

JUDGMENT

INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST

**PART B
CHAPTER V**

**JAPANESE AGGRESSION AGAINST CHINA
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CHAPTER VI**

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PART B

CHAPTER V

JAPANESE AGGRESSION AGAINST CHINASECTION I. INVASION & OCCUPATION OF MANCHURIATHE CHINA WAR AND ITS PHASES

The war which Japan waged against China, and which the Japanese leaders falsely described as the "China Incident" or the "China Affair", began on the night of 18 September 1931 and ended with the surrender of Japan in Tokyo Bay on 2 September 1945. The first phase of this war consisted of the invasion, occupation and consolidation by Japan of that part of China known as Manchuria, and of the Province of Jehol. The second phase of this war began on 7 July 1937, when Japanese troops attacked the walled city of Wanping near Peiping following the "Marco Polo Bridge Incident", and consisted of successive advances, each followed by brief periods of consolidation in preparation for further advances into Chinese territory. Some of the Accused were active in this war from the very beginning, some participated as the war progressed. SHIRATORI stated during the course of his lecture, "The Trend of the "Great War", which was published in the Diamond Magazine for June 1940, "It is not too much to say that the fuse of the European War was first attached by the China Incident."

JAPAN'S Foothold IN MANCHURIA AT THE BEGINNING OF THECHINA WAR

The position of Japan in Manchuria as at 18 September 1931 is described by the Lytton Commission in terms with which the Tribunal entirely agrees: "These

"treaties and other agreements gave to Japan an important
"and unusual position in Manchuria. She governed the
"leased territory with practically full rights of so-
"vereignty. Through the South Manchurian Railway, she
"administered the railway areas, including several towns
"and large sections of such populous cities as Mukden
"and Changchun; and in these areas she controlled the
"police, taxation, education, and public utilities. She
"maintained armed forces in many parts of the country:
"the Kwantung Army in the Leased Territory, Railway
"Guards in the railway areas, and Consular Police through-
"out the various districts. This summary of the long
"list of Japan's rights in Manchuria shows clearly the
"exceptional character of the political, economic and
"legal relations created between that country and China
"in Manchuria. There is probably nowhere in the world
"an exact parallel to this situation, no example of a
"country enjoying in the territory of a neighboring State
"such extensive economic and administrative privileges.
"A situation of this kind could possibly be maintained
"without leading to incessant complications and disputes
"if it were freely desired or accepted on both sides,
"and if it were the sign and embodiment of a well-
"considered policy of close collaboration in the economic
"and in the political sphere. But, in the absence of
"these conditions, it could only lead to friction and
"conflict."

The situation was not "freely desired and
"accepted on both sides", and the friction inevitably
followed. By the use of force or the threat of force,
Japan had secured concessions from China in the days of
her weakness; the resurgent nationalism of China

resented the losses which the decadent Empire of China had been unable to avoid. A more powerful factor, and ultimately the decisive factor in producing the friction, began to emerge as Japan, no longer satisfied with the rights she had gained, sought their enlargement on a scale which in the end involved the conquest of Manchuria. This policy on the part of Japan to seek enlargement of her rights and interests in China was first authoritatively announced in the time of the Tanaka Cabinet.

THE TANAKA CABINET AND ITS "POSITIVE POLICY"

The political atmosphere had been tense in Japan before the formation of the Tanaka Cabinet, which came into power in 1927 advocating the so-called "Positive Policy" toward China. The military group attributed what they termed the weakened condition of Japan at that time to the liberal tendencies of the Government as evidenced by the "Friendship Policy" advocated by Foreign Minister Shidehara. The "Friendship Policy", which was thus displaced, had been in force since the Washington Conference of 1922. The "Positive Policy", advocated by Premier Tanaka, was to expand and develop the special rights and privileges, which Japan claimed to have acquired in Manchuria, through collaboration with Manchurian authorities, especially Marshal Chang Tso-lin, the Commander-in-Chief of the Chinese North-Eastern Frontier Army and Chief of the Administration of Manchuria and Jehol. Premier Tanaka also declared that although Japan would respect the sovereignty of China over Manchuria and would do everything possible to enforce the "Open Door Policy" in

China, she was fully determined to see that no state of affairs arose in Manchuria which would disturb the local tranquility and put Japan's vital interests in jeopardy. The Tanaka Government placed great emphasis upon the necessity of regarding Manchuria as distinct from the rest of China and declared that, if disturbances spread to Manchuria and Mongolia from other parts of China, Japan would defend her interests in those districts by force. The policy thus involved an expressed intention to secure further rights in a foreign country and an implied claim of right to preserve internal peace and order in that foreign country.

AGITATION IN SUPPORT OF THE "POSITIVE POLICY"

Such organizations as the Kokurtukai (Black Dragon Society) and the Kokuhonsha (Foundation of the State Society) as well as such writers as Dr. Okawa (the former Accused) agitated strongly in Japan for the enforcement of Japan's special rights and privileges in China by force of arms if necessary.

The Black Dragon Society had been formed on 3 February 1901 at Kanda, Japan, to promote nationalism and anti-Russian and anti-Korean sympathies. It had advocated annexation of Korea, and in general supported the expansionist aspirations of Japan.

The Foundation of the State Society had been formed on 20 December 1920 to foster the spirit of nationalism and disseminate propaganda. It kept in close touch with the military and published a magazine to present its ideas to the public. HIRANUMA was President and KOISO and ARAKI were Members of the Society.

Dr. Okawa was a trusted employee of the South

Manchurian Railway Company, and had been a Director of the East Asia Research Institute established by the Railway Company to study the economic situation in Manchuria. He had published several books before the formation of the Tanaka Cabinet. "Sato Shinen's Ideal State", published by him in 1924, stated: that according to Sato, Japan being the first country in the world to be created, it was the foundation of all nations and therefore had the divine mission to rule all nations. The book advocated the occupation of Siberia to prevent the southward advance of Russia, and the occupation of the South Sea Islands to prevent the northward advance of Britain. He published, "Asia, Europe and Japan", in 1925. In that book, he maintained that the League of Nations was organized to maintain eternally the status quo and further domination of the World by the Anglo-Saxons. He predicted that a war between the East and the West was inevitable. Providence was trying to elect Japan as the champion of Asia, he asserted. Japan should endeavor to fulfill that sublime mission by developing a strong materialistic spirit, he advised. Dr. Okawa had been the organizer of many societies including the Kochisha, one principle of which was the liberation of the colored races and the unification of the World. The political philosophy of Dr. Okawa had appealed to certain of the Military who had adopted him as their spokesman among the civilians and often invited him to deliver lectures at the Army General Staff meetings. Dr. Okawa became intimately acquainted with the Accused KOISO, ITAGAKI, DOHIHARA and other Army leaders.

THE TSINAN INCIDENT

Marshal Chang Tso-lin, having declared Manchuria independent of the Central Government of China at the time of the Washington Conference and made himself master of Manchuria, decided to extend his authority further into China proper and moved his headquarters to Peking. The policy of the Tanaka Cabinet, being based on the plan of collaboration with the Marshal, depended on the success of the Marshal in maintaining his leadership in Manchuria. Premier Tanaka repeatedly advised the Marshal to abandon his ambitions to extend his authority outside Manchuria; but the Marshal resented and refused this advice. Civil war between Chang Tso-lin and the Nationalist Government of China followed. In the spring of 1928, when the nationalist armies of Generalissimo Chiang Kai-shek were marching on Peking and Tientsin to drive out the army of Chang Tso-lin, and force it back into Manchuria, Premier Tanaka issued a declaration to the effect that Japan would maintain peace and order in Manchuria and was prepared to prevent a state of affairs which would endanger the interests of Japan in Manchuria. The Premier then sent a message to the Chinese generals in effect telling them that the Japanese would oppose any invasion of Manchuria, including the definite statement that the Japanese would prevent defeated troops or those in pursuit from entering Manchuria. Even before the civil war spread to Manchuria, Japanese troops were sent to Tsinan in Shantung Province. A conflict ensued known as the Tsinan Incident, which aroused public opinion in Japan in favor of protection of Japanese rights in Manchuria. The Black Dragon Society held mass-meetings all over Japan in an effort to fan national resentment against China to the war pitch.

MURDER OF MARSHAL CHANG TSO-LIN

Marshal Chang Tso-lin had not only disregarded the advice of Premier Tanaka in attempting to extend his authority south of the Great Wall, but had shown increasing unwillingness to allow Japan to exploit China by the privileges she derived from various treaties and agreements. This attitude of the Marshal had caused a group of officers in the Kwantung Army to advocate that force should be used to promote the interests of Japan in Manchuria and to maintain that nothing was to be gained by negotiating with the Marshal; however, Premier Tanaka continued to collaborate with the Marshal, relying upon the threat of force rather than its actual use to attain his objectives. This resentment of the Marshal by certain officers of the Kwantung Army became so intense that a senior staff officer of that army, Colonel Kawamoto, planned to murder the Marshal. The purpose of the murder was to remove him as the obstacle to the creation of a new state in Manchuria, dominated by Japan, with the Marshal's son, Chang Hsueh-liang, as its nominal head.

In the latter part of April 1928, the Marshal was defeated by the nationalist armies of Generalissimo Chiang Kai-shek. Premier Tanaka advised him to withdraw into Manchuria behind the Japanese lines before it was too late. The Marshal resented this advice, but was forced to follow it. The Kwantung Army, in accordance with Tanaka's declaration, that Japan would prevent defeated troops from entering Manchuria, was engaged in disarming Chinese troops retreating toward Mukden from Peking. The Marshal, with his bodyguard, boarded a train for Mukden. The Japanese 20th Engineer Regiment, which had arrived at Mukden from Korea, mined the railroad with dynamite and a Japanese Captain placed his

soldiers in position around the mine. On 4 June 1928, when the Marshal's train reached the mine, which was located at the point where the Peking-Mukden Railway passes underneath the South Manchurian Railway, there was an explosion. The Marshal's train was wrecked and Japanese soldiers began firing upon the Marshal's bodyguard. The Marshal was killed as planned. An attempt was made to obtain an order to muster the entire Kwantung Army into action and exploit the incident and attain its original purpose, but the effort was thwarted by a staff officer who apparently did not understand the real purpose of those desiring the issuance of the order.

The Tanaka Cabinet was taken by surprise and greatly embarrassed as it saw its program endangered by this murder of the Marshal. Premier Tanaka made a full report to the Emperor and obtained his permission to court-martial those responsible. Upon his return from the palace, he summoned the Minister of War and other members of his Cabinet and stated that he was determined to discipline the Army. Those present agreed, but when the Minister of War took the matter up with his Ministry, he suggested that strong opposition on the part of the General Staff should be encouraged. Thereafter, the Minister of War reported to the Premier that the opposition of the Army General Staff was based on the idea that to court-martial those responsible would force the Army to make public some of its military secrets. This was the first time, according to the testimony of former Navy Minister Okada, that the Army had projected itself into the formulation of government policy.

It was at this time that DOHARA appeared upon a scene in which he was to play an important part. He had

spent approximately eighteen years in China prior to the murder of Marshal Chang Tso-lin as aide to General Benzai, who had acted as advisor to various Chinese leaders. On 17 March 1928, DOHIHARA had requested and received permission from the Emperor to accept an appointment as aide to Matsui, Nanao, who was advisor to the Marshal. DOHIHARA reported for duty under the appointment and was present in Manchuria when the Marshal was killed.

MARSHAL CHANG HSUEH-LIANG, THE YOUNG MARSHAL

The Young Marshal, Chang Hsueh-liang, succeeded his father; but he proved to be a disappointment to the Kwantung Army. He joined the Kuomintang Party in December 1928; and anti-Japanese movements began to be promoted on an organized scale and gained greatly in intensity. The movement for the recovery of Chinese national rights gained strength. There was a demand for the recovery of the South Manchurian Railway and in general for the limitation of the Japanese influence in Manchuria.

In July 1928, soon after the murder of Marshal Chang Tso-lin Premier Tanaka had sent a personal representative to negotiate with the Young Marshal. The representative had been instructed to inform the Young Marshal that Japan regarded Manchuria as her outpost and that the Japanese Government would like to cooperate with him "behind the scenes" and was prepared to spare no sacrifice under the Cabinet's "Positive Policy" to prevent an invasion of Manchuria by the Chinese Nationalist Armies. The Young Marshal's answer was to join the Kuomintang as related.

JAPANESE-CHINESE RELATIONS STRAINED

Japanese-Chinese relations in Manchuria became extremely aggravated. The Japanese claimed several viola-

tions of the "Trade Treaty" with China. The Chinese proposal to construct a railroad parallel to the South Manchurian Railroad, the claim that there was illegal taxation of Japanese in Manchuria, the claim of oppression of Koreans, and the denial of the right of Japanese subjects to lease land in Manchuria, were all "Manchurian Problems" according to the Japanese agitators. The Military advocated Japanese occupation of Manchuria. They maintained that diplomatic negotiations were useless and that armed force should be used to drive the Chinese from Manchuria and set up a new regime under Japanese control. ITAGAKI, who had been appointed a staff officer of the Kwantung Army in May 1929, was one of those who advocated the use of force. Dr. Okawa, who had visited Marshal Chang Hsueh-liang and attempted to negotiate with him on behalf of the South Manchurian Railway, returned to Japan and engaged in a tour of over fifty prefectures in April 1929 giving lectures and showing pictures. The Army General Staff, of which MINAMI was Vice-Chief, began to cooperate with Dr. Okawa and to aid him in his propaganda program to instigate the people to take action against China. The Army General Staff also began to study plans for operations in Manchuria and to declare that Manchuria was the "lifeline" of Japan.

RESIGNATION OF THE TANAKA CABINET

The efforts of the Tanaka Cabinet to punish those responsible for the murder of Marshal Chang Tso-lin had alienated the Military. This group had joined with Dr. Okawa to create opposition among the civilians to the Cabinet, and had seized upon the signing of the Kellogg-Briand Pact (Annex No. B-15), which they claimed violated the Japanese

Constitution, as well as the terms approved by the Cabinet for the settlement of the Tsinan Incident, which they claimed were a disgrace to Japan, as opportunities to embarrass the Cabinet. The pressure became so great that on 1 July 1929 the Cabinet resigned.

The resignation of the Tanaka Government was a distinct victory for the Military and their civilian spokesmen, Dr. Okawa. From this time on, the influence of this element on government policies was to become stronger, and their insistence that Japan should occupy Manchuria by force and establish a puppet government there was to bear fruit. Dr. Okawa became recognized as a political leader; and the South Manchurian Railway Company officials, realizing his value to them, divorced the East Asia Research Institute from the Company and created a Foundation in July 1929 to assist him in his work of investigating and molding public opinion in support of the Army's plan to occupy Manchuria.

REINSTATEMENT OF THE "FRIENDSHIP POLICY"

The Hamaguchi Cabinet, which followed the Tanaka Cabinet was formed, on 2 July 1929; and Baron Shidehara, who continued to advocate the "Friendship Policy" toward China, was selected by Premier Hamaguchi as his Foreign Minister. The "Friendship Policy" rested upon good will and friendship as distinguished from the "Positive Policy" of the Tanaka Cabinet, which rested upon the threat of military force. As a result of the "Friendship Policy", Chinese boycotts of Japanese trade steadily decreased and normal peaceful relations might have prevailed but for violent agitation on the part of the Military.

HASHIMOTO AND THE CHERRY SOCIETY

In his book, "The Road to the Reconstruction of the world", HASHIMOTO, in discussing his tour of duty of three years in Istanbul as Military Attache, discussed the political condition of other countries and said: "I was clearly conscious that Japan was the only country within the whirlpool of world movement that stood within the bounds of liberalism. I considered if Japan goes on under the present condition, she would drop from the ranks in the community of nations. At this time, fortunately, I was ordered to go back (to Japan). During my thirty days' voyage, I pondered on how to reform Japan and as a result, I succeeded in drawing a definite plan to a certain degree. On returning to the Army General Staff Office, my former haunt, I devised several

"schemes in order to put my ideas into execution." HASHIMOTO was attached to the Army General Staff on 30 January 1930.

Between 1-10 September 1930, a score or more of army captains who had recently graduated from the Army Staff College, met at the Army Club in Tokyo under the sponsorship of Lt. Colonel HASHIMOTO and decided to organize a research organization to study Manchurian and Mongolian questions and the internal reorganization of the country. The Society's ultimate objective was later announced to be national reorganization, by armed force if necessary, in order to settle the so-called "Manchurian Problem" and other pending issues. The name "Sakura-kai" (Cherry Society) was given to the organization; and its membership was limited to army officers on the active list with rank of Lt. Colonel or under, who were concerned about national reorganization.

MANCHURIA AS JAPAN'S "LIFELINE"

Dr. Okawa, with the aid of the East Asia Research Foundation and the officers of the Army General Staff, had his propaganda campaign in full blast when HASHIMOTO returned to the General Staff Office. Propaganda was being disseminated through the newspapers and other media to establish the idea that Manchuria was Japan's "lifeline", and that a stronger policy in connection therewith should be adopted. The military leaders issued instructions that all editorial writers, ultra-nationalistic speakers, etc., should unite to establish public opinion for more aggressive action in Manchuria. The Military argued that Manchuria was Japan's

"Lifeline", and that Japan must expand into Manchuria, develop it economically and industrially, set it up as a defence against Russia, and protect the rights of Japan and its nationals there as Japan was entitled to do under existing treaties. An appeal to emotion was made; it being said that Japanese blood had been shed in Manchuria in the Russo-Japanese War, and that by reason of that sacrifice, Japan was entitled to control Manchuria. The railroad question was still a burning issue; and Dr. Okawa insisted that Manchuria should be separated from Nanking and placed under Japanese control to create a land founded on the "Kingly Way".

HASHIMOTO in his book, "The Inevitability of Renovation", has explained well the meaning of the term "Kingly Way". He said: "It is necessary to have politics, economics, culture, national defense, and everything else, all focused on one; the Emperor, and the whole force of the nation concentrated and displayed from a single point. Especially the political, economic and cultural lines which had been organized and conducted by liberalism and socialism in the past should be reorganized according to the principle of oneness in the Imperial Way, that is to say 'Kodo Ittai Shugi'. This system is the strongest and the grandest of all. There are many countries in the world, but there is absolutely no nation that can compare with our national blood solidarity which makes possible a unification like ours with the Emperor in the center".

It was Okawa's idea that after an independent Manchuria had been established on the "Kingly Way", with an inseparable relation between Manchuria and Japan, Japan could assume the leadership of the peoples of Asia.

A General Investigation Section was created in the General Staff on 1 April 1930, as the Investigation Section of the Kwantung Army was considered insufficient to probe into the resources of Manchuria, the sentiments of the people and other kindred subjects of investigation.

Around the headquarters of the Kwantung Army at Port Arthur, the chief topic of conversation among the staff officers in those days was the "Manchurian Problem". ITAGAKI, who was one of those staff officers, had some definite ideas for solving the problem, which he expressed to a friend during the month of May 1930. ITAGAKI said that there were many unsolved problems between China and Japan, that they were so serious that they could not be solved by diplomatic means, and that there was no alternative but to use force. He expressed the opinion that Marshal Chang Hsueh-liang should be driven from Manchuria so that a new state might be established in accordance with the principles of the "Kingly Way".

ASSASSINATION OF PREMIER HAMAGUCHI

On 4 November 1930, Premier Hamaguchi was on the platform of the Tokyo Railway Station when, in the words of Foreign Minister Shidehara, "He was shot by a "silly young man." The Premier was not killed instantly; but his wound was such that it was necessary for Foreign Minister Shidehara to act as Prime Minister until the Hamaguchi Cabinet resigned on 13 April 1931. The Premier succumbed to his wounds and died on 26 August 1931. Acting Prime Minister Shidehara caused an investigation to be made and determined that the assassination of Premier Hamaguchi was caused by dissatisfaction with the Premier's

Naval Disarmament Policy.

The London Naval Limitations Treaty had been signed on 22 April 1930. This treaty was in line with the policy of national economy and reduction of armaments which accompanied the Premier's "Friendship Policy". Also in line with this policy was the reduction of the Army from 21 divisions to 17 divisions. The signing of the London Treaty made the young navy officers indignant. The Black Dragon Society began to hold mass-meetings in protest. The Privy Council, of which HIRANUMA was Vice-President was strongly against the Treaty and was taking the attitude that the Cabinet had usurped the powers and prerogatives of the Military in concluding the Treaty. It was in the midst of this violent political argument that the assassination had occurred.

THE MARCH INCIDENT

A military coup d'etat was planned to occur on 20 March 1931. The affair came to be known as the "March Incident". The continual agitation and dissemination of propaganda by the Army General Staff had its effect; and as testified by Baron Okada, who was a member of the Supreme War Council at that time, it was generally understood that it was only a question of time until the Army would undertake the occupation of Manchuria. Before the Army could move into Manchuria, it was thought necessary to place in power a Government favorable to such action. At the time, the Hamaguchi Cabinet was in power; and due to the attempted assassination of the Premier, the chief exponent of the "Friendship Policy", namely Foreign Minister Shidehara, was acting as Premier.

HASHIMOTO's plan, which was approved by his superior officers of the Army General Staff including Ninomiya, who was Vice-Chief of the Staff, and Tatekawa, who was Chief of the Second Division of the Staff, was to start a demonstration as an expression of disapproval of the Diet. It was expected that a clash would occur with the Police during the demonstration and that this clash could be expanded until the disorder would justify the Army in establishing martial law, dissolving the Diet and seizing the Government. KOISO, Ninomiya, Tatekawa and others called upon War Minister Ugaki at his Official Residence and discussed their plans with him, leaving with the impression that he was a ready tool for their scheme. Dr. Okawa was instructed to proceed with the mass demonstration; and HASHIMOTO delivered to him 300 practice bombs, which KOISO had secured for use on that occasion. They were to be used to spread alarm and confusion in the crowd and increase the appearance of riot. However, Dr. Okawa in his enthusiasm addressed a letter to War Minister Ugaki in which he stated that the time was just ahead for a great mission to descend upon Minister Ugaki; the War Minister now realized the full import of the plot. He immediately called in KOISO and HASHIMOTO and instructed them to stop all further plans to use the Army to carry out this revolution against the Government. The projected coup d'etat was averted. KIDO, who was then the Chief Secretary to the Lord Keeper of the Privy Seal, was fully informed of the plot beforehand by a friend, who suggested that the Imperial Household should be advised.

THE WAKATSUKI CABINET CONTINUED THE "FRIENDSHIP POLICY"

Although the "March Incident" hastened the fall of the Hamaguchi Cabinet, which was followed on 14 April 1931 by the formation of the Wakatsuki Cabinet, it did not succeed in displacing the "Friendship Policy" fostered by Baron Shidehara for he was retained as Foreign Minister by Premier Wakatsuki. General MINAMI, who had been a War Councillor since his relief as Commander of the Korean Army, was selected as War Minister. He replaced General Ugaki, who was in disgrace with the Army for having reduced the size of the Army and for having refused to take part in the "March Incident". Ugaki resigned from the Army and went into retirement..

THE WANPAOSHAN INCIDENT

The "Friendship Policy" was destined to be put to further tests, by two "Incidents", which had far-reaching effect upon opinion in Japan. The first of these "Incidents" occurred at Wanpaoshan, a small village located some 18 miles north of Changchun, in Manchuria. The village is located in a low marshy area alongside the Itung River. A group of Koreans leased a large tract of land near Wanpaoshan and prepared to irrigate the land by digging a ditch several miles long, extending from the Itung River across a tract of land, not included in their lease, and occupied by Chinese farmers. After a considerable length of the ditch had been constructed, the Chinese farmers arose en masse and protested to the Wanpaoshan authorities, who dispatched police and ordered the Koreans to cease construction at once and leave the area occupied by the Chinese. The Japanese Consul at Changchun also sent police to protect the Koreans. On 1 July 1931 after

negotiations had produced no results, the Chinese farmers took matters into their own hands and drove the Koreans from their lands and filled the ditch. During this operation, Japanese Consular Police opened fire on the Chinese farmers and drove them away, while the Koreans returned and completed their irrigation project under the protection of the Japanese police. No casualties resulted from this "Incident", but the sensational accounts of it printed in the Japanese and Korean Press caused a series of anti-Chinese riots in Korea in which Chinese were massacred and their property destroyed, which in turn caused a revival of the anti-Japanese boycott in China.

About this time, the War Ministry invited officials of the South Manchurian Railway Company to discuss "Manchurian Problems". At the discussions, MINAMI represented the Army and stated that he had long recognized the necessity of increasing the number of divisions in Korea.

THE NAKAMURA INCIDENT

The killing of a Japanese army captain by the name of Nakamura, Shintaro, on 27 June 1931 by soldiers under the command of Kuan Yuheng, Commander of the Third Regiment of the Chinese Reclamation Army in Manchuria, which killing did not become known to the Japanese until about 17 July 1931, gave rise to the second "Incident". Captain Nakamura, a regular Japanese army officer, was on a mission under orders of the Japanese Army. According to the Chinese, he was armed and carried patent medicine, which included narcotic drugs for non-medical purposes. He was accompanied by three interpreters and

assistants and represented himself as an "Agricultural Expert". When he reached a point near Teonan, he and his assistants were captured and shot; and their bodies were cremated to conceal the evidence of the deed. This "Incident" greatly aggravated the resentment of the Japanese Military against the "Friendship Policy"; and the Japanese Press repeatedly declared that "Solution of the Manchurian Problem ought to be by force!"

THE ARMY ATTITUDE STIFFENED

The Army stiffened its attitude in regard to reduction of armaments and the plan of the Finance Department to economize, and threatened to appeal to the Throne. The Foreign Minister was bitterly assailed in the Press and by ultra-nationalists and the militarists for "Shidehara's weak-kneed foreign policy". The Cherry Society continued its agitation for the use of force. The Black Dragon Society held mass-meetings. Dr. Okawa stepped up the tempo of his propaganda. He was conducting a campaign of public speeches and publications to build up sentiment in support of the movement to occupy Manchuria. He made a speech along this line at the Naval Academy. The Army was completely out of control and could not be restrained. The Chiefs of Staff held a conference and decided that since one could not tell what Marshal Chang Hsueh-liang would do, he should be smashed firmly and without hesitation. Dr. Okawa confided in a friend that he and Colonel ITAKAKI and certain other army officers would bring about an "Incident" in Mukden later on that would solve all "Manchurian Problems". KIDO admits that Baron Harada informed him of a

plot to this end on the part of the military officers in Manchuria as early as 23 June 1931.

On 4 August 1931, MINAMI addressed a conference of Army Commanders and Commanding Generals. He said, "Some observers, without studying the conditions of neighboring foreign countries, hastily advocate limitation of armaments and engage in propaganda unfavorable to the nation and the Army. Manchuria and Mongolia are very closely related to our country from the viewpoint of our national defense as well as politics and economics. It is to be regretted that the recent situation in that part of China is following a trend unfavorable to our Empire. In view of the situation, I hope you will execute your duty in educating and training the troops with enthusiasm and sincerity so that you may serve the cause of His Majesty to perfection."

The Citizens' Disarmament League took issue with MINAMI on this speech and addressed a letter to him in which they accused him of spreading propaganda in the Army in violation of the Military Criminal Code.

Lt. Colonel HASHIMOTO and Lt. Colonel Shigeto, who was also a member of the Cherry Society, dined at the home of a friend, Fujita, in Tokyo, during August 1931. During the course of the meal, the "Manchurian Problem" was discussed and the two Lt. Colonels agreed that positive action should be taken in Manchuria. A few days later, Lt. Colonel Shigeto appeared at the home of Fujita and deposited a large sum of money for safe-keeping. During the following days this fund was drawn upon by Shigeto in varying amounts. After the "Mukden Incident", Fujita called at the home of Shigeto and exclaimed, "You have accomplished what you were contemp-

lating in Manchuria!" Shigeto replied, "Yes!" and smiled; he then added, "We will expel Chang Hsueh-liang from Manchuria and bring Pu Yi to Manchuria and install him as Governor of the Far Eastern Provinces!" Upon questioning HASHIMOTO, Fujita received the reply, "Yes, things have come to pass where they should come!"

DOHIHARA INVESTIGATED

Colonel DOHIHARA, who had been attached to the Army General Staff since his return from China in March 1929, was sent by the Chief of the General Staff to investigate the death of Captain Nakamura. Although his mission was ostensibly to investigate Captain Nakamura's death, his real mission appears to have been to determine the strength, state of training and condition of the Chinese armies and the efficiency of their communication system. He departed from Tokyo in July, 1931 and traveled by way of Shanghai, Hankow, Peiping and Tientsin before reporting to Mukden. He admits that the investigation of the Nakamura Incident was only one of the missions that took him to China. Although the Headquarters of the Kwantung Army was in Port Arthur, the Headquarters of the Special Services Organization of that Army was in Mukden. DOHIHARA arrived at Mukden on 18 August 1931 and took command of the Special Services Organization.

FOREIGN MINISTER SHIDEHARA ALSO INVESTIGATED

Foreign Minister Shidehara, anxious to enforce his "Friendship Policy" in Manchuria and give the Army no occasion to capitalize on the "Nakamura Incident", dispatched Consul-General Hayashi from Tokyo on 17 August 1931 with instructions to investigate and settle the affair. The Consul-General called upon the Chinese Governor of Liaoning Province, who appointed a commission to investigate and report upon the "Incident". This

Commission reported on 3 September 1931; but its report was unsatisfactory to the Chinese authorities. On the 4th of September, Consul-General Hayashi was informed by General Yung Chen, the Chinese Chief of Staff, that the report of the Commission was indecisive and unsatisfactory and that it would be necessary to conduct a second enquiry. Marshal Chang Hsueh-liang, who was sick in a hospital at Peiping, was advised of the situation; and he immediately ordered a new Commission to be appointed and instructed to investigate the death of Captain Nakamura. At the same time, he sent Major Shibayama to Tokyo to confer with Foreign Minister Shidehara and make it clear that he desired to settle the case amicably. In the meantime he had sent a high official to Tokyo to confer with Baron Shidehara and ascertain what common ground could be found for the settlement of various Sino-Japanese issues then outstanding.

DOHIHARA REPORTED TO THE ARMY GENERAL STAFF

Colonel DOHIHARA returned to Tokyo early in September to report to the Army General Staff. After his return, the Press freely published references to the fact that it had been decided to use force to settle all pending issues in Manchuria as recommended by Colonel DOHIHARA. The Press also stated that conferences were being held between the War Ministry and the Army General Staff to arrange definite instructions to be given to Colonel DOHIHARA. These publications may or may not be factually accurate. They were not officially denied.

They fanned the rising flame of Japanese opinion in favoring the use of force against China. It is established that Colonel DOHIMARA disagreed with Consul-General Hayashi regarding settlement of the Nakamura Incident and continued to question the sincerity of the Chinese efforts to arrive at a satisfactory solution of the case. War Minister MINAMI later confided in a friend that at the time he had advocated decisive settlement of the "Manchurian Problem" in line with Army opinion. KIDO, as Chief Secretary to the Lord Keeper of the Privy Seal, noted in his diary on 10 September 1931 that he agreed with the theory that "self-defensive" action might be unavoidable in connection with Manchuria according to future developments.

FOREIGN MINISTER SHIDEHARA CONTINUED EFFORTS AT
MEDIATION

Rumors were current in Tokyo that the Army was planning an "Incident" in Mukden, and these rumors were heard by Foreign Minister Shidehara. In fact Shidehara stated, "Shortly before the Manchurian Incident, as Foreign Minister, I received confidential reports and information that the Kwantung Army was engaged in amassing troops and bringing up ammunition and material for some military purpose, and knew from such reports that action of some kind was contemplated by the Military "Clique".

It now appears from the evidence adduced before this Tribunal - though these facts were not known to Shidehara at the time - that Lieutenant, or Captain,

Kawakami, who was stationed at Fushun in command of a detached company of the second battalion of the Independent Infantry Garrison had received orders from the Commander-in-Chief of the Kwantung Army which involved the absence of himself and his company from Fushun. The remaining companies of this battalion were stationed at Mukden and took part in the attack on the Chinese Barracks at Mukden on the 18th of September. The full content of the orders which Kawakami had received from the Commander-in-Chief is not established, but they involved that Kawakami and his company should entrain and leave Fushun upon the occurrence of a certain emergency. Thereupon Kawakami assembled the Japanese police, ex-servicemen, and civilians at Fushun and asked them what they would do if on 18th September 1931 an event occurred in Mukden which required him and his company to leave Fushun. He is said to have been anxious about defense at Fushun should he and his company leave that city. He also assembled the officials of the Railway at Fushun. He told them that some acute situation might arise after the 17th of September and that arrangements ought to be made about trains at Fushun. It appears that up till that time no arrangement had been made for having a night train standing by at Fushun to move troops in case of emergency, and Kawakami desired that such provision should be made.

The case for the defence in regard to this most significant affair is that Kawakami had no orders which related specifically to the 18th of September; that his orders were general, to take certain action if and when an emergency occurred; that upon a review of the situation Kawakami speculated that the emergency might occur about the 18th of September; and that this guess

of his alone accounts for his mention of that date, when speaking to the people at Fushun. Thus, according to the defence, Kawakami guessed the exact date on which the Chinese would deliver a surprise attack on the Japanese troops at Mukden. Upon a consideration of all the facts relating to the incident of 18th September the Tribunal unhesitatingly rejects this explanation and holds that Kawakami had orders to take certain action in an emergency, which would occur on the night of the 18th of September, and was concerned since there was no provision for leaving a train available at Fushun at night.

Upon receiving the report from Hayashi, Shidehara called upon War Minister MINAMI and strongly protested against the report. In the meantime, SHIGEMITSU was holding conferences with Mr. T. V. Soong, who was Finance Minister of the Republic of China, and they had agreed to meet in Mukden on 20 September 1931 and confer with Marshal Chang Hsueh-liang and Count Uchida, who was President of the South Manchurian Railway Company, in an effort to settle all outstanding differences between Japan and the Marshal.

NIGHT MANEUVERS BY THE KWANTUNG ARMY

The Kwantung Army had begun carrying out night maneuvers on 14 September 1931 in the vicinity of the barracks of the 7th Chinese Brigade. These barracks were located near the tracks of the South Manchurian Railway, a short distance north of Mukden.

The maneuvers involved vigorous rifle and machine-gun fire, and the 10,000 men of the 7th Brigade had been confined to barracks on orders of Marshal Chang Hsueh-liang in order to avoid a clash between them and the Japanese. These maneuvers continued up to and including the night of 18 September 1931.

Mr. Morishima, a member of the staff of the Consulate who had been working with Hayashi in an attempt to settle the Nakamura Incident, learned that the Kwantung Army Units stationed at the important coal mining district of Fushun would execute a maneuver which contemplated the occupation of Mukden, leaving Fushun at about 11:30 p.m. on the night of 18 September 1931.

MARSHAL CHANG HSUEH-LIANG'S COMMISSION RETURNED TO MUKDEN

Marshal Chang Hsueh-liang's Commission, which had been investigating the Nakamura Incident, returned to Mukden on the morning of 16 September 1931. The Japanese-Consul-General called upon General Yung Chen, the Chinese Chief of Staff, on the afternoon of 18 September 1931, and the latter stated that Commander Kuan Yuheng had been brought to Mukden on 16 September 1931 charged with the responsibility for the murder of Captain Nakamura and would be immediately tried by a court-martial. It appeared that the case would be settled. However, the conference between the Consul and General Yung was adjourned at about 8 p.m., because it was felt that since a member of the Military was involved, it would be necessary to confer with appropriate representatives of the Kwantung Army before any further representations could be made to the Chinese officials.

Mr. Morishima, of the Consulate, was detailed to arrange for the attendance of appropriate military representatives at a further conference, which was to be held later in the

evening. He endeavored to contact Colonel DOHIHARA, and Major Hanaya; however, he was unable to locate either of them or any other officer of the Special Service Office, although he sought them at their respective hotels, offices, billets and other places which they frequented. He reported this to the Consulate and retired to his quarters.

MINAMI'S EMISSARY WENT ASTRAY

General Tatekawa of the Army General Staff arrived in Mukden via the Antung-Mukden Railway at 1:00 p.m. on 18 September 1931. He had been sent to Manchuria to make an inspection for the Army General Staff; and War Minister MINAMI, acting on Foreign Minister Shidehara's protest against the rumor that the Army planned an "Incident" at Mukden for the 18th, had instructed Tatekawa to stop that plot. MINAMI's denial that he gave this order to Tatekawa is disproved by the subsequent statements of MINAMI and by other statements of Tatekawa. The Kwantung Army Commander, Honjo, who had just completed an inspection of his troops and installations, was delivering an address to the 2nd Division at Liacyang when he received a telegram from his Chief-of-Staff, Miyake, in Port Arthur, informing him of Tatekawa's visit and suggesting that Staff Officer ITAGAKI or Staff Officer Ishihara be detailed to meet Tatekawa and escort him on his inspection tour.

Colonel ITAGAKI was detailed and proceeded from Liaoyang to Mukden; and upon his arrival went to the Shinyokan Inn. DOHIHARA's assistant, Major Hanaya, of the Special Service Office in Mukden, met General Tatekawa and escorted him to join Colonel ITAGAKI at the Inn, where Colonel ITAGAKI and he dined that evening. According to ITAGAKI, General Tatekawa complained that he had not been able to rest on his trip and

was not inclined to discuss business immediately, but did state that the superiors were worrying about the careless and unscrupulous conduct of the young officers. To this, ITAGAKI replied that there was no need to worry about that, and that he would hear the General at leisure the next day. After dinner, ITAGAKI took his leave of General Tatekawa and went to the Special Service Office, arriving there about 9 p.m. General Tatekawa later told a friend that he had no desire to interfere with any proposed "Incident" and had allowed himself to be decoyed to the Inn, where he was entertained by geisha girls while he listened to the sound of firing in the distance and later retired and slept soundly until called in the morning.

THE MUKDEN INCIDENT

At 9 o'clock in the evening of 18 September 1931, Officer Liu, at the barracks of the 7th Chinese Brigade, reported that a train composed of three or four coaches, but without the usual type of locomotive, had stopped on the South Manchurian Railway opposite the barracks. At 10 p.m. the sound of a loud explosion was heard, immediately followed by rifle fire. The Japanese account is that Lt. Kawamoto, of the Kwantung Army, with six men under his command, was on patrol duty, practising defence exercises along the track near the place where the explosion occurred, that he heard the explosion; that his patrol turned and ran back about 200 yards and found that a portion of one of the rails had been blown out; that while on the site of the explosion, the patrol was fired upon from the fields on the east side of the tracks; that Lt. Kawamoto called for reinforcement; that at that moment, the regular southbound train, due in Mukden at 10:30 p.m., was heard approaching; and that the train

passed over the damaged rail without mishap to arrive in Mukden on time. Captain Kawashira and his company arrived at 10:50 p.m. and the Battalion Commander Lieutenant Colonel Shimamoto commanding the Second Battalion of the Independent Infantry Garrison ordered two more companies to proceed to the spot. They arrived about midnight. Another company at Fushun, which was an hour-and-a-half away, was ordered to proceed to the spot also. This is the Company of Kawakami, who had long ago announced that he and his Company would have to leave Fushun on the night of the 18th. The barracks of the 7th Chinese Brigade were glittering with electric lights, but the Japanese attacked the barracks without hesitation at 11:30 p.m., employing artillery as well as rifles and machine-guns. Most of the Chinese soldiers escaped from the barracks and retreated to Erhtaitze, to the northeast; however, the Japanese claim they buried 320 Chinese soldiers and captured 20 wounded. The loss to the Japanese was two privates killed and 22 wounded. Colonel Hirata commanding the 29th Regiment received a telephone message at 10:40 p.m. from Lt. Colonel Shimamoto informing him of the explosion on the railroad and the plan to attack the barracks.

