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1926–1938

Volume 54

A. MORGAN YOUNG

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by
A.MORGAN YOUNG

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PREFACE

MANY are the books on Japan: they mostly follow a prescription, reviewing different aspects of a country which is strangely unlike the lands of Christendom, though it has entered into economic competition with them. I have here tried to present something rather different. Encouraged by the fact that *Japan under Taisho Tenno, 1912–1926,* has been found useful by other makers of books as well as by readers who sought to increase their knowledge, I have attempted here to present a sequel—though it is only part of the same story in the sense that it continues the record. A reign that seemed likely to be quiet and humdrum has proved so full of happenings that it has been difficult, even at slightly greater length, to record these eleven years as adequately as the previous sixteen. But for readers who would like the facts rather than my gloss upon them, here is a book full of them. During ten of the eleven years I was seldom absent from the editorial desk of the *Japan Chronicle,* so there was little about current events that did not come my way, and I have tried to select from the mass the most significant and most closely related. Sometimes so many things were happening at once that it has been impossible to observe a strict chronology and the subject rather than the date has had to be considered.

As in my previous book I have adhered to the Japanese custom of putting the surname first and the personal name after; also, where titles are concerned, I have used the highest attained instead of explaining that the Mr. of one day was the Baron of the next.

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CHAPTER I

A NEW ERA

FOLLOWING a Chinese custom, Japan begins a new era with each reign. When the Taisho era ended on Christmas Day, 1926, "Taisho" was made the posthumous name of the deceased Emperor, and the new era was named Showa. Taisho meant Great Righteousness, and the reign of sixteen years had been distinguished by the number of scandals and the greatness of the corruption in its history. Showa might be translated "Peace made Manifest," and was to be marked by a constant prating about Japan's sacred mission of keeping the peace of the Far East, and by a progressive breaking of that peace and a cynical disregard of truth and justice.

Yet the reign began with a sense of disillusionment and almost of exhaustion. The damage caused by the great earthquake of September 1923 was only partly repaired, and Mr. Inoue Jonnosuke, who had been Governor of the Bank of Japan and was to be Finance Minister, declared early in 1927 that the £400,000,000 profit which Japan had made out of the Great War, had been frittered away and not left a trace. There was so much hardship and it was so hard to get money that this may have seemed to be the case, but actually the war profits had transformed the economics of the country, and had changed it as completely as it was changed by the revolution of 1868.

Apart from economic effects, Japan's prestige in the world was enhanced; she took part in the councils of Europe to a degree never formerly imagined, and the Washington Conference in 1922 had given her the hegemony of Northeastern Asia. For the first time there was a government which might be called democratic. Its leading spirit had been Mr. Hamaguchi, an honest and courageous Finance Minister, with Gladstonian conceptions of economy. He had already suffered in health

through his fight for sound finance, and on the death of his Chief, Count Kato, had taken the Home portfolio. But this change did not end the struggle against the army's demands for more and more money, for the experiences of the Great War had led to new and more expensive ways of fighting, and Japan had found herself behind the times.

Another very notable character in the Kato Cabinet was Baron Shidehara, the Minister for Foreign Affairs. It is not too much to say of Baron Shidehara that he is the only modern statesman in Japan whose will and conscience bade him deal fairly by China and whom opportunity and courage enabled to do so. It was no easy task that he set himself, for, as the Chinese learnt the difficult business of becoming nationalistic, by which alone they could preserve the integrity of their State, they became increasingly "difficult" to deal with, for there were many points of friction, and they became less amenable. A desultory war between North and South was going on. So far there had been continuity of government at Peking, and though the Kuomintang, with its headquarters still in Canton, had a better claim to represent the people than had the Government in Peking, it would have been against Baron Shidehara's principles of non-interference to accord it the recognition that it sought before it had really vindicated its claims.

The young Emperor of Japan came to the Throne in the closing days of 1926. The new year began portentously for China, though just what was portended nobody knew. The Kuomintang had fought its way northwards to Hankow, and there, on January 5, 1927, a Chinese mob swept through the British Concession with a mighty uproar. The totally inadequate force of marines that had been landed from a British warship found itself worse than useless. It is possible that resolute gunnery would have dispersed the mob. but the officer in command saw that there was a directing power behind this seeming disorder, and refrained from action. With

heroic self-restraint the marines endured insult and assault. Mr. Eugene Chen, who was at that time the Foreign Minister in the Kuomintang Government, while disclaiming any incitement, undertook to call the mob off and protect the British residents so long as they made no attempt to protect themselves. There was nothing for it but to accept the offer, and the surrender of the concession logically followed, being effected by the Chen–O'Malley Agreement on February 19th.

