MOORE COLLECTION RELATING TO THE FAR EAST

CLASS NO.       BOOK NO.       VOLUME       ACCESSION NO.
China's Treaty Violations in Manchuria

The Japan Economic Federation.
The Chamber of Commerce and Industry of Japan.
The Japan-China Economic Association.

TOKYO, FEBRUARY, 1932.
CONTENTS

INTRODUCTION ........................................ 1
I. CHINESE ATTITUDE ON TREATIES ................. 3
II. ENCROACHMENT ON RAILWAY RIGHTS .............. 6
   1. Question of Railway Construction ............. 6
       (A) Kirin-Huining (Kainei) Line .............. 6
       (B) Changchun-Taonan Line .................. 7
       (C) Hailung-Kirin Line ....................... 7
   2. Question of Parallel Line ...................... 7
       (A) Hailung-Kirin Line ....................... 8
       (B) Tahushan-Tungliao Line .................. 9
   3. Question of Railway Loans ..................... 10
       (A) Ssipingkai-Taonan Line ................... 10
       (B) Taonan-Angangchi Line ................... 10
       (C) Kirin-Tunghua Line ....................... 11
III. IMPROPER TAXATION ............................. 11
   1. Personal Improper Taxes ....................... 12
       (A) Likin and Other Transit Dues ............ 12
       (B) Business Tax ................................ 12
       (C) Consumption Tax ........................... 12
       (D) Dual Tax .................................. 13
       (E) Undue Export Tax ........................... 13
   2. Regional Improper Tax .......................... 13
IV. ENCROACHING ON COMMERCIAL LEASE ............ 14
V. OPPRESSION OF KOREANS .......................... 17
   1. Forbidding Tenancy Contract ................... 19
   2. Pressure on Right of Residence ............... 19
   3. Pressure on School Management ............... 20
   4. Improper Retention ............................ 20
   5. Forcing Naturalization ........................ 20
   6. Ignoring Chientao Agreement ................... 21
VI. OTHER VIOLATIONS OF AGREEMENTS ............. 22
   1. Oppressing the Japanese in Mukden .......... 22
   2. Discrimination of Goods ....................... 23
   3. Preventing Mining Enterprises ............... 23
APPENDIX
   Statements and Resolution of Economic Organizations .... 1–7
Introduction

Any fair and accurate conclusion about the Manchuria Incident presupposes a thorough knowledge of Japan’s special position in and relations with Manchuria. It requires an initiation, in the first place, into a proper cognizance of historical backgrounds, particularly the triangular relations of Japan, China and Russia immediately before and after the Russo-Japanese War, and then into that of all the significant contributions Japan has made towards the postbellum economic and cultural development of that province.

In order to remove the serious menace to her safety from the aggressive activities of Russia in Manchuria, and thus to preclude all possibilities of disturbance in the Far East, Japan paid so vast a sacrifice in life and treasure that the effect still leaves heavily upon her people. In a word Japan staked her very existence for that purpose. Subsequently she made the enormous investment of some 2,000,000,000 yen in Manchuria for the promotion of its economic and cultural possibilities. Since Japan started the exploitation of Manchuria, everything in the province has assumed entirely new aspects, and the foreign trade there has increased ten-fold in volume. Contrary to the ceaselessly disturbed condition in China proper, Manchuria always remained in peace and order until the world’s critics came to regard the province as the “Oasis” of China. And surely so it is, since several hundred thousand Chinese annually settled down in the province until their population which hardly exceeded seven million in 1905, has now swollen to no less than thirty million. There is no gainsaying the fact, under these circumstances, that China herself
is the gainer of boundless benefits from the development of Manchuria at the hands of Japan. With full knowledge of all these facts, it cannot be very difficult for anyone to realize that vital interests, both political and economic, that Japan possesses in Manchuria. Japan's rights and interests in the province are founded with a solidity upon agreements and treaties, that can be proved to the world without the least difficulty. They are surrounded by such old historical backgrounds, that they now constitute one of the factors essential to the Japanese national existence.

Japan's natural conviction born of the above circumstances is that her rights and interests in Manchuria are inseparably entwined with her own destiny, and therefore that any menace to such rights and interests is tantamount to a menace to the very national existence of the Japanese people. This is a feeling pervading all the Japanese people high and low, rich and poor. It is one united national conviction.

It is these very rights and interests of Japan thus legitimately established by virtue of treaties, that China wants to despise and disregard, and even to trample on at every opportunity that offers. The very authorities of China who are in responsible positions often commit themselves to highly provocative remarks in public to the serious aggravation of the general Chinese attitude towards Japan. But the worst is the attempt at the complete subversion of Japan's position in Manchuria. So deliberate and persistent is the anti-Japanese movement among the Chinese authorities and people, that they cultivate the sentiments of enmity and retaliation in the tender hearts of school children through a most extreme anti-Japanese education; create an anti-Japanese society for the issue of a press organ and for demonstrative public meetings; utilize their newspapers for anti-Japanese propaganda of a most inflammatory nature thereby enhancing hostile sentiments between the two peoples; and enforce an illegal anti-Japanese boycott to such an extent as to arrest and imprison Chinese merchants who deal in Japanese goods and even confiscate such goods. The hostile sentiments and deeds on the part
of China have thus fast grown in boldness and intensity.

It was only too natural that this attitude of China should have elicited Japanese indignation, and that, notwithstanding Japan's patient endeavours to improve the situation, the Sino-Japanese atmosphere should have become dangerously depressed over the Manchuria problems wherein Japan is vitally interested. To consummate this gravity of the situation, there arose the Wangpaoshan Incident due to China's oppression of the Korean farmers in Manchuria, and then the murder of Captain Nakamura, a Japanese staff officer who was touring Manchuria with the Chinese Government's permission. The local Chinese authorities concerned, however, not only showed not the least sincerity in the negotiations which Japan started for the solution of these difficulties in the sincere spirit of peace and cooperation, but caused their troops to burst into actual violence by blasting a section of the South Manchuria Railway on the night of September 18, 1931. Such outrages against the South Manchuria Railway and its Zone were often committed by bandits and like outlaws in China but this instance by Chinese regular troops was the first, and naturally forced Japan to take measures for self-defence.

