JAPAN IN SOUTH MANCHURIA[1]

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To Japan few problems of international relation are of more vital concern than the Manchurian question; for upon its wise solution depends the future of the empire and peace in the Far East. Nothing, therefore, will be more welcome to us than a clear and just understanding by other nations of our status in South Manchuria, and the grounds upon which it rests.

Historical Retrospect

The historical retrospect claims our first attention, if we are to weigh the Manchurian question equitably. Two tragic events of supreme importance fasten most powerfully the Japanese thought and imagination upon Manchuria. Only known to the West till the middle of the past century as the habitat of nomads and mounted bandits, Manchuria suddenly sprang into international significance by the China-Japan war of 1894–95. During its progress Japanese soldiers overran and conquered a part of the Chinese territory known as the Liaotung Peninsula. As the reward of war China ceded it to Japan by the Shimonoseki treaty. No sooner, however, had the peace terms been made known than Japan was confronted by a formidable coalition consisting of Russia, Germany and France, bent on depriving Japan of the best fruits of victory.

To this *force majeure* Japan was compelled to submit, and she retreated in 1895 from the Asiatic mainland with whatever grace her self-discipline could command. The ink was hardly dry on the note addressed by the three European powers to the Mikado, counselling him to renounce his claim to the Liaotung Peninsula on the plea that its reten-

[1] Address delivered on November 23, 1911, at Clark University.

tion by Japan would be a standing menace to the capital of China and the peace of the Orient, when Germany seized Kiaochow, France secured Kwang-Chow Wan, and the Russian eagle flew over the fortress of Port Arthur. Swift and dramatic thereafter was the course of Russia, who with the mercilessness of an avenging host soon laid Manchuria under the hoofs of her Cossacks, and posted their vanguards on the south bank of the Yalu. The kingdom of Korea and the Island Empire itself were thus drifting toward a position where they would both be at the mercy of the Tsar.

Brought to this perilous position, Japan at last unsheathed her sword for self-preservation. Twice within a decade Manchuria had thus become the battlefield upon which the fate of the Japanese nation was to be determined. The risk it meant, and the supreme efforts it demanded, made the Russo-Japanese war an event of importance unprecedented in the annals of Japan. For a nation, just emerged from feudalism, which had hardly ever tested its mettle against a European foe, to fight the enemy whose proved valor and doggedness, and whose immense resources and population, had for half a century past been the terror of Europe, was surely to run a risk that few nations since the days of Marathon have had to face. Tremendous as was the task of overcoming Russia, right splendidly was it performed by our generals, soldiers, and sailors through their superb heroism, discipline, and self-immolation.

The sacrifices demanded of the people were no less exacting. To the altar of the state they offered 130,000 lives and 2,000,000,000 yen of treasure. Great as are these figures, they by no means fairly represent the true cost of war. They give no account of the thousand hardships endured by the wounded and by the wives and children of those who fought and died, which, as Cardinal Gibbons justly remarks, are the most frightful sufferings of war. These human sufferings are seemingly evanescent, but they are not forgotten. A national outpouring of spirit so profound, so intense, so far-reaching, has left wounds in the deep recesses of the nation's breast that have not yet healed. At the same time Japan will never forget the great debt she owes to the moral and

financial support so gladly given at the most critical moment by her loyal ally, Great Britain, and her constant friend, America.

Such, in brief, is the historical ground upon which rests Japan's present position in south Manchuria. Justice demands that the statesmen in power, who sway the destinies of nations, should recall this historical retrospect. As the heroic deeds recede into the background of history, the agonies of the dying are hushed in the silence of the tomb, and the heart-breaking woes of widows and orphans find their echo only in desolate homes, the cold letters of treaties and conventions alone remain to serve as the basis of judgment on the claims of opposing interests. Already critics are not wanting who claim that the advantages secured by Japan in south Manchuria are far in excess of those she merited by her success in the late war.

Totally different was the first verdict of the Japanese people upon the terms of the Portsmouth treaty. When its text became known in September, 1905, the Japanese nation in almost one breath raised its voice against it. In Tokyo the disaffected citizens planned a monster demonstration at Hibiya Park, and there came into collision with the police and gendarmerie. The meeting finally broke up, but the enraged populace, degenerating into a mob, paraded the streets, set on fire the official residence of the home minister, attacked the official organ *Kokumin*, and burned and destroyed 169 police stations, with more than a thousand attendant casualities. The disturbance was not suppressed until the aid of soldiers was called in, and the martial law proclaimed in the capital. This incident is recalled here, not to extenuate the weakness of the Japanese people, who for the first time since the oubtreak of hostilities lost their self-restraint, but to bring into a clearer relief their point of view upon the results of the war. "After an unbroken series of victories," they cried, "What have we got? No indemnity! No Russian territory but the half of the Saghalien, which was once ours! No guarantee to limit the Russian armament on the Pacific to ensure our future security! Only the lease of a strip of territory around Port Arthur

and a few hundred miles of railroads in south Manchuria—these for the blood of hundreds of thousands of our brethren, and billions of money!"

