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AN ADDRESS ON
MANCHURIA
ITS PAST AND PRESENT
AND
REPLY TO PROFESSOR SHUHSI HSU

Given by Yosuke MATSUOKA,

former Vice-President of the South Manchuria Railway
Company, at the Third Biennial Conference of the
Institute of Pacific Relations at Kyoto,
1929.

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Manchuria is often referred to in America and Europe as a potential battle-ground, the "Balkans of Asia"; and many writers have been fond of depicting this region as the scene of "the next world war". During the past few years, however, the mass immigration of Chinese into Manchuria caught the imagination of the world abroad, and consequently greater attention has been paid to the economic growth of Manchuria, which is, of course, the really important phase of the situation; and to this phase, I may be permitted to point out, Japan, in the midst of abuses and attacks, has quietly, but steadily, been directing her aims and efforts during the past two and a half decades. Japan cannot, and has not, lost sight of the vital consideration of her national security. It must be remembered that Russia at one time almost succeeded in capturing Manchuria, with Mongolia and Korea to boot, with Chinese connivance. History repeats itself and Japan remains justified in entertaining apprehension on this point; but even with the consideration of this phase of the situation,

Japan has sought to accomplish her aims largely by lending the best of her brains to the economic development of the country. The world is beginning to appreciate the fact that the past thirty years in Manchuria have shown a record of development which has probably never been equaled in the history of the world, and, fortunately, conditions are such that this record can not only be continued, but can even be greatly improved during the coming decades.]

In order to reach a full appreciation of what has been done, and what is being done in Manchuria today, we should, I think, make a series of comparisons. For the first comparison one should go back to Manchuria in the days prior to the opening of Newchwang, or Yingkou, as an international port of trade. In those days, which after all, were only seventy years ago, Manchuria was virtually a wild and unknown region, sparsely populated and without touch with the modern world, except for such entirely unimportant trade in fur and the like as was conducted on the Siberian border. The Government in Peking not only did not encourage the development of Manchuria, but everything was done to prevent it. The policy of forbidding the emigration, for instance, of Chinese to the area north of the Great Wall was enforced and the last legislation in this respect was removed only in 1905. The Manchu rulers in Peking treated Manchuria as their Crown Land, separate from the rest of China, and held it as a country forbidden to the Chinese.

The beginning of history, as far as Manchuria's contact with the world generally is concerned, dates from the opening of the port of Newchwang in 1860, but this was merely a slowly developing beginning, as even more than forty years after the opening of the port, its trade amounted to less than twenty million Haikwan Taels annually. This slow development was due to the fact that at that time rivers furnished the only means of

transportation available in Manchuria. Newchwang, or Yingkou, being situated on a river, was advantageous for this kind of trade, but since railways have taken the premier place in transportation in Manchuria, this situation, involving waters which are frozen during the most important months of the year, has been a limitation for trade development on a large scale.

The development of Manchuria on the tremendous scale which has been seen during the past thirty years has been due practically entirely to the appearance of railway transportation. The Russians furnished the initiative by building the Chinese Eastern Railway in the form of a gigantic T. While the Russians built their lines mainly with strategic considerations in mind, the location and direction of their lines admittedly suited them for commercial development, affording, as they did, one trade route running east and west with an outlet at Vladivostok and another running north and south with its terminus at Dairen. I mention this particularly because it seems to be quite evident that the further development of Manchuria must be accomplished by following the principle of this original scheme, which has proved to be so successful in the past, namely, the construction of lines of transportation running generally east and west and north and south.

While Russia must be given credit for having furnished the beginning of the development of Manchuria along modern lines, it was quite evident that Russia's work in Manchuria was of no benefit to the world at large, as the Russians employed the railway entirely for their own purposes, and the other nations had to continue to carry on their trade with Manchuria through Newchwang. This condition was changed, however, when Japan, after she had taken over the greater part of the southern branch of the Chinese Eastern Railway, opened this line to the use of the world, opened Dairen as a free port, and caused the opening of numerous

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trade marts throughout Manchuria, thus furnishing the impetus which has made this region a really, important factor in world commerce.

At this time, namely, the years immediately following the end of the Russo-Japanese War, the wealth of Manchuria was potential rather than actual, and the prosperity which one may witness today, has been due to the work which has been performed during the past twenty-odd years. The principal factors in this development have been the South Manchuria Railway and the presence of Japanese interests in Manchuria which have caused the Japanese Government to concern itself with the maintenance of peace and order there. While out of the twenty-eight ports and marts opened in connection with trade in Manchuria, twenty-four has been opened through the initiative of Japan, this in itself would have amounted to very little if it had not been for the fact that Japan also provided the two principal essentials for the development of international trade, namely, peace, and safe and reliable transportation.

If we go back to the days prior to the advent of Japanese interest in Manchuria and compare Manchuria of that day with China Proper, one finds that the former was still an undeveloped region of which little was known and from which the world received but a very unimportant trade. Compared with the rest of China, Manchuria remained rather a bandit-ridden, barren region about which China Proper knew little and apparently cared less. In China Proper one might already see much evidence of modern development in the shape of railways, ports, telegraphs, and the numerous other factors of modern civilization, while Manchuria was still practically a wild country. Still, during the past thirty years Manchuria has not only caught up with China, but has in many instances passed China Proper. While in China Proper civil wars and other disturbances have caused practically complete cessation of industrial develop-

ment and especially transportation facilities, and in some cases have resulted in destruction of facilities already built, Manchuria has seen a constant march of construction and development. Harbin, where thirty years ago was one lonely Chinese house, is now a city of probably some four hundred thousand inhabitants. Dairen, a barren beach which had never been heard of, has become the second port of China. The Chinese population has doubled in the past twenty years and the foreign trade of Manchuria has increased from less than twenty million to over seven hundred twenty-six million Haikwan Taels annually. From being an unconsidered region of wild land which had been of no importance whatever to China — except in so far as it had furnished banner-men through whom the Manchu dynasty in Peking could maintain its control over the Chinese — Manchuria has become in many respects the most prosperous region of China and now provides over one-third of her foreign trade.