A summary review of the above train of events points to the conclusion that the present Manchuria Incident is not an accidental event, but is peculiarly deep-rooted and complicated. No permanent and effective solution of the Incident, therefore, can be attained without laying the axe at the very root of the evil. It requires thoroughgoing treatment in its fundamental aspects.

I. Chinese Attitude on Treaties

The Government of China was always apt to slight international agreements. This propensity became particularly conspicuous since the establishment of the Chinese National Government. With the growth of the Chinese movement for the "recovery of national rights and interests," both the government and political parties of China became espoused to a stand that discards, as their guiding:
principle, any and every international agreement unfavourable to themselves as being "unilateral treaties." That China made this one of the fundamental government policies is obvious from the manifesto issued at the first mass meeting of the Kuomin Party held on January 21, 1924. This policy was carried to such excess in those days when China pursued a principle of affinity and cooperation with Soviet Russia, that she relished unilateral cancellation of solemn international treaties after the Soviet fashion. It was an outcome of such a policy and move that the Chinese rights to the British settlements in Kiukiang and Hankow were recovered perforce.

This government policy of China was more or less moderated under the Nanking Government, but the guiding spirit still remained intact. This is clear from the frequent public promises the government made to the people through the publication of schemes designated for the recovery of treaty rights within a specified course of time. Nor are the instances rare wherein the government unilaterally declared some of the international treaties in existence null and void. To cite the most salient examples, the Chinese Government one sidedly declared cancellation of extraterritoriality in December 1929, as effective from January 1, 1930, and in December 1930, again served on the interested Powers a threatening identical note hinting at the Chinese Government's intention to have recourse to other than diplomatic measures for the attainment of the aim in view unless the extraterritoriality question was settled in favour of China by the end of February 1931.

Such an outrageous attitude is assumed by China not only on the Powers' common treaties like extraterritoriality but on their individual treaties hitherto concluded with China as they know from their own experiences. On so numerous occasions have their protests against such wrongs been lodged with China sometimes separately and sometimes conjointly as the occasion and the nature of treaties required, that this constituted one of the important and essential items of business before the consular body and Corps Diplomatique in China, to put it without the least exaggeration. When China completely
ignored such protests and insisted on her outrageous policies, it is no surprising matter if even Japan should find the situation no longer tolerable in view of the vital interests that Japan possesses therein unlike the rest of the Powers. This was why a serious Sino-Japanese trouble was precipitated when China insisted on the invalidity of the Sino-Japanese Treaty of Commerce and Navigation and attempted, in utter disregard of Japan's treaty rights, to enforce provisional readjustments unilaterally formulated.

Particularly noticeable is the Chinese opposition to the so-called Twenty-One Articled Treaty of 1915. The Chinese authorities claim its nullity on the ground that it was concluded under duress. But such a protest does not stand to reason, for if it could be justified to cancel any legitimately concluded international treaty on the part of one party without the other interested party's consent because such treaty was unwelcome and unfavourable, then it would follow that the validity of the Versailles Peace Treaty or that of the Liaotung Peninsula Restitution Treaty could with propriety be called into question. Under such circumstances all the existing international treaties must forfeit their solidity and stability, and the inevitable consequence must be impossibility of maintaining international order even for a moment. On the strength of this conviction, Japan took a most conspicuous stand on this sort of problem at the Washington Conference, and gave a most definite reply to China expressing Japan's inability to consider the latter's demand, as it was set forth some time ago, for the cancellation of the Treaty of 1915. Notwithstanding all these facts, the Chinese authorities have been trampling upon Japan's treaty rights and interests, upholding their first policy of unilaterally denying the validity of the treaty in question.

The above is but one of the salient instances in which China directly denied the effectiveness of treaties. So far as are concerned the cases in which China encroached upon Japan's treaty rights and interests in implicit disregard of the existing treaties, their number is simply countless. In each of all these instances Japan filed a strict protest and that more than once. But China has never shown the
least sign of willingness to effect the required readjustment. This fact gives a silent but nevertheless eloquent confession to the audacious intention of China to deny whatever treaties are against her own interest.

We should not be surprised if the local Chinese authorities should follow the example of their central government in dealing with international agreements. As a matter of fact in quite a large number of instances the local Chinese Government set at naught Japan’s railway and other rights in Manchuria. Below are given only the most flagrant of such instances so as to give the reader a general idea about the nature of the Chinese outrages from which Japan has so long been the worst sufferer.

II. Encroachment on Railway Rights

1. Question of Railway Construction

(a) Kirin-Huining (Kainei) Line

The construction of this Kirin-Huining Railway was expected from the Sino-Japanese railway agreements for the construction of the Hsinmin-Mukden and the Kirin-Changchun lines concluded in 1907, and was promised in the Chientao Agreement of 1909. In 1918, this project was further substantiated through Japan’s advance of ten million yen capital to the Chinese authorities in accordance with the Protocol of the Kirin-Huining Railway Loan, but was not since realized.

In 1925, an agreement was reached between the Chinese Government and the South Manchuria Railway Company for the construction by the latter of the Kirin-Tunhua line. This railway was completed in October 1928. Prior to this completion, however, negotiations had been made with China for construction of another line between Tunhua and Laotoukou in extension of the Kirin-Tunhua line, so as to bring it into connection with the Korean Railway by converting into the broad gauge railway the Tientu line running southward from Laotoukou. An agreement was in consequence reached and signed on May 15, 1928, between the Communications Department of the Peiping
Government and the South Manchuria Railway Company. The proposed construction work was to be taken in hand within a year since signature according to the agreement, but has never since been launched due to lack of sincerity on the part of China to carry out the pledge.

(b) Changchun-Taonan Line

By concluding the Five Manchuria-Mongolian Railway Agreement in 1913, and the Four Manchuria-Mongolian Railway Agreement in 1918, the Chinese Government promised reconstruction of the Changchun-Taonan line with a loan from Japanese capitalists and received from Japan an advance of 20,000,000 yen in 1918, in accordance with the railway loan protocol covering the above railway agreements, but has never taken in hand the promised construction work.

