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OUTSTANDING ISSUES
IN MANCHURIA AND
MONGOLIA

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OUTSTANDING ISSUES
IN
MANCHURIA AND MONGOLIA



FOREWORD

The compilers of this pamphlet have experienced considerable difficulty in weeding out cases which seemed too trivial or devoid of sufficient definiteness. Those belonging to this class may not be altogether absent from the list finally selected. But they will be found to form exceptions which prove the rule. In any case the inventory of pending issues in Manchuria herewith presented will doubtless form an astounding revelation to the whole world. It is a revelation even to most Japanese whom no adequate effort has been made until recently to keep accurately and constantly informed about the situation in Manchuria. This in part explains the apparent suddenness with which the whole nation has sprung to its feet to support the Government in its effort, too tardily made, to have the Manchurian problem settled once for all.

MOTOSADA ZUMOTO

Tokyo, October, 1931.

OUTSTANDING ISSUES IN MANCHURIA AND MONGOLIA

It is interesting to observe the attitude of deep antagonism against Japan, which has long since been the shibboleth of Chinese diplomacy toward this country, has of late years assumed an attitude of contempt, and still more recently of provocative hostility. The Chinese authorities have in not a few cases acted in violation of existing agreements, and have as often contrived by legislative measures to deprive them of all practical force. It has also been part of their practice to evade the issues, under the pretext of internal troubles. The consequence is that the cases pending between Japan and China today are reputed to number more than 300.

The present situation in Manchuria caused by the Chinese destruction of the South Manchuria Railway line at Liutianhu, near Mukden, is to be deeply deplored. It, however, affords opportunity for settling the outstanding issues in Manchuria and Mongolia. These issues concern railways, residential rights, leaseholds, unjust tariff and taxation. The more important of them will be described below under each pertinent head.

I. RAILWAY ISSUES IN MANCHURIA AND MONGOLIA

The importance of railways can hardly be over-estimated in a country like Manchuria where railway lines are practically the only arteries through which the life-blood of industrial activity flows. It is against the Japanese railways playing such an important part in the development of Manchurian resources, that China's aggressive policy has first and foremost been directed. The South Manchuria Railway, the centre of Japan's commercial and industrial life in Manchuria, is today under conditions which, if suffered to remain, will ultimately reduce it to a state of impotency. This situation has been brought about by China's determined policy to surround the same railway with an extensive net of her own railway lines, contrary to the existing agreements with Japan. The Japanese Government has repeatedly called China's attention to the unjustness of such policy, but to these protests China has invariably remained deaf. The source of disputes between China and Japan with regard to railways may be outlined below.

(a) *Construction of Railways*

In the protocol appended to the Treaty of Peking concluded between China and Japan in 1915 relative to Manchuria, China undertook not to construct any railway line "in the neighbourhood of and parallel to the South Manchuria Railway" prior to Chinese recovery of the same railway.

Chinese attention was called to this agreement when controversy arose respecting the Chinese proposal to build a railway between Chinchou and Aigun with British fund. Respecting the railway line between Takushan and Tongliao, and the line between Kirin and Hailun, China remained deaf to Japan's repeated protests, virtually in open defiance of what should be regarded as Japan's treaty rights.

Article VI of the Convention relating to Chientao (Kanto) signed between China and Japan in 1909, provides that three chartered banks of Japan should advance to the Chinese Government a sum of ¥15,000,000 for the construction of a railway between Kirin and Kainei on the Japan Sea coast of Korea. The contract for the construction of the same line was signed in 1928, but nothing has been done except building a light railway between Kainei and Tienpaishan, completed in 1924, and another between Kirin and Tunhua, at the outlay of ¥530,000 and ¥18,000,000 respectively. A distance of about 66 miles still separates the two railheads.

By the agreement concluded between China and Japan in 1918 respecting four railways in Manchuria and Mongolia, and another agreement made the same year respecting the railway loans in Manchuria and Mongolia, a syndicate of Japanese banks was to have furnished funds for the construction of a railway from Kirin to Kaiyuan via Hailungcheng. The Chinese authorities, however, have laid a railway line from Kirin to Kaiyuan via Hailungcheng, without notice to Japan. Japan's repeated warnings against Chinese

violation of the agreement have failed to receive any response. On the contrary, the Chinese went on to extend this line to Kaiyuan and connected it there with the Peking-Mukden line, thus building a main line parallel and close to the South Manchuria Railway.

