

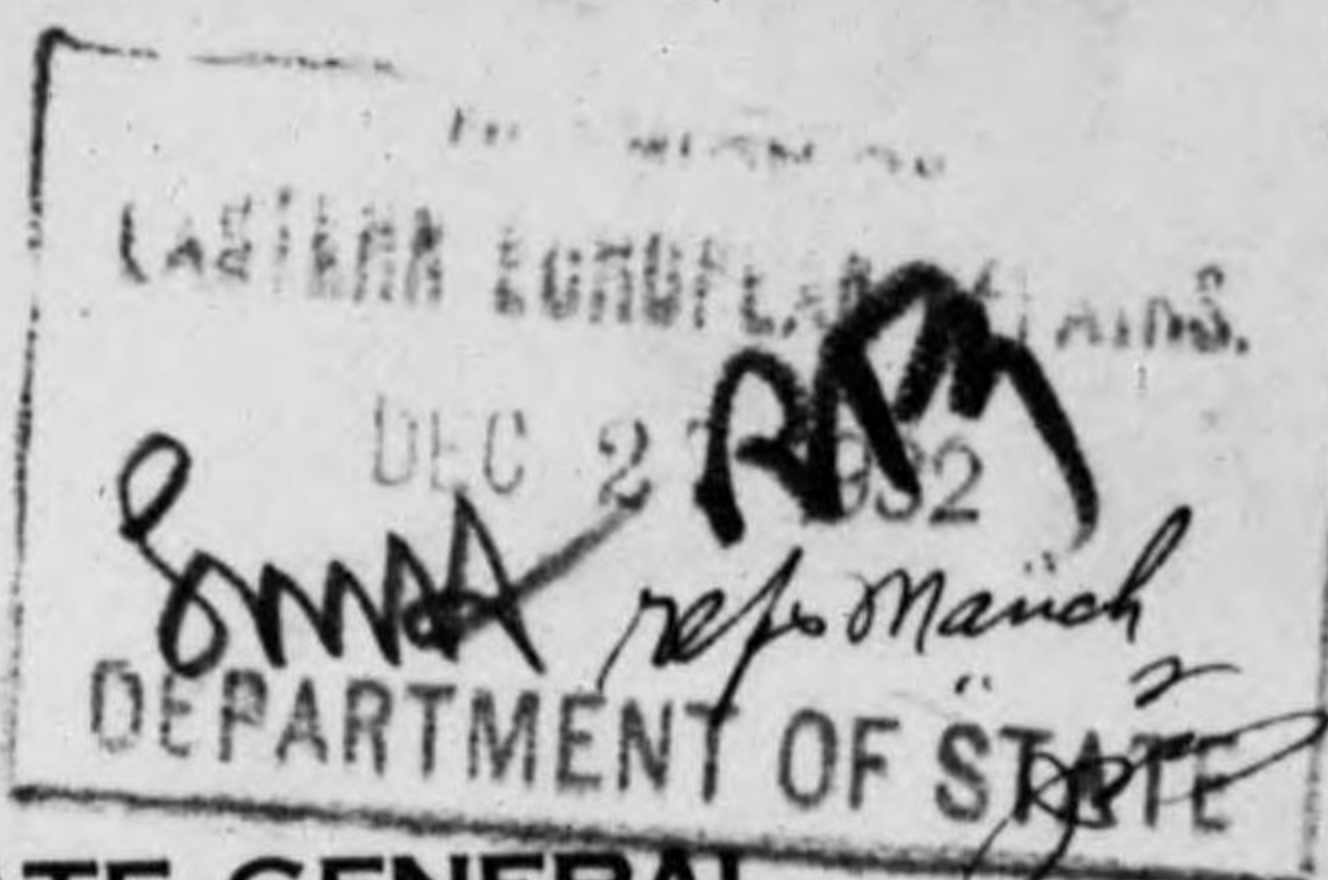
Political Review for Sept 1932

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NO. 685

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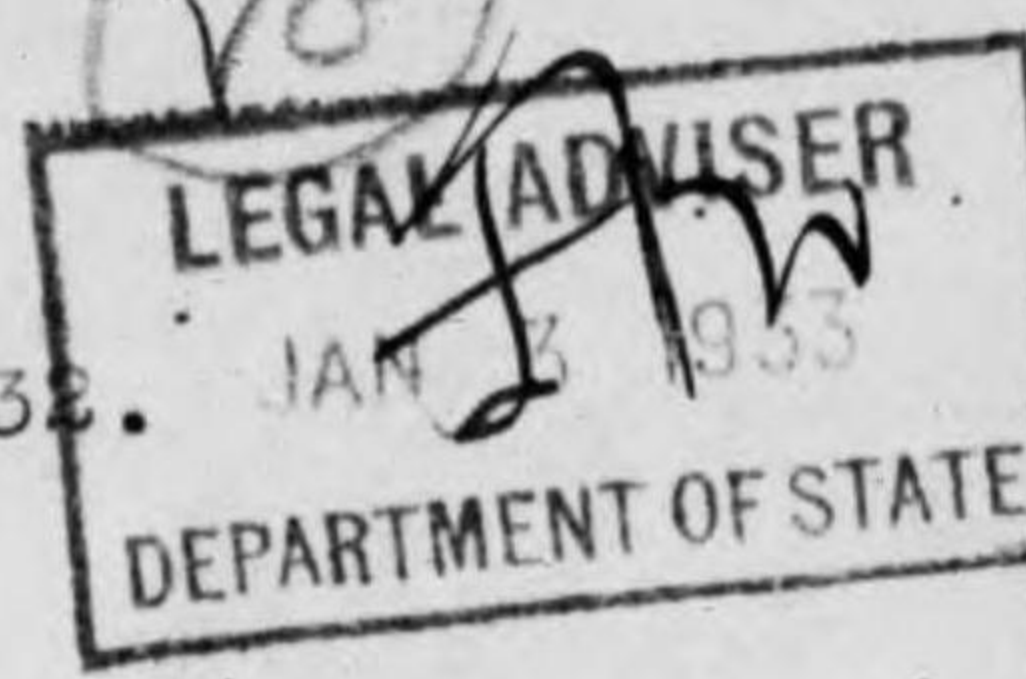
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AMERICAN CONSULATE GENERAL,

Mukden, China, November 14, 1932.

DEC. 5 32

SUBJECT: Political Review for September, 1932.



