Background
of
The Shanghai Trouble

NEW YORK OFFICE
of
Japanese National Committee
of
International Chamber of Commerce
This map shows the various districts assigned to foreign military and naval forces for the defense of Shanghai, as arranged by agreement among the foreign commanders on January 27, 1932, previous to the recent conflict. District (A) was assigned to the Japanese; (B) to the Volunteer Force of the International Settlement; (C) to the Americans; (D) to the British; and (E) to the French.
BACKGROUND OF THE SHANGHAI TROUBLE

The International Settlement

THE International Settlement of Shanghai is a plot of marshy ground 8 2/3 square miles in extent, or one-third the size of Manhattan, which has grown into a foreign settlement out of British and American land concessions obtained from the Chinese in the '40's. It is immune from Chinese control.

Its ascent from a mudflat to a commercial metropolis fourth or fifth among world ports has been accompanied by the development of a near-independence. Quite early the foreign residents established a Municipal Council, which, in the course of time, has become an administrative organ with very ramified powers. At present it is composed of six Britishers, five Chinese, one American and two Japanese. An American is director-general, a post equivalent to that of Mayor, or city manager, in the United States.

The Council, strangely enough, has no courts to interpret its own regulations or to punish infractions of them. The 27,000 foreign residents are responsible, not to the Municipal Council, not to the Chinese, but to their own consuls, who maintain a system of consular courts in Shanghai. This is not peculiar to Shanghai. Foreigners throughout China are withdrawn from Chinese jurisdiction in virtue of the system known as extraterritoriality. In Shanghai this system qualifies a status for the Settlement that would otherwise be that of a free city or a miniature republic under the powers' protection.

There are nearly a million Chinese within this tiny ghetto. In the last few years they have been responsible to their own courts.

(3)
In addition to a local volunteer force, under the Municipal Council, foreign governments, in protection of their nationals, if not of the Settlement itself, station troops in Shanghai. Soldiers and marines are coming and going all the time.

China's "Revolutionary Diplomacy"

The presence of foreign troops in Shanghai would not be necessary if there were no danger of trouble from the Chinese. Such danger, however, exists, and it keeps the troops ever on the alert. It arises from the stated policy of the Chinese Nationalist government to effect the restoration of the Settlement to Chinese control.

The policy is in the nature of a campaign sometimes called "revolutionary diplomacy," sometimes "rights-recovery." To foreign correspondents in Peking in December, 1929, Foreign Minister C. T. Wang outlined its chronology as follows: 1930, abolition of extraterritoriality; 1931, recovery of foreign concessions and settlements; 1933, recovery of leased territories, etc.

There has never been any disguise of the manner in which these privileges were to be regained. Preferably the Chinese want them returned on the dates set by themselves by diplomatic negotiations. But "revolutionary diplomacy" does not stop at negotiations. It aims at the achievement of its object regardless of means. If diplomatic negotiations do not progress satisfactorily to the Chinese, unilateral denunciation of treaties is regarded as the second weapon of attack. This weapon has already been employed against at least a dozen powers. Force, direct or indirect, is the final weapon, and this, too, has been used frequently—in the early days of the Nationalist movement, when it was directed by Soviet Russians, without trying any other method.
The use of force against foreign land concessions dates from January 3, 1927. Nationalist mobs invaded the British concession at Hankow, the premier port other than Shanghai on the Yangtze river, and turned out the British authority. The theft was subsequently ratified by an agreement with the British dated February 19.

China's success at Hankow encouraged further forceful experiments. All eyes were turned on Shanghai. To the Settlement, in consequence of the fact that it is an oasis in a howling desert of Chinese misrule, has gravitated for safekeeping much of the surplus wealth of the Chinese people. Even the Treasury reserve of the Nanking government is now held there. Hoards of such fabulous dimensions, added to the wealth of a great city in its own right, have never ceased to beckon China's civil warriors. What a city to sack! The Nationalists, over the heads of their Soviet Russian advisers, who wished to push on to Peking, decided to sidetrack the Revolution from Hankow to Shanghai. On the heels of the successful assault on the Hankow concession, they came swarming down the Yangtze river.