The construction of a railway between Changchun and Taonan forms part of the agreement concluded between China and Japan in 1918 respecting railway loans in Manchuria and Mongolia. But nothing has yet been done to start work.

(b) Loan Agreements

In view of the sixth short term loan, contracted for the construction of the Ssupingkai-Taonan railway, maturing on May 31, 1926, the South Manchuria Railway approached the Chinese authorities with a view to renewing it. The Chinese, on the professed ground of political disturbances, evaded the issue, only later to demand a reduction in the interest on the loan. No agreement has yet been made. The Japanese investment involved is ¥ 37,000,000.

The contract for the construction of the Changchun-Talai Railway is ignored by China, and work remains to be started.

The South Manchuria Railway which had furnished loans to the Ssupingkai-Taonan Railway was asked by the Chinese authorities in June, 1929, to lower the rate of interest on the same loan below 7 per cent per annum. Subsequent negotiations have failed to lead to any agreement.

The Taonan-Anganchi Railway was completed and turned over to China by the South Manchuria Railway in July, 1926. The Chinese Government has paid neither the construction money nor the amount advanced for the rolling stock. According to the agreement, such outstanding amounts were to have been converted into a railway loan, in case the Chinese Government failed to settle them within one year after the completion of the construction work. No agreement has yet been made on any of these matters.

Article X of the contract for the construction of the Taonan-Anganchi Railway and the protocols appended thereto, provide that the adviser (Japanese) should by proxy be in charge of all accounts for this railway, and that the same official should have all papers pertaining to expenditure countersigned by the chief of the accounting department. The Chinese chief of the same department has up to date refused to perform his function in this regard. The tenure of office of the present Japanese adviser came recently to an end, but the official paper for the appointment of his successor has to date failed to obtain the signature of the Chinese departmental director.

When the Kirin-Tunhua Railway, a line constructed with Japanese capital, was completed and came into operation in October, 1929, the Chinese authorities were reminded of the contract for the construction of this line, according to which a Japanese official was to have been appointed as chief accountant. The question is still pending.

According to Chinese complaints against certain points in the construction work of the Kirin-Tunhua Railway, the South Manchuria Railway completed such work of improvement as required in October, 1928, when China accepted the railway. But the Chinese authorities have failed to settle the account for the construction of the railway. Loans advanced by Japan by contract still remain issues of three years' standing.

(c) *Traffic Questions*

In 1926 the Chinese railway authorities, upon their own initiative, opened negotiations with Japan with a view to operating goods trains upon a joint basis. But the negotiations, after fair progress had been made, were suddenly brought to a standstill by a change in Chinese policy.

In 1926 the Chinese railway authorities arbitrarily broke off the traffic connections with the South Manchuria Railway, and have since made no move for the settlement of the question.

Negotiations for opening direct connections between the South Manchuria Railway and the Ssupingkai-Taonan Line and Taonan-Anganchi Line, have long since remained at a deadlock because of the unfavourable attitude of the North-Eastern Communication Commission.

Negotiations for opening direct connections between the Kirin-Changchun and Kirin-Hailungchen lines are also still pending.

(d) *Connection and Junction*

While the Chinese still refuse to recognize the Takushan-Paiyintala Railway, the same line is actually being operated in conjunction at the latter town with the Ssupingkai-Taonan Railway. This question should have been discussed after due recognition of the Takushan-Paiyintala Line.

The question about the connection of the Kirin-Changchun and the Kirin-Tunghua lines, as likewise the approvation of the Kirin-Tunghua line, still remains unsettled.

The section connecting the Kirin-Changchun and the Chinese Eastern lines, which was built at the time of the Sino-Soviet conflict in 1929, is considered to be of no use. So the South Manchuria Railway Company which has a voice in the operation of the Kirin-Changchun line approached the Chinese Government proposing the disuse of the connecting section. So far, however, the matter remains unsettled.