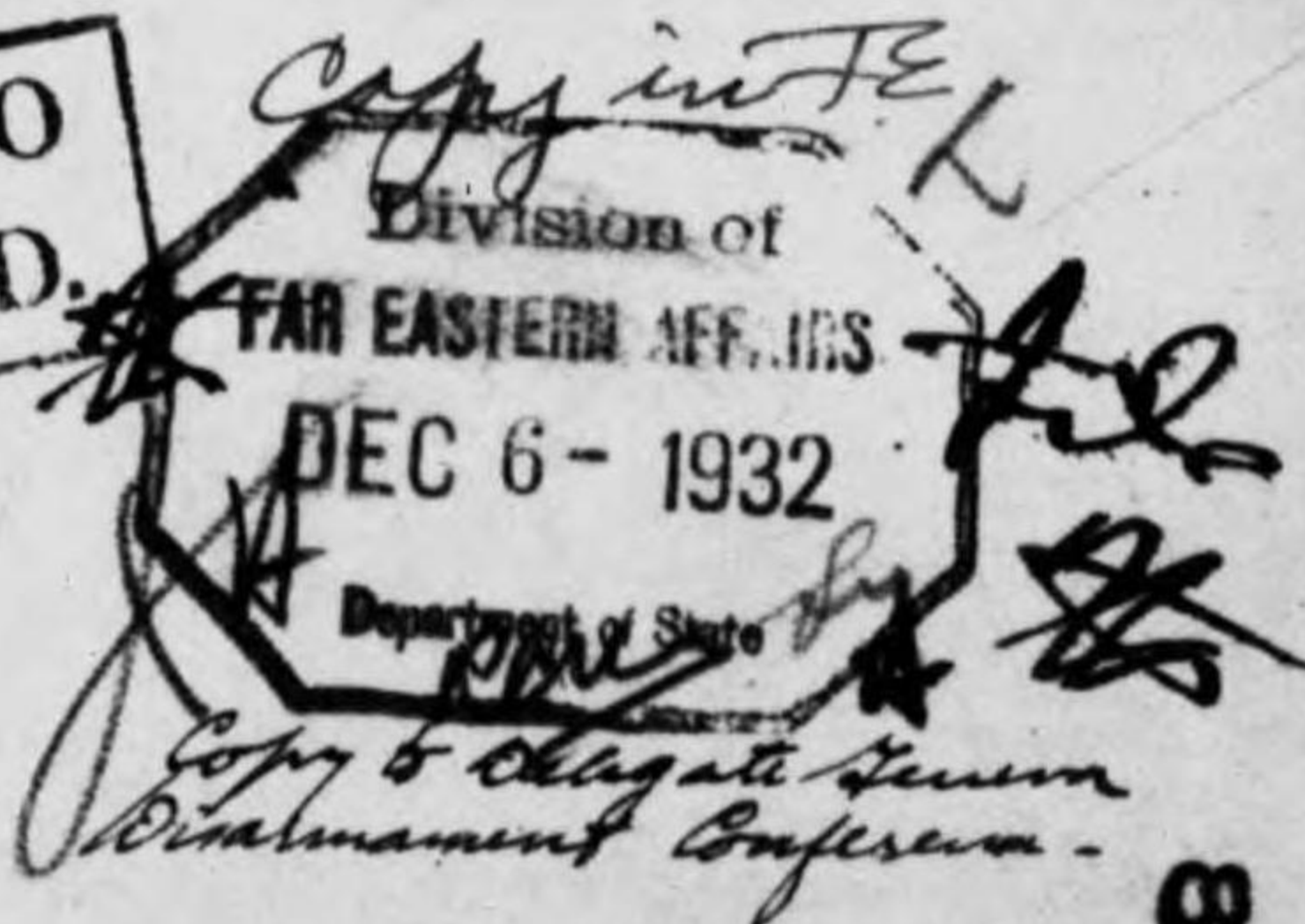
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