This time the British took alarm. Most of their $1,500,000,000 of investments in China, are located at Shanghai. So they dispatched an expeditionary force to defend the Settlement from the expected incursion. With the cooperation of other powers, including the United States and Japan, the zone was saved by the presence of an allied force numbering 25,000. It is the testimony of all observers that but for the Allied forces it would assuredly have shared the fate of Hankow. This experience, together with the "revolutionary diplomacy" of the Nationalist government, will account for the military activity which has never since been absent from Shanghai.

In 1927 the British took the lead in these defensive
measures. For they had been, and were at the time, the target of Nationalist odium. There was no let-up in the agitation even as a result of the British government's resignation of the Hankow concession. The British continued to be "arch-imperialists" and all Chinese who had anything to do with them their "running dogs." Contemporary accounts afford vivid proof of the manner in which, from Canton to Peking (Peiping), their rights were trampled upon and their persons assailed.

Neutralization Proposals in Shanghai

In Shanghai the stand that the British decided to make was dictated by the feeling that unless they did so not only would the Settlement be overrun but they would be driven out of China by force. But in the Settlement they were on a pinpoint of land, a third the size of Manhattan. From a military standpoint the defense of the zone would have been no defense at all unless carried beyond its legal boundaries. So the British went outside in order to establish a neutral zone. Moreover, they disarmed Chinese troops in that extra-Settlement area.

The neutralization of a greater Shanghai has, in fact, been bruited for many years. Strange as it may sound, it has even had Chinese adherence. When the Communist-Nationalist mob came surging down the Yangtze river to take Shanghai, C. T. Wang, who later became Nationalist Foreign Minister, urged neutralization of an extensive zone surrounding Shanghai. He was then on the other side from the Nationalists.

Mr. Wang's effort had two results. One was the proposal of Secretary Kellogg, dated February 5, 1927, for the neutralization of the Settlement. As the Settlement is neutralized as a matter of course, no power took up
the suggestion. The next result was the creation by force of a neutral zone by the defensive forces in 1927.

In Tientsin, the largest port in North China, there is a precedent for the neutralization of outer Shanghai. After the Boxer outrages in 1900, the Chinese were compelled to sign an undertaking to neutralize access to the sea, all the way from Peking (Peiping) to Tientsin and on to Shanhaikwan.

The Japanese cooperated in the 1927 defensive measures at Shanghai. For they were as anxious as the British that the Settlement should be protected against Nationalist assault. In absolute terms their interests in Shanghai are perhaps second to Britain's. But they are far more important to Japan than the investments of other powers are to them. This is how Professor George H. Blakeslee, now attached to the State Department, regards them: "Japanese investments appear in a different class from those of other countries. They are not a foreign luxury, but seem to be essential for the maintenance of the present economic status of Japan" (Foreign Affairs, October, 1931).

In point of policy toward nationals abroad, however, the protection of lives takes precedence over the protection of their property. In this respect the Japanese interest is unique. The total Japanese colony in the Settlement and its environs is 26,000. This happens to be only a few hundred short of the total foreign population of the Settlement. Few non-Japanese foreigners live outside the Settlement limits in Chinese territory. But, as these figures show, a great percentage of the Japanese population do; and this affords an edge to the Japanese desire for a neutral zone, and in the direction that the Japanese have taken up their residence.

The whole of the Chinese territory outside of the
settlement which we have called Shanghai's environs bears the generic name of Greater Shanghai. It is split up into various areas, all under Chinese jurisdiction. Feeding upon the settlement, and the foreign trade and industry that it attracts, these areas have developed cheek by jowl with it, and hold another two million Chinese. One of them is Chapei, where the people are tightly packed in narrow streets, and where the Japanese number 6,000. Chapei is situated next to the portion of the settlement called Hongkew which has come to be referred to as "the Japanese section" because of the preponderance of Japanese among the foreign residents. In Greater Shanghai are congregated the most articulate among China's population. Either in Chinese territory or in the settlement, communists, students, professional agitators and other disorderly elements maintain their headquarters.