I hope I may be pardoned for referring to the fact that for this development Japan may justly claim a considerable share of credit. The activities of Japan in Manchuria have, unfortunately, been regarded with some distrust from the very beginning. It is rather amusing to read, for instance, what Sir Alexander Hosie writes in December, 1900, when he says :

“ Very gloomy views were expressed in some quarters as to the commercial future in Manchuria, owing to the invasion and occupation of part of the southern province by Japanese, in consequence of the war between that country and China in 1894-1895 ; but these views have been falsified by events, and Japan has become the principal market for Manchuria produce, and she is strenuously endeavoring, and with considerable success, to push her manufactures where she now buys so freely. Since the war the trade of Manchuria has actually trebled ” !

Japan's first action of importance after the Russo-Japanese War was the formation of the South Manchuria Railway Company and the rebuilding of the line which had been practically destroyed by the Russians in their retreat. Japan also made Dairen the modern port which it is today, relocated and rebuilt the line from Mukden to Antung, and financed, and in many cases actually built railways for the Chinese whereby vast regions were reached and opened for development. Japan's experiments and studies greatly improved the agricultural and animal products of Manchuria and caused Manchurian raw materials of various kinds to become well known commodities in the markets of the world.

It is, of course, true that Japan's principal reasons for engaging in her various activities in Manchuria have been based on considerations for her own benefit, but, as a matter of fact, it is also entirely evident that other foreigners and the Chinese in Manchuria have benefitted very materially from the presence of Japanese interests in those regions. Thus, the foreign resident depends for transportation of his imports and exports mainly upon the Japanese or Japanese-built railway lines and on the port facilities provided by Japan. For the safety of his life and his property he depends, in times of stress, on the presence of the Japanese military, who, though few in number, have in the past always furnished the protection on which not only the Japanese but also the other foreigners and large numbers of Chinese rely. This was illustrated, for instance, at the time of the Kuo Sun-ling revolt, when large numbers of Chinese flocked into the Japanese railway zone and when the foreign population of Mukden admitted frankly that it must depend for its safety on the Japanese troops.

The foreigner in Manchuria also benefits through the fact that such necessities of modern civilization as sanitation, modern city building, hospital facilities and the like have been provided in Manchuria largely through

the initiative of Japan, and the adequate control of plague and other epidemic diseases which formerly ravaged Manchuria, is due entirely to Japanese and Chinese coöperation.

It should not be forgotten, of course, that various foreign countries have directly or indirectly contributed considerably to the development of Manchuria. Thus Great Britain built the Peking-Mukden line, of which an important section is located in Manchuria, and British capital provided the funds for the first loan obtained by the South Manchuria Railway Company, by means of which the great initial work of the company was done. The South Manchuria Railway Company, especially in the early days of its existence, depended upon the United States for the purchase of most of its equipment; so much so, in fact, that the line even today is regarded as being practically a typical American railway. Russia built the Chinese Eastern Railway, and France contributed through furnishing most of the funds for such construction. As the world is gradually becoming aware of the progress which has been made in Manchuria and of the tremendous possibilities which exist for further development, there should be every reason to believe that foreign capital from various countries may find its way into Manchuria and contribute to the progress which is being made.

That various foreign countries have received their share of the benefits from the opening of Manchuria to international trade is best shown by trade statistics. I do not wish to bother you at this time with a very elaborate array of figures, and I shall, therefore, merely state that in 1898 British shipping to Manchuria, was represented by 168 ships, totaling 161,000 tons, while in 1928 it had reached the total of 556 ships, totaling 2,700,000 tons. American shipping to Manchuria was represented in 1898 by four sailing vessels with a total tonnage of 2,400 tons, but this has increased during the

past thirty years to 127 vessels, totaling half a million tons, in 1928. The trade of Great Britain, as carried through the three South Manchurian ports, totaled twenty million Haikwan Taels in 1928, while that of the United States totaled twenty-six and a half million during the same year.

The benefits which the Chinese have received from the opening of Manchuria should be too evident to need much description in detail. It is true that, unfortunately, one hears constantly complaints from the Chinese side as to the "exploitation" of their country by foreigners, and a picture is drawn showing the unfortunate Chinese inhabitant being trampled under foot in the rivalry between Russia and Japan. As a matter of fact, Manchuria seems to me to have been extremely fortunate in that nearly all the initiative, capital and enterprise required for the opening of the country were furnished by outsiders. Thus, Russia, Japan and Great Britain, until a few years ago, built practically all the railways in Manchuria and furnished the funds for such, and the amount of actual cash which China has so far paid in return for the great net-work of railways which is the basis for its progress and for the prosperity of its rulers and inhabitants, is comparatively small. Without these railways and, more especially, without the outlets for Manchuria's products provided by the port facilities of Dairen and Vladivostok, Manchuria today would undoubtedly remain very little different from what it was in the days when Newchwang was the only port. The fact remains that, owing entirely to the development of transportation and the presence of peace, Manchuria has become today the most prosperous and orderly region of China, and the one which shows by far the greatest promise for the future.