It was in the face of such an opposition on the part of the people that the peace treaty was concluded. The statesmen in power took upon themselves the responsibility of caring for the true interest of the nation. Komura's triumph at the Portsmouth conference table must, therefore, be pronounced as one of the most remarkable victories Japan gained during the epoch-making years of 1904–05. It showed Japan's attachment to the last to the high ideals she set before her. It secured all the objects for which Japan went to war—the right of existence and growth of the empire, the preponderating influence of Japan in Korea, the maintenance of China's integrity and of the principle of the "Open Door." The waiving of the claim for indemnity was at once a moral and diplomatic gain. To have prolonged the war for the sake of obtaining an indemnity would have brought upon Japan the condemnation of the world. To have exacted an indemnity would have left an eternal thorn in the breast of Russia, and thus long deferred the friendship and coöperation of the two Powers in the Far East. By wise moderation Japan gave signal proof of her solicitude to listen to the voice of humanity, and saved herself from the impending financial *impasse*.

The material interests secured were, however, undoubtedly not at all commensurate with the outlay incurred and the victories gained. The more imperative, therefore, became the duty of the rulers to adopt such proper measures as to safeguard the interests acquired, and to recoup the exchequer drained by war by means of the industrial and commercial development of the regions brought under Japan's control. The story of the consolidation of her interests in accordance with the terms of the Portsmouth treaty, and its corollary, the Peking treaty of December, 1905, is what constitutes Japan's present status in south Manchuria.

So much haziness exists in the mind of the western public in its conception of the Manchurian status, that a plain statement of what Japan and her sons have done and are

doing there seems not amiss. Such a survey, though it might seem superfluous to those well posted on the subject, will clear the way for the further discussion of the political, military, and economic grounds upon which Japan bases her Manchurian policy. Anti-Japanese propagandism prosecuted by a certain section of the press and publicists has conveyed to the American public the impression that Japan is in virtual control of the southern portion of Manchuria, while the northern section is still in the Russian grasp. As a matter of fact, all portions of Manchuria, once occupied by the Japanese and Russian troops, except the Kwantung Province and the "railway zone," have been entirely and completely restored to the exclusive control of China. Out of the territory measuring 360,000 square miles, what remains under the control and administration of Russia and Japan is in total 1803 square miles of land, together with the 1773 miles of railroad, having on each side of the tracks on an average about one hundred feet of land embraced in the "railway zone." Of all this, what actually came under the jurisdiction of Japan was the seven hundred odd miles of railway, the seventy square miles of the "railway zone," and the Kwantung Province. Let me briefly describe them.

The Kwantung Province

The province lies on the southern extremity of the Liaotung Peninsula and includes Port Arthur and Dairen (Russian Dalny). The territory covers an area, together with that of the adjacent islands, of 1,303 square miles. It had in 1910 a population of 462,399, of which foreigners numbered 112, Japanese 36,688, and Chinese 425,599. Transferred by Russia to Japan, the lease of the province continues under the same conditions as under the old régime.

With its seat in Port Arthur, the government of the province is in the hands of the governor-general, assisted by a civil administrator. The former, besides assuming the defense and administration of the province under lease, supervises the maintenance of peace and order in the entire Japanese railway zone, and oversees the administration of

the South Manchurian Railway. He also commands the railway guards, who are quartered in different places along the road. The expenditures of the Kwantung government for the financial year 1911–12 amounted to 5,791,653 yen, beside the local expenditure of 1,059,524 yen, of which 859,524 yen was defrayed out of local revenue. In this estimate, however, the expenditure of the railway guards is not included, since it belongs to the account of the department of war of the home government. Of the sum quoted above the national treasury grant for this financial year amounted to 3,644,047 yen, which, together with 200,000 yen of grant for local expenses, shows that more than half of the expenditure of the Kwantung government is still borne by the national exchequer.

With the paltry sum of $3,000,000 gold, not larger than that expended by the German administration of Kiaochow, the Kwantung government maintains its staff and equipment; keeps peace and order in the province as well as in the railway zone; administers civil affairs, including that of justice, the latter by means of efficient law-courts and a well-kept prison; sustains seven public schools, one high school, one high school for girls, one technical college, beside several minor educational establishments; supports a marine bureau and a meteorological station; and attends to the work of sanitation, relief, encouragement of industry, and other requirements of civilized life in the territory under its care.