Contrary to the agreement respecting branch lines, by which China may not operate any railway crossing the South Manchuria Railway, the Chinese authorities began in 1928 to operate the line between Mukden and Hailungchen, connecting it at the former city with the Peking-Mukden Railway.

II. THE RIGHT OF RESIDENCE

The right of residence forms, together with the question of leases mentioned in the next section, a

part of the treaty that Japan concluded with China in 1915, chiefly with a view to consolidating what she had obtained as legitimate rights since the war with Russia.

Article III of the same treaty gives Japanese subjects the right to reside and travel in South Manchuria and Eastern Inner Mongolia. The Chinese authorities, however, have by various manoeuvres, sometimes of an extreme character, made it practically difficult for Japanese to live outside of the Japanese area under orderly conditions of life.

The Chinese policy in question takes two distinct forms: one, that of a direct demand for the evacuation of Japanese or Koreans; the other, that of a virtual refusal by Chinese to rent land or house to Japanese and Koreans. There are numberless instances of either kind. The Chinese, who show themselves not willing to act in accordance with such secret official orders, are imprisoned, and sometimes even put to death. Such actions on the part of Chinese officials are taken under the domestic laws of the country in direct contravention of treaty stipulations, and are levelled directly against the Japanese. The Japanese protest has invariably met with a response clearly indicative of a determination on the part of China to avoid the issue. Such being the case, Japanese settlers and merchants, in no few instances, have been compelled to abandon what represented fruits of hard labour and perseverance for many years.

Some of these cases are described below. (Cases respecting Koreans are given in a later section.)

MUKDEN.—Mukden was opened by the Sino-

American Commercial Convention of 1903 and the Sino-Japanese Convention of the same year. It is clearly stated in these treaties that foreign residence is permitted not only in commercial districts but also within the walled city. Such interpretation has always obtained among Europeans as well. The Governor of Mukden, however, issued strict orders against letting houses to Japanese within the walled city. It was officially ordered—

(1) That no contract with Japanese for lease of house should be renewed;

(2) That contracts with many more years to run should be so revised as not to extend more than 3 years at the most.

The Governor of Mukden issued orders on January 14, 1931, prohibiting Chinese to rent houses to Japanese or to renew rent contracts with Japanese. Acting on the same order, the Chinese owners demand such increases in rent, when contracts mature, that Japanese have invariably found it impossible to come to terms.

The Japanese residents within the walled city occupied 134 houses in 1927. They occupy now less than 23 houses.

TUNHUA, KIRIN PROVINCE.—The Nishizawa Ryokan, a Japanese inn, received an order on March 17, 1929, to close its business, with a threat of eviction. The Japanese owner of the inn was arrested and imprisoned.

TAONAN.—Taonan is one of the towns opened for foreign trade by China herself in the 3rd year of the

Republic. But increasing pressure had been brought to bear upon Japanese residents there, until the chief of the Bureau of Public Order issued on April 7, 1929, in the name of Marshal Chang Hsueh-liang, orders prohibiting the Chinese to lease or sell houses and land to Japanese subjects.

The Daitsu Ryokan, an inn under Japanese management, whose term of lease for the building matured on April 10, received an official order to close its business the same day. Instances of similar nature have been multiplying. There are now no vestiges of Japanese activity there.

NUNGAN, KIRIN PROVINCE.—Japanese evacuation is seen all along the line in Manchuria, but nowhere more plainly than at Nungan, in Kirin Province. There were formerly 750 Japanese residents in this town. This number has recently been reduced to only a few.

ANTA, AMUR PROVINCE.—The Japanese population of more than 200 has now been reduced to nil.

FAKUMEN.—The Japanese population was at a time more than 120; there is left none of these now.

TAOLAISHAO AND SHIHTOUTZU.—Since February of 1930 no Japanese has been permitted to live at either of these places.

ANTUNG.—In January of 1930 a member of the consular staff received from his house owner, acting on the instigation of Chinese officials, request for the evacuation of the house. The matter was dropped when a Japanese protest was lodged with the Chinese authorities.