That a history of the reign of a new Japanese Emperor should begin with an encounter in China between Chinese and British forces is not an irrelevant divagation. Mr. Engene Chen had a very strong bias against Britain, and succeeded, both in Canton and in Hankow, in alienating the sympathy of British officials from the Kuomintang. On the other hand, he had a confidence in Japan which could only have been justified had Baron Shidehara possessed a permanent tenure of the Foreign Office instead of a very precarious incumbency. His capture of the British Concession was a personal triumph, but it was not the way to achieve the succession of retrocessions which it was hoped would follow. He declared to one interviewer that had the British fired a shot, the whole community would have been exterminated, and to a representative of the Japanese news agency he said: "We assure you that you may dismiss all apprehensions that the Kuomintang Government is planning to do the same thing in the Japanese Concession that it did in the case of the British Concession in Hankow. Such a thing is not dreamed of by the Kuomintang." But Chen was backing the wrong horse.

There had been a serious quarrel between Canton and Hongkong, and the possibility of exploiting this was being discussed in Japan, along with the chances of the Kuomintang being reasonable on the subject of Japan's desires in Manchuria if Japan supported it in China, when Baron Shidehara's speech on foreign relations at the opening

of the Diet on January 18, 1927, put the whole Chinese question, for the moment, on a higher plane that it had hitherto occupied. Japan was anxious, he said, to see the re-establishment of order and security in China. Friendship for China dictated this wish, which was also necessary for the commercial interest of Japan. But the end could be attained only by Chinese initiative; compulsion from without could only do harm. Japan could only lend her support to Chinese endeavours and provide opportunity for their fulfilment. With this object in view she had prohibited the supply of arms and the advancement of loans that could be used for the promotion of civil strife. These restrictions were a necessary part of any sincere non-intervention. China must devise her own internal policy and appoint her own governors. Success in these tasks would promote her prestige beyond her own borders; but China had a historical background of several thousand years; she had a national life peculiarly her own; and no imposition upon that national life of political or social institutions devised by foreign nations to suit their own convenience could possibly succeed. Nor could it be imagined that the Chinese would long acquiesce in foreign intervention or submit to foreign dictation. In any case, whatever institutions China might adopt for herself, Japan, with her own history and her own ideals, would have the will and the capacity to uphold her own system of government immutable for all ages.

The last phrase was an echo of the words of Ito's Commentary on the Constitution regarding the Throne of Japan, and the sentence referred to the possibility, which then seemed to be imminent, of China adopting Communism as the basis of her political system. Those who were customarily loudest in asserting the unique loyalty of Japan were also first in professing a panic fear of the dangers involved to Japan in China becoming Communistic, and demanding that this be prevented.

Chinese "unification" was not yet complete. The victorious army, under General Chiang Kai-shek, proceeded to Shanghai. The British authorities had surrendered the Hankow Concession; but they had not surrendered their interests in Shanghai, and hurriedly sent a military force to defend them. Eugene Chen, disappointed at not being able to repeat his triumph, denounced this attempt "to subjugate the Southern army," but the Shanghai Defence Force subjugated nobody. No lives were lost through its presence, and the only collisions that the Southern army had were with a few of its own countrymen in the native city. The Northern troops who had been camped in the neighbourhood left for the North with as little equipment as possible. Baron Shidehara had let it be known that it was against his policy to send any Japanese reinforcements, and the Japanese naval men on the spot assisted in the easy task of persuading the Northerners to leave without fighting.

A Southern army which took possession of Nanking was not so well in hand as that which. had hurried on to Shanghai, and Baron Shidehara's policy was put to a severer trial there. From Nanking, too, the Northerners decamped, and it was subsequently attempted to put all the blame for the disorders there on the departing troops; but the weight of evidence was against this explanation. Mob law prevailed for a time. Mr. Morioka, the Japanese Consul, who was sick, was dragged from his bed, and escaped with great difficulty, but saved the imperial portrait and the more important of the consular papers. In the general confusion a few British and Americans were killed, but no Japanese. That the casualties were so small was due principally to the British and American warships which hurried to the scene, and, at a critical moment, put a barrage of shells between the group of foreigners and the mob about to attack them.