The South Manchurian Railroad Company

The chief factor in the development of South Manchuria is the railroad company. It was organized in 1906 to undertake the works connected with the railroads transferred by Russia to Japan by the Portsmouth treaty. Its authorized capital is 200,000,000 yen, and at the same time it enjoys the statutory powers to borrow to the actual extent of its authorized capital. One-half of a million shares, each of 200 yen, is held by the Japanese government, representing the value of the property handed over to the company—namely, the railroads in existence at the time of transfer, all property

accessory to them, and the coal mines at Fushun and Yentai. The remaining half of the shares was to have been distributed among the Japanese and Chinese subscribers, who were guaranteed by the Japanese government with the interest of 6 per cent per annum on the paid up capital for the period of fifteen years. The organization committee of the company, however, decided to call for a subscription of only 20,000,000 yen, in view of the financial depression then prevailing, and to resort to debenture issues in England in order to raise the funds needed for the successful prosecution of the company's enterprises. Accordingly a loan of £8,000,000, was floated in London at three separate times during 1907–08, bringing to the company the net of £7,490,000. On January 31, 1911, the company floated in London another loan of £6,000,000 out of which the previous loan of £2,000,000 was returned, so that the existing loan of the company stands at £12,000,000.

The company has undertaken various enterprises, the chief of which are railroad, shipping, harbor construction, mining, electric light and power plants, gas works, several undertakings in the railway zone, hotels, and experimental stations.[2]

1. The railroads that came into the possession of the company on April 1, 1907, were the Changchun-Dairen trunk line of 437.5 miles, the Autung-Mukden military (2 feet 6 inches) road of 188.9 miles, and the short branch lines to Port Arthur, Lin-shu-tun, Yinkou, Yentai, and Fushun, making the total of about 720 miles. These roads with the exception of the Antung-Mukden had been converted by the Japanese army from the Russian gauge of 5 feet into the Japanese standard of 3 feet 6 inches in order to adapt them to the rolling stock brought over from Japan. To reconvert the roads to the standard gauge of 4 feet $8\frac{1}{2}$ inches, and to double the main track from Dairen to Suchiatun of 238 miles, in order to make them an effective international artery between the west and the east, were, therefore, the first work of the company. Both of these undertakings have been

[2] This résumé is based on the article in the *Taiyo*, October 1910, by Mr. C. Seino, Director of the South Manchurian R. R. Company.

already completed. The company runs express trains, provided with Pullman sleeping and dining cars, three times a week to connect with the Russian line at Changchun, with the Chinese line to Peking at Mukden, and with the steamship line to Shanghai at Dairen. The standardization of the Antung-Mukden line was also finished on October 31, 1911. The road is now open to the public, and will enable the European traveler to save about two days, bringing Tokyo to the reach of London within a fortnight.

The company has its workshops at Dairen, Liaoyang, Kung-chu-ling, and Antung-Hsien, and is building near Dairen an extensive shop, with the capacity of repairing at the same time 20 locomotives and 46 freight cars of 30 tons each. The growth of passenger and freight traffic, and railway receipts is shown by the following figures:

	FIRST HALF OF 1907	FIRST HALF OF 1909	FIRST HALF OF 1911
Passengers	704,300	1,029,418	1,440,400
Freight	533,283 tons	1,756,225 tons	2,267,858 tons
Receipts	4,093,425 yen	5,858,158 yen	6,323,302 yen

In short, during the period of two years 1908–1909 the traffic of passengers has increased by 40 per cent, that of freight has more than trebled, and the entire receipts more than doubled. The growth has been no less marked in later years.

Besides the railroads mentioned above the company is participating in the building of the Chinese Changchun-Kirin Railway of about 80 miles, having contributed half of the capital for construction. This road, when finished, will open up large tracts of forest and the lands in the Sungari valley for the production of wheat and beans. This Changchun-Kirin road, according to the treaty made between China and Japan in September 1909, will be extended to Hoiryong on the Korean frontier, where it will connect with the Korean system, linking it with the port of Chongjin on the Sea of Japan.

2. *Shipping and harbor work.* To connect Dairen with Shanghai, and thus facilitate the through passage of European travelers bound to that commercial metropolis of China,

the south Manchurian Railroad Company has started twice-a-week steamship service between the two ports. Since the route is the shortest between Europe and the Lower Yangtsze regions, its patrons are daily increasing. The passengers, freight, and receipts of the steamship line were in the second half of 1908 respectively 1536 passengers, 10,264 tons, and 66,750 yen, while the corresponding figures for the first half of 1911 stood at 2221 passengers, 37,518 tons, and 144,633 yen. The company is also engaged in the shipping of its coal from Port Arthur.