Colonel Hirata immediately decided to attack the walled city of Mukden. His attack commenced at 11:30 p.m. No resistance was offered, the only fighting that occurred was with the police, of whom approximately 75 were killed. The 2nd Division and part of the 16th Regiment left Liaoyang at 3:30 a.m. of the 19th and arrived at Mukden at 5 a.m. The arsenal and aerodrome were captured at 7:30 a.m. Colonel ITAGAKI later admitted that heavy guns, which had been secretly installed in the Japanese Infantry Compound on the 10th, had proven useful in the bombardment of the airfield after the fighting got under way. After ITAGAKI took leave of General Tatekawa, he went to the Special Service Office. There, according to him, he was informed by Colonel Shimamoto of his decision to attack the barracks of the 7th Chinese Brigade and by Colonel Hirata of his

decision to attack the walled city of Mukden. ITAGAKI says that he accepted their decisions and took steps to report to the Commander-in-Chief at Port Arthur.

ITAGAKI REFUSED TO NEGOTIATE

In the meantime, at 10:30 o'clock in the evening of 18 September 1931, Mr. Morishima of the Japanese Consulate, received a telephone call from the Army Special Service Office in Mukden advising him that an explosion had occurred on the South Manchurian Railway and that he should report to the Special Service Headquarters in Mukden. He arrived at 10:45 and found ITAGAKI and Major Hanaya and some others there. ITAGAKI stated that the Chinese had exploded the railroad, that Japan must take appropriate military action, and that orders had been issued to that effect. Mr. Morishima tried to persuade ITAGAKI that they should rely upon peaceful negotiations to adjust the matter. ITAGAKI then reprimanded him and wanted to know if the office of the Consul-General intended to interfere with the right of military command. Mr. Morishima insisted that he was certain the matter could be adjusted amicably through normal negotiations. At that point, Major Hanaya unsheathed his sword in an angry gesture and stated that if Morishima insisted, he should be prepared to suffer the consequences. Hanaya also stated that he would kill anyone who endeavored to interfere. That broke up the conference.

The Japanese Consulate received many requests during the night from the Supreme Advisor for Marshal Chang Hsueh-liang imploring the office of the Consul-General to persuade the Japanese Army to cease attacks. All these representations were communicated to the military but to no avail and the fighting continued. The Consul-General talked over the



telephone a number of times during the night of the 18th and morning of the 19th with Colonel ITAGAKI in an effort to persuade him to cease the fighting, but Colonel ITAGAKI remained defiant and consistently informed the Consul-General that he should cease interference with the right of military command. Consul-General Hayashi on the morning of 19 September 1931 cabled Foreign Minister Shidehara, "In view of the fact that it was proposed several times from the Chinese side that this matter be settled in a peaceful way, I phoned to Staff Officer ITAGAKI and said that since Japan and China had not yet formally entered into a state of war and that, moreover, as China had declared that she would act upon the non-resistance principle absolutely, it was necessary for us at this time to endeavor to prevent the aggravation of the 'Incident' unnecessarily, and I urged that the matter be handled through diplomatic channels, but the above mentioned Staff Officer answered that since this matter concerned the prestige of the State and the Army, it was the Army's intention to see it through thoroughly."

THE MUKDEN INCIDENT WAS PLANNED

The evidence is abundant and convincing that the "Mukden Incident" was carefully planned beforehand by officers of the Army General Staff, officers of the Kwantung Army, members of the Cherry Society, and others. Several of the Participants in the plan, including HASHIMOTO, have on various occasions admitted their part in the plot and have stated that the object of the "Incident" was to afford an excuse for the occupation of Manchuria by the Kwantung Army, and the establishment of a new State there based on the "Kingly Way" and subservient to Japan. In Japan

General Tatekawa of the Army General Staff was the leader. This was the same Tatekawa whom MINAMI on Shidehara's complaint sent to Mukden to stop the plot, the same Tatekawa who had no desire to interfere with any proposed incident. In Manchuria, ITAGAKI was the principal figure. The case which has been presented to the Tribunal as a general defence of the actions of the Japanese on the night of 18th September and as a particular defence of those who, like ITAGAKI, were in action on that night is this: it is said that previous to that night Chinese troops in Manchuria had increased so that the Japanese troops in Manchuria who numbered only some 10,000 men, then faced a hostile army which numbered some 200,000 men and was superior in equipment to the Japanese; it is said that the disposition of the Chinese troops had recently been changed so that the Japanese troops, widely dispersed in groups along the railway line, faced concentrations which threatened their annihilation; it is said that the behaviour of the Chinese troops towards the Japanese troops was provocative and insulting; it is said that all indications pointed to an unprovoked attack by the Chinese troops upon the Japanese troops, in which the latter would be overwhelmed, unless decisive counter-action was promptly taken. Therefore, it is said, a plan was drawn up whereby, if the Chinese attacked, the Kwantung Army would concentrate its main forces in the vicinity of Mukden and deliver a heavy blow to the nucleus of the Chinese forces in the vicinity of Mukden, and thus by sealing the fate of the enemy would settle the matter within a short period. It was a part of this plan that two heavy guns should be secretly set up in the Mukden Independent Garrison Barracks. Such is the testimony of ITAGAKI. When therefore, says ITAGAKI, he heard on the night of 18th September of

the blowing up of the railway and the fighting outside the Chinese Barracks, it was apparent that this was a planned challenge on the part of the Chinese Regular Army against the Japanese Army and he approved of the decisions to attack the Chinese Barracks and the walled city of Mukden, because it was absolutely necessary and in line with the plan of operations of the Army drawn up in case of emergency.

The picture thus painted is that of a planned attack by the Chinese Army, overwhelmingly superior in numbers, upon some 1500 Japanese troops in the vicinity of Mukden; of a surprise attack upon an unanticipated occasion; and of a swift counter-attack by the Japanese troops at the nucleus of the superior forces whereby they were routed. The picture is false save in the one particular, that Mukden was captured and the Chinese troops driven away.

The Chinese troops had no plan to attack the Japanese. They were caught unprepared. In the attack on the Barracks, where there were thousands of Chinese troops, the Japanese fired from the darkness upon the brightly lit Barracks and met with trifling resistance, mainly from some Chinese troops who were cut off in their attempt to escape. In their capture of the city of Mukden, they met only negligible resistance on the part of some police.

There is no question of the Japanese being surprised by the events of that night. For some time before 18 September 1931, rumors were current in Japan that the Army was planning an "Incident" in Mukden. Lieutenant Kawakami at Fushun had revealed that an "event" might occur in Mukden on 18 September 1931. Consul-General Hayashi had telegraphed to the Foreign Minister the news that the Company Commander of a Japanese Unit at Fushun had said that within a week a big "Incident" would break out. Morishima, a member of the staff of the Japanese Consulate at Mukden, had learned that

Kwantung Army units stationed at Fushun would execute a manoeuvre which contemplated the occupation of Mukden, leaving Fushun about 11:30 on the night of 18 September 1931. The Foreign Minister attached so much credence to the information he had that he complained to the War Minister and persuaded the latter to dispatch General Tatekawa to Manchuria to "stop the plot", a General who, having no desire to interfere with any proposed "Incident" failed to fulfill his mission. And when, as the Japanese allege, a patrol of a Lieutenant and six men was fired on in the dark of the night of 18 September 1931, all the Japanese forces in Manchuria were brought into action almost simultaneously on that night over the whole area of the South Manchuria Railway from Changchun to Port Arthur, a distance of approximately 400 miles. The Chinese troops at Antung, Yingkow, Liaoyang and other smaller towns were overcome and disarmed without resistance. The Japanese Railway Guards and Gendarmerie remained in these places and the units of the 2nd Division at once concentrated at Mukden to take part in the more serious operations. ITAGAKI was at the Special Service Office at Mukden to approve the initial attacks by the Japanese and to resist all efforts by the Japanese Consul-General Hayashi and the Japanese Consul Morishima to persuade him to stop the fighting, notwithstanding that the Consul-General informed him that China had declared that she would act on the principle of non-resistance. Even among the Japanese there were those who believed that the "Incident" was planned by the Japanese. A year after it happened, we find the Emperor inquiring if the "Incident" was the result of a Japanese plot, as rumored. The Tribunal rejects the Japanese contention and holds that the so-called "Incident" of 18 September 1931 was planned and executed by the Japanese.

Preparation for war in China was not confined to the Kwantung Army. In Japan an unusual shift of personnel occurred on 1 August 1931 as if in anticipation of coming events. Such trusted officers as OSHIMA, KOISO, MUTO, UMEZU, HATA and ARAKI, were included in this personnel shift. OSHIMA was appointed a Chief of Section in the Army General Staff, a Member of the Military Technical Council, and Liaison Officer to the Navy General Staff; KOISO was appointed a Lt. General; MUTO was relieved as an Instructor in Strategy at the Military Staff College and made available to the Army General Staff; UMEZU was made Chief of the General Affairs Department of the Army General Staff Office; HATA was promoted to Lt. General and assigned as Inspector of Artillery and Commander of the 14th Division; and ARAKI was appointed Chief of the General Affairs Department of the Office of the Inspector-General of Military Education.

GENERAL HONJO ASSUMED COMMAND AT MUKDEN

Colonel ITAGAKI, who, as senior staff officer on the spot had been in active command at Mukden during the "Incident", was relieved by General Honjo, who arrived at Mukden at noon on 19 September 1931 and rapidly expanded the "Mukden Incident" into what came to be known as the "Manchurian Incident".

Honjo had returned to Port Arthur, after delivering his address to the 2nd Division, the Division which attacked Mukden, arriving at Port Arthur about 9 p.m. on 18 September 1931. Honjo had received the first news of the fighting at Mukden at about 11 p.m. from a newspaper agency. He immediately went to Kwantung Army Headquarters in Port Arthur, where he issued orders that action should follow the operational plans already established. It is

stated in evidence that a few minutes after midnight on the 18th a second telegram from the Special Service Office at Mukden was received at the Kwantung Army Headquarters reporting that the fighting had become more widespread and that the Chinese forces were bringing up reinforcements. If a telegram to this effect was received, there was no basis in fact for the statement that the Chinese forces were bringing up reinforcements. They were in full retreat from the Japanese attack. Honjo's staff advised that he should "mobilize the whole of the Japanese military might to seal the fate of the enemy in the shortest possible time." Honjo replied, "Yes, let it be done." Orders were immediately issued bringing into action all Japanese forces in Manchuria; the Japanese Garrison Army in Korea was asked to send reinforcements in accordance with the pre-arranged plan; and the Second Overseas Fleet was requested to sail for Yingkow. Under these orders, all the Japanese forces in Manchuria, and some of those in Korea, were brought into action almost simultaneously on the night of 18 September 1931 over the whole area of the South Manchurian Railway from Changchun to Port Arthur.

Upon arriving at Mukden, General Honjo set up a command post at the railway station and declared to the world his intention to wage a punitive war.

MINAMI SANCTIONED THE KWANTUNG ARMY ACTION

War Minister MINAMI sanctioned the action of the Kwantung Army and acted as a buffer between that Army and the Cabinet to prevent effective interference by the Government. He received information of the situation at Mukden in a telegram from the Special Service Office there at about 3 a.m. on 19 September 1931. Premier Wakatsuki first heard of the fighting when he received a telephone

call from MINAMI sometime between 6 and 7 o'clock on the morning of 19 September 1931. The Premier called a meeting of the Cabinet for 10 a.m. MINAMI sent Lt. General KOISO, who was Chief of the Military Affairs Bureau of the War Ministry, to act as Liaison Officer between the Army General Staff and the Cabinet. At the Cabinet meeting, MINAMI reported that the Chinese troops had fired on the Japanese troops at Mukden and that their fire had been returned. He characterized the action of the Japanese as "an act of righteous self-defense". The Cabinet expressed a desire that the affair be terminated at once. MINAMI stated that he would investigate and report to the Cabinet. The Cabinet then resolved upon a policy of non-expansion of the "Incident". The Premier called upon the Emperor at 1:30 o'clock that afternoon and informed him of the situation and the decision of the Cabinet. The Emperor agreed that the Army should not try to enlarge the situation but should stop further action as soon as it found itself in an advantageous position. MINAMI dispatched Lt. Colonel HASHIMOTO and two other officers of the Army General Staff to Mukden for the announced purpose of communicating to the Kwantung Army Commander the decision of the Government to prevent the expansion of the "Incident".

The Army was not be controlled; and the Premier cast about desperately, but without success, for assistance in enforcing this policy of non-expansion of the "Incident." In an effort to find a way to control the Army, the Premier held a meeting at 8:30 of the evening of 19 September 1931 at the official residence of the Minister of the Imperial Household; Senior Statesman Prince Saionji's Secretary Baron Harada, Chief Secretary to the Lord Keeper of the Privy Seal KIDO, the Grand Chamberlain, the Vice-Grand Chamberlain, and the Military

Aide-de-Camp to His Majesty, among others, were present. The only suggestion came from KIDO, who proposed daily meetings of the Cabinet. This suggestion proved to be of no effect, since War Minister MINAMI reported at each of these meetings that for "strategic and tactical" considerations it had been necessary for the Japanese forces to pursue the Chinese troops a certain distance further into Chinese territory, but that such action was only "protective" and would in no sense be expanded. However, at this very time, the Chinese had proposed through Minister T. V. Soong that a powerful commission be organized consisting of both Japanese and Chinese in an effort to prevent further expansion of the conflict. SHIGEMITSU, in reporting this proposal to Foreign Minister Shidehara suggested that it be accepted, if for no other reason than to strengthen the position of the Japanese in regard to the "Incident." Although Imperial Sanction was required under existing regulations for the Korean Army to commence operations outside Korea, the 39th Mixed Brigade of the 20th Division consisting of 4,000 men and artillery which had concentrated at Shingishu on the Korean frontier, crossed the Yalu River into Manchuria on 21 September 1931 and arrived at Mukden around midnight of the same day, without having received the Imperial Sanction; nevertheless, the Cabinet decided on 22 September 1931 that the expenses incurred in this move should be defrayed and later the Imperial Sanction for this move

was obtained. This had not been reported to the Cabinet by MINAMI. At the Cabinet meeting of 22 September 1931, MINAMI made further excuses for allowing the Army to continue its aggression. As Premier Wakatsuki says:

"Day after day expansion continued; and I had various conferences with War Minister MINAMI. I was shown maps daily on which MINAMI would show by a line a boundary which the Army would not go beyond, and almost daily this boundary was ignored and further expansion reported, but always with assurances that this was the final move."

KIDO recorded in his diary, that during a discussion by a group at the residence of Baron Hara it was mentioned that although the Emperor had approved the Cabinet's policy of non-expansion, the Army had been indignant that the Emperor had been induced by his personal attendants to form such an opinion. It was decided by this group that the Emperor had better say no more about the Cabinet's policy; and that Elder Statesman Prince Saionji had better remain out of Tokyo to avoid intensifying the antipathy held for him by the Military Clique. In this manner, MINAMI's effective cooperation with the Army General Staff, through his Liaison Officer KOISO, prevented the Government from enforcing its decision to halt further expansion of the "Mukden Incident". This is confirmed by an admission made by MINAMI after the surrender that he had been in favor of the action taken by the Kwantung Army.

COLONEL DOHIHARA RETURNED TO MUKDEN

Colonel DOHIHARA had completed his report to the Army General Staff, recommended the solution of all pending "Manchurian Questions" by the use of force as soon as possible, and was on his way back to his Special Service Office in Mukden to play the principal role in the organization of the new State in Manchuria based on the "Kingly Way", when the "Incident" occurred there. DOHIHARA's extensive knowledge of China and its people, gained over some eighteen years spent in active participation in local politics as a Military Aide under successive Chinese military leaders, qualified him more than any other Japanese Army officer to act as over-all advisor and coordinator in the planning, execution and exploitation of the "Mukden Incident".

There can be no doubt that such was the part played by DOHIHARA. His reconnaissance trip through Chima, with a brief pause in Mukden before reporting to the Army General Staff, and his return to Mukden on the eve of the "Incident", together with his actions thereafter, leave us with no other conclusion.

COLONEL DOHIHARA AS MAYOR OF MUKDEN

The organization of a provincial government for Liaoning Province had proven to be a difficult one, because Mukden was the center of the Province, and during the fighting, most of the influential Chinese had fled to Chinchow where they were continuing to carry on the provincial administration. Chinese General Tsang Shih-yi, who was Governor of the Province and had remained in Mukden, refused to cooperate with the Japanese in the organization of a new provincial government; for this, he was immediately arrested and confined in prison. Being thus hindered by lack of cooperation from the Chinese, the Japanese Army issued a proclamation on 21 September 1931 installing Colonel DOHIHARA as Mayor of Mukden; he proceeded to rule the city with the aid of a so-called "Emergency Committee" composed mostly of Japanese. By 23 September 1931 DOHIHARA had made himself complete master of the city and was found by visiting journalists in the Japanese Army Headquarters, where he was acting as political representative and spokesman for the Army. From this point on the organization of provisional governments for the three Eastern Provinces made headway. On 23 September 1931, Lt. General Hsi Hsia was invited to form a provisional government for Kirin Province, and the next day, it

was announced that a provisional government had been formed for Liaoning Province with Mr. Yuan Chin-hai as Chairman of the "Committee for the Maintenance of Peace and Order". The Japanese Press hailed this as the first step in a separatist movement.

SELF-GOVERNMENT GUIDING BOARD

The Self-Government Guiding Board was organized by the Japanese Army in Mukden during the last half of September 1931. The purpose of the Board was to start an independence movement and spread it throughout Manchuria. Colonel ITAGAKI was in charge of the Staff Section having supervision over the Board; and Colonel DOHIHARA, as head of the Special Service Office, supplied the Board with all necessary confidential information regarding the Chinese. Although the Chairman of the Board was Chinese, approximately 90 per cent of the personnel employed by the Board were Japanese residents in Manchuria.

General Hsi Hsie accented the Japanese invitation, called a meeting of government organization and Japanese advisors and on 30 September issued a proclamation establishing a provisional government for Kirin Province under protection of the Japanese Army.

General Chang Ching-hui, Administrator of the Special District, also called a conference in his office at Harbin on 27 September 1931 to discuss the organization of an "Emergency Committee of the Special District."

General Honjo took advantage of some minor disturbances in the town of Chientao, in Kirin Province, to announce that Japan would no longer recognize the government of Marshal Chang Hsueh-liang and would not cease operations until his power was completely broken.

PROTESTS AND ASSURANCES

China lodged a protest with the League of Nations against the action of Japan in Manchuria. The protest was filed on 23 September 1931. The Council of the League was assured by the Japanese Government that Japan had started withdrawing her troops to the railroad zone and would

continue the withdrawal; upon this assurance, the Council adjourned to meet again on 14 October 1931.

The United States of America also protested against the fighting in Manchuria and on 24 September 1931 called the attention of both Japan and China to the provisions of the existing treaties. After a Cabinet meeting that day, the Japanese Ambassador in Washington delivered to the Secretary of State of the United States a Note in which it was stated among other things, "It may be superfluous to repeat that the Japanese Government harbors no territorial designs in Manchuria".

THE OCTOBER INCIDENT

These assurances given to the League and to the United States indicated that the Cabinet and the Army did not agree upon a common policy in Manchuria. It was this disagreement which caused the so-called "October Incident". This was an attempt on the part of certain officers of the Army General Staff and their sympathizers to organize a coup d'etat to overthrow the Government, destroy the political party system, and establish a new Government which would support the Army's plan for the occupation and exploitation of Manchuria. The plot centered around the Cherry Society; and the plan was to "cleanse the ideological and political atmosphere" by assassinating the government leaders. HASHIMOTO was the leader of the group and gave the necessary orders for the execution of the scheme. HASHIMOTO admitted that he originated the plot in early October 1931 to bring about a Government headed by ARAKI. KIDO was well informed of the proposed rebellion and his only concern seems to have been to find a way to limit the disorders so as to prevent widespread damage and sacrifices. However, a certain Lt. Colonel Nemoto informed the Police of the plot and War Minister MINAMI ordered the leaders arrested, thereby breaking up the plot. SHIRATORI criticized MINAMI for opposing the coup and declared that it was necessary to take prompt action so as to create a new regime in Manchuria; and that if MINAMI had given his tacit approval to the scheme, it would have facilitated a solution of the "Manchurian Problem".

After the failure of the "October Incident" rumors were heard to the effect that if the Central Authorities in Tokyo did not support the Kwantung Army in the execution of its plan to occupy all Manchuria and establish a puppet State there, that Army would declare itself independent of Japan and proceed with the project. This threat appears to have been effective in producing a change in the Government and its attitude.

The War Ministry began censoring the news; and army officers called upon writers and editors, who wrote or published anything unsatisfactory to the War Ministry, and advised them that such writings were displeasing to the War Ministry. Violent organizations threatened editors and writers when they expressed views contrary to that of the War Ministry.

DECISION TO ENTHRONE PU YI

After this change of attitude by the Japanese Government, Colonel ITAGAKI and Colonel DOHIMARA decided to return Henry Pu Yi, the deposed Emperor of China, and enthrone him as Emperor of Manchuria as an emergency measure to combat the influence of Marshal Chang Hsueh-liang, which was growing progressively stronger with the unity between the Young Marshal and Generalissimo Chiang Kai-shek. The new provisional government operating under the protection of the Japanese Army had succeeded in taking over all tax collection and finance institutions and had further strengthened its position by reorganization, but it was having considerable difficulty due to the Marshal's continued popularity. The Kwantung Army General Staff became fearful that the provisional government set up

by them would conspire with the Marshal; therefore, it was decided by Colonels ITAGAKI and DOHIHARA to proceed at once with the organization of an independent State by uniting the Three Eastern Provinces of Heilungkiang, Kirin and Liaoning under the nominal leadership of Henry Pu Yi, the dethroned Emperor of China.

COLONEL DOHIHARA PROCEEDS TO RETURN PU YI

DOHIHARA was dispatched by ITAGAKI to Tientsin to return Pu Yi to Manchuria. ITAGAKI made all necessary arrangements and gave DOHIHARA definite instructions. The plan was to pretend that Pu Yi had returned to resume his throne in answer to a popular demand of the people of Manchuria and that Japan had nothing to do with his return but would do nothing to oppose the popular demand of the people. In order to carry out this plan, it was necessary to land Pu Yi at Yingkow before that port became frozen; therefore, it was imperative that he arrive there before 16 November 1931.

Foreign Minister Shidehara had learned of the scheme to return Pu Yi to Manchuria and had instructed his Consul-General at Tientsin to oppose the plan. On the afternoon of 1 November 1931, the Consul-General contacted DOHIHARA as instructed and tried every means at his disposal to persuade him to abandon the plan, but DOHIHARA was determined and stated that if the Emperor was willing to risk his life by returning to Manchuria, it would be easy to make the whole affair appear to be instigated by the Chinese, he further stated that he would confer with the Emperor; and if

the Emperor was willing, he would go through with the scheme; but if the Emperor was not willing, then he would leave with a parting remark that there would be no such opportunity in the future for the Emperor, and dispatch a telegram to the military authorities at Mukden to the effect that he would consider an alternative as the present plan was hopeless of success.

During the evening of 2 November 1931, DOHIHARA visited Pu Yi and informed him as follows: Conditions were favorable for Pu Yi's enthronement and the opportunity should not be missed. He should make an appearance in Manchuria by all means before 16 November 1931. If he did so appear, Japan would recognize him as Emperor of an independent State and conclude a secret defensive and offensive alliance with the new State. If the Chinese Nationalist Armies should attack the new State, Japan's armies would crush them. Pu Yi appeared willing to follow DOHIHARA's advice upon being told that the Japanese Imperial Household favored his restoration to the Throne.

The Consul-General continued his efforts to dissuade DOHIHARA but without results. On one occasion, DOHIHARA threatened that it would be outrageous for the Government to take the attitude of preventing Pu Yi's return; and that if this should occur, the Kwantung Army might separate from the Government and no one could say what action it might take.

Some difficulty was encountered by DOHIHARA in arranging the terms upon which Pu Yi was to return; and a Chinese newspaper in Shanghai, under a Tientsin date line for 2 November 1931,

published a complete account of the scheme and alleged that Fu Yi had refused DOHIMARA's offer. To hasten Fu Yi's decision, DOHIMARA resorted to all kinds of schemes and intrigues. Fu Yi received a bomb concealed in a basket of fruit: he also received threatening letters from the "Headquarters of the Iron Blood Group", as well as from others. DOHIMARA finally caused a riot to occur in Tientsin on 8 November 1931 with the assistance of certain underworld characters, secret societies and rogues of the city, whom he supplied with arms furnished by ITAGAKI. The Japanese Consul-General, in a further attempt to carry out Shidehara's orders, warned the Chinese Police of the impending riot; being forewarned, they were able to prevent the riot from being a complete success; but it served to throw Tientsin into disorder.

This disorder continued and during the riot on the night of 10 November 1931, DOHIMARA secretly removed Pu Yi from his residence to the pier in a motor car guarded by a party equipped with machine-guns, entered a small Japanese military launch with a few plain-clothes men and four or five armed Japanese soldiers and headed down the river to Tang-ku. At Tang-ku, the party boarded the ship "Awaji Maru" bound for Yingkow. Pu Yi arrived at Yingkow on 13 November 1931 and on the same day was taken to Tang-kang-tzu where he was held in protective custody in the Hotel Tai Sui Haku by the Japanese Army. An attempt was made to cause it to appear that Pu Yi had fled for his life as a result of threats and the riots in Tientsin. No doubt, these served to hasten Pu Yi's agreement with the terms offered by DOHIMARA.

ENTHRONEMENT OF PU YI DELAYED

In an effort to prevent further aggravation of Japan's position in the League and keep Japan's Representative in a favorable position before the Council during its deliberations, MINAMI advised the Kwantung Army to delay the enthronement of Pu Yi. On 15 November 1931, he sent a telegram to General Honjo in which he said: "Especially, to commit such hasty actions when "we have just begun to see the signs of favorable results "of our efforts to improve the atmosphere of the League "of Nations is by no means a wise policy. Therefore, for "the time being, we would like to have you lead the general "public in such a way so as not have Pu Yi connected in any "way, whether it be active or passive, with political pro- "blems. Naturally, in establishing a new regime, if our "Empire takes the wrong attitude we must expect either an "intervention by the United States based upon the Nine- "Power Treaty or a council of the World Powers. Moreover, "under the present conditions in Manchuria, it is an inter- "nationally recognized fact that an establishment of the "new regime would not be possible without the understanding "and support of the Imperial Army. Therefore, when Pu Yi "unexpectedly enters into the picture of the establishment "of the new regime, and even if it is ostensibly performed "according to the wishes of the people, there would be "fear of arousing world suspicion. It is essential that "our Empire lead world situations so that we can at least "and at any time conduct a legal argument against the "Powers. I would like to have you keep this point in mind."

The Army moved Pu Yi on 20 November 1931 to Port Arthur and installed him in the Yamato Hotel with

explanation that he was receiving too many undesirable visitors at Teng-kang-tzu. DOHIHARA and ITAGAKI arranged secretly for the Emperor's wife to join him at Port Arthur.

THE ADVANCE ON CHINCHOW

An expedition to the Nonni River Bridge, which succeeded in defeating General Ma Chen-shen, the Military Governor of Heilungkiang Province, and driving him toward the northeast upon Hailun during the first half of November 1931, had also resulted in the occupation of Tsitsihar, and the elimination of Marshal Chang Hsueh-liang's authority from all of Manchuria, except for a fragment of Southeast Liaoning Province surrounding the city of Chinchow. The occupation of Chinchow was all that remained to make the subjugation of Manchuria complete.

The Chinese Provincial Government, which had fled from Mukden, had established itself in Chinchow soon after the Mukden Incident and Marshal Chang Hsueh-liang had moved his headquarters from Peiping to Chinchow in the early days of October 1931, so that the City had become the center of opposition to the Japanese occupation. Japanese observation planes made frequent flights over the city; and on 8 October 1931, six scouting and five bombing planes flew over the city and dropped some eighty bombs.

The disturbances and riots organized by Colonel DOHIHARA gave the staff officers of the Kwantung Army an excuse to send troops to Tientsin to reinforce the Japanese Garrison and protect the Japanese Concession

there. The first of these riots occurred on 8 November 1931 as heretofore related; but on 26 November 1931, a new series of disorders began. Colonel DOHIHARA had employed Chinese ruffians and Japanese plain-clothes men and formed them into operating gangs within the Japanese Concession in order to start trouble in the Chinese section of Tientsin. On the evening of the 26th, a terrific explosion was heard, immediately followed by firing of cannon, machine-guns and rifles. The electric lights in the Japanese Concession were put out, and plain-clothes men emerged from the Concession firing upon the police stations in the vicinity.

The most practical route for reinforcements to take in moving from Manchuria to Tientsin would have been by sea; but the route by land had distinct strategic advantages as it lay through the city of Chinchow; and any movement through Chinchow would afford an excuse for making an attack upon that city eliminating the concentration of Marshal Chang Hsueh-liang's Army there.

Neutral observers had expected an advance on Chinchow; and on 23 November 1931, during a conference on the subject, Foreign Minister Shidehara assured the American Ambassador in Tokyo that he, the Premier, the Minister of War, MINAMI, and the Chief of the Army General Staff had agreed that there would be no hostile operations toward Chinchow. However, DOHIHARA's riot on the night of the 26th precipitated such an advance on the morning of 27 November 1931; and a troop train and several airplanes crossed the Liao River, ostensibly for the purpose of relieving the Japanese Garrison which was alleged to be beleaguered at Tientsin, but actually intending to drive Marshal Chang Hsueh-liang from Chin-

chow. The Japanese met little or no resistance as Marshal Chang Hsueh-liang had already begun withdrawal of his troops south of the Great Wall in order to remove all excuse for further advances by the Japanese. Nevertheless, the advance proceeded, and Japanese planes repeatedly bombed Chinchow. The American Secretary of State protested the violation of the assurance so recently given the American Ambassador that no hostile action would be taken toward Chinchow; and on 29 November 1931, this assurance was reluctantly and belatedly honored by the Chief of the Army General Staff ordering Honjo to recall his troops to a position in the vicinity of Hsinmin.

THE LEAGUE APPOINTED A COMMISSION OF INQUIRY

The Council of the League of Nations had been in session for approximately four weeks considering the dispute between Japan and China, when it resolved on 18 December 1931 to accept the suggestion of the Japanese Representative and send a Commission of Inquiry to Manchuria to make a study of the situation "on the spot". The Council's resolution provided that the Commission should consist of five members from neutral countries with the right of China and Japan to appoint one "Assessor" each to assist the Commission.

Paragraph 2 of the Resolution was in these terms
"(2) Considering that events have assumed an even more "serious aspect since the Council meeting of October 24th, "notes that the two parties undertake to adopt all measures "necessary to avoid any further aggravation of the situation and to refrain from any initiative which may lead "to further fighting and loss of life."

Japan in accepting the Resolution made a reservation concerning paragraph (2) stating that she accepted it "On the understanding that this paragraph was not intended "to preclude the Japanese forces from taking such action "as might be rendered necessary to provide directly for the "protection of the lives and property of Japanese subjects "against the activities of bandits and lawless elements "rampant in various parts of Manchuria."

China accepted the Resolution with the reservation that China's rights of sovereignty in Manchuria would not be impaired.

With regard to the undertaking and injunction contained in paragraph (2), quoted above, China stated "It must "be clearly pointed out that this injunction should not be "violated under the pretext of the existence of lawlessness "caused by a state of affairs which it is the very purpose

"of the resolution to do away with. It is to be observed
 "that much of the lawlessness now prevalent in Manchuria
 "is due to the interruption of normal life caused by the
 "invasion of the Japanese forces. The only sure way of
 "restoring the normal peaceful life is to hasten the with-
 "drawal of the Japanese troops and allow the Chinese author-
 "ities to assume the responsibility for the maintenance of
 "peace and order. China cannot tolerate the invasion and
 "occupation of her territory by the troops of any foreign
 "country; far less can she permit these troops to usurp
 "the police functions of the Chinese authorities."

Despite this counter-reservation of China, the Japa-
 nese maintained that their reservation gave Japan the right
 to maintain her troops in Manchuria and made her respon-
 sible for the suppression of banditry. Under the pretext
 of suppressing banditry Japan proceeded to complete the
 conquest of Manchuria. In the words of the Lytton Commis-
 sion "The fact remains that, having made their reservation
 "at Geneva, the Japanese continued to deal with the situa-
 "tion in Manchuria according to their plans".

The membership of the Commission was not completely
 made up until 14 January 1932. The Rt. Honorable, the
 Earl of Lytton (British) was elected Chairman of the
 Commission; and the Commission has come to be known as the
 Lytton Commission.

THE WAKATSUKI CABINET WAS FORCED TO RESIGN

The continued efforts of Premier Wakatsuki and his
 Foreign Minister Shidehara to enforce the "Friendship
 "Policy" and the "Policy for Non-Expansion" generated so
 much opposition from the Military and their sympathizers
 that the Cabinet was forced to resign on 12 December 1931.
 Premier Wakatsuki testified as follows: "It is true that
 "in spite of the fact that the Cabinet had decided on the
 "policy of stopping the 'Manchurian Incident', it continued

"to spread and expand. Various methods were tried, and one of these was a coalition cabinet, which I hoped might be able to stop the action of the Kwentung Army. However, because of certain difficulties, this did not materialize, and that is why my Cabinet resigned."

THE INUKAI CABINET

The Inukai Cabinet was formed on 13 December 1931 with ARAKI as Minister of War. The three Army Chiefs, that is: the outgoing War Minister, MINAMI, the Chief of the General Staff, and the Inspector General of Military Education, whose duty it was under the Japanese Constitution to select the succeeding War Minister, had selected General Abe to be War Minister; but ARAKI was popular with the radical elements in the Army, and they approached Inukai and demanded his appointment. General ARAKI received the appointment. Although Premier Inukai announced to Elder Statesman Prince Seionji that he intended to carry out the Emperor's wish that Japanese politics should not be controlled solely by the Army and although he adopted a policy to terminate the aggression of the Kwentung Army in Manchuria, War Minister ARAKI was not in accord with this policy. ARAKI favored Commander Honjo's plan that the four Provinces formerly under Marshal Chang Hsueh-liang should be occupied and pacified. He admitted that this was so during an interrogation at Sugamo Prison after the surrender. His first act was to secure approval in the Cabinet and the Privy Council of an appropriation to carry out this scheme.

HONJO AND ITAGAKI MOVED TO EXECUTE HONJO'S PLAN

The formation of the Inukai Cabinet, with ARAKI as War Minister and favorable to the Honjo plan to occupy and pacify the four Provinces, was the signal to the Kwantung Army to execute the plan. ITAGAKI moved quickly to strengthen the provisional government of Liaoning Province; a concentration of troops west of Mukden, poised for a drive on Chinchow and Tientsin, was begun; and ITAGAKI prepared to visit Tokyo to assist ARAKI in making detailed arrangements for carrying out the plan.

General Tsang Shih-yi, who had been incarcerated in prison on 21 September 1931 because of his refusal to cooperate with the invading Japanese Army, was starved into submission and forced to agree to accept the appointment as Governor of the Provincial Government, ad interim, of Liaoning Province. He was released from prison on the night of 13 December 1931; and after an interview with ITAGAKI, he was duly inaugurated as Governor on 15 December 1931. He was in such a nervous, weakened condition as a result of having been starved in prison that he fainted during his inauguration when a photographer exploded a flash bulb in making his picture. The inauguration of General Tsang Shih-yi was in preparation for a conference of all the Manchurian Provincial Governors; and the Kwantung Army was hastening preparations for the meeting.

The concentration of troops for the advance on Chinchow had begun on the 10th; and by 15 December 1931, it was complete. However, the advance could not begin until approval of War Minister ARAKI had been obtained and funds provided.

All preparations being complete, Commander Honjo dispatched ITAGAKI to Tokyo to convey to the Government his opinion that Manchuria should be made independent of China. War Minister ARAKI immediately supported Honjo's plan and said that complete independence was the only way in which the "Manchurian Incident" could be solved, but considerable opposition to the plan was found to exist and he was not able to obtain approval of the plan without difficulty. The question was finally presented to the Throne at an Imperial Conference on 27 December 1931 and ARAKI states: "We immediately decided "to send the troops to Fengtien Province. The principal "plan was made in the War Ministry's order to General "Headquarters, and they took the procedure of sending "troops for the operation." At least a part of ITAGAKI's mission had been accomplished.

On the very day that this decision to advance against Chinchow was made, the Vice-Minister for Foreign Affairs handed the American Ambassador in Tokyo a memorandum in which it was stated that Japan was determined to remain loyal to the Covenant of the League, the Kellogg-Briand Pact, and other treaties, and would abide by the two resolutions adopted by the Council of the League regarding the Manchurian situation.

MANCHURIA WAS COMPLETELY OCCUPIED AFTER THE CAPTURE OF
CHINCHOW

The Kwantung Army pointed to the reservation made at Geneva, as already referred to, and continued to deal with Manchuria according to plan. The Chinese Minister for Foreign Affairs, knowing that the attack on

Chinchow was imminent, had made a last minute appeal to prevent further fighting by offering to remove all remaining Chinese troops south of the Great Wall, but nothing came of this appeal; and the Kwantung Army actually began its movement on 23 December 1931. The Chinese Army was forced to give up its position. From that day, the advance continued with perfect regularity and hardly met any resistance at all as the Chinese General had ordered a retreat. Chinchow was occupied on the morning of 3 January 1932; and the Kwantung Army continued its advance right up to the Great Wall at Shanhaikwan.

ITAGAKI COMPLETED HIS MISSION AND RETURNED TO MUKDEN

KIDO records in his diary for 11 January 1932 that ITAGAKI had obtained approval of the plan to set up a puppet State in Manchuria; the entry is in part as follows: "At 10:30 o'clock this morning in the ante-chamber connected with the lecture hall of the Imperial Palace, I, together with persons close to the Emperor, heard from Colonel ITAGAKI the conditions in Manchuria and Mongolia. Colonel ITAGAKI first explained the situation concerning the progress of the campaign against soldier bandits in Manchuria and Mongolia as well as the progress in establishing a new State in Manchuria. Colonel ITAGAKI gave hint that Manchuria would be placed under a new ruler, and the Japanese Army would take charge of the national defense of the new Manchurian State. He further explained that Japanese people would participate in the management of the new State as high government officials." It will be noted that ITAGAKI followed the usual practice of referring to all Chinese soldiers as

"bandits". The pretense of invoking the reservation made at Geneva was again employed.

On his way back to Mukden, Colonel ITAGAKI called upon the new ruler mentioned in his conversation with KIDO. During his visit with Pu Yi at Port Arthur, ITAGAKI stated to Pu Yi, "In order to get rid of Chinese Militarists and secure social welfare for the people of the Northeastern Provinces, we are willingly prepared to put up a new political regime in Manchuria." ITAGAKI proposed that Pu Yi should become the head of the new regime; but demanded, that as soon as the Manchurian Regime was set up Japanese should be employed as advisers and officials.

THE INDEPENDENCE MOVEMENT GAINED IN INTENSITY

After the fall of Chinchow, the independence movement made progress, especially in North Manchuria where DOHIHARA was on duty as Chief of the Special Services in Harbin. After the Japanese occupied Tsitsihar on 19 November 1931 and drove the forces of General Ma toward Hailun, a Self-Government Association of the usual type was established in Heilungkiang Province; and General Chang Ching-hui was inaugurated as Governor of the Province on 1 January 1932. General Chang Ching-hui, upon learning of the complete defeat and expulsion of Marshal Chang Hsueh-liang from Chinchow, acceded to the requests of the Self-Government Guiding Board at Mukden and declared the independence of Heilungkiang Province. The declaration was issued on 7 January 1932. On the same day, the Self-Government Guiding Board issued a Proclamation, which it had prepared on 1 January, but had been holding until an opportune time for publication. The Proclamation appealed to the people to overthrow Marshal Chang Hsueh-liang and join the Self-Government Association. The Proclamation ended with these words: "Organizations of the Northeast, Unite!" Fifty thousand copies were distributed. Mr. Yu Chung-han, the Chief of the Board, and Governor Tsang Shih-yi, of Liaoning Province, were making plans for a new State to be established in February. This idea of independence from China had received no popular support in Manchuria before the "Mukden Incident" of 18 September 1931. It is apparent that it was conceived, organized and carried through by a group of Japanese civil and military officials, of whom Colonels

ITAGAKI and DOHIHARA were leaders. The presence of Japanese troops to enforce their authority, the control of the railways by the South Manchurian Railway, the presence of Japanese Consuls in all of the important urban centers, and the coordinating effect of the Japanese controlled Self-Government Guiding Board, afforded the group a means of exercising an irresistible pressure to bring about this so-called independence and later to control the new puppet State. The independence movement and the Chinese collaborators were sustained by Japanese military might alone.

