mukden to visit his mother. The Consulate General has been reliably informed that Pieshkoff is unwilling to give up the struggle and now talks of gathering a few kindred spirits to continue against the Reds. Other partizan bands are quiet due probably to Chinese advice.

General Diedrichson, who, it is understood, was sent to the Far East to take general direction of the White Russian movement and is now reported to be in Shanghai, has counseled all Whites to remain quiet for the present. He evidently considers that this is not an opportune time for demonstrations against the Reds.

CHINESE POLICE FIRE ON JAPANESE SOLDIERS

On the evening of March 29 Chinese police opened fire on a group of Japanese soldiers who were in Chinese territory. The police later claimed they were pursuing bandits and did not fire at the soldiers. Be that as it may, an armed squad of Japanese troops went to the nearest Chinese police station and seized a number of pistols and some ammunition. Several

Chinese

Chinese policemen are reported to have been roughly handled. The incident was closed with both sides expressing apologies. The reports of the affair which appeared in the local Chinese and Japanese press were so different as not to be recognizable as the same happening.

CHANG HSUEH-MING - MAYOR OF TIENTSIN

Colonel Chang Hsueh-ming, brother of General Chang Hsueh-liang, has been appointed Mayor of Tientsin. General Chang Hsueh-liang is known to have stated on several occasions that he did not approve of the appointment and would ask his brother to decline the honor. Chang Hsueh-ming is a very good-natured young man, but he has shown no talents while in Mukden which would recommend him as head of the municipal government of a large city.

AIRPLANES AND OTHER WAR MATERIALS

There has been an unusually large number of foreign salesmen in Mukden endeavoring to sell various types of military equipment. The visit of General Sir Edward Atkinson of Vickers who was endeavoring to sell Vickers machine guns and light tanks is understood to have been a failure. French efforts to sell Hotchkiss guns during the past month have so far come to nothing.

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The Consulate General has been informed in confidence that General Chang Hsueh-liang is planning to spend Mex\$8,000,000 on airplanes. It does not appear, however, that he is in any hurry about it. The Young Marshal is an enthusiast and has private ideas about building up his air force to compete with Soviet Russia's. One of the greatest difficulties in this connection is the lack of trained pilots. It is understood that there is only one Chinese pilot in Mukden capable of handling a fast fighting plane. It is not unlikely that a considerable number of training planes will be purchased in the near future. These planes will probably be capable of being transformed into machine gun carrying planes.

It now looks as if General Ghang would purchase the ten Lynx-Avro planes of the above mentioned type. Negotiations have been carried on about these planes for several months.

TAXATION

Little change has taken place since the report for February. A conference of tax officials of Liaoning Province was held in the latter part of March at which, it is understood, the proposed new "Special Consumption and Business Taxes" were discussed.

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The Finance Bureau is understood to have completed arrangements for putting the new taxes into effect on May 1. No copies of the new tax regulations are available at the present time. The tax will not be a flat rate as is the case with the present consumption tax, but will vary with the commodity.

SINO-JAPANESE RAILWAY NEGOTIATIONS

The preliminary and informal negotiations relating to railway questions between the Chinese and Japanese which were carried on during the early part of March brought no decisions of importance. The illness of Premier Hamaguchi and his resignation in early April will delay further parleys for some time. Mr. Kimura, Director in charge of negotiations for the South Manchuria Railway Company, has returned to Tokyo.

Respectfully yours,

Andrew G. Lynch.
American Vice Consul.

Enclosure: Table of Contents.

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