Far more important is the harbor construction at Dairen, for upon it depends the question whether or not the terminal port of the railroad will succeed in attracting the trade of Manchuria. It is undertaken at the estimated cost of 18,000,000 yen. The plan follows closely that formulated by its former builders. The construction of the eastern breakwater, 1221 feet long, 20 feet wide, and 19 feet above the tide, is nearing its completion. Between this and the northwestern breakwater, 12,500 feet long, with the same dimension and height as the former, is provided the opening of 1200 feet. Facing this entrance are built the magnificent wharves, with a frontage of over 6000 feet, and capable of accommodating steamers up to 28 feet in draught. The installment of cranes, and other equipment, enable the goods to be discharged from a ship and placed aboard the freight cars in one operation. These facilities for handling the cargo, together with the fact that Dairen is open to navigation throughout the year, are advantages not enjoyed by other Manchurian outlets.

3. *Mining.* The right of exploiting the coal mines at Fushun and Yentai was the most valuable of the rights and privileges secured in connection with the railroad. The coal field of Fushun runs parallel to the Hun for 10 miles. The thickness of the seam ranges between 80 and 175 feet. The most conservative estimate places the resource at 800,000,000 tons. The seven pits working, provided with the up-to-date machinery, yield now the daily output of about 3500 tons. The newest shafts, called Oyama and Togo pits, when in good working order will probably yield a daily out-

put of 5000 tons. The Fushun coal, in addition to its consumption by the company, supplied in the year October 1910 to September 1911 the home market to the amount of 410,862 tons, while its export to Shanghai, Hongkong, Singapore, Tientsin, Chefoo, Harbin, and Korea, amounted to 259,245 tons.

Connected with the mining enterprise at Fushun, the company has laid out new streets at Chien-Chin-Chai, installed electric and gas plants, laid water works, and established a school and a hospital.

4. *Undertakings in the railway zone.* By the "railway zone" in Manchuria is meant the tracts of land adjoining the railroad, which, by virtue of the Russo-Chinese agreement of 1896, Russia acquired from China. Upon these lands Russia obtained the right to erect any buildings and carry on all kinds of work. Furthermore, by the disclosure made at the time of the Fisher controversy at Harbin by M. Pokotiloff, Russian minister at Peking, it became publicly known that the authentic French text of the sixth article of the agreement conferred upon Russia, not only the privileges just enumerated, but also "le droit de l'administration exclusive et absolue sur ces terrains."[3]

The Portsmouth treaty made Japan the legatee of the railway zone south of Changchun, with all the rights and privileges appertaining thereto. The Japanese railway zone covers an area of 70.54 square miles, and that of Russia measures 513.63 square miles. Small as is the Japanese zone, the land is well distributed in all of the important trading centers along the South Manchurian Railway and the company has undertaken various works here. New streets lined with commodious houses in the vicinity of the native towns have been laid out at Wa-fang-tien, Hsiung-yo-Cheng, Kai-ping, Ta-shih-chiao, Hai-Cheng, Liao-yang, Mukden, Tieling, Kai-yuan, Chang-tu, Szuping-Chieh, Kung-Chuling, Fan-chia-tun, and Changchun. Some of them are provided with water works, sewerage systems, parks, elec-

[3] These points are fully treated in the able articles "Japan in Manchuria" by Dr. K. Asakawa in *Yale Review*, vols. 17 and 18.

tric and gas works for lighting and heating purposes—blessings not enjoyed by many of the towns of Japan.

To care for the sick excellent hospitals at Dairen and Chien-Chin-Chai, with branches at nineteen other localities, have been established. The Dairen Hospital, provided with the most efficient medical staff and modern equipment, daily treats on an average seven hundred patients, and receives one hundred and fifty inmates. For educational purposes there have been established within the zone eight elementary schools, with seven subordinate establishments. To some of them are attached manual training schools and dormitories, the latter for the convenience of non-resident students. In some places the railroad company has established well-organized market-places and recreation grounds such as the Electric Park at Dairen, and in one town even a slaughter house. As no detail for the care of the living is neglected, so even the dead are properly cared for by the system of cremation and by the provision of cemeteries.

For administrative purposes the railroad company has divided the "zone" into ten units, whose heads, appointed by the company, discharge on a small scale, with the aid of a staff of employees, almost all the ordinary functions of a town chief, or a village headman. All public expenses connected with the undertakings described above have been paid by the company, while most of the local expenses are defrayed out of the levies charged upon the residents. Lands unused and some houses built by the company are rented to the residents on payment of specified rents. In 1911 the houses and population within the zone numbered respectively 14,867 and 59,361.