ADDITIONAL ASSISTANCES BY JAPAN

On 7 January 1932, the day that General Cheng Ching-hui proclaimed the independence of Heilungkiang Province, the American Secretary of State instructed the American Ambassador in Tokyo to deliver a Note to the Japanese Government. The Secretary of State stated in that Note that the Government of the United States deemed it a duty to notify both Japan and China that it would not admit the legality of any de facto situation nor recognize any treaty or agreement entered into so as to impair the treaty rights of the United States or its citizens in China or violate the conventional policy of the "Open Door" in China, or impair the obligations of the Pact of Paris (Annex No. B-15).

This Note was not answered until 16 January 1932. The Japanese Note stated that Japan was aware that the United States could be relied upon to do everything to support Japan's efforts to secure full and complete fulfilment of the treaties of Washington and the Kellogg-Briand Pact (Annex No. B-15). This Japanese Note went on to say that in

so far as Japan could secure it the policy of the "Open Door" in China would always be maintained. Having regard to the Japanese military action in Manchuria which we have just described, this Japanese Note is a masterpiece of hypocrisy.

HASHIMOTO OBJECTED TO THIS ASSURANCE

The next day HASHIMOTO published an article in the Taiyo Dai Nippon, apparently in protest against this policy of observing treaties and maintaining the "Open Door" in China. The title of the article was, "The Reform of Parliamentary Systems." In the article, HASHIMOTO, said: "Responsible government-Party Cabinet System-runs absolutely counter to the Constitution. It is the democratic government which ignores the 'Tenno' government, * * * which has been established firmly since the founding of our Empire, and which remains solemnly unshaken in the Constitution granted by the Emperor. When we consider their dangerous anti-national structure, political ideology and their aggressive evils we believe it most urgently necessary first of all to make a scapegoat of the existing political parties and destroy them for the sake of the construction of a cheerful new Japan."

DOHIHARA NEGOTIATED WITH GENERAL MA CHAN-SHAN

After General Ma had been driven from Tsitsihar by the Japanese and had set up his captial at Hailun, from which he was attempting to govern Heilungkiang, Colonel DOHIHARA began carrying on negotiations with the General from his Special Service Office at Harbin. The General's position was somewhat ambiguous; although he continued negotiating with DOHIHARA, he continued to support General Ting Chao. General Ting Chao had never approved of the puppet

government set up in Kirin Province by the Kwantung Army under the nominal leadership of General Hsi Hsia and had organized an army to oppose General Hsi Hsia. Not only did General Ma continue to support General Ting Chao, but these two Generals maintained some contact with Marshal Chang Hsueh-liang and Generalissimo Chiang Kai-shek, who gave them assistance.

In an effort to force General Ma to terms, Colonel DOHIHARA requested General Hsi Hsia to advance on Harbin and drive in the direction of Hailun. General Hsi Hsia at the beginning of January 1932 prepared an expedition to the North with a view to occupying Harbin. General Ting Chao was between him and Harbin. General Hsi Hsia advanced to Shuangchong on 25 January; but Marshal Chang Hsueh-liang instructed Generals Ma and Ting Chao not to negotiate further; and fighting began on the morning of the 26th. DOHIHARA had failed in his attempt to intimidate Generals Ma and Ting Chao; and what was still worse, his ally, General Hsi Hsia, was meeting serious reverses at the hand of General Ting Chao. Thereupon, DOHIHARA was forced to call upon the Kwantung Army to assist General Hsi Hsia. To justify this, Colonel DOHIHARA created another of his "Incidents" in Harbin--and engineered riot--during which it is said that one Japanese and three Korean subjects of Japan were killed. Most of the Japanese troops had been withdrawn from Northern Manchuria in order to use them in the Chinchow drive; but the 2nd Division had returned to Mukden for a rest. Although the 2nd Division was ordered to go to the rescue of General Hsi Hsia and entrained on 28 January, some delay was experienced because of transportation difficulties. This gave General Ting Chao time to seize the Municipal Administration

in Harbin and arrest General Chang Ching-hui, who had been acting as puppet Governor of Heilungkiang Province.

MINAMI LECTURED

While the reinforcements were entraining to go to the aid of General Hsi Hsia, War Councillor MINAMI was delivering a lecture before the Japanese Emperor in Tokyo. His subject was, "The Latest Situation in Manchuria". KIDO was present and recorded the lecture. MINAMI's conclusions as expressed to the Emperor were:

- (1) Japan would take over the national defense of the new state to be created in Manchuria, complete the Firin-Kwainei Railway, and make the Sea of Japan into a lake to facilitate Japan's advance into North Manchuria, thereby revolutionizing Japan's defense plans.
- (2) The joint management by Japan and the new State of the economy of the area would make Japan self-sufficient in the World forever.
- (3) This arrangement would solve Japan's population problem, provided she established a colonial trooping system to the new State.

KIDO further recorded that he thought the three or four Japanese organs in Manchuria should be united under one head when the new State was formed. This idea was to be carried out later.

FIRST INVASION OF SHANGHAI

After MINAMI had finished his lecture on the afternoon of 28 January 1932, fighting broke out in a new place in China. At 11:00 p.m. fighting commenced in the first invasion of Shanghai. The commencement of the "Incident" is typical. The anti-Chinese riots in Korea following the "Wanpaoshan Incident" led to a Chinese boycott of Japanese goods in Shanghai, which had been

intensified after the "Jukden Incident" and increased in intensity as that "Incident" grew into the "Manchurian Incident". Tension increased so that serious clashes occurred between Chinese and Japanese. Japanese residents of Shanghai requested the dispatch of Japanese troops for their protection. The Japanese Consul-General presented five demands to the Chinese Mayor of Shanghai; and the Admiral in command of Japanese naval forces at Shanghai announced that unless the Mayor's reply was satisfactory he would take action. On 24 January 1932, Japanese naval reinforcements arrived. The Chinese reinforced their garrison in Chapei, which is the native section of Shanghai. On 28 January, the Municipal Council of the International Settlement met and declared a state of emergency as of 4:00 p.m.; at that hour, the Japanese Consul-General informed the Consular Body that a satisfactory reply had been received from the Chinese Mayor; and that no action would be taken. At 11:00 p.m. on the same day, the Japanese Admiral announced that the Japanese Navy was anxious as to the situation in Chapei where numerous Japanese nationals resided and had decided to send troops to that sector and occupy the Shanghai-Pootung Railway Station and that he hoped the Chinese would speedily withdraw to the west of the railway. These Japanese troops sent to the Chapei sector came into contact with Chinese troops which would not have had time to withdraw even had they wished to do so. This was the beginning of the battle of Shanghai.

CHINA MADE ANOTHER APPEAL TO THE LEAGUE

The next morning, 29 January 1932, the alarming situation caused China to submit a further appeal to the League of Nations under Articles 10, 11 and 15 of the Covenant. The Council of the League was in session when the fighting started at Shanghai and it received the new appeal from China the next day.

GENERAL MA BARGAINED WITH DOHIHARA

In Manchuria, Colonel DOHIHARA was continuing his negotiations in an effort to obtain the support of General Ma in the formation of a new State in Manchuria. Colonel ITAGAKI had recognized General Ma as "a man of real worth possessing his own troops", and had attempted to arrange a truce with him after the battle of Tsitsihar. General Ma continued to cooperate with General Ting Chao until the latter's defeat by the combined forces of General Hsi Hs'ia and the Japanese on 5 February 1932. After General Ting Chao's defeat, General Ma resumed negotiations with Colonel DOHIHARA, while his army escaped through Russian territory into China. With his army safe in China proper, General Ma, it is said, accepted the one million dollars in gold offered by DOHIHARA. In any event he now agreed on 14 February 1932 to become Governor of Heilungkiang Province and cooperate with the Japanese.

SUPREME ADMINISTRATIVE COUNCIL

According to ARAKI, General Honjo conceived the idea of having the Governors of the Provinces organize a "Supreme Administrative Council" to make recommendations for the organization of the new State in Manchuria. He forwarded his plan to ARAKI and requested permission to set up a new State for the government of Manchuria with Henry Pu Yi as its head. During his interrogation at Sugamo Prison, ARAKI admitted that since he had no better suggestion and thought the General's plan would solve the "Manchurian Problem", he had approved the plan. ARAKI then sent additional experts into Manchuria to assist the Self-Government Guiding Board in carrying out General Honjo's plan.

General Ma having reached an agreement with DOHIHARA, the Self-Government Guiding Board called a meeting of the Governors of the Three Eastern Provinces and the Special District to meet at Mukden on 16 February 1932 for the announced purpose of "laying the foundation" for the new State. The meeting was attended in person by General Ma, as Governor of Heilungkiang; General Chang Ching-hui as Governor of the Special District; General Hsi Hsia, as Governor of Kirin; and General Tsang Shihyi, as Governor of Liaoning; but General Tang Ju-lin, the Governor of Jehol, was not present. The legal advisor for the meeting was Dr. Chao Hsin-po, the Tokyo University trained Doctor of Laws, who had relieved Colonel DOHIHARA as Mayor of Mukden.

These five men decided that a new State should be established, that a North-Eastern Supreme Administrative Council should be organized which would exercise tempor-

arily the supreme authority over the Provinces and the Special District, and that this Supreme Council should without delay make all necessary preparations for the founding of the new State.

On the second day of the Conference, the Supreme Administrative Council was duly organized, to consist of seven members, namely: the Governors of Heilungkiang, Kirin, Liaoning, Jehol and the Special District, and the two Mongol Chiefs who had joined the Conference on the morning of the second day. The new Supreme Council immediately proceeded to business, and decided: (1) to adopt the Republican system for the new State; (2) to respect the autonomy of the constituting provinces; (3) to give the title of "Regent" to the Chief Executive; and (4) to issue a Declaration of Independence. That night, General Honjo gave an official dinner in honor of the "Heads of the New State". He congratulated them on their success and assured them of his assistance in case of need.

DECLARATION OF INDEPENDENCE

The next morning after General Honjo's dinner party, that is to say on 18 February 1932, the Declaration of Independence of Manchuria was published by the Supreme Administrative Council. Dr. Okawa in his book, "2600 Years of Japanese History", published in 1939, in commenting on this declaration has this to say: "The Chang Hsueh-ling Regime was swept completely away from Manchuria in one swoop through the quick and daring action of the Japanese troops." The Tribunal finds upon the evidence that there was no popular

movement in Manchuria for the establishment of any independent government. This movement was sponsored and inspired by the Kwantung Army and its creature, the Self-Government Guiding Board, with its Japanese Advisors..

ORGANIZATION OF THE NEW STATE

The Declaration of Independence having been issued, Governors Ma and Hsi Hsia returned to their Provincial Capitals, but they designated representatives to meet with Governor Tsang Shih-yi, Governor Chang Ching-hui and Mayor Chao Hsin-Po for the purpose of working out the details of the plan for the new State. On 19 February 1932, this group decided that the form of the new government should be that of a Republic with a constitution drawn on the principle of the separation of powers. The group then agreed upon Changchun as the Capital of the new State, fixed the design of the new national flag, and agreed that Pu Yi should be asked to act as "Regent" of the new State.

The Self-Government Guiding Board immediately began holding mass-meetings and demonstrations in the Provinces at which the Kwantung Army paraded its might and fired artillery salutes to impress the Manchurians with the power of Japan. After the proper foundation had been laid by these demonstrations, the Board took the lead in convening an All-Manchurian Convention, which was held in Mukden on 29 February 1932. At this Convention, speeches were delivered; a declaration denouncing the previous regime of General Chang Hsueh-liang was unanimously adopted; and resolutions welcoming

the new State with Pu Yi as its Chief Executive were approved.

The Supreme Administrative Council met immediately in urgent session and elected six delegates to proceed to Port Arthur to convey their invitation to Pu Yi to head the new government. Pu Yi did not respond to the first invitation from the Supreme Administrative Council, so a second delegation was appointed on 4 March 1932 to induce Pu Yi to accept. Upon the advice of Colonel ITAGAKI, Pu Yi accepted the second invitation. After an audience with the Delegates on 5 March, Pu Yi left Port Arthur on the 6th for Tengkeng-tze, and after two days began, on the 8th, to receive homage as the "Regent of Manchukuo". Inauguration ceremonies were held at the new capital, Chengchun, on 9 March 1932. Pu Yi declared the policy of the new State to be founded upon morality, benevolence and love. The next day he appointed the list of principle officials suggested by the Japanese.

Prior to the arrival of Pu Yi, a number of laws and regulations, on which Dr. Chao Hsin-Po had been working for some time, had been made ready for adoption and promulgation. They came into effect on 9 March 1932, simultaneously with the law regulating the organization of the Government of Manchukuo.

Public announcement of the new State of Manchukuo was made on 12 March 1932 in a telegram to the foreign Powers requesting that they recognize the new State. Dr. Okawa stated that Manchukuo was a result of the plan of the Kwantung Army approved by the Japanese Government, and the establishment of the State progressed smoothly, because it had been well planned and prepared

beforehand. Pu Yi says that Manchukuo was under the complete domination of Japan from the beginning.

JAPANESE CABINET APPROVED FAIT ACCOMPLI

ARAKI was right when he said that the Honjo plan was approved by the Cabinet; but it was not so approved until 12 March 1932, after the plan had been executed and after the new State of Manchukuo had come into existence. It was on 12 March 1932, the day that the telegram announcing the formation of Manchukuo to the foreign Powers was sent out, that the Cabinet met and decided upon an "Outline for the Disposition of Foreign Relations Accompanying the Establishment of the New State of Manchukuo". It was decided to render "all sorts of aid" to the new State, short of recognition under international law, and "lead her to fulfill the substantial conditions for an independent state step by step" in the hope that the Powers would ultimately recognize her independence. To avoid intervention of the Signatory Powers of the Nine-Power Pact (Annex No. B-10) it was thought best to have Manchukuo declare a policy consistent with the policy of the "Open Door" and in harmony with the principle of equal opportunity guaranteed by the Treaty. The Cabinet also decided that Manchukuo should seize the custom houses and salt-tax collecting organs; but that this should be done in such a way as not to "bring about troubles in foreign relations". One method agreed upon for doing this was to bribe the customs officials and replace them with Japanese. It was planned to seize military power in Manchukuo under the guise of subjugating banditry in line with the reservation made

at Geneva. In short, the Cabinet fully realized that the occupation of Manchuria and the establishment of an independent State there by Japan was a direct violation of existing treaty obligations; and it was trying to evolve a plan whereby the reality of the breach could be concealed by an appearance of compliance with the obligations.

THE LYTTON COMMISSION ARRIVED IN TOKYO

On the day that the All-Manchurian Convention was being held in Mukden, that is to say on 29 February 1932, the Lytton Commission arrived in Tokyo, where they were received by the Emperor and commenced a series of daily conferences with the Government, including Premier Inukai, War Minister ARAKI, and others. Although these daily conferences continued for eight days, none of these government officials informed the Commission that Japan was forming a new State in Manchuria; and the Commission first learned of this after it had left Tokyo and arrived at Kyoto on its way to China.

On the day that the Commission arrived in Tokyo, KOISO was elevated by ARAKI from Chief of the Military Affairs Bureau of the War Ministry to the high position of Vice-Minister of War.

ARAKI DISPATCHED REINFORCEMENTS TO SHANGHAI

The battle which had started at Shanghai on 28 January 1932 had developed to such an extent that the Navy Minister was forced to call upon War Minister ARAKI for reinforcements. The Chinese 19th Route Army was

giving a good account of its fighting ability. Large numbers of Japanese destroyers were anchored in the Hwangpu and Japanese Airplanes were bombing Chepei. The Japanese Marines were using their permanent garrison in Hungkow as a base of operations; and barricades erected between this garrison and Chepei served as the front line between the ground forces. The Japanese destroyers firing point blank bombarded the forts at Wu-sung; this fire was not returned by the forts, for they had no guns capable of answering. The Japanese Marines had invaded areas adjacent to the International Settlement, disarmed the police and paralysed all city functions; a veritable reign of terror was in full swing when the Navy Minister requested these reinforcements. ARAKI states that he conferred with the Cabinet and it was decided to send supporting forces quickly; 10,000 men were dispatched the following day aboard fast destroyers. These reinforcements landed in the International Settlement fully equipped with tanks and artillery. The Navy drew up heavy ships and began shelling the city. However this attack which began on 20 February 1932 brought no marked success despite the fact that it continued for several days. Following this attack, ARAKI claiming that General Ueda had suffered such great losses that it was necessary to send further reinforcements, sent the 11th and 14th Divisions to oppose the Chinese Army which had been defending the city.

THE LEAGUE TOOK ACTION

The League of Nations was aroused to action. The members of the Council, other than China and Japan, addressed an urgent appeal to the Japanese Government on 19 February 1932 calling attention to Article 10 of the Covenant (Annex No. B-6); and the Assembly was convened to meet on 3 March 1932.

The American Secretary of State advised the American Consul-General at Shanghai that the Secretary's letter to Senator Borah on the China situation was being released to the Press. In this letter, the Secretary stated that the Nine-Power Treaty (Annex No. B-10) formed the legal basis upon which the "Open Door Policy" rested. He set forth a long history of the Treaty. He commented that the Treaty represented a carefully matured international policy designed to assure to all parties their rights in China and to assure the Chinese the fullest opportunity to develop their independence and sovereignty. He recalled that Lord Balfour, Chairman of the British Delegation, had stated that he understood that there was no representative present at the signing of the Treaty, who thought that spheres of interest were advocated or would be tolerated. The Pact of Paris (Annex No. B-15) was intended to reinforce the Nine-Power Treaty. The two Treaties were interdependent, he said, and were intended to align world conscience and public opinion in favor of a system of orderly development through international law, including the settlement of all controversies by peaceful means instead of arbitrary force. He said, that in the past the United States had rested its policy upon the abiding faith in the future of China and upon ultimate success

in dealing with China upon principles of fair play, patience and mutual good will.

The British Admiral, Sir Howard Kelly, as one of the many attempts to secure a cessation of hostilities at Shanghai through the good offices of friendly Powers, held a conference on board his flagship on 28 February 1932. An agreement on the basis of mutual and simultaneous withdrawal was proposed; but the conference was unsuccessful, owing to the differing opinions of the parties. As though in resentment of this interference, the Japanese troops occupied the western part of Kiangwan, which had been evacuated by the Chinese, and the Wu-sung forts and fortifications along the Yangtze were again bombed from the air and shelled from the sea, as bombing-planes operated over the whole front including the Nanking Railway and the airfield at Hungjao.

Before the Assembly of the League could meet, the Council proposed a roundtable conference on 29 February to make local arrangements for a cessation of hostilities at Shanghai; both parties agreed to this conference, but it was not successful because of the conditions imposed by the Japanese.

General Shirakawa, who had been appointed to the Japanese supreme command arrived with reinforcements on 29 February. His first order directed the bombing of the airfield at Hangchow, which was approximately 100 miles away. General Shirakawa gained ground slowly as a result of heavy naval bombardment; and after a flank attack on 1 March, he was able to drive the Chinese beyond the 20 kilometer limit originally demanded by the Japanese as terms for cessation of the hostilities.

This "face-saving" success permitted the

Japanese to accept the request of the Assembly of the League of 4 March 1932 calling upon both Governments to make a cessation of hostilities and recommending negotiations for conclusion of the hostilities and the withdrawal of Japanese troops. The opposing commanders issued appropriate orders and the fighting ceased; negotiations began on 10 March 1932.

The Assembly continued its investigation of the dispute; and on 11 March 1932, it adopted a resolution to the effect that the provisions of the Covenant (Annex No. B-6) were applicable to the dispute, especially the provisions that treaties should be scrupulously respected, that members should respect and preserve the territorial integrity and political independence of all the members of the League against external aggression, and that the members were obligated to submit all disputes between them to procedures for peaceful settlement. The Assembly affirmed that it was contrary to the spirit of the Covenant that the dispute should be settled under stress of military pressure affirmed the resolutions of the Council of 30 September and 10 December 1931 as well as its own resolution of 4 March 1932, and proceeded to set up a "Committee of Nineteen" to settle the dispute at Shanghai.

Contrary to their obligation, the Japanese took advantage of the truce to bring up reinforcements, which were landed at Shanghai on 7 and 17 March 1932. It was not until 5 May 1932 that a complete agreement was ready for signature. SHIGEMITSU signed for the Japanese. The fighting at Shanghai had been characterized by extreme cruelty on the part of the Japanese. The needless bombing of Chapel, the ruthless bombardment

by naval vessels, and the massacre of the helpless Chinese farmers whose bodies were later found with their hands tied behind their backs, are examples of the method of warfare waged at Shanghai.

This Incident furnishes another example of the Japanese determination to use military force against the Chinese and to impress the Chinese with the might of Japan, using any pretext for the purpose. The ostensible reason for the use of force in this case was the request from some Japanese residents of Shanghai for protection. The Tribunal has no hesitation in coming to the conclusion that the force used was out of all proportion to the existing danger to Japanese Nationals and property.

There is no doubt that at the time feeling was running high and the Chinese boycott of Japanese goods induced at least in part by Japanese action in Manchuria, was being felt. In the light of all the facts the Tribunal is of the opinion that the real purpose of the Japanese attack was to alarm the Chinese by indication of what would follow if their attitude toward Japan continued, and thus break down resistance to future operations. The Incident was a part of the general plan.

MANCHUKUO WAS CONSTRUCTED AND OPERATED AS A PUPPET

Manchukuo was definitely a totalitarian State, because of the power vested in the Regent; and those who controlled the Regent controlled the State. Ordinance No. 1, which was promulgated on 9 March 1932, prescribed the organic law for Manchukuo. In formal expression, the position was as follows: the governmental power was divided into four divisions: the Executive, the Legislative, the Judicial and the Supervisory; the Regent as the Chief Executive was the head of the State; all executive power as well as the power to override the Legislative Council was vested in him; the functions of the Executive Department were performed, under the direction of the Regent, by the

Premier and the Minister of State, who formed a State Council or Cabinet: the Premier supervised the work of the Ministries through the powerful General Affairs Board, which had direct charge of their confidential matters, personnel, accounting and supplies; subordinate to the State Council were various bureaux, such as the Legislative Council; but, following the Japanese Constitution, the Regent had authority, when the Legislative Council was not in session to promulgate ordinances upon advice of his Privy Council; and the Supervisory Council supervised the conduct of officials and audited their accounts. The Legislative Council was never organized and legislation was therefore enacted by ordinance of the Regent.

The General Affairs Board, the Legislative Bureau and the Advisory Bureau in practice by way of contrast to form, constituted a Premier's Office. Upon establishment of the State, the Self-Government Guiding Board was abolished and its personnel were transferred to the Advisory Bureau, which continued the work of the Board through the Self-Government Committees previously established in the Provinces and Districts. The General Affairs Board, more than any other, was the agency of the Japanese for effective practical control and domination of every phase of the government and economy of Manchukuo.

The Ministers of State were generally Chinese, but each Minister had a Vice-Minister, who was Japanese. There existed a committee in the Government of Manchukuo not provided for in the Constitution which was known as the "Tuesday Meeting". Each Tuesday, there was a meeting of the various Japanese Vice-Ministers, presided over by the Japanese Director of the General Affairs Board, and attended by the Chief of a Section of the Kwantung Army General Staff.

At these meetings, all policies were adopted, all rescripts, ordinances and other enactments approved; the decisions of the "Tuesday Meeting" were then passed on to the General Affairs Board to be officially adopted and promulgated as an act of the Government of Manchukuo. It was in this manner that Manchukuo was completely dominated by the Kwantung Army. In a telegram sent by General Honjo to War Minister ARAKI on 3 April 1932, Honjo said: "I believe you have no objections that the execution of our policies regarding the whole of Manchukuo should, insofar as it involves negotiations with Manchukuo, be left chiefly to the Kwantung Army. In view of the recent conduct of the Japanese Government Offices and various other representing organs in Manchukuo, however, I fear that unless we make it thoroughgoing, confusion might arise." To this ARAKI replied: "I agree in principle to your opinion regarding unification in the execution of our Manchurian policies."

At first Japanese "Advisors" were appointed to advise all the important government officials of Manchukuo; but shortly after the formation of the State, these "Advisors" became full government officials on the same basis as the Chinese. Over 200 Japanese were holding office in the Central Government alone, not including those in the War Ministry and Military Forces, during the month of April 1932--one month after the formation of the State. In most bureaux. there were Japanese advisors, councillors, and secretaries. All important posts in the Supervisory Bureau were held by Japanese. Finally, most of the important officials of the Regency, including the Chief of the Office of Internal Affairs and the Commander of the Regent's Bodyguard, were Japanese. Even the Regent was "supervised" by General Yoshioka, who was appointed by the

Kwantung Army for that purpose. In short as for the Government and public services, although the titular heads were usually Chinese, the main political and administrative power was held by Japanese officials as advisors, councillors, supervisors, secretaries and vice-officials.

The Japanese Cabinet at a meeting on 11 April 1932 considered methods for "guiding" Manchukuo and approved the method outlined above. ARAKI was a member of the Cabinet as War Minister at that time. The decision was: "The new State shall employ authoritative advisors from our country and make them the highest advisors in connection with financial, economic and general political problems. The new State shall appoint Japanese nationals to the leading posts in the Privy Council, the Central Bank, and other organs of the new State." The Cabinet then listed the offices of the government of Manchukuo which should be filled by Japanese; these included the Chief of the General Affairs Board and the Chief of each of that Board's sections, Councillors and Chief Secretary of the Privy Council, and offices in the Revenue, Police, Banking, Transportation, Justice, Customs, and other Departments. This measure was found to be necessary so that the new State would manifest the "very characteristics that are important factors for the existence of the Empire in relation to politics, economy, national defense, transportation, communication and many other fields", and so that "a single self-sufficient economic unit comprising Japan and Manchukuo will be realized".

THE CONCORDIA SOCIETY AND THE "KINGLY WAY"

The Concordia Society (Kyo-Wa-Kai) was organized by a committee composed of ITAGAKI and others in Mukden

during April 1932. The Kwantung Army Commander was made ex-officio Supreme Advisor of the Society. The special mission of the Concordia Society was to spread the spirit and ideology of the State, the "Kingly Way", and to strengthen Manchukuo so that she could subserve Japan in her struggle against the Anglo-Saxon World and the Comintern. The policy of the Government of Manchukuo was expressed in proclamations issued on 18 February 1932 and 1 March 1932; it was to rule in accordance with the fundamental principle of the "Kingly Way". In this manner, the consolidation of Japan's conquest of Manchuria was accomplished in the sphere of ideological propaganda. No political party other than the Society was allowed in Manchuria. The titular head of the Society was the Prime Minister of Manchukuo; but actually, the leader was a member of the Kwantung Army General Staff.

THE LYTTON COMMISSION VISITED MANCHURIA

The Lytton Commission arrived in Manchuria in April 1932 and began its work of penetrating the veil of secrecy thrown over the situation by the intimidation of the inhabitants and obstruction of the Committee's efforts by the Kwantung Army and Japanese officials of Manchukuo. Under the excuse of offering "protection" to members of the Commission and prospective witnesses, the Army and the Gendarmes "supervised" their activities and movements. Pu Yi testified that, "We were all under the supervision of the Japanese Military Officers; and wherever Lord Lytton went, he was under the supervision of Japanese Gendarmes. When I interviewed Lord Lytton, many of the Kwantung military officers were beside me supervising. If I had told him the truth, I would have been murdered

"right after the mission left Manchuria." Pu Yi delivered to Lord Lytton a statement prepared by Colonel ITAGAKI, which Pu Yi now declares did not reflect the true facts. People who spoke Russian or English were carefully supervised during the Commission's stay in Manchuria; some were arrested.

The Chief of Staff of the Kwantung Army suggested, in a telegram sent to the War Ministry on 4 June 1932, that Japan show her contempt of the Lytton Commission by taking over the customs during the visit of the Commission. He said: "It is rather advantageous to take this action "during the stay of the League's Inquiry Commission in "order to display the independence of Manchukuo, and to "indicate the firm resolution of Japan and Manchukuo in "respect to the 'Manchurian Incident'".

THE ASSASSINATION OF PREMIER INUKAI

The opposition of Premier Inukai to the establishment of Manchukuo as an independent State cost him his life. The Premier had consistently opposed the recognition of Manchukuo by Japan, maintaining that such recognition would be a violation of the sovereign rights of China.

Within a few days after assuming office as Premier, Inukai sent a secret emissary by the name of Kayano to Generalissimo Chiang Kai-shek to arrange terms of peace. Generalissimo Chiang was highly satisfied with Kayano's proposals and negotiations were proceeding satisfactorily when one of Kayano's telegrams to Premier Inukai was intercepted by the War Ministry. The Secretary of the Cabinet informed Inukai's son that, "Your father is carrying on negotiations with Generalissimo Chiang, Concerning

"this, the War Ministry is highly indignant." Although the negotiations were abandoned, the friction continued between the Premier and War Minister ARAKI.

The conflict between Premier Inukai and the "Kodo" or "Imperial Way" faction, of which ARAKI was leader at that time, reached the explosion point on 8 May 1932, when Inukai delivered an anti-militaristic and pro-democratic speech at Yokohama. On 15 May 1932, the Premier was ill and temporarily alone in his Official Residence, when several naval officers forced their way into his home and assassinated him. Dr. Okawa furnished the pistols for the killing; and HASHIMOTO admitted in his book, "The Road to the Reconstruction of the World", that he was implicated in the murder.

Lt. Colonel SUZUKI, who was an official in the Military Affairs Bureau of the War Ministry at that time, warned that if a new Cabinet should be organized under the leadership of political parties, a second or third assassination would occur. He made this warning at a dinner attended by KIDO, KOISO and SUZUKI at Baron Harada's house two days after the murder. The opposition to the expansionist policy had come largely from representatives of the political parties in Japan.

RECOGNITION OF MANCHUKUO BY JAPAN

ARAKI and KOISO retained their positions, as War Minister and Vice-War Minister respectively, in the new Cabinet; and under their leadership, Manchukuo was recognized by the Government of Japan as an independent State. In replying on 4 June 1932 to a telegram from the Chief-of-Staff of the Kwantung Army, the War Minister said, regarding the question of recognition: "It has a very

"delicate bearing on various circles at home and abroad, and therefore we are now determined and ready to effect the recognition whenever opportunity offers." He also revealed the plan to rule Manchukuo through the Kwantung Army; he said: "As regards unification of various organs in Manchuria, we are planning to establish a coordinating organ with the Army as its center, among other things aiming at the industrial development of Manchuria to meet with requirements for speedy stabilization of Manchukuo and national defense. Should such underlying motive by chance leak out at home or abroad, and especially in foreign countries, it would be extremely disadvantageous from the point of view of the direction of Manchukuo. Therefore, we hope that you will be very circumspect even in the study of the matter in your own office." About the middle of June 1932, ARAKI stated before the Supreme War Council that the resolutions of the League of Nations and statements made by Japan in regard to Manchuria before the establishment of Manchukuo could no longer be considered binding on Japan.

The Kwantung Army assisted ARAKI in forcing the Government to recognize Manchukuo by sending a so-called "Peace Mission" to Tokyo in June 1932. The purpose of this mission was to urge the immediate recognition of the new State; it worked in conjunction with the Black Dragon Society, which held conferences at Hibiya Toyoken to assist this "Mission".

In view of the change of Cabinets, the Lytton Commission returned to Tokyo on 4 July 1932 and held a series of conferences with the officials of the new Government in an effort to learn the views of the Cabinet regarding the situation in Manchuria. ARAKI was present at these conferences.

After the Commission returned to Peiping, that is to say on or about 8 August 1932, the "coordinating organ with "the Army at its center", mentioned by ARAKI in his telegram to the Chief-of-Staff of the Kwantung Army, was established as planned. The "Four-in-One" system was replaced by the "Three-in-One" system; under this new system, the Commander of the Kwantung Army became the Governor of the Kwantung Leased Territory and at the same time Ambassador to Manchukuo. The new system took effect on 20 August 1932. A change of personnel was made to put this system in effect. Muto, Nobuyoshi, replaced Honjo as Commander of the Kwantung Army. ITAGAKI remained on the Staff of the Kwantung Army, and was promoted to the rank of Major General. Vice-Minister of War KOISO was sent to Manchuria as Chief-of-Staff of the Kwantung Army with the concurrent assignment as Chief of the Kwantung Army Special Service Organization, or Intelligence Service.

After the surrender, ARAKI stated: "At the conference "of the Big Three (Foreign, Navy and War Ministers), when "discussing recognition of Manchukuo as an independent state, "I suggested that we exchange Ambassadors since Manchukuo "was an independent state. The question came before the "Cabinet at a meeting in August 1932. The discussion was "as to when Manchukuo should receive recognition - now or "later. The Kwantung Army put in a request that we recog- "nize immediately. I set the date of 15 September 1932 as "the date to formally recognize Manchukuo. At this meeting "we discussed the contents of the Treaty to be entered into "with Manchukuo, and I approved the contents agreed upon."

HIRANUMA, as Vice-President of the Privy Council, called a meeting of the Council on 13 September 1932 to consider the question of "Signing of the Protocol between

"Japan and Manchukuo." HIRANUMA, who had also been appointed a Member of the Investigation Committee of the Privy Council, read the report of the Committee to the full Privy Council. The report stated, among other things, "Our Imperial Government firmly believed "that it would be advisable to recognize that country "without delay. Nevertheless, in order to use prudence "and caution, our Government watched for half a year "the developments in Manchukuo as well as the attitudes "of the League of Nations and other countries. "Indications are that our country's recognition of "that country although it will as may be easily imagined "cause for a time no small shock to the world, it will "not bring about an international crisis. With the "object of co-existence and co-prosperity, our country "intends to take measures for recognizing Manchukuo by "concluding an arrangement through this Protocol and "the Notes exchanged between the two countries".

HIRANUMA was referring to four Notes as follows:

- (1) The first Note consisted of a letter and the reply thereto. The letter, which was dated 10 March 1932, the day after Pu Yi's inauguration, was addressed by Pu Yi to Honjo. In this letter, Pu Yi stated that he appreciated the efforts and sacrifices of Japan in establishing Manchukuo, but that the development of Manchukuo could not be expected without the support and guidance of Japan. Pu Yi then requested that Japan agree, among other things, to the following:
 - (A) Japan to undertake, at the expense of Manchukuo, the national defence of the new State and the maintenance of order within the country, with the understanding that Manchukuo would furnish all military facilities required by the Kwantung Army; (B) Japan to undertake to control all existing railroads and other transportation

facilities and to construct such new facilities as may be deemed desirable; and (C) Japanese nationals to serve as government officials in all branches of the Government of Manchukuo, subject to appointment, removal and replacement at will by the Commander of the Kwantung Army. Honjo's reply to the letter was simply that Japan had no objection to Pu Yi's proposals. (2) The second Note was an agreement between the Prime Minister of Manchukuo and Honjo dated 7 August 1932 relating to the control of transportation facilities and making the Japanese control more absolute. (3) The third Note was another agreement between the Prime Minister of Manchukuo and Honjo dated 7 August 1932. It related to the establishment of the Japan Air Transportation Company. This Company was authorized by a Cabinet decision of 12 August 1932 to take over the air-routes which had already been established in Manchuria by the Kwantung Army under the pretext of military communications. (4) The fourth Note was an agreement between Commander Muto and the Prime Minister of Manchukuo dated 9 September 1932 relative to mining concessions in Manchuria.

According to the report read by HIRANUMA, these Notes were to be retroactive to the dates of their signing and were to be deemed international agreements, but were to be strictly secret.

The Protocol, which was to be made public, provided that Japan had recognized Manchukuo; that Manchukuo affirmed all rights and interests possessed by Japan and her subjects in Manchuria at the time of the formation of Manchukuo; and that both parties agreed to

cooperate in the maintenance of their national security, recognizing that a threat to either was a threat to both and giving Japan the right to maintain troops in Manchukuo. The Investigation Committee recommended approval of the Protocol and Notes.

The discussion that followed the reading of the report of the Investigation Committee reveals that the members of the Privy Council fully realized that the proposed Protocol and Notes violated the Nine-Power Pact (Annex No. B-10) and other treaty obligations of Japan. Privy Councillor Okada raised the question. The Foreign Minister had explained to the Diet that Japan would not be violating the Nine-Power Pact by recognizing Manchukuo, because Manchukuo had become independent, and Japan had not agreed to prevent the independence of the Chinese people. Okada expressed the opinion that the United States and others would not be satisfied by that explanation. As he explained, "The Americans might say that it would be all right if Manchukuo had become independent by the free will of her own people, but that it was a violation of the Pact and a disregard of China's sovereignty for Japan to assist and maintain that independence." The Foreign

Minister replied: "Of course, in this respect, various views are held in the United States and other countries, but these are their own views." ARAKI explained, "The national defense of Manchukuo is at the same time the national defense of our country". Councillor Ishii stated: "I feel very uneasy about Japan's contention in regard to the connection between the 'Manchurian Problem' and the League of Nations", and he further observed: "It was almost an established view of a large number of the people of the United States and other countries that our action in Manchukuo violated the Pact of Paris (Annex No. B-15) and the Nine-Power Pact." However, Councillor Ishii added: "Now that Japan has concluded an alliance with Manchukuo, for joint national defense I believe that there will be no room for opposing the stationing of Japanese troops in Manchuria, this will make the League's past resolution a dead letter." He then observed: "It was rather strange that the Manchurian and Mongolian races had started no independence movement up to now!"

The vote was taken, the Protocol and Notes were approved by unanimous vote and the Emperor withdrew. Ambassador Muto presented the Protocol to the Manchukuoan Prime Minister with the remark, "Here it is. This is the agreement that you have to sign". Although Pu Yi testified that he did not know of the existence of the Protocol up until the day it was presented for signing, he signed it on 15 September 1932.

PREPARATION FOR THE CONQUEST OF JEHOL

Efforts to persuade General Tang Ju-lin, who was Governor of Jehol Province, to declare his Province independent of China and place it under the jurisdiction of Manchukuo proved to be of no avail; therefore, with the conquest and consolidation of the Three Eastern Provinces completed, the Japanese

Army began to prepare for the conquest of Jehol. After the surrender, ARAKI tried to explain the decision to invade Jehol by saying, in speaking of the Privy Council meeting of 17 December 1931 where it was decided - according to him - to appropriate funds for the subjugation of Manchuria, "It had been decided that the three provinces comprising Chang Hsueh-liang's territory required pacification; but a statement by Chang to the effect that his jurisdiction extended over four provinces expanded the scene of activities to "Jehol".

At the organization of the Supreme Administrative Council by the puppet Governors of the provinces on 17 February 1932, it was provided that Jehol should be represented on the Council; however, Governor Tang Ju-lin ignored the invitation and continued to rule the Province, although the Mongols of the various Leagues within the Province attempted to collaborate with the new State and were claimed as subjects by Manchukuo.

The Japanese, having made their reservation at Geneva, needed only to find an excuse to proceed with their plan for the incorporation of Jehol into Manchukuo. The first excuse was presented when an official by the name of Ishimoto, who was attached to the Kwantung Army, staged a "disappearance" while traveling between Peipiao and Chinchow on 17 July 1932. The Japanese immediately claimed that he had been kidnapped by Chinese Volunteers and sent a detachment of the Kwantung Army into Jehol on the pretext of rescuing Ishimoto. Although the detachment was equipped with artillery, it was repulsed and failed in its purpose, after occupying a village on the frontier of the Province. During this encounter, Japanese planes dropped bombs on the town of Chaoyang; and through the month of August 1932, Japanese planes continued to demonstrate over this part of Jehol Province. On 19 Aug-

ust 1932, a Kwantung Army staff officer was sent to Nanling, a small village situated between Peipiao and the boundary of Jehol ostensibly to negotiate for the release of Mr. Ishimoto. He was accompanied by an infantry detachment. He claimed that on his return journey, he was fired upon and in self-defence returned the fire. On the arrival of another infantry detachment, as if by pre-arrangement, Nanling was occupied.