The Boycott as a Weapon

The Japanese have been through similar ordeals as the British went through in 1927. Soon it was their turn to succeed them as the goat for the hoodlums. In May, 1928 the Japanese sent some troops into the province of Shantung solely to protect their nationals during an upheaval. When the danger was over, they were withdrawn, and would have been withdrawn earlier but for the appeal of Chiang Kai-shek, then President of the Nationalist government and still its de facto head, that they should delay evacuation until he had obtained complete control of the province. In spite of Chiang's request, however, Japan became the victim of a boycott movement (the seventh she had had to endure in China), which is a form of the third weapon, the weapon of force, of China's "revolutionary diplomacy."
There is a great deal of misunderstanding of the Chinese boycott in the United States. This is rather surprising, as the United States was the first victim of it. An anti-American boycott occurred in 1905 by way of protest against American exclusion of Chinese immigration in the United States. United States Minister Rockhill, who landed in China while it was in full swing, defined it as "a conspiracy in restraint of our trade carried on under official guidance and with the sympathy of the central government." (Papers Relating to the Foreign Relations of the U. S., 1905, p. 218.) Acting on his definition, he insisted peremptorily that the government should call it off. In a note transmitted at the request of Secretary Elihu Root, he said:

"My government is emphatically of the opinion that it has been and still is the duty of the Imperial government completely to put a stop to this movement which is carried on in open violation of solemn treaty provisions and of the laws of China and is an unwarranted attempt of the ignorant people to assume the functions of government and to meddle with international relations." (p. 223.)

At the same time he asked for the support of other powers in putting down the movement with rigorous severity in areas in which they had influence. An appeal was made to the Japanese at the Manchurian port of Newchwang. People whispered that the Japanese, far from helping the Americans, were covertly encouraging the boycott. Minister Rockhill felt called upon to give the lie to these calumnies. He reported to Secretary Root:

"I beg that the Department will not attach importance to the statements being made in the ports and in the United States press that the Japanese government has had anything to do with encouraging the present anti-American movement. The conduct of the Japanese government has been not only friendly
throughout, but their foreign office has done all in its power to arrest the movement and control the Japanese controlled papers published in China." (p. 213.)

With this cooperation, and with the requisite Chinese official action, the movement eventually came to an end.

**What Japan Objects To**

This precedent, together with Minister Rockhill's definition, should be kept firmly in mind in approaching the Japanese reaction to the Chinese boycott. Japan does not object to the spontaneous refusal of individuals to buy Japanese goods. It is farcical to think that the Japanese could be so ridiculous. Japan, like every other trading nation, is zealous in soliciting Chinese patronage for her products. She can go no further than that.

What Japan objects to is the following:

1. The establishment of boycott association clothed indirectly or directly with extra-legal power.


The acts under (2) are all *inspired* and *organized* by the boycott associations. They are the work of professional hoodlums, who are protected by or who protect (according to the point of view) the Nanking government.

There is no need to stress the utter dislocation of
Chinese government. It was borne out in every newspaper dispatch from China prior to the Manchurian affair of September 18 last year. If the facts were not registered in Western consciousness at the time, they were hammered into the consciousness of Japan, which, it is well to reiterate, is located next door to China and its chaos. The Nanking government’s weakness is disguised from the world because it derives strength from its recognition by the powers as the government of China. Therein also lies its only appeal to the malcontents. When foreign affairs become pressing, they climb on board the ship of state, as they did in October, when they overran the ministries and beat Foreign Minister C. T. Wang almost to death. Otherwise, disregarding the government, which is futile at home, they enforce as government action the illegal acts of their own boycott associations. In Minister Rockhill’s words, they “assume the functions of government.”

The Provocation of the Boycott

Since 1927 the Chinese government has officially adhered to the boycott as a means for achieving its diplomatic ends. This was not the case in 1905. As one of the organs of the Nationalist Party, it derives all its authority from that organization. And the party constitution is the embodiment of the “Three People’s principles” advocated by Dr. Sun Yat-sen, so-called father of the Nationalist Revolution. Dr. Sun urged his followers to resort to anti-foreignism and economic boycott in order to accomplish his principles, in particular “the principle of Nationalism.” Consequently the boycott and anti-foreign movement generally have been recognized officially by the party and through the party by the government.
It is not necessary to produce Japanese evidence of the provocation endured by the Japanese in the 1928 boycott. The London Times of June 1, 1929 provides it. The boycott was still raging. In the course of a two-column article on conditions in China, this British newspaper, which has a universal reputation for accuracy, first explains that the powers of the Tang Pu (branch councils of the Nationalist party) are absolute in China. Then it says that in Shanghai the Anti-Japanese Boycott Society “had the local branch of the Kuomintang (Nationalist party) in their pocket.” In other words, if the Tang Pu had extra-legal powers, the Boycott Society must have had super extra-legal powers. These they were demonstrating at the time the article was written.