In addition to the long list of enterprises already given, the railroad company undertakes the business of warehousing; has established three experimental stations—central laboratory, geological laboratory, and experimental silk mill (the last was lately temporarily closed)—with the object of promoting the scientific utilization of the agricultural and mineral products of Manchuria; installed at Dairen a gas plant and an electric power house of 3000 kilowatts with which it runs the street car line of 13 miles; has built and maintains

excellent hotels at Dairen, Port Arthur, Changchun, and Mukden, with their customary appendages, barber shops, liveries and laundries; and has built elegant summer cottages on the sea-shore near Dairen to attract the visitors from Shanghai and other ports.

The expenditures incurred by the Railroad Company up to September 1911 for all the enterprises described were, beside the capital investment of 100,000,000 yen, in total 104,442,439 yen.

Other Factors in South Manchuria

Beside the Kwantung government and the South Manchurian Railroad Company, there are a few elements which are wielding powerful influence in the development of the region. The Japanese settlers themselves, with a few notable exceptions, can hardly be counted among these influential factors. The great majority of the first stream of colonists were adventurers who came on the heels of their soldiers to hunt fortune with empty hands. They find it impossible to compete with the Chinese as farmers, who are content to work with the primitive methods on an incredibly small income. The wages of farm hands range from 15 sen to 30 sen (15 cents of American money) a day. Out of this scanty pay the thrifty Chinese are able to save money, as has been so well proved by large amounts of money found on the corpses of men who were found dead on the road side during the recent epidemic plague. Nor is it easy to beat the natives in retail business, in which they are past masters. The bulk of the Japanese population in Manchuria might, therefore, be said to be not in an enviable position. Their business as provision dealers, carpenters, musicians, etc., is mostly limited to their kin. The standard of their intelligence and morale has not hitherto been high enough to command respect of the natives, or of foreigners. But a better class of settlers now coming in will, it is to be hoped, bring with them the dawn of a new era.

To the above rule notable exceptions are found in some enterprising bean-cake mill owners at Dairen and New

Chwang, Okura and Company, Yokohama Specie Bank, Mitsui and Company, and a few others. Especially noteworthy is the activity of the concern last named. Directed by the best business talent at its headquarters in Tokyo, the great firm is now playing the most significant rôle in the commercial development of Manchuria. By dint of intelligence, foresight, and energy, it has created out of nothing the present most important item of Manchuria's international trade —the bean trade. In 1905 the first consignment of the crop was sent to Europe,which, however, ended in failure; in 1908–09 the export amounted to 397,156 tons; in the year 1909–1910 the export from Dairen alone reached 274,000 tons. Although the trade might be subject to many fluctuations, this means a newly discovered trade with Europe of 30,000,000 yen or so annually. By the latest news, I learn that the soya beans have also begun to be imported into the United States.

Industry and Commerce

Turning now to the status of industry and commerce in South Manchuria the first striking fact is that the manufacturing industry is conspicuous only by its absence. The number of manufacturing concerns can be counted upon five fingers. A dry dock at Dairen managed by the Kawasaki Dockyard Company, the colliery and iron industry at Penshihu by Messrs. Okura and Company, a score of bean-cake and bean-oil mills at Dairen and Newchang, a lumber industry of joint Chinese and Japanese enterprise on the Yalu, a British-American tobacco factory at Mukden, a cement works, a match factory, and a flour mill, and some native industries of raw silk and of distilling spirits from kaoliang, and a few others,—these constitute about all of the manufacturing industries undertaken in south Manchuria outside the sphere of activity of the South Manchurian Railroad Company.

The present source of wealth of Manchuria lies chiefly in its agricultural products. The principal products are kaoliang, wheat, and the soya beans. The annual crop of beans is estimated at 1,700,000 tons, which has the approximate

value of $35,000,000 gold. The gross estimate of the Manchurian crop placed by some at $40,000,000 gold must, therefore, be far below the true mark.

Commercially the soya bean reigns supreme. Other staple agricultural products are mostly consumed at home. Beans and their by-products—bean-cake and bean-oil—form the chief items of export trade. The value of the annual trade of these two items is between 70 and 80 million yen. The other articles of export trade are wild cocoons, wild silk, timber, cattle-hides, furs and skins, bristles and bones. The principal imports are cotton piece goods and yarns, flour, kerosene oil, railway material, machines and machinery, sugar and matches. The total value of trade for 1910 (January to December) that passed through the ports of Dairen, Newchwang, and Antung was 181,674,901 gold yen.