Baron Shidehara still stayed his hand; the Nationalists had undertaken to be responsible for the safety of foreigners,

and the Japanese Foreign Minister, aware that order could never be restored in China if there were constant foreign interference, decided that, for the sake of the larger issues, such risks must be run by foreigners as they would run in other countries during a time of civil commotion. The distressed foreigners were brought down to Shanghai, the Japanese very glad of their deliverance. Mr. Chen made much anti-British capital out of the incident, and for a time Japan was almost popular in China.[1]

Dissensions had by this time appeared in the Nationalist ranks. Dr. Sun Yat-sen had insisted upon permitting Communist co-operation, but the Communists, under the inspiration of Borodin, were now running the party instead of merely co-operating. Instead of going back to Hankow to settle with them, Generalissimo Chiang Kai-shek set up a Kuomintang Government at Nanking on April 185 1927, and, realising that no Chinese Government run by Communists could hope for recognition by any country except Russia, decided to purge the party of Communism. Borodin and the other Russians went flying back to Moscow, and thither too went Mr. Eugene Chen. Nationalist historians in China deal rather scantily with the purge, but the Powers approved both of its severity and of its oblivion.

Japan showed no disposition to abandon her concession in Hankow or to subscribe to the principles of the Chen-O'Malley Agreement. Besides, her principal interest was in Manchuria, and the Kuomintang influence had only just reached the Yangtse. For their immediate problems the Japanese could still deal with the Northern Generals, who would usually listen to a financial argument.

At the end of 1926 Marshal Chang Tso-lin, Superintendent of the Three Eastern Provinces (Manchuria), yielded to

[1] In 1937, when Admiral Little protested against the jeopardising of European life and property in Shanghai by the landing of a Japanese army, Admiral Hasegawa replied, "It's no more than you did in 1927," which was apparently accepted as a sufficient answer.

a temptation that he had hitherto avoided, and took up his quarters in Peking as Generalissimo, and maker and unmaker of Presidents. It was a fatal move for him. Its cost alone compelled him to abandon the excellent currency policy that he had formerly maintained, and the Mukden notes became the most instead of the least depreciated in China. And because he could not keep his eye on Japanese doings in Manchuria so well as he had done in Mukden, he had to be stiffer in his diplomatic attitude, so that the Japanese did not reap the benefit from his absence for which they had hoped. Thus at the outset of the new reign events in China became the dominant interest. Another indication of what was to come was a typical patriotic outburst. Japan is cursed more than any country with the type of patriot whose sole claim to distinction is the violent denunciation of better men than himself. It happened during the last long illness of the Emperor Taisho that the Marquis and Marchioness Tokugawa, than whom there were no finer types of natural and inherited nobility in Japan, gave a charity dance. After the Emperor died, the patriots stirred up such indignation that the Marquis and Marchioness were glad to retire to a distant rural estate till the trouble blew over. There was to be more of this sort of patriotism than ever before.

While the great majority find full occupation in the earning of a living and the care of a family, and eccentricities are the marks of a small minority, some of the Japanese eccentricities are so quaint as to merit notice. It was at the beginning of the new reign, for instance, that "doll diplomacy" began. Whether the idea first germinated in an American or a Japanese mind matters little. Japan had always been famous for dolls, and some very charming ones were made in America. It began with exchanges from the children of one country to the children of the other. In Japan the business was carried through with a solemnity that belongs to the youth of the world. The dolls were taken round the country and in their

presence distinguished old gentlemen in frock coats lectured school children on the cultivation of international friendship, symbolised somehow by these small ambassadors of good will. Maintaining a diplomatic silence, the dolls were really quite useful in providing a topic for platitude, and enabling speakers to avoid such thorny questions as immigration and import tariffs.

It went on a long time and reached its climax in 1935, when Mayor La Guardia of New York sent two full-sized tailor's dummies as Mr. and Mrs. America on a visit. These arrived by the *Asama Maru* early in June, did the usual tour, and, dressed in Japanese costume, returned by the *Heian* on the 29th of the same month. The highest point of absurdity being reached, doll diplomacy then came to an end.