Shortly after the engagement at Nanling, a declaration was issued to the effect that Jehol Province was the territory of Manchukuo, thus laying the foundation for its annexation through the action of the Kwantung Army. Military action continued upon one pretext or another, mostly along the Chinchow-Peipiao branch line of the Peiping-Mukden Railway, which is the only means of access to Jehol from Manchuria by railway. This was to be expected as the main lines of communication at that time between China proper and the Chinese forces remaining in Manchuria ran through Jehol. It was evident to casual observers that an invasion of Jehol was imminent and the Japanese Press freely admitted that fact. In September 1932. the 14th Mixed Brigade arrived in Manchuria with the announced mission of "mopping up" bandits in the Tung Pientao, which is the district on the north side of the Yalu River between Manchuria and Korea. The real mission of this brigade was to prepare for the invasion of Jehol.

THE LYTTON COMMISSION REPORTED

In Geneva, the Council of the League met on 21 November 1932 to consider the report of the Lytton Commission, which had been received on 1 October 1932. During the deliberations the Japanese Delegate, Matsuoka, declared, "We want no more territory!" However, due to the fact that Matsuoka re-

fused to agree to any basis for settlement of the dispute, the Council was forced on 28 November 1932 to transmit the report of the Lytton Commission to the Assembly for action.

The Lytton Commission in its report stated: "It is a fact that, without declaration of war, a large area of what was indisputably the Chinese territory has been forcibly seized and occupied by the armed forces of Japan and has, in consequence of this operation, been separated from and declared independent of the rest of China. The steps by which this was accomplished are claimed by Japan to have been consistent with the obligations of the Covenant of the League of Nations (Annex No. B-6), the Kellogg Pact (Annex No. B-15) and the Nine-Power Treaty of Washington (Annex No. B-10), all of which were designed to prevent action of this kind. The justification in this case has been that all the military operations have been legitimate acts of self-defence." However, the Commission further stated in discussing the events at Mukden on the night of 18 September 1931: "The military operations of the Japanese troops during this night, which have been described above, cannot be regarded as measures of legitimate self-defence."

The Assembly of the League met on 6 December 1932; and after a general discussion, adopted a resolution on 9 December 1932 requesting the Committee of Nineteen, which it had appointed on 11 March 1932, to bring about a cessation of hostilities at Shanghai, study the report, draw up proposals for settlement of the dispute, and submit those proposals to the Assembly at the earliest possible moment.

The Committee of Nineteen drew up two draft resolutions and a statement of reasons indicating generally the basis on which it thought it possible to continue its endeavors. On 15 December 1932 the two draft resolutions and the statement of reasons were submitted to the parties. The Chinese and

the Japanese Delegates proposed amendments; and the Committee adjourned on 20 December 1932 to permit discussion of the proposed amendments between the Delegates, the Secretary-General of the League and the President of the Committee.

THE SHANHAIKWAN INCIDENT

Before this discussion proceeded very far, the serious "Shanhaikwan Incident" occurred on 1 January 1933. Situated at the extremity of the Great Wall, halfway between Peiping and Mukden, this city has always been regarded as of great strategic importance. It is on the route followed by invaders, who coming from Manchuria wish to penetrate into what is now the Province of Hopei. Moreover, from Hopei is the easiest route into Jehol.

After Chinchow had been taken, the Japanese had advanced to Shanhaikwan - up to the Great Wall - and taken possession of the Mukden-Shanhaikwan Railway. The railway continues from Shanhaikwan to Peiping, where Marshal Chang-Hsueh-liang was maintaining his headquarters. Although the railway station at Shanhaikwan is just south of the Great Wall, the Japanese trains from Mukden ran to the station; therefore, the Japanese maintained troops at the station under the pretense of guarding the trains. The Chinese trains from Peiping also ran into this station, and the Chinese maintained troops there. The Chinese Commander reported that all had been well at the station until this "Incident" occurred.

The fact that this "Incident" occurred during the discussion of the proposed amendments to the two draft resolutions submitted by the Committee of Nineteen strongly suggests that it was planned in order

to simulate justification of the action of the Japanese Government in rejecting all efforts of the Committee to arrive at a basis of settlement between China and Japan.

On the afternoon of 1 January 1933, the Japanese claimed that some Chinese had thrown a hand grenade. That was the excuse for a forthright assault on the walled city of Shanhaikwan. Smaller towns nearby were machine-gunned, American missionary property was bombed, and the fighting developed into old-fashioned trench warfare so that the North China Plain between Peiping and the Great Wall became criss-crossed by hundreds of miles of trenches. Thousands of peaceful citizens were slaughtered; and the Chinese Government addressed an appeal on 11 January 1933 to the signatories of the 1901 Protocol (Annex No. B-2).

JAPAN DECLINED ALL EFFORTS OF THE COMMITTEE
OF NINETEEN

The Committee of Nineteen met pursuant to adjournment on 16 January 1933; and submitted to the parties a number of questions and requests for information in an effort to arrive at a basis of settlement between China and Japan. To all of its requests, the Committee received unsatisfactory replies from Japan; and on 14 February 1933, the Japanese Government informed the Committee that it was convinced that the maintenance and recognition of the independence of Manchukuo were the only guarantees of peace in the Far East, and that the whole question would eventually be solved between Japan and China on that basis. This put an end to the Committee's deliberations and it immediately reported to the Assembly.

THE LEAGUE OF NATIONS CONDEMNED JAPAN

The Assembly of the League of Nations on 24 February 1933 adopted the report prepared for it by the Committee of Nineteen condemning Japan as the aggressor in the war between her and China and making recommendations for termination of that war. The Assembly reported that for more than sixteen months the Council or the Assembly had continuously tried to find a solution for the Sino-Japanese dispute; however, the situation tended constantly to grow worse and the "war in disguise" continued. It declared that "Through all its wars and periods of 'independence', Manchuria remained an integral part of China; and that a group of Japanese civil and military officials conceived, organized, and carried through the Manchurian independence movement as a solution to the situation in Manchuria as it existed after the events of 18 September 1931; and, with this object made use of the names and actions of certain Chinese individuals and took advantage of certain minorities and native communities that had grievances against the Chinese administration." The Assembly decided that it could not regard as measures of self-defence the military operations carried out on the night of 18 September 1931 by the Japanese troops at Mukden and other places in Manchuria; and that this applied as well to the military measures of Japan as a whole, developed in the course of the dispute. It also stated that the main political and administrative power in the "Government" of "Manchukuo" rested in the hands of Japanese officials and advisors, who were in a position actually to direct and control the administration. It

found that the vast majority of the population did not support this "Government", but regarded it as an instrument of the Japanese. The Assembly declared that "It is indisputable that, without any declaration of war, a large part of Chinese territory has been forcibly seized and occupied by Japanese troops and that in consequence of this operation, it has been separated from and declared independent of the rest of China." The Assembly found as a matter of fact: "While at the origin of the state of tension that existed before 18 September 1931, certain responsibilities would appear to lie on one side and the other, no question of Chinese responsibility can arise for the development of events since 18 September 1931." This was a finding of aggression against Japan and a warning that similar conduct would meet similar condemnation in the future. Therefore, no person in Japan could rightly say thereafter that he honestly believed that conduct of this kind would be condoned. This Tribunal finds no basis for disagreement with the report adopted by the Assembly of the League on 24 February 1933.

The Accused SHIRATORI, who in his public announcements was one of the foremost assertors of the legitimacy of Japan's actions in Manchuria, expressed the truth in a private letter to Arita, then Japanese Minister to Belgium. Writing in November 1935, and speaking of Japanese diplomats who favored conciliation in international affairs, he said: "Have they enough courage to return Manchuria to China, to get reinstated in the League of Nations, and to apologize to the world for the crime?"

JAPAN WITHDREW FROM THE LEAGUE OF NATIONS

Rather than fulfill her obligations under the

Covenant (Annex No. B-6), Japan gave notice on 27 March 1933 of her intention to withdraw from the League. The notice stated her reason for withdrawal to be: "That there exist serious differences of opinion between Japan and these Powers (The majority of the Members of the League) concerning the application and even the interpretation of various international engagements and obligations including the Covenant of the League and the principles of international law."

INVASION OF JEHOL

One day after the Assembly adopted its resolution condemning Japan as the aggressor in China, she openly defied the League by invading Jehol Province. Key points along the Great Wall, such as Shanhaikwan and Kiumenkou, fell into the hands of the Japanese as a result of the fighting that followed the "Shanhaikwan Incident", and the strategical situation of Jehol became very critical prior to 22 February 1933. On that date, the Japanese Army, in the name of the puppet State of Manchukuo, sent an ultimatum to China, stating that Jehol was not Chinese territory and demanding that Chinese forces in Jehol Province be withdrawn within 24 hours. The ultimatum was not satisfied and the advance of the Japanese Army began on 25 February 1933. The Japanese advanced in three columns from their bases at Tungliao and Sui-Chung, and did not stop until all the territory north and east of the Great Wall was occupied and all the strategic gates along the Great Wall were captured. ITAGAKI and KOISO as staff officers of the Kwantung Army assisted in the completion of the occupation of all Manchuria by 2 March 1933.

TANGKU TRUCE

As a result of its advance to the Great Wall, the Japanese Army was in a favorable position to invade China proper; but time was needed to consolidate and organize its gains preparatory to the next advance; to gain this time, the Tangku Truce was signed on 31 May 1933. Commander MUTO sent representatives, vested with plenary power and armed with a draft of the Truce, which was prepared by the Kwantung Army, to negotiate with the Chinese representatives at Tangku. The Truce as signed provided for a demilitarized zone south of the Great Wall. The terms were that the Chinese forces would first withdraw to a specified line. The Japanese were authorized to observe by airplane from time to time whether the withdrawal was complete; on being satisfied with the withdrawal, the Japanese Army was to withdraw to the line of the Great Wall; and the Chinese forces were not to again re-enter the demilitarized zone.

ARAKI, A POPULAR FIGURE

The successful conquest of all Manchuria by the Japanese forces made War Minister ARAKI a popular figure among certain groups in Japan; and he was constantly in demand as a writer and public speaker. In a motion-picture adaptation of one of his speeches made in June 1933 and entitled, "The Critical Period of Japan", he stated the ideals of the Military and revealed their plan to wage wars of aggression in order to dominate all of Asia and the islands of the Pacific. Among other things, he said: "Has peace reigned in Asia during the

"last fifty years? What is the situation in Siberia,
"Kongolia, Tiber, Singkiang, and China? Are the waves of
"the Pacific really calm? Can we expect the waves of the
"Pacific of tomorrow to be as calm as they are today? It
"is the holy mission of Japan, the Yamato race, to es-
"tablish peace in the Orient with its ideals and power.
"The League of Nations does not respect this mission of
"Japan. The siege of Japan by the whole world under the
"leadership of the League was revealed by the 'Manchurian
"Incident'. The day will come when we will make the whole
"world look up to our national virtues." (On the screen
was shown Japan and Manchuria in the center, then China,
India, Siberia and the South Seas). "Manchukuo, which
"was founded by the revelation of Heaven in the form of
"the 'Mukden Incident', and Japan will work together and
"will secure permanent peace in Asia." He then defined
national defence as follows: "I would not adopt such a
"narrow view that defence of the nation may be defined in
"terms of geographic position. It is the mission of the
"Army to defend the 'Imperial Way', in space, in time, in
"enlargement and development, in eternity and continuity.
"Our troops have fought with the everlasting spirit of the
"song: 'The greatest honor is to die for the Emperor.
"Our Country is destined to develop in space. It is of
"course expected of the Army to fight against those who
"oppose us in spreading the 'Imperial Way'. Compatriots!
"Let us look at the situation in Asia. Is it to be left
"unamended forever? Our supreme mission is to make a
"paradise in Asia. I fervently beseech you to strive
"onwards united." (On the screen appeared the words:
"Light comes from the East!")

SECTION II. CONSOLIDATION AND EXPLOITATION OF MANCHURIA
REORGANIZATION OF MANCHUKUO

After the signing of the Tangku Truce, Manchukuo was reorganized so as to strengthen Japan's control over that puppet State and to facilitate the economic exploitation of Manchuria in preparation for continuation of the war of aggression against China and the waging of wars of aggression against other Nations, who might oppose her domination of Asia and the Islands of the Pacific.

The Japanese Cabinet decided on 8 August 1933 to "develop Manchuria into an independent Nation possessing indivisible relations with the Japanese Empire." Control of Manchukuo was to be "executed by Japanese officials under the jurisdiction of the Commander of the Kwantung Army." The aim of the Manchurian economy was to be "the unification of Japanese and Manchurian economies in order to establish securely the foundation for the expansion of the Empire's economic powers to the whole world." "Co-existence and co-prosperity of Japan and Manchuria" was to be "restricted by the demands of the national defense of the Empire." ARAKI, who was a member of the Cabinet at the time this decision was made, had defined national defense in no uncertain terms. The concrete plan for the execution of this policy was to be approved by the Cabinet only after careful investigation, it was decided.

The investigations were not completed until after DOHIHARA had been assigned to the Headquarters of the Kwantung Army on 16 October 1933, and HIROTA had

become Foreign Minister on 14 September 1933.

However, on 22 December 1933, the Cabinet, with ARAKI and HIROTA present, decided that: "It seems that the Manchurian Government is considering a swift reformation to Monarchy as soon as possible. It must be made clear that the enforcement of the Monarchy is not the restoration of the Tsing Dynasty, but the foundation of a constitutional monarch; and all causes of hindrances to the development of the national policy must be nullified, especially to contribute to the strengthening and expansion of the Japanese and Manchurian national defense power necessary to overcome the international crisis which we may encounter before long." It was decided: that the General Affairs Board of Manchukuo should be strengthened; that basic reformation of the internal structure of the Government of Manchukuo should be exercised, especially upon the personnel; and that the "existing conventions and agreements between Japan and Manchukuo should be acknowledged by the Monarchy,"

This, be it noted, was the Cabinet of Japan formulating its decisions as to the manner in which Manchukuo would be governed, a country which it was proclaiming to the World as independent. The astounding thing is that the pretence was still maintained before us and supported by hundreds of pages of evidence and argument.

No better proof that this dependent status of Manchukuo did not change can be found than the telegram from Foreign Minister TOGO to the Commander of the Kwantung Army UMEZU dated 4 December 1941, which was only three days before the attack upon Pearl Harbor. In that telegram, TOGO gave the following instructions: "On the

"fourth, in a Joint Conference with the Government Control
"Board, we decided upon steps which we will have Manchukuo
"take in case the international situation turns critical.
"Differing from what I said in my telegram No. 873, our
"policy was changed as follows: 'When the Japanese Empire
"'commences hostilities, for the time being Manchukuo will
"'not participate. Because Manchukuo is closely bound up
"'with the Japanese Empire and because England and the
"'United States and the Netherlands have not recognized
"'the Government of Manchukuo, as a matter of fact,
"'Changchun will regard those three nations as de facto
"'enemies and treat them accordingly'."

The next step in the reorganization was the enthronement of Pu Yi as Emperor of Manchukuo. After the Cabinet decision of 22 December 1933 General Hishikeri, who had succeeded General MUTO as Commander of the Kwantung Army, called upon Pu Yi and told him that he planned to convert Manchukuo into an Empire. A new set of Organic Laws was promulgated for Manchukuo on 1 March 1934. These laws provided for an Emperor to rule Manchukuo and prescribed his powers, however they did not materially change the general construction of the Government. Japanese continued to hold important positions in the Government; the "Tuesday Meeting" was retained as the policy making organ; and General Yoshioka continued with his assignment of "supervising" the Emperor, even to the day of his capture after the surrender. On the day that the new laws were promulgated, Pu Yi, after paying obeisance to Heaven at a temple in Changchun, was enthroned as Emperor of Manchukuo. However, he had no power. Although he was allowed to give audience to his Ministers once a year, that audience was carefully supervised by the Japanese Director of the General Affairs Board.

Having installed Pu Yi as Emperor of Manchukuo and revised the laws of that State to facilitate its economic exploitation, the Cabinet met on 20 March 1934 to discuss the policy to be followed in carrying out that exploitation. Although ARAKI had resigned as War Minister on 23 January 1934 to become a Supreme War Councillor, Foreign Minister HIROTA was present at this Cabinet meeting. It was decided that fundamental policy would be "based on developing Manchukuo as an independent Nation possessing an indivisible relationship with Japan, establishing securely the base of Japan's world-wide economic expansion, and strengthening Manchukuo's economic powers." Transportation, communication and other enterprises in Manchukuo

were to be developed by special companies directly or indirectly under the supervision of Japan so as to contribute to the "national defense" of the Empire.

As though to remove all doubt regarding Japan's intentions toward China, HIROTA's Foreign Office issued a statement on 17 April 1934, which has come to be known as the "Hands Off China Statement" or the "Amau Statement"; deriving the first name from its contents and the second name from the official who gave the statement to the Press. Amau was not only an official of the Foreign Office but also its official spokesman. On 25 April 1934, Foreign Minister HIROTA during an interview with the American Ambassador in Japan on his own initiative referred to the "Amau Statement"; he stated that under questioning of newspaper men Amau had given out the statement without his approval or knowledge and that the World had received a wholly false impression of Japanese policy. HIROTA added that the policy of Japan was complete observance and support of the provisions of the Nine-Power Treaty (Annex No. B-10) in every respect. HIROTA's statement to the American Ambassador was a private statement, not a public statement. The "Amau Statement" was never publicly repudiated. Amau was regarded by the expansionists as a hero for having issued the Statement; and Foreign Minister HIROTA never disciplined him for having issued the Statement without authority of the Foreign Ministry. This Statement conforms closely to subsequent developments in Japanese foreign policy; and the Tribunal finds upon the evidence that it was an official declaration by the Foreign Ministry of Japan's policy toward China at the time and was issued for the purpose of warning the Signatory Powers of the Nine-Power Pact that the Japanese Government would not tolerate any interference with her plans in China.

This Statement contained, among other things, the following: "Owing to the special position of Japan in her relations with China, her views and attitude respecting matters that concern China, may not agree with those of foreign Nations; but it must be realized that Japan is called upon to exert the utmost effort in carrying out her mission in fulfilling her special responsibilities in East Asia. We oppose, therefore, any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan. Any joint operations undertaken by foreign Powers even in the name of technical or financial assistance at this particular moment after the 'Manchurian and Shanghai Incidents' are bound to acquire political significance. Japan, therefore, must object to such undertakings as a matter of principle."

"TWO-IN-ONE" SYSTEM

The Kwantung Army received a new Commander and a new Vice-Chief-of-Staff on 10 December 1934, namely: MINAMI and ITAGAKI respectively. These appointments heralded the completion of the reorganization of Manchukuo and the machinery for its control by Japan. By Imperial Ordinance the Japanese Government created the Manchurian Affairs Bureau to deal with affairs concerning Manchukuo in all Ministries. The Bureau was organized to correspond to the new "Two-in-One" organization in Manchuria. The Commander of the Kwantung Army became Ambassador to Manchukuo as before, but the office of Governor of the Kwantung Leased Territory was abolished and its duties were taken over by the Director of the newly created Kwantung Bureau, which was placed under the Ambassador. Thus MINAMI became Commander of the Kwantung Army; and at the same time as Ambassador, he controlled the Government of the Leased Territories, the Embassy and the South Manchurian Railway Company. Although the Manchurian Affairs Bureau came under the Premier, the War Minister held the post of

President of the Bureau, so that the effective control of Manchukuo remained with the Kwantung Army and the War Ministry. MINAMI stated on interrogation that as Ambassador his prime duty was "to preserve the independence of Manchukuo." At that time he advised the Government "on such matters as agriculture, transportation, education, etc." Upon being asked the question: "In fact, your advice in substance was a direction; was it not?", he replied: "You might say so--Yes." MINAMI was succeeded as Ambassador and Kwantung Army Commander by General Ueda on 6 March 1936, who served until he was replaced by General UMEZU on 7 September 1939. UMEZU held the post until 18 July 1944,

MANCHURIAN AFFAIRS BUREAU

As mentioned, the Manchurian Affairs Bureau was organized to deal with affairs concerning Manchukuo in all Ministries and set as the connecting link between the Japanese Government and the "Two-in-One" Administrator in Manchuria. It took charge of all matters concerning the Kwantung Bureau, the foreign affairs of Manchukuo, the corporations organized to exploit the economy of Manchuria, the colonization of Manchuria by the Japanese, cultural works for Manchukuo - which probably included the opium trade -, and any other matters concerning Manchuria or the Kwantung Territory. By virtue of their positions as War Minister the following Accused served as President of this Bureau: ITAGAKI, HATA and TOJO. Also OKA and SATO each served as Secretary of this Bureau. The following served as Councillors to the Bureau at one time or another: KAYA, MUTO, SATO, SHIGEMITSU, OKA, UMEZU and TOJO.

CONTROL OF PUBLIC OPINION IN MANCHURIA

In order to control the news coming out of Manchuria and direct propaganda, the Kwantung Army Commander, or "Two-in-One" control organ, organized all the Press and news agencies in Manchuria. All the agencies, which up to that time had been under the Japanese Government, the Manchukuo Government or the Manchurian Railway Company, were organized into an association, which was known as the Koho Association. This association was charged with the duty of rigidly supervising all domestic and foreign news releases, and deciding the policy and means of propaganda as well as enforcing that policy upon its member agencies and those agencies not members.

HOSHINO BECAME DIRECTOR OF THE ECONOMY OF MANCHURIA

Under the new organization of Manchukuo, HOSHINO became the undisputed ruler of the economy of Manchuria. He began his training for this work when he left Japan on 12 July 1932 at the instance of the Japanese Minister of Finance to accept an appointment as a Commissioner in the Finance Ministry of Manchukuo. He was told at that time that he was considered competent for the position as Chief of the General Affairs Board, the all-powerful agency of the Kwantung Army for control of the Manchukuoan Government. He was advanced by successive promotions to the position promised. Just before the completion of the reorganization of Manchukuo, he was appointed on 1 July 1934 as Chief of the General Affairs Bureau in the Finance Ministry of Manchukuo. Then on 9 June 1936, he became Vice-Minister of Finance for Manchukuo. On 16 December 1936, he became Chief of the General Affairs Bureau of the General Affairs Board, where he served until his elevation to the high office of Director of the Board on 1 July 1937. He continued in this office until relieved to become President of the Cabinet Planning Bureau in Tokyo on 21 July 1940. Any exposition of the economic exploitation of Manchuria is essentially a story of HOSHINO. When he left Tokyo in July 1932 to become a Commissioner in the Manchukuoan Finance Ministry, he took with him a trained staff to assist him in his duties; and he soon became recognized in Manchuria as the Japanese official in charge of economic affairs under the authority of the Kwantung Army.

ECONOMY OF MANCHURIA SEIZED

At the very outset of the military occupation, the Japanese seized control of the economy of Manchuria. The first public utility seized was the railroads. All the Chinese-owned railways north of the Great Wall, and the monies standing to their credit in banks in Manchuria, were seized. All railroads were co-ordinated, connected with, and placed under the management of the Japanese Government agency known as the South Manchurian Railway Company. Electrical supply and distribution systems were quickly taken over. All sources of revenue were taken by force and the revenues expended to finance the new Government. The customs were seized on the pretense that Manchukuo was an independent state. The Central Bank of Manchukuo was established on 14 June 1932 to replace the old provincial banks and the Frontier Bank, whose funds were used to capitalize the new organization. A new currency was issued by the Central Bank beginning on 1 July 1932. The telephone, telegraph and radio systems, being state owned, were seized and placed under Japanese control. On 14 April 1932, special officers were appointed to take charge of the Postal Administration; they had taken complete charge of this service by 26 July 1932. In all of these public services, Japanese officials and advisers were placed in the main political and administrative offices and exercised effective control of the organizations. The Japanese Cabinet confirmed this practice in its decision of 11 April 1932. It was soon after this decision that HOSHINO was sent to Manchuria. He was a recognized authority on fiscal and economic problems and was sent to Manchuria to organize its economy.

KWANTUNG ARMY'S ECONOMIC PLAN FOR GUIDING MANCHUKUO

On 3 November 1932, after HOSHINO's arrival in Manchuria in July, Chief-of-Staff KOISO of the Kwantung Army, sent a telegram to the Japanese War Ministry outlining his plan for "guiding" Manchukuo. He said: "The administration shall be backed for the time being by inner leadership of the Commander of the Kwantung Army and shall be carried out with officials of Japanese lineage as its leaders. Economically, co-prosperity and co-existence shall be the basic principle. In the future, the system accompanying the establishment of a unit for an economic 'bloc' between Japan and Manchukuo shall be kept according to the pace coordinate to Japan and Manchukuo. In order to realize the organization of the economy of Japan and Manchukuo into a single 'bloc', we must realize industrially the idea of 'Fit Industry for Suitable Locality' both in Japan and Manchukuo with the aim of abolishing the mutual customs barriers." All plans adopted thereafter by the Japanese Cabinet for the control and exploitation of the Manchurian economy were based upon these ideas.

ECONOMIC CONSTRUCTION PROGRAM FOR MANCHUKUO

The day before the conquest of Jehol was completed, that is to say on 1 March 1933, the Government of Manchukuo promulgated an "Economic Construction Program for Manchukuo". The Japanese Cabinet approved the essential features of this "Program" in its decision of 8 August 1933 as related. In the announcement of the "Program", it was stated: "Efforts will be made to promote a healthy and vigorous development of the whole national economy by applying to capital such State control as may be necessary in

"view of the evils of uncontrolled capitalistic economy and
"by making the most of the uses of capital." It was
announced that economic development was to proceed upon
the following basic principles: (1) "To apply State
"control and take measures in regard to the important
"branches of economic activity, in order effectively to open
"up the various national resources with which this country
"is endowed and to promote a co-ordinated development in
"all fields of economic endeavor; (2) To aim at the co-
"ordination and rationalization of the East Asian economy,
"to place the emphasis on co-ordination with the good
"neighbor Japan in view of the economic relationship of
"mutual dependence between the two countries, and to make
"increasingly closer this relationship of mutual helpfulness."
In accordance with basic principles, it was announced
that the Government proposed "to make it a guiding principle
"that important enterprises of the nature of national defense
"or public utilities should be managed by public bodies or
"special companies."

At the Japanese Cabinet meeting of 20 March 1934,
which was after the reorganization of Manchukuo and the
installation of Fu Yi as Emperor, this "Program" received
further sanction of the Cabinet and it was decided that
those industries necessary for "national defense" should be
operated by special companies, which should hold a dominant
position in the business in Manchukuo, so that rapid develop-
ment might be expected. The organization and operation of
these special companies created monopolies in favor of the
Japanese and effectively defeated the "Open Door Policy"
in Manchuria. The United States and other Powers protested
this unwarranted violation of existing treaty obligations
intended to insure "equal opportunity" for trade in China.

However, the Japanese Government disclaimed all responsibility for the violation of treaties by Manchukuo on the theory that Manchukuo was an independent State.

JAPAN-MANCHUKUO JOINT ECONOMIC COMMITTEE

A Joint Economic Committee was established in 1935 by an agreement between Japan and Manchukuo. The agreement provided that the Committee was to consist of eight members, four from each country. Japan's members were to be: Chief-of-Staff of the Kwantung Army; the Councillor of the Embassy in Manchukuo; the Chief of the Kwantung Bureau; and one member specially appointed by the Japanese Government. It is to be noted that the Commander of the Kwantung Army automatically controlled three votes by this arrangement. Manchukuo's members were to be: the Ministers of Foreign Affairs, Commerce and Industry, and Finance, and the Japanese Director of the General Affairs Board. All questions before the Committee were to be decided by majority vote. In answer to a question put to him at the Privy Council meeting on 3 July 1935 during discussion of the question of ratification of the Agreement, HIROTA said: "I ask him (Councillor Motoda) to consider "the fact that three out of the four members of the Committee "from Manchukuo are Ministers and the remaining one is the "Director of the General Affairs Board, who is, and will be "a Japanese forever, I am confident. Although he is an "official of Manchukuo, he is a central organ assuming leader- "ship of that country. Therefore, in case of a difference "of opinions between the two countries, it cannot be imagined "that he will make any decision that will be disadvantageous "to Japan." The Committee was to deliberate on all questions concerning the economic tie between the two countries and

supervise the Joint Holding Company to be organized by Japan and Manchukuo later to control the industries of Manchukuo; however, it was provided that matters important to the economic ties of both Governments, but which were in Japan's power would not be discussed by the Committee; and because they were not to be deliberated by the Committee, those matters were to be made into unilateral contracts binding only upon Manchukuo. HOSHINO became a member of this Committee upon his appointment as Director of the General Affairs Board of Manchukuo, MINAMI was a member from the time of the creation of the Committee in 1935 until he was relieved as Commander of the Kwantung Army on 6 March 1936. UMEZU served on the Committee while Kwantung Army Commander from 7 September 1939 to 18 July 1944. ITAGAKI, who became Chief-of-Staff of the Kwantung Army on 23 March 1936, became ex-officio a member of the the Committee on that date. Thus ITAGAKI was one of the foremost figures in the construction of Manchukuo. Others who served on this Committee while Chief-of-Staff of the Kwantung Army were: TOJO, who served from 6 March 1937 to 30 May 1938, when he became Vice-Minister of War; KIMURA, who served from 7 November 1940 to 21 April 1941. Upon being appointed Vice-Minister of War, TOJO retained his post as a member of the Committee, but in the capacity as the Government Representative rather than as Chief-of-Staff.

YEN BLOC ORGANIZED

One of the first acts of this Joint Economic Committee was to integrate the currencies of the two countries. In November 1935, the yen bloc was established and Manchukuo's currency was no longer based on silver and was stabilized at par with the yen.

RELEASE OF EXTRA-TERRITORIALITY

The next important economic arrangement made by this Joint Economic Committee was a Treaty which was signed between Manchukuo and Japan on 10 June 1936. The purpose of the Treaty appears to have been to give Japanese all the benefits of Manchukuoan citizenship without imposing on them the corresponding obligations. The Treaty recited that its purpose was to abolish, by progressive stages the rights of extra-territoriality enjoyed in Manchukuo by Japan. However, it recited that "Japanese subjects shall be free within the territories of Manchukuo to reside and travel and engage in agriculture, commerce and industry, and to pursue callings and professions, and shall enjoy all the rights relating to land." A Supplementary Agreement went much more into detail and set out at great length the rights of Japanese in Manchukuo.

One of these provisions was, "The Government of Manchukuo shall speedily take necessary steps in order that the rights of lease by negotiation hitherto possessed by Japanese subjects shall be converted into land-ownership or other rights relating to land." Thus was settled the highly controversial question involving the right to lease land growing out of the Notes attached to the Sino-Japanese Treaty of 1915. This was very important, for Japan was colonizing Manchuria at a rapid rate. Between 1936 and 1940 approximately 221,000 Japanese migrated to Manchuria. By 1945, this number exceeded 1,000,000. Most of the Japanese men settling in Manchuria were fit soldiers and were used to men new Divisions of the Kwantung Army. The land for settlement of these Japanese was requisitioned at a nominal price and the Chinese farmers so dispossessed were moved and allotted undeveloped lands.

INDUSTRIAL BANK OF MANCHUKUO

The Industrial Bank of Manchukuo, which was organized in December 1936, with a capital of 60 million yen, served as an easy means of financing preferred industries to be developed under the Japanese Cabinet Policy. This bank handled all loans made for industrial purposes in Manchukuo. The Manchurians were permitted to make deposits in the Central Bank of Manchukuo and its branches, but they were not allowed to borrow from the Industrial Bank; only Japanese were allowed to borrow from that Bank. A law of savings was enacted to force the people to save money and deposit it in the Central Bank for the Japanese. At the time of the surrender, approximately 600 million dollars were in this Bank - all the result of the compulsory savings law.

SECOND PERIOD CONSTRUCTION PLAN

HOSHINO said during his interrogation that instead of the haphazard development of the first five year period from 1931 to 1936, it was deemed necessary that a concrete, coordinated plan be formulated for the development of Manchukuo. HOSHINO, working with various Ministries of Manchukuo, the Cabinet Planning Bureau, the South Manchurian Railway Company, and ITAKI as Chief-of-Staff of the Kwantung Army, drew up an "Outline of Five Year Plan for Industrial Development of Manchukuo", which was completed in January 1937. HOSHINO says that the Commander of the Kwantung Army had the "final say" on all questions involving this plan. This Second Five Year Plan followed the basic principles underlying the First Five Year Plan and laid emphasis on opening up resources in Manchukuo and making them available for "national defense", that is to say "war". The outline of the plan declared the policy with regard to mining and industries to be, "that munition industries for weapons of war, airplanes, automobiles, and rolling-stock will be firmly established, and basic major industries such as those of iron, liquid fuel coal and electric power will be developed, and emphasis will be laid especially on the development of iron and liquid fuel industries, which materials are necessary for national defense."

This plan was adopted at a conference of Provincial Governors and the Chiefs of the General Affairs Bureau of the various Ministries in Manchukuo in January 1937. On 17 February 1937, the Government of Manchukuo issued its "Official Report on the Result of the First Period Five Year Administration and Outline of the Second Period Construction Plan." The outline stated: "Five

"Years have elapsed since Manchukuo founded her country.
"In this period, the administrative and economic system
"have been rearranged, and the second 'Five-Year Plan'
"will be inaugurated in 1937, with which epoch-making
"construction activity will be commenced dashingly."
In effect, the second plan of the Kwantung Army for the
exploitation of the economy of Manchuria was to be adopted
without change.

The Industrialist Aikawa was sent to Manchuria to help direct the five year plan. He favored a huge holding company to control all industries in Manchuria, especially the heavy industries such as coal and steel.

CONTROL OF INDUSTRIES

On 1 May 1937, Manchukuo promulgated a "Law Controlling Important Industries", which was so drawn as to provide for the licensing of "Important Industries", practically all industries being classified as "Important" under the law. The law was promulgated in order to coordinate the economy of Manchuria with that of Japan. The "Essentials of the Five Year Program for Important Industries" released by the Japanese War Ministry on 29 May 1937 contained the following: "We plan systematically to promote the activity of important industries generally, so that by 1941, if anything happens, our country may be capable of self-supplying the important materials in Japan, Manchuria and North China". The plan then went on: "In promoting important industries for national defense, the requisite industries should be pushed ahead to the continent as far as possible according to the principle of 'Fit Industry for Suitable Locality'". It was in order to enforce this rule of "Fit Industry for Suitable Locality" that the "Law Controlling Important Industries" was promulgated by the puppet Government in Manchukuo.

MANCHURIAN HEAVY INDUSTRY DEVELOPMENT CORPORATION

The Cabinet decided on 22 October 1937 to establish the Manchurian Heavy Industry Development Corporation "in order to secure and advance the developing policy of Manchurian Industry and to establish synthetically and speedily the heavy industry of Manchukuo." This was to be a huge holding company; and its shares were to be held

only by Manchukuo, Japan and their nationals. The original issue of stock was to be sold one-half to the Government of Manchukuo and one-half to Japanese private interests. The management of this company was to be "entrusted to a "powerful suitable person among the Japanese civilians. The "powerful suitable person among the Japanese civilians is "prearranged as Aikawa. Giusuke, the present President of "Nissan." The Directors and the President of the Company were to be appointed by the two Governments. Pursuant to this Cabinet decision an agreement was entered into with Manchukuo for the establishment of the Company.

MANCHUKUO A WORK-HOUSE FOR JAPAN

The economic organization completed by Japan with the organization of the Heavy Industry Development Corporation, proved to be of benefit only to Japan and the Japanese. Its sole purpose was to make of Manchuria a work-house for the production of war goods for use by Japan. The effectiveness with which this purpose was realized is vividly expressed by HOSHINO, the one man more responsible than any other for such success; he stated that Japan took everything out of Manchuria which could be obtained. Since Chinese business men were not allowed to enter important industries and were not allowed to make loans, most of them went into bankruptcy. The Chinese farmers lost their lands to Japanese immigrants. The savings law reduced the Chinese laborer to working for mere subsistence. The monopolies on rice and cotton deprived the Chinese of adequate food and clothing, in order to furnish the best rice and cotton for Japan's Army. A labor and civil service law was put into effect by UMEZU while he was Commander of the Kwantung Army, which required all persons between 18 and 45 to render labor service to the Japanese Army in opening highways, digging mines, and constructing

public works. These laborers were kept in concentration camps where they were fed short rations and furnished no medical attention whatever. Heavy penalties were imposed for escape. In the result a system was developed whereby the Japanese came first, Koreans second, and Chinese last.

OPIMUM AND NARCOTICS

In order to finance her operations in Manchuria and also in order to weaken the power of resistance of the Chinese, Japan sanctioned and developed the traffic in opium and narcotics. As early as 1929, the National Government of China was making an effort to fulfill its obligations under the Opium Conventions of 1912 and 1925, (Annex No. B-11 & B-12). That Government had issued its Laws for the Prohibition of Smoking Opium, effective as of 25 July 1929. The plan was gradually to suppress the production and consumption of opium by 1940. Japan as a signatory to the above opium conventions was obligated to assist the Chinese Government in the eradication of the drug habit by limiting the manufacture and sale of the drugs within her territory and by preventing smuggling of the drugs into China.

The principal source of opium and narcotics at the time of the Mukden Incident and for some time thereafter was Korea, where the Japanese Government operated a factory in the town of Seoul for the preparation of opium and narcotics. Persian opium was also imported into the Far East. The Japanese Army seized a huge shipment of this opium, amounting to approximately 10 million ounces and stored it in Formosa in 1929; this opium was to be used later to finance Japan's military campaigns. There was another source of illegal drugs in Formosa. The cocaine factory operated at Sinei by Finance Minister Takahashi of Japan until his assassination in 1936, produced from 200

to 300 kilos of cocaine per month. This was one factory that was given specific authority to sell its produce to raise revenue for war.

Wherever the Japanese Army went in China, Korean and Japanese drug peddlers followed closely upon its heels vending their merchandise without hindrance from the Japanese authorities. In some cases, these traffickers were sent ahead of the invading Army to prepare a way for it by engaging in intrigue, espionage and sabotage; such seems to have been the case in North China and also in Fukien Province, where the Genki Plot was perpetrated. Even the Japanese soldiers and their officers at times indulged in this lucrative business of vending opium and narcotics. The Japanese Special Service Organization was charged with the duty of regulating the opium and narcotic traffic in territories immediately following their capture; and this organization in the Kwantung Army became so involved in the illicit traffic under KOISO that it was necessary for MINAMI, when he became Commander of the Kwantung Army in December 1934, to abolish the organization to prevent it from destroying all discipline in that Army. DOHIMARA was one of the foremost officers of this organization; and his connection with the drug traffic has been fully shown.

The general principle of gradual suppression of the traffic in and use of opium and narcotics was the underlying principle not only of the drug laws promulgated by China, but also of the international Opium Conventions of 1912, 1925 and 1931 (Annexes No. B-11, B-12, B-13). Japan, having ratified these Conventions, was bound by them. Using this principle of gradual suppression to their advantage, the Japanese promulgated Opium Laws in the territories occupied by them in China; these laws ostensibly followed the principle of gradual suppression by licensing known addicts to smoke in licensed shops.

However, these laws were merely a blind or cover for Japan's real intention and operations. These laws created government controlled monopolies for the distribution of opium and narcotics to licensed shops; and these monopolies were nothing more than revenue collection agencies, which encouraged the use of the drugs in order to increase the revenue therefrom. In all areas occupied by the Japanese the use of opium and narcotics increased steadily from the time of such occupation until the surrender.

This was the procedure followed in Manchuria. In the Fall of 1932, the Opium Law was promulgated by Manchukuo and the Manchukuo Opium Monopoly Administration was created as the administrative agency to enforce the law. This agency was under the general supervision of the Director of the General Affairs Board and became one of the important sources of revenue for Manchukuo. The reliability of the revenue from these sources is attested by the fact that the Industrial Bank of Japan was willing to underwrite the 30 million yen founding bond issue secured by the opium revenue of Manchukuo and negotiated by HOSHINO soon after his arrival in Manchuria.

This procedure was repeated in North China and again in South China; however, the administrative agency in those places was the Ko-A-In or China Affairs Bureau, which maintained its main offices in Tokyo with branch offices all over North, Central and Southern China. These organizations created such demand for opium that the Cabinet was forced from time to time to authorize the farmers of Korea to increase their acreage devoted to growing poppies. The trade became so lucrative that Japanese trading companies, such as the Mitsubishi Trading Company and Mitsui Bussan, were induced by the Foreign Ministry to sign a contract limiting their trade areas and the amount of opium to be supplied by them.