“They seized whatever rooms they wanted in the Chamber of Commerce for their offices; radical meetings of all sorts were held in its assembly Hall; and when the Chamber tried to protest, it was told to take its choice—to put up with things or be put out of its premises.”

Suppose a group of students from Columbia University decided to boycott goods made in Spain. Suppose they occupied the premises of the New York Chamber of Commerce. That is the equivalent situation to that which existed in Shanghai in 1929. It is because of its ridiculousness that people in the West find it so hard to appreciate what the boycott really means in China.

But let us go back to the impartial report of the London Times:

“The gates of the Chinese General Chamber of Commerce are tightly barricaded. All the work of the Chamber is suspended, and its rooms resound to the tread of armed guards. So they will remain until such time as Nanking can make up its mind whether it will support the real pillars of Chinese business or the agitator and the political rowdy. It is a grave situation. On the one side is organized business, capital, the best brains in the country, the men who are most honest in their desire to bring reform and progress to China; on the other are
the wastrels and freebooters of the Anti-Japanese Boycott Society (now politely called the National Salvation Society) and a host of mushroom organizations grouped together in the so-called Union of Merchants and Citizens of Greater Shanghai, professing to represent the Chinese middle and lower class merchant, but in truth representing nobody but themselves. The union, which hates the chamber for its prestige and wealth, and the boycotters, who hate the chamber because it has dared to assert that with settlement of the Tsinan (Shantung) affair the Japanese boycott ought to cease, have made the chamber’s life a misery. And they have been steadily backed up by the Shanghai Tang-Pu, which has always been among the “reddest” of the district councils.”

**Japan’s Diplomacy**

Grievous as was their provocation, the Japanese in 1928 and 1929 did nothing. In pursuance of an attitude of patient conciliation dating from the end of the Washington Conference in 1922, they waited until the affair had blown over. It came to an end, as these things do, when a diversion occurred. China got embroiled with Soviet Russia over the Chinese Eastern Railway in Manchuria, and, like a flock of locusts, the “wastrels and freebooters” moved to other pastures, where they vented their professional patriotism. The Japanese resumed business.

But abroad the Japanese tried to do something. They tried to persuade the world, which, in the meantime, had come to accept the Kellogg-Briand Pact banning war as an instrument of national policy, that war might be invisible as well as visible. They had in mind this kind of organized boycott, this “conspiracy,” as Minister Rockhill called it. At the Kyoto Conference of the Institute of Pacific Relations they put forth the thesis that the boycott was being used

(a) as an instrument of national policy.

(b) as a warlike act.

(13)
Therefore, contended the Japanese, it should be outlawed along with the kind of war that the world knew as war. Mr. Masunosuke Odagiri, director of the Yokohama Specie Bank, in a paper at the Kyoto conference said:

“It would seem that the continued application of the boycott as an instrument to settle international disputes is not only highly provocative and unjust in the light of accepted principles of international intercourse between friendly peoples, but, if war is to be condemned as an instrument of national policy, so also must the boycott be outlawed.”

Perhaps the most important result of the overture was the contribution of Professor James T. Shotwell, of Columbia University, one of the unofficial fathers of the Kellogg Pact. In the course of his remarks, he said: “I can say quite frankly here that the Pact of Paris fails signally to answer the question of what is war and what is peaceful settlement.” Possibly this pregnant sentence was not in response to Mr. Odagiri. It may have been inspired by the visit to China that Mr. Shotwell undertook before he arrived in Japan. At any rate, he asked a question for which Minister Rockhill had already provided and the Japanese were trying to provide the answer.