The great majority of people found times hard, but many still had money to spare and wasted it in various ways. The little blue parakeet called budgerigar had a great vogue and would sell for as much as a thousand yen (£100). Dogs of various sorts were fashionable, but the commercial element introduced by large brown pigeons and angora rabbits made these less popular. Dancing, however, became all the more popular by being commercialised, and dance halls were profitable. There was a great deal of controversy in official quarters regarding these new institutions, and they were strictly regulated, no "sitting out" being allowed, and the taxi-dancer taking a ticket for every dance from her partner. As a social phenomenon the dance hall was all to the good. The geisha, as a professional entertainer, had deteriorated, and was spoken of officially as though she belonged to the same class as the prostitute. The dance hall to a certain extent re-established the distinction between an entertainer and a prostitute, and provided many young men for the first time with that escape from both segregation and indulgence which is the most agreeable characteristic of Occidental society. Dancing, moreover, was a far cheaper form of entertainment

than that provided by geisha, so the geisha were left more and more to the elderly and well-to-do, who in public assemblies would inveigh against the immoralities of the modern dance. A high police official in Osaka was particularly zealous in getting dance halls abolished throughout the prefecture. Having retired, he proceeded to open one himself, within easy reach of the city but just outside the prefectural boundary.

In this period, too, cafés sprang up by the thousand, generally tiny places with fanciful names and garish lights, which dispensed bad tea, weak beer, stale cakes, and gramophone noises. The police regarded them with suspicion, the waitresses often being unlicensed prostitutes who defrauded the Government of lawful revenue, and they tried to regulate the cafés out of existence; but demand continued to ensure supply, and the line of least resistance for the police was to squeeze rather than suppress.

Though at the outset of the Showa era the Cabinet was more democratic and its members more honest than had been the case hitherto, the constitutional position of the Diet had not improved, yet while its behaviour deteriorated its prestige increased. Though deprecated by political essayists as defeating its own aims, violence gets results. Turbulence was not an Opposition monopoly in the session of 1927. Members of the Government party thundered against Seiyukai corruption, and, without mincing their words, accused General Baron Tanaka, the president of that party, of embezzling several millions of the Secret Service money. Such accusations admitted of no answer, since it was impossible to render an account of costs of espionage, but Tanaka had been Minister for War during the Siberian intervention, when the General Staff had had its share in the unbridled corruption that accompanied that adventure. The Minseito Government, which had a genuine desire for economy, found it impossible to stem the tide of spending. Every department wanted larger allotments than ever, and,

declaring that it was maintaining a rigid economy, the Government got another record budget passed, and, with the usual rush of bills passed without discussion on the last couple of days, brought the session to a normal end.

To close the session with a spate of undebated legislation was the usual practice, most of the debating days being spent in vain interpellations or prolonged discussions on unimportant matters. The momentous events in China received little attention, but much time was spent on discussion of the latest version of the Religions Bill. The rulers of Japan, like rulers everywhere, believe that religion is an excellent thing for the lower classes, and are anxious that it be of the right sort. In drafting a bill which required the tenets of each religion to be presented in writing for official approval, the Government was displaying no illiberality. The greatest zealots in the official hierarchy were quite indifferent as to any eccentricity of belief so long as it left loyalty unimpaired. It was becoming more and more compulsory for certain classes, particularly soldiers and school children, to visit Shinto shrines and make obeisances at the proper times while the priests recited their incantations; but this was officially declared to be not an act of worship but only a token of respect towards the Imperial House. It was already becoming dangerous to deny the Gods or the historicity of the early Emperors, and was to become much more dangerous during the next few years. There was a great desire to obtain foreign recognition of Japanese fables. After the Imperial Enthronement in 1928, an official of the Household expressed to the assembled journalists reporting the event the gratification which had been felt when it was observed that even the envoys of Roman Catholic countries had bowed to the Kashikodokoro (the Imperial Household Shrine in which the spurious Mirror, Sword, and Jewel of the Sun Goddess are placed for adoration), as respectfully as the most loyal Shintoist of them all. Perhaps they said, like Naaman, “In this thing the Lord pardon thy servant.”

But the discussion on the Religions Bill did not touch these high matters. A point in the Bill that attracted criticism was that the priest, minister, or other responsible person in every place must be of educational qualifications not lower than graduation from a middle school. Of the popular Neo-Shinto sects several, with a collective following running into millions, were founded by illiterate peasants; but curiously enough, no objection was raised on their account. It was rather advantageous than otherwise to put obstacles in the way of further creations of the sort. The point was raised that some officers of the Salvation Army might be disqualified—a body of whose work the Empress Dowager approved and to whose support she had contributed.

Like much other legislation and regulation, the Bill was intended to assist the police in keeping a finger on the pulse of every kind of activity; but nobody was very keen on it except a few bureaucrats, and it was dropped; nor did any better fortune await its revival in subsequent sessions.

