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INTERNATIONAL PROSECUTION SECTION

Doc. No. 2914-2921, Incl

Date 7 January 1947

ANALYSIS OF DOCUMENTARY EVIDENCE

DESCRIPTION OF ATTACHED DOCUMENT

Political Reports and Official Memoranda from

Title and Nature: ~~Political Memoranda~~ ^{In the orient on} American Consulate, ~~Political Memoranda~~ Aspects of Japanese ~~Control~~ ^{Policy} in Manchuria

Date: Aug. 12, 1931 ^{to Dec. 10, 1937} Original () Copy (X) Language: English

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Has it been photostated? Yes (X) No ()

LOCATION OF ORIGINAL (also WITNESS if applicable)
U.S. State Department

SOURCE OF ORIGINAL: U.S. State Department

PERSONS IMPLICATED: DOIHARA, Kenji; ARAKI, ~~Sadao~~

~~CRIMES TO WHICH DOCUMENT APPLICABLE:~~

CRIMES TO WHICH DOCUMENT APPLICABLE:
Japanese Aggression in China

SUMMARY OF RELEVANT POINTS (with page references):

Doc. NO. 2914. 12 August 1931: Despatch from American Consul General at Harbin, China to U.S. Dept. of State.

A report is given ^{on} ~~concerning~~ the political conditions in both Manchuria during the month of July, 1931. Sino-Soviet relations are reviewed particularly in connection with conflict over the future management of the Manchurian Railway. The political & economic interest is outlined and confidential information regarding the Japanese loan to a Chinese bank.

Analyst: E. Gardner

Doc. No.

2915
 Doc. No. — 5 February 1932: Despatch from American Consul General at
 Mukden to U.S. Dept. of State

Jeng-tien Provincial Government organization is reported
 and ^{it is pointed out that} the agency of the Self-Government Guiding Board is a
 Japanese organ and, ^{therefore,} that Japanese control over the
 district governments is ~~is~~ assured.

Doc. No. 2916. 4 March 1932: Despatch from American Consul General
 at Mukden to U.S. Dept. of State.

The subject of this despatch is the ^{series of} demonstrations
 at Mukden in support of the formation of a new state. It is
 reported that the Japanese ~~use~~ ^{used} the Self-Government Guiding
 Board with its ^{all-} ~~entire~~ Japanese personnel, to promote the
 demonstrations. Japanese comprised half of the persons
 present. The despatch describes further the Japanese
 influence in the demonstrations.

Doc. No. 2917 — 10 March, 1932: Despatch from American Consul
 General at Mukden to U.S. State Dept.

The subject of this despatch is aspect of Japanese
 political control in Manchuria. Further
 evidence ^{is shown} of the Japanese direction of the functions
 of government and reference is made to ~~the~~ ^{the}
 efforts of the Japanese military and the

Japanese-dominated press to ~~place~~ ^{show that} the erection of a new state ~~in China~~ is the result of Chinese political endeavor.

Doc. No. 2918 28 June 1932: despatch from American Consul General at Harbin, China to U.S. Dept. of State

Memoranda transmitted include the problem of Monarchy for Manchoukuo, the Chinese Eastern Railway Conference, the possible appointment of SHEN JUI LING as Minister for Foreign Affairs at CHAN getun, military barracks, Japanese administration in Changchun, and changes in the staff of the Kwantung Army.

Doc. No. 2919 18 July 1932: despatch from American Consul General at Harbin, China to U.S. Dept. of State.

The subject of the despatch is further ~~discussed~~ ^{memoranda} on the political situation in North Manchuria. The headquarters of the Kwantung Army, ^{General HONJO's} ~~Honjo's~~ dissatisfaction, further Japanization, ~~ARAKI's~~ ARAKI's influence, and the organization of Russian Self-defense forces are ~~discussed~~ ^{reported}.

Doc. no. 2920 30 July, 1932: Despatch from American Consul General at Mukden to U.S. Dept. of State

Growing disorder in South Manchuria is the subject matter of this despatch. Statistics are given on the number of ~~bandit~~ attacks made by bandit forces and the unreliability of purportedly pro-Manchukuo Chinese troops. The disorder is said to have reached a point where drastic Japanese action will have to be taken. The Chinese underground work is outlined. Specific data on the bandit situation in two different sections of South Manchuria is supplied.