Beyond this statement little came of the Japanese friendly, diplomatic and peaceful effort. Things went from bad to worse in China. Viewed again relatively, they appeared much worse to Japan, a next-door neighbor to them, than to the nations of the West. Then the world depression arrived, and hit Japan, which had just climbed painfully and laboriously back to the gold standard after the terrible setback of the Japanese earthquake of 1923, perhaps worse than other nations. A boycott this time could not be regarded with the same equanimity as it had been in the past down to 1929.
Chinese Government and the Boycott

But such a movement did develop in China—the eighth. And it developed with a ferocity without parallel in the turbulent history of Chinese boycotts. Little was heard about it in the West, because a boycott, being scattered, underground and non-spectacular, is not very interesting news, unless it develops into mass collisions. Lack of information explains why the majority of people imagine that the present boycott came as the result of the Manchurian affair of September 18, when Chinese and Japanese troops clashed. This is wrong. It came months before as the result of a petty row over a ground lease which took place between Chinese and Koreans at a north Manchurian village in the summer of 1931. The trouble spread into anti-Chinese demonstrations in Korea, which the Japanese eventually put down with a firm hand, and an anti-Japanese boycott in China, which the Chinese government supported.

The evidence of official support on this occasion is very clear. As usual, Shanghai was the radiating center. It directed the Nanking government. Instruction No. 444, issued by the Government Department of Railways, dated August 7, six weeks prior to the Manchurian affair of September 18, says quite frankly that the Department had received the following telegram under date of July 31 from the joint committee of the various anti-Japanese associations at Shanghai:

"Taking advantage of the Wanpaoshan incident, the Japanese have started a violent anti-Chinese movement by instigating Koreans by whom our nationals in Korea were massacred in large numbers and have been otherwise placed under unspeakable atrocities. At this critical moment in this nation, the entire people should unite in their common protest against Japan and carry out an economic disruption against her at all cost. Such an economic disruption, however, is only a temporary measure and is sufficient neither for the promotion of
Chinese industries nor to check the importation of Japanese goods. Special transportation facility should be extended to domestic coal and other raw materials inasmuch as upon them depends the development of the nation's industrial life, so as to enable the reduction of their cost. Complete check of the importation of Japanese coal and other raw materials into China may not be possible in a day, but efforts may profitably be made for the reduction of the amount of their importation; such a policy will certainly prove a permanent measure. We hereby request, acting under the resolution passed by the fifth executive committee of the anti-Japanese association, that your Department will be good enough to adopt this petition.

Then the Department goes on to say:

"The foregoing petition has as its object the restriction of the importation of Japanese coal for which your co-operation is asked. You are ordered to extend every facility to the transportation of domestic coal. You should see to it that the sufficient number of freight carriages is provided for the speedy transportation of this important raw material."

Imagine the Interstate Commerce Commission circulating such an order as this at the behest of the Columbia students. It is a topsy-turvy world that we have to deal with.

Space forbids the enumeration of more illustrations. They are numerous. And they can be found in a collection compiled by the League of Nations Association of Japan, 12, Nichome, Marunouchi, Tokyo. It is apparent from a reading of this collection that orders began to pour out of the Nationalist government offices invoking the boycott in deference to orders from the Shanghai associations.

Came the Manchurian affair of September 18. Since this sketch is dealing specifically with the background of the trouble at Shanghai, we will not outline the Japanese case here, but as a sidelight on the provocations that the Japanese have endured for years past, provocations which led directly to the Shanghai as well as the Manchurian situation, we might pause to give the testimony
of non-Japanese on the spot. This should insure impartiality and neutrality. It should also insure what is so important to the Japanese at this juncture, namely, knowledgability. The testimony comes from the Tientsin British Committee of Information, a body composed of British business men, and it takes the form of a letter to the Peking and Tientsin Times, a British-owned newspaper, dated October 24. The letter is signed for the Committee by its chairman, Mr. P. H. B. Kent. \textit{Inter alia}, the Committee says:

"The fact is that the Chinese, by a policy of utter irresponsibility and all-round aggravation, brought this upon themselves. They literally goaded the Japanese into action. Braggadocio and arrogance on the one hand were united with prolonged dodging of responsibility on the other."

\textbf{Japan's Decision to Act}

We come now to the place from which, in times of foreign crisis, the Nanking government takes its orders, namely, Shanghai. Aware that they could get nowhere in their presentation of the boycott as a violation of the Kellogg Pact, harassed by their economic difficulties, the Japanese decided to take unilateral action. Boycott troubles were increasing in intensity. It is difficult to conceive of these incidents occurring in another country as important to any other major power as China is to Japan without that power acting similarly. In fact, as we have seen, Japan had plenty of precedent even in China itself.

Incident piled on incident to warrant the Japanese decision. On January 9 a Shanghai Chinese paper called the \textit{Republican Daily News} published an article insulting the honor of the Japanese Imperial House. The throne occupies a position in Japan that is probably unique
among modern peoples. Imagine, therefore, the feeling that these aspersions created in Japanese breasts. Nine days later, on January 18, a party of Japanese priests, on their way to service, were attacked. One was killed and three were severely wounded.

There is an exact parallel for this latter outrage. On June 21, 1870, a mixed mob of rowdies and soldiers brutally murdered the priests and sisters of the Roman Catholic Cathedral in Tientsin, which was under French protection. The Chinese were made to pay dearly for their misbehavior. A large indemnity was exacted, the prefect and magistrate were banished, and the then superintendent of Trade was sent to France with a letter of apology from the Emperor.

Local passions in Shanghai began to run higher after the attack on the Japanese priests. The Japanese proceeded to act with the preemptoriness of Minister Rockhill. On January 21 the Consul General presented to the Mayor of Greater Shanghai four demands the central feature of which called for the dissolution of those pernicious extra-legal anti-Japanese societies run, according to the London Times, by "wastrels and freebooters." Nothing was done for a week. But there was nothing static about the ferment. Feeling mounted to such a tension point that the Municipal Council, declaring that a state of emergency existed, assigned the defense of the Settlement to the foreign forces to take effect as from 4 p.m. on January 28. One hour before, 3 p.m., the Chinese Mayor complied with the Japanese demands. But, instead of quieting down, things grew far more threatening, and the forces proceeded according to schedule to their assigned sectors at the boundaries of the Settlement. It was while the Japanese marines were going to their posts in Hongkew, facing the Chinese dis-
trict of Chapei, that the shots were fired that precipitated the conflict.

There has been no statement from the Municipal Council as to the nature of the emergency which caused them to proclaim a state of siege. The only contribution from neutral sources appears in a report submitted by the consular committee hurriedly appointed by the League of Nations. According to the newspaper summary, this simply states that it is impossible to establish the origin of the firing.

**Self-Defense, Not War**

The Japanese are convinced that their account is accurate. This is that (a) malcontents had made their way into the Settlement and were demonstrating their anti-Japonism, (b) that immediately on the acceptance of the Japanese demands the Chinese police vanished from the streets of Chapei, (c) that the hoodlums were sharing control with the semi-mutinous Nineteenth Route Army.

The Japanese version has never been denied. And there is circumstantial evidence that it is correct. We have seen in what manner the hoodlums controlled the Nanking government. If they controlled the government, they surely controlled a local Mayor. It stands to reason that hoodlumism of this order would not brook of any peace-making.

Back of the hoodlums were the Nineteenth Route Army, a Cantonese force which, when the Cantonese faction, defeated in its project of declaring war on Japan, was ejected from the Nanking government in January, came streaming down to Shanghai. They were ripe for any mischief.

Already the melee had started in the afternoon of
January 28. Should the Japanese have stayed on their sector and suffered their fellow-countrymen across the way to be slaughtered? This is asking a good deal of flesh and blood. There were 6,000 Japanese in Chapei, at the mercy of these anti-Japanese elements. Only an imaginary line divided the marines from going to their rescue. The marines, like the British in 1927, went over that line.

That there can have been no preconceived plan of military operations is apparent from these facts:

(a) The Shanghai area is a quagmire. The "carts" of the local farmers are boats.

(b) The Japanese, with their vast interests, have a stake in the preservation of peace in the Settlement and its vicinity.

(c) The Japanese were immensely outnumbered.

(d) The Japanese marines had to contend, back and front, with the pest of military men, the plain-clothes fighter, who had got into the International Settlement in large numbers, and who infested the narrow streets of Chapei. There is a simple rule in every army for dealing with him, treatment which, incidentally, may explain the atrocity stories.

Hence the Japanese contend that their action in Shanghai is self-defensive.