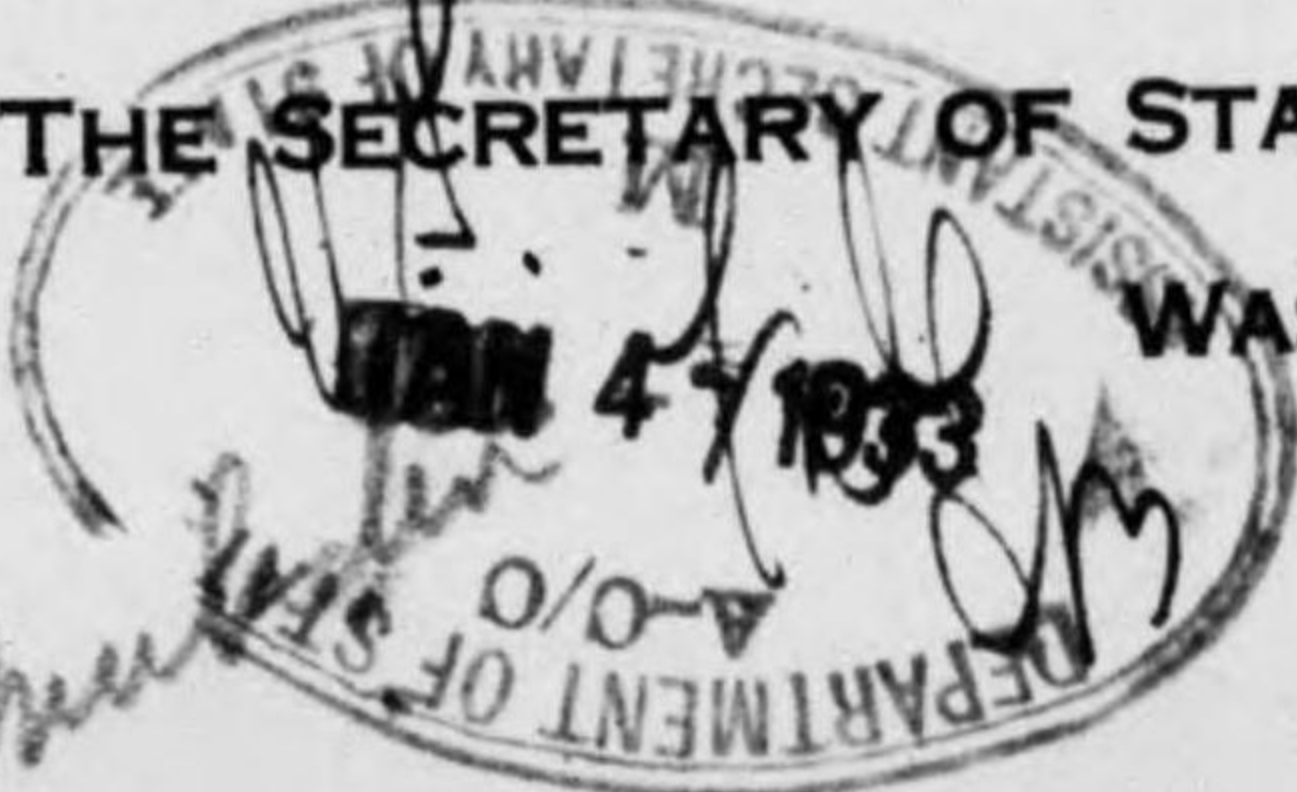
THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.



