

FAR EASTERN WAR

1937-1941

BY

HAROLD S. QUIGLEY

*Professor of Political Science
University of Minnesota*

WORLD PEACE FOUNDATION

BOSTON

(1942)

Copyright 1942 by WORLD PEACE FOUNDATION

Woodcut by Yeh-fu of the China Institute in America on
jacket and paper cover used with the permission of *FREE*
WORLD, INC., New York City.

PRINTED IN THE UNITED STATES OF AMERICA

TO MY WIFE

PREFACE

FAR EASTERN WAR begins with Lukouchiao and ends with Pearl Harbor. It essays to examine the circumstances bearing upon the outbreak of a conflict for which historians will find a title more impressive than "Incident," to provide a concise account of hostilities, to describe political and economic repercussions in China, Japan and Western states, and to analyze the policies and trace the diplomatic, economic and strategic maneuvers of the major powers in relation to the war and to Japan's program for a "New Order" in Eastern Asia and Oceania. I appreciate that no study of war that is written *inter arma* may claim to be definitive, but I have sought to deal objectively with available materials.

Without involving others in responsibility for what appears in the following pages, I feel constrained to express my obligations to the several scholarly volumes published by the Institute of Pacific Relations in its valuable Inquiry Series. I have relied also upon the Institute's quarterly *Pacific Affairs* and its bi-weekly *Far Eastern Survey*. The intelligent and timely *Reports* of the Foreign Policy Association have been similarly helpful. For the Chinese point of view Dr. Shuhsi Hsü's *Political and Economic Studies* may be recommended. For Japanese interpretations of events Contemporary Japan (Tokyo) is authoritative. The American-edited China Weekly Review and the (until recently) British-edited Japan Weekly Chronicle have furnished factual and editorial materials of considerable value. No treatment of contemporary affairs would be possible without the unrivalled news coverage of the *New York Times*. Documents

have been drawn from several sources but principally from the comprehensive *Documents on American Foreign Relations* edited by Dr. S. Shepard Jones and Denys P. Myers, and published by the World Peace Foundation. Footnotes acknowledge debts owed to other sources too numerous to be mentioned here, but my obligations to friends in governmental and academic life who have given generously of their time and thought to my advantage are beyond acknowledgment.

To Dr. S. Shepard Jones, Director of the World Peace Foundation, to Mr. Denys P. Myers, Research Director and to Miss Marie J. Carroll, Chief of the Reference Service, I am especially indebted for courteous editorial assistance and scholarly suggestions for improvement of the text. The editorial staff of the Foundation has provided the index and maps.

HAROLD S. QUIGLEY

Minneapolis, Minnesota
Christmas, 1941

CONTENTS

PREFACE	vii
-------------------	-----

CHAPTER

I. PROGRESS AND POVERTY IN CHINA	1
II. MILITARISM AND INDUSTRIALISM IN JAPAN	17
III. <u>CHINA'S INTERNATIONAL POSITION</u>	32
IV. MAJOR ISSUES IN CONTROVERSY	51
V. THE RENEWAL OF WAR	65
VI. "FREE CHINA" CARRIES ON	85
VII. THE "NEW ORDER" IN OCCUPIED CHINA	114
VIII. FOREIGN RESIDENTIAL AREAS IN JEOPARDY	134
IX. THE "NEW NATIONAL STRUCTURE" IN JAPAN	149
X. JAPAN AND THE AXIS	166
XI. "CO-PROSPERITY IN GREATER EAST ASIA"	181
XII. AMERICAN LEADERSHIP IN RESISTANCE	194
XIII. BRITAIN'S SECONDARY ROLE	228
XIV. SOVIET RUSSIA'S DILEMMA	252
XV. UNITED FRONT IN THE PACIFIC	263
EPILOG	277

APPENDICES

I. STATEMENT BY PREMIER KONOYE, DECEMBER 22, 1938	283
II. STATEMENT BY GENERAL CHIANG K'AI-SHEK, DECEMBER 26, 1938	285
III. THE THREE-POWER PACT BETWEEN GERMANY, ITALY AND JAPAN, SIGNED AT BERLIN, SEPTEMBER 27, 1940	294

IV. NEUTRALITY PACT BETWEEN JAPAN AND THE UNION OF SOVIET SOCIALIST REPUBLICS, SIGNED AT MOSCOW, APRIL 13, 1941	296
Frontier Declaration on "Manchoukuo" and on the Mongolian People's Republic	297
V. SUMMARY OF PAST POLICY OF THE UNITED STATES IN THE PACIFIC. MESSAGE OF THE PRESIDENT TO THE CONGRESS, DECEMBER 15, 1941 (Excerpt)	298
VI. JAPANESE ACTION RESPECTING STRATEGIC ISLANDS	
1. Paracels Islands—Statement of the Foreign Office Spokesman regarding the Question of French Occupation of Sisha Islands, July 7, 1938	306
2. Hainan Island	
a. The Foreign Office Spokesman's Statement regarding the Occupation of Hainan Island, February 10, 1939	306
b. Statement of the Foreign Office regarding the Occupation of Hainan Island, February 13, 1939	308
3. Spratley Islands	
a. The Foreign Office's Statement concerning the Administrative Jurisdiction over Shinnan Gunto (Spratley Islands), March 31, 1939	308
b. The Foreign Office Spokesman's Statement on the French Protest regarding the Same, April 7, 1939	309
VII. JAPANESE-NETHERLANDS ARBITRATION TREATY—STATEMENT OF THE JAPANESE FOREIGN OFFICE SPOKESMAN, FEBRUARY 12, 1940	310
VIII. PROTOCOL BETWEEN JAPAN AND FRANCE REGARDING THE JOINT DEFENSE OF FRENCH INDO-CHINA, VICHY, JULY 29, 1941	311
IX. FINAL DOCUMENTS OF THE JAPANESE-UNITED STATES NEGOTIATIONS	
1. United States Note to Japan, November 26, 1941, handed by the Secretary of State (Hull) to the Japanese Ambassador (Nomura)	312

2. Memorandum of the Japanese Government,
presented by the Japanese Ambassador
(Nomura) to the Secretary of State (Hull),
2:20 p.m., E.S.T., December 7, 1941 . . . 317

X. ACTION TAKEN BY THE LEAGUE OF NATIONS

1. Resolution of the Assembly of the League of
Nations adopted October 6, 1937 . . . 325
2. Resolution of the Council of the League of
Nations adopted February 2, 1938 . . . 326
3. Resolution of the Council of the League of
Nations adopted May 14, 1938 . . . 326
4. Invitation from the President of the Council
of the League of Nations to the Govern-
ment of Japan, September 19, 1938 . . . 327
5. Reply Telegram, dated September 22, 1938,
from the Japanese Government to the
Secretary General of the League of Nations
(Avenol) . . . 328
6. Statement of the Japanese Foreign Office
Spokesman concerning The Application
of Article 16 of the League of Nations
Covenant, October 3, 1938 . . . 328
7. Resolution of the Council of the League of
Nations adopted January 20, 1939 . . . 329

XI. STATEMENT OF THE JAPANESE GOVERNMENT RE- GARDING THE CHINESE MARITIME CUSTOMS QUES- TION, MAY 3, 1938 . . . 331

BIBLIOGRAPHY . . . 333

INDEX . . . 343

MAPS

PACIFIC AREA

EASTERN ASIA AND NEIGHBORING ISLANDS

I

PROGRESS AND POVERTY IN CHINA

NATIONAL policies are born in the minds of men. But men are controlled by their environments, and their policies are prompted and conditioned by circumstances. The precise relationship between economic and political conditions prevailing within countries and the development of controversy and conflict between them is a problem too difficult for solution. All that may be hoped for is that out of a survey of prewar conditions some generally acceptable conclusions may be drawn as to the causes of the breakdown of peace. Amid controversy contemporary with war no one but a seer would pretend to feel assurance even on this restricted ground. In this chapter and the next an attempt will be made to describe briefly the prewar situation of the governments, of the masses of the people, and of industry and foreign trade, in China and Japan.

National policies are, however, in part determined by external influences. The relationship existing between two states is a matter of importance to other states, particularly when the states are neighbors and one of the neighbors is politically ill-organized and militarily weak. Conversely, the relationship between the weaker state and third states is bound to be of primary concern to the stronger neighbor. Opinions will differ upon the relative importance of internal and external factors in the march of events toward war. But it will be agreed that both sets of circumstances play a part. To restate briefly the international background of the Far Eastern war is the task of the third chapter.

Essential also to a survey of the war is an examination of issues as they are put forward by the contending parties. Chapter four undertakes to describe the issues as they are seen in China and in Japan. Against the background of available facts it should be possible for the conscientious reader to reach his own conclusions upon Japan's theses in justification and China's rebuttal. Let it be granted that such conclusions may have to be revised in the fuller light of other facts. It is the author's conviction that an objective judgment now is unlikely to undergo fundamental modification. But whether this be true or not we who live today are concerned in a more practical sense than any who come after us can be to find the meanings of great events.

China in Revolution

The most obvious fact is often the least considered. That China, after 2200 years of absolute monarchy, has been, since the Revolution of 1911-12 which overthrew the Manchu dynasty, attempting to adapt itself to republican principles, is the dominating fact in contemporary Chinese politics. It explains not only the recurrent civil warfare but also, to a large degree, the international rivalry which added an external stimulus to Chinese nationalism. It accounts, on the one hand, for the independence movement and, on the other, for the failure of China to equip itself militarily and in other ways for the struggle against Japan. Economic and social revolution has, inevitably, accompanied political revolution. In circumstances which might be likened to those of a sick Gulliver in a death grapple with a vigorous and armored Lilliputian, China's continued existence is proof of that innate strength which has rescued it from past periods of disturbance.

For fifteen years, from 1912 to 1927, the Chinese liberals tried to establish a democratic political order similar to the

representative systems of Europe and the United States. In this effort they were defeated by the politico-militarist provincial governors who disrupted the Republic and corrupted a majority of the original supporters of the revolution. Ragged provincial armies fought one another for an opportunity to control local government and to pillage the treasuries. Cliques of regional satraps rose to power, one after another, at Peking. The country appeared to be doomed to a breakup into a number of weak and contending states.

An end to this trend was brought about by the new national revolution headed by Chiang K'ai-shek. Revived and reorganized in 1924 at Canton, the National Party or Kuomintang dropped its earlier pursuit of parliamentarism and took the political system of the Soviet Union as its model. With the invaluable aid of Russian advisers, notable among them Michael Borodin and General Galens (Blücher), a new economic program was advanced to win popular support and a new army was trained and inspired with zeal to rid the country of the warlords. Beginning a campaign in 1926, the combined armies of propagandists of reform and Nationalist troops won their way rapidly to the Yangtze River. Checked there and in Shantung for a year, they moved northward again in 1928 and took Peking, which the Kuomintang renamed Peiping to signalize the transfer of the national capital to Nanking. Those of the *tuchün* (provincial military leaders) who refused to accommodate themselves to the new regime were forced into retirement in all but a few far western provinces. The National Government was established at Nanking.¹

China was not unified but it was closer to unity than it had been since 1916. The Government was controlled by the Kuomintang, which was supported by a strong, partially modernized army led by a determined, shrewd and con-

¹ Holcombe, Arthur N., *The Chinese Revolution*, Cambridge, Mass., 1930; MacNair, Harley F., *China in Revolution*, Chicago, 1931.

fidant Generalissimo, Chiang K'ai-shek. A closely-knit directorate of experienced Kuomintang leaders functioned through party and governmental committees and was supported in administration by an able corps of well-trained younger men.² An extraordinarily capable financier, T. V. Soong, brought the national revenues to so favorable a position in 1930-31 that quotations on Chinese bonds rose sharply in foreign markets. Between 1927 and 1933 the Government was able to borrow \$1,212,000,000 (Chinese) within the country.³

A government is no stronger than its financial structure. China's central government derived its revenues from tariffs on foreign trade and taxes on salt, tobacco, flour, and other articles of general use. The amount collected in 1930-31, nearly \$500,000,000, was 40% larger than the former government at Peking had obtained in 1925. In 1934-35 tax revenues were well over \$650,000,000. While this trend was favorable the sums collected were small for so vast a country. And the amount available for civilian services was reduced to proportions which explain the inability of the Government to undertake extensive measures of a constructive character by the large expenditures on military equipment and campaigns and for servicing the national debt.⁴ The sum of the latter outlays was not less than 80% of the total national expenditures, including those financed by loans, during the period 1929-34. The high hopes of T. V. Soong for restriction of borrowing and military outlay were dashed by Chiang's determination to destroy his domestic opponents at any cost.

² Linebarger, Paul M. A., *Government in Republican China*, New York and London, 1938, p. 167-81; *The China of Chiang K'ai-shek*, Boston, World Peace Foundation, 1941.

³ *China Year Book*, 1934, Shanghai, p. 492, 552.

⁴ *Ibid.*, p. 492; 1938, p. 469-71.

Governmental Reform Measures

The vitality of the new regime was exhibited in its economic planning and measures of a constructive nature. Chief among the planning agencies set up at Nanking was the National Economic Council, which devoted itself primarily to improving the position of agriculture, especially in tea, silk and cotton. A new central bank was created, modern banking was encouraged, and steps were taken to establish a stable currency. Railways were reconditioned, the Wu-chang-Canton line was completed, the Lunghai railway was extended from the sea to a point west of Sian, Shensi, and other shorter lines were built in the Yangtze valley. Fifty thousand miles of motor highways were constructed by the national and provincial governments during the first decade of China's "New Deal." Contracts between the Government and American and German aviation companies led to the development of commercial air lines linking the principal cities in all parts of the country.⁵

Most serious of all the Government's projects was that for the modernization of the army. A number of German officers were engaged for this purpose. Schools were established for specialized training. American and Italian military missions were brought in to assist in developing an air force.⁶ However, neither time nor funds permitted the accumulation of adequate numbers of planes, the equipment of the army with heavy artillery and uniform smaller arms, or the building of large arsenals prior to the present war. The disciplined fighting of General Chiang's best troops at Shanghai was the principal product of German instruction.

The National Government has emphasized higher education in the natural sciences, agriculture, engineering and

⁵ *Ibid.*, 1939, p. 501-3; 513-14; 535-7.

⁶ Carlson, Evans F., *The Chinese Army: Its Organization and Military Efficiency*, New York, 1940, p. 13-65.

medicine rather than in liberal arts. This was essential, since the latter had developed disproportionately. Scarcity of funds kept educational appropriations to a pitifully low figure.⁷ On the social side, however, the Government's attitude, if the "New Life Movement" is a criterion, was conservative and superficial. This movement neglected popular education, substituting instruction in the classical virtues: etiquette, justice, integrity, and conscientiousness.⁸ The people were to "work harder and spend less"—as if that were possible for the Chinese masses. Confucianism, which recognizes the authority of the head of the family, a useful principle in a time of social revolt, was dusted off and included in the ideology of the "New Life." General Chiang K'ai-shek, who inaugurated this program, was the author of the complementary "People's Economic Reconstruction Movement," designed to increase production. Conscription of labor for public works was permitted by this "People's" movement.⁹ In fairness it must be said that with preparation for war the pressing task, reversion to these ideas was a natural reaction from the educational policies of the earlier years of the Republic.¹⁰

The orientation of the National Government toward the business world is indicated by the measures above described. In 1927 it had broken with its Russian advisers and expelled the Chinese Communists from the Kuomintang. What this meant to the peasants and urban laborers is discussed below. It may be stated here that the alliance between the Kuomin-

⁷ "Chinese Higher Education," *China Institute Bulletin*, October 1939 (New York).

⁸ Taylor, George E., "The Reconstruction Movement in China," *Problems of the Pacific*, New York, 1936, p. 397-8.

⁹ *Ibid.*, 403-5.

¹⁰ For an extremely critical examination of foreign, particularly American, influence upon Chinese education, see *The Reorganization of Education in China*, League of Nations' Institute of Intellectual Cooperation (Paris, 1932). This report of a mission of European scholars is discussed by Stephen Duggan, *Bulletin No. 1, 14th Series*, Institute of International Education, January 9, 1933; also by William F. Russell, *Teachers College Record*, March 1933.

tang and the Third International was a marriage of convenience, not a meeting of minds. When it became apparent to the conservatives who controlled the former that they could not win the financial support of the great Chinese bankers, protected as the latter were in the foreign concessions, unless they repudiated the Russian alliance, they quickly decided upon a return to bourgeois economic doctrines, though retaining the Soviet type of government.

Chinese Industry and Commerce

Public ownership and management of industrial and business enterprises were alien to Chinese political tradition. Scarcity of national revenues made departure from tradition doubly difficult. Necessity, however, induced the Government to plan the establishment of heavy industries and to make a start upon the execution of the plan. Private enterprise was to receive public support for new undertakings, while going concerns, such as cotton factories and silk filatures, were aided by higher tariffs and reduced taxes, and by scientific investigation to improve cultivation, processing, and testing.¹¹

Chinese industry has developed mainly through private initiative and in the face of severe competition from foreign factories in the port cities. The latter have been favored by freedom from Chinese taxation under extraterritoriality, by greater experience in joint stock financing and by connections with foreign concerns with access to large amounts of capital. Japanese spinning and weaving mills in the textile industry in China outdistanced Chinese so rapidly after 1919 that the industry appeared likely to be absorbed by the Japanese.¹² Foreign activities were important also in tobacco

¹¹ Hubbard, G. E., *Eastern Industrialization and Its Effect on the West*, London, 1935, p. 198-205.

¹² *Chinese Year Book*, 1935-36, Shanghai, p. 1115.

processing and the manufacture of rugs. Smaller factories, numbering more than 2000 in 1931, were Chinese, producing silk, woolen and knitted articles, flour, leather goods, paper, matches, brick, tile, etc.

Industry in China is advantaged by the quantity and variety of raw materials locally available. Coal, iron, tin, antimony, tungsten, and manganese exist in amounts relatively large in proportion to industrial development. Cotton, wool, silk, tobacco, vegetable oils, and other products supplement the minerals.¹³ It is now recognized, however, that China's own resources are not sufficient for the development of a great industrial state.

Between 1919 and 1929 China's foreign trade increased steadily, more than doubling during the decade.¹⁴ But the depression in Europe and America reversed the favorable trend. After the prosperous year 1931 trade declined rapidly. From an index number of 106.27% (of 1930) in 1931, the total foreign trade fell to 43.53% in 1935.¹⁵ (These figures in part reflect the loss of the Manchurian provinces.) In 1936 it rose slightly, to 47.96%.¹⁶ Silver was exported in ever-increasing amounts to redress the balance of payments. The only favorable feature of the period was a considerable decline in import surpluses.

The Distress of the Chinese Peasantry

The farmers of China are suffering from a landlordism which has no parallel outside of Asia. Their history is a series of cycles each of which "begins with a revolt against intolerable rents and taxes, followed by a period of adjustment that leads into a new depression caused by overpopulation,

¹³ Cressey, George B., *China's Geographic Foundations*, New York, 1934.

¹⁴ *China Year Book*, 1931, p. 270.

¹⁵ *Chinese Year Book*, 1935-36, cited, p. 1076.

¹⁶ *Ibid.*, 1937, p. 648.