Later an agreement was signed on May 15, 1928, between the Chinese Government’s Communications Department and the South Manchuria Railway Company for the construction of the Changchun-Talai Railway with an understanding that the construction work should be started within a year after signature. The work was never taken in hand due to the Chinese authorities’ disregard of the contract.

(c) Hailung-Kirin Line

The Chinese authorities agreed to the construction with Japanese capital of the Kaiyuan-Hailung-Kirin line in accordance with the Four Manchuria-Mongolian Railway Agreement of 1918, and substantiated in that year a railway loan protocol covering the said railway, but failed to undertake the promised construction. In 1924, Japan relinquished her right of building the Kaiyuan-Hailung line on account of an understanding reached with the Mukden authorities, but her right to the construction of the Hailung-Kirin line still remains in her hand, whereas China built this line with her own capital in total disregard of Japan’s right. (Cf. Question of Parallel Line)

2. Question of Parallel Line

An understanding was duly reached at the Sino-Japanese Parley
of 1905, that for the protection of the South Manchuria Railway interests, China should never build any trunk line running parallel to the South Manchuria Railway in the neighbourhood of that line, or any branch lines that might run against the interests of the South Manchuria Railway. In defiance of this agreement, however, China constructed the Hailung-Kirin line to the east of the S. M. R. and the Tahushan-Tungliao line to the west. The result was the construction of two parallel lines in effect against the South Manchuria Railway one of them running on the eastern side connecting the Hailung-Kirin line with the Mukden-Hailung line which runs into the Mukden-Peiping Railway and the other extending on the western side from Tahushan into the Angangchi-Taonan Railway via Tungliao, Chengchiatun and Taonan. All this railway policy of China embodies her bad faith in international treaties and exposes her perfidious plot to encircle the South Manchuria Railway from either side so as to deprive it of its all economic value.

(a) Hailung-Kirin Line

The Chinese Government published in August 1926, its plan of building the Kirin-Hailung line and of linking that line with the Mukden-Hailung Railway. As will be remembered this proposed line was to pass the same route as the Japanese reserved line between Kirin and Hailung mentioned in the Sino-Japanese Railway Agreement of 1918, for Manchuria-Mongolia. This line of Japanese reservation first extended from Kirin to Kaiyuan via Hailung but in the course of 1924, Japan recognized the construction of the Hailung-Kaiyuan line by China with her own capital, retaining the remaining Kirin-Hailung line for construction with Japanese capital. Such reservation was secured by Japan so as to prevent construction of parallel lines except at the hand of Japan in accordance with the Sino-Japanese understanding reached, as before mentioned, in the Sino-Japanese Parley of 1905. Since November 1926, therefore, Japan lodged piles of protests with the Chinese Government against the above projected railway, but the Chinese authorities turned deaf ears to such
-complaints from Japan, and taking in hand its construction work on June 25, 1926, completed the line on May 15, 1929.

Though running parallel to the South Manchuria Railway, this Hailung-Kirin Railway would not have proved so formidable a rival line but for its copulation with the Mukden-Peiping Railway. In 1922, China proposed to build a lead-in line from the Mukden-Seoul line to the Mukden Arsenal. Japan allowed such construction considering that the line was intended for the exclusive use by the Arsenal. When the Mukden-Hailung line was built, however, China brought this line in touch with the lead-in line thereby practically joining the Mukden-Hailung line to the Mukden-Peiping Railway. This cannot but give a serious menace to the South Manchuria Railway because of the possibility of that line being utilized for commercial purposes. Nor is it compatible with the spirit underlying the Sino-Japanese agreement of 1911, specifying the extension of the Mukden-Peiping line. On the score of these facts Japan filed a protest with China in April 1928, when she brought round train carriages from the Taonan-Angangchi Railway into the Mukden-Hailung line without Japan’s consent. Japan has since been maintaining that protesting attitude though without effect.

(b) Tahushan-Tungliao Line

In August 1925, the Chinese Government extended the coal transport railway (built in December 1922) between Tahushan on the Mukden-Peiping line and the Pataohao coal mine as far as Hsinluitun, and started in April 1926, the work of extending that line further northward up to the Ssupingkai-Taonan Railway. This extension project, however, not a little detrimental to the South Manchuria Railway by wrong utilization of the Taonan-Angangchi and the Ssupingkai-Taonan lines built with Japanese capital and technique, and even running counter to the Sino-Japanese understanding of nonparallel line construction, Japan protested more than once, since August in 1926, with a very resolute attitude. But the Chinese authorities, in utter disregard of such protests, forced the construction work,
completing the line between Hsinlitun and Changwu in January 1927, and the line from Changwu to Tungliao in October of the same year.

3. Question of Railway Loans

(a) Ssupingkai-Taonan Line

In 1919, the Ssupingkai-Taonan Railway Loan Contract was concluded between the Chinese Government and the South Manchuria Railway Company which empowered the Chinese authorities to issue public loans to the amount of 45,000,000 yen with that railway’s property and proceeds as securities. But the subsequent change of economic situation rendered the issue of such loans impracticable. In 1920, however, China concluded a short-term loan contract with the South Manchuria Railway Company as a temporary expedience, and, by renewing this contract every year hence, completed the construction of the Chengchiatun-Tungliao and the Chengchiatun-Taonan lines. The sixth renewal of the above loan agreement was effected in May 1925, to the amount of 32,000,000 yen, and in May the following year another renewal was to be made, when the Chinese authorities demanded reduction of the interest on the loan with such persistency that they neither carried out further renewal of the loan nor paid the interest due until the arrears reached in August 1929, something over twelve million yen.

(b) Taonan-Angangchi Line

In accordance with the agreement in 1924, with the Mukden Government (and with the recognition by the Communications Department of the Chinese Government), the South Manchuria Railway Company constructed the Taonan-Angangchi line and completed its transfer over to the Chinese authorities on July 30, 1927, but the latter making trouble with the Japanese estimates of the work superintendence expenditure would not pay the charges for the construction work amounting to 12,920,000 yen. Not only this, but the Chinese authorities never invested the advisers appointed by the S.M.R.
Company with the full range of rights specified in the railway loan contract.