It is also noticeable that while our Chinese friends may complain in words of the predominance of foreign interests in certain parts of Manchuria, they show by

their actions that they have a very live appreciation of the benefits which they derive from the presence of such interests. The vast immigration of Chinese settlers from North China, especially Shantung, furnished probably the best evidence. It is still more significant that the Chinese show a marked preference for the areas in Manchuria which are under Japanese jurisdiction. Thus, while the Chinese population in Manchuria generally has roughly doubled during the past twenty years, the Chinese population in the Railway Zone has risen from 9,000 in 1907 to 202,000 in 1927. In other words, while the Chinese population in Manchuria generally increased by two, it increased ~~by~~^{by} over twenty in the zone administered by Japan. While there are roughly twenty-seven million Chinese in the 384,000 square miles of Manchuria, the Japanese area of only 1,400 square miles accommodates over one million Chinese. The reasons why the Chinese show this preference are very plain, namely, the advantages of modern improvements, small and definite taxes, good policing, etc. found under the Japanese administration.

When the South Manchuria Railway Company was first established, the Chinese were offered an opportunity to subscribe to shares, but they declined to avail themselves thereof. Still the Chinese population of Manchuria benefits in a very considerable degree from the activities of the South Manchuria Railway Company. Thus, this concern employs more Chinese than it does Japanese, and while in the fiscal year ending March, 1928, it paid Yen 22,000,000 to its share holders as dividends, it paid total wages amounting to Yen 26,450,000, of which 75 per cent was paid to Chinese. It must also be remembered that of the money paid to the Japanese employees, the greater part is spent for Manchurian produce and thus finds its way eventually into Chinese pockets. Furthermore, Japan is by far the greatest foreign market for Manchuria's produce. She not only transports the

Manchurian farmer's products but buys a large share of them from him. If Japan today should close her railway and her ports in Manchuria and buy no further Manchurian products, Manchuria would face instant disaster.

While, as I have said, Japan's principal contribution to the development in Manchuria has been the provision of peace and means of adequate and safe transportation, it must, of course, also be evident that nothing could have been done without the presence of China's greatest asset, namely, her cheap, efficient and hard-working labor. With the assurance of peace and attracted by the great regions of uncultivated but rich soil, millions of Chinese recently have come into Manchuria from the northern provinces of China, particularly from Shantung. This immigration movement, coupled with the fact that about one-half of Manchuria's arable land remains as yet untouched, provides the principal factor for the further development of Manchuria. In order to take advantage of this unique condition, namely, the existence of vast undeveloped areas of rich wild land virtually contiguous to an inexhaustible supply of cheap and efficient labor, dependence must be placed on the same two factors (that have made Manchuria what it is today, namely, peace and transportation). Today Manchuria possesses roughly 3,450 miles of railway line, of which about 700 are represented by the South Manchuria Railway system, about 1,100 by the Chinese Eastern railway, while about 1,650 are under Chinese control. Of the last mentioned, some lines have been built by Japan and with Japanese capital for China and are under Chinese management, but several important lines have been built by the Chinese themselves and with Chinese capital, and, in fact, this development, where one sees the Chinese gradually constructing their own railways, tramway systems, electric light plants, widening their streets, building towns along modern lines, etc.,

furnishes one of the great points of contrast with the rest of China where, unfortunately, more destruction than construction has been seen during the last few decades. This condition in Manchuria is, of course, due to some extent to the fact that the Chinese have been able to copy from the Japanese developments and have to a great extent benefited from Japanese instruction, but somewhat similar conditions obtain in many other parts of China, and similar development could have been carried out in the rest of China if peace and order had obtained there. Manchuria should furnish the rest of China a striking example of the wonders which may be accomplished by means of Chinese patience and energy if this be allowed to work peacefully and without disturbance.

As a matter of fact, the absolute necessity of peace and order for the development and prosperity of any region, and the fact that order accompanies the railways, is demonstrated by a comparison between those parts of Manchuria which are served by railways and those which are not. Thus, one finds that in the Japanese railway zone order prevails and, as a consequence, even the Chinese find it preferable for business and residence, much in the same way as they seek shelter in the foreign settlements elsewhere in China, and even in the Chinese railway areas better order is found than where no railways exist. In fact, in the regions where no railways are found and even in the areas but little distant from the railway lines, banditry is rife in many places to such an extent that it is dangerous to travel without an escort.

Just as the presence of the existing railway lines has been responsible for the development of Manchuria in the past, thus it is evident that additional railways must be created in order to carry on further development, as the point will soon be reached when immigrants will have saturated the regions now made available by railway transportation. One hears a great deal of talk about railway rivalries between the Chinese and Japan but,

as a matter of fact, common sense will show that there is little cause for such fears. Japan is interested in the development of Manchuria so that she may draw on that country for raw materials, which she may turn in to manufactured products, and which she may sell to a steadily increasing Manchurian population. She has repeatedly declared that she has no political ambitions in Manchuria and proof of this, if proof be needed, lies in the fact that Japan has for years past encouraged the immigration of Chinese into Manchuria. Every additional Chinese inhabitant of Manchuria makes that region that much more Chinese, so that if Japan had political ambitions she would be opposed to the immigration movement. On the other hand, every Chinese immigrant entering Manchuria becomes a producer of raw material and a potential purchaser of manufactured goods, and for this reason it is to Japan's interest that immigration be encouraged.

In order to open regions on which these immigrants may settle, new railways must be built. As long as these new railways are not built for the purpose of merely interfering with and competing with established lines, it would seem immaterial who builds them as long as they are well built and properly and efficiently managed. The increase of production in Manchuria is mounting so rapidly that it is inconceivable that any wisely located lines can suffer from lack of traffic. In fact, it is more likely that the railways may have to call on one another for assistance than that they will suffer from competition.