So much, then, for plain facts. The recitation given above will suffice to show the broad outline of what Japan has accomplished in south Manchuria within the short period of seven years. These works, be it recollected, were undertaken under strict limitation of power and influence prescribed by Treaties. In short, by maintaining peace and order within her sphere, and by her insistence that China suppress the brigandage and robbery rampant in the land, Japan has contributed in no small measure to the safety of person and property, and the well-being of the inhabitants. By setting good examples of schools, hospitals, and scientific institutions, Japan has demonstrated to the Chinese the blessings of education, medicine, and science, to which they were strangers for ages past. By fostering the growth of industry and commerce, Japan has considerably increased the comfort and wealth of the natives, and has opened to the world a store-house of treasure, whose doors were locked since the beginning of time. By these works for the cause of civilization and humanity, reënforced by the rights guaranteed by treaties with the interested nations, Japan claims to establish the *raison d'etre* of her presence in South Manchuria.

The "Open Door" Policy and its Alleged Violation by Japan

One of the cardinal principles of Japan's Manchurian policy is that of the "open door" and equal opportunity to all. It has been repeatedly avowed by the Japanese government in treaties and conventions. Loud, however, has been the cry raised since the war by some western critics against its alleged violation. For a time the American public listened with eagerness to such charges. Indeed, the attack became once so popular that, it was asserted, a book on the Far East, unless sufficiently stuffed with the anti-Japanese material, could never hope to run the market. Synchronous with the tide of reaction against Japan that set in after the war, the past half a decade was the golden age of those authors. Slowly, however, the tide is changing. The late disposition of the western public to relish no longer those stale stories shows that it is not only weary of them, but has found strong arguments that go to upset them.

It is here fair to admit that some discriminations against foreigners there might have been, especially during the military occupation and the early days of the railroad management, if by discrimination is meant the favors conferred by the authorities upon their compatriots sooner than those given to foreigners, whose language and methods were not so intelligible to them. Again, the system of offering rebates to large shippers in proportion to their freight bills, abolished two years ago, ought never to have been adopted. Whatever might have been its business expediency, it was an unwise policy from national standpoint. It lent to Japan's enemies a powerful weapon of attack. Especially to the people, who have always looked upon this peculiarly American system as the means devised to defeat the "square deal," it was the cause of much suspicion. So long, however, as the system was open to public inspection, and its privilege enjoyed by all, Japanese and foreigners alike, it did not in the least violate the principle of equal opportunity to all.

The stories of discriminations and underhand dealing were originally invented by those who were at sea to explain the

loss of the Manchurian market for American and European products, and the striking gain for the Japanese. But the insinuations have fallen far short of the mark. For there are positive and too conclusive causes that have contributed to the success of the Japanese trade. The first and foremost is the fact that Japan is the largest buyer of Manchurian products. Out of the total export of beans and bean-cake, which form, as already stated, the major part of the Manchurian export, Japan bought in 1909 for her own consumption alone 94 per cent of bean-cake and 17 per cent of the beans exported—the two items amounting in value to over 30,000,000 yen—beside handling herself the greater portion of the bean export business. So important is this fact as a commercial factor that it makes a writer in the *Far Eastern Review*, Mr. G. Bronson Rhea, exclaim: "It is a far cry from high diplomacy to the humble soya bean, yet we hold to the belief that the past and present commercial situation and ultimate solution of the vexatious Manchurian question is bound up in the control of this one product." In the purchase of other articles of Manchurian export, Japan is also among the leaders. It is but the simple law of commerce that places so large a buyer on the vantage ground as a seller over those who receive in return only cash for their wares. There are again other reasons no less strong for the advance of Japanese trade. These are the small cost of production and transportation, the facilities for financial transactions extended by the Yokohama Specie Bank, the identity of scripts and manners, and other means calculated to foster trade with the Chinese.

After analyzing in detail the subject under review, Mr. K. K. Kawakami, in his forthcoming book, "American-Japanese Relations," sums it up in these words:[4]

> Japan has subsidized her steamship lines to Manchuria, installed commercial museums in various important towns in order to advertise her merchandize, sent commercial agents to inquire into the Manchurian markets, and, what is more important, has become a most liberal purchaser of Manchurian products, thus establishing

[4] The manuscripts of the book touching the subject were shown to the speaker through the courtesy of the author.

close business relations with the native producers and merchants. These, reënforced by the advantage which she enjoys over Western nations in geographical position,in the cost of production and transportation, have enabled her to push her trade in Manchuria with remarkable success."