Japan's real purpose in engaging in the drug traffic was far more sinister than even the debauchery of the Chinese people. Japan having signed and ratified the Opium Conventions was bound not to engage in the drug traffic, but she found in the alleged but false independence of Manchukuo a convenient opportunity to carry on a world wide drug traffic and cast the guilt upon that puppet State. A large part of the opium produced in Korea was sent to Manchuria. There opium grown in Manchuria and imported from Korea and elsewhere was manufactured and distributed throughout the world. In 1937, it was pointed out in the League of Nations that ninety per-cent of all illicit white drugs in the world were of Japanese origin, manufactured in the Japanese concession in Tientsin, Dairen and other cities of Manchuria, Jehol and China, always by Japanese or under Japanese supervision.

SECTION IIITHE PLAN TO ADVANCE FURTHER INTO CHINA

Japan's occupation of Manchuria and Jehol was completed when the Tangku Truce was signed in the spring of 1933. Jehol, facing another Inner Mongolian Province of Chahar on the west and the North China Province of Hopeh on the south, became the frontier of the newly formed puppet state of Manchukuo. If Japan were to advance further into China from the territory she had already occupied, her advance would be from Jehol westwards into Chahar or southwards into Hopeh, besides the other route which linked Manchuria with the rest of China through the narrow corridor of the Liaoning Province around Shanhaikwan on the eastern end of the Great Wall.

On 17th April 1934, the Japanese Foreign Office issued the "Amau Statement" warning the Powers who subscribed to the Nine-Power Treaty (Annex No. B-10) that the Japanese Government would not tolerate any interference with her plans in China. Although HIROTA later explained, upon inquiries, to the American Ambassador Grew, that the "Amau Statement" had been issued without his approval or knowledge, the fact remains that the "Amau Statement" truly represented Japan's policy towards China. Already, it appeared possible that Japanese ambitions in regard to China had not been satisfied by her occupation of Manchuria and Jehol. Very shortly thereafter in May and June 1935 there took place two incidents, of trifling importance when compared with the demands based by the Japanese upon their occurrence, which resulted in the position of the National Government of China on both the Hopeh and the Chahar fronts being substantially weakened.

THE HOPEI INCIDENT

In the middle of May 1935 two Chinese newspapermen were assassinated by unidentified assailants in the Japanese Concession in Tientsin. The journalists were said to have been pro-Japanese in sentiment. UMEZU was then Commander of the North China Garrison Forces and with his approval certain demands were presented by his Chief of Staff to General Ho Ying-Chin, head of the Chinese military organization in Peiping. On the 10th of June 1935 the incident was settled, the Chinese authorities agreeing to withdraw the Chinese 51st Army from the province of Hopei; to close the party offices and to ban all party activities of the Kuomintang in that province and to ban all anti-Japanese activities in that province.

The above settlement is the so-called "Ho-UMEZU Agreement".

The defense submit that no pressure of any kind was put upon the Chinese authorities to induce them to agree to the above major limitations on their sovereignty over the great province of Hopei. They say that the Japanese made no more than some "suggestions" which might improve future relations between the nations. In this connection the evidence of the defense witness, Kuwashima, should be noticed. He was then Director of the Bureau of Asiatic Affairs in the Japanese Foreign Office, and Sino-Japanese relations were his direct concern. He testified that he learned from the Japanese Legation at Peiping that the Japanese had made "a considerably "strong demand" upon the Chinese. A consideration of the whole of his evidence makes it plain that Kuwashima understood that the Chinese had been presented with an ultimatum. There is also an entry in the Herald-Saionji

Diaries in which Okada, the then Premier of Japan, is recorded as having said that "in the beginning only an "exceedingly light, friendly warning" had been intended "from which such a serious thing had resulted." When on 30th May 1935 KIDO drew the attention of SHIGEMITSU, then Vice Minister of Foreign Affairs, to a report in the morning newspaper that the Japanese Garrison in North China had lodged a momentous claim against the Chinese Government, SHIGEMITSU did not deny the report, but rather speculated as to the personalities in the Japanese army who were responsible for such action.

THE NORTH CHAHAR INCIDENT

In June 1935, about the time when the Hopei incident was being settled by the "Ho-UHEZU Agreement", four members of the Japanese Army entered the Changpei District of Chahar province. This is in the southwestern part of Chahar, a little to the north of the Great Wall. As they did not have the required permits from the Chahar Provincial Government, they were taken to the headquarters of the Chinese Divisional Commander, who communicated with the general in command of the Chinese 29th Army. The latter ordered their release and that they be allowed to continue on their projected journey to Kalgan and Peiping, but with the warning that the appropriate permits must be obtained in future. The matter was at first taken up by the Japanese Consul at Kalgan, who represented to General Ching, Deputy Commander of the Chinese 29th Army, that the Chinese Guards had insisted on searching the Japanese personnel, had pointed rifles at them, had detained them some four or five hours at Divisional Headquarters, and had thus insulted the Japanese Army. Very shortly thereafter the consul stated that the matter was very grave and was beyond his power to settle. The matter had been transferred to the army. In December 1934 MINAMI had become Commander-in-Chief of the Kwantung Army and ITAGAKI had become his vice-chief of staff. DOHILARA, then attached to the Kwantung Army, was appointed to negotiate with General Ching. In the end it was agreed that the commander of the regiment concerned and the judge advocate of the division concerned should be dismissed and punished.

These measures, one would have thought, should have amply met the occasion, if these officers had been in the wrong. By far the most important provisions of the agreement, however, are those which followed, and they are largely, if not wholly, unconnected with the incident. All units of the Chinese 29th Army were to be withdrawn from the districts north of Changpei, that is to say, from substantially the whole of Chahar province. The maintenance of peace and order there was to be entrusted to the Peace Preservation Corps, an organization of the nature of a police force. In the future no Chinese were to be permitted to migrate to and settle in the northern part of Chahar province. No activities of the Kuomintang were henceforth to be permitted in Chahar province. All anti-Japanese institutions and acts in Chahar province were to be banned. This is the so-called "Ching-DOHARA Agreement".

Again the defense submit that no pressure of any kind was put upon the Chinese authorities to induce them to submit to the above major restrictions on the sovereignty of China over the great province of Chahar. General Ching in his evidence calls it a "temporary settlement" accepted by the Chinese Government "in order to secure peace and under pain". Thus by June 1935, in less than two months, and nominally in settlement of two incidents of trifling importance in international affairs, the Japanese right flank in Jehol had been freed from any immediate threat of attack from Chahar; two Chinese armies, thought to be hostile to the Japanese, had been removed from Chahar and Hopei, and all activities of the Chinese National Party and all anti-Japanese activities had been banned in both provinces.

INNER MONGOLIAN AUTONOMOUS GOVERNMENT

In the beginning of 1935 Prince Teh, the leader of the Mongols in Inner Mongolia, was striving to set up an autonomous Mongolian Government there. The subsequent history of this movement is taken from the evidence of General Tanaka, Ryuichi, a witness whom both prosecution and defense adduced from time to time, as occasion demanded, and whom both prosecution and defense cross-examined as a witness of no credit, again as occasion demanded. In this matter of the establishment of the Inner Mongolian Autonomous Regime there is no reason to distrust his account and he was certainly in a position to be familiar with the details.

Tanaka's account of this matter follows.

MINAMI and ITAGAKI gave earnest support to the establishment of an Inner Mongolian Autonomous Government which they intended to be subservient to the wishes of Japan. In April 1935 MINAMI sent Tanaka and another officer to interview Prince Teh with a view to establishing such a government, and Prince Teh did not at this time come to terms. It should be noticed that there now followed the so-called "Ho-UMEZU" and Ching-DOHIEHARA Agreements of June 1935, the latter of which substantially affected the northern part of Inner Mongolia, the province of Chahar. According to Tanaka in August 1935 MINAMI had an interview with Prince Teh at which the Prince promised close cooperation with Japan and MINAMI promised financial assistance to the Prince. In December 1935 MINAMI sent two battalions of cavalry to assist Prince Teh in taking over the northern part of Chahar province. On 11th February 1936 Prince Teh transferred the seat

of his autonomous regime from Fallinmiao, in Suiyuan province, to West Sunito, and Japanese civilians were sent there to act as advisers to him.

There is a significant cable, dated 2 October 1935, from the Secretary General of the Japanese Embassy at Peiping to Foreign Minister HIROTA inter alia to the following effect: "the Japanese Forces' Mongolian Policy is making steady progress as I and Consul "at Changchiakou repeatedly reported to you. The other "day Major General DOHIHARA made a trip from Changchiakou "to Chengte and back and saw the Governor of Chahar "Province and Prince Teh; his mission was no doubt to "promote the Inner Mongolian self-government."

References will also be found in the Japanese Army plan for dealing with North China, transmitted to the Japanese forces in China on 13 January 1936, which make it plain that this Inner Mongolian Autonomous Government was supported and controlled by the Kwantung Army. This document will be considered more fully a little later.

ATTEMPT TO SET UP A NORTH CHINA AUTONOMOUS GOVERNMENT

General Tanaka testified that in September 1935 MINAMI sent DOHIHARA to Peiping with orders to set up an autonomous regime in North China. Tanaka was then a staff officer with the Kwantung Army and he stated that he had a hand in the drafting of DOHIHARA's instructions. He also said that DOHIHARA, ITACAKI, and Sasaki considered that "Anti-Communism" should be added as a slogan to the objective of creating an autonomous regime in North China. We accept this evidence, for it fits in with what followed, and its statement as to the

real authors of the so-called autonomous movement in North China is confirmed by various documents from Japanese sources which will be noticed hereafter.

We have little evidence as to the events of the next two months. This is not surprising, for they were presumably months of intrigue, of dangerous intrigue. Negotiations on such matters are seldom recorded or made public.

DOHIMARA first tried to persuade Wu Pei-Fu to become the head of a North China Autonomous Government and failed. DOHIMARA thereafter tried to induce General Sung Che-Yuan, then Garrison Commander of the Peiping-Tientsin Area, to lead such a government, and failed. DOHIMARA and Takahashi, who was Military Attache of the Japanese Embassy, then passed from persuasion to demands that a North China Autonomous Government should be formed, and DOHIMARA and Matsui, who was Chief of the Japanese Special Services Board, further demanded that special economic concessions should be granted to the Japanese in North China.

It is proved that when inducements failed to produce an autonomous government, DOHIMARA in November 1935 betook himself to threats of force, and even to the issue of an ultimatum for the purpose of procuring the establishment of such a government, and that the Kwantung Army backed up his threats by concentrating a striking force of tanks, mobile troops, and airplanes at Shanhaikwan at the eastern end of the Great Wall, ready to advance into the Peiping-Tientsin area.

About the end of the year 1935 there emerged

two new forms of government in North China. One, which was set up directly as a result of DOHIHARA's effort, was called the "East Hopei Anti-Communist Autonomous Government." It was established about the end of November 1935 with Yin Ju-Keng as its chairman. He had been administrative commissioner of the demilitarized zone south of the Great Wall in East Hopei. It proclaimed itself independent of the National Government of China. Its capital was Tungchow in the demilitarized zone, northeast of Peiping. The Japanese maintained garrison troops there. Its control extended over many districts of the demilitarized zone. The witness Goette travelled in this area many times after the establishment of this government, saw the Japanese garrison troops, and saw the Chinese gendarmerie of the new government, recruited, trained, and officered by Japanese. Being in the demilitarized zone, this new government was beyond the reach of the forces of the National Government of China. That government protested to the Japanese against the existence of this so-called autonomous government, but without effect.

Another new governmental organ which made its appearance in North China about this time was the Hopei-Chahar Political Council. It was created by the National Government of China as a result of pressure exerted by DOHIHARA and ostensibly to conform to his wishes. According to the Japanese Year Book it was a new political organ which had power to negotiate with Japan and Manchukuo for the maintenance of amicable relations.

DOHIHARA's hopes of these regimes can be gathered from his report made to MINAMI in Tanaka's presence in the end of 1935. DOHIHARA reported that

the Hopei-Chehar regime and the East Hopei regime, though unsatisfactory, had been established and would more or less obey the Kwantung Army, and that the North China regime would be established with the Hopei-Chehar regime as its core.

Similar hopes were entertained by the Japanese Army at home at this time. On 13 January 1936 it transmitted to the Japanese forces in China a plan for dealing with North China. The object of the plan was stated to be the realization of self-government in the five northern provinces of China. This it will be recalled was the object for which MINAMI had dispatched DOHIMARA to Peiping in September 1935. The plan suggested that Japanese advice and guidance should be given to the Hopei-Chehar Political Council; that East Hopei independence should be upheld so long as the Hopei-Chehar Political Council remained unsatisfactory, but, when it was established so as to justify confidence, a merger should be introduced; that measures should be avoided which might lead to Japan being misunderstood as if she were setting up a separate state like Manchukuo; that accordingly Japanese advisers should be limited in number; that measures towards Inner Mongolia should be continued as before, but measures which had become obstacles to the self-government power of the Hopei-Chehar Political Council should be held back for the time being; that management of North China should be the duty of the Commander of the Japanese troops in China; and that as a rule he should execute this informally by direct contact with the Hopei-Chehar and East Hopei Governments.

THE JAPANESE ARMY'S PLANS FOR AN ADVANCE INTO
NORTH CHINA

About the time when DOHIHARA was expressing to MINAMI, commanding the Kwantung Army, his expectation that the Hopei Chaher Political Council would more or less obey the Kwantung Army, and that an independent North China regime would be established with the Hopei-Chaher regime as its core, the Kwantung Army sent to Tokyo a Propaganda Plan which is most significant as to Japanese intentions towards North China. It was dispatched by the Chief of Staff of the Kwantung Army to the Vice Minister of War on 9 December 1935. Certain passages in it merit quotation in full. As to the time of execution it is stated "Prior to the advance of our military forces into China proper, this propaganda shall be launched, chiefly to support from the side the propaganda of the Japanese Government and the Japanese forces stationed in China. After the advance of our forces into China proper it shall be performed so as to facilitate our military activities." The general principle is stated to be "We start our propaganda to convince the whole world of our lawfulness as soon as the advancement of the Kwantung Army into China proper takes place. We shall launch out on the movement to estrange the inhabitants of North China from the Central Government by fomenting anti-Kuomintang and anti-communism agitation among them. As for the Chinese people and army of the rest of China we shall take a measure to form an anti-war atmosphere."

We quote also the types of propaganda which are to be used. "1. The Central Government has regarded

"North China as a colony in a sense and has long made it
"the object of exploitation. The inhabitants in North
"China therefore have been cherishing a strong desire to
"establish a separate government of their own in order
"to shake themselves from the fetters of the Central
"Government. Burning with strong aspiration for inde-
pendence the people concerned have expressed their
"firm resolution to establish an independent country.

"2. The enactment of the nationalization
"of silver has made the Central Government the object of
"resentment and as a result of it the movement to es-
"tablish a new independent government in North China is
"making rapid progress.

"3. It is the greatest desire of the Japanese
"Government to form an anti-Communist front with the
"North China independent government, for it may be con-
"sidered the first ray of hope for the establishment of
"lasting peace in the Orient by the harmonious coopera-
"tion among Japan, China and Manchuria. We therefore
"shall assume a definite attitude to support whole-
"heartedly the establishment and development of the in-
"dependent government in North China.

"4. The Chinese Central Government has
"violated the agreement of cessation of hostilities in
"North China and other military agreements; they have
"been disturbing the peace of Manchuria; instigating a
"boycott of Japanese goods and an anti-Japanese senti-
"ment; and has become a great menace to the Japanese in-
"terests and residents in North China and the existence
"of the Manchurian Empire; therefore we have to make it
"clear that we shall be obliged to resort to arms if

"the Chinese Government continues such underhanded tactics.

"5. It must be made clear that when we do
 "dispatch our forces to China in the future we do it for
 "the purpose of punishing the Chinese military, and not
 "the Chinese people at large.

"6. We shall try to enhance an anti-war
 "sentiment among the people by propagandizing extensively
 "that the employment of military forces by the Chinese
 "Central Government or other military lords will reduce
 "the people to the greatest misery and will lead to the
 "destruction of the country.

"7. As for the Chinese forces, we will take
 "a measure to promote antagonism between them and to in-
 "crease their admiration for the strength of the Japan-
 "ese military power, thus depriving their fighting spirit,

"8. Our propaganda for Manchuria will be
 "that the appearance of the independent government in
 "North China is nothing but a concrete manifestation of
 "their longing for the fine administration of the Man-
 "churian Government, and it will brighten the future of
 "Manchuria."

We have quoted from this document so fully in
 order that its proposals, advanced on 9 December 1935
 may be contrasted with the contention proposed by the
 defense in general, and by MINAMI, UMEZU, ITAGAKI, and
 DOHIHARA in particular, that the so-called North China
 independence movement was a spontaneous movement on the
 part of the people of North China, neither initiated
 nor furthered by Japan.

Relevant also to the question of the attitude
 and intention of the Japanese towards the so-called auto-
 nomous movement in North China is a "Draft of Outline

"for the Military Disposal of Various Railways in North China" sent by General Tada, then Commander of the Japanese garrison forces in North China, to the Ministry of War in Tokyo on 2 December 1935.

This document contains detailed plans for the working of certain railways in North China on behalf of Japanese troops engaged in military operation in North China. The document does not specifically mention the nature of this proposed military operation. The operation is described in such vague terms as the "military objective", "military operations", and "when the army find it inevitable to settle the issue by armed force." A critical examination of the whole document, however, reveals that the Japanese Army proposed to move from about the line of the Great Wall, driving before it the military forces of the National Government of China, and clearing Shantung, Hopei and Shensi, the three southern provinces of the five northern provinces of China. It is clear also that the operation was to be embarked on to support the proposed North China Autonomous Regime. Thus the Chinese employees of the railways were to be made to "understand the spirit of the North China Autonomous Movement", and General Tada expresses a private and strictly confidential opinion as to the disposal of the railways when normal political condition is restored. He says "When the situation in North China is restored to its normal condition after the military operations are over, the railways will be turned over to the North China Regime... Under the management of the Communication Ministry of the North China Regime Japanese advisers

"and/or some railway employees will be employed.

"Addenda. The following demands will be made of the North China Regime on the occasion of the abolition of the headquarters of the 'Japanese' Railway Corps.

"1. Employment of advisers and high-ranking officials by each railway.

"2. The right of guarding the railways and of posting troops at the principal places along the railway lines.

"3. Cession of the Shantung Railway and the section of the Lunghai Railway east of Suchow.

"4. The right of constructing new railways."

Moreover the document shows that certain steps had already been taken in North China to pave the way for the operation. Thus

"2. We shall endeavor to check the southward transfer of rolling stocks in counter opposition to the Nanking Government's policy of carrying away rolling stocks and other materials to the south. For this purpose we shall do our best in applying all possible indirect means, but in the case of Peiping-Shanhaikwan Railway we shall check it even by night if necessary. In case such forcible measure is taken, we shall give as the nominal reason self-defense and protection of the Peiping-Shanhaikwan Railway against the anti-Japanese military operations of the Nanking Government. (This is being enforced by the dispatch of military police under an agreement made with the Peiping-Shanhaikwan Railway Co.)"

Thus during the latter half of the year 1935 the Kwantung Army and the North China Garrison Army

with the support of and at times as directed by, the Japanese Ministry of War, were engaged in an attempt to detach the five northern provinces of China from allegiance to the National Government of China, and to set up an autonomous regime or regimes there, which would be subservient to Japan. The plan contained the two essential elements which had been present in the Japanese conquest of Manchuria and Jehol, namely; (1) military domination by Japan, and (2) a declaration of independence by such few Chinese figures as could be induced to serve Japan's purpose. In the Manchurian case, however, military conquest had preceded the artificially engendered declaration of independence. In the case of North China the Japanese military had hoped to avoid the appearance of military conquest, and had tried hard to induce the establishment of an artificially engendered North China Autonomous Government at first by persuasion and later by threat of the use of force. By the end of the year 1935 the Japanese military had evolved the plans for invasion which we have just considered. The efforts of the Japanese military were known to the Japanese Foreign Ministry and were resented by it, but only because they were regarded as an attempt by the Army to encroach on the Foreign Ministry's domain -- the conduct of the foreign relations of Japan.

HIROTA'S THREE PRINCIPLES

While Japan's armies in China were formulating plans in anticipation of military operations in North China, the Japanese Cabinet was working on a program of subjugating China through diplomatic measures.

On 5 August 1935, Foreign Minister HIROTA sent to the diplomatic and consular officials in China a plan prepared on his instructions by the Bureau of East Asiatic Affairs of the Foreign Office, as a result of the re-investigation of Japan's policy towards China which had been made by that Bureau in collaboration with the Army and Navy authorities. Three general principles were stated in the plan, as follows: (1) China should carry out strict control over all anti-Japanese speeches and activities, and both Japan and China should make efforts to promote friendship and cooperation on the basis of the principles of mutual respect of independence, cooperation and mutual assistance, and should work for the development of relations between Manchukuo and China; (2) While the ultimate aim of the development of relations was that China would give formal recognition to Manchukuo and that Japan, Manchukuo and China would conclude an agreement to regulate the new relations among the three countries, China for the time being should not deny the fact of Manchukuo's existence, at least in North China and in the Chahar district which bordered the Manchukuo territory, and should enter into actual relations of interdependence and cooperation with Manchukuo in the economic and cultural fields; (3) Japan and China should cooperate in Chahar and other districts bordering Outer Mongolia, with a view to removing the communist menace.

In a subsequent telegram dated 28 September 1935, addressed to Japanese diplomatic and consular officials in China and Manchukuo, HIROTA reiterated the three principles as the basis of Japan's foreign policy to stabilize East Asia and to work for common prosperity

by means of cooperation and mutual assistance between Japan, Manchukuo and China, putting Japan as its center. In substance the three principles were recited as follows: (1) China should carry out strict control of all anti-Japanese speeches and activities and should cooperate with Japan on concrete questions, putting an end to her policy of depending upon European and American countries; (2) China must ultimately give a formal recognition to Manchukuo, but for the time being China should give tacit consent to the independence of Manchukuo and enter into relations of interdependence and cooperation with Manchukuo in the economic and cultural fields, at least in North China which is an area bordering Manchukuo territory; (3) China should cooperate with Japan in removing the communist menace in areas bordering Outer Mongolia. The telegram appended the additional instruction that in the event the above-mentioned principles were carried into execution steadily and China's sincerity sufficiently manifested, a general agreement would be concluded for the regulation of the new relations among Japan, Manchukuo and China. One material alteration in this statement of the three principles as compared with the statement of 5 August 1935 is that the later version omits the statement that Japan and China should cooperate on the basis of the principle of mutual respect of independence.

After considerable discussion with the Army and the Navy, the plan as set out in the second version of 28 September 1935 was adopted on 4 October 1935 by the Premier, the Foreign, War, Navy and Finance Ministers. Japanese diplomatic officials abroad were again

notified and instructed to keep the matter strictly secret. On 21 January 1936, the three principles were made known to the public through HIROTA's address to the Diet. On the part of China, however, no enthusiasm was shown for their acceptance inasmuch as these principles would involve China's recognition of the de facto status of Manchukuo. Thus the diplomats of Japan would have secured for Japan the fruits of her conquest of Manchuria.

While HIROTA, on 21 January 1936, was announcing his three principles of Japanese policy towards China, the Japanese Foreign Office was fully aware of the Army's plan to set up an autonomous government in the five northern provinces of China, for on that same day, 21 January 1936, it had transmitted a copy of that plan to the Japanese Ambassador in China.

THE FEBRUARY INCIDENT

The February Incident was an outburst of the Army's resentment against the government under the premiership of Okada which was known as a Navy cabinet and reputed to be opposed to the Army's policy of expansion on the continent of Asia by military force. The Incident occurred on 26 February 1936. Earlier, when Okada was Navy Minister in the Saito Cabinet, great difficulties were experienced by the Cabinet because the Cabinet was pursuing a policy of reducing the Army budget against vigorous opposition of the Army. When Okada became Premier in 1934, the power of the Army was increasing. There were already indications, while the Cabinet was being formed, that the Army would bring about disturbances and trouble with the new government.

On 26 February 1936, some 22 officers and 1400 men revolted against the Government, terrorized Tokyo for three and a half days, seized the Premier's official residence, the Diet Building, the Home and War Offices, the Metropolitan Police Building and the General Staff Building, assassinated Finance Minister Takahashi, Lord Keeper of the Privy Seal Saito and General Watanabe and attempted to assassinate Grand Chamberlain Suzuki and Okada himself. As a result of the incident, the Okada Cabinet resigned on 8 March 1936, and HIROTA succeeded as Premier.

The purpose of this Incident was to replace the Okada Cabinet by another with stronger policies which would fit into the policy of the Army for further expansion on the continent. Okada testified that he supposed the Incident was a spontaneous outburst of resentment on the part of a group of young officers against the Government's lack of sympathy with the ambitions of the military.

FORMATION OF THE HIROTA CABINET

On 9 March 1936, as a result of the February Incident, HIROTA succeeded Okada as Premier of Japan. Instead of taking measures to enforce military discipline and eradicate the interference of the Army in political affairs, some dire effects of which had just been exhibited, already in the formation of his Cabinet he yielded to Army demands as to the choice of some of his ministers. Moreover, in May 1936, shortly after he assumed the premiership, the organization of the Army and Navy was changed to require that Army and Navy ministers should be of rank not lower than lieutenant general and vice admiral, and vice ministers of rank

not lower than major general and rear admiral, and that they should all be on the active list. Since 1913 the organization had in form permitted the appointment of reserve officers as Ministers of War and of the Navy. While the change did, in fact, make the law conform to the existing practice of appointing War and Navy ministers from senior officers on the active list, it was done in compliance with the demand of the Army, who were thereby assured that whoever became War Minister, whether on the active list or recalled from the reserve list, would be subject to Army discipline and command and thus to control by the Army.

FOREIGN POLICIES UNDER THE HIROTA CABINET

On 30 June 1936, the War and Navy Ministries agreed upon a "Basis of National Policy." The fundamental policy was to consist in advancing toward and developing the South Seas as well as obtaining a firm position in the East Asiatic Continent for stabilizing Japan's national defense. The principles stated were: (1) Japan must strive to correct the aggressive policies of the great powers and to realize the spirit of the "Imperial Way" by a consistent policy of overseas expansion; (2) Japan must complete her national defense and armament to secure the position of the Empire as the stabilizing power in East Asia; (3) Japan expects the sound development of Manchukuo and thus hopes to stabilize Japan-Manchukuo national defense; in order to promote economic development, Japan intends to get rid of the menace of the U.S.S.R.; to prepare against Britain and the United States and to bring about close collaboration between Japan, Manchukuo and China; in the execution of this continental policy,

Japan must pay due attention to friendly relations with other powers; (4) Japan plans to promote her racial and economical development in the South Seas, and without rousing other powers will attempt to extend her strength by moderate and peaceful measures. Thus with the establishment of Manchukuo, Japan may expect full development of her natural resources and develop her national defense.

These plans were adopted on 11 August 1936 as the "Basic Principles of National Policy" by the Five Ministers' Conference, consisting of the Premier, HIROTA, and the War, Navy, Foreign and Finance Ministers. While HIROTA contends that they were to be achieved by peaceful means and were defensive in nature, the contents of these principles speak for themselves. Japan proposed to assume the role of the leader of East Asia, thus bringing the entire sphere under her domination through expansion on the continent and to the South Seas, to the exclusion of the influence of western power. As has been previously observed the use of the words "national defense" in this document should be noted. They occur in many statements of Japan's policy. They are never confined to defense by Japan against the aggressive acts of other nations. They always mean military support by Japan of her own policies, aggressive or not.

ITAGAKI'S MONGOLIAN POLICY

While the HIROTA Cabinet was formulating its expansionist foreign policy under the name of national defense, the Kwantung Army had its attention directed toward Mongolia in the north. Earlier, on 28 March 1936, five days after ITAGAKI was promoted to Chief of

Staff of the Kwantung Army, he had an interview with Ambassador Arita, expounding his views on the strategic importance of Outer Mongolia and Inner Mongolia. ITAGAKI said: "Outer Mongolia is of importance from the point of view of Japanese-Manchukuoan influence today, because it is the flank defense of the Siberian Railroad which is a connecting line between Soviet territory in the Far East and Europe. If Outer Mongolia be combined with Japan and Manchukuo, Soviet territory in the Far East will fall into a very dangerous condition and it is possible that the influence of the Soviet Union in the Far East might be removed without fighting. Therefore, the Army aims to extend Japanese-Manchurian power into Outer Mongolia by all means at hand."

In connection with Inner Mongolia, he said: "Western Inner Mongolia and the zone to the west of these are of great value for executing the continental policy of Japan. Should the said zone be placed in the sphere of Japanese and Manchurian influence, it means that will be a base for pacification of their brothers of the same race in Outer Mongolia. Moreover, that the influence of Soviet Russia which comes from Province of Sinkiang, as well as a land link between Soviet Russia and China will be blocked. . . . From the above standpoint, the Imperial Army has been furthering its work with regard to Western Inner Mongolia for several years. The Imperial Army is resolved to further its work, overcoming all sorts of obstacles."

This statement made by ITAGAKI shows what the Kwantung Army had done and would continue to do in

those areas in line with Japan's "continental policy". It is to be recalled that a part of Inner Mongolia had already been brought under Japanese sway by the establishment of the Inner Mongolia autonomous regime under Prince Teh through the efforts of DOHIMARA and others of the Kwantung Army in 1935. All that was left to be done was to extend the Japanese influence further west and to Outer Mongolia. This explains why the seat of the Inner Mongolia autonomous regime under Prince Teh was moved from Pailingmiao to West Sunito in February 1936, and again to Teh-Hua in June of the same year.

STATE-FOUNDING CONFERENCE IN MONGOLIA

As a result of the adoption of a positive Mongolian policy by Japan, the autonomous movement in Inner Mongolia made steady progress. In April 1936, Prince Teh and Li Shou-Hsin met with the Japanese Special Service Chief Tanaka, Hisshi, at West Wuchumuhsin. Representatives of Mengchenhui, Hsilinkuolemeng, Tsakharmen, Ulanchapmeng, Tumotech, Alashan, Koshimouchi, Ikechiameng, Tsinghai and Outer Mongolia also attended this meeting, which was called the State-Founding Conference, lasting from 21 to 26 April 1936. The principal matters decided at the conference were: (1) A plan to found the Mongolian State by amalgamating Mongolia and Tsinghai; (2) A plan to set up a monarchy, with a committee system to serve the purpose for the time being; (3) A plan to found a Mongolian Congress; (4) A plan to organize a military government; and (5) A plan to conclude a mutual assistance agreement with Manchukuo.

In June 1936, the seat of the regime was moved to Teh-Hua and an independent Mongolian government was set up there. In July 1936, an agreement between this government and Manchukuo was concluded, providing for mutual political and economic aid. After the conclusion of this treaty, Prince Teh set out to equip his army. The object was to increase cavalry divisions which had hitherto numbered three to nine. Both MINAMI and ITAGAKI gave their earnest support for the creation of the Mongolian State. The Army's policy was carried out in utmost secrecy. Preparations were made by the Japanese Army to recognize the independence of Inner Mongolia.

JAPAN'S POLICIES TOWARD NORTH CHINA - 1936-1937

On 11 August 1936, "The Second Administrative Policy Toward North China" was decided by the appropriate ministries in the HIROTA Cabinet. The main purpose of the policy was stated to be to assist the people in North China to procure perfect independence in administration, to set up an anti-Communist, pro-Japanese and pro-Manchukuoan area, to secure necessary materials for Japan's national defense and to improve the facilities of transportation against the possible invasion of Soviet Russia, thus making North China a base for cooperation between Japan, Manchukuo and China. The five provinces in North China should finally be put under self-government. Advice should be given to the East Hopeh regime to reform their internal administration so as to serve as an example throughout Hopei and Chahar. The object of economic development in North China was stated to be to create an inseparable

connection between China and Japan based on the mutual economic interest promoted by free investment and also to make it contribute toward the preservation of friendly relations between Japan and North China, both in time of war or peace. Iron, coal and salt in the North China provinces should be utilized for Japan's national defense and for the promotion of transportation facilities and electric power. The same plan provided in detail for the unification and improvement of transportation facilities and the methods of developing natural resources in North China. There is internal evidence in this plan that the hopes entertained by Japan at the end of 1935 that the Hopei-Chahar Political Council would prove subservient to Japan had been disappointed. This plan says a fair and square attitude is required for the guidance of the leaders of Hopei and Chahar. It says the system should be improved, the personnel purged and changed, and efforts made to abolish the financial, economic and military administration of the Chinese military clique.

The content of the self-government which Japan now proposed for North China was that the new regime should have control of finances, industry and transportation and should be free of the anti-Japanese interference of the National Government of China. The plan at the same time provided that acts must be avoided which would make it appear as if Japan was infringing China's territorial rights or establishing an independent country, or making North China an extension of Manchukuo. A similar provision, it will be remembered, appeared in the first plan, or Army plan, for North

China forwarded by the Foreign Office to the Japanese Ambassador to China on 13 January 1936. The framers of Japan's policies still believed that black could be made to look white in the eyes of the world. The expose' by the League of Nations of Japan's duplicity in regard to Manchuria had taught them nothing.

Subsequently, on 20 February 1937, "The Third Administrative Policy Toward North China" was decided upon by the appropriate ministries of the Hayashi Cabinet. There was no substantial change in contents. Again, on 16 April 1937, "The Plan for Guiding North China" was decided upon by the Foreign, Finance, War and Navy Ministers of the same Cabinet. The essence of the plan was to make the Chinese Government recognize the special position of North China and to carry out economic measures. Both the Third Administrative Policy Toward North China and the Plan for Guiding North China decided upon by the Hayashi Cabinet will be treated in more detail later.

THE FENGTAI INCIDENT

In May 1936, as a result of negotiations conducted between the Japanese forces and the Chinese authorities in North China, one Japanese battalion was permitted to be stationed at Fengtai, a town west of Peiping. On 18 September 1936, an incident occurred when a company of Japanese soldiers carried out maneuvers in Fengtai. As they passed through the garrison line of the Chinese troops there, the Chinese patrols attempted to halt them and a clash ensued. Although it was immediately settled, the Japanese used this incident as a pretext for reenforcement and occupied Fengtai. With the occupation of Fengtai, the Japanese were in a

position to control the communications of the Peiping-Hankow Railway line and to cut off North China from Central China. This was the stage-setting for the Lukouchiao Incident, sometimes referred to as the Marco Polo Bridge Incident which occurred on 7 July 1937. The bridge is on the railway from Fengtai to Peiping and if the Japanese could gain control of the bridge, their control of Peiping from the west would be facilitated. The Japanese forces stationed at Fengtai then repeatedly demanded the withdrawal of the Chinese garrison from Lukouchiao and also from Chang-Sin-Tien, another strategic point on the railway leading to Peiping. In the winter of 1936, the Japanese intended to reinforce their garrison force in this vital strategic area and planned the building of barracks and an airfield there. For this purpose they wished to purchase large tracts of land in the area between Fengtai and Lukouchiao. These demands, however, were refused by the Chinese.

THE CHANG-KAWAGOE TALKS

In the autumn of 1936, a series of talks was held between the Chinese foreign Minister Chang Chun and the Japanese Ambassador Kawagoe, with a view to adjusting Sino-Japanese diplomatic relations. Kawagoe also had an interview with Generalissimo Chiang Kai-shek at the end of November 1936, and there was a mutual expression of the desire to see the diplomatic relations between the two countries adjusted. During the talks with the Chinese Foreign Minister, the Japanese side submitted a proposal embodying the following important points: (1) Sino-Japanese economic cooperation; (2) Sino-Japanese Anti-Comintern Agreement; and (3) North China to be designated a special area in view of its relationship with Japan. Chang Chun responded that he was, of course, in favor of Sino-Japanese economic cooperation but wished this to be based on the principle of

reciprocity and equality. He was also very much in favor of Sino-Japanese Anti-Comintern agreement, but here too he wanted to see that the agreement would not infringe upon China's sovereignty. As to making North China a special area on account of its relation with Japan, he could only recognize a special economic relation, but would not be able to recognize any special administrative changes. These talks achieved no results since the attitude of the Chinese Government was incompatible with Japan's policies, particularly with regard to North China.

THE FALL OF THE HIROTA CABINET

On 20 January 1937, one of Japan's two political parties, the Seiyukai Party, issued a declaration attacking the HIROTA Cabinet on the ground, inter alia, that its members were too much influenced by the dogmatic prejudices of the bureaucrats and of the military, and that the wish of the military to interfere in every sphere was a threat to constitutional government in Japan. On 22 January 1937, War Minister Terauchi tendered his resignation because, as he stated, the views on the prevailing situation held by the political party which had some members sitting as cabinet members differed fundamentally from the Army's. Under the then existing situation, there was no hope of getting a new War Minister who could in any manner reconcile the extremist policy of the Army with the party politics, and the HIROTA Cabinet had to resign.

UGAKI FAILED TO FORM A CABINET

Upon the resignation of the HIROTA Cabinet, Ugaki, on 24 January 1937, was given the Imperial Mandate to form a new Cabinet. Ugaki was not

regarded with favor by the Army, which took appropriate and effective steps to prevent his accession to office. This was an important and significant happening, discussed in more detail in another part of this Judgment. Accordingly we do no more than mention the matter at this point as part of the narrative of events.

THE HAYASHI CABINET AND ITS NORTH CHINA POLICY

The Hayashi Cabinet was formed on 2 February 1937. UMEZU remained as Vice-Minister of War and KAYA was made Vice-Minister of Finance. The general policy of the Government was not changed. Continuing the estrangement policy of the HIROTA Cabinet with regard to North China, "The Third Administrative Policy Toward "North China" was decided on by the Ministries concerned on 20 February 1937. The principal object of administering North China was stated to be to complete Japan's aim of making Manchukuo strongly pro-Japanese and anti-communistic, to procure defense materials, to protect transportation, to prepare defense against the U.S.S.R. and to establish unity among Japan, Manchukuo and China. To attain the above-mentioned object, Japan should carry out her economic policy in North China, secretly aid the government of North China and make the Chinese National Government recognize the special position of North China and the unity of Japan, Manchukuo and China.

Again, on 16 April 1937 the "Plan for Guiding North China" was decided on by the Foreign, Finance, War and Navy Ministers. The essence of the guidance of North China was stated to be "to make the said "area virtually a firm anti-communistic pro-Manchukuo

"Japanese region, and also to contribute to the acquisition of communicational facilities, thus partly preparing against the Red threat and partly forming a foundation for realizing the unity of mutual aid of Japan, Manchukuo and China." Regarding economic exploitation, the plan provided that the development of those military resources vital to national defense, such as iron, coal, salt and so forth, and the establishment of communications, should be speedily realized, by special capital if necessary. Again the provision appears that actions which will cause other powers to misunderstand Japan's intentions must be avoided. The formulation of these policies in the Cabinet, participated in by the various Ministries concerned, revealed that not only the Army but also the other departments of the Government stood ready for some positive program in regard to North China to be carried out in the near future.

THE FIRST KONOYE CABINET AND FURTHER PLANNING AGAINST
NORTH CHINA

After the fall of the Hayashi Cabinet, Prince Konoye assumed the Premiership on 4 June 1937, with HIROTA as Foreign Minister and KAYA as Finance Minister.

In Army circles, there was agitation for further military action in China. TOJO, Hideki, then Chief of Staff of the Kwantung Army, sent a telegram on 9 June 1937 to the Army General Staff with the suggestion that judging from the present situation in China from the point of view of military preparations against Soviet Russia, Japan should "deliver a blow" first of all upon the Chinese National Government to get rid of the menace at the back if Japan's military power

permitted it. In less than one month the suggested blow against the National Government of China was delivered.

The events we have just reviewed show that the seizure of Manchuria and Jehol was only the first step in Japan's plan gradually to control the whole of China so that that country with its great market for Japan's manufactured goods and its enormous natural resources would help to make Japan the overlord of East Asia. No sooner had Manchuria and Jehol been seized, and while yet their conversion to satellite feeders of Japan's economy was hardly begun, than in the spring of 1934 Japan was claiming a special position in regard to the five northern provinces of China. By June 1935 Japan had forced the conclusion of the so-called "HOMMEZU" and Ching-DOHARA Agreements, whereby the hold of the National Government of China over two of these provinces, Hopei and Chahar, was substantially loosened. By the end of the year 1935 the support of Japan had established two so-called independent governments, which were her creatures, the Inner Mongolian Government of Prince Teh and the East Hopei Anti-Communist Autonomous Government, whose capital was at Tungchow. By that time also there had been set up the Hopei-Chahar Political Council which Japan expected to be able to turn into a government of the five northern provinces which would be independent of the National Government of China and subservient to Japan's will. Japan intended to follow the anticipated declaration of independence of the five northern provinces by a military occupation of them, and the military plans for this

occupation and for the propaganda which was to accompany the movement were prepared for execution by the end of the year 1935. Neither persuasion nor the threat of force induced the Hopei-Chahar Political Council to proclaim the independence of the five northern provinces and, in our opinion, the occupation of these provinces by the Japanese Army would have occurred much earlier than it did if events in Japan had not compelled the Japanese Army to increase and consolidate its influence over the Government of Japan so that it might control that government in support of its military adventure. As a result of the military revolt of February 1936 the Army got rid of the Okada Cabinet which was not supporting the Army's ambitious policies, but that revolt revealed a grave lack of discipline and responsibility among the younger elements in the army which called for a pause while discipline was re-established. HIROTA, the next Premier, and the War, Navy, Foreign and Finance Ministers in his Cabinet, were wholly in favor of the expansionist policy which the army advocated, and the latter half of the year 1936 saw the adoption by some or all of them of the "Basis of National Policy of June 1936" and of the "Basic Principles of National Policy" and the "Second Administrative Policy toward North China" of August 1936. Meantime the Army had secured a footing at Fengtai which should enable it to seize the Marco Polo Bridge, cut off the five northern provinces from the rest of China to the southward, and control Peiping. But the HIROTA Cabinet was not wholly in favor of the policies of the Army. There were elements in it which resented the increasing control of the military over

the Government. These had to be got rid of, and in January 1937 the military brought about the fall of the HIROTA Cabinet and the failure of Ugaki to form a government. Finally in the beginning of June 1937, after the fall of the short-lived Hayashi Cabinet, Prince Konoye formed his first Cabinet, and government support for the adventures of the military was at last assured. The way was clear for the next step in Japan's plan to subjugate China.

SECTION IVFROM THE MARCO POLO BRIDGE INCIDENT (7 JULY 1937) TO THE
KONOYE DECLARATION OF 16 JANUARY 1938.

Under the Boxer Protocol of 7 September 1901 (Annex No. B-2) China granted to the powers having legations at Peiping the right to station guards in the Legation Quarters and at twelve specified points along the railway between Peiping and Tientsin for the maintenance of open communication between the capital and the sea. By a supplementary agreement of 15 July 1902 foreign troops stationed at these points were given the right to carry on field exercises and rifle practice without informing the Chinese authorities except in the case of feux de guerre.

At the beginning of July 1937 Japan maintained a force, variously estimated from 7,000 to 15,000, in North China, while the other Protocol powers had only small detachments. The British had a total of 1007, including 252 members of the Legation Guards; the strength of the French effectives stationed in Hopei Province varied between 1700 and 1900, the bulk of whom were at Tientsin. The number of the Japanese troops greatly exceeded that needed to carry out the duties under the Protocol. From June 1937 the Japanese troops carried out intense night maneuvers in the vicinity of Lukouchiao (Marco Polo Bridge). These maneuvers were held every night while night maneuvers held by other foreign garrison troops were very much less frequent than those conducted by the Japanese. The Chinese had requested that notice be given beforehand of the night maneuvers, in order that the inhabitants of the territory should not be disturbed. To this the Japanese had agreed. On the night of 7 July 1937 the maneuvers

were carried on without notice. It was therefore under an atmosphere of tension and unrest that on that night the Lukouchiao Incident broke out.

At about ten o'clock in the evening, the Chinese authorities received a telephone message from Matsui, Kotaro, Chief of the Japanese Special Services in Peiping, alleging that one of the Japanese soldiers was reported missing after the Chinese garrison forces in Wanping had opened fire at the Japanese maneuvering troops, and demanding that the Japanese troops be allowed entry into the city of Wanping to conduct searches. Wanping is in the neighborhood of Lukouchiao which being on the main communication line west of Peiping was of considerable strategic importance. Prior to July 1937 the Japanese forces at Fengtai had repeatedly demanded the withdrawal of the Chinese forces stationed at this place.

We have already noticed that in 1936 the Japanese had endeavored to take up a large tract of land between Fengtai to the west of Peiping and Lukouchiao for the purpose of erecting barracks and an airfield, and how that endeavor failed. The strategic effect on North China of the removal of Chinese troops from Lukouchiao and the establishment of military posts by the Japanese between Fengtai and Lukouchiao is obvious. Peiping would be completely cut off from the South and West.

General Chin Teh-Chun, at the time acting as Commander of the 29th Army in the absence of General Sung Che-Yuan who was then on leave at his home, instructed the Chinese liaison authorities to reply to the Japanese demand for entry into Wanping that the maneuvers held under

the circumstances of that night were illegal and therefore the Chinese authorities had no responsibility whatsoever for the allegedly missing soldier. However, he said that he would order the Chinese troops stationed at Wanping to conduct a search on their own behalf. The Japanese, not satisfied with the reply, insisted on conducting the search themselves.

Wang Len-Chai, Administrative Commissioner in the city of Wanping, was ordered by General Chin to investigate and report on the maneuvering of the Japanese troops and whether any Japanese soldier was missing. In the meantime, a report came to the Chinese authorities that a battalion of Japanese troops with six pieces of artillery was advancing from Fengtai to Lukouchiao. Chinese troops were thereupon ordered to be alert, while Wang Len-Chai was sent to negotiate with Matsui. While the investigation conducted by Wang Len-Chai did not locate the allegedly missing soldier and subsequent discussion with Matsui brought about no result, it was decided that a joint investigation should be conducted on the spot. After Wang Len-Chai and the Japanese representative Terahira entered the city, the Japanese troops encircled it on three sides and opened fire. Chinese forces defended the city from the walls. At five o'clock in the morning of 8 July 1937, while the investigation was still going on, a Japanese battalion under its Commander Ichiki attacked the Chinese troops at Lungwangmiao in the neighborhood of Lukouchiao. At about six o'clock the Japanese began to attack the walled city of Wanping with machine gun fire.

SUBSEQUENT OPERATIONS AND NEGOTIATIONS FOR TRUCE

In the morning of 8 July 1937 the railway bridge

leading to Chang-Sin-Tien was captured by the Japanese. In the afternoon of the same day, the Japanese sent an ultimatum to the Commander of the city of Wanping to surrender before seven o'clock in the evening, failing which, bombardment would begin. The Chinese, however, stood firm and promptly at seven the Japanese bombardment began. On the next day, 9 July 1937, the Japanese, through Matsui and others, informed General Chin that the missing soldier had been found and asked for a truce with the following conditions: (1) All military actions should cease on both sides; (2) Troops of both sides should return to their original positions; (3) The 37th Division which entertained more hostile feeling towards Japan should be replaced by another unit of the 29th Army for the defense of Wanping. An understanding was also to be reached on both sides to refrain from developing henceforth incidents of similar nature. The truce was agreed to on the same day.

Chinese units under the command of Lieutenant Colonel Chi Hsin-Wen retreated to their original positions, while the Japanese units were to withdraw toward Fengtai. At this point the incident might well be considered as having been settled, if the Japanese had conformed to the terms of the truce. But, it was later ascertained that some one hundred Japanese soldiers along the railway tunnel were not withdrawn as agreed. During midnight on 9 July 1937 the Japanese troops there again fired into the city. Thereafter, Japanese troops continued to pour into the troubled area. By 12 July there were 20,000 Japanese troops and 100 airplanes in the area. There then occurred sporadic clashes between the two forces until the 27th of July.

when as hereafter related hostilities on a large scale broke out.

ATTITUDE OF THE JAPANESE GOVERNMENT

The official telegram reporting the outbreak of hostilities reached Tokyo on 8 July 1937. On the following day the Konoye Cabinet, in an extraordinary meeting, decided that the government attitude should be to hold fast to the policy of arresting the scope of the disturbance and to seek a prompt local settlement of the matter. Notwithstanding this decision of the Cabinet, the General Staff decided on 10 July 1937 to re-enforce the garrison by sending two brigades from the Kwantung Army, one division from Korea and three divisions from Japan. The Cabinet, of which HIROTA and KAYA were members, approved the Army plan on 11 July. Units of the Kwantung Army were sent to the Peiping and Tientsin area. However, on the night of 11 July 1937 upon receipt of the report from the North China Forces that the Chinese had come to terms, the Supreme Command decided to stop mobilization of the divisions in Japan proper. On 13 July 1937 the Supreme Command adopted the "Policy for the Treatment of the North China Incident", which provided that while the Japanese Army would follow the localization policy and would decide mobilization of the homeland forces in the light of future developments, they would nevertheless take resolute steps, if the Chinese neglected the terms they agreed upon, or showed their insincerity by moving their troops to North China.

From 17 July 1937 while negotiations were being carried on between the North China Garrison Forces and the 29th Army on the spot, and between the Japanese

diplomatic officials and the Chinese Government at Nanking, the Japanese Supreme Command proceeded to prepare for mobilization in Japan which had been interrupted on 11 July 1937. Even after Sung Che-Yuan, Commander of the 29th Army and head of the Hopei-Chahar Political Council, was reported to have come to terms on 18 July 1937 the Japanese Supreme Command still pushed forward preparations for mobilization on the ground that the Chinese Government had shown no sincerity. On 20 July 1937 the Cabinet authorized mobilization of three divisions. One week later the Commander of the North China Garrison Forces reported that, having exhausted every means of peaceful settlement, he had decided to use force to chastise the 29th Army and requested approval, which was given by the Supreme Command. In the meantime, mobilization orders were issued for four divisions. Also ostensibly for the protection of Japanese residents in Shanghai and Tsingtao, one division was to be reserved for each city.

It is important to note that under the "Draft of the Outline for the Military Disposal of Various Railways in North China" of 2 December 1935, which provided for a sweep by the Japanese forces of the provinces of Shantung, Hopeh and Shansi, Tsingtao was the port at which reinforcements from Japan were to be landed to take part in the sweep.

On the diplomatic front, the Japanese Foreign Office took prompt measures to strengthen the diplomatic staff in North China, following the Cabinet meeting on 11 July 1937 in which the important decision was made to take necessary steps in connection with the dispatching of troops to North China. On 11 July 1937 Hidaka, Counsellor

to the Japanese Embassy at Nanking, was instructed by the Foreign Office to notify the Chinese Government of the intention of the Japanese Government to settle the matter locally and to request the Chinese Government not to obstruct the Japanese efforts (to save the situation promptly). When the Chinese Foreign Minister demanded the withdrawal of Japanese troops from the places of disturbance and the cessation of sending re-enforcements from Manchuria, Korea, and Japan proper, Hidaka evaded the issue by asking the Chinese Foreign Minister whether the Chinese Government had any intention of denying any agreement reached between the Japanese and Chinese authorities on the spot. After the Chinese Foreign Minister had pointed out in an official note that any local understanding or agreement would take effect only on confirmation by the Chinese Government, Hidaka was again instructed by the Japanese Foreign Office on 17 July 1937 to demand that the Chinese Government should not obstruct the execution of the terms of the settlement reached on the spot. It had thus become clear that what the Japanese authorities conceived as local settlement was the acceptance of Japan's demands by the North China authorities without the confirmation of the Chinese Government. Acceptance of this proposal would obviously have the dual effect of weakening the power of the local authorities by depriving them of the support of the Central Government and of virtual recognition by the Central Government of an autonomous North China.

UNITED STATES OFFER OF GOOD OFFICES

The hostilities which broke out in North China had caused serious concern to the third powers who desired

to see peace in the Far East. On 16 July 1937 United States Secretary of State, Cordell Hull, issued a statement to the effect that the United States constantly and consistently had advocated maintenance of peace, national and international self-restraint, abstinence by all nations from use of force in pursuit of policy, adjustment of international differences by peaceful means, faithful observance of international agreements, upholding of the sanctity of treaties, respect of nations for rights of others, and a revitalizing and strengthening of international law, and that the United States would avoid entering into alliances or entangling commitments but believed in cooperative effort by peaceful and practicable means in support of the above principles.

It was on the same day that the Chinese Government sent a memorandum to all the powers signatory to the Nine-Power Treaty (Annex No. B-10), and on the next day, 17 July 1937 Generalissimo Chiang Kai-shek made a speech emphasizing that China was not seeking war but merely meeting attacks on her very existence. He then mentioned as minimum considerations for peaceful solution the following four points: (1) No encroachment on China's sovereignty and territorial integrity; (2) No alterations in the administrative system of the Hopei and Chehar Provinces; (3) No involuntary removal of principal officers appointed by the Central Government; and (4) No restrictions to be imposed on the garrison districts of the 29th Army. On 19 July 1937 the Chinese Ministry of Foreign Affairs presented a memorandum to the Japanese Embassy in Nanking in which the Chinese Government renewed its proposal for simultaneous cessation of troop movements on both sides and mutual with-

drawal of troops to their original positions on a date to be agreed upon by both parties. It also stated unequivocally that for the settlement of the incident, the Chinese Government was prepared to accept any pacific means known to international law or treaties, such as direct negotiations, good offices, mediation and arbitration.

Mr. Hull, in an effort to settle the matter before it spread too far, held a talk with the Japanese Ambassador on 21 July 1937. Among other things, he told the Japanese Ambassador that the United States Government was ready and would be most glad at any time to say or do anything, short of mediation, which, of course, would require the agreement of both parties in advance, which might in any way contribute towards composing the present matters of controversy between Japan and China. But the attitude of Japan was made clear by Foreign Minister HIROTA who, in a speech made on 27 July 1937 before the Budget Committee of the Diet, stated that the Japanese Government would reject any third power intervention. On 10 August 1937 three days before the outbreak of hostilities in Shanghai, Mr. Joseph Grew, the United States Ambassador in Tokyo, told the Japanese Foreign Minister that his Government had authorized him to make a definite offer of good offices. Following this, the Japanese Ambassador in Washington, in a note to the Department of State dated 13 August 1937 stated that while Japan concurred in the principles contained in the statement made by Mr. Hull on 16 July 1937 concerning maintenance of world peace, it was the belief of the Japanese Government that the objectives of those principles would be attained only by a full

recognition and practical consideration of the actual circumstances of the Far Eastern region. The United States Department of State, however, on 23 August 1937 issued a press release reaffirming the principles laid down by the Hull statement of 16 July 1937 and urging the settlement of differences by negotiations.

THE LANGFANG INCIDENT

Despite the truce, fighting again broke out on 14 July 1937. Wanning was continuously shelled by Japanese artillery. On 18 July (1937) Sung Che-Yuan called on Katsuki, Commander of the Japanese Garrison Forces, and expressed regrets, as demanded by the Japanese Army. However, this did not ease the tension. Numerous incidents occurred. On the 25th of July a clash occurred at Langfang between Peiping and Tientsin between a company of Japanese troops and Chinese forces. There was another clash the next day at the Kwanganmen Gate of Peiping as a battalion of Japanese infantry endeavored to enter the city for the purpose of protecting the Japanese residents. While the exact cause of the outbreak of these incidents is not clear it is significant that on the 26th the Japanese had sent an ultimatum to the Chinese demanding, inter alia, the withdrawal of the Chinese 27th Division from the Peiping Area within twenty-four hours, failing which, Japan would attack with large forces.

JAPAN'S ULTIMATUM REJECTED

On 27 July 1937 the day after the Japanese had delivered the ultimatum, Premier Konoye announced that in sending troops to North China, the Government had no other purpose than to preserve peace in East Asia. Japan's

ultimatum was not accepted. Fighting broke out on 27 July 1937 at Fengtai and in the vicinity of Lukouchiao. Kat-suki, Commander of the Japanese Garrison Forces, ordered reinforcements from Tientsin and Tungchow with strong equipment and more than thirty airplanes. In the early morning of 28 July 1937, the Japanese made an onslaught at Nanyuan, outside the city of Peiping, with aircraft and artillery, inflicting heavy casualties on the Chinese. Large scale hostilities had thus developed.

REACTION IN GERMANY

On 28 July 1937 the Japanese Ambassador Mushakoji called upon the German Reichminister Weizsacker and stated that Japan felt that Germany did not understand the anti-communistic efforts which the Japanese action in China constituted. He tried to show that Japan was doing anti-communistic work in China also for Germany's benefit. However, Weizsacker replied that he could not deduce an obligation on the part of Germany to approve or assist morally a Japanese action which might easily lead to the fostering of communism in China, the very opposite of the aim of both Germany and Japan.

On the same day, Weizsacker sent a telegram to the German Ambassador in Tokyo, instructing him to advise the Japanese to be moderate. He told the Ambassador that attempts of Japan to base measures in China as a fight against communism on the strength of the Anti-Comintern Pact were devious, as the said Pact had not the objective of fighting Bolshevism in the territory of third states. On the contrary, Japan's actions were rather considered to be contrary to the Anti-Comintern Pact because they would obstruct the consolidation of China and thus promote

the spread of communism. Weizsacker further stated that the radio propaganda carried on by Japan in Germany, attempting to represent the war against China as a fight against communism, was unwelcome.

In the light of the German attitude and the nature of the operations adopted by the Japanese very grave doubts are thrown on the Japanese reiterated declarations that they were primarily concerned in combating communism. Such declarations were repeatedly made by DOHIHARA and ITAGAKI in their initial efforts to establish the autonomous movement in North China. The Reichminister seemed to have foreseen a situation which was later testified to by a witness in this trial, that the Chinese communists began to gather strength in the troubled conditions developing after the outbreak of the Lukouchiao Incident and that it was the Japanese who thus nurtured the communist movement.

PEIPING CAPTURED

On the same day, 28 July 1937, Generalissimo Chiang Kai-shek ordered General Sung Che-Yuan to retreat to Paoting in southern Hopei and to direct operations from there. During the next two days, 29 and 30 July 1937, intense fighting took place in Tientsin where the Chinese forces put up a stiff stand, but subsequently they fell back toward the south along the Tientsin-Pukow Railway, while other troops fell back along the Peiping-Hankow Railway. Thus Peiping was isolated and finally captured on 8 August 1937 by the Japanese forces under the command of Kawabe, Shozo, who paraded the streets of Peiping with his troops; announced by proclamations posted at important places that he was the military governor,

and threatened with death anyone who would defy his edicts. According to neutral observers, within eight weeks after the outbreak of hostilities, the Japanese had about 160,000 troops fighting in North China.

THE OYAMA INCIDENT

While the hostilities in North China were progressing and following the capture of Peiping by Japanese troops on 8 August 1937 another incident causing grave concern to the world occurred in Shanghai on the very next day. In the afternoon of 9 August 1937 Sub-Lieutenant Oyama and his driver, Seaman Saito, of the Japanese Naval Landing Party, were killed in front of the airdrome on Hungjao Road in a suburb of Shanghai while trying to enter the airdrome. The evidence as to the details of the incident is contradictory. However, one point is established beyond doubt; namely, that Oyama had no authority to enter the airdrome. In any event the incident, though it contributed to the tenseness of the situation generally, is of little importance as the Japanese did not allege it as an excuse or justification for their subsequent operations.

OTHER EVENTS PRECEDING THE SHANGHAI WAR

After the Oyama Incident occurred, the situation in Shanghai became extremely tense. Within less than forty-eight hours thereafter Japan concentrated about thirty warships in Shanghai and increased her armed forces by several thousands. At the same time, demands calculated to remove or undermine Chinese defense were made on the Chinese authorities. Hostilities broke out on 13 August 1937 and furious fighting continued thereafter.

As may be recalled, in the early part of 1932 the hostilities in the Shanghai region were brought to an end by the conclusion of the Cease-Fire Agreement of 5 May 1932 which stipulated that the Chinese troops would remain in the positions which they occupied at that date pending later arrangements upon the establishment of normal conditions in the area. The Chinese delegation to the Shanghai Conference, in accepting the Agreement, then declared in particular that it was understood that nothing in this Agreement implied any permanent restriction on the movements of Chinese troops in Chinese territory. In June 1937 acting on a report that the Chinese were re-inforcing the Peace Preservation Corps in what he called "the forbidden area" and were constructing defense works there, including the reconstruction of the Waesung Fortress, Okamoto, the Japanese Consul-General in Shanghai, called for a meeting of the Joint Commission set up under the Cease-Fire Agreement. At the meeting held on 23 June 1937 Mayor Yui Hung-Chun, the Chinese representative, took the position that the matter was not within the province of the Joint Commission, whose duty was, as was clear from the Agreement, to supervise the withdrawal of troops. The representatives of the participating powers concluded that they could not express an opinion on conflicting interpretations. While stating that he was not authorized to give any information concerning the number of Peace Preservation Corps in the Shanghai area and the question of fortifications, the Chinese representative did give an assurance that nothing undertaken in the area had any hostile intention or the nature of warlike preparation.

On or about 15 July 1937 after the hostilities

broke out in North China, Mayor Yui invited Consul-General Okamoto and the Japanese military and naval attaches to a meeting at which the Mayor expressed his desire to prevent the spread of hostilities to Shanghai and asked the Japanese to cooperate. Okamoto promised cooperation and asked that China control terrorism and anti Japanese movement. Thereafter, they maintained close touch with each other. At times the Mayor called on Okamoto two or three times a day, requesting the latter to restrain certain actions on the part of the Japanese marines. The actions which the Chinese complained of were such as maneuvers and emergency guard measures taken by the Japanese marines. According to Okamoto, he and the Commander of the Japanese Naval Landing Party agreed to restrain the maneuvers, but as to the emergency guard measures, he explained that they were taken as a result of the disappearance of a Japanese sailor by the name of Miyazaki, who was, however, subsequently found.

In Japan following the occurrence of the Oyama Incident, the Army was notified by the Navy on 10 August 1937 that for the time being the units in Shanghai would take no further steps, but circumstances might require preparations for sending troops. The Japanese Government then decided that it would be worthwhile to study the proposal for eventual mobilization. After the Incident, the Japanese Naval Landing Party at Shanghai was reinforced by 1000 men from Japan. By noon of 11 August 1937 there was a relatively large fleet, including the Flagship Idzumo and other naval vessels, at the Shanghai waterfront.

On 12 August 1937, another meeting of the Joint Commission was held in Shanghai. While reiterating that the Commission had no authority over the issues, the Chi-

nese representative pointed out that it was Japan who had rendered the Cease-Fire Agreement null and void by stationing the armed forces at Paitzuchiae or the Eight Character Bridge, a place far beyond the railway from which it had been agreed that the Japanese forces would be withdrawn, and consequently Japan had no right to invoke the agreement. He further pointed out that Japanese armaments and supplies were being landed and further reinforcements were on the way; that these measures constituted a serious threat to the peace and order in Shanghai, and that China had the right to adopt measures for self-defense. The Japanese representative admitted, in the meeting, that Japanese forces had been in the Paitzuchiae area and made no denial of the naval concentration and reinforcements, other than an explanation that the Naval Landing Party had not yet prepared to do anything, while the Chinese representative also reiterated the statement that the right to adopt measures of self-defense accounted for her military movements.

At the same meeting on 12 August 1937, when the parties were asked to give assurance not to make an attack within forty-eight hours, the Chinese stated that they would not attack unless they were first attacked, while the Japanese rejoined that they would cause no trouble unless provoked or challenged, and then related the case of the arrest of a Japanese newspaperman by the Chinese as an illustration of provocation. The meeting brought about no solution of the trouble.

THE SHANGHAI WAR

On 13 August 1937, fighting broke out at a point near the headquarters of the Japanese Naval Landing Party and at another point in the Paitzuchiae area. The

Japanese alleged that the cause of the outbreak was the firing by Chinese troops on the Japanese Landing Party. On this point the evidence is contradictory. Even if their version was correct it would not, in our opinion, justify the extent and magnitude of the operations which followed as hereafter related.

As soon as the clash occurred, the Japanese Government on 15 August 1937 announced its decision to dispatch a force of two divisions from the homeland for the declared purpose of protecting Japanese subjects in Shanghai. A mobilization order was also issued on the same day and MATSUI, Iwane, was appointed Commander of the Japanese Expeditionary Forces in Shanghai. Clearly, the Japanese Cabinet had decided to abandon the policy of localization. Fighting in the Shanghai area was intense. Further Japanese reinforcements arrived at Shanghai on 23 August 1937. Aircraft were brought into action by both sides. Japanese airplanes bombed Nanking, the capital of China, and numerous aerial bombardments were carried out on the ports, and also on cities in the interior. The Japanese fleet, while cooperating with the forces on land, patrolled the coast to prevent supplies from being brought to the ports by Chinese ships, a number of which were sunk.

While the fighting at Shanghai was in full swing Horinouchi, the Japanese Vice-Minister of Foreign Affairs, in a radio broadcast to the United States on 1 September 1937 defended Japan's actions in China on the ground of China's anti-Japanese acts and asserted that Japan's intentions were peaceful. He stated that the ultimate object of the current hostilities in North China and

Shanghai was the realization of a situation permitting genuine cooperation between the two countries. Speeches of similar purport were subsequently delivered to the Japanese Diet by Foreign Minister HIROTA. It is clear that while these speeches were made, they had in mind Japan's policy of making North China a special area subservient to Japan, a policy which had been openly adopted by the successive cabinets since 1935. To implement this policy, a full scale war was being waged, extending as far south as Shanghai in Central China.

As hostilities continued, still further reinforcements were poured into the Shanghai area. Between the end of September and the beginning of November, 1937, the Japanese Supreme Command dispatched five battalions from Japan and five more divisions from North China. In the beginning of November 1937, three divisions landed in Hangchow Bay, about fifty miles south of Shanghai, and again, in the middle of the same month, one more division landed at Palmaokiang, sixty miles up the Yangtze River from Shanghai. As the area of conflict was thus being expanded, the Expeditionary Forces under MATSUI and the divisions of the Tenth Army which had landed at Hangchow Bay were amalgamated into the newly formed Central China Expeditionary Forces with MATSUI as its Commander in Chief. The battle continued for three months and by 12 November 1937 the Chinese Army retreated to the West.

On 5 December 1937, the Shanghai Ta-Tao City Government was set up, under the sponsorship of Colonel Kusumoto of the Military Attache's Office, Japanese Embassy, and Colonel Kagesa of the Headquarters of the Japanese Supreme Command, with Su Hsi-Wen, a Japanese-

educated Chinese, as the Mayor.

CONTINUED MILITARY ACTIVITIES IN NORTH CHINA

To coordinate the Japanese military activities being carried on in China, HATA, Shunroku, was appointed on 26 August 1937, as Inspector General of Military Education, one of the three chiefs who would nominate the War Minister whenever there was a cabinet change. DOHIMARA, in command of the 14th Division, in August 1937 took part in the drive along the Peiping-Hankow Railway, and TOJO, in command of an army corps, was engaged in hostilities in Chahar Province. At the same time the 5th Division under ITAGAKI was driving up the Peiping-Suiyuan Railway toward Kalzan, which was captured on 26 August 1937. It is worthy of note at this point that in November 1938 the provinces of Chahar, Suiyuan, and Shansi were organized as separate local government territories under the Autonomous Federation of Mengchiang. This was an organization intended by the Japanese to rule Mongolia and Sinkiang. At the head of the Federation was Prince Teh whose advisors were Japanese Army officers and others who took charge of political and economic questions in the Federation.

On 31 August 1937, at Hwailai, approximately one hundred miles northwest of Peiping, where ITAGAKI had an interview with European and American correspondents, he declared that it was possible for him to turn south to the Yellow River. This statement is the first indication to the public that the Japanese plans contemplated an advance to the South beyond the limits of North China which in fact followed soon after. On 4 September 1937, an Imperial Edict was issued, explaining the object of the Japanese military expedition in China as "to urge grave

"self-reflection upon China and to establish peace in
"the Far East without delay".

These military activities were accompanied by
propaganda in the form of press interviews, speeches and
other utterances with the purpose of breaking the morale
of the Chinese.

On 24 September 1937, Paoting, capital of Hopei
Province, was captured. The Japanese generals participa-
ting in the fighting at that time stated to a foreign
newspaperman that the military aim of the Japanese Army
was "not so much the acquisition of territory as the anni-
"hilation, smashing, and killing of Chinese Nationalist
"Armies". This policy of annihilation of the Chinese
Armies had been previously expressed by HIROTA in his
speech of 5 September 1937, delivered in the Diet, in
which he said, "we firmly believe that it is in accordance
"with the right of self-defense as well as with the cause
"of righteousness that our country is determined to deal
"a decisive blow to such a country, so that it may reflect
"upon the error of its ways. The sole recourse open to
"the Japanese Empire is to administer the foregoing blow
"to the Chinese Army, so that it may lose completely its
"will to fight". In the same speech, he reiterated Japan's
policy in regard to North China and concluded that the
urgent need for Japan at that moment was to take "a
"resolute attitude and compel China to mend her ways".
Japan, he said, had no other objective than to see a
happy and tranquil North China, all China freed from the
danger of recurrence of such calamitous hostilities as
the present, and Sino-Japanese relations so adjusted as

to enable them to put into practice Japan's above-mentioned policy.

ITAGAKI's troops made further advances, and on 14 October 1937, occupied Kweisui, the capital of Suiyuan Province. On the next day, 15 October 1937, an Imperial Ordinance was enacted in Japan, creating the Cabinet Advisory Council of which ARAKI was appointed a member, the responsibility of which was to participate in "the deliberation and planning of the Cabinet in regard to important state affairs concerning the China Incident".

On 9 November 1937, Japanese troops captured Taiyuan, the capital of Shansi Province. Immediately the Japanese set about organizing an autonomous government at Taiyuan to govern the northern part of Shansi Province. This puppet government was later combined with those organized at Kalgan and Kueihua as part of the new "Autonomous Federation of Mengchang" to which reference has already been made. In the Shantung Area, the North China Expeditionary Forces on 25 December 1937, captured Tsinan, capital of Shantung Province. At this stage, the Japanese Army had practically brought all the key points in North China under military occupation.

CHINA APPEALED TO THE LEAGUE OF NATIONS

On 12 September 1937. China appealed to the League of Nations against Japan, invoking Articles 10, 11, and 17 of the Covenant (Annex No. B-6). On 21 September 1937, the League of Nations invited the Japanese Government to participate in the Twenty-Three Powers Consultative Committee. Japan, however, maintaining an attitude of non-participation in any political activity of the League of Nations, on the ground that she had withdrawn from the League, refused

the invitation. At that time, HIROTA was the Foreign Minister in the First Konoye Cabinet.

On 6 October 1937, the League of Nations found that the military operations carried on by Japan against China were out of all proportion to the incident which was the cause of the conflict, that such action could not possibly facilitate or promote friendly cooperation between the two nations which Japanese statesmen had affirmed to be the aim of their policy, that it could be justified neither on the basis of existing legal engagements nor on that of the right of self-defense; and that it was in contravention of Japan's obligations under the Nine-Power Treaty of 6 February 1922 (Annex No. B-10), and the Pact of Paris of 27 August 1928 (Annex No. B-15). These conclusions were on the same day concurred in by the United States Government.

JAPAN'S TERMS FOR PEACE

While military operations were being successfully carried on, the Japanese Government adopted, on 1 October 1937, an "Outline Regarding the Settlement of the "China Incident". It provided that the incident should be brought to a speedy conclusion through the efforts of armed forces combined with timely diplomatic action. In North China there should be designated a demilitarized zone in which peace and order were to be maintained by armed Chinese police. Japan would have the right to station troops, but she might reduce the number of occupation troops and limit them to the number present at the outbreak of "the Incident". While the Tangku Truce was to remain in force, other arrangements such as the "DOHIHARA-Chin Agreement", the "UMEZU-Ho Agreement" and the

arrangement concerning through railway traffic, mail service, air service, etc., should be dissolved. The Hepei-Chahar Political Council and the East Hepei Autonomous Council would be abolished and the administration in these areas would be conducted by the Chinese Government as it pleased. However, it was desirable that the administrative leaders of this area should bring about realization of friendly relations between Japan and China. As for the Shanghai area, there should also be designated a demilitarized zone in which peace and order should be maintained by the international police or the restrictedly armed Chinese police, to be assisted by the Municipal Police of the International Settlement. Japanese land forces might be withdrawn, but this should not include the right of anchorage of Japanese warships. For the general readjustment of Sino-Japanese relations, negotiations should be simultaneously or subsequently conducted along political, military, and economic lines. China should grant formal recognition of Manchukuo and conclude an anti-Comintern pact with Japan, enforcing strict control in the North China demilitarized zone. The Chinese customs tariffs on specified goods should be reduced and the freedom to prevent smuggling in East Hepei should be restored to the Chinese Government. This outline was approved by Premier Kono, Foreign Minister HIROTA, the War and Navy Ministers

BRITISH OFFER OF GOOD OFFICES

Prior to 27 October 1937, conversations were held between Foreign Minister HIROTA and British Ambassador Craigie concerning the cessation of hostilities in China. According to Horinouchi, then Vice-Minister of Foreign Affairs, HIROTA expressed, as his personal views, the

following conditions for solution: (1) Creation of a demilitarized zone in North China; (2) Adjustment of relations between North China and Manchukuo on a practical basis; (3) Control by China of anti-Japanese movements; and (4) Equal economic opportunities in the North China region. These views were conveyed by Ambassador Craigie to the Chinese Government, and the views of the latter were also conveyed on two or three occasions to HIROTA through the British Ambassador.

On 27 October 1937, HIROTA, in an interview with the ambassadors from Great Britain, the United States, Germany and Italy, stated that while the Japanese Government could not accept the invitation to attend the Brussels Conference, it desired to have any one of the four powers use its good offices for bringing about direct peace negotiations between Japan and China. The British Ambassador soon called upon HIROTA and informed the latter of his government's willingness to use its good offices for negotiations between the two countries. Horinouchi testified that HIROTA accepted, but it was realized afterwards that there was strong opposition within the army against Britain acting as a go-between and the scheme had to be held in abeyance. However, Horinouchi admitted in cross-examination that it was Japan's policy to reject intervention or arbitration at any time and that although good offices of third parties were always welcome, it was the desire and policy of the Japanese Government to effect a settlement of the trouble between Japan and China by direct negotiations.

THE BRUSSELS CONFERENCE

After the League of Nations had failed to bring

Japan to the conference table for the settlement of differences by negotiations, another means was being sought for the achievement of the same purpose. On two occasions, October 20 and November 7, 1937, the Belgian Government invited Japan to attend a meeting at Brussels, with a view to examining, in accordance with Article VII of the Nine-Power Treaty (Annex No. B-10), the situation in the Far East and of studying means of settling the conflict amicably. Japan again declined the invitation explaining that since the League of Nations, to which the convocation of the proposed conference was closely linked, had expressed views hostile to Japan, the Japanese Government believed that frank and full discussion to bring about a just solution of the conflict could not be expected. On 15 November 1937, by a resolution adopted in the Brussels Conference, Japan was pronounced the aggressor in the Sino-Japanese conflict.

THE IMPERIAL GENERAL HEADQUARTERS

Confronted with difficulties both at home and abroad, Premier Konoye desired to resign in the middle of November 1937, but was dissuaded by KIDO.

On 20 November 1937, the Cabinet set up the Imperial General Headquarters, an organization to be established in war time only. It had control of operations and tactics. The Chief of Staff thus obtained virtual control over the War and Navy Ministers. Meetings were held once or twice a week. It had a great deal of influence on the Japanese Government prior to the outbreak of the Pacific War, since its utterances were not only those of the Army General Staff and the Naval General Staff, but also of the Emperor, who was its head.

THE ATTACK ON NANKING

When MATSUI was appointed Commander of the Shanghai Expeditionary Forces and left Tokyo for the fighting area, he already had thoughts of pushing on to Nanking after the intended capture of Shanghai. He requested five divisions for the Shanghai Expeditionary Force before leaving Tokyo. Actual preparations for the advance upon China's capital were made, for he had previously made a study of the topography in the vicinity of Shanghai and Nanking. On 8 October 1937, MATSUI issued a statement in which he said "the devil-defying sharp bayonets were just on the point of being unsheathed so as to develop their divine influence, and that the mission of the Army was to fulfill all its duties of protecting Japanese residents and interests, and to chastise the Nanking Government and the outrageous Chinese." As the area of hostilities around Shanghai was likely to expand, MATSUI was appointed Commander in Chief of the Central China Expeditionary Forces.

MUTO, Akira, was appointed MATSUI's vice-chief of staff in late November 1937. Approximately one month after the capture of Shanghai, the Japanese Army arrived outside the city of Nanking. MATSUI issued an order to the effect that as Nanking was the capital of China, its capture was an international event and careful studies should be made so as to dazzle China with Japan's military glory. The Japanese demand for surrender was ignored by the Chinese Government. Bombardment started and the city fell on 13 December 1937. The Japanese Army that entered Nanking was a newly-formed organization, but it was composed of experienced troops.

MATSUI made his triumphant entry on 17 December 1937. From 13 December onward, there occurred what has come to be known as the "Rape of Nanking" which will be dealt with in a later phase.

On 1 January 1938, a provisional self-governing body was set up, flying the old discarded five-coloured Chinese flag instead of the Blue Sky and White Sun which is the official national flag of China.

GERMANY ACTED AS GO-BETWEEN

Having ignored the offers of good offices made by the United States and Great Britain, the Japanese Army desired that Germany should be asked to act as go-between. On 5 November 1937, certain peace terms proposed by Japan were conveyed to the Chinese Government through Trautmann, the German Ambassador in Nanking. Subsequently, on 28 and 29 November and 2 December, the German Ambassador again communicated the intentions of the Japanese Government and informed the Chinese authorities that the terms proposed by the Japanese Government early in November were still to stand. China was prepared to take the points proposed by Japan as the basis of discussion. The proposed terms were embodied in what was called the August Plan drafted in July 1937, by officials of the Japanese Foreign, War, and Navy Ministries, but approved on 5 August 1937 by the above-mentioned ministries. It consisted of three main points: (1) Establishment of unfortified zones along the River Pai-Ho and the withdrawal of Japanese and Chinese troops from the areas specified as such; (2) No annexation of territories; and (3) No indemnities. Negotiations on the lines of these terms were being conducted between Japanese Ambassador Kawagoe and

the Chinese, when they were interrupted by the outbreak of the Shanghai hostilities on 13 August 1937.

Oneday in December 1937, according to the testimony of Horinouchi, Foreign Minister HIROTA was told by German Ambassador Dirksen that he had information from Ambassador Trautmann in Nanking that the Chinese Government had the intention of reopening peace negotiations on the basis of the Japanese terms, and was asked if there was any alternation in the peace terms of the August Plan. Thereupon, the question was submitted to the Liaison Conference of the Government and the Army and Navy, and was placed on the agenda for the meeting of 20 December 1937. The fall of Nanking on 13 December 1937 had considerably stiffened the attitude of the Japanese towards China. The Liaison Conference decided upon four fundamental terms of peace, which were as follows: (1) Collaboration with Japan and Manchukuo in an anti-communist policy; (2) Establishment of demilitarized zones and special administrative organs in designated areas; (3) Creation of close economic relations among Japan, Manchukuo and China; and (4) Necessary reparations by China. The differences between these Peace Terms and those of August 1937 which had been communicated to the Chinese Government were so great fundamentally that their acceptance by the Chinese would have involved amongst others, one that China had refused to accept from 1931; namely, the independence of Manchuria. In the circumstances it is not surprising that the overtures led to no practical solution of the difficulties.

On 22 December 1937, HIROTA communicated the above terms to Ambassador Dirksen, stating that as there

had been a great change in the situation, it was not possible any longer to offer the earlier conditions. He said that if the Chinese side would generally agree on the new terms, Japan would be ready to enter into negotiations; otherwise, Japan would have to deal with the incident from a new standpoint. These new terms were communicated to the Chinese Government on 27 December 1937, through Ambassador Trautmann.