SIR:



993.00 PR - Mukden note. 993.01 Manchuria

I have the honor to enclose herewith a copy of my despatch No. 685 to the Legation at Peiping, China, dated November 9, 1932, on the above subject.

Respectfully yours,

M. S. Myers
M. S. Myers
American Consul General.

893.00 P.R. MUKDEN/59

Enclosure:

Copy of despatch No. 685 to the Legation at Peiping.

800 HTW

4 Carbon Copies
Received *JM*

1 copy detached for notes... 2/6/32.

JAN 5 1933

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No. 685

AMERICAN CONSULATE GENERAL,
Mukden, China, November 9, 1932.

CONFIDENTIAL - Staff Use Only.

SUBJECT: Political Review for September, 1932.

The Honorable

Nelson Trusler Johnson,
American Minister,
Peiping, China.

sir:

I have the honor to submit a brief review of political developments in this consular district during September, 1932.

As in the preceding year, September was an outstanding month in the political history of Manchuria. During the first ten days of the period under review bandits and "Volunteers" were more active and a greater menace to the Japanese than they have ever been in South Manchuria. Foreign residents of Manchuria became acutely conscious of the professional bandit menace on September 7th when two British subjects residing at Newchwang were abducted. On the 15th, the protocol by which Japan extended formal recognition to Manchoukuo was signed at Changchun. And three days later the Japanese communities in this district elaborately celebrated the first anniversary of the outbreak of the "Manchurian Incident". During the celebration the Chinese populace

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was extraordinarily quiet. Toward the end of the month there was a remarkable decrease in the number of bandit attacks. The decrease was due, it is believed, primarily to the harvesting of the "kaoliang" crop which deprived the bandits of their favorite shelter, and secondarily to the bandits having learned well in advance that the Japanese were concentrating troops and making other preparations for a large scale drive to exterminate the "Volunteers" and bandits in the Tungpian area (the eastern districts of Fengtien province). On the 25th the new customs regulations of Manchoukuo under which China is to be considered a foreign country went into effect. As the month ended the local Japanese press was giving considerable space to reports emanating from Tokyo in which attempts were made to anticipate the contents of the League Commission's report.

POLITICAL. In the beginning of September preparations for the signing of the Japanese-Manchoukuo protocol were expedited presumably to insure that de jure recognition would have been extended and the League of Nations presented with a fait accompli before the Commission's report was issued. The activities of Major-General Itagaki are considered noteworthy in this connection. It will be recalled that the Major-General (then Colonel) was a very important member of Lieutenant-General Honjo's staff. Before General Honjo left Mukden General Itagaki was promoted to the rank of Major-General and made an adviser to P'u Yi. Early in September he went to Tokyo and

conferred

conferred with high military officials. He returned on the 9th bringing with him, according to press reports, an "important document". After conferring with General Muto in Mukden, General Itagaki proceeded to Changchun where preparations for signing the protocol and for the attendant ceremonies were quickly completed.

General Muto accompanied by a large staff left Mukden for Changchun on a heavily guarded special train on September 14th. The protocol was signed on the following day.* Newspaper correspondents who attended the ceremonies said that extraordinary precautions were taken by the Japanese and Manchoukuo troops to ensure the safety of the dignitaries, and that all arrangements for the occasion were obviously under the control of General Muto's military staff.

In connection with the signing of the protocol statements were issued by Hsieh Chieh-shih, "Foreign Minister of Manchoukuo", by General Muto, and an "informal statement" by Lieutenant-General Koiso, Chief-of-Staff of the Kwantung Army, who is considered by many well-informed observers to be the most active motivating force in Manchuria. These statements were submitted to the Legation with the despatch to which I have referred.

It is believed that the conclusion of the protocol has been a stimulant to and has increased the confidence of the Manchoukuo Government which con-

*Despatch No. 659, September 20, 1932.

tinues to be dominated by the Japanese Members. In the opinion of many Japanese in Manchuria, the signing of the protocol has terminated the "Manchurian Incident" and now Japan and Manchoukuo, hand in hand, can proceed with their plans for developing and stabilizing the country.

On September 22nd, this office was informed by the Bureau of Information and Publicity, Department of Foreign Affairs, Hsinking (Changchun) that the Soviet Russian authorities had agreed to the opening by Manchoukuo of its first Consulate at Blagoveshchensk". Mr. Kuei Heng-chih, Consul, Mr. Kiyoshi Yoshizu (Japanese), Vice-Consul, and a chancellor left Changchun on September 18th and arrived at Blagoveshchensk on September 26th. This official announcement increased the number of reports in the Japanese press to the effect that Soviet Russia would soon extend recognition to Manchoukuo. On the other hand high officials of the Changchun regime admitted to an American newspaper correspondent that there were no definite indications that the Soviet would recognize the new regime. From available information it is believed that Russia will not formally recognize Manchoukuo in the near future. The Changchun regime also announced on September 22nd that in due course consulates would be established at Vladivostok, Harbarovsk, and Chita.

On September 20th, Mr. Pao Kuan-cheng, formerly Mayor of Harbin, was appointed head of "Manchoukuo's first Diplomatic Mission to Japan". The counselor and one of the two secretaries of the mission are

Japanese

Japanese. Mr. Pao and his staff left Changchun for Tokyo on September 23rd.

At the end of the month the press reported that the Foreign Minister, Mr. Hsieh Chieh-shih, would visit Tokyo during October to thank Japan for recognizing Manchoukuo. Mr. Chashi, the very active Vice Minister, preceded his chief to Japan to make appropriate preparations for the visit. Whether or not the visits of Hsieh Chieh-shih and Mr. Chashi to Tokyo may be connected with the conclusion of additional treaties or other agreements between Manchoukuo and Japan has not been disclosed. It seems probable that a commercial treaty and other public and private agreements affording new rights to Japanese interests will be concluded in the near future. It will be recalled in this connection that Article I of the protocol provides that Manchoukuo will confirm and respect all rights and interests possessed by Japan "in so far as no agreement to the contrary shall be made in the future".

The Changchun Government announced on September 23rd, that it had decided to appoint in the near future a "Committee for the Liquidation of Claims". The committee will consider both foreign and domestic claims. At present regulations to govern the committee are being drafted, the problem of handling claims against the former regime is being studied, and efforts are being made to devise a way of settling such claims. The committee, according to an official announcement, will be under the supervision of the

Prime

Prime Minister, and is to consist of a chairman, who will be the chief of the General Affairs Board, and several members appointed by the Prime Minister.

As the month closed the spokesman of the Japanese Military announced that Kwantung Army Headquarters would be moved to Changchun in the latter part of October and the press reported that General Muto would be accredited as Ambassador to Manchoukuo.

EXTRATERRI - During September there were frequent
TORIALITY. articles in the press relating to the question of extraterritoriality. The most interesting of such reports was the account of an interview granted by Mr. Hsieh Chieh-shih to a Japanese correspondent. Mr. Hsieh is reported to have said that preparations are being made for sending a note to the Powers requesting them to recognize Manchoukuo, and declaring that countries, which did not extend recognition or begin negotiations for that purpose within six months, would be considered as non-treaty powers and that they would be denied the rights and interests they now have in Manchuria. A Japanese official in a confidential conversation told a member of my staff that the interview presented merely the personal opinion of Mr. Hsieh and that Japan would not give up her extraterritorial rights in the near future. He pointed out that for some time to come it will be dangerous for a Japanese to travel in the interior of Manchuria without an armed escort; and also that the judicial, police and prison systems and the prisons of Manchoukuo would have to be greatly improved before the abolition

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of extraterritoriality could be seriously considered. It is believed that the local Japanese officials were displeased with Mr. Hsieh's statement and it may be noted that he has not, at least for publication, referred to the subject again.

ANNIVERSARY OF THE "MANCHURIAN INCIDENT". Interesting contrasts were disclosed by the celebrations staged by the Japanese on the first anniversary of the outbreak of the "Manchurian Incident". The Japanese settlement in Mukden was gaily decorated and a very festive atmosphere prevailed. The Chinese walled city was singularly quiet. Airplanes were unusually active and Japanese soldiers were much in evidence in the city as the local garrison had been reinforced by three battalions because of the persistent rumors that bandits and "Volunteers" had planned to make attacks on that day. According to the Japanese press celebrations similar to the one staged in Mukden were held in the other principal cities of South Manchuria. However, a reliable foreign observer reports that the feeling of uneasiness which was prevalent in Mukden around the 18th because of rumors of impending bandit attacks was greatly accentuated in the city of Kirin. The Japanese, according to my informant, were very concerned over the situation at Kirin and for several days prior to September 18th no one was permitted to be on the streets after dusk. The tension was increased on September 17th when two bandits raided a police box and escaped with the policemen's rifles. Apparently in retaliation for

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this attack and in view of the uneasiness in this city, the Japanese on the same day bombarded the hills across the river from Kirin for an hour and a half. For about twenty minutes the bombardment was terrific. The Japanese subsequently issued an official statement explaining that the demonstration had been made to forestall the bandit attack that was expected on the 18th. The only participants in a parade held to celebrate the anniversary were the Governor, and Japanese officials and soldiers in six decorated automobiles, and approximately one hundred Japanese school children.