CHAPTER II

THE FINANCIAL CRISIS OF 1927

THE legislators having earned their salaries and the Diet being formally closed, the Government was in hopes of having nine months peace in which to get on with its administrative duties; but hardly had the session ended when a storm broke of which reverberations were heard all over the world. The firm of Suzuki stopped payment. It was the "wonder firm" of the war, and had accumulated, legends which lasted only a little longer than its money. American magazines often published articles on "The Richest Woman in Japan"—sometimes "in the world"— with photographs of Mrs. Suzuki, a staid and comfortable widow lady, who directed countless enterprises of unthinkable wealth. But they never mentioned Mr. Kaneko, though the Japanese papers often mentioned Kaneko and forgot Mrs. Suzuki. The late Suzuki had left his widow a miscellaneous business including a steelworks that was almost moribund. He also left her his banto, or office manager, a little man of modest demeanour who dressed badly and shaved seldom in wealth and poverty alike; but Kaneko had vast ideas, though whether he was a Napoleon or a George Ponderevo was never certain. Suzuki's increased enormously during the war, handling business of every kind, and secured a good deal of Government patronage. The older rival firms declared war, and stuck at nothing. They did not stick, for instance, at saying that the reason why the Bank of Formosa advanced unlimited credit to Suzuki's was the friendship between Mrs. Suzuki and Count Goto, who founded the bank. After the war there was an armaments race, and Suzuki's bought metals for the supply of the Government arsenals. The Washington Conference in 1922 called a halt to the armaments race, and the Government left Suzuki's

holding the metals. Enemies thought that the time had come to strike and inspired articles in the Press declaring that the firm was about to crash. Then came the great earthquake of 1923: the Government gave orders to the Bank of Japan to advance money liberally; the Bank of Formosa unloaded on to the Bank of Japan the bills it held against Suzuki's, and everybody breathed more freely for a space. In March 1927 the Bank of Japan told the Bank of Formosa that it would not hold these Suzuki bills any longer, especially as they did not arise out of the earthquake at all. Kaneko appealed to Mr. Kataoka, the Minister of Finance, pointing out that it was at his predecessor's instance that his firm had incurred its liabilities. The Minister was obdurate and Kaneko retired defeated, not knowing that he had wrecked a Government.

The Bank of Japan would wait no longer for payment, and the Bank of Formosa had to approach Mr. Kataoka. It was a "semi-official" bank and he could not let it down. So the Government drafted an Urgent Imperial Ordinance advancing 200,000,000 yen to the bank. This had to be passed by the Privy Council before it could take effect. Count Ito Myoji, a member of the Council, an old male harridan with a great reputation as a patriot, who had enriched himself out of every war and hated so honest a Government as that now in difficulties, thundered against the Ordinance, and, on April 17, 1927, the Wakatsuki Ministry resigned.

Bankruptcies are rare in Japan. Advances at low interest are made, debts are paid off over a long period without interest, and the firm is either kept in being or amalgamated with some other concern. There is something to be said for the smooth method; but Kaneko's enemies were out for blood and so were the enemies of the Government. The firm of Suzuki simply disappeared, but the Government had to advance 500 million yen to tide over the crisis instead of the 200 millions that would have saved the situation had the patriotic Count Ito not intervened.

There came a sudden break in the continuity of policy.

Not long before the events just recorded, Mr. Takahashi had resigned the presidency of the Seiyukai, to which, along with the Premiership, he had succeeded when Hara Takashi was murdered in 1921 General Baron Tanaka, who, during his career as Minister for War, had found the jobbery of the Seiyukai to his liking, became its new President. He toured the country with Takahashi, who introduced him to numerous big meetings. Here he played the bluff soldier, and, when Takahashi had made his oration, he would rise and say that his own sentiments had been admlrably expressed. Though Tanaka was very wealthy—which was hardly creditable in a soldier—and had great influence, he had been openly derided for corruption in the Diet and was hardly the man to restore confidence in a financial crisis—which, perhaps, was the reason why he persuaded Takahashi to undertake the burden of the Finance Ministry. Dr. Suzuki, an adroit professional politician, became Home Minister, General Shirakawa Minister for War, and Mr. Ogawa Minister for Railways.

The formation of a new Government and the advance of 500 million yen to the Bank of Formosa did not allay the financial panic. Bank after bank closed its doors, and the Government declared a moratorium. One of the greatest industrial concerns in the country—the Kawasaki Dockyard—which did so much work on Government order that it was regarded as itself a Government concern, shut down for lack of working capital, for the Fifteenth Bank, which financed it, failed badly. In Osaka 237 factories stopped working. But the printing press saved the situation: while General Tanaka was forming his Government the Bank of Japan was printing notes, and on April 21st it was announced that the issue was 2,318,000,000 yen, an increase of 639,000,000 in a single day. None of the banks that did foreign exchange business were affected, so, except for a slight decline in the exchange rate, which rather helped exports for a while, the repercussions abroad were not remarkable.