On 13 January 1938, the Chinese Minister of Foreign Affairs replied to Trautmann that, as the new peace terms proposed by Japan were so general in their terms, the Chinese Government desired to be informed in detail of their nature and content in order to make a careful examination and reach a definite decision. The Chinese reply was communicated to HIROTA on 14 January 1938.

THE IMPERIAL CONFERENCE ON 11 JANUARY 1938

While the peace terms were being offered to China, there developed a difference between the Army and the Government in Japan. The Army General Staff thought that the terms of peace were not only vague, but also aggressive. They were in favor of giving more specific terms. The General Staff was concerned about the protracted nature of the war in China. Not only was it a drain upon Japanese resources, but it embarrassed military and economic preparations for war against Russia, America and Great Britain. The Government under Konoye preferred to state them in general terms. Foreign Minister HIROTA and Education Minister KIDO supported Konoye's view; Home Minister Suyetsugu drafted the four terms, and Foreign Minister HIROTA caused them to be communicated to the

Chinese Government. On 11 January 1938, while the reply of the Chinese Government was being awaited, an Imperial Conference was held, which was attended by HIRANUMA, who was President of the Privy Council. HIROTA explained the "Fundamental Policy for the Disposition of the China Incident," providing for close collaboration and unity between Japan, Manchukuo, and China. Based upon this policy two alternative measures were adopted at the conference. On the one hand, the conference decided that if China should ask for conciliation, Japan would negotiate in accordance with the conditions of peace as contained in an addendum to the "Details of the Conditions of the Negotiations for Peace between Japan and China," which included, among other items, formal recognition of Manchukuo by China; establishment of an anti-communist self-government in Inner Mongolia; creation of demilitarized areas in occupied territories of Central China and recognition of Japan's right to station troops in designated areas of North China, Inner Mongolia, and Central China. On the other hand, if China refused to reconsider, Japan would not only consider the Chinese Government her opponent, but would assist in the formation of a new Chinese Government with which Japan could cooperate. Thereupon, the Chiefs of Army General Staff and Navy General Staff and the President of the Privy Council expressed their approval. Thus were the details of peace conditions drawn up.

On the day when the Imperial Conference adopted the above plan, Ambassador Trautmann reported to his government that the telegram which he received from Tokyo

contained no further information except that Japan seemed to be altering for the second time their peace proposals which were issued through the German Embassy, and "we are losing face with the Chinese through this".

THE KONOYE DECLARATION OF 16 JANUARY 1938

Upon receipt of the Chinese reply of the 14th of January through the German Ambassador, saying that the terms covered a very wide scope, that they desired further details in order to make a final decision, HIROTA became very angry and declared that it was China and not Japan who was beaten and must ask for peace. When reminded that officially China had knowledge of only four fundamental conditions and the rest had been kept, at his wish, in a very indefinite form, HIROTA agreed to take the matter up with the Cabinet. In an all-day session of the Cabinet on 14 January 1938, according to KIDO, HIROTA reported the course of the peace negotiations with China and concluded by asserting that there was not good faith on the Chinese side. The Cabinet decided not to deal further with the Chinese National Government under Generalissimo Chiang Kai-shek.

On 15 January 1938, a meeting of the Liaison Conference was held and, after lengthy discussion, the government plan was adopted although some members of the General Staff still preferred reconciliation. On 16 January 1938, Konoye issued a public statement announcing Japan's firm policy as decided by the Cabinet and the Liaison Conference. This historically important document,

which decided the trend of relations between these two Asiatic countries, as translated for this Tribunal, reads as follows:

"The Imperial Government has been patient enough, after the occupation of Nanking, to give the last opportunity to the Chinese National Government for reconsidering the situation. But they do not understand our real intention, attempt foolishly to counter-attack, disregard the greatest distress of the people at home and do not mind the peace of the entire East Asia. Thereupon, the Imperial Government will not care for the National Government thereafter, and expect the establishment and development of a new government of China and will really be worthy coalition with our Empire. We desire to strive, rising under cooperation with such new government, to arrange the relation between the two countries and to construct a new revived China. Of course, there will be not even a slight change in our policy that respects the territoriality and sovereignty of China and the rights and interests of other powers in China. Our responsibility for the peace of East Asia is now increasing heavier and heavier. It is the most earnest desire of the Government that our people devote themselves to perform this important mission."

The door was thus closed to further negotiations, and the stage was set for further invasion and the development of local regimes ultimately for the creation of a "new government" in China which would cooperate with Japan.

SECTION VTHE PROVISIONAL GOVERNMENT IN NORTH CHINA

Prior to Konoye's declaration that Japan would not deal with the National Government of China, new regimes had already been set up by the Japanese in occupied territories, such as those in Northern Shansi, Kueihua, Kalgan and Shanghai, as well as so-called "Peace Maintenance Organizations" in various localities. These were merely local authorities governing areas of limited extent. There was one which covered a much larger area and was in line with Japan's policy of establishing a pro-Japanese autonomous regime in North China, i.e., the Provisional Government in Peiping. When hostilities first broke out in North China, Wang Keh-min, a retired high-ranking Chinese official who later headed the Provisional Government, was in Hong Kong. He was persuaded to come North by Japanese Army men stationed in Peiping and Shanghai, and staff officers from Peiping and Formosa were dispatched to Hong Kong for the purpose. As a result, Wang came to Shanghai on 24 November 1937, and on 6 December 1937 was flown to Japan and went thence to North China. The Japanese authorities in North China had made great efforts under the plan to make the North China regime the Central Government of China in the future and arranged to invite not only Wang, but also other notable figures in South China through army officers who were stationed in Shanghai. After Wang's arrival in Peiping, on 14 December 1937, the day after the fall of Nanking, the Provisional Government was formally inaugurated in the presence of officers of the Japanese Army. Foreign journalists were invited to attend.

Wang Keh-min became also the chairman of the Hsin-Min-Hui or New People's Association which had been created in December 1937 under orders of the Japanese Expeditionary Forces in North China. The function of this association was to make known to the people the policies of the puppet government and to keep the latter in touch with the people. The vice-chairman of the association was a Japanese.

The Konoye declaration of 16 January 1938 gave fresh impetus to this Provisional Government. The various peace maintenance organizations in the Peiping and Tientsin areas had joined it and subsequently, on 30 June 1938, the East Hopoi Regime was also amalgamated with it.

By the end of January 1938, the Provisional Government had revised the Chinese customs tariffs on certain articles in the foreign export and import trade of North China. The United States Ambassador grew delivered, on 31 January 1938, a protest to HIROTA, stating that the National Government of China was the only one authorized to do this and that the United States was addressing her representation to Japan, because "for the creation and the acts of the provisional regime the Japanese Government has an inescapable responsibility." The Federal Reserve Bank of China was incorporated in February and commenced its business on 10 March 1938 and was authorized by the Provisional Government to issue paper currency. While the governor and vice-governor were Chinese, the directing personnel were mainly Japanese.

This Provisional Government, together with the Renovation Government in Central China, later accepted the

invitation of Wang Ching-wei to participate in the organization of a so-called new Central Government.

Confirmation of the part played by Japan in the formation of the Provisional Government is derived from a document produced from the records of the General Affairs Bureau of the Japanese Foreign Ministry. It recorded that "In 1937, following the collapses of Teh-chow, Suiyuan, Changte, Taiyuan, etc., in North China, at the end of November the National Government had broken up and removed to Hankow, Chungking and Changsha and finally Nanking collapsed on 13 December, deciding the general trend of the war situation. Thus the opportunity to establish a new regime which was prearranged among the important men in North China had matured.

"The circumstances in which Wang Keh-min consented to become the head of the North China regime are as follows: At the beginning of the incident he was at Hong Kong. The head of special service facilities in Peking, Major General Kita, eagerly made efforts through Fijii Yamamoto, who was in Shanghai, to persuade Wang to accept the invitation; meanwhile, staff officers from Peking and Formosa were specially dispatched to Hong Kong for the same purpose. As the result Wang came to Shanghai on 24 November, and on 6 December made a flight to Fukuoka and went to North China with Yamamoto and Yu Chin.

"It is said that when Wang entered Shanghai, he had not yet consented to become the head of the North China regime but on condition that he made an inspection trip he consented to the journey.

"The North China army authorities had made great

"efforts under the plan to establish the North China regime
 "as the Central Government of China in the future and ar-
 "ranged to invite not only Wang but other influential men
 "from South China through Yoshino and Imai (military
 "officers) who were stationed in Shanghai. Toward this
 "policy the central army and General Terauchi gave approval;
 "however, a section of the military officers in Shanghai
 "expressed opposition, especially Colonel Kusumoto was op-
 "posed to pulling out many influential men from Shanghai,
 "on the ground that there is no necessity to determine
 "North China as the political center from the beginning.

"After the arrival in Peking, Wang Keh-min de-
 "cided to accept the chairmanship of the North China regime
 "and determined government organization and fundamental
 "principles. On 14 December 1937, the Provisional Chinese
 "Government was established in Peking."

THE RENOVATION GOVERNMENT IN CENTRAL CHINA

The foregoing document further shows:

"Movement for establishment of a new government
 "in Central China.

"When the Japanese force crushed the Chinese Army
 "in Shanghai, and its vicinity, and subsequently on Dec-
 "ember 13, 1937, captured Nanking, movements for creating
 "a new regime in the Central China were launched. First
 "of all, the Shanghai Tatao Municipal Government was or-
 "ganized in Shanghai on December 5. In various places
 "other than Shanghai public order maintenance associations
 "came into being. Among these, the major organs are the
 "Nanking Public Order Maintenance Association and the Hang-
 "chow Public Order Maintenance Association established on

"January 1, 1938. Nevertheless, in Shanghai area the influence of the Chiang regime and the Nationalistic Party proved to remain strong, far more than what was anticipated even after the fall of Nanking, so that it was impossible for pro-Japanese elements to openly approach the Japanese even in the International Settlement. Thus, the matter of building up a substantial regime had long been difficult unlike the case in North China."

Following the declaration of 16 January 1938, Premier Konoye and HIROTA addressed the Diet on 22 January 1938, and discussed Japan's policy, emphasizing the prospective emergence of a new Chinese regime to cooperate closely with Japan for the ultimate establishment of a new order in East Asia. On 27 January 1938, the Konoye Cabinet decided on a "Programme for the Establishment of a Central China New Regime." That is to say, notwithstanding protestations that this was a spontaneous Chinese movement, the Japanese Government took it upon itself to decide upon the "Programme for the Establishment of a Central China New Regime." The document already referred to as having been produced from the records of the General Affairs Bureau of the Japanese Foreign Office discloses the extent of Japanese direction of the movement:

"I. General Principles.

"(1) They shall found a highly pro-Japanese regime, gradually free themselves from dependence on Europe and America, and establish the foundation of a district in China dependent on Japan.

"(2) The direction of that regime shall be so exercised that the regime, in the course of its future

"development shall smoothly amalgamate with the North China
 "Regime. The direction shall stop at general inner di-
 "rection by Japanese advisors. Detailed direction and in-
 "terference in administration by appointing Japanese of-
 "ficials shall be avoided.

"(3) Chiang Regime shall be annihilated. At the
 "same time, elimination of Communists and destruction of the
 "Nationalist Party in a short time within the area under
 "Japanese occupation shall be realized. Afterwards similar
 "operations shall be speedily extended to neighbouring
 "areas."

The programme provided for nominal Chinese control
 but as to administration and finance it was directed.
 "The foundation of finance shall speedily be established,
 "banking organs adjusted, and Japan-China economic col-
 "laboration in Central China realized. Measures for it
 "are described in another programme." The direction upon
 arms was - "As for armaments, minimum army shall be trained
 "for maintenance of peace and order, and make efforts,
 "under the guidance of the Japanese Army, to restore public
 "order. But the navy and air force shall be included in
 "the defence plan of Japan." The new regime was to be
 developed as follows.

"The New Regime shall be speedily set up, and,
 "by nurturing it, antagonistic influence shall be destroy-
 "ed with physical and moral pressure.

For this purpose, local autonomous bodies which
 "are being set up successively in the areas under Japanese
 "occupation, shall be strengthened, and public sentiments
 "desiring the establishment of a New Regime backed by

"Japan shall be powerfully stimulated. Moreover, in and
 "around Shanghai, economic rehabilitation shall be speedily
 "realised, thereby to contribute to the establishment of
 "the New Regime set up.

"Of the expenditures in the initial stage of the
 "New Regime, considerable part shall be borne by Japan.

"For the relief of war sufferers, and rehabilita-
 "tion of industries, emergency measures shall be speedily
 "taken. Especially, agricultural produce shall be smoothly
 "supplied to the market; and farmers shall take to spring
 "farming without uneasiness.

"For this purpose, maintenance of local peace
 "shall be undertaken by the Japanese Army to the best of
 "their ability until the establishment of new local govern-
 "ment organs.

"Order of the establishment of the new adminis-
 "trative setup is as follows:

"1. Central Government setup, especially legis-
 "lative and executive departments.

"2. Shanghai Special Municipality setup.

"3. Provincial Governments setup.

"4. Organization of county autonomous bodies
 "and downwards.

"In parallel with the execution of 1 and 2, the
 "influence of Tsingpan and Chihpan (Chinese secret so-
 "cieties) shall be turned pro-Japanese, and made to assist
 "the New Regime directly and indirectly.

"In fixing new administrative districts, former
 "ones shall generally be preserved.

"In foreign settlements, with the strengthening

"of the New Regime, Japanese influence shall be gradually extended, and, after the establishment of the New Regime, the organs of the old regime under the control of Japanese Army and Navy shall be taken over by the New Regime at proper opportunity, causing at the same time outstanding issues to be speedily settled."

In the early stage of the war, movements for creating a new regime had already been started. MATSUI, through Sugano, sought to persuade certain senior Chinese officials to form a new regime, but without success. When Liang Hung-chi, who later headed the Central China regime, and others came into the matter with the assistance of the Japanese Army and Navy special service organs, the new regime began to assume a more definite shape. On 28 March 1938, the Renovation Government, which was sometimes referred to as the Reformed Government or the Restoration Government, was formally established. Together with the Provisional Government in North China, it later accepted Wang Ching-wei's invitation to organize a so-called new Central Government.

Thus was realized the Japanese planning for the creation of a pro-Japanese, and indeed a Japanese-dominated, Chinese "Government."

OTHER CITIES INVADED BY JAPANESE TROOPS

UNDER HATA'S COMMAND

HATA was appointed Commander of the Japanese Central China Expeditionary Forces on 14 February 1938, succeeding MATSUI. Three days later HATA became Commander-in-Chief of all Expeditionary Forces in China, succeeding Nishio, and remained in that post until November 1938.

HATA's original task was to conquer the triangular area between the cities of Shanghai, Nanking and Hangchow. There developed later the purpose of continuing the operations and to expand the area of conflict farther into the interior if China did not come to terms. In a talk between Honjo and KIDO, the former was quoted by KIDO as having said: "After the battle of Suchow (Hsuchow) it is, on the one hand, necessary to show an attitude of advancing to Hankow, but, at the same time, it is essential to take steps for settling the incident. If things do not turn out as hoped for, I believe it would, by all means, be necessary to establish a close connection also with the Supreme Command and enter into protracted warfare by planning to continue for about three years." KIDO agreed generally with Honjo's opinion and promised to do his best, as he records in his diary of 19 May 1938.

HATA having secured the triangular district referred to proceeded against Hankow, which fell to the Japanese on 25 October 1938. In that campaign he had a force of 300,000 to 400,000 men sent to him from North China. These forces moved deep into the interior of China and at the dates shown below had captured the following important cities:

19 May 1938, Hsuchow, strategic junction of the Tientsin-Pukow and Lunghai Railways; 6 June 1938, Kaifeng, capital of Honan Province; 27 June 1938, Matang, important fortification on the Yangtse River; 25 July 1938, Kiukiang, leading commercial city of Kiangsi Province; 12 October 1938, Sinyang, important point on the Peiping-Hankow Railway; 25 October 1938, Hankow, in the center of China.

With the occupation of such important cities over so vast an expanse of territory, it is not surprising that HATA in interrogation acknowledged that it was a war that was being waged in China, rather than that which the Japanese Government euphemistically called it an "incident".

THE NATIONAL GENERAL MOBILIZATION LAW

In anticipation of a protracted war, the Japanese Government enacted a National General Mobilization Law. The draft had been prepared by the Mobilization Plans Bureau and approved by the Cabinet. When it came before the Diet in February 1938, SATO, then in the Military Affairs Bureau, assisted Premier Konoye in making the necessary explanations and securing the passage of the bill. It went into effect on 5 May 1938. It was designed to control and operate all human and material resources so as to utilize the national power most effectively for "national defense purposes" in time of war "(including an incident corresponding to a war)". It authorized the general mobilization of all Japanese subjects and the compulsion of all Japanese subjects or juridical persons or other organizations to cooperate with state or other organizations or persons nominated by the Government.

ITAGAKI BECAME WAR MINISTER

Pursuant to the wishes of the Army, ITAGAKI on the 3 June 1938 was appointed War Minister in the Konoye Cabinet after its reorganization in May. Immediately before this ITAGAKI had been successively Vice-Chief of Staff and then Chief-of-Staff of the Kwantung Army, Commander of a Division in China and on the General Staff. MUTO in July 1938 was appointed Vice-Chief-of-Staff of the North China Expeditionary Forces. Japan had hoped the Hsuechow Battle

would be decisive by engaging and defeating the main forces of the Chinese Army. As the Chinese Government did not yield, even after the capture of Hsuehchow, the Japanese Supreme Command proceeded with the plan to drive on to Hankow to deliver yet another blow to the Chinese in the hope of reaching an end of the Chinese war. ITAGAKI, realizing that the war threatened to become a protracted one, sought to bolster the determination of the Japanese people. In his first press interview after assumption of the post of War Minister, on 26 June 1938, he told the Domei News Agency that the Army must be prepared to continue hostilities perhaps for ten more years. He said also that Japan would follow her own policy without fear or hesitation notwithstanding the attitude of Third Powers. He explained that there was no need for a formal declaration of war in view of the official declaration of the Japanese Government of the 16th January.

Minister of War ITAGAKI took part in the Five Ministers' Conferences, some of the decisions of which will be discussed presently.

CHINA POLICY AND THE FIVE MINISTERS' CONFERENCE

1938

The practice of holding conferences apart from the Cabinet among the Premier, Foreign Minister, War Minister, Navy Minister and Finance Minister was not new when ITAGAKI joined the Cabinet. Discussions had been held and plans developed in this way under the HIROTA and Hayashi Cabinets. But meantime the Conferences had gained in importance and frequency because of the circumstances following the intensifying of the war which developed after

ITAGAKI became War Minister. Between June and October 1938 the Five Ministers' Conference, with ITAGAKI participating, made successive decisions of the utmost importance concerning policies toward China, directed not only to the conduct of the war but also to the establishment of a Japanese dominated or "puppet" government for the whole of China as distinct from the local "puppet" governments already established. For instance, on the 8 July it was decided in the event of the surrender of Chiang Kai-shek's Government:

"In case of surrender of the Central Government of China, Japan will regard it as one of the regime and treat it according to the 'Must be made to join the 'newly established Central Government of China' policy decided upon by the Imperial Conference.

"In case the present Central Government of China surrenders and accepts the third condition, (item three of the document, the conditions for surrender) stated later, it shall either be considered as a friendly regime and will be permitted to join the newly established Central Government, or be made to establish another new central government in cooperation with various existing pro-Japanese regimes."

The conditions for the recognition of the surrender of the present Central Government of China include:

"Retiring from public life of Chiang Kai-shek."

On the same day alternative decisions were made in the event of Generalissimo Chiang Kai-shek continuing to fight on.

It is to be noted that the constant policy was to foster and enlarge the Japanese controlled "Central"

Government, the creation of which by Japan has already been discussed.

Again, on 15 July 1938 the Five Ministers' Conference decided in respect of the "new" Central Government of China: "Though the establishment of the new Central Government of China shall be undertaken mainly by the Chinese, it shall be internally assisted by Japan. The principle of the collaboration of individual local governments shall be adopted to their government form.

"A Joint Commission shall be established as soon as possible through the cooperation between the Provisional Government and the Restoration Government, to be joined later by the Mongolian and Sing-Fiang (Nengkiang) Joint Commission. Then we should guide this regime so as to grow into a real central government by gradually absorbing various other influences or collaborating with them." It was "we", the Japanese, not Chinese who were to guide the growth of the "new" Central Government.

"The new Central Government shall not be established until after the fall of Hankow, with the Chiang Kai-shek regime reduced to a mere local government or until the reformation of the present Central Government is brought about by Chiang Kai-shek's retirement from public office.

"In case the Chiang Kai-shek regime is broken up or reformed, and should a pro-Japanese government turn up, we would make it a factor of the central government system and proceed to set up a central government.

"Adjustment of the relations between Japan and China in connection with our control of the establishment

"of the new Central Government of China, shall be done on
 "the following basis, and its concrete matters shall be
 "decided separately."

This "basis" included: "The establishment of the
 "general policy for the collaboration among Japan, Man-
 "chukuo and China based upon reciprocity, particularly on
 "neighbourly friendship and goodwill, anti-Comintern and
 "joint-defense and economic cooperation. In order to attain
 "the above objectives, Japan will give internal guidance
 "during a certain period."

The Military position of the "new" Chinese Govern-
 ment was settled in the following decision of the Five
 Ministers' Conference:

"We will urge the surrender of the Chinese Army,
 "conciliate them, and bring them under control. We will
 "strive to make them support the new government by promot-
 "ing their anti-Chiang Kai-shek and anti-Communist con-
 "sciousness, and making as many Chinese troops as possible
 "cooperate with the Japanese Army for destruction of the
 "Anti-Japanese and pro-Communist Army, and thus guide the
 "racial conflict toward an ideological opposition.

"The necessary Japanese troops will be stationed
 "at ports, railways, waterways, etc. in the occupied areas
 "which are strategic for communications, as well as at the
 "locations of important resources; and in remote districts
 "armed Chinese troops will be organized to ensure the pre-
 "servation of peace. The numerical strength of the troops
 "will be decided in accordance with the actual local sit-
 "uation.

"We will conclude an anti-Communist Military

"Alliance and gradually reorganize the Chinese Army to
"place it under the direction of the Japanese Army. When
"the circumstance permit, we will reduce our military
"strength to the minimum necessary for our national defense."

The decisions upon economic matters included the following:

"The development of the economy and communication
"will contribute to the establishment of the national defense
"of Japan, Manchukuo and China, and satisfy the development
"of the economy of the three countries and the welfare of
"its people. Japan especially will materially hold the
"necessary transportation. In North China the demand for
"national defense shall be the first consideration and in
"Central and South China the interests of the people will
"be particularly considered.

"We shall carry out the development of economy
"following the principle of ministering to each other's
"wants among Japan, Manchukuo and China and advance en-
"ergetically for the accomplishment of the three countries'
"economic sphere. However, we shall respect the rights
"and interests, already obtained by the third countries,
"and not interfere with their participation in the economic
"development.

"Railway, water transport, aviation and commun-
"ication will be materially placed under Japan's power,
"and satisfy the accomplishment of military activities and
"contribute to the welfare of the people."

These quotations from the policy decisions of the Five Ministers' Conference indicated the general scheme to create a government in China completely dominated by Japan

but built up behind a facade of Chinese autonomy.

THE DOHIHARA AGENCY

To advance the programme of establishing a new central government in China along the lines just discussed, the Five Ministers' Conference on the 26th July 1938 decided upon the creation of a Special Commission on Chinese Affairs. In particular the decision was as follows:

"The Special Commission for China belongs to the Five Ministers Council and is an executive organ exclusively for working out important strategems against China and establishing the new Chinese Central Government in accordance with the decision of the Council.

"Every organ at the actual places concerned with the above-mentioned business is directed by the Special Commission for China in connection with the said business.

"The Army and Navy Ministers will be in charge of the liaison between Special Commission for China and the Imperial Headquarters."

On the 29th July the Commission was set up under DOHIHARA, Tsuda and Benzai, its functions being defined thus: "The important strategems against China in Paragraph 1 are understood as political and economic strategies which are not directly connected with military operations." Although DOHIHARA was the youngest of the commissioners, he was the only one who was a soldier in active service. He it was who undertook the administration of the affairs of the Commission and for the purpose set up an establishment in Shanghai under the name of the "DOHIHARA Agency". DOHIHARA was able to make use of his wide knowledge of China and familiarity with the Chinese. He started accordingly

to enlist Tang Shao-Yi and Wu Pei-Fu, retired Chinese statesman and general respectively, for the purpose of establishing an anti-Chiang Kai-shek government in the "enemy's midst" among high-ranking Chinese. Wu Pei-Fu was then living in retirement at Peiping. DOHIHARA aimed to bring him out from retirement for active collaboration with Japan. This scheme came to be referred to as the "Wu Project". The expenses in connection with this project were to come from surplus revenues of the maritime customs in occupied China.

Tang Shao-Yi was assassinated and negotiations with Wu Pei-Fu failed so DOHIHARA turned elsewhere. The DOHIHARA Agency in China aided the development of a scheme to bring Wang Ching-Wei to Central China. It reported to Tokyo a conference with associates of Wang Ching-Wei concerning arrangements for Wang Ching-Wei's coming to Shanghai, etc. Although DOHIHARA claimed that he was in Tokyo at that time, it is clear that he was in control of these plans.

THE "FEDERATED COMMITTEE" OF PUPPET REGIMES

While DOHIHARA and others were making efforts to carry out the policy of establishing a new central government in China through Chinese personages, the Japanese military authorities in Japan disclosed their determination in pursuit of this policy. SATO, then Chief of the Press Section of the War Ministry, made two speeches upon the "China Incident" and said that the fundamental attitude of the government was to be found in the declaration of 16 January 1938 and that the plans for the establishment of a new regime were absolutely unchangeable. On 27 and 28

August 1938, representatives of the Tokyo government and of the Japanese army authorities in Tientsin met at Fukuoka, Japan, and decided on a basic plan for the coordination of the Provisional Government, the Renovation Government and the Mongolia-Sinkiang Federation. On 9 September 1938, a plan for the establishment of a Federated Committee, or "Joint Committee", of these pro-Japanese organs in China was adopted by the Five Ministers' Conference. Consequent upon these decisions made in Japan the work of developing a "new" Central Government was pursued by the Japanese on the continent. On 9 and 10 September 1938, representatives of the Provisional Government and the Renovation Government met Japanese representatives at Dairen and arranged for the establishment of a "Federated Committee" at Peiping. It was to coordinate and unify the various puppet regimes, particularly the Provisional Government and the Renovation Government, and to prepare for the establishment of the future "new" central government. On 22 September 1938, the inauguration ceremony was held in Peiping and the first meeting of the Committee was held on the next day.

OCCUPATION OF CANTON AND HANKOW

Pursuant to a decision of the Five Ministers' Conference, held 8 July 1938, prescribing the occupation of certain strategic points in China, Japanese troops captured Canton on 20 October 1938 and Hankow on 25 October 1938. Steps were taken to provide for the administration of these two important cities and their adjoining areas under Japanese occupation according to the familiar pattern. On 28 October 1938 the arrangements for administration of the Canton and Hankow districts were agreed upon

among the War, Navy and Foreign Ministers. They provided for Japanese control of political affairs and for the development of a "Peace Maintenance Association". Although such regimes were to be established ostensibly at the initiative of the Chinese, political guidance was to be given by the Japanese. They were to be kept in close connection and cooperation with the Special Commission on Chinese Affairs, which, as previously noted, was a special agency under the leadership of DOHIMARA. With regard to Canton, a special instruction was given by the War, Navy and Foreign Ministers as follows:

"The organization of a local regime shall be initiated by the Chinese side. However, the establishment of the regime shall be accelerated with the cooperation of our political guiding agency (The Liaison Conference of the War, Navy and Foreign Ministry authorities at Kwantung), chiefly by our strategy agency (The Special Committee Towards China). After the establishment of the regime the political guiding agency shall take up its internal guidance."

The policy of occupying strategic points in China was carried much farther than the capture of Canton and Hankow, for on 25 November 1938 the Five Ministers' Conference decided upon the seizure of Hainan Island, in the extreme South of China. This island was captured by the Japanese on 10 February 1939.

JAPAN TERMINATED ALL RELATIONS WITH LEAGUE OF NATIONS

Although Japan had notified her withdrawal from the League of Nations in March 1933, she continued to participate in certain of the activities of the League.

After the fall of Hankow and Canton, the attitude of Japan towards third powers stiffened. On 2 November 1938 at a meeting of the Privy Council, which was presided over by HIRANUMA and attended by the Premier and Ministers of State, including ARAKI, KIDO, ITAGAKI and Privy Councillors MINAMI and MATSUI, continuance of cooperation with the League was considered, inasmuch as matters relating to diplomacy and treaties were within the province of the Privy Council. On the ground that a resolution had been adopted on 30 September 1938 by the Council of the League of Nations condemnatory of Japan, it was considered impossible having regard to national honour, for Japan to have further cooperation with the organs of the League, and consequently a plan for the termination of cooperative relations between Japan and the various organs of the League except the mandatory rule of the South Sea Islands was drawn up and adopted by unanimous vote at the Meeting. Notice to that effect was immediately served on the League of Nations.

THE NEW ORDER IN EAST ASIA

Following her decision of complete withdrawal from the League of Nations, Japan proceeded to what it called the "New Order in East Asia." On 3 November 1938 the Japanese Government issued a statement advising the world that with the fall of Canton, Wuchang, Hankow and Hanyang, chief cities of China, the National Government had been reduced to a local regime and that the ultimate aim of Japan was to establish, in collaboration with Manchukuo and China, a New Order which would secure eternal peace in the Far East.

On 29 November 1938 Foreign Minister Arita submitted a report to the Privy Council of which the following are some of the more significant passages:

"As to the policy for adjustment of new Sino-Japanese relations, it is our intention to proceed on the basis of the following points with a view to establishing a New Order in East Asia through mutual collaboration in political, economic and cultural fields among Japan, Manchukuo and China:as to the problem of making peace with the Chiang Kai-shek Government.....it is our policy not to carry this out.....Our country will foster the establishment of a new Central Government on the basis of the pro-Japanese regime which has been established in Hankow and Canton, and after the new Central Government has been firmly established, we hope to achieve the following:.....General collaboration of Japan, Manchukuo and China;.....Establishment in North China and Mengchiang of a zone of high degree of Sino-Japanese unity in defense and economic spheres;....

".....Establishment along the lower basin of the Yantze River of a zone of a high degree of Sino-Japanese unity in economic collaboration.....In South China, besides the establishment of special zones on certain specified islands along the coast, endeavours shall be made to secure the foundation of Sino-Japanese cooperation and collaboration with the major cities and towns as starting points.....Regarding.....principle of joint defense, we hope to have Japan, Manchukuo and China, with the chief objects of jointly defending themselves against the Comintern and at the same time cooperating with each other

"in the maintenance of common public order and peace,
"adopt the following programme:.....The early with-
"drawal of Japanese troops, excepting the stationing of
"troops in specified zones, and islands for the purpose
"of guarantee and the maintenance of public peace and
"order.....Recently Britain, the United States, etc.
"have made various representations based on the principle
"of open door and equal opportunity. In this connection
"it is the intention of the Imperial Government to cope
"with the situation by adopting the policy of examining
"the so-called open door and equal opportunity principle
"from the standpoint of the establishment of a Japan-
"Manchukuo-China economic bloc based upon the necessi-
"ties for the existence and defense of our Empire, and
"of not recognizing such a principle within the extent
"that it is incompatible with this standpoint.....
"Our chief objects are that: (a) Japan shall control in
"substance the development of natural resources for
"national defence and principally North China and Mong-
"chiang; (b) The currency system, customs and maritime
"customs system in new China shall be adjusted from the
"standpoint of Japan-Manchukuo-China economic bloc.
"So long as the powers' rights and interests in China
"do not conflict with the foregoing two objects, we will
"not purposely exclude and restrict them."

Premier Konoye made a further speech on 22
December 1938, reiterating Japan's resolution to exter-
minate the Chinese National Government and to establish
a New Order in East Asia.

This Japanese "New Order in East Asia" caused the
United States grave concern. On 30 December 1938

Ambassador Grew, under instructions from his Government, addressed a note to the Japanese Government, in the course of which he said: "Further, with reference to such matters "as exchange control, compulsory currency circulation, "tariff revision, and monopolistic promotion in certain "areas of China the plans and practices of the Japanese "authorities imply an assumption on the part of those "authorities that the Japanese Government or the regimes "established and maintained in China by Japanese armed "forces are entitled to act in China in a capacity such "as flows from rights of sovereignty and further in so "acting to disregard and even to declare non-existent or "abrogated the established rights and interests of other "countries including the United States." Again, on 31 December 1938, Ambassador Grew delivered a note informing the Japanese Government of the view of his own Government that the so-called "New Order" could not be created by Japan's ex-parte declaration.

ITAGAKI was quoted by "Japan Advertiser" newspaper of 17 March 1939 as having declared in the Diet that in order to establish the so-called New Order, conflict with third powers was inevitable. Britain and France were Japan's next objective, while Russia was the first.

On 7 July 1939, on the occasion of the second anniversary of the Lukouchiao (Marco Polo Bridge) Incident, ITAGAKI was reported as giving a press interview in the course of which he said that Japan's mission of constructing a New Order in East Asia would necessitate the stamping out of unjust interference by third powers.

THE KO-A-IN OR ASIA DEVELOPMENT BOARD

After the Japanese Army had made deep penetration into the interior of China, steps were taken by the Japanese to review the administration of the occupied areas, hitherto undertaken by the special service organs of the Japanese Army, preparatory to the formation of a New Central Government. Foreign Minister Ugaki desired to have a new organ to deal with China Affairs within the Foreign Office, but this suggestion was opposed by the Army. It was later decided at the instance of the Army that a China Affairs Board or some such organization be planned. The new organ to be set up was distinct from the Special Commission on Chinese Affairs created by the Five Ministers' Conference on 26 July 1938. The latter was an agency concerned with the means of crushing the Chinese National Government and establishing a new central government, while the Board to be established was to be concerned, primarily, with matters of administration in occupied areas.

On 16 December 1938, this new organ came into being under the name of Ko-A-In, or Asia Development Board, but more frequently referred to as the China Affairs Board. The Premier was the President and the Ministers of Foreign Affairs, Finance, War and Navy were Vice-Presidents. According to the regulations governing its organization, the Board was put in charge of the following: politics, economics and culture and the formulation of policies relative thereto; the supervision of commercial concerns to undertake enterprises in China under special laws or to do business in China; and the coordination of administrative affairs in China conducted by Japanese Government agencies.

Its head office was in Tokyo, with four branch offices in Shanghai, Peiping, Kalgan and Amoy and two sub-branch offices in Canton and Tsingtao. SUZUKI, Teiichi, was one of the organizers of the Board and the head of the political or administrative division. Decisions made by the head office in Tokyo were transmitted to the Branch or "liaison" offices which dealt with the local Chinese authorities in working out methods of implementing decisions made in Tokyo.

Notwithstanding the establishment of the Board, the Japanese Army in China did not forsake matters of administration. Special service organs continued to exist, and army interference was defended as necessary because of military operations.

Among the various matters handled by the Asia Development Board was opium. It studied the opium needs in different parts of China and arranged for the distribution from Mongolia to North, Central and South China. Japan's policy upon narcotics in China is treated elsewhere.

WANG CHING-WEI DEPARTED CHUNGKING

The movement for the establishment of the "New" Central Government in China received an impetus when Wang Ching-Wei left Chungking, China's wartime capital, on 18 December 1938. He was Vice Chairman of the Kuomintang Party and Vice Chairman of the National Defense Council. As early as the spring of 1938, Kuo Tsung-wu and Tung Tso-ning, former officials of the Chinese Foreign Ministry, were brought into touch with Kagawa, Chief of the Chinese Section of the Army General Staff, and were taken to Japan

by an army plane. There Kagosa had talks with them on reestablishment of peace between China and Japan. It was proposed that some person other than Generalissimo Chiang Kai-shek must be sought to promote peace between the two countries and that Wang Ching-wei would be a suitable person. The conversations were reported to the Army General Staff, which took up the discussions. In the autumn of 1938, an Officer of the Army General Staff returned from Shanghai to Tokyo bringing "Tentative Terms of Peace between Japan and China" which had been drawn up by Kao Tsung-wu and Mei Ssu-Ping. This was brought by ITAGAKI before the Five Ministers' Conference, and amendments made to the "Tentative Plan" in accordance with the "Policy for the Adjustment of Relations between Japan and China" which had previously been drawn up by the Japanese Government. On 18 November 1938, Kagosa, under orders of ITAGAKI, went to Shanghai to confer with Kao Tsung-wu and Mei Ssu-Ping. After several amendments were made to the proposed terms, it was arranged that Wang Ching-wei would leave Chungking according to a pre-arranged plan upon which the Japanese Government would announce the suggested terms of peace. These arrangements were approved by the Five Ministers' Conference on 25 November 1938, and by the Imperial Conference on 30 November 1938. As stated above, on 18 December 1938, Wang Ching-wei left Chungking. He reached Hanoi in Indo-China on 20 December 1938. It is to be noted that the date of Wang Ching-wei's intended departure from Chungking was known to the Japanese Government at least six days previously, as KIDO recorded in his diary on 12 December "it was reported that Wang Chao-Ming (Wang Ching-wei) on the

"18th would escape from Chungking, and for the present it was not good to disclose any political unrest in our country."

KONOYE'S THREE PRINCIPLES

On 22 December 1938, subsequent to Wang Ching-Wei's "escape" from Chungking, Premier Konoye issued a statement as pre-arranged. The essential points of this statement were as follows: (1) Japan, Manchukuo and China should unite with the establishment of a New Order in East Asia as their common object and, in order to realize this, China would abandon resistance to Japan and hostility to Manchukuo; (2) Japan considered it essential for the readjustment of Sino-Japanese relations that there be concluded an anti-Comintern agreement between the two countries in consonance with the spirit of the anti-Comintern agreement among Japan, Germany and Italy. In view of the circumstances prevailing in China, Japanese troops should be stationed at specified points. Inner Mongolia should be designated as a special anti-Communist area; (3) Japan did not desire economic monopoly in China or limitation of third powers' interests; but she demanded that China should, in accordance with the principle of equality between the two countries, recognize freedom of residence and trade on the part of Japanese subjects in the interior of China, to promote the economic interest of both, and should extend to Japan facilities for the development of China's natural resources, especially in North China and Inner Mongolia.

As planned, Wang Ching-Wei on 29 December 1938 made a speech in Hanoi in which he declared that the three points in the Konoye Statement were consistent with the spirit

or peace, since the Japanese Government had solemnly declared that she would respect the sovereignty, political independence and territorial integrity of China and would neither aim at an economic monopoly in China nor demand the restriction of third powers' interests in China. He urged that the Chinese Government should, as soon as possible, exchange views for a speedy restoration of peace between the two countries.

Thus was the ground prepared for acceptance of Japanese peace terms by the "New" Government intended to be created by Japan under Wang. By these means the difficult and embarrassing war with China would be ended, leaving Japan free to pursue its strategic plans elsewhere. At the same time a complacent Government would be created by Japan giving the latter complete control of China both militarily and economically.

HIRANUMA FORMED A CABINET

Toward the end of 1938, Premier Konoye contemplated resigning. HIRANUMA was opposed to this because, as he told KIDO, Wang Ching-wei had left Chungking and the plot was proceeding steadily. Konoye however persisted with his resignation, and was succeeded by HIRANUMA on 5 January 1939. ARAKI remained as Education Minister, KIDO accepted the position as Home Minister and ITAGAKI continued to be War Minister.

Before ITAGAKI agreed to continue, he stipulated on behalf of the Army seven requirements, viz: (1) With regard to the "China Incident", the aims of the "Holy War" should be achieved and in accordance with fixed policies, particularly the declaration of 22 December 1938, containing

the basis of readjustment of the relationship with China, which should be adopted in its entirety; (2) The plan for national defense should be established and expansion of armament should be the aim in order to cope with the new circumstances in East Asia; (3) The relations among Japan, Germany and Italy should be strengthened; (4) The system of national total mobilization should be reinforced and the Planning Board should be expanded and reinforced; (5) All efforts should be made to increase productivity; (6) National morale should be stimulated; and (7) Trade should be promoted.

The first consequence of these demands was the adoption by a Cabinet Conference in January 1939 of the "Outline of the Plan for Expansion of Productive Power" drawn up by the Planning Board. This provided for the establishment of a comprehensive productive power expansion plan for Japan, Manchukuo and China, for the improvement of national defense and basic industries by 1941, in preparation for the "epochal development of our country's destiny in the future." On 21 January 1939 Premier HIRANUMA made a speech before the Diet, in which he said that his cabinet was committed to the same irrevocable policy as the previous cabinet with regard to the China Affair, and that for those who failed to understand and persisted even in their opposition to Japan, there would be no other alternative than to exterminate them. In the meantime, Japan continued her military operations in China. As has been related, the Hainan Islands were captured on 10 February 1939 and Nanchang, Capital of Kiangsi Province, was captured on 26 March 1939.

WANG CHING-WEI TAKEN TO SHANGHAI

The declarations of 22 and 29 December 1938, made by Konoye and Wang Ching-wei respectively, were but a prelude to the establishment of a new central government in China. In March 1939, the Five Ministers' Conference in Japan decided to send Kagesa to Hanoi to take Wang to a "safety zone", which was decided upon as Shanghai. He reached Hanoi on 17 April 1939, carrying personal letters to Wang from Foreign Minister Arita, War Minister ITAGAKI, Ko-A-In Division Chief SUZUKI, and Navy Minister Yonai. Wang informed Kagesa that he would launch a movement for peace with Shanghai as his base. Wang was conveyed by the Japanese with the utmost secrecy from Hanoi to Shanghai where he arrived on the 8th May 1939.

WANG CHING-WEI VISITED JAPAN

While in Formosa with Wang on their way to Shanghai, Kagesa reported to the War Ministry in Tokyo that Wang, in view of expected opposition, wished to have himself set up as soon as possible at the place most convenient for his various activities. Later Kagesa actually set up headquarters for Wang in Shanghai. A Kagesa Agency was developed also to coordinate the work of the Japanese Gendarmerie and Wang's men.

Wang was concerned to ascertain the views of the Japanese Government. Accompanied by Kagesa and other Japanese, he left Shanghai for Tokyo on 31 May 1939. While in Tokyo, he conferred with HIRANUMA, ITAGAKI, Konoye, Arita and Yonai. In his talk with HIRANUMA, soon after his arrival in Tokyo, HIRANUMA told him that his cabinet had inherited the ideas of the Konoye statement and was

firmly adhering to it. On 15 June 1939, Wang had an interview with War Minister ITAGAKI, acting as the proxy of Premier HIRANUMA. ITAGAKI, pointed out that Japan could not dissolve the two existing regimes, the Provisional Government and Renovation Government, as those associated with them had been loyal to the plan of peaceful cooperation between Japan and China. He suggested the establishment of a political council in the Provisional Government and an economic council in the Renovation Government as the basis of maintaining Sino-Japanese relations locally. Wang was not opposed to this. ITAGAKI further suggested changing the Chinese national flag, because the Blue Sky and White Sun ensign was regarded as the symbol of anti-Japanism. ITAGAKI also asked Wang's opinion upon the recognition of the independence of Manchukuo, to which the latter answered that as his aim was peace with Japan, he was firmly convinced that there was no alternative but to recognize Manchukuo.

DECISION OF THE FIVE MINISTERS' CONFERENCE-JUNE 1939

HIRANUMA says that in his talk with Wang Ching-Wei on the 10th of June 1939, he discussed the future of China and gave it as his opinion that there was no way but to "take the measure which China thought proper"; yet four days before, on 6 June 1939, while Wang Ching-Wei was still in Japan, the Five Ministers' Conference decided on a "Policy for the Establishment of a New Central Government". The Policy, generally speaking, was directed to the establishment of a pro-Japanese political system, with a "New" Central Government and a group of constituent local governments - a form of federal government, "but its details

"shall be conformed to the plan of adjusting a new relation "between Japan and China". As to the Chungking Government, the plan provided that it could become a constituent element "provided that it change its mind and be reformed". In more detail it said "When the Chungking Government "gives up its anti-Japanese and pro-communism policy and "accomplishes the required personnel changes . . . it shall "be made a constituent element of the new central govern- "ment, concluding (sic) that it has surrendered to us". The policy provided that "the time of establishment and its "details shall be settled after consultation with Japan". The decision was reached also that "positive and internal "aid necessary for this movement shall be given from the "side of Japan". This statement of policy was drawn up because of discussions then taking place with Wang and set out a series of conditions to be required of him as well as a "Plan of Guidance of Wang's Movements". A consideration of this policy decision discloses a clear purpose of using Wang in the development of a Japanese-controlled government throughout the entire area of China. This is the fact although Kagesa in his evidence said that Wang's party submitted a request containing broad principles such as respect for China's sovereignty, non-interference with domestic administration, the providing of Japanese advisers only at China's request, etc., and that these suggestions on the part of the Chinese were "generally admitted".

CABINET RESHUFFLED IN JAPAN AND CONTINUED MILITARY

OPERATIONS IN CHINA

Within a period of four and a half months between

the end of August 1939 and the middle of January 1940, there were two cabinet changes in Japan. As a result of the signing of the Russo-German Non-Aggression Pact on 22 August 1939, the HIRANUMA Cabinet, which had been striving for the conclusion of a Tri-Partite Pact with Germany and Italy, submitted its resignation. On 30 August 1939, General Abe formed a new Cabinet. HATA succeeded ITAGAKI as War Minister and MUTO became Chief of the Military Affairs Bureau. On 12 September 1939 ITAGAKI was appointed Chief of Staff of the General Headquarters of the China Expeditionary Forces stationed at Nanking, where he continued his intrigues by supporting Wang Ching-Wei's "National Salvation Peace Movement". Military operations in China continued into the interior of China. On 20 July 1939, a "Situation Estimate" was made by the Army in Central China and presented to the Vice-Minister of War and other organs. This stated, among other things the future plans of the Army in China. It said that the Army had decided that a new central government should be established with Wang Ching-Wei as its head and should be given positive support in its development.

On 23 December 1939, Japanese landed in Lungchow in southernmost China. On the next day, they captured Nanning, the Capital of Kwangsi Province. At the end of 1939, Japan ordered her air force to bomb the Yunnan Railway with a view to disrupting transshipment of war materials to the interior of China from the seaports of French Indo-China. In January 1940, another government change took place in Japan. Premier Abe resigned on 12 January 1940 and was succeeded by Yonai. The general policy of Japan towards China however remained unchanged.

INAUGURATION OF THE PUPPET CENTRAL GOVERNMENT.

After his return from Japan, Wang Ching-Wei conferred with General Tada, Commander of Japanese Forces in North China, and with the leaders of the Provisional and Renovation Governments in regard to the proposed establishment of a puppet central government. By that time, July 1939, Kagasa had established in Shanghai the Kagasa Agency, which worked with the War, Navy and Foreign Ministries, as well as with the Asia Development Board. This Agency assisted in the establishment of the Central Government. A loan of 40 million Yen was advanced to Wang Ching-Wei by Japan for that purpose. From 28 August to 6 September 1939, Wang conducted the "Sixth National Kuomintang "Congress", which revised the platform of the Party and adopted as "principles" Japan's proposals and discussed a Central Political Conference to establish the new Central Government. Thereafter, Wang issued invitations to the Provisional and the Renovation Governments to participate in organizing the Central Political Council to create the new government.

In Japan according to Kagasa, steps were being taken to implement a tentative plan which had been prepared by the Asia Development Board in October and this was agreed upon by the Japanese Government and Wang Ching-Wei on 30 December 1939. Details regarding the establishment of a new Central Government were also agreed upon by a representative of Wang and Japanese officials in Tokyo. Then in January 1940, representatives of the Provisional and the Renovation Governments, as well as of the Japanese Army met at Tsingtao and decided to amalgamate the existing regimes. On 30 March 1940, Wang's government was formally inaugurated.

SECTION VIGREATER EAST ASIA CO-PROSPERITY SPHERE

Closely associated with Japan's programme of dominating China on the continent was the idea of establishing a Greater East Asia Co-Prospersity Sphere. This was recognized as being bound to bring her into conflict with the interests of third powers. On 7 July 1939, two years after the outbreak of hostilities at Lukouchiao (Marco Polo Bridge), ITAGAKI and Yonai, War and Navy Ministers respectively of the HIRANUMA Cabinet, were reported in the "Japan Times and Mail" as stating that the unjust interference of third powers in the execution of Japan's mission of constructing a New Order in East Asia should be stamped out. "All the people in the country", the article continued, "must express their firm determination that Japan will never abandon her aim of making East Asia for East Asiatics. No pains must be spared for the attainment of the goal". On 29 June 1940, Japan's Foreign Minister Arita broadcast a speech reiterating Japan's mission of establishing a New Order in East Asia and her determination "to leave no stone unturned to eradicate activities assisting Chiang "Kai-shek". He stated that the countries of East Asia and the regions of the South Seas were closely related to each other and were destined to cooperate and administer each other's need for their common welfare and prosperity, and that the uniting of all those regions under a single sphere on the basis of common existence and stability was a natural conclusion. References were made at conferences of representatives of the Army, Navy and Foreign Office authorities to the possibility of fighting against Great

Britain, the occupation of British colonies, and to Japan's intention that the New Order in the Far East included the South Seas and in particular the regions extending from Burma and the Eastern part of India to Australia and New Zealand.

The date of this public declaration of Japan's policy to expand in East Asia and the region of the Pacific Ocean, which was 29 June 1940, is significant. Of the countries interested in this sphere Holland had been overrun by the Germans and her government was in exile. France had surrendered to Germany. Britain was about to face a struggle for her existence. America, if she intervened, would almost certainly face a struggle with Japan, Germany and Italy, a struggle for which her state of rearmament was unfitted. Such an opportunity for Japan to expand at the expense of her neighbors would not easily occur again.

THE SECOND KONOYE CABINET

In the middle of July 1940, the Yonai Cabinet was forced by the Army to resign because, upon the resignation of HATA as War Minister, the Army refused to provide a successor. KonoYE was again chosen to form a new Cabinet because, as KIDO said, he was to be "depended upon to settle the China Incident". TOJO became War Minister, while HIRANUKA, SUZUKI, AND HOSHINO served as Ministers without portfolios. The new Cabinet was formed on 22 July 1940. Continuing the policy of establishing a Greater East Asia Co-Prosperity Sphere, the new Foreign Minister Matsuoka declared on 1 August 1940 that the immediate end of Japan's foreign policy was to establish a Great East Asian chain of common prosperity with the Japan-Manchukuo-

China group as the core. On 28 September 1940 the Japanese Government prepared an "Outline of Japanese Foreign Policy" which provided that an effort must be made to realize general peace between Japan and China and to promote the establishment of the Greater East Asia Co-Prosperity Sphere. Under that plan, in the regions including French Indo-China, Dutch East Indies, Straits Settlement, British Malaya, Thailand, the Philippine Islands, British Borneo and Burma, with Japan, Manchukuo and China as centre, Japan should construct a sphere in which politics, economy and culture of these countries and regions would be combined.

FURTHER MILITARY ACTION BY JAPAN AGAINST CHINA

Although the Government of Wang Ching-Wei was formally installed on 30 March 1940, in Nanking, the Chinese National Government at Chungking was still holding out against Japan. In order to bring about the surrender of the Chinese Government, Japanese military operations continued with increasing vigour. On 12 June 1940 Japanese forces captured Ichang, gateway to the Szechuen Province, within which is Chungking. On 30 June 1940 they again captured Kaifeng, which had been recovered by the Chinese. The Japanese Government also insisted upon sending troops to Indo-China in order to disrupt the supply line of the Chinese and to threaten them from the rear. On 14 September 1940 KIDO advised the Emperor to approve the action taken towards that end. After protracted negotiations, which will be discussed later, an agreement was made between the Japanese and French authorities to allow the Japanese troops to occupy northern French Indo-China from 23 September 1940 for operations against China.

JAPAN SIGNED A TREATY WITH WANG CHING-WEI GOVERNMENT

Upon the inauguration of the new government, it was not a professional diplomat but a soldier, General Abe, Nobuyuki, who was appointed the Japanese Ambassador Extraordinary and Plenipotentiary. This arrangement followed the pattern of Manchukuo, where a soldier, the Commander for the time being of the Kwantung Army, was appointed Japanese Ambassador to the puppet government of Manchukuo. General Abe arrived at Nanking on 23 April 1940, and all preparations were completed for the restoration of Sino-Japanese relations. After protracted negotiations between Wang and Abe, a draft treaty was agreed upon on 28 August 1940 and initialled three days afterwards. After further negotiations and some alterations had been made, a treaty in its final form was settled. Following an Imperial Conference of 13 November 1940, the treaty was submitted to the Privy Council and was approved at its full session on 27 November 1940. It was formally signed on 30 November 1940 at Nanking.

"TREATY CONCERNING THE BASIC RELATIONS BETWEEN JAPAN
AND CHINA."

The Treaty and associated documents signed 30 November 1940 were ex facie directed to the maintenance of mutual respect and cooperation with each other as good neighbours under their common ideal of establishing a new order in East Asia, and, with this as a nucleus contributing toward the peace of the world in general. The Treaty provided that the two governments agreed to eliminate causes prejudicial to amity between the two countries, and to engage in joint defense against communism, for which

purpose Japan should station required forces in specified areas of Manchuria and of North China. The Wang Government agreed to recognize Japan's right to station naval units and vessels in specified areas in China. The Treaty further provided that the two governments should effect close cooperation so as to complement each other and minister to each other's needs in resources in North China and Manchuria, especially materials needed for national defense. To develop resources in other areas, the Wang Government agreed to give positive and full facilities to Japan. The two governments agreed to promote trade and commerce and to extend specially close cooperation for the promotion of trade and commerce in the lower basin of the Yangtze River. Attached to the Treaty were two secret agreements. In the first, it was agreed that diplomacy would be based on concerted action and no measures would be taken with respect to third countries contrary to that principle. The Wang Government also agreed to comply with Japan's demands for military needs in railways, airways, communications and waterways in areas where Japanese troops were stationed. China's administrative and executive rights were to be respected in ordinary times. The second secret agreement allowed Japanese vessels to "freely enter into and anchor at the harbour areas within the territorial jurisdiction of the Republic of China." The Wang Government agreed to cooperate in the planning, development and production of special resources, especially strategic resources, necessary for national defense, in Amoy, Hainan Island and the adjoining islands, and to facilitate the strategic demands of Japan. In a separate letter,

addressed to Abe, Wang promised that so long as Japan was carrying on military operations in China, the letter would cooperate toward the full attainment of Japan's war purpose. On the same day as the Treaty was formally signed there was published a "Joint Declaration by the Governments of Japan, Manchukuo and China," which provided that the three countries would mutually respect their sovereignty and territories, and would bring about general cooperation as good neighbors, common defense against communistic activities and economic cooperation. By this treaty and associated secret agreements Japan secured the right to a voice in China's diplomatic activities, to maintain military and naval forces in China, to use China for strategic purposes, and to use Chinese natural resources for "national defense". In other words, despite the diplomatic protestations in these documents China was to become at the best a province or satrapy of Japan, and at the worst a country to be exploited to satisfy Japan's military and economic needs.

INTERMITTENT PEACE TALKS AND CONTINUED MILITARY
OPERATIONS

The signing of the treaty might well be regarded by the Japanese Government with satisfaction, as the realization of the policy stated in the Konoye Declaration of 16 January 1938, in so far as the establishment of a new central government and the obtaining of military and other advantages was concerned. At the same time, the problem of how to deal with the Chinese National Government in Chungking, which was holding out, remained unsettled. The attitude of the Japanese Government during this period appeared to be devious or vacillating. Prior to the signing

of the treaty, peace moves had been conducted toward the Chinese Government at Chungking, but they led to no tangible results. Foreign Minister Matsuoka, in an attempt to take these negotiations into his own hands, despatched Tajiri, Matsumoto and others to Hong Kong. These efforts again proved fruitless. Following the signing of the treaty with Wang, the attitude of the Japanese Government toward the Chinese Government at Chungking again stiffened. On 11 December 1940, Abe was given instructions as follows:

"The Imperial Government has now recognized the National Government (At Nanking) and had entered into formal diplomatic relations with it. However, in view of the situation that not only is the Incident still going on, but also that we are, at least, going to adopt the state for a long term warfare, you should try to rapidly bring up and strengthen the National Government (in Nanking), in accordance with the established policy of the Empire and the provisions of the new China-Japanese Treaty." Thereafter, armed operations against Chungking were continued. On 1 March 1941, HATA was again appointed Commander-in-Chief of all Japanese Forces in China. SATO became Secretary of the Manchurian Affairs Bureau on 18 March 1941, and KIMURA Vice Minister of War on 10 April 1941. SUZUKI was made the President of the Cabinet Planning Board, following an agreement reached among Premier Konoye, KIDO, the War and Navy Ministers. On 21 April 1941, Kuming, the capital of Yunnan Province, which occupied a strategically important position in the rear of Chungking, was bombed, and the United States Consulate building there was badly damaged. Chungking, having previously

suffered damage from Japanese air raids, was again bombed on 9 and 10 May and on 1 June 1941.

HULL-NOMURA TALKS RELATING TO CHINA

In the meantime, Ambassador Nomura was conducting negotiations with the American Secretary of State, Cordell Hull, at Washington over questions affecting world peace, particularly Sino-Japanese relations. These will be discussed more fully later. It is sufficient to mention here that Japan sought (1) to end American assistance to China, (2) the assistance of America to induce Generalissimo Chiang Kai-shek to negotiate peace direct with Japan -- really to accept Japanese terms, (3) the recognition of Manchukuo, and (4) the right to hold China in military subjection through the stationing of Japanese troops there.

On 2 July 1941, another Imperial Conference was held, attended by TOJO, SUZUKI, HIRANUMA and OKA. A summary of Japan's policy in accordance with the current change of situation was adopted at the Conference. Among other things, it included a decision to exercise further pressure "to hasten the surrender of Chiang's regime."

THE THIRD KONOYE CABINET

Foreign Minister Matsuoka was not in full agreement with Premier Konoye in regard to procedure in the negotiation between Japan and the United States. Matsuoka was also in favor of a Japanese attack on Russia, which had now been invaded by Germany, as well as an advance in East Asia and the Pacific, a policy which most of Japan's leaders thought beyond her powers. The Cabinet resigned on 16 July 1941 as a means of getting rid of Matsuoka.

On 16 July 1941, Konoye formed his third Cabinet.

Toyoda replaced Matsuo as Foreign Minister. The fundamental policy of the Japanese Government remained unchanged.

The negotiations between the United States and Japan were continued. On 27 August 1941, Konoye sent a message to President Roosevelt. A Japanese Government statement bearing the same date was also delivered to President Roosevelt. Among other things, the statement said that Japan's measures in Indo-China were intended to accelerate the settlement of the "China Incident." President Roosevelt, in reply, reiterated the principles regarded as the foundation upon which relations between nations should properly rest, viz: respect for the territorial integrity and the sovereignty of each and all nations and support of the principle of non-interference in the internal affairs of other countries. Upon receipt of the reply, Konoye called the Cabinet into session on 5 September 1941, which decided to hold an Imperial Conference on 6 September 1941. TOJO, SUZUKI, MUTO and OKA were all present in the Imperial Conference, which, aside from making a decision to break off the negotiations in the middle of October, also set forth the following demands to be made in connection with the "China Incident" in the proposed discussions between Konoye and Roosevelt: (1) the United States and Britain should not interrupt the settlement of the "China Incident" which would be made in accordance with the "Sino-Japanese "Basic Treaty" and the Japanese-Manchukuo-China Tri-Partite Joint Declaration; (2) The Burma Road should be closed and the United States and Britain should give Generalissimo Chiang Kai-shek neither military nor economic support. On 22 September 1941 Toyoda delivered to Ambassador Grew a

a statement of the terms of peace which Japan proposed to offer China. Those terms were: (1) Neighborly friendship; (2) Respect for sovereignty and territorial integrity; (3) Cooperative defense between Japan and China, for which Japanese troops and naval forces would be stationed in certain areas in China; (4) Withdrawal of Japanese troops upon the settlement of the China Incident excepting those which came under point 3; (5) Economic cooperation between Japan and China; (6) Fusion of Generalissimo Chiang Kai-shek's Government with Wang Ching-wei's Government; (7) No annexation; (8) No indemnities; (9) Recognition of Manchukuo. These terms, it will be noticed, notwithstanding their well-sounding purposes and having regard to the treaty with Wang's Government, would have given Japan complete dominance of China politically, economically and militarily.

In his discussion of the situation with Premier Konoye on 9 October 1941, KIDO stated that although it would be inadvisable to make war on the United States immediately, Japan should prepare for military action for the completion of the "China Incident" which might last for ten or fifteen years, and to apply the whole of Japan's military force in China to realize Japan's plans against Kunming and Chungking. On 12 October 1941, the Cabinet reached an agreement, upon the insistence of War Minister TOJO, that Japan should not waver in her policy of stationing troops in China or

other policies connected with China and that nothing be done which might prejudice the result of the China Incident. This meant, in other words, in no circumstances should Japan yield up any of the many material benefits already gained or in prospect in China. On 14 October 1941, prior to the Cabinet Meeting, Konoye spoke to TOJO and urged further consideration upon the opening of hostilities between Japan and the United States and the bringing to an end of the China Incident. TOJO, as before, opposed any concession to the United States in the matter of withdrawal of troops from China, and said Konoye was too pessimistic. In the Cabinet meeting held that day, TOJO was insistent upon his view and brought about a complete deadlock. Konoye resigned on 16 October 1941.

TOJO FORMED A CABINET

After the resignation of Konoye, TOJO became Premier upon the recommendation of KIDO. HIROTA also gave his specific approval to the recommendation. In the new Cabinet, TOJO was also War Minister and Home Minister. TOGO became Foreign Minister and concurrently Minister of Overseas Affairs, while KAYA became Finance Minister. SUZUKI was Chief Director of the Asia Development Board and concurrently President of the Planning Board. SHIMADA became Navy Minister, while HOSHINO was designated Chief Secretary of the Cabinet. As before, the Premier served as President of the Asia Development Board, with the Army, Navy, Foreign and Finance Ministers, as Vice Presidents.

CONTINUANCE OF UNITED STATES - JAPAN PARLEYS

After the new TOJO Cabinet came into office, the Japanese Government continued diplomatic discussions

with the United States Government. but, while appearing to be urgent for a decision, it showed no willingness to make any real modification of its attitude concerning China. On 4 November 1941 TOGO informed Nomura that Kurusu was being despatched to assist him in the parleys. On the same day, TOGO sent to Nomura another message giving the terms to be presented to the United States Government, including those relating to the stationing of Japanese troops in China. Japan still insisted that it should station troops in China, in the Mongolian border region and on the island of Hainan, even after the establishment of peace between Japan and China, and that these would not be evacuated until the lapse of an indefinite period, which if necessary might be interpreted as 25 years. These terms were subsequently approved by the Imperial Conference held on 5 November 1941, at which TOJO, TOGO, SHIMADA, KAYA, SUZUKI, HOSHINO, MUTO and OKA were present. Nomura was promptly notified of the approval.

CONTINUED MILITARY CAMPAIGN IN CHINA

The outbreak of the Pacific War did not abate Japan's military operations in China, nor alter the decision to crush the Chinese National Government at Chungking. Even before the outbreak of the Pacific War, casualties and losses suffered by China had assumed tremendous proportions. Up to June 1941, figures of the Japanese showed that the Chinese armed forces had lost 3,800,000 men killed, wounded and captured; that the Japanese had captured from the Chinese an enormous amount of booty; that they had destroyed 1977 Chinese planes; and that the Japanese had themselves lost 109,250 men killed and 203 planes.

In May 1942, the Japanese took Lungling and Tengchung in Yunnan Province, in the rear of Chungking. In December 1943, they captured Changteh in Hunnan Province, although it was soon recaptured by the Chinese. By the middle of 1944, military operations were intensified in the interior of Central China. Chengchow fell on 20 April 1944, Loyeng on 25 May 1944, Changsha on 18 June 1944 and Hengyang on 8 August 1944. Then in the winter of the same year the Japanese made a further thrust into the strategic southwestern China. They captured Kweilin on 10 November 1944 and Liuchow on 11 November 1944. At the close of the war, the official records of the Chinese Army showed that the army alone lost from 7 July 1937 to August 1945, 3,207,948 men killed, wounded and missing. We were not given figures of non-combatants killed or maimed in the course of the war, although there must have been very considerable civilian casualties.

SECTION VIIJAPAN'S ECONOMIC DOMINATION OF MANCHURIA ANDOTHER PARTS OF CHINA

The case made against the accused is of waging aggressive war, with the object, inter alia, of obtaining economic domination of Manchuria and other parts of China. It becomes necessary, therefore, that we should discuss shortly the evidence presented upon this subject. As already related the Japanese policy in Manchuria was to consolidate the territory under a government subservient to Japan and then by means of agreements with that government and by other means to obtain much needed basic materials required to carry out the program adopted in Japan and to obtain control of the communications and a substantial part of industry and commerce, all of which were of great value to later Military operations.

In North China the same plan was followed for the same purposes and particularly to fill the demand for supplies which at the time were not obtainable in foreign markets and which were badly needed in the campaign against the whole of China and were necessary to facilitate the over-all plan. The same policy was adopted as the war progressed into Central and Southern China. The political domination has already been dealt with; the following account of the various measures adopted indicates the extent to which the policy of economic domination was carried out.

GENERAL ECONOMIC MATTERS

The Japanese policy toward China has been dealt with at an earlier point in this judgment in relation to the political policy. Most of the "Plans and

"Policies" there referred to also deal with economic matters. Therefore at this step we mention only a few decisions which are particularly applicable to the question of economic domination.

Typical of the policy was the adoption by the HIROTA Cabinet on the 11th of August 1936 of "The Second Administrative Policy Toward North China," the main purpose of which was "To assist the people in North China in procuring perfect independence and to set up an anti-communistic and pro-Japanese and pro-Manchurian area and to secure the necessary materials for our National defense as well as to improve the facilities of the transportation against the possible invasion of Soviet Russia, and by making North China the base for the cooperation of Japan, Manchuria, and China as well as for mutual aid." It was then provided that Japan should guide the local political powers to insure the independence of North China. It was finally provided that "iron, coal, and salt existing in the province should be utilized for our national defense and for the promotion of our transportation facilities and electric power."

On the 20th of February, 1937, the Hayashi Cabinet adopted the "Third Administrative Policy Toward North China" the principal objects of which were procuring defense materials, improving transportation, preparing the defense against USSR, and establishing cooperation between Japan, Manchukuo and China. On the 10th of June, 1937, the War Ministry under the first Konoye Cabinet prepared a "Resume of Policy regarding the execution of summary of five year program of important

"industries" which, as we have mentioned previously, was declared to be based upon a "policy for the establishment of a comprehensive plan for Japan, Manchukuo, and China in order to prepare for the epochal development of Japan's destiny in the future." The plan also recites that it aims at the establishment of self-sufficiency in regard to important resources within the sphere of our influence and thereby avoid depending upon the resources of a third power." On the 24th December, 1937 the Cabinet decided the "Outline of Measures for the China Incident" which contained a section entitled "Policy for Economic Development." That section provided that its object was the economic development of North China to coordinate Japanese and Manchurian economy and to establish co-prosperity and coalition between Japan, Manchukuo and China. For that purpose it was considered necessary to develop and adjust every phase of economics by closely combining Chinese capital with Japanese capital, thereby contributing to the development and increase of production of necessary materials for the national defense of Japan and Manchukuo.

In order to give effect to the plans and policy last mentioned and to coordinate the Japanese efforts in that regard provision was made in April 1938 for the creation of two national policy companies. These were the North China Development Company for North China and the Central China Promotion Company for Central China. The objects of the North China Development Company were to further economic development and to consolidate various undertakings in North China. Its operations were carried on as a holding company

financing and controlling leading enterprises in transportation, harbor and port developments, electric power generation and transmission, mining, production and sale of salt and allied undertakings.

It operated under the supervision of the Japanese Government and was subject to the orders of the government; in fact except in routine matters it required the approval of the government for all its decisions. For example the approval of the Japanese Government was required for the raising of loans, making changes in its articles of association, giving effect to mergers and dissolutions and distribution of profits. Its plans for investment and financing for each fiscal year also required the approval of the Government.

UMEZU was appointed a member of the company's organizing committee with OKA as an assistant. KAYA served as president of the company for some time going out of office on the 19th of October, 1941, when he became Finance Minister in the TOJO Cabinet.

The Central China Promotion Company had objects very similar to those of the North China Development Company and was subject to substantially the same control by the government. The operations in the development of public utilities, transportation, and natural resources which will shortly be referred to came under the control of one or the other of these companies.

Before dealing with the particular operations reference should be made to the "Program for the Economic Development of China" adopted by the Planning Board in January, 1939. It was stated in this program

that the development of natural resources in China had far-reaching consequences in realizing the ideas of economic collaboration between Japan, China and Manchukuo as the basic step for establishing a new order in East Asia. It was further stated that these activities were "as vital and urgent as military operations and political activities and that they should be carried out even during hostilities".

Reference should also be made to the "Summary of the Program for Economic Construction Embracing Japan, Manchukuo and China" put out by the Cabinet Information Bureau on the 5th of November, 1940, the principal purpose of which was the establishment of a self-supporting and self-sufficient economic structure within ten years to strengthen the position of East Asia in World Economy. Under the program Japan's function was to promote science and techniques and to develop heavy industry, the chemical industry and mining. Manchukuo was to develop important basic industries and China her natural resources particularly mining and the salt industry.

Not only was no provision made in this program for consulting Manchukuo or China with regard to its operation but reading the document as a whole it is made clear that decisions as to its being put into effect in all its aspects were to be made by Japan and Japan alone.

Significant of the purposes of the Japanese plans in North China is a statement by KAYA that the plan for mobilization of materials in North China had three main points; the first was to supply Japan with war materials; the second was to expand Japan's armaments; and

the third was to meet the needs of peace-time economy.

PARTICULAR INDUSTRIES

The foregoing gives an outline of the general plans and policies adopted by the Japanese Government. A short outline of how the general plans were applied to particular industries and special phases of economics will be of value at this point.

TRANSPORTATION AND COMMUNICATIONS

In 1935 when DOHIHARA was active in connection with the establishment of autonomous rule in North China he demanded the construction of a railway between Tientsin and Shihchiachuan. Reference has already been made to the railway plan drafted by the North China Garrison Force in November 1935 which indicated Japan's desire or intention to acquire the Shantung Railway and a section of the Lunghai Railway and to construct further new railways in China.

In July 1938 the North China Telephone and Telegraph Company was organized, the North China Development Company owning more than 70% of its capital stock. Its objects were to construct and operate telegraph and telephone service including submarine cable in North China and connecting with Japan, Manchukuo, and the rest of the world. Other subsidiary companies of the North China Development Company were the North China Communications Company and the North China Aviation Corporation. The North China Communications Company operated 3,750 miles of railways, 6,250 miles of bus lines, and 625 miles of inland waterway communications in North China.

NATURAL RESOURCES

By "The Outline of Measures for the China "Incident" of December 1937 provision was made for a National Policy Company to take over the salt industries and practically the whole mining industry in North China for the purpose of obtaining revenue for Japan.

The Central Iron Mine Company, a subsidiary of the Central China Promotion Company, was set up in April 1938 to develop the estimated one hundred million tons of coal in Central China.

Deposits of iron ore in North China estimated at approximately two hundred million tons, or more than half of China's estimated iron ore deposits, were taken over in July 1939 by the Lungyen Iron Mine Company, a subsidiary of the North China Development Company. Of the mines coming under the control of this company, the one having the largest estimated deposits of all was the Lungyen Mine in Chahar Province. Part of the ore from this mine and the surplus of pig iron produced therefrom were exported to Japan. Of a total production of 4,300,000 tons of ore mined by the company, 700,000 tons were used for the production of pig iron and of the balance 1,400,000 tons were sent to Manchuria and over a million tons to Japan.

In Central China iron deposits in the Yangtze Valley were estimated at one hundred million tons. For the purpose of continuing the development of this deposit the Central China Iron Mine Company was established in April 1938. The company was controlled by the Central China Promotion Company and other Japanese interests; payment for Chinese interests in the property was

arranged to be made in the form of equipment and goods.

Coal deposits in North China were enormous and estimated to be more than 50% of the deposits in the whole of China. In developing these coal resources the Japanese adopted a policy of

controlling the supply to the Chinese in order to insure a further supply for Japan, having particular regard for the need of coking coal. The Tatung Mine which had the largest annual production was taken over and operated by the Tatung Coal Mine Company, a subsidiary of the North China Development Company.

By 1938 the greater part of the salt consumed in Japan was imported from various countries in the East and Middle East including China. In order to increase the supply from China the North China Salt Company was organized as a subsidiary of the North China Development Company for the production of salt in North China. For the same purpose in Central China the Hua Chung Salt Company was organized by the Central China Promotion Company in August 1939 and plans were made to develop new salt fields by investment of the funds of the holding company.

PUBLIC UTILITIES

Immediately after the occupation of Shanghai in December 1937 the Japanese took over various public utility companies among which might be mentioned: (a) Puntung Electric Supply Company which was then made a subsidiary of the Central China Water and Electricity Company which in turn was Japanese controlled; (b) the Chinese Electric Power Company in Shanghai was taken over in June 1938 and became a subsidiary of the same holding company. In these cases the owners of the companies were compensated at a valuation considerably below the real worth of the companies.

The Chapel Water and Electricity Company was taken over and after the outbreak of the Pacific War

the American owned Shanghai Power Company was also taken over. Evidence was made before the Tribunal that after the surrender in 1945 when the various plants were taken back by the former owners the plant equipment and machinery had deteriorated far beyond ordinary wear and tear.

BANKING

From the beginning of the occupation of North China the Japanese Army circulated in North China bank notes of the Bank of Chosen and in Central China bank notes of the Bank of Japan, together with some military or occupation yen notes. However, the use of Japanese currency in occupied territories was disturbing to Japan's monetary system. In order to remedy this situation the Japanese Government organized the Federal Reserve Bank of China in February 1938, the main policy of which was to stabilize currency and control the money market in foreign exchange. It was authorized to issue paper currency which was linked to the Japanese yen and so made the basis for Japanese investments in North China. Controlled by the Japanese Government this bank became very important and carried out Japan's policy in the financial field of its operations.

As a result of the Japanese virtual control of the economics of occupied China and its control of a substantial part of industry and commerce, many Japanese business men and industrialists went to China and entered the economic life making no effort to hide their control.

PROTESTS OF THE UNITED STATES

The adoption of the measures just referred to

inevitably had the result of affecting the trade and commerce of other powers. Consequently on the 6th of October, 1938, United States Ambassador Grew wrote to Prime Minister Konoye that the events in Manchuria were being repeated; that the exchange control in North China was discriminatory and that with the alteration of customs tariffs the Japanese control of transportation and communications, and the proposal to create a monopoly in wool and tobacco was putting Japan and Japanese merchants in a preferred position in China. He consequently asked for discontinuance of (1) exchange control and other measures discriminatory to American trade and enterprise; (2) monopolies or preferences conferred on Japanese interests, superiority of rights in commerce or the economic development in China and (3) interference with American property and rights, particularly censorship of mail and restrictions upon residence and travel by Americans and American trade and interests. To this protest the foreign minister while admitting the truth of the charges, claimed justification for the economic measures as being for the benefit of China and East Asia.

NARCOTICS IN CHINA

Reference has already been made to the traffic in narcotic drugs in Manchuria.

A policy similar to that adopted in Manchuria was adopted from time to time as military operations succeeded in North, Central, and Southern China. This traffic is related to the military operations and political developments in that by means of it substantial funds were obtained for the various local governments

set up by the Japanese, funds which would otherwise have to be furnished by Japan or found by additional local taxes. Incidentally, the effect on the morale of the Chinese population by the tremendous increase of drug addicts can be well imagined.

Prior to the outbreak of the China War the Chinese Government had been making determined efforts to wipe out opium smoking. That these efforts were meeting with success is demonstrated by a report made by the Advisory Committee of the League of Nations in June 1939 to the effect that the measures taken by the Chinese Government for the suppression of drug addiction under regulations promulgated in June 1936 had produced highly satisfactory results.

Connected with the opium traffic in China from 1937 were the Japanese Army, the Japanese Foreign Office, and the Asia Development Board. The Mitsubishi Trading Company and the Mitsui Bussan Kaisha were making large purchases of Iranian opium for Japan, Manchukuo and China. By arrangement with the Foreign Ministry the two companies in March 1938 made an agreement in respect to the places from which the opium was to be imported and their respective shares in the business. The distribution of opium for Japan and Manchukuo was to be handled by the Mitsubishi Company, and that for Central and South China by the Mitsui Company; the distribution for North China being shared equally and the government offices of Japan, Manchukuo, and China were to decide upon and inform the two companies of the amount to be purchased for each year. At the request of the Asia Development Board the

agreement was revised by providing for the organization of the Iranian Opium Purchasing Association, the opium business of that company to be divided equally between the two trading companies.

The Special Service Organizations established in cities and towns under the China Expeditionary Force were entrusted with the sale of the opium. The Economic Division of the Asia Development Board stated the requirements of opium in North, Central and South China and arranged for its distribution. Profits from the sales of opium were transferred to the Asia Development Board. At a later date a General Opium Suppression Bureau was created and the opium trade was administered by the Renovation Government which was to a certain extent supported by the profits from the sale of opium. But even at that time the Ko-A-In and the Japanese Army Headquarters in Central China were still responsible for policy making with regard to the opium trade.

From time to time measures were adopted ostensibly to control or reduce the traffic. One example was the General Opium Suppression Bureau which was organized in 1938 and at about the same time the Renovation Government set aside \$2000 a month for opium suppression propaganda. Notwithstanding these and other measures adopted, the traffic continued to increase. The explanation may be found in the cryptic evidence of Harada, Kurakichi, Japanese Military Attache at Shanghai from 1937 to 1939. He says, "When I was head of the Tokumu Bu I received instructions through military channels to provide opium for the

"Chinese people by establishing an opium suppression board."

In June 1937 at a meeting of the Advisory Committee on Traffic in Opium of the League of Nations it was stated openly that the increase in illicit traffic in China coincided with the Japanese advances.

INNER MONGOLIA

Following the withdrawal of Chinese troops from North Chahar after the Ching-DOHIHARA Agreement of 1935 as already related Japanese influence was felt in the provinces of Chahar and Suiyuan. Thereafter the farmers were encouraged to raise more opium. As a result production of opium was substantially increased.

NORTH CHINA

In North China, particularly in Hopeh and Shantung, after the Tangku Truce of 1933, and the establishment of the demilitarized zone the Chinese were unable to control the drug traffic. There then followed a tremendous increase in the number of drug addicts, the distribution of the drugs being handled by various companies and associations controlled by Japanese.

After the occupation of Tientsin in 1937 there was a notable increase in the use of narcotics. The Japanese concession in Tientsin became known as the center of heroin manufacturing. Not less than two hundred heroin factories were established in the Japanese concession and it was stated before the League of Nations Advisory Committee on Traffic in Opium in

May 1937 that it was common knowledge that almost 90% of all illicit white drugs in the world were of Japanese origin manufactured in Tientsin, Dairen and the other cities of Manchuria and North China.

CENTRAL CHINA

Here again substantially the same story is told. In Nanking opium consumption had been practically wiped out before 1937. After the occupation by the Japanese troops the trade in narcotics became public and was even advertised in newspapers. As was established in an earlier part of this chapter the profits made in the drug traffic monopoly were enormous. By the autumn of 1939 the monthly revenue from the sale of opium in Nanking was estimated at \$3,000,000. It is therefore obvious having regard to the magnitude of the traffic in Manchuria, North, Central, and South China how valuable the traffic was to the Japanese Government even if taken only in terms of revenue.

We do not consider it necessary to give any further details of the traffic in drugs; it is sufficient to say that in Shanghai, in Fukien Province and Kwantung Province in South China and elsewhere after 1937, upon occupation of each province and large centre by the Japanese, the traffic in drugs increased on a scale corresponding to that in other parts of the country which has already been described.