(c) Kirin-Tunhua Line

The South Manchuria Railway Company entered into contract in 1925, with the Chinese Government for the construction of the Kirin-Tunhua line, and in accordance with this contract which was confirmed by the Communications Office of the Chinese Government in 1927, with the sum of 24,000,000 yen as the charges for the construction work, built the Kirin-Tunhua Railway. This line was opened to business on October 10, 1928.

But the Chinese Government, declaring the charges too high and the work too imperfect, would not make the payment due, nor would, under the pretext of the construction work being still uncompleted, employ the Japanese Chief Accountant recommended by the South Manchuria Railway Company in conformity with the loan contract.

III. Improper Taxation

All those nationals who enjoy extraterritoriality in China are, by virtue of Art. 40 in the Franco-Chinese Tientsin Agreement of 1858, and on the score of the most favoured nation clause, exempted in China from all obligations inclusive of dues and taxes except what is explicitly specified in treaties. Any taxes imposed on foreigners in China, therefore, excepting customs duties and tonnage dues, must be regarded as entirely improper.

Then, again, within the S. M. R. Zone, where Japan possesses an absolutely exclusive right of administration on the authority of treaties, China has no right of levying any kind of taxes on the foreign residents with or without extraterritoriality and even on the Chinese citizens. In that particular district, therefore, all the Chinese taxes excepting those specially mentioned in treaties, would be improper taxes. The Chinese Government, however, encroaching upon the above Japanese rights, are imposing improper taxes of various classes in either province of personal (or extraterritorial) and regional
(or railway zone) privileges. Let the latest instances explain the point.

1. Personal Improper Taxes

(a) Likin and Other Transit Dues

By virtue of treaties, China was at first entitled to impose the so-called likin and the like transit dues within her land except for treaty-ports. But such rights she agreed to relinquish at the earliest possible opportunity, as she entered, in the course of 1928 to 1930, into an agreement with the Powers for the latter's recognition of her tariff autonomy. The Chinese Government accordingly announced its intention later to abolish likin and suchlike inland transit duties on and after January 1st in 1931. This public promise, however, has never since been completely fulfilled. On the contrary, such transit taxes are imposed even inside the walled city of Mukden which is thrown open by treaty and therefore ought to be distinguished from the general interiors of China. In other words, no taxes whatever ought to be levied on goods entering that city after payment of import dues at the port of destination. The Chinese authorities, however, insist on the imposition of transit duties on Japanese goods transported into Mukden, and, when such payment is refused, persecute the Chinese importers concerned in all manner of ways. Such an inland transit tax on foreign goods brought into an opened city like Mukden is evidently quite improper, and naturally the Japanese Government is, as it was, in a resolute protest against the injustice.

(b) Business Tax

In different parts of China an attempt is of late being made to impose a business tax on Japanese residents, but such a tax being intended against the very proceeds of business, is not warranted by treaties, and therefore was, as it still is, held in protest by the Japanese authorities.

(c) Consumption Tax

The Japanese goods either imported to China or produced in
China are all subject to special dues partaking of the nature of a production or consumption tax, but this sort of tax is entirely unrecognized by treaties except on cotton yarn. Consumption tax on this particular produce is duly specified in the supplementary to the Sino-Japanese Tariff Agreement of 1930, but such imposition on other goods is plainly improper.

(d) Dual Tax

In order to avoid duplex imposition of customs duties, it was so specified in Art. 9 of the Dairen Customs House Establishment Agreement signed in 1907, as to pay back the import duties collected at Chinese treaty-ports to those foreign goods which were imported to Dairen via such ports. Since April 1931, however, this practice of refunding has been suspended by China thereby subjecting foreign goods destined for Dairen via Chinese treaty-ports to dual customs duties. Japan is now endeavouring to get this injustice removed.

(e) Undue Export Tax

In Art. 2 of the Detailed Protocol of the Fushun and Yentai coal mines concluded in 1911, and also in Art. 9 of the Penchihu coal mine Joint Enterprise Agreement of 1910, the export duty on Fushun, Yentai and Penhsihu coal products is specified as 1 mace per ton, but the Chinese authorities want to impose 3.4 mace per ton. Japan lodged a protest and discussed the matter with the Chinese Government against such disregard of the existing treaties, but no final settlement is yet reached.

2. Regional Improper Tax

As before noted, the Chinese Government is not entitled to levy any kind of taxes even on Chinese citizens within the South Manchuria Railway Zone. But in utter defiance of this regional privilege of Japan, guaranteed by treaty, the Chinese authorities are attempting to impose business taxes in various forms and by different means. When payment of such a tax was refused China would not only collect
forcibly 2 per cent business tax and 3 per cent production tax on whatever goods transported out of the S. M. R. Zone, but would oppress and fine Chinese customers concerned as a means of preventing evasion of such taxes on Japanese goods, and even dispose inspectors along the border of the Railway Zone, against such Chinese and often against Japanese as well. All this Chinese conduct is encroachment on the Japanese administrative rights in the South Manchuria Railway Zone.

Another instance under this category of improper taxation is the collection by China of half the lumber tax from the Chinese supplying Kirin-produced sleepers to the South Manchuria Railway Company since February 1st 1917, in violation of Art. 8 in the Supplementary to the Sino-Japanese Treaty about Manchuria.