Doc. no 2921 10 December 1937: Despatch from American Consul General at Mukden to U.S. Dept. of State

The subject of the despatch is ^{the} ~~the~~ ^{copy of the} "Political Review for November 1937," ~~is~~ ^{complete with table of} contents. ~~The~~ ^{The} treaty of "Manchukuo" and Japan on November 5 ^{is authorized} ~~by which~~ ^{by which} the Kuangtung Army completed its program of eliminating Tokyo civilian official control from "Manchukuo." Internal political activity, Economic activities, narcotics are some of the subjects reviewed in the despatch.

No. 178

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

LEGAL ADVISER
FEB 1938
DEPARTMENT OF STATE

Handwritten initials and scribbles

OFFICE OF THE ADVISER IN
INTERNATIONAL AFFAIRS
FEB 18 1938
DEPARTMENT OF STATE

AMERICAN CONSULATE GENERAL
Mukden, Manchuria
December 10, 1937

*893.00 P.R. Mukden
893.01 Manchuria*

SUBJECT: Political Review for November 1937.

RECEIVED
DEPARTMENT OF STATE

JAN 11 1938
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THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

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Davies
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Colby in FE
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FEB 17 1938

I have the honor to enclose herewith a copy of my Despatch No. 178, dated December 10, 1937, to the American Embassy, Peiping, China, entitled "Political Review for November, 1937."

Respectfully yours,

John Davies, Jr.

John Davies, Jr.
American Vice Consul

Handwritten initials

Enclosure:

Copy of despatch No. 178
to Embassy, Peiping.

In quintuplicate to the Department.

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893.00 P.R. MUKDEN/121

FEB 24 1938

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POLITICAL REVIEW

FOR

NOVEMBER 1937

Confid. No. 37.

No. 178.

AMERICAN CONSULATE GENERAL,

Mukden, Manchuria, December 10, 1937.

CONFIDENTIAL - For Staff Use Only.

SUBJECT: Political Review for November, 1937.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to enclose herewith a review of political developments in this consular district during November, 1937.

Respectfully yours,

John Davies, Jr.,
American Vice Consul

Enclosure:

Political Review for November, 1937.

Five copies to Department by Despatch No. ---
dated December 10, 1937.

Copy to the Embassy, Tokyo.

Copy to the Embassy, Hankow.

Copy to the Embassy, Moscow.

Copy to the Consulate General, Harbin.

Copy to the Consulate General, Tientsin.

Copy to the Consulate, Dairen.

Copy to the Commander in Chief, Asiatic Fleet, Shanghai.

800
JD:fgl

A true copy of
the signed original
is.



I SUMMARY

While enacting legislation gravely damaging to American interests in Manchuria, the Government voiced a wish that American capital would invest in "Manchukuo".

The Government and the Foreign Minister announced that non-Japanese alien extraterritorial rights would be abrogated on December 1.

"Manchukuo" and Japan concluded a treaty on November 5 by which the latter relinquished extraterritorial rights in Manchuria and transferred to "Manchukuo" administration over the South Manchuria Railway Zone. By this treaty, the Kwantung Army has completed its program of eliminating Tokyo civilian official control from "Manchukuo".

Support of the Japanese invasion of China Proper was continued. The Kwantung Army drove south in Shansi to Taiyuan and was engaged in setting up "autonomous" regimes in the territory which it had occupied.

Relations with the Soviet Union improved slightly. The basic causes of antipathy, however, remained.

Italy accorded de jure recognition to "Manchukuo".

The Government continued to make "emergency period" preparations.

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II FOREIGN RELATIONS

A. Relations with the United States:

"Manchukuo's" relations with the United States during November were characterized, on "Manchukuo's" part, by an exhibition of inept inconsistency. American investments in Manchuria were sought at the same time the Government enacted legislation hostile to American interests.

1. "Manchukuo" Hopes for American Investments:

In their personal contact with this office "Manchukuo" officials were anxiously friendly.* The press reflected to a less pronounced degree this sentiment. The explanation of the cordiality lies perhaps in "Manchukuo's" present financial plight. Only a fraction of the capital necessary for the fulfillment of national planning on the grandiose scale now on paper is likely to be forthcoming from domestic sources and from Japan. It is freely admitted that, with Japan now deeply involved in China Proper, "Manchukuo" must look to new sources for capital. Apparently, the United States is considered the most promising source.** The Foreign Office pleaded for American aid in developing "Manchukuo".*** The press proclaimed that vast American investments in Manchuria were likely to be made.****

2. Government Announces Abrogation of Extraterritoriality:

The Government and the Director of the Foreign

* Despatch No. 160, November 10, 1937, Visit to Hsinking.