The new Government called a special session of the Diet on May 3rd to pass its emergency measure for financial relief, and General Tanaka made a formal declaration of continuity of policy, which, as might have been expected, was merely a prelude to an undoing of the work of the previous Cabinet. He even used a phrase of Baron Shidehara's, that he was in favour of all the legitimate aspirations of China.

The immediate crisis being averted, Takahashi resigned the Finance portfolio; he was growing old and he did not like the company he was in. He was succeeded by Mr. Mitsuchi.

Baron Tanaka then proceeded to destroy continuity of policy. First he dismissed the prefectural governors appointed by the Minseito. There was no peculiar turpitude here, for both parties indulged freely in this vicious practice, protesting that they considered it very harmful, but that such dreadful men had been put in by the other party that purity in the general election could only be secured if the Governors were such men as the Ministry could regard as fair and unbiased. The Governors assembled in conference at the capital, and Dr. Suzuki, the new Home Minister, said little about political purity but much on the great virtues of ancestor-worship and the intention of the Government to reform the administration of shrines. This was less a revelation of Suzuki's personal piety than an indication that the obligations of patriotism were to be enforced more strictly than ever.

Though Suzuki was not a military man, this was ominous, for the army in Japan is the arbiter in patriotism. To be ready to die for the Emperor is the first requirement of patriotism, and the opportunity is provided from time to time by the army. The military machinations had begun even during Baron Shidehara's time. He succeeded in maintaining peace on the Yangtse, but he was unable to prevent a strengthening of the Japanese garrison in Tientsin and Peking in readiness for any opportunity for aggrandisement that might present itself when the victorious Kuomintang continued its march northward.

No sooner was Tanaka in power than he dispatched troops to Shantung to intercept the Kuomintang army. But the Kuomintang was too discreet to challenge the Japanese, and called off the campaign for the year. There being no excuse for their remaining, the Japanese expedition returned home in September, and it was loudly proclaimed by the army's journalistic supporters that by Its very presence it had preserved peace. Japan's leading journalist and historian, Mr. Tokutomi, was, as usual, all in favour of strong measures, and exclaimed indignantly that the Chinese seemed to think that Manchuria and Mongolia belonged to them. This, indeed, was as far as the Japanese policy went at that time. They could do as they pleased without much opposition in Manchuria and Eastern Inner Mongolia, but the Southerners were difficult people to deal with and they did not want them in the North.

Shidehara's China policy had had its effect on public thought. Dr. Yoshino, a liberal professor with a large following, declared that the protection of foreign communities within her gates was China's own duty and that these communities could not expect to be unaffected by China's own troubles. Mr. Nakano Seijo, a member of the Diet, pointed out that Great Britain, who had sent a force to defend Shanghai, no longer monopolised unpopularity but that Japan had recaptured it; a Minseito meeting on July 15th denounced Baron Tanaka's expedition; and the Press in general demanded a withdrawal of the troops because they were not needed and their presence had provoked another boycott. Should civil war appear in Shantung, they said, it would be much cheaper and better to withdraw the couple of thousand Japanese residents for a time than to send a Japanese army to enforce peace. These things are worth recalling because, though it was never true that the military party had lost its power in Japan, there was in 1927 an amount of independent civilian thinking which five years later it did not seem possible that there ever could have been.

CHAPTER III

TANAKA AND JAPAN'S MANCHURIA POLICY

MANY attempts had been made to detach Manchuria from China, so as to make Japanese pretensions to control easier. So long as the Peking régime lasted, a policy combining bribery and encroachment was working well enough. It was impossible to come out into the open and offer the Kuomintang recognition as the price of Manchuria, though many secret proposals to this effect were made; but the Kuomintang did not trust the Japanese Government sufficiently to accept the offers made in its name. Besides, there was a conscientious objection, and caution prohibited an immoral contract which was almost sure to be but a prelude to a succession of others. Indications that the Kuomintang was gaining the mastery over the whole of China filled the military men with apprehensions, for a victorious Kuomintang would be sure to raise difficulties in Manchuria.