893-109

BANDITRY. In practically every part of South Manchuria bandits were even more active in the first half of September than they were in the latter half of August. The local Japanese Consulate General reports 1830 cases of the appearance of or attacks by bandit groups during the first ten days of September, against 162 cases for the same period in the preceding year. Bandit groups ranging in numerical strength from less than ten to several thousands, attacked towns and railways day and night. Even the main line of the South Manchuria Railway was not immune. On September 9th a bandit group estimated to number 300, attacked Tashihchiao where the Newchwang branch joins the main line of the South Manchuria Railway. The pilot engine, which was sent ahead of the northbound express to protect it, was wrecked and a rescue train proceeding from Anshan to the scene was derailed. The express finally reached Mukden six hours late.

On the 15th a daylight raid was made on the main line of the South Manchuria Railway near Liaoyang. An unusually effective attack was made on Fushun on the same day. The "Big Swords" who have been rampant in the vicinity of that city started five fires in the course of their attack. Some minor residences and offices belonging to the colliery were burned. The Japanese state that their casualties were seven killed and wounded, some of whom are believed to have been prominent colliery officials, and estimate the property damage as approximately 350,000 yen. (Subsequently it was learned that about 30 Japanese were killed.) On September 21st a large force of bandits attacked Chengchiatun and, before they were repulsed by the Japanese forces rushed to the scene, succeeded in destroying the prison and releasing the prisoners, burning the railway station, nearby oil tanks and other buildings.

Bandits were continually active in the vicinity of the city of Kirin. In the middle of September there was heavy fighting in the outskirts of the city, and for a time martial law was proclaimed, according to press reports, throughout the province.

The Mukden-Hailung line suffered even more than the other railways from bandit depredations. Early in the month most parts of the line were controlled by bandits, according to press reports. On the 17th passenger traffic was restored from Mukden to Ching-yuan. On the Changchun-Kirin-Tunhua line tickets for stations east of Kirin were sold only if conditions were considered satisfactory upon the arrival

of

of the train at Kirin. Attacks upon the Fengtien-Shanghaikuan, Mukden-Antung, Ssuping-kai-Taonan, and Changchun-Kirin lines were frequent.

According to information obtained from the local Japanese Consulate General bandits were reported to be especially active near the following towns and cities: Changchun, Kingchuling, Ssuping-kai, Penchihu, Antung, Tiehling, Mukden, Fushun, Liaoyang, Anshan, Newchwang, Tashihchiao, Fenghwangcheng, Fakumen and Tunhwa. No figures are obtainable for districts of the interior which are under "Volunteer" or bandit control.

In the latter half of the month under review there was a remarkable decrease in the number of bandit attacks in South Manchuria. It is believed that the decrease is principally due to the bandits having been deprived by the harvesting of the "kao-liang" crop of their favorite shelter from which to make attacks and to a lesser extent to the bandits having been forewarned that the Japanese were bringing large bodies of troops to this district from North Manchuria, that reinforcements were arriving from Japan proper and that preparations were being made for a large scale anti-bandit drive.

On September 7th at 7 a. m. Mrs. Pawley, and Messrs. Corkran and Mackintosh, all British subjects, were kidnapped by bandits at the race-course just outside Newchwang. While they were being taken away Mr. Mackintosh managed to escape. Mrs. Pawley and Mr. Corkran, both residents of Newchwang, were still in the hands of the bandits on September 30th.

Both

Both the British and Japanese authorities believe that an attack on the bandits would increase the danger to the lives of the captives. Therefore contact with the abductors was established and negotiations were carried on with a view to effecting the captives' release.

The foreign residents of South Manchuria naturally have been deeply concerned over the deplorable plight of Mrs. Pawley and Corkran. In view of this attack upon British subjects, the presence of bandits in the outskirts of Mukden, and reports from Harbin of attacks upon foreigners, this Consulate General on September 14th, 1932 sent a circular notice* to Americans residing in Mukden calling their attention to the increasing activity of bandits in the vicinity, counselling the exercise of extreme caution, and advising them to refrain from going outside the city limits until conditions improved. On September 21st copies of a circular letter were addressed to the American missionaries in this consular district warning them to take every precaution for their personal safety, and advising them to refrain from all avoidable travel.

MILITARY. During September there were large Japanese troop movements through Mukden. It is regretted that precise, detailed information concerning the arrivals, transfer and departure of Japanese troops is unobtainable. The most important movement during the month was the concentration of troops in

*Despatch No. 660 dated September 23, 1932.

preparation for the large scale drive scheduled for October on the Tungpian area. For this purpose units were brought from the north, fresh troops arrived from Japan proper and at least one train composed of cars of the Chosen railway and containing approximately 1500 men arrived in Mukden. According to reliable information the main force to be used in the Tungpian drive will consist of two brigades of cavalry and one (later learned to have been two) of infantry, assisted by airplanes and supplementary arms. One of the cavalry brigades, according to reliable information, the 4th Brigade of the 3rd Division, is composed of fresh troops who were ordered to Manchuria primarily to participate in this drive.

The situation on the Jehol border, *except for minor clashes between Japanese troops and bandits, remains quiet. There is a possibility that the situation might become very grave if upon the completion of the Tungpian drive, the Japanese should launch an offensive in North Manchuria against General Su Ping-weng and he should retreat south toward the Jehol border. The telegram dated September 1st in which Foreign Minister Hsieh Chieh-shih warned the Nanking Government that Manchoukuo might take drastic steps to deal with the disorderly elements and the agents of North China militarists in Jehol, was designed, it is believed, to make T'ang Yu-lin stop the seepage of "Volunteers" and arms and ammunition over the border, and to influence him to become more receptive to Japanese overtures. In this connection it

*Despatch No. 652 dated September 10, 1932

may be mentioned that Mr. Cheng Hsiao-hsu, the Prime Minister, told an American newspaper correspondent, that an envoy from T'ang Yu-lin had recently brought gifts to P'u Yi and informed the chief executive that T'ang was trying to maintain peaceful conditions.

According to press reports part of the 14th "Utsunomiya Division" returned to Japan in six transports of which the first arrived at Ujina on September 19th and the last on September 25th. The newspapers also reported that Imperial sanction for the dispatch of replacements to Manchuria was granted on September 19th and that the Minister of War issued the necessary orders on the same day.

Throughout the month small units of Japanese troops were engaged in operations against groups of the 200,000 bandits, which, according to rough estimates, are in Manchuria. Principally for the purpose of enabling Koreans to return to their farms and harvest their crops without molestation, the already greatly increased Japanese consular police force was further reinforced by 366 recruits.

PRESS ATTACKS ON AMERICAN INTERESTS. On September 22nd a derogatory article concerning the purchase by the local branch of the National City Bank of New York, of photographs of Mukden appeared in the "Manchurian Extra" of the SOKA ASAHI*. The implication being that the bank was engaged in espionage. The Japanese Consulate General was unofficially informed of the

*Despatch No. 664 dated September 29, 1932.

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matter and took steps to prevent the appearance of similar articles. However, on September 23, 1932, the SHENG CHING SHIH PAO, a Chinese language newspaper owned and controlled by Japanese, included in its editorial column derogatory references to the National City Bank which were very similar to the remarks made on the preceding day by the Japanese language newspaper to which I have referred. As a result of the informal representations made by this office to the Japanese Consulate General, the SHENG CHING SHIH PAO on September 27th published an article which, although it was not entirely satisfactory, presented the true purposes for which the photographs were bought.

THE HOTEN MAINICHI newspaper on September 29th published an article containing not only references to the alleged spying by the National City Bank but also an attack on this Consulate General. The substance of the article is that the United States is making an investigation in Manchuria either in order to raise a question in the League of Nations if economic oppression by Japan in Manchuria is revealed, or to gauge Japan's power now that "the relations between the two countries are very stormy". The whole story was so fantastic that this office decided to take no notice of it. However, a member of my staff learned that the Japanese Consulate General had advised local Japanese correspondents to make no additional mention of the matter, and warned them that if the advice was disregarded, their papers would be officially suppressed. So far as this

office

office is aware similar articles have not appeared subsequently in the press.