IV. Encroaching on Commercial Lease

The commercial lease as held by Japan in Manchuria is a right to land duly specified in the Sino-Japanese Treaty of 1915. Article 2 of this Treaty so specifies that “the Japanese subjects are entitled to lease land in South Manchuria for construction of various commercial and industrial buildings or for management of agricultural enterprises,” and in the annexed Memorandum of the same Treaty is so “understood that the term commercial lease implies a lease of land for a period of 30 long years unconditionally renewable upon its expiration.” The commercial lease is thus a most legitimately established treaty-right of Japan, whereas China spares no effort for its practical suppression. For instance the Chinese Government would render such right of Japan practically inoperative by promulgating in a Presidential Mandate a special criminal law known as the Anti-Traitors Act which specifies capital punishment against whoever impairs State rights and otherwise betrays national interests in secret concert with foreigners, and by thus threatening the people against lease transactions under the penalty of death. But this is not the only measure employed against the Japanese right in question. In one case the Chinese authorities directly forbid lease transactions by means of an
executive order; in another case they resort to a permit-system for
the control over such lease in order to preclude all chance for Japan,
and in still another they demand payment in advance of a prohibiti-
vely high tax on such concessions, forbid disposal of government land,
or check flotation of loans secured on land. Orders, regulations and
instructions, public or confidential, hitherto issued by the Chinese
authorities for the "legalization" of all the above measures designated
for restriction or suspension of Japan's commercial lease are simply
legion.

To refer to the most salient of the latest instances, the Mukden
Government, in August 1929, formulated regulations for the punish-
ment of those selling or leasing land to foreigners in accordance with
which the different local administrations were confidentially instructed
to subject to death-sentence, imprisonment for life, or other punishments
of those Chinese who either sold or leased to foreigners any land,
governmental public or private. These regulations were in June 1931
somewhat moderated but have nevertheless frustrated the commercial
lease treaty, and have not only rendered it impossible for Japan
to secure commercial leases in future in the Province of Manchuria but
emboldened China to demand recovery of even such leases as had been
secured by Japan prior to the issue of the above outrageous Chinese
act.

In the course of March in 1929, for instance, when the Eastern
Asiatic Industrial Company under Japanese management leased land
at Mentaitze in Shenyang owned by a Chinese landlord named Li
Yun-fei, for 10,000 yen, the Mukden authorities threatened the Chinese
landlord with capital punishment and the latter was compelled at
last to recover the title-deeds concerned from the Japanese company
in January 1930. Within the brief period of only one or two years
were recorded numerous instances in which punishment was inflicted
in accordance with the above improper Chinese act. Some of the
prominent cases are below given:

(1) In Sinminhsien, a landlord was imprisoned for having sold
a tract of land at Tsikungtai to Japanese.
(2) In Liuhohsien, a Chinese Chao had his land confiscated because it had been leased to the Eastern Asiatic Industrial Company, while his Japanese assistant was deported.

(3) In Penhsihhsien, a Chinese landlord was arrested for having leased his limestone quarry to a Japanese, and the authorities proposed confiscation of that quarry.

(4) In Tsianhsien, a Chinese landlord was arrested for having let his house to a Japanese branch police office.

(5) In Mukden Province, no Koreans are permitted to lease paddyfields, while a policy is adopted to reduce the existing agricultural tenancy contract into a mere labour agreement.

In Kirin Province also the Koreans' land ownership guaranteed by the Chientao Pact is disregarded while their future purchase of necessary land in different parts of the Province was rendered impossible by the issue of the same anti-land sales act as in Mukden. Interference is freely being made with the term of tenancy agreement also.

The sufferers from the above outrageous Chinese act are not the Chinese alone, for the Japanese concerned are also subject to no less oppression as the following few examples attest:

(1) The Chinese authorities more than once demanded from the Sakakibara Farm in Mukden the restitution of its agricultural plantation since 1924, and frequently committed outrages against Korean tenants by despatching troops for the purpose of intimidation. In 1925, a railway was built across the plantation without the Farm authorities' consent and in 1929, went the length of constructing a railway station in the corner of the plantation thereby encroaching upon the Japanese right to the land.

(2) In May 1929, Chinese authorities instigated neighbouring villagers numbering 150 into a riotous attack on the farm of the Eastern Asiatic Industrial Company at Hsikungtaho in Mukden, with the result that the plantation was seriously destroyed and one of the Company officers was killed on the spot while several others were injured.
These are but a few instances out of numerous ones showing how increasingly worsening are the Chinese methods of trampling upon the Japanese right of commercial lease in Manchuria for all the legitimacy and propriety with which such right had been established in the Province.

It is also to be noted in this connection that apart from the commercial lease, the South Manchuria Railway Company had secured a right to purchase of land in a separate agreement with China, but that this concession too is subject under the above noted circumstances in general to no less injustice, as in the case of land to be purchased by the South Manchuria Railway Company for the Railway Zone. By virtue of Art. 6 in the Eastern Chinese Railway Construction and Management Contract, the South Manchuria Railway Company is entitled to utilize the land along its railway track. But since 1915 to 1916 the Chinese authorities have been positively standing in the way of the Company's right in question the troubles awaiting settlement in consequence numbering no less than a few score by this time.

V. Oppression of Koreans

The Chinese oppression of Koreans in Manchuria is of no recent growth. It will be remembered that fanned by the anti-Japanese movement which prevailed throughout the entire length and breadth of Manchuria in 1927, the anti-Korean sentiment of the Chinese suddenly burst into flame towards the end of that year. And with this blazing upheaval as the turning point, the Chinese oppression of Koreans became increasingly bold and positive. This tendency was cast into particular relief since the autumn of 1928, when the Chinese nationalist flag of the "white in blue" came to be hoisted throughout the Three Eastern Provinces, and when the sweeping Chinese mania of "national rights recovery" spread from China proper into Manchuria with an overwhelming force.

The Chinese authorities are apt to conclude that the Korean immigration into Manchuria and the Japanese Government's nonper-
mission of their naturalization in China were evidence of Japan’s aggressive intentions about Manchuria and Mongolia. The Koreans in Manchuria are in consequence subject to direct pressure from the Chinese Government. The Chinese officials force Korean immigrants to naturalize in China for complete control over them, or punish them with deportation for the slightest of offence and even without proper reason not infrequently, or forbid agricultural tenancy which is their only means of earning livelihood. But the Chinese authorities would not remain content with these direct methods of persecution. For in the recent years they have come to employ indirect means of a most malicious nature as well. They, for instance, prohibit the Chinese landlords and house owners to assign or lease their land or buildings to the Koreans; order the Chinese land owners to suspend or restrict tenancy contract with Koreans; expropriate or reorganize private schools under Korean management; and encourage Chinese from southern provinces to emigrate into Manchuria for prevention of Korean settlement. The instructions and secret orders hitherto issued by the Chinese authorities for the enforcement of all these policies of Korean persecution are literally countless in number, and tremendous is the loss suffered by the Koreans from such injustice at the hand of the Chinese authorities.

In the brief course of three years from 1928 to 1930, the most flagrant instances alone of Korean oppression exceed one hundred, most of them being forced deportation, improper taxation, closure or confiscation of schools, forced naturalization and tenancy prohibition. So far as minor instances are concerned they are too many to enumerate.

By no means less serious are the losses Koreans have so far suffered from the Chinese gendarmes’ outrages upon their persons and property. Since the outbreak of the Communist upheaval in 1930, in the district of Chientao, no small number of innocent Koreans were stabbed to death, injured or deprived of property by Chinese gendarmes and constables, the losses thus incurred aggregating quite a huge sum. Below are given only the most salient of instances:
(1) **Forbidding tenancy contract**: The Korean residents in Manchuria have hitherto been engaged in the cultivation of paddyfields by leasing land from Chinese landowners. During the past few years, however, the Chinese authorities prohibited any contract for agricultural tenancy with Koreans recognizing only a contract for employment of Korean labour, as the following instances show:

(a) In May 1929, the Chinese authorities compelled the Chinese landlords to confiscate the land under cultivation by the Korean agricultural tenants resident in Tanchiahu and Hopeh in Hsifeng-hsien. In many other parts within the same prefecture the Chinese landlords were often compelled to raise the fees for the lease by Koreans of such land as was required for irrigation purposes.

(b) In April 1929, a Korean farmer Kin Ko-sho residing at Fanghokou in Tiehling-hsien, had his tenancy contract cancelled by order from the Chinese authorities.

(2) **Pressure on Right of Residence (Deportation)**: There are numerous secret instructions issued by the Chinese authorities to the local landlords purposing restriction of the Korean right of residence, and a number of Koreans were ordered deportation without reason.

(a) In March 1931, five Korean families resident at Hsing-lunghshan in Penhsi-hsien, were demanded withdrawal from their living place by the landlords as order from the prefectural authorities, with an alternative of payment of double the old tenancy fees in advance. The Koreans were obliged to withdraw as they could not pay so much.

(b) In March 1931, the Chinese authorities at Louhotsung in Kuangtien-hsien forced some 20 Korean families to withdraw from the district on the ground that Korean residence was liable to sow seeds of Communistic or suchlike bloody troubles.

(c) In July 1931, the Chinese authorities drove away perforce 15 Korean families comprising 45 Koreans resident at Taolaichao in Fuyu-hsien, under the pretext of strict control required over Communists.

(d) In August 1931, three Korean families at Yangchiawopao
in Kuangping-hsien, were suddenly demanded withdrawal by the landlord accompanied by several Chinese gendarmes who smashed furniture, inflicted injuries on inmates, and committed other outrages until the Koreans were compelled to leave.

(3) Pressure on school management: The Chinese authorities assume a prohibitive or highly restrictive policy towards the Koreans who contemplate establishment of schools for the education of Korean children, (to wit, the order issued on July 7th in 1931, by the Educational Affairs Department of the Mukden Government); and forbid the Chinese managed schools to admit Koreans, (to wit, the order issued by the same Department in August 1931); and even order closure of the schools already open under Korean management. (to wit, Kirin Government order issued on April 18th in 1930.) The most striking instances of the latest registration follow:

(a) In March 1931, the Sansei Korean School situated at Wuchiatze in Huaiteh-hsien, was reorganized into a Chinese school and the use of the Korean language in the school was forbidden.

(b) In April 1931, the Chinese authorities ordered closure of the Sanko Korean School at Sanchiatze in Yushu-hsien, Kirin Province, and deported two of the Korean teachers thereof on the ground that the school was a training home for Communists, when in reality it was nothing more nor less than a school for the education of Korean children.

(4) Improper Retention: The Chinese authorities subject good Korean citizens to all sorts of persecution under the pretext of controlling the lawless Korean elements, sometimes detaining them and sometimes demanding bribes. In July 1930, for example, a Korean medical practitioner Ko Fu-tatsu who was in the employ of the Korean Government General, and was residing at Tunghua city, Tunghua-hsien, was arrested by the Chinese authorities on a charge of being in association with the Communist intriguers. He was released through the Japanese authorities' protest but was deported at the same time.

(5) Forcing Naturalization: The Chinese authorities force
Korean naturalization in order to place the Koreans in Manchuria under their control, and collect extravagantly high commission from those who naturalize, as the following few examples tell:

(a) In March 1930, the local Chinese authorities demanded that the Koreans resident in Wuchiatze in Huaiteh-hsien naturalize (commission imposed being 20 to 30 yen per head) with the alternative of withdrawal.

(b) Since the end of 1927, the Koreans living in the districts of Lutoukou in Linkiang-hsien, have been subject to constant threats from the Chinese authorities that they would be ordered to withdraw unless they decided to naturalize.

(c) In October 1927, the Chinese authorities in Kirin-hsien, Kirin Province, despatched officials to the Korean residents, from door to door with a demand for naturalization (commission 20 yuan per head) or for withdrawal within that year.

6 Ignoring Chientao Agreement: The Sino-Japanese Chientao Agreement explicitly recognizes the Koreans’ right of land ownership, but the Chinese authorities do not permit the Koreans, as above noted, to own land in Manchuria. The Koreans are entitled also to the liberty of exporting cereals, but the Chinese authorities preventing the Koreans to exercise such right, the Koreans in Chientao cannot sell their rice to Korean just on the opposite side, to no small economic loss on the part of those Koreans resident in Korea, since the Chientao rice price is quoted always at half the market price in Korea. It is further to be noted that whereas the existing Chientao Agreement specifies reference to the Japanese Consulates of any criminal case of Koreans accused of murder, this important process has never been taken by the Chinese authorities.

Of the Korean residents in Manchuria numbering now 800,000, ninety per cent are engaged in agriculture. The land under their cultivation extends 176,000 chobu, and paddyfields 12,500 chobu in Chientao (one chobu equals nearly 2½ acres), and 34,000 chobu and 45,000 chobu respectively in other parts of Manchuria than Chientao. Korean farmers have particular skill in cultivating paddyfields.
whereas Chinese farmers know practically nothing about such cultivation. The latter accordingly left paddyfields in their uncultivated condition as barren soil, until the Korean immigrants came in and turned the vast expanse of apparently sterile fields to account as at present. As the Chinese immigrants from the ceaselessly disturbed Chinese interior gradually increased in number, however, the Korean pioneers have come to be treated as if they were vanguards of Japan's aggressive activities in Manchuria, and to be subject to all manners of persecution, until it became impossible for them to purchase or even lease land. Not only that, they confiscated even what they already had. Even their right of tenancy is constantly suppressed. The terms for such contract were first reduced from five years to three years, from three to one year, and then came the order of absolute prohibition. The natural love of the land where these Koreans were so long resident forces them to remain in their old places in the face of all such persecution at the hands of the Chinese and to work under the mere contract of casual labour in place of the contract for agricultural tenancy. But even of such a contract they are now going to be deprived by the tyrannical Chinese and are now compelled to quit the land of their long residence and the only means of earning their livelihood.

VI. Other Violations of Agreements

1. Oppressing the Japanese in Mukden

Mukden City was thrown open by the American-Chinese Treaty of Commerce as concluded in 1903. The Chinese authorities, however, in disregard of this agreement, established a commercial settlement outside the wall of the City, adhering to their improper stand to recognize the right of foreign residence within that special quarter only, and in spite of repeated protests from the Japanese and other Powers Governments concerned, demanded the withdrawal of those foreigners resident inside the city by threatening the Chinese landlords. As a consequence the foreign residents in Mukden have of late become remarkably limited in number.
Treaty between Nine Powers concerning China

2. Discrimination of Goods

In Art. 15 of the American-Chinese Amoy Agreement of 1844, it is so specified that no foreign residents' business transactions shall be restricted by monopoly and other counteractive means on the part of the Chinese authorities. But the Mukden Government initiated the monopoly sales system for matches thereby seriously injuring the Japanese match manufacturers' and exporters' interests. In Art. 9 of the Nine-Powers Pact, also, it is specified that no discrimination is to be made in railway transport charges against foreign goods. But the Chinese authorities, insisting on their own selfish interpretation of the above clause as intended between foreign goods themselves and not between foreign goods and Chinese goods, are still now applying quite a lower rate of charges on the domestic goods.

3. Preventing Mining Enterprises

In accordance with the Sino-Japanese Agreement of 1909, concerning the so-called Five Items of Manchuria Administration, and also by virtue of the Protocol signed between the Japanese Mukden Consul-General and the Mukden Chinese Government, in 1907, the mining business of the Mukden-Antung Railway Zone ought to be undertaken as a Sino-Japanese joint enterprise. But the Chinese authorities obstructed such enterprises at Tsingchengtze, Niusintai, and Tientsihfu in defiance of the above agreements. The reason they set forth is that the Japanese partners violated the Mining Law. But such Chinese law is invalid as it is against Art. 9 of the Anglo-Chinese Treaty of 1902, and runs counter also to the principle underlying the Extraterritoriality. No such improper national statute of China ought to be permitted to subvert the treaty rights of the Japanese Empire.
Appendix

Statements and Resolution of Economic Organizations
Statement

by

The Chamber of Commerce and Industry of Japan

(Sept. 28, 1931)

The Chamber of Commerce and Industry of Japan regards it highly lamentable that China has been utterly disregarding the legitimate rights and interests of Japan, and has been circulating false reports among the nations regarding the present situation in Manchuria. The Chinese Government has encouraged anti-Japanese movements and all forms of lawlessness against the lives and property of the Japanese in China.

The Manchurian Incident is traceable to China's utter disregard of the ideal of international peace, for it is a matter of history that China has been openly and utterly violating Japan's rights and interests and provoked us by a series of violence and lawless acts. Instead of controlling and suppressing anti-Japanese boycotts and agitations against Japan, the Chinese officials have actually encouraged them.

The violence of Chinese soldiers in Manchuria has led to the present armed conflict in that region, and the Imperial Army is now obliged to take defensive measures to protect her rights and interests. Unmindful of her responsibility for the present situation, China has brutally murdered our nationals and is making false propaganda throughout the world.

The Japanese people are determined to uphold their rights and interests at whatever cost may be required, in order to eradicate the causes of future trouble and to assure permanent peace in the Far East.
Indisputable is the right of Japan to insist upon China's observance of treaty engagements and particularly upon preservation of her rights and interests in Manchuria and Mongolia. So apparent is this that no comment should be needed. It is equally obvious that Japan and China should be united and loyal in the maintenance of peace in the Far East and in the promotion of their mutual interests and welfare. Japan has always held to this ideal and been confident her sincerity would be appreciated by China. To her deep regret, this confidence has been betrayed.

In contrast with Japan's persistent patience in dealing with China in every possible conciliatory manner, hoping she would realize and abandon her destructive policies, China's anti-Japanese campaign has been steadily increasing in scope and virulence in recent years, particularly in Manchuria.

To understand the present status of Japan in Manchuria, it is necessary to review her economic development of the past few years.

In 1907, the first normal year after the Russo-Japanese War, the foreign trade totaled 52,727,475 Haikwan taels, and imports exceeded exports by 8,642,829 taels. Within three years, trade tripled, and the trade balance turned. The increase has been steady. The trade in 1929 reached 755,225,360 taels, nearly 15 times greater than in 1907; exports exceeded imports by 96,047,622 taels. Not since 1919 has the balance of trade been unfavorable. To take advantage of this prosperity, immigrants poured in from China proper, Korea and Japan. Of today's population, estimated at about 29,000,000, only a few more than 1,000,000 are Japanese nationals, including some 800,000 Koreans. It is the Chinese who have benefited most by Japan's constructive labors in Manchuria. Japan's investments of 2,000,000,000 yen have created the commercial and industrial mach-
inery which enables the population, predominantly Chinese, to make good use of land and energy.