MANTZUSHAN.—The Japanese Government, finding it necessary to establish a consular branch at Mantzushan, Prefecture of Linkiang, on the Chinese side of the Korean frontier, sent a vice-consul to the same place, with the understanding of the Chinese Central Government, in May, 1927. The local Chinese, including officials, resorted to violence, demanding the withdrawal of the Japanese official. The Japanese protest, made through the diplomatic channel, has received no attention.

These are but few of the instances of the unjust treatment to which the Japanese are subjected as the result of the Chinese policy of systematic persecution in Manchuria. The Japanese influence is now confined within the leased territory of Kwantung. The consular districts in South Manchuria have been reduced by two-thirds as compared with 1922. All this will show the extraordinary amount of tolerance and patience shown by the Japanese Government in its dealings with China.

III. LEASEHOLDS

In Article II of the Sino-Japanese Treaty of 1915, it is stipulated that the Japanese have the right "to lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises." In the Notes exchanged between China and Japan relative to the same treaty, it is stated that the term "lease and purchase" of land, as stated in the above treaty, may be replaced by "temporary lease" and "perpetual lease" or "lease on consultation"

which means "a long term lease with its unconditional renewal." But China, one month after the conclusion of the same treaty, issued a special set of criminal laws by which any one granting lease to Japanese should be punished with death. Official orders and secret injunctions issued later to one and the same end of prohibiting lease or purchase of land by Japanese people form almost an endless series. The Chinese people naturally would not think of exposing themselves to such heavy penalty by leasing or selling land to the Japanese. In case of a Japanese owning land, the Chinese authorities would bring pressure upon him in such a way that he would find it impossible to make use of his property.

Reference may be made to a certain aspect of real estate business in Manchuria. The sale of land is made by the transference of land certificates issued by the Provincial Government. This official note is stamped with a notice to the effect that it will become at once invalid when sold to or mortgaged with a foreigner. The Chinese in general will not dispose of land, because of the official interference which makes such transaction so difficult; but in case they do sell land, being hard pressed by circumstances, they would report the loss of their certificate to the Provincial authorities who, as a rule, would issue, for a certain fee, a new certificate. This means that unless the purchased land is turned to use without delay, it is very liable to be claimed back by the Chinese on the strength of the new document. Under such conditions, buying of land is out of question. The Japanese,

therefore, have come to look on real estate as the worst form of investment in Manchuria.

The lease of land in Manchuria which was to have become possible in three months after the conclusion of the Treaty of 1915, still remains a pending issue of more than fifteen years' standing. It is certain beyond doubt that, unless this question of leasehold is properly settled, Japan will find it impossible not only to extend her economic activities in Manchuria but even to maintain her present position there.

IV. INTERFERENCE WITH JAPANESE IN BUSINESS AND INDUSTRY

By virtue of the Treaty of 1915, Japanese subjects are supposed to have full rights to engage in business and in manufacture in Manchuria and Mongolia. The object of these stipulations has been plainly defeated in many instances by Chinese interference in the form of unjust taxation and other legislative acts, invariably bent to the end of driving out the Japanese influence from these regions.

The right of Japanese people to do business in Manchuria will become nothing more than nominal, if the present Chinese policy of obstruction goes on much longer. As it is, the Japanese merchants already find themselves in positions of extreme difficulty. Some of the actual methods China employs for the execution of her obstructive policy will be described in the following paragraphs.

There is no secret about the Chinese authorities having made speculative buyings of certain pro-

ducts by causing the Government Bank of the Three Eastern Provinces to overissue Fengtien-pao or Mukden notes. The Chinese procedure in question is, on one hand, to concentrate all native products for an effective manipulation of the market; and, on the other, to preclude possibilities of direct trading between Chinese and foreign merchants. This is plainly contrary to the promise of free trade as given in the Sino-British Treaty of Nanking. Needless to say, the Japanese business in Manchuria has been seriously affected by these official manipulations.

On February 11 of this year, the Associated Press of Harbin reported to the effect that Marshal Chang Hsueh-liang would corner the bean market, with \$ 50,000,000 of Yuen Tayangchien and \$ 20,000,000 of Harbin Tayang currency. Against such speculative move, whose object is but too obvious, the Japanese trade has proved helpless.

There is on the market a growing number of Chinese goods made in imitation of Japanese products. Trade-marks registered by Japanese at Chinese offices have in many cases proved no protection, so that Chinese imitations are being widely marketed with no fear of official interference.

In October of the 15th year of the Republic, Chang Kwang-hsiang, the then chief of the Special Administration District at Harbin, and now vice-Commander of the North-Eastern Air Corps, prohibited the circulation of gold notes, with a view to sustaining the falling value of silver notes. Although this order was later withdrawn on the Japanese protest made

through the Consulate, the Chinese have since refused to deal in gold notes, in fear of incurring official displeasure. The gold notes have virtually been forced out of circulation at Harbin except among Japanese people, with serious effects upon Japanese business in Manchuria.

As a result of the Sino-Japanese negotiations of 1908-9, the Chinese Government, in agreeing to the export of wheat, maize, kaoliang and millet through Dairen and Antung, made it a condition that it should prohibit the export of such maize and cereals, with one month's notice, in case an excessive export should be likely to affect the daily life of the Chinese people. In 1926, however, the Chinese authorities issued an order prohibiting the export of corn, without advance notice, causing serious damage to the Japanese trade.

The Chinese Customs Office notified the Japanese merchants within the walled town of Mukden that Japanese goods destined for the said town, should be examined at the gate and taxed on the same basis as Chinese goods. On April 20, 1929, the Senri Yoko and the Okada Yoko had their shipments stopped at the Small Western Gate by Chinese officials. The matter was later settled through consular intervention.

The Fukuda Yoko, the Kashiuchi Yoko, the Daishu Yoko, and the Hakurin Shokai, all of Mukden, had their shipments stopped or seized by Chinese police officers on passage through the Small Western Gate on April 21, 1929. The goods in question were beer, general merchandise, brass ware, lumber, etc. These

goods were later recovered through official intervention.

On the day following, April 22, shipments bound for the Toyo Cotton Mill, the Nishio Yoko, the Morin Shokai and the Takahashi Yoko, were stopped at the Small Western and the Eastern gates by Chinese policemen, until Japanese police officers settled the matter.

The Hoshin Yoko, a Japanese firm, when forwarding a shipment of electrical apparatus from Kwang Ku-tan station to Liaoyang on April 24, 1929, met with interference by Chinese customs officers who prohibited its transportation regardless of the question of duty. The case was later settled through consular negotiations.

A case of official interference with business occurred at the Nishio Yoko, in Mukden, when a number of rubber shoes were sold to Chinese merchants on April 26, 1929. Customs officials, making their appearances on the scene, confiscated the goods on the pretext of duty being unpaid. The matter was later settled through consular negotiations.

Another similar case occurred also in Mukden, on April 29, at the Kuki Yoko and the Kubo Yoko, when Chinese customers, on buying Japanese goods, were threatened by customs officials that purchases would be taxed. So the transaction did not mature.

From the end of April of the same year, Chinese customs officials for days posted themselves near the Showa Yoko, a Japanese shop in Mukden, and confiscated or took away Japanese goods purchased by

Chinese on the false ground of duties being unpaid. The Japanese Consul lodged a strong protest.

On April 20, 1929, a load of coal tar, which was being brought into the walled city of Mukden, destined for the Takahashi Yoko, was seized by customs officials on the pretext of its being smuggled merchandise.

Attention will next be called to some cases of Chinese official interference with Japanese industries in Manchuria.

As a measure to promote home industry, China has a special system of taxation for goods made by machine on foreign models, regardless of the nationality of producers. Such manufactures are exempt from tax when exported, and are taxed only 5 per cent. ad valorem for home consumption.

The Manchuria Cotton Spinning Company at Liaoyang was granted in 1925 by the Peking Government such privilege for its products. The Mukden authorities, however, arbitrarily seized the permit in course of transmission from Peking, refusing to extend to the company the treatment rightly granted by the Peking Government. Under the circumstances, the company had temporarily to agree to a compromise by paying a certain amount of extra taxation to the Chinese authorities at Liaoyang. But the final solution remains to be made.

The South Manchuria Sugar Refining Company, when it was organized, intended to operate a plantation of its own, in order to secure a stable supply of sugar beets. This is a common practice among such

companies in all countries. But Chinese interference with the leasing of the necessary lands obliged the company to give up the plan, and depend altogether upon the supply of beets by Chinese farmers. The latter at first were all too ready to cultivate beets and sell them to the company, as they found the transaction very profitable. But the Chinese officials did not like to see the company prosper, so they in no time made it clear to the farmers that they would have to suffer severely if they continued to supply the company with beets. The result is that the Japanese factory finds itself in serious trouble.

By the Sino-Japanese Treaty of 1915, the Japanese people acquired the right to engage in forestry business in South Manchuria (including the Province of Kirin). Chinese authorities, however, prohibit their nationals to sell forests to a foreigner by means of domestic legislation.

Such action, needless to say, is contrary to the treaty agreement between China and Japan. It is even more flagrantly contrary to the statement made by a Chinese representative, Dr. Alfred Sze, at the Washington Conference, to the effect that China would welcome foreign capital and technical skill in developing her natural resources.

Such deliberate interference has had disastrous effects upon Japanese interests. The Fuji Paper Co., the Oji Paper Co., the Mitsui and the Okura, which had laid out considerable amounts of capital in forestry enterprises, have been obliged to abandon their business because of Chinese interference. Their interests have

now been reduced to a little joint undertaking known by the name of Kyoei Kigyo Koshi. Likewise the Chutokairin Jitsugyo Koshi, a joint Japanese and Chinese enterprise, in which the Oriental Development Co. is interested, is meeting with extreme difficulty in prosecuting its forestry work. Chinese interference has been even extended to a Japanese timber concern, the Yalu Timber Co., an organization established under special treaty authorization. A series of embarrassing regulations and unjust taxation are enforced in all directions. A Japanese timber company, the Satsumen Koshi, at Hsing-an-ling, for instance, is today little more than an outpost guard against Chinese theft of forestry. Such are only a few out of many instances of the troubles Japanese enterprises have constantly to meet with in Manchuria.

According to the Mining Regulations of China, the prospecting and mining rights are to be granted to Chinese citizens, Chinese corporations and corporated bodies in which Chinese are joined with foreign interests. This was definitely confirmed by Dr. Alfred Sze, a Chinese delegate to the Washington Conference already mentioned, who, as recorded in the minutes of that Conference, stated that the said Regulations "did permit the investment of foreign capital to an amount as large as 50 per cent." Besides, according to the Convention concluded in 1909 respecting "Five Questions relative to Manchuria", mining undertakings along the zone of the South Manchuria and the Antung-Mukden Railways should be operated on a joint Sino-Japanese basis. Subse-

quently, as a result of the Sino-Japanese negotiations in 1915, Japan acquired the right of prospecting and mining at 9 places, without Chinese co-operation.

From this it is to be inferred: (1) that the Chinese Government can not refuse any Japanese claim to prospecting or mining at any place in the country, provided it is to be undertaken jointly with Chinese; and (2) no mine in the zone of the South Manchuria and the Antung-Mukden Railway could be worked unless it be a joint Sino-Japanese undertaking.

As things are, the Chinese authorities have tried on every occasion to interfere with Japanese mining enterprises, ignoring Japan's treaty rights just mentioned.

In November of the 16th year of the Republic, the Commercial Department of Mukden issued a decree announcing that all mining enterprises within Fengtien Province should be conducted on the basis of joint government and individual undertaking, thus plainly opposing any attempt to launch enterprise in co-operation with Japanese. As for those in existence involving Japanese interests, the Chinese authorities persistently interfere with their operations and try hard to recover every possible right from the Japanese. China's recovery of the coal mine at Penhsihu is a notable example in case. Even in the case of the nine mining localities already mentioned, namely, Niuhsintai, Tienkwa, Fu-kou, Shansungkang, Tiehchang, Nwangchitung and Anshantan in the Province of Fentien, Kwang-mie and Chiapi-kou in the Province of Kirin, China has not lived up to her words in most cases,

work being largely left to Chinese hands. Nor does Japanese purchase of ore from Chinese mines escape official interference. Also the Chinese authorities will obstruct any scheme to employ Japanese technical men at mines under Chinese management. The attitude of the Chinese officialdom became even more pronounced after Marshal Chang Kai-shek's successful campaign in the north, as it marked a widespread outburst of nationalism in many other lines.

V. PENDING ISSUES ABOUT KOREAN FARMERS

As a part of the movement against Japanese activity, we must note many issues arising out of the Chinese attitude toward the Korean farmers in Manchuria and Mongolia. With a characteristic skill in the cultivation of rice paddies, the Korean farmers have steadily pushed their work in these fertile regions. But owing to the Chinese obstruction of the Japanese right to lease land, the Korean farmers, of whom there are as many as 800,000 in Manchuria, are being driven off the soil they have reclaimed or are being compelled to pay exorbitant rents. There are arising many cases as bad as the recent Wanpaoshan incident; but their farms being located in the interior far away from the Japanese railway zone, but few of these cases have ever been brought to our knowledge. It is no exaggeration to say that the issues concerning the Korean peasants constitute the majority of those pending in Manchuria.

VI. UNJUST TAXATION

As an example of the unjust taxation by the Chinese authorities, we may refer to the question of Likin, which was to have been abolished on October 1, 1930. It was also agreed that China would abolish at an early opportunity such taxes on coast trade and inland trade and others, as may prove detrimental to general commerce and trade. China, however, has levied a tax, which, though under a new name, is in substance the same as Likin.

We may also mention the case of Dairen, which is recognized as a free port by the Sino-Japanese Convention of 1912 as for trade not proceeding outside the Kwantung Province. But the Chinese Government, on the ground of customs autonomy, have refused to issue in the case of Dairen permits for free import.

We may also refer to Inland Taxes which, according to the Convention of 1927, are to be fixed at two-thirds of maritime duties. China, however, claiming autonomy based on the Sino-Japanese Customs Convention, has deliberately ignored the above agreement, levying full-rate taxes at inland customs offices. In many cases the Chinese demand on such unjust grounds were withdrawn on Japanese protests, but in just as many cases such demands were complied with by Japanese simply for the reason of avoiding delay. In order to make it safe for Japanese to trade in China, all such possibilities should be removed for future.

VII. INTERFERENCE WITH CONSULAR JURISDICTION

A Korean by the name of Kin Ping-ching is now being kept in Chinese prison. Japanese demand, made on several occasions, for the transfer of the prisoner to consular court, has failed to obtain satisfaction.

All goods seized by the Chinese authorities on the grounds of violation of customs and other regulations, are to be turned over to the Japanese authorities. But there is no instance of Chinese having complied with this agreement.

VIII. INTERFERENCE WITH ADMINISTRATION IN RAILWAY ZONE

Administration within the South Manchuria Railway zone absolutely and exclusively rests with Japan. China, therefore, has no right to exercise her police rights there. But as a matter of fact, there have been not a few cases of the Provincial Government of Mukden directly dealing with Chinese residents within the railway zone, in matters of finance; especially in 1925, when the Kuo Sung-ling revolt caused a sharp fall in the value of the Mukden notes. The Chinese authorities, considering the fall to be due to speculations on the Japanese exchange, sent forth a number of secret agents into the railway zone to arrest Chinese brokers and resorted to other forms of persecution. Japanese protests against these happenings, like many others, still remain unnoticed.

IX. CONCLUDING REMARKS

As described above, the outstanding questions in Manchuria and Mongolia range over an extensive field; but the more important among these relate to railways and those rights secured by virtue of the Sino-Japanese Treaty of 1915.

All these issues stand at a deadlock, with no prospect of early settlement, a situation very serious from Japan's point of view, because grave eventualities may possibly be expected unless it be cleared betimes. The Japanese feel a deep concern because they fear that all their rights, acquired by treaty, may eventually be reduced to a heap of so many scraps of paper, unless some way out of the deadlock be discovered.

Time now seems to be mature for such settlement. And settlement would not be impossible if proper steps are taken. In this connection it may be interesting to observe that the cases of dispute which have occurred between the Chinese and Japanese troops since 1913 number upward of 50, but what is significant is that in no instance has the Japanese protest failed to receive attention. No less satisfactory will perhaps be the outcome of negotiations on all of the outstanding matters, if China realizes how determined and united the Japanese are to press their case to a successful issue.

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