Causes of the Loss of American Trade in Manchuria and China

What interests Americans will be the question how far and in what line has Japan made incursions into their Manchurian trade. In flour, kerosene oil, and railway material, which are among the chief articles of American import into Manchuria, Japan is America's customer, not her competitor. In them America finds her rivals in Russia and Germany. The Harbin flour mills, the Baku oil, and the Sumatra oil of the Asiatic Petroleum Company (a German concern), and the steel mills and car factories of Russia and Germany have been hard at work to make raid upon the American trade. Though their efforts are not yet crowned with success, they have affected in a measure the American import. In supplying cigarettes to the Manchurian market, the Japanese tobacco monopoly tried for a time to wrest the trade from the British-American Tobacco Trust. But the superior organization and business method of the latter have again made it master of the situation.

It is in the trade of cotton goods alone that Japan has played the rôle of a successful competitor of America. Japan has developed the trade in Manchuria from nothing in 1900 to 151,400 pieces of sheeting, 52,000 pieces of drill, and 1,800 pieces of shirtings in 1908, while the American trade of 1,140,620 pieces of sheeting and 442,291 pieces of drills in 1904 has dropped to 515,195 pieces of sheetings and 194,-570 pieces of drills, in 1908. For the year 1909 the imports of sheeting, drill, and shirting from Japan and America through the three ports of Antung, Dairen, and New Chwang, stood thus:

	FOR JAPAN	FOR THE UNITED STATES
	pieces	*pieces*
Sheeting	261,744	692,174
Drill	114,814	317,561
Shirting	109,174	166,042

These figures, however, must be read with caution, for as some of the American goods are re-shipped from Shanghai on Japanese vessels, it is often difficult to determine the true origin of the imported goods. Whatever may be the exact amount it is certain that America has sustained loss in its Manchurian trade of cotton goods, and to that amount Japan and England are the gainers.

The causes of Japan's successful intrusion are obvious—the cheap labor and the small cost of transportation. When it is remembered, however, that it was American cotton goods, because of their low price, heavy make, and toughness to stand washing, that drove out of the Manchurian market the English sheetings and drills reigning supreme fifteen years ago, America, if she has today the losing end of the bargain, "cannot complain that Japan has not given her a "square deal." Further it must be added with emphasis that, if the American cotton industry has suffered to some extent in Manchuria by Japanese competition, the American cotton growers have by no means been losers. The raw cotton imported in 1910 from the United States to supply Japanese cotton mills was valued at 17,193,128 yen. The American cotton import of 1911 reached a phenomenal value of sixty million yen! We can see no reason why the cause of manufacturers alone should find its defenders, while that of the farmers is left unnoticed.

Neither is the decline of American import of cotton cloth confined to the Manchurian field, nor is it the sole cause of the loss of American trade in the Far East. Even in the Philippines, under the very eyes of the American eagle, there has been a marked advance in the import of the Japanese cotton cloth. Still more glaring is the fact that the phenomenon of the decrease of American trade is observable in the whole of China. Mr. Frederick McCormick in a

striking article "American Defeat in the Pacific," which appeared in the columns of the *Outlook*, January 1911, points out that "it is not Japan that has slaughtered American trade in China," but "those who have benefitted by Chinese industrial development and by America's losses are the capitalistic nations of Europe." The reasons he assigns for the decline of American trade are: (1) "that in all the more important lines, such as cottons, flour, and steel, sales and distributions are in the hands of foreigners and are left to shift for themselves;" (2) "that the American trade in China receives no assistance from the American nation." The writer lodges a complaint against the American trader, naively adding that "he wants to sell to the Chinese not what the Chinese want, but what the American trader wants them to want." The time seems, then, to have come to look into the Manchurian commercial situation with proper insight instead of attributing everything to the wickedness of Japan's playing a Machiavelli.

Japan's Monopolistic Policy and the "Open Door"

What seems to lie at the bottom of the various complaints lodged against Japan by well-meant Anglo-American critics is their dislike of the excessive governmental activity in those enterprises which are undertaken in Anglo-Saxondom by private individuals. Japan has created state monopolies of tobacco, camphor and opium in Formosa; nationalized the railways; granted subsidies to steamship lines; and given aids to many industries. In Manchuria the Japanese government has the controlling voice in the South Manchurian Railroad Company. We have seen how wide and varied are the operations of the company. Indeed so all pervading seems the activity of the company in almost every sphere of life that one is led to doubt whether there is any room for private enterprises in south Manchuria. With the inborn Anglo-American hatred against the too-powerful governmental control, the critics look upon Japan's Manchurian system as a machine invented to stifle and defy competition. What adds to their spite are the red-tape, the

excessive importance assumed by the minor officials of the railroad company, the haughty attitude of Japanese towards the natives, and the air of exclusiveness the islanders have not yet succeeded in getting rid of.