This development, it is important to remember, has encountered handicaps unknown in other frontier regions in modern times. China itself has not flourished. Where civil war is frequent, where warlords maintain poorly disciplined armies with wealth wrested from the people, where no improvements prevent floods, famines and epidemics, development is impossible. Japan was for a time able to minimize handicaps of this nature in Manchuria because of one fortunate privilege, that of maintaining armed guards along railway zone. These guards were needed when the treaty which sanctioned them was signed in 1905. The need has never ceased.

As Manchuria gained wealth, the Chinese warlords gouged more and more of it from the people, lavishing it on themselves and on armies numerically larger than the region needed or could afford. Normal taxes would have yielded abundant revenue for such social essentials as good government, schools and highways. Instead, there was appalling waste, always leading to more impoverished extortion of money from the people by devious methods. As though to kill the goose that laid the golden egg, envy centered on Japan's investments. These were legitimated investments, based on treaties. China not only consistently refused to recognize the validity of the treaties, but persistently ignored the hundreds of protests officially lodged by the Japanese Government. The attacks were amplified into attempts to injure and even ruin the Japanese vested rights by forceful interference with the railway, with other Japanese concerns and even with peaceful Japanese residents. The movement became a national phobia, spreading to all parts of China and finding an ally in the unwarranted belief that foreigners, especially Japanese, are exploiting and persecuting the Chinese. To stimulate this propaganda even the text books in Chinese schools were mobilized.

China's oppressive policy towards Japanese within her border particularly made manifest in recent years in the boycotting and confiscation of Japanese goods under the instigation of national
leaders, in unjust taxation, in illegal arrest and in slights and insults of various descriptions. Often, the Japanese are even prevented from obtaining the daily necessities of life. Such persecution is indeed of a nature warranted at best only in time of war.

The railway guards in Manchuria no longer protected Japanese lives and interests solely by their presence. Japan’s conciliatory policy and patience and diplomatic quest for a remedy seemed futile. China’s disease of unlawfulness and violence grew worse and was taking advantage as she usually resort to against a party whom she considers impotent to take a decisive action. Because Japan’s interests in Manchuria had become vital to her own economic existence, it was out of the question to relinquish them and withdraw. The only alternative was to openly defend her rights.

Japan’s sole desire in Manchuria is to create the peaceful conditions needed to assure the prosperity of her interests and the existence of a sane and healthy neighbor able to cooperate toward the ideal of world welfare. In doing this, she sees nothing wrong. Rather, there has been disappointment here that the world has not fully understood the situation and has not given moral support.

It is to be sincerely hoped that circumstances will permit military operations to be confined within the smallest possible limits, so that a fair and equitable settlement may be brought about through direct negotiations between Japan and China at an early moment. Such a settlement, however, will be possible only when there have emerged conditions ensuring the security of Japan’s rights and interests in Manchuria and Mongolia, and, above all, when, China’s leaders have abandoned their misconceptions of Japan’s motives and their present mistaken policies.

Tokyo, December, 1931.
Statement

of

The Japan-China Economic Association

The speeches and behavior of Chinese officials and individuals toward Japan have been becoming more and more abnormal in recent years and some of their acts now can hardly be regarded as those of a friendly neighbor.

Chinese officials inspire their people with anti-Japanese sentiments. To cite some of the glaring instances of this campaign, they instill anti-Japanese sentiments into the minds of the youth of China through material contained in the textbooks used in the schools throughout the country; they carry out extensive anti-Japanese boycotts and confiscate Japanese goods by force or endanger the lives of Japanese nationals in China by violence, and resort to other unlawful acts.

More recently the Chinese have been working for an economic rupture with Japan, an act of open hostility toward this country which constitutes a challenge to Japan to defend herself by waging war. At no time in the past have Japan’s rights and interests been more trampled upon and her honor and prestige injured than at recent.

Even the leaders of the Chinese Government themselves are the principal instigators of anti-Japanese feeling and they also go to the length of openly indulging in remarks and conduct which show that they either despise Japan or challenge this country to war. Such a situation can not be overlooked by the Japanese.

Especially in Manchuria, Japan’s rights and interests have been violated more and more day after day and the lives and property of Japanese residents there placed in jeopardy. In spite of these growing irritations, the Japanese officials and people have dealt generously under the ordeal, in pursuance of the principle of friendship and goodwill toward our neighbor. This generous attitude on our part has only made the Chinese more haughty toward the Japanese. Finally
the Chinese resorted to the violent act of blowing up a section of the South Manchuria Railway and attacking the Japanese army garrisoned there.

We firmly believe that the emergency measures by which Japan exercised the right of self-defense were proper and timely, inasmuch as they were aimed solely at the protection of Japanese rights and interests which this country enjoys by treaty right.

While hoping that China will reconsider and that normal conditions will be restored as soon as possible through direct negotiations between Japan and China, we consider it absolutely imperative that the present opportunity should be taken to solve fundamentally all of the problems which have accumulated between Japan and China during the last few years and which remain unsettled, and that means should be taken to eradicate anti-Japanese feeling and conduct resulting from it in China in order to pave the way for a lasting peace in the future. For this purpose we are of course ready to bear all the sacrifices which we will be called upon to bear in the way of Japanese trade and our enterprises in China.

Tokyo, Sept. 25, 1931.

Resolution
adopted by
The Industrial Club of Japan

We believe that the measure taken recently by the Japanese forces in Manchuria is absolutely justifiable, and has been unavoidable for the protection of Japan's interests as well as the lives and property of our nationals in the territory jeopardized by the outrageous action of the Chinese.

For the maintenance of permanent peace in the Orient, it is essential to make China respect the treaty rights and protect the Japanese subjects in the Chinese territory, and eradicate completely the outrageous action, which is harmful to the healthy development
of the trade between the two countries, and which threatens the lives and property of the Japanese in China.

We urge that the Government take a determined step in coping with the present affair in order to solve all the pending problems between the two countries, eliminating the fundamental factors, which hamper the promotion of friendly relations between this and the neighboring countries.

Sept. 30, 1931.