** Ibid; also Economic Review for November; Harbin's telegram No. 30 to Peiping Embassy, November 18, 2 P.M.

*** Despatch No. 160, November 10, 1937, Visit to Hsinking.

**** Despatch No. 168, November 17, 1937, Rumored American Investments in "Manchukuo".

Office issued on November 5, simultaneously with the signing of the treaty between Japan and "Manchukuo" by which the former relinquished extraterritorial rights in Manchuria*, proclamations stating that on December 1, the extraterritorial rights of non-Japanese aliens in "Manchukuo" would be abolished.** This office has little doubt but that the Government will attempt when an occasion presents itself to assume jurisdiction over American nationals, firms and property. As matters now stand, only a desire not to alienate American public opinion while American capital is being invited to invest in Manchuria is likely to give the Government pause in attempting to exercise jurisdiction over American nationals and interests.

The Mukden consular corps was invited to an official banquet given by the Governor of Fengtien Province in celebration of the abrogation of extraterritoriality. The American, British and French representatives declined the invitation.

3. Foreign Office Again Approached Concerning Insurance Monopoly:

The Foreign Office stated to this Consulate General on November 11, in response to an inquiry from Mr. Langdon concerning the impending property insurance monopoly, that "the Government has no direct connection with the establishment of the Manchuria Fire and Marine Insurance Company."*** This evasion is believed to have been prompted by a desire to avoid raising the

* This review, page 4.

** Telegram No. 5 to Peiping Embassy, November 5, 9 P.M.; despatch No. 166, November 15, 1937, Treaty Between "Manchukuo" and Japan Providing for Abolition of Extraterritoriality...", pages 5-6.

*** Despatch No. 170, November 19, 1937, Property Insurance Monopoly.

issue of the Open Door. The monopoly company is expected to be established on December 1.

B. Relations with Japan:

1. Japan Signs Treaty Relinquishing Extraterritorial Rights:

The "Manchukuo" and Japanese Governments concluded on November 5, a treaty at Hsinking whereby the latter relinquished extraterritorial rights in "Manchukuo" and transferred to "Manchukuo" administrative rights in the South Manchuria Railway Zone.* The treaty represents, following that of June 10, 1937**, the second step in the Kwantung Army's program of eliminating civilian control from Tokyo in Manchurian affairs.

Japan makes reservations in the treaty concerning military service and education of Japanese subjects. In matters relating to the personal status of Japanese subjects, "Manchukuo" courts are to conform to Japanese law. Japanese rights and interests enjoyed under Japanese law or usage shall continue unimpaired.

The rendition of extraterritoriality is for Japanese residents of Manchuria little more than an academic issue because of Japanese domination of "Manchukuo" courts and police. From the Kwantung Bureau, 3,340 Japanese Railway Zone police are being incorporated in the "Manchukuo" police.*** For Japanese business in Manchuria, the passing of extraterritoriality means complete subservience to the will of the Kwantung Army,

* Telegram No. 5 to Peiping Embassy, November 5, 9 P.M.; despatch No. 166, November 15, 1937, Treaty Between "Manchukuo" and Japan Providing for Abolition of Extraterritoriality..."

** Despatch No. 277, June 15, 1936, Treaty Between Japan and "Manchukuo" Concerning the Residence, Taxation, et cetera of Japanese in "Manchukuo".

*** KOKUTSU, November 19, official "Manchukuo" news agency.

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voiced through the "Manchukuo" Government.

a. Position of Japanese Troops in Manchuria Unchanged:

The legal position of the Kwantung Army in "Manchukuo" was unaffected by the treaty of November 5. An exchange of memoranda, presumably based upon the joint defense protocol of September 15, 1932, is to be effected early in December between the Government and the Japanese Ambassador. The purpose of these memoranda is to clarify the legal status of Japanese troops in "Manchukuo".

b. Kwantung Bureau Reduced in Size:

With the transfer of most of its functions to the "Manchukuo" Government, the Kwantung Bureau is being reduced to a third of its former size.* Its principal concern after December 1 will be political and economic liason between Hsinking and the Kwantung Leased Territory Government.