This, however, is an Anglo-American critic's point of view. While wishing on our part that a more free and liberal atmosphere be infused into Japan's Manchurian régime, and that the unhealthy state of things therein, owing to the lack of individual initiatives, gradually mend itself, we must say that the prejudice of the western critic should not blind him to the fact that it is entirely within Japan's sphere to pursue at home whatever policy she deems it best to serve the interest of the nation, and, knowing her own weakness, to adopt in Manchuria within the bounds prescribed by treaties such proper measures as to ensure her strength in the face of keen international competition. No more can the critic protest against Japan's policy of granting subsidies and aids to different industrial concerns, than the latter can complain of America, who, in order to protect her industry, collects a duty of 50 per cent upon all imports of Japanese manufactured silk, and 60 per cent upon porcelain wares.

That Japan is sincere in her attachment to the principle of the "open door" and equal opportunity to all can never be questioned. Not only does the pledge so often made demand its fulfillment, but it is the true interest of Japan to invite the coming of foreigners for trade, and the investment of their capital in Manchuria. And how can this end be attained but by proving Japan's honest intention to share with foreign merchants and capitalists the profits of trade and industry in the region? The short-sighted policy of exclusiveness, if ever tried, will sound the death-knell to Japan's prestige and career in Manchuria.

Russia's Attitude Toward Japan and its Resultant

In formulating the Manchurian program, be it remembered, there were underlying it, beside the economic ground already explained, some political and military considera-

tions of greatest importance to Japan. First of all, there was the attitude of Russia that needed close study. That attitude towards Japan was for some time after the war, as might be expected, not altogether reassuring. Not only was there a powerful faction in Russian society, which openly advocated the war of revenge, often voiced by the *Novoe Vremya*, but the Russian government itself never relaxed its effort to strengthen its Far Eastern position. No sooner had it recovered from the shock of revolution than the government decided to construct at a cost of 200,000,000 rubles the Amur Railway, which, when completed, will run along the north bank of the river for 700 miles, and make possible the through communication from Moscow to Vladivostock on the all-Russian territory.

More significant from the Japanese standpoint is the plan of doubling the track of the Siberian Railway. It is now vigorously pushed, and by 1915 will probably be the accomplished fact. Japan, fully conversant with the masterly performance of Prince Khilkoff, which was chiefly responsible in saving General Kuropatkin from greater disasters than what overtook him at Liaoyang and Mukden, is justified in looking with fear upon this mighty military weapon when double-tracked. It has been estimated by some experts that the single-tracked Siberian road attained toward the end of the war the maximum capacity of transporting per month 60,000 troops, with all their equipment. The new road might then enable Russia to amass on the frontier of Manchuria an army of a million men, double the strength of General Linievitch's Grand Manchurian Army, within less than a year. Moreover, the Russian government formulated after the war a policy "to dispatch every year half a million colonists from European Russia to the Amur, Baikal, and coast provinces." Though the policy does not seem to work out as desired, yet the plan to raise a strong army out of the mujiks thus settled will see its consummation in not a distant day. "General Kuropatkin is said to have recently remarked" writes Dr. Hirano in the Japanese magazine, *New Japan*, "that Russia should make the Eastern Chinese Railway her first line of defense and the Amur

river and the Amur Railway respectively the second and third lines. The General's remark shows with what wisdom and scrupulosity Russia is making preparations for future emergencies in the eastern world."

Russia apparently has already buried her hatchet. Her friendship with Japan is, thanks to wise diplomacy on both sides, becoming closer and closer. Their manifest common interests and destinies in the Far East will tend more and more to their coöperation. In this connection it is proper to say that Japan has never been slow, as shown in the diplomatic negotiations prior to the outbreak of the war, to recognize the Russian special rights and privileges in Manchuria, to which Russia justly laid claim by her civilizing efforts undertaken at a great cost. Although her mistaken aggressive policy is responsible for her Manchurian disasters of 1904–05, Russia has never forfeited her claims to those rights and privileges in Manchuria except those she transferred to Japan by the Portsmouth treaty. This liberal attitude of Japan and the willingness of Russia to join hands with the former foe in the solution of the Manchurian question are the foundation of their recent *entente*. And yet no one can blame Japan in taking proper measures for the defense of her own interest. When seen in this light, the strong pressure Japan exerted upon China to carry into effect the improvement of the Antung-Mukden line, and Japan's proposal to China to construct jointly the Changchun-Kirin-Hoiryong-Chongjin line, will become more intelligible.

China's Weakness and its Consequences

Another factor Japan had to reckon with was of course China. Restored by Japan to its owner, the destiny of Manchuria necessarily hung upon the sovereign power. China, however, belonged to the category of unknown quantities. To find the true value of this unknown quantity was what taxed Japan's brain most. Two ