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The Manchurian Crisis

By Colonel T. A. Hiam.

Mr. Chalmers:—Gentlemen, the guest of the Canadian Club to-day is Colonel T. A. Hiam. Colonel Hiam is a Canadian who has spent a great many years of his life outside his native land. He is an expert on transportation matters and his advice and technical assistance have been sought in a number of countries and in a number of different capacities. To-day he will speak on a very interesting and important subject, the Crisis in Manchuria. Of this subject he has an intimate understanding which is the logical product of his recent connection with the Lytton Commission, on which he acted as technical advisor on railway matters.

I suppose that it is the privilege of each generation to consider that it is living in a very momentous age in the history of the world. But that is not a consideration that we are living in a most momentous period in history. We have concluded military operations of the greatest war in history. We are in the midst of the most severe economic crisis in history. We see in the Orient, Oriental countries menacing the peace and security of the Western world. For the first time in history we have one of the great powers occupying a position of moral isolation. Last Friday the League of Nations voted to adopt the report of the Committee of Nineteen, which may be regarded also as the product of the Lytton Commission, and which placed Japan in an unenviable position; and the Canadian Government, with the approval of the Leader of the Liberal Opposition and with the approval of the Leader of the small party in the South East corner of the House of Commons, approved the

report. So, to-day, we are meeting to hear discussed the position of Japan in relation to Manchuria, a position quite unprecedented. Colonel Hiam by reason of his connection with the Lytton Commission knows something of what is going on in the Orient and that is the subject we ask him to address us on to-day.

Colonel Hiam:—Mr. President and gentlemen of the Canadian Club of Toronto, I feel very honored to have been invited to lunch with you to-day and to address you on the Manchurian situation. The invitation came to me when I was three thousand miles away from Toronto, quite unexpectedly, and as one who has been away from his fellow-citizens for some time, I appreciate the honor deeply.

In view of the fact that you have already heard from my distinguished fellow-countrymen, Hon. Mr. Rowell and Professor Norman Mackenzie, who have told something of the past history of Manchuria, I do not propose to take up your time in dwelling upon that aspect of the matter. However, it is very important to remember just exactly how Japan came to be in Manchuria, what she is doing in Manchuria and what she interprets as her special mission.

It is a perfectly delightful land, about the same size as British Columbia, and it has about one thousand miles of sea coast. In climate, it resembles Western Canada very much. The summers are short and very hot and the winters are long and very cold. When I say very cold, of course, I refer to the Central and Northern points, because down by the sea coast the climate is comparatively mild and they have only seven degrees of frost in the winter time, whereas up in Harbin they have it well below zero like our Canadian Prairies.

Now Japan came to Manchuria in 1904 and it was a result of her defeat of Imperial Russia. In 1896, as Mr. Rowell pointed out in his address, the Czar, at that time Emperor Alexander the Third, decided to extend his Trans-Siberian Railway; and his Minister of Finance and Minister of Communications (a combined job) decided it would be very nice. The arrangement whereby Russia was to complete the line from Harbin south to Port Darien known as

Dalny and Port Arthur came only two years later. In 1904, the railway had reached Port Arthur and Dalny and Vladivostock; and the Russian troops which had gone into China in connection with the Boxer Rebellion were still hanging around Manchuria. So Japan, and this is important, protested to the Western powers, as well as to Russia, that Russia was not respecting the territorial integrity of China because she kept her troops in that territory. As you know, Russia lost the war with Japan in 1904, and after the Treaty of Portsmouth, Japan fell heir to that part of the Chinese Eastern Railway known as the Trans-Siberian Railway.

As shown on this map[1] the Chinese interests are entirely in red, the Russian interests are colored in red and black and the South Manchurian Railway—the Chinese own railway —is shown in green. In addition to acquiring what turned out to be a splendid railway, the Japanese had sixteen hundred square miles of Chinese territory at the foot of the Natung Peninsula and the railway right of way which is two hundred feet wide as compared with one hundred in our own country; also the railway towns. The Japanese contended that the original treaty between Japan and Russia in 1896 contained a clause which gave them as heirs all those rights and the authorization not only to run the railway through that part of Manchuria but also to trade in territory through which the railway ran. In other words, people living in that area were to pay taxes to the Japanese, were to be administered by the Japanese, who were also to have the right of conducting utilities and other industrial and economic activities which go with the administration of large towns. The Chinese did not think that under the treaty made in Russia in 1896 any such rights would fall to the Japanese. When the Soviets came into power, after the revolution, one of the first things they did was to issue a proclamation to the effect that they gave up extraterritorial rights with respect to the Chinese Eastern Railway and the Chinese took over the policing and administration of the land themselves and the railway, and, incidentally,

[1]The address was illustrated by a special railway map.

the inhabitants in the area which had been previously subjected to Russian law and order later fell under the jurisdiction of the Chinese courts.

Now, this is the situation which was faced in 1905 when Japan first came into Manchuria. A Japanese joint stock company took over the lands to which they had fallen heir. The South Manchurian Railway has been successful since the start. It is a magnificent line, double-tracked heavy steel, rock ballast, fine equipment, first built in Chicago and, eventually, copied in Chinese shops so that to-day one might almost think that he was travelling on such a railway as the New York Central when finding himself on the Manchurian Railway|. I say this with no disrespect to the Canadian railways, because the Japanese made so much money that they have gone in for luxuries that we in Canada have not yet approached. The First President of the South Manchurian Railway laid it down that the Manchurian Railway was to be more than a transport enterprise that it was in Manchuria to serve the special mission of the Japanese in Manchuria.

None of the other Consuls in Manchuria has its own police but Japan insisted upon having hers. I mention this, in passing, because it is a source of additional friction between China and Japan. Now, up to the start of the railway development in Manchuria thirty years ago, that country was little known and its economic development had not begun. With the building of the Chinese Eastern Railway, the country started to come into its own. Chinese settlers, farmers from the northern provinces of China, Hupeh and Shansi particularly, found this was a land of promise. In more recent years, there have been Chinese pouring into the three provinces of Manchuria, for a time at the rate of thirty thousand a day. So to-day the population of Manchuria, the three eastern provinces, is estimated to be thirty million as compared with sixteen million in 1912. The friction between China and Japan in Manchuria ebbed and flowed, depending upon whether there was a Liberal Government in Tokyo or whether they might have a government in Tokyo with more Nationalists. Beside this the

Chinese policy was a policy of pin-pricks. The Chinese would borrow money from the Japanese for railway construction, etc., etc. When I came to examine into the line contracts with Lord Lytton and his Commission I found that they were drawn in such indefinite terms that they might have meant anything. All the time Japan was protesting that China was not living up to the terms of these agreements. In recent years the Chinese did not know where they were at, more especially when Marshall Chang-Chu-Lung had come into power in Manchuria. He borrowed on his own account just as the national tendencies of China developed.

In the final months of 1931, the Japanese discovered that they had more causes than ever for friction. There were the questions of parallel railways, non-payment of loans, land leases, the treatment of Koreans and a thousand other things which had, more or less, been allowed to remain dormant, at least to rest for the time being. One of the questions I had to look into was whether or not the Chinese had ever given the Japanese an undertaking not to build lines parallel to the South Manchuria Railway. The Chinese decided they had that right. The Japanese said that in 1905 they had entered into a sacred agreement with the Chinese Government whereby the Chinese had pledged themselves not to build such a railway—that the Chinese agreed not to build any lines parallel to the South Manchuria Railway which would be prejudicial to the South Manchuria Railway. We looked up the records and eventually we found not in the treaty itself but in a record of the proceedings at the time the treaty was drawn up that the Chinese had expressed some kind of an intention, and it all depended upon the interpretation, as to who was right or wrong. Chang-Chu-Lung when not fighting or having troubles nearer home, decided to build his own railways in the three Provinces of Manchuria and ending up in Mukden the capital of Sheng King. He eventually succeeded in doing so. This was one of the greatest blows to the Japanese prestige and economic interests in Manchuria prior to the incident of September 1931. The friction

which I have referred to developed between the Chinese and the Japanese. One day the Chinese Marshall was returning from Peking to Mukden in his own private train and underneath the tracks of the South Manchurian Railway a bomb had been placed and, as our friends in Chicago say, he was bumped off. The Chinese contend the Japanese did it, and the Japanese denied it.

In 1931 on the 18th September, the final trouble developed due, so it was explained to us, to three causes. First, the murder of the Japanese officer. Secondly, the treatment of certain Japanese Nationalists and Koreans and, finally, the blowing up of the Japanese Railway just north of Mukden. With respect to the Japanese captain—he went north to Harbin which was, of course, outside the Japanese area because it was well in the Russian area and he notified the Chinese authorities he wanted to go north. The Chinese warned him not to go but he insisted and the Chinese noted on his passport the fact that they had advised him not to go and that it was a dangerous country. After he had been away a day or two, he was questioned, as I recall it, by Chinese officials, and, according to them, he said that he was an agricultural expert. They searched him and put him in jail, quite wrongly, no doubt. They claimed he tried to escape and was shot in the process and killed. Then the second incident. A Chinese broker rented some land from the provincial authorities near Shantung. With the approval of the local magistrate he sub-leased these lands to Koreans and Japanese Nationalists. The Koreans thought they had the title of the land and in order to develop it, they began to cut a ditch across the chosen land of the Chinese farmers. The fat was in the fire. The Koreans appealed to the Japanese consul. Their buildings had been fired upon and millions of dollars of damage was done when the Chinese put a boycott on Japanese goods. The third incident was the blowing up of the tracks north of Mukden. This is where your fellow countryman came into it. I asked to see the railroad track, the engineers and other people and, as a result of the enquiries, I found the Japanese had, if you will, very conveniently, a lot of troops

carrying on manoeuvres. Japanese troops had been seen running away from the track after the explosion, the result of which was that eighty centimetres of track was blown up, ripping two sections of eighty pound steel about thirty inches wide. I saw the rails. It was a clean explosion and the track was put out of alignment. The Shantung express proceeded over the track two or three minutes afterwards and, in spite of what had been done, it arrived in Mukden station on time.

The next step was that China appealed to the League of Nations under Article 2 of the Covenant and the Council of the League met in Geneva and the Japanese and Chinese representatives, of course, as usual, were present and the Council was presided over by the late Mr. Briand.

Things went on that way until the Shanghai incident broke out. It is interesting to realize that the amount of Japanese capital invested in Manchuria is estimated all the way from one billion to two million yen. Let us take it at one billion five hundred thousand. That would be seven hundred and fifty million dollars in our money. The estimated damage in Shanghai as a result of the Japanese bombing was a hundred and fifty million and two thousand six hundred killed, missing or wounded.

The Japanese, in the meantime, discovered that what the people of Manchuria really wanted was independence. They set up committees to go about the job of making Manchuria independent and when these committees did not work fast enough, they set up acceleration committees. A Japanese mayor was appointed in the Chinese city of Mukden. After being there about a month, they decided it would be better to have a Chinese so they got a man who had been professor of philosophy in the university of Tokyo.

After the trouble in Manchuria in September 1931, the next move of the Japanese was to lease the territory of Kwantung and a delegation from the north came to ask Hsuan Tung to take the Regency of the new so-called state of Manchukuo. He first refused. Upon being pressed, however, he agreed to accept it for one year. Now, having had the romantic name of Hsuan Tung, it makes you feel

sorry for his next step when he adopted the plebian name of Pu Yi and in his inaugural address, he said the new state was founded on morality, benevolence and love. Here is something I read in the Seoul Press which I cut out. "The domestic life of the Regent Pu Yi is giving cause for the most favorable comment. Mr. Pu Yi is a hard working official, rises early, and from seven a.m. until noon he goes over state papers with his advisors. In the afternoon he likes to take a walk with his sister. This is followed by playing gramaphone records of which he is very fond, and then, perhaps, a game of ping pong with his sister. He likes to have read to him tales of valiant heroes. Before finally retiring, he has half an hour's interested conversation with his wife."

If this is a recital of the regime in the Pu Yi household I think you will agree with me that our sympathies go out to Madame Pu Yi.

I have just remembered that I left out something in connection with the development of Manchurian agriculture. The soya bean which was discovered in 1908 is an industry which has steadily grown. To-day it is used for making fertilizers, stock feed, soap, glycerin, explosives, enamels, varnish, waterproofing, linoleum, paints, celluloid, rubber substitutes, printing ink, illuminating oils, lubricants, margarine and other butter substitutes, edible oils, salad oils, coffee substitutes, vegetable milk, breakfast foods, casein, bread, green vegetables and salads.

The Lytton Commission was appointed December 10, 1931, and arrived in Manchuria on April 20, 1932. We were never left alone and found it very difficult to see the Chinese. Wherever we went there were machine guns, supposedly to protect us from bandits but also from too close association with the people themselves. We always had one or two people following us—two to each man. One day we sat down in a restaurant and they sat down at the next table. Two of our members decided to talk in German and one of the men came over to us and asked us not to speak any more German until they got somebody who understood German. The Commission travelled sixty-

five thousand miles. That includes the voyage out and back and the travel by train and motor. We came to the conclusion that Manchuria did not want a so-called independent government. That was the report submitted to Geneva. Japan, of course, says bandits demanded the presence of her troops. There are bandits in the Far East and Near East. With regard to the question of China having no Central Government, Japan uses the argument exactly as it suits her purpose. Gentlemen, the argument that China has no Central Government may be convenient but you must not attach too much importance to it. One thing you can rest assured, if the plan to expedite the recommendations of the Lytton Commission had been adopted, her interests in Manchuria would have been thoroughly protected because of the provisions made.

Finally, I would like to say this. Let us have no illusions as to the seriousness of the present situation and of the blow that has been dealt at the League of Nations. If one of the great powers decides to ignore its signature on the covenant of the League, its undertakings under the Pact of Paris and its obligations under the Nine-Power Treaty, then the whole structure set up in the peace treaties falls like a house of cards and the Disarmament Conference is ended, the results of the Washington Naval Conference are thrown away and the mad race for armaments recommences with added vigor and, in the domain of world economics, it would be folly to look for the success of the World Economic Conference.

We, in Canada, have a very great interest in what is taking place in the Far East to-day which, it is more than possible, will have a much greater significance than simply the question of the future sovreignty of that part of China.

PRESIDENT CHALMERS:—Colonel Hiam, we have gained a great deal of knowledge from your account of what is going on in the Far East to-day. Most of us have heard much of Manchuria but we do not get from ordinary reading the intimate understanding that comes from personal conversation with one who has been there. You have given us this understanding of Manchuria and we thank you for your interesting address.