c. Functions of Korean Agencies Assumed by "Manchukuo":

With the rendition of Japanese extraterritorial rights in Manchuria, like privileges enjoyed by Chosenese also disappeared. The education of Koreans, unlike that of Japanese, is to be undertaken by the "Manchukuo" Government.** No formal agreement is known to have been concluded on this score.

d. Premier and Concordia Delegates Visit Japan:

The Premier, General Chang Ching-hui (張景惠), left Hsinking on November 9 for Tokyo to express the thanks of the "Manchukuo" Government for Japan's rendition of extraterritorial rights in "Manchukuo".*** While in

* KOKUTSU, November 22.

** KOKUTSU, November 25.

*** KOKUTSU, November 8.

Tokyo, he voiced gratification over the efforts being made by the Japanese army and navy to establish goodwill in East Asia. General Chang also reaffirmed the doctrine of the indivisibility of Japan and "Manchukuo" and that of joint defense. The Premier was received in audience by the Emperor.

A delegation of native time-servers and Japanese, organized by the Concordia Society, arrived in Tokyo on November 8, to thank the Japanese Government for relinquishing extraterritorial rights in Manchuria.*

2. Manchurian Railways Recruit Japanese Employees:

The General Directorate of Railways employed during November 1, 270 young Japanese.** These recruits probably represent to a considerable extent replacements of railway employees dispatched to North China.

c. Relations with China:

1. The "China Incident":

a. Noncombatant Activities:

The press and other official propaganda agencies continued their phrenetic campaign against China. The native population was no more disposed than during previous months to believe Japanese accounts of developments south of the Great Wall and in Inner Mongolia. More faith was placed in rumors, some of them ridiculous exaggerations, purported to have originated from persons recently arrived from China Proper.

Celebrations and parades were organized in the principal cities and towns following important

* KOKUTSU, November 8.

** MANCHURIA DAILY NEWS, November 27, Dairen Japanese-owned English-language daily.

Japanese victories. They were obviously too much of an imposition on even the easy-going Manchurian Chinese. Celebrants at the end of the month exhibited symptoms of acute apathy.

The number of Japanese troops proceeding through Manchuria to North China declined markedly.

Japanese bureaucrats and technicians and native sychophants departed for North China to operate public utilities and put into effect the administrative technique which they have learned in "Manchukuo".

b. Military Activities:

The Kwantung Army's campaign in Inner Mongolia and Shansi was obscurely reported in official communiques. In Chahar and Suiyuan the Army is believed to have been principally engaged in consolidating its attenuated position. It also appeared to be more engrossed in setting up "autonomous" governments than in extending its occupancy of territory.

In Shansi a vigorous drive was made southward. Taiyuan, the provincial capital, was occupied on November 8.* Kwantung Army forces are reported to have suffered heavily in Shansi from guerrilla attacks by Chinese communist troops.

The "Manchukuo" and Mongol armies are understood to have engaged in little heavy fighting.** The "Manchukuo" Army was mainly employed in suppressing so-called bandits in northern Hopei and in Chahar.

2. Relations Reestablished with East Hopei:

Relations with the East Hopei regime, involuntarily

* KOKUTSU, November 8.

** Tientsin No. 566, November 26, 1937, Report by American Citizen of Conditions in Suiyuan Province.

severed

severed by the massacre of "Manchukuo" representatives at the time of the Tungchow mutiny, were reestablished during the latter half of November. Mr. Ho. Chang-chi (何張紀), an administrative secretary of the Foreign Office, was appointed Special Diplomatic Delegate, and on November 18 left Hsinking for Tangshan.*

The East Hopei Delegate at Hsinking, Mr. Chiang Tien-to, on the occasion of the second anniversary of the founding of the East Hopei regime, gave on November 25 what was described as a tea party.** The function was utilized for an exchange of extravagant compliments.

D. Relations with the U.S.S.R.:

There was evidence during November of a slight relaxation of the tension in relations with the Soviet Union.*** Northward movements of troops and military equipment through Mukden declined until the close of the month, when renewed activity was observed. The anti-communism propaganda campaign subsided. The press, however, continued to carry detailed accounts of alleged oppression, dissension and treachery in Siberia. Japanese officials maintained that the morale of the Soviet Far Eastern Army is at low ebb.

The foregoing is inconclusive evidence that the danger of major hostilities with the Soviet Union is passing. Informed Japanese and Occidentals in South Manchuria are not optimistic over the prospects for improvement in relations with the Soviet Union. It is observed that there remains unremoved the fundamental causes,

* KOKUTSU, November 18.

** KOKUTSU, November 25.

*** Harbin's telegram No. 30 to Peiping Embassy, November 18, 2 P.M.

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real or fancied, of friction: (1) the Soviet Union's sovereignty over territory strategically menacing to Japan and "Manchukuo", (2) the presence in Siberia of a large standing army, (3) the ideological menace of communism, (4) Soviet Union assistance to certain Manchurian insurgent forces and to the Chinese nationalist and communist armies, (5) the border demarkation and fishery treaty disputes.

Of the causes contributing to friction, those relating to Red Army forces in the Soviet Far East and to Russian assistance of insurgents and nationalists have been aggravated. Trans-Siberian passengers report heavy troop movements eastward in the Soviet Union. Large quantities of supplies are to be seen stacked at Siberian stations. There is a reported increase in Russian equipment of Manchurian insurgents.*

E. Relations with Italy:

Italy accorded de jure recognition to "Manchukuo" on November 29.** "Manchukuo" is now recognized by Japan, El Salvador and Italy. The Premier issued a statement on November 29, to the effect that (1) in the light of "Manchukuo's" growing strength and exercise of sovereignty, Italian recognition is but to be expected; (2) recognition in this instance is significant because of Italy's position as a member of the League of Nations and signatory to the Nine Power Treaty; (3) the anti-communist front will be strengthened; (4) recognition by other states will soon follow.

* SHENG CHING SHIH PAO, November 27, Mukden Japanese-owned Chinese-language daily.

** Telegram No. 12 to Peiping Embassy, November 29, 1 P.M.; despatch No. 174, December 1, 1937, Italian Recognition of "Manchukuo".

Rome's move is believed to have been actuated by economic as much as political considerations. The Italian Consul General at Mukden, Mr. Luigi Cortese, who is expected to be appointed the first Italian Minister to "Manchukuo", had, up to the time of recognition, negotiated unsuccessfully with Hsinking for the sale of trucks, machinery and war equipment. "Manchukuo" is understood to have made it plain that as Italy purchases little from Manchuria, Rome must make a political concession - recognition.

It is generally conceded that the way is now open for Mr. Cortese to reach a commercial understanding with the Hsinking authorities. A treaty is now being negotiated. Conversations are in progress between a Fiat representative and the "Manchukuo" Government for the establishment of an Italian-"Manchukuo" automobile and possibly airplane factory.

F. Relations with Germany:

Germany is expected to extend de jure recognition to "Manchukuo" in the near future. A possible factor delaying German recognition, observers believe, is a desire not to antagonize China while manoeuvring to mediate between Japan and China.

A two million pound sterling credit agreement between the Otto Wolff Company and the Central Bank of Manchou* was formally concluded on November 15.**

G. Relations with Great Britain:

The British Consul General at Mukden, Mr. P.D. Butler, called on the Director of the Foreign Office on November 23, and, in accordance with the instructions of his Government,

* Political review for September, page 12.

** KOKUTSU, November 15.

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made representations concerning the abrogation of extraterritoriality.* The Director of the Foreign Office, Mr. Chuichi Ohashi, replied that (1) "Manchukuo" as a successor state assumes obligations to only real and not personal rights under the preceding regime; (2) "Manchukuo" is not bound by its voluntary assumption on March 12, 1932 of treaty obligations incurred by China as the British Government did not respond to the statement; (3) to allow British extraterritorial rights to continue would be to discriminate against Japanese subjects.

H. Relations of a General International Character:

1. "Manchukuo" Displays Interest in Nine Power Conference:

A Press allegation that the American Delegate at the Brussels Conference proposed the calling of a conference to revise the Nine Power Treaty drew from the Foreign Office the following statement:*

"According to our viewpoint there should be applied to the Nine Power Treaty the fundamental principle of international law that treaties become inapplicable when a so-called change of circumstances occurs. We consider that this treaty was without force even prior to any proposed revision. But should the Japanese Government entertain any intention of accepting a proposal to revise the treaty, which is already inapplicable, and a conference is convened, Manchukuo, as a state having the largest interest in the treaty, has the intention of claiming participation in the conference."