693.002 *Manchuria*

CUSTOMS. On September 7th a letter was received from Mr. R. M. Talbot, an American citizen, and Acting Commissioner of the Chinese Maritime Customs at Antung. In this letter the Acting Commissioner officially informed me that he withdrew from Antung on September 4th and that the functions of the Chinese Maritime Customs in that city had been completely suspended. It will be remembered that this office in view of communications received from Mr. Talbot, considered it necessary to take informal steps in order to ensure that Mr. Talbot would not be molested while withdrawing from Antung.*

In a telegram** dated September 15th, 1932, and addressed to Foreign Missions at Tokyo and Peiping and Foreign Consuls in Manchoukuo, Mr. Hsieh Chieh-shih, Foreign Minister of the new regime, stated that effective September 25, 1932, Manchoukuo would "treat China as an entirely alien nation in matters relative to customs tariff, commerce and navigation as in all other matters". The regulations necessary to put this decision into effect were enumerated in the same telegram. The regulations set forth inter alia that import and export duties would be at the present rates, and that customs stations would be opened at Shanhaikuan and other necessary points. A Manchoukuo Customs station was opened at Shanhaikuan on September 25th and the new regulations were

*Despatch No. 655 dated September 16, 1932.

**Despatch No. 663 dated September 27, 1932.

put into effect. As the Legation is aware, the Chinese Government retaliated by announcing on the same day that the Chinese Maritime Customs Houses in Manchuria were temporarily closed and by issuing regulations governing the duty to be charged on shipments between Manchuria and the other parts of China.

It is believed that the effect of the new customs regulations on American trade will be negligible. However, Dairen will probably become a more important primary distribution center for American goods at the expense of Shanghai.

The position of most Japanese manufacturers who compete in the Manchurian market with Chinese firms will be greatly improved under the new Manchoukuo Customs regulations which impose duties on Chinese imports into Manchuria. On the other hand the Japanese manufacturers of cotton textiles who own mills in China will be adversely affected. Representatives of the mill-owners interviewed General Muto and officials of the Manchoukuo Government in the hope of concluding some special arrangement for avoiding payment of the full duty on their products. However, their request, according to all available information, was refused.

POST OFFICE. Under Japanese tutelage the Manchoukuo authorities during September continued their efforts to improve the badly disorganized postal service. Some general improvement in the service was effected and in Fengtien Province at the end of the month 102 post offices including branches were

functioning .

89371 Manchuria

functioning. On the other hand in the Tungpian area practically all the post offices remained closed and the courier service completely disrupted.

According to a newspaper article the Manchoukuo regime sent Mr. Fujiwara, a high official of the Ministry of Communications, to Tokyo on September 20th to negotiate with the Japanese Government new treaties concerning posts and telegraphs which will replace the Sino-Japanese treaties presumably still in effect under Article I of the Japanese-Manchoukuo protocol of September 15, 1932.

973-77 Manchuria
RAILWAYS. During September Japanese interests, under the leadership of the South Manchuria Railway Company, proceeded with their plans to consolidate the railway systems in Manchuria. On September 17th the MANCHURIA DAILY NEWS announced that the Japanese railway ministry in Tokyo was making preparations for the conclusion in the near future of an important traffic agreement with the Manchoukuo lines. The conclusion of the article, in which reference is made to the lines which will be affected, is considered worthy of quotation:

"Whereas the Japan-Manchuria through railway traffic concerns at present only the Imperial Government Railways, The Chosen Railway, the South Manchuria Railway line and the Chinese Eastern Railway line, beside the Osaka Shosen Kaisha and the North Japan Steamship Company's steamer lines, the new through traffic pact is to include among the signatories the following 8 Manchu lines:-

Fengtien-Shanhaikuan line, Moukden-Hailungcheng line, Kirin-Hailungcheng line, Ssupingkei-Taonan, Taonan-Anganchi, Kirin-Changchun, Kirin-Funkus and Tsitsihar-Koshan (Tsitsihar-Taian) line, altogether 8 Manchoukuo lines, the total mileage being 2,000 kilos.

When the new through traffic arrangement takes effect, a traveller may journey between the farthest end of Japan and that of Manchuria on one single through ticket."

STATEMENT OF THE PRIME MINISTER. In the course of an interview with an American newspaper correspondent the Prime Minister, Mr. Cheng Hsiao-hsu, admitted that there were many malcontents in Manchuria, but maintained that if the people were given peace and economic relief, and if the Japanese kept their promises that Manchoukuo would be independent, the people ultimately would appreciate Manchoukuo. The Prime Minister admitted that military expenses were a severe drain on the country, but he added that to secure peace and economic relief it was necessary to annihilate the agents of "outside influence" and professional bandits.

It is deeply regretted that the preparation of this report has been unavoidably delayed.

Respectfully yours,

M. S. Myers
American Consul General.

Original and one copy to Legation.
Five copies to Department.
One copy to Commander-in-Chief, Asiatic Fleet.
One copy to Consulate General, Tientsin.
One copy to Consulate General, Harbin.
One copy to Embassy, Tokyo.
One copy to Consulate, Dairen.

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A true copy of
the signed original.