A number of conferences were held in the early part of the Tanaka régime, partly in order to test the sentiments of the more influential civilian elements, including, of course, the great commercial interests. The most important of these was the Far Eastern Conference, which met on June 1, 1927, when General Muto, Commander-in-Chief of the Kwantung Army, insisted that there must be a more thorough exploitation of Manchuria and Mongolia. The Conference practically decided the fate of Manchuria, so far as regards its definite detachment from China, though the exact method still depended on the possibilities of opposition from the Kuomintang, and such picturesque details as the restoration of a Manchu Empire were improvised later.

So far as the public was concerned, which is kept informed

of the proceedings even of the Cabinet and the Privy Council by judicious "leakage," the Conference was preoccupied with the unwillingness of the Chinese in Manchuria to lease land to Japanese, which, according to the Treaty of 1915, they could do. When Mr. Yoshida, Consul-General in Mukden, returned to his post after the Conference, he gave something like an ultimatum to Marshal Chang Tso-lin that if leases could not be obtained, then ownership must be the alternative. It was not explained how this would overcome Chinese reluctance to surrender occupancy, but was clearly a threat that recalcitrancy would be punished. Mr. Yoshida also prohibited the construction of railways which the Japanese might consider would compete with the South Manchuria railway, but rather inconsistently insisted that the Kirin-Hoinyung line, which would give an outlet through the north of Korea, be completed immediately. To promote this line there had been a Japanese loan of a very irregular kind, which was said to have been used by the Marshal's military establishment.

No general communiqué was issued to the Press regarding the findings of the Conference, so there was no close agreement between the reports of the different newspapers. It would seem likely, however, that the document published later in China as the Tanaka Memorial, and purporting to have been presented to the Emperor on July 25, 1927, actually represents the findings of the Far Eastern Conference. The Conference was called for the purpose of discovering how far officialdom could be depended upon to back the Government in a "positive policy" in Manchuria. It was found that the liberalism practised by Baron Shidehara had not penetrated far below the surface or received wide support, and that an aggressive movement was sure of popular backing. The Press for a while continued to criticise militarism, but the military were well assured that, when the time came to strike, there was nothing to fear from Japanese liberalism. The Shantung flurry having passed, the Far

Eastern Conference was regarded as the beginning of a very definite forward movement in North China. General Chiang Kai-shek had his hands full for some months in completing the purging of the Kuomintang of its Communist elements. Marshal Chang Tso-lin was left in charge in Peking. In his absence from Mukden Japanese intrigue did its best to create disorder there, and the legend to-day is that Manchuria was in a state, economic and social, bordering on chaos. But Mr. C.Walter Young, who speaks with unrivalled authority on Manchurian affairs, extolled the peace and order maintained in Manchuria by Chang Tso-lin and the good financial standing of his Government in an article in the *Chinese Economic Journal* for July 1927.

By way of a start in Manchuria, Mr. Yamamoto Jotaro, energetic and full of ideas, and popularly regarded as representing the Mitsui interests in the Seiyukai, was appointed President of the South Manchuria Railway. Mr. Matsuoka Yosuke, ready of speech and determined in manner, was his vice-president, and was destined to attract rather more international attention than his qualities warranted.

The forward movement in Manchuria was gaining strength. It was announced in the Press that Mr. Yoshizawa, the Japanese Minister in Peking, was to settle all outstanding questions with Marshal Chang Tso-lin on August 24th, reminding him that Japan had saved him once again, as in 1925, by throwing her troops across the path of his Chinese enemies, and that some acknowledgment of such favours was due. (In 1925 they strongly denied interference, though Chang Tso-lin thanked them for it.) A black list of anti-Japanese Koreans in Chientao was also compiled and handed to the Marshal as something that it was his duty to deal with. But this year also saw the beginning of a new technique for handling Koreans for imperialistic purposes which later played an important part in the destinies of Manchuria.

Suddenly the Press, which yesterday had been demanding

the withdrawal of troops from Shantung, to-day was eagerly backing expansion in Manchuria, the *Kokumin* in particular demanding an effective right to lease land in the north as well as in the south. Mr. Saito, a director of the South Manchuria Railway, returning from a tour, described how the Chinese, driven by poverty and misgovernment from Shantung and Chihli, were pouring into the more extensive regions of North Manchuria. Speaking in October 1927, he put the number of permanent settlers in the north at not less than 700,000 for that year, and went on to point out the great commercial opportunities that this afforded to Japan, who must no longer concentrate on South Manchuria but embrace the far vaster areas of North Manchuria as well. To carry manufactures to that region and to bring raw materials thence, railways must be constructed, and, "in short, everything possible must be done to bring Japan and North and South Manchuria closer together."

Japan proceeded to bring them together by constructing a railway to Tsitsihar, which competed with the Chinese Eastern Railway far more than any of the Chinese lines that Japan complained of competed with the South Manchuria Railway. What Japan really objected to was not competing railways, but railways that she had not constructed herself. If Marshal Chang Tso-lin wanted a new line, everything was easy so long as he asked the South Manchuria Railway to construct it for him, for this meant remunerative work, liberal interest, and Japanese co-operation in management, But when he constructed railways himself, without Japanese aid or co-operation, this was held against him as a hostile act. Regarding the new line to Tsitsihar, Japan supported him in ignoring the Russian protests.

The policy of Mr. Yamamoto Jotaro became so "positive" that the Powers began to prick up their ears, wherefore Mr. Yoshizawa told the Pressmen in Peking that "Japan has no intention whatever of adopting any positive decisive policy towards Manchuria, nor does she plan anything like

invasion"—and the news being circulated from Peking perhaps had a more reassuring effect than if it had come from Tokyo. In China itself the statement was less reassuring, for it was clear that the Far Eastern Conference was beginning to bear fruit. Mr. Yoshida, Consul-General in Mukden, whose functions were ambassadorial rather than consular, informed Mr. Mo, the Civil Governor, that anti-Japanese movements, such as the collection of duties under the new Chinese tariff and the construction of lines competing with the South Manchuria Railway, must cease forthwith. Mr. Yoshizawa in Peking delivered similar mandates to Marshal Chang Tso-lin. Both invoked the decisions of the Far Eastern Conference as their authority, which caused Mr. Hamaguchi to say hard things of this "monstrous conference."

The Chinese were getting restive under Japanese hectoring, and there was a great public demonstration in Mukden. It was explained in Japan that all the trouble was due to the Chinese foolishly mistaking the Far Eastern Conference as something aggressive, just as they mistook Japan's claims to a "special position" and had mistaken the intention of the Twenty-one Demands. In spite of Mr. Yoshizawa's disclaimers of aggressive intent, Mr. C.C.Wu, the Nanking Foreign Minister, told him that his mandates to Chang Tso-lin were worse than the Twenty-one Demands. On the other hand, we find a popular daily in Tokyo expatiating on the popularity of Japan among the Mongolian princes, and expressing the opinion that it was time to drop Chang Tso-lin instead of holding him up.

In the autumn of 1927 Mr. T.W.Lamont, of Messrs. Morgan & Co., paid a visit to Japan. He had been before, in 1920, when he concluded the arrangements for a consortium for the rehabilitation of China by loans. On that occasion Mr. Lamont's statements and those of Japanese financiers as to what had happened differed remarkably, and where the truth lay was never disclosed because China refused to have anything to do with the arrangement by which she was to

find salvation at 9 per cent. Again in 1927 there was the usual feasting, with sugary speeches about how much America loved Japan, proofs thereof being that she bought Japanese silk, and, after the earthquake, lent Japan money at a higher rate than she had paid for fifty years. Having expounded his gospel that there is no higher form of philanthropy than to lend money at interest, Mr. Lamont returned whence he came. It was published abroad that Morgan's were to lend the South Manchuria Railway forty million yen.

Of the propriety of this transaction there was considerable doubt. At the time of the 1920 consortium the Japanese had wanted Manchuria and Mongolia excluded from its scope, but Mr. Lamont insisted that they must be included as part of China. It was stated in the Press that there was a gentlemen's agreement that the consortium should not lend money for projects in these regions in which Japan was so much interested. But now Mr. Lamont was ready to lend money to the S.M.R.[1] for the development of Manchuria. Mr. Yamamoto Jotaro soon confirmed the fact of the contract, but put the amount at thirty million dollars, to be issued at 97 and to bear 6 per cent interest. There were not lacking newspapers on both sides of the Pacific to extol this new proof that the door was still open.

A tremendous storm followed. The loan was denounced from one end of China to the other. An endeavour was made in Japan to show that it was only students and self-seekers who were making the fuss and that the Chinese authorities from Chang Tso-lin downwards were anxious to give Japan everything she wanted. In view of the facts, this interpretation was difficult to sustain. Lieut.-General Honjo, Japanese military attaché at Peking and adviser to Chang Tso-lin, reported that the Marshal was quite abusive in his remarks on Japan's policy in China; General Yang Yu-ting,

[1] See C.Walter Young, *Japan's Special Position in Manchuria,* Johns Hopkins Press, pp. 267, 285, where it is pointed out that "positive" evidence of the gentlemen's agreement is lacking.