The foregoing announcement is believed to represent spontaneous views peculiarly Mr. Ohashi's.

2. "Manchukuo" Aspires to a Place in Anti-Comintern Alliance:

Since the conclusion a year ago of the Japanese-

* Telegram No. 11 to Peiping Embassy, November 25, 4 P.M.

** Despatch No. 169, November 18, 1937, "Manchukuo's" Attitude Towards the Nine Power Treaty.

German

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German treaty directed against the Communist International, "Manchukuo" has repeatedly exhibited a desire to join the pact. When, following Italian inclusion in the anti-Commintern front, no invitation to participate in what is termed "the spiritual alliance" was forthcoming, the official press registered a plaintive note in its expressions of hope that "Manchukuo" would be permitted to associate itself with the three powers.*

The tripartite treaty against the Communist International was recognized by the MANSHU HYORON as being in actuality directed primarily at the Soviet Union and secondarily at Great Britain.** The journal foresaw, however, a danger that the pact might provoke a counter-alignment of the Soviet Union, Great Britain, the Netherlands and the United States.

III INTERNAL POLITICAL ACTIVITY

A. Government Prepares for Extension of Administrative Functions:

With the abrogation of extraterritoriality approaching, "Manchukuo" officials were in November preoccupied with preparations for the extension of their activities to include jurisdiction over foreigners and administration of the South Manchuria Railway Zone. South Manchuria Railway administrative officials, who with justification consider themselves career specialists in Manchurian affairs, are being transferred in large numbers to the "Manchukuo" Government. These men are known to view their new positions with distaste and some trepidation; the former because they will have to take orders from the Army, the latter because of the intrusion into "Manchukuo" civil administration of a strong clique

* KOKUTSU, November 8, 29.

** MANSHU HYORON, November 20. Dairen Japanese weekly journal of opinion.

of inferior politicians from Japan who are amateurs in Manchurian affairs.

B. Emergency Period Measures Continued:

The Government continued activities designed to cope with the present emergency period. General mobilization* and trade control legislation was drawn up to become effective in December. Exhaustive national surveys were ordered** of: (1) medical personnel and equipment; (2) police personnel qualifications, and police transportation and communications equipment; (3) private and special railways' rolling stock and other equipment; (4) ware-houses and oil storage tanks; (5) wholesalers' and retailers' stocks on hand; (6) financial resources and personnel qualifications of business companies, guilds and cooperatives.

C. Government Persists in Attempt to Develop Patriotism:

The profound patriotic lethargy of the native population persisted as a major Government problem. Official determination to conjure a "Manchukuo" nationalism was expressed in October in a "national spirit mobilization".*** This movement was dismally received. The Concordia Society and Government propaganda agencies then launched in November a nation-wide "patriotic movement". The present febrile campaign emphasizes (1) promotion of the people's patriotism, (2) economy of consumption, (3) preservation of health, and is arousing among Manchurian Chinese no more than shallow enthusiasm on the part of

* KOKUTSU, November 26.

** This review, JUDICIAL AND LEGAL.

*** Political review for October, page 14; also, political review for September, page 13.

professional applauders of the existing regime.

D. Civil Liberties Virtually Non-Existent:

A law governing the execution of administrative actions provides the only legal protection afforded civil liberties.* The value of the statute as a guarantee of civil liberties is practically nullified by its qualifications and exceptions to provisions guaranteeing such rights.

E. "Banditry":

Insurgent activities do not appear to have diminished since last month. The Japanese military claim to have captured and killed on November 13 Chin Jih-cheng (金日成), Chief of a Korean Communist force and Commander of the Second Division of the North-eastern People's Revolutionary Army.**

IV JUDICIAL AND LEGAL

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The treaty of November 5 between Japan and "Manchukuo" by which the former relinquished extraterritorial rights in "Manchukuo" provides for the abolition on December 1 of Japanese consular courts, excepting that these courts may continue to sit on cases pending on that date.*** About 200 Japanese consular judges and judicial officials are to be transferred to the "Manchukuo" judicial system.**** The physical properties and records of Japanese courts and prisons are to be transferred to "Manchukuo".****

The following important legislation was promulgated during November:

- * Despatch No. 167, November 17, 1937, Civil Liberties in "Manchukuo".
** SHENG CHING SHIH PAO, December 3.
*** Despatch No. 166, previously referred to, page 3.
**** KOKUTSU, special issue, December.

Regulations

Regulations Governing Investigation of Labor, Department of People's Welfare Order No. 31, provides for investigation on June 30 and December 31 of each year of lumber, mining, factory and transportation laborers and managers. These regulations become effective December 1.

Survey of Resources, Department of People's Welfare Order No. 74. Local officials are ordered to submit necessary data to the Minister of People's Welfare concerning the investigation of resources on the day of the enforcement of the Law Governing Investigation of Resources (to become effective on December 1, 1937). Number of Manchurian, Japanese and Korean physicians, dentists, pharmacists, nurses, hospitals, both private and government owned, shall be investigated. Regarding hospitals, the number of beds for patients and X-ray equipment will also be investigated. In addition, the organizations for the training of skilled or professional personnel will also be investigated.

Investigation of Police Facilities, Department of Public Peace Order No. 16, includes provisions for investigation of: police personnel and its individual qualifications, organization for police training, police telephones, automobiles (excluding military cars), miscellaneous vehicles.

Regulations Governing Investigation of Private Railways and Special Railways, Department of Communications Order No. 57, provides for the investigation of the number of locomotives, passenger and freight cars, their repair in railway shops, the number of operating employees and fuel and electric power used including names and locations of power houses.

Regulations Governing Investigation of Markets, Department of Finance and Commerce Order No. 30, November 20, provides that operators of wholesale or retail foodstuff markets shall fill out two investigation forms for submittal to the appropriate authorities.

Regulations Governing Investigation of Warehouses and Oil Tanks, Department of Finance and Commerce Order No. 31, November 20, provides that managers of certain warehouses shall fill out investigation forms for submittal to the appropriate authorities. The same rule shall apply to operators of oil storage tanks.

Regulations Governing Investigation of Stocks on Hand, Department of Finance and Commerce Order No. 32, November 20, provides that wholesalers and representatives of retailers, cooperative societies, factories and coal mines shall fill out investigation forms showing stocks on hand for submittal to the appropriate authorities by the end of February, March, August and November, annually.

Regulations Governing Investigation of Economic and Industrial Bodies, Department of Finance and Commerce Order No. 33, November 20, provides that representatives of companies, business guilds, cooperative societies and other economic and industrial bodies shall fill out investigation forms in duplicate each year, giving information on their principal places of business, purpose and nature of business, organization, qualifications of personnel, assets, receipts, expenditures, profits, surpluses or losses, and submit them to the appropriate authorities by the end of January of the following year.

Regulations Governing Investigation of Marine Product Resources, Department of Industry Order No. 20, November 24, provides that persons engaged in marine products business shall fill out specified forms giving detailed information on their business and submit them to the appropriate authorities.

V. ECONOMIC ACTIVITIES

(Economic activities during the month under review are discussed fully in this office's economic review for November).

"Manchukuo's" greatest economic problem continues to be a financial one. There is no dearth of planning.

The proposal made last month to establish a heavy industry company capitalized at MY 450,000,000* expanded in November to three billion yuan.** Of this chimerical figure, American and possibly British investors are hopefully expected to subscribe one billion yuan.

The projected corporation labors under the dual

* Political Review for October, page 19.

** Economic review for November; despatch No. 168, November 17, 1937, Rumored American Investments in "Manchukuo".

handicap of being (1) fathered by the Kwantung Army, and therefore unattractive from a sound business point of view to Japanese financiers, (2) organized by a group of Japanese industrialists of dubious standing.

VI NARCOTICS

893.114 Narcotics
The Government continued its recent policy of moderate restriction of the narcotic traffic.* The motives actuating this policy are yet undetermined.

VII PERSONNEL CHANGES

A Korean has for the first time been appointed a provincial governor. Mr. Li Han Eki, formerly a Councillor of the Chosen Government, has been designated Governor of Chientao Province, predominantly inhabited by Koreans.

VIII MISCELLANEOUS

Nothing to report.

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* Despatches to the Department Nos. 65, November 6, "Manchukuo" Regulations Enforcing the Narcotics Law, No. 64, November 3, Manchurian Opium Poppy Acreage for 1938, No. 69, Opium Elimination Policy of "Manchukuo".

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