Furthermore, the fact must not be overlooked that all railways must, to be of any service whatever, lead to some adequate port, so that the construction of new railways in Manchuria must always be governed by the existence of modern ports or the possibility for the establishment of such at points which are advantageously located geographically. At present the bulk of Manchuria's produce must be carried through the major

ports, namely, Dairen and Vladivostock. Minor ports, such as Antung and Yingkaou, may be improved but cannot be counted on to afford much of a solution of the problem as to how may be hurdled the vast amounts of Manchurian produce which will call for transportation, when the present population of Manchuria of about twenty-seven millions shall have risen to the seventy-five millions who can easily be supported on Manchurian territory. Once the now unused areas shall have been opened by the provision of adequate transportation, it is evident that additional railway and port facilities must be provided, and, when one considers the vast increase of produce which is almost certain to come about, Manchuria will seem like a tremendous bottle whence great quantities of fluid are trying to escape through an altogether inadequate outlet.

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It would also seem to be evident that new ports should be provided in such a manner that they may bring the products of regions in the interior to points on the sea involving as little land transportation as possible, while such transportation facilities should, of course, be located in such a manner that they will be as close to the eventual destination of the goods produced as is possible. This, for instance, is the reason why Japan wishes to see a port on the Korean coast which may serve as an outlet for the vast regions of fertile country which have been and are about to be opened north and west of the present Chang-chun-Tunghua line. Goods from the regions referred to will, if such a port be provided, reach their eventual markets — of which Japan is one of the most important — by a much shorter route than is now available. As the prices of commodities, such as beans or wheat, are fixed in the world market and buyers consequently are governed in their purchases by such prices, the cost of transportation works against the producer, so that the more it costs to bring the produce from the fields to the purchasing country the

less a farmer gets for his products. Furthermore, the more cheaply Manchurian raw products may be delivered to the countries which use them for the production of manufactured goods the greater will be the purchases of such products and the greater the markets to which the Manchurian farmer may sell his produce.

As a matter of fact, in Manchuria, Japan, China and the world in general want exactly the same thing, namely, prosperous and rapid development, and the means by which this may be accomplished I have tried to describe above by showing that the factors which have worked the miracles of the past decades, namely, peace and adequate transportation facilities, must remain the principal factors for further development. It would seem evident that under the circumstances the one thing which is needed is cooperation, so that the next few decades may build upon the foundation which has been so successfully laid during the past thirty years and make Manchuria not only the most prosperous region of China but also an example for the rest of the country.

REPLY TO PROFESSOR SHUHSI HSU

Mr. Chairman, Ladies and Gentlemen,

I feel grateful for this opportunity accorded me for replying to the criticisms and observations made by Prof. Hsu on my address last evening. As I promised, I shall take up his points one by one. However, Prof. Hsu spoke rather too fast and I could not follow him exactly — some of the points are not quite clear.

His first criticism, if I remember it correctly, referred to my statement that the peace and order in Manchuria was kept by the Japanese troops along the South Manchuria Railway line. The peace of Manchuria, he said, was due largely to geographical considerations and it was evident that a handful of Japanese troops could certainly not keep peace in that vast territory.

As a matter of fact, I do not recall making such an assertion. Nor is there, I suppose, any person in whole Japan who entertains such a stupid idea; the number of our troops stationed along the South Manchuria Railway line is not much over 7,000 men, — if my memory does not fail me, I believe it was somewhere around 13,000 or 15,000 men that we had the treaty right to station.

That this handful of men, scattered along 700 miles of railway line, could not keep peace and order in that vast territory, must, of course, be patent to any one, without it being pointed out by Prof. Hsu. What I wanted to say, however, was that Japan had great interests in Manchuria and consequently felt a deep

concern for keeping peace and order there, and that, although the troops actually stationed were only a handful, it should be borne in mind that the Japanese Government, with its powerful navy and army, was standing behind them. This fact carried with it a stabilizing influence and that gave, directly or indirectly, a sort of guaranty to the peace in Manchuria.]

I understood Prof. Hsu to say that Manchuria was so situated as to make it difficult to attack either from the north or from the south. I could not quite catch the point; perhaps he meant west when he said south. Anyhow, what he wished to say, I believe, was that Manchuria owes its peace to its unique geographical position and not in any measure to Japan. This presentation is rather misleading. To tell the truth, in the past 2,000 years of history, many battles and struggles have been seen in Manchuria among the different races and tribes who appeared on the scene from time to time. But I need not refer to them for the purpose of today's discussion.

Take, for instance, only these ten years, and what have you seen ? Even with my limited knowledge, I can count on my fingers more than half a dozen occasions where war or disturbances either actually broke out or were in danger of doing in Manchuria itself or in its relation with the other parts of China. (This was particularly true in its relation to China Proper that lay beyond the Great Wall. It actually happened two or three times. But for Japan's influence, or for that matter even pressure, I suppose, we would have had witnessed more internecine wars or disturbances, and no doubt Manchuria would have long ago followed the footsteps of the rest of China, — disorder and perhaps chaos.)

Second : The Increase of Population. Prof. Hsu said in this connection that the increase in population is not due, as I would have it, to the development of Manchuria and the maintenance of peace by Japanese, and that the increase of population was a general phenomenon all

over China. But can we explain it in such a simple way, — such a rapid increase in Manchuria? Of course, we must remember that Manchuria is a new country with a vast uncultivated area still left, and no doubt this has been responsible to some extent for the increase of population as we see it in other newly opened regions. However, we must admit that this alone cannot explain fully the remarkable phenomenon of the Chinese rushing, as it were, like a vast stream from China Proper, particularly the northern provinces, into Manchuria, — if it were not for the peace in Manchuria and facilities offered by the South Manchuria Railway.

We often hear sad stories of the people — Chinese people — leaving their ancestral homes behind in Shantung for Manchuria. The poor farmers in tattered clothes, with aged parents and little children huddled together, set fire to their houses with curses on the never ending war and pillage, and saying a last goodbye to their ancestral homes, set out in tears for the new land of peace in Manchuria.

Third : The Growth of Foreign Trade in Manchuria. Prof. Hsu stated that the growth of foreign trade in Manchuria was only a part of the general growth of the foreign trade throughout China, and that it should not be looked upon as a unique phenomenon limited to Manchuria, the outcome of Japan's efforts in developing the country. He took pains even to prove the fallacy of my view by producing some charts. Those among us who have had some experience in handling statistics and graphs need not be told what the art of charting is capable of. Without tampering in any way with the figures themselves, you can produce a chart or diagram conveying quite an erroneous impression. It's a trick well known to the profession of handling statistics and graphs. In no way do I mean to say that Prof. Hsu was otherwise than bona fide itself, but I am merely pointing out that such a thing is done in Japan now and then, even

purposely to get the better of the simple minded people, — I presume such a practice is not altogether unknown in other countries.

In this connection, I wish to answer Prof. Hsu's criticism by citing figures; this is the simplest way, I believe. Let us compare the trade statistics of Manchuria and China Proper. For this purpose I will pick out the figures of 1907 as the starting point, the reason for it being only that, in that year the Chinese Customs House was opened in the leased territory of Kwantung where the port of Dairen is located. We got Dairen as a result of the Russo-Japanese War, and we made an agreement with China whereby the Chinese Customs House was established there. Accepting the figure of 1907 as 100, what do we find 18 years after, that is in 1925?

For China Proper 226; against which Manchuria makes a showing of 534. In other words, while China Proper doubled, Manchuria quintupled, increased fivefold. And I presume that Japan can and may justly claim some credit for this remarkable phenomenon.¹

¹ At a round table following the speech, a member of a certain nationality made a statement which carried an implication that I had cleverly and purposely picked out the figures for 1925, the year in which the foreign trade of China Proper fell lowest and that of Manchuria stood highest, and proceeded to read out of a publication the figures for 1927, comparing the figures for the whole of China with those of Manchuria to show that there was not so much difference in the ratio of increase between the two. To this, I offered an explanation that I had picked out the year 1925 simply because the figures for later years could not be had at the time I was called upon to address the combined round table meeting, and volunteered to take steps immediately to procure and produce the figures for later years. The next morning (Oct. 6, 1929) I was enabled to read into the round table record the figures based on the statistics procured from the Chamber of Commerce of Osaka, which are as follows:

	<i>China Proper</i>	<i>Manchuria</i>
For 1926	261.1	618.8
» 1927	264.1	654.5
» 1928	279.0	737.7

Contrary to what was hinted at, the above figures point to a still more rapid increase in favor of Manchuria.

Fourth : The Blocking by Japan of Chinese Activities or Enterprises. Prof. Hsu further stated — I trust I got him right — that he welcomed the Sino-Japanese coöperation so much championed by me, but that as a matter of fact, Japan not only did not co-operate but had throughout blocked the legitimate activities of China, such as railway schemes, etc., particularly when they were to be undertaken with the aid of foreign capital other than that of Japan. I take a very strong exception to this allegation. Such a charge has no foundation whatever in fact. Take, for instance, the Fakumen Railway controversy to which Prof. Hsu referred in particular last evening. No better example than this could be had to illustrate the point I have in mind. As a secretary in the Foreign Office I happened to handle this very case, and I presume I can speak about it with something of an intimate knowledge.

The late Marquis Komura, soon after concluding the Portsmouth Treaty, went to Peking and negotiated with China. An agreement, among other things, on the railway question in Manchuria was concluded. No one, I suppose, is prepared to cry out that that agreement was extracted from China under coercion China of course agreed to it of her own free will. In any case, she undertook not to lay any line parallel to the South Manchuria Railway to the detriment of the latter's interests. Hardly was the ink with which the Chinese plenipotentiaries signed this agreement dry, than these gentlemen under the Manchu Dynasty — mind you, I am not saying under the Nationalist Government that we see in China today — these gentlemen manœuvred successfully to get a British capitalist to sign a loan contract for building the so-called Fakumen Railway running parallel to the South Manchuria Railway.

Before concluding a contract such as this with a third party, China ought really to have approached Japan and settled the question whether or not the projected line

was to be regarded as parallel, if there was any doubt at all about it ; — only common sense must have suggested to her that there was such doubt in the particular case we are now considering.

I am not proposing to discuss whether such an agreement — as to parallel lines — was in itself a good thing or not, a thing to be observed or not. Right or wrong, it stood as an agreement between Japan and China, and China, I would say, was bound to observe caution and take steps such as I have just suggested. Not only did China not trouble herself to take such steps vis-à-vis Japan, but, keeping the existence of the agreement secret — I might be allowed to say purposely secret — induced the simple minded, bona fide British capitalist to sign a loan contract, not so much for the purpose of really building a railway line, as with the idea of embroiling Great Britain and Japan in Manchuria. Such was the real aim of the statesmen of China in those days. Japan saw it and naturally wished to prevent or avoid it. She called the attention of Great Britain particularly to this phase of the question, and Great Britain very fortunately saw the point and made exit. It is with a sense of regret that I am compelled to note that somehow Chinese statesmen have the habit of resorting to tactics of this kind.

This example is enough, I believe, to show to you that Japan has at no time ever antagonized or blocked any scheme of China with foreign capital. And now let us look at the substance of the proposition, (disregarding temporary or political motives). I have often repeated that today there is not, and cannot be, any difficulty over the question of parallel lines to the South Manchuria Railway. Of course, what I am saying represents entirely my own personal view, and no one else is responsible for it. To explain a little. Conditions and circumstances change as time moves on. What was regarded as a parallel line twenty years ago cannot be said necessarily to remain so today in the light of the great development and

changes that have taken place in Manchuria since, provided, of course, one is not so unreasonable as to lay tracks side by side with the South Manchuria Railway line. I don't think anyone is so foolish as to try such a thing.¹

Fifth : Prof. Hsu, as I recollect, was good enough to admit that Japan had made some sacrifices and contribution in reference to Manchuria. Nevertheless, he contended that Japan had already had more than enough out of Manchuria for all the sacrifices she had made.

¹ On other occasions, after the speech was made, several questions were put to the speaker concerning the problem of parallel lines. It was known that many of the Chinese delegates particularly resented the fact that the South Manchuria Railway, carrying with it, so to speak, a certain political coloring, traversed South Manchuria and pierced the very heart of the province of Kirin. To this phase of the question, I felt constrained to reply that, while not disinclined to appreciate and even sympathize, in some measure, with the Chinese feeling on this point, it was only meet that Japan's point of view or rather feeling should also be taken into consideration. It might be said that Japan wouldn't have the South Manchuria Railway that way if she could only help it. I suggested that the Chinese friends should weigh carefully and coolly whether the fact they resented was really such hard and unreasonable a thing as they were disposed to regard when it was considered in the light of the fundamentals laid out in the above reply of mine to Prof. Hsu's criticisms. There were not a few in Japan, I ventured to add, who would contend that what Japan actually had in Manchuria was too little and by the far less than what she was entitled to in the light of those fundamentals based on the historical facts of the Russo-Japanese War.

Concerning the question of parallel lines, what the Japanese resented most, I had occasion to point out, was not so much the railway extension itself, as the fact that while there was no occasion or necessity whatever, when seen from the standpoint of developing the country, the Chinese planned to lay parallel lines on both sides of the South Manchuria Railway, encircling it, so to say, within comparatively short distances and thus deliberately aiming to kill the South Manchuria Railway. This attitude, and the spirit it indicates, is the thing particularly resented by the Japanese. [The Chinese friends should remember that the South Manchuria Railway, with its subsidiary undertakings, was about the only thing Japan had obtained for the great sacrifices she had made, and even that was not given to her by China but was handed over as a kind of legacy to Japan from Russia.] I earnestly asked our Chinese friends to give consideration to this last aspect of the question, too.

Well, my friends, is that so? Now, let us see. Really, if we wish to examine earnestly and honestly the so-called Manchurian Question, we sha'nt be able to get any where by bringing up the incidents of almost every day occurrence, and by stupidly indulging in mud-throwing and foolish recriminations. Let us get down to fundamentals, or else we will get nowhere. The question before us, if I may be allowed to repeat it, is whether Japan has had more than enough in Manchuria or not. In passing judgment, we must first of all have a fair and accurate knowledge as to the fundamentals of the case.

And in order to get at these fundamentals with any amount of clarity at all, we must go back to history. However, in the time allowed me, I shall not be able to go into details : I shall confine myself to referring only, and that cursorily, to the mileposts, so to say, of Manchurian history. I shall only go as far back as the end of the Sino-Japanese War, and even that only enough to serve the purpose of my discussion. In and by the treaty of peace that put an end to that war, Liaotung Peninsula, practically half of that which we now know by the name of South Manchuria, was ceded to Japan. Li Hung-chang, the most astute diplomat and statesman China has ever produced, signed with one hand the treaty of peace at Shimonoseki ; while doing so, he stretched out his left hand to invite or induce the great European Powers to intercede and snatch away from Japan the very thing he was feigning to give her with his right hand. Such was the practice at least of the Chinese statesmen or diplomats under the Manchu Dynasty. Great Britain nicely sidestepped. Russia, Germany and France responded and made identical representations to the Japanese Government. Germany, if I remember it correctly, was the one I believe it was, whose Charge d'Affaires was rather blunt in his representation to our Government. Japan on that occasion thought it wise to accede and finally gave up what she had secured by the

Treaty. The ten years following were the days of humiliation to the Japanese nation !

And how about Russia, who had told Japan that the cession of Liaotung Peninsula to Japan would disturb the peace of the Far East? Remember this happened in 1895. And in 1896, that is the very next year, in May it was the Li-Lobanoff agreement was signed — a Russo-Chinese Secret Alliance Pact was concluded, and Russia started to sweep down Manchuria on its southward movement ! This led to the Russo-Japanese War.

The Chinese delegates at the Washington Conference were called upon to produce the text of this Secret Alliance Treaty. China registered at the Conference only a synopsis of it and promised to produce the full text later on. But somehow, I believe I am correct, China has failed to this day to carry out that promise. However, we have it in MacMurray's compilation of China Treaties and Agreements ; the full text was also published by the Soviet Government. Japan had no inkling of this Secret Alliance Pact during the Russo-Japanese War, and felt truly sorry that she had to fight it out with Russia in the territory belonging to neutral China. If it could have been fought out somewhere outside of Chinese territory, Japan would certainly have been too glad to do so. As it was, Japan met Russia face to face in Manchuria and battled it out there, entertaining throughout the war a real feeling of regret and sympathy for China, and Komura, in negotiating with China at Peking upon conclusion of the war, was swayed with this sentiment even to the point of trying to make up to China for the hardships unavoidably entailed upon the populace of Manchuria in the course of war.¹

¹ Some Chinese friends ventured to point out that it was unfair "to pin" responsibility on the whole Chinese nation for the action of Li Hung-chang. Nothing was further from my mind ; I simply asked my Chinese friends whether they could guarantee Japan that China not would produce another Li Hung-chang in the future. To put this question is one thing, and "to pin" responsibility on

My friends, suppose Japan had known, during the war or right upon its conclusion, the existence of this secret alliance treaty, what do you think, the result would have been? Knowing, as we do, the world temper or atmosphere in those days, I am afraid, Japan would have certainly had taken the whole of South Manchuria and no nation would have said a word about it. And we would not have had the Manchurian Question to discuss at this Conference today.

Leave the secret alliance treaty for the moment. In any case, we went through the ten years of the days of humiliation under the great and beloved Emperor Meiji. Only when our national security was threatened did we take up arms, despite ourselves, against Russia, staking our all — from the great Emperor Meiji down to the poorest man in the land. What are the sacrifices that we were compelled to make in the war? First, one hundred thousand men killed and wounded ; second, two billion yen in gold, or roughly one billion American dollars.

(1) Of course, the lives of men is not translated into money. Leaving that aside for the moment, the Japanese nation has not yet got through with the payment of the two billion yen and its interest — a huge debt for the Japan of those days. We are actually paying it off yet and by the time we have done with it, in my rough estimate offhand, I believe it will amount to something like six billion yen, or roughly three billion American gold dollars. The Japanese nation laboring under this huge debt for what? For taking back from Russia, Manchuria and Mongolia which Li Hung-chang had virtually sliced off and given to Russia, and for

the whole Chinese nation is another. No thought of placing responsibility for the action of Li Hung-chang on any one was implied. Should our Chinese friends find that the only honest reply they can make is to say *no* to my question, I would be satisfied. In that case, I would only have to say that Japan can not be blamed for taking precautions that this particular chapter of history, which cost her so much in blood and treasure, shall not be repeated.

restoring them to China? Is there another case as queer as this in this world of ours? China hasn't paid a cent! I should like to ask our Chinese friends whether China is prepared to pay this six billion yen to Japan? Or any part of it?

(2) Next, let us take up the sacrifice in blood, that is of lives. Although we cannot, as I have said, calculate in pecuniary terms the lives sacrificed and lost, are you ready, I should like again to ask our Chinese friends, to show in some concrete way your thankfulness and to give something in consideration of this great sacrifice, to say nothing of the humiliation, agony and sorrows our people went through, either in Manchuria or somewhere in China?

Prof. Hsu contended that we had already had more than enough in Manchuria by way of consideration for the sacrifices we had made. I hardly need point out, as you all know well, that the South Manchuria Railway and other things that came into our possession upon conclusion of the War, we got *from Russia, not from China*, and even these things would not have meant very much to us but for the investments that followed after the War. You could not certainly run a railway, for instance, without money to run it. Japan has been making, down to this day, a huge investment (one billion six hundred million yen) in Manchuria, and this has largely enabled us to keep up our works in Manchuria. And for this investment, taking into account the dividends handed to the shareholders of the South Manchuria Railway and other returns earned, I am afraid, we are not getting much over six per cent. Then, what are we getting out of Manchuria? Has China contributed to this huge investment of Japan which has been and is being expended for the development of Manchuria and Eastern Inner Mongolia? Not a cent! Whatever Japan is getting, she is getting it not from China but is earning it through her own investment and by her own efforts.

Well, are we through with the fundamentals? No, not yet. I have been looking back into the past. Now, let us turn our faces towards the future, and see what it has in store. There is yet another aspect of the (Manchurian) question which forms a fundamental of the most vital moment to our nation. I am referring to no less a question than that of our national security, which resolves itself into two points or questions, in the light of the past history.

∞ Point 1: As I had occasion to point out, Li Hung-chang did try to crush Japan with the aid of Russia — I am not proposing here to discuss the right or wrong of it, but merely to point out a fact. History somehow likes to repeat itself, you know. Can our Chinese friends guarantee to Japan that China will not produce another or second Li Hung-chang in the future?¹

¹ Chinese publicists have time and again attempted to defend China, in connection with this secret Russo-Chinese pact, by representing it as an innocent defensive agreement. These efforts, however, are hardly convincing. One has yet to learn if there has ever been an alliance formed, even of the most offensive character, which was not clothed in a harmless garb of defensive coloring. An international instrument of this nature must be judged largely by and in the light of the circumstances which have led to its conception and consummation and the actual developments to which it led. One can hardly take the wording of the text alone as a guide to the real nature of the instrument. That the Russo-Chinese secret alliance treaty was of an aggressive character against Japan is too patent to need detailed discussion. The full text of the Treaty is appended hereto, and readers are recommended to read it carefully for themselves in order to form an opinion whether that instrument should be regarded as a defensive alliance, or an offensive alliance, or a defensive and offensive alliance.

Even from parts of the text, one may well detect that it was not such a harmless instrument as some of the Chinese publicists would like to have us believe. But if one takes the text and reads it in the light of the circumstances that immediately preceded the secret engagement, and recalls the events which followed it—the feverish haste with which the construction of the Chinese Eastern Railway and its extension down to the southmost seaports of South Manchuria, Dalny and Port Arthur, and the conversion of the latter port into a formidable fortress and naval base were pushed and the notable fact that China offered every facility to Russia for these undertakings—the true nature of the instrument becomes so clear as to leave ~~no~~ ground whatever on which it can be defended as a harmless defensive alliance.

Point 2 : Do I read history aright, if I say that the World's History is largely made by the interlocking and reaction upon one another of the blind forces, so to speak, of nations and races? The intelligent forces do not play such a large part in making history as one would generally suppose. Relying on the correctness of this observation, the Slav race will, as sure as I live — as I am here now — glide or strike out, and this time with more force than ever, towards the Far East and again try to sweep down through Manchuria out to the sea, when it emerges out of the present conditions, reconstructed and reconstituted a better, but a greater and more powerful nation than what it was under Czardom. I have faith in the Slav race, and whether a second Li Hung-chang appears on the scene or not, this thing is coming, I am sure, in the not very distant future. The reaching out for ice-free seas is one of the blind forces of the Slav race. This may impel that race to strike out in other directions, but at least one direction points to the Far East.

What particular form it will take when it has a real comeback on the Far East, I don't know — at this moment anyhow. None the less, a real comeback it will be ! Against this comeback or onslaught of the Slavs, are our Chinese friends prepared to come forward with a reasonable measure of assurance that China will successfully guard her northern frontiers and will never again jeopardize Japan's existence or threaten her national security? History repeats itself, and we Japanese do really entertain a very grave apprehension on this point. Unless China is prepared to give some satisfactory assurance as regards this vital question of Japan's national security, Japan would not, I am afraid, be able to see her way through to modify so easily, and light-heartedly, the attitude she has hitherto taken. You must note it down that the Japanese, in looking into the future, do have, right or wrong, a real and a deep apprehension as to their national safety. I confess it. And it is only meet that I

should be asking for serious consideration regarding this on the part of our Chinese friends.

To sum up : What concrete and satisfactory consideration are you ready, my Chinese friends, to accord to us Japanese for the sacrifices of the past in blood and treasure? And then, are you prepared to extend us a guarantee on the two points just mentioned, involving the serious question of national security? In short, unless and until some satisfactory answers are offered to these fundamentals, I am afraid we can't get very far in any attempt to solve the so-called Manchurian Question.

There is, I believe, yet one more point in Prof. Hsu's speech that I might take up and reply to, but I feel I have taken too much advantage of the indulgence of the Chair and have already gone too far in trespassing upon the time limits, so I shall stop, trusting that I have made myself sufficiently clear to you without taking up the last point of controversy.

I thank you all for your kind and patient attention. *The speaker, after seating himself for a second, rose again and asked the Chairman for permission to add a word he had left unsaid by inadvertence. Permission having been accorded, he said :*

In conclusion, let me state, ladies and gentlemen, that I have after all, an implicit faith in the sound common-sense of both the Japanese and Chinese peoples, and that left alone to themselves, they will surely find some fair and satisfactory solution of the so-called Manchurian Question in the ^{not} very distant future.¹

¹ I stated later on, upon questions being put to me, not at the combined round table meeting but on another occasion, that what I had in mind in referring to the comeback of Russia was not necessarily a kind of military aggression, that had to be met only with force. It is wrong to think of the contact or relations between nations or races only and always in terms of clash and war. The fighting psychology of opposition is not the only way to meet the eastward movement of the Slav race ; better by far if we could face and handle it in the spirit of conciliation and mutual helpfulness. In fact, Japan concluded three successive entente agreements with Russia, and

APPENDIX
TREATY OF ALLIANCE BETWEEN CHINA
AND RUSSIA — MAY, 1896

ARTICLE I. — Every aggression directed by Japan, whether against Russian territory of China or that of Korea, shall be regarded as necessarily bringing about the immediate application of the present treaty.

In this case the two High Contracting Parties engage to support each other reciprocally by all the land and sea forces of which they can dispose at that moment, and to assist each other as much as possible for the victualling of their respective forces.

ART. II. — As soon as the two High Contracting Parties shall be engaged in common action no treaty of peace with the adverse party can be concluded by one of them without the assent of the other.

ART. III. — During the military operations all the ports of China shall, in case of necessity, be open to Russian warships, which shall find there on the part of the Chinese authorities all the assistance of which they may stand in need.

ART. IV. — In order to facilitate the access of the Russian land troops to the menaced points and to ensure their means of subsistence, the Chinese Govern-

thereby proved, if proof be needed, by action that she was anxious to approach Russia in terms of peace and goodwill. What I wished to bring out clearly was that even in the attempt to bring about such rapprochement, one must have the will as well as the strength behind it. Does China really possess such will and such strength? That was the question I had in mind when I spoke in reference to the comeback of Russia and asked the Chinese members if they were prepared to guarantee Japan's safety against it.

ment consents to the construction of a railway line across the Chinese provinces of the Amour (i. e., Heilungkiang) and of Guirin (Kirin) in the direction of Vladivostok. The junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory nor for any infringement of the rights of sovereignty of His Majesty the Emperor of China. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank, and the clauses of the Contract with shall be concluded for this purpose shall be duly discussed between the Chinese Minister in St. Petersburg and the Russo-Chinese Bank.

ART. V. — It is understood that in time of war, as indicated in Article I, Russia shall have the free use of the railway mentioned in Article IV, for the transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and stores, with stoppages, which shall not be justified by any other motive than the needs of the transport service.

ART. VI. — The present treaty shall come into force on the day when the contract stipulated in Article IV shall have been confirmed by His Majesty the Emperor of China. It shall have from then force and value for a period of fifteen years. Six months before the expiration of this term the two High Contracting Parties shall deliberate concerning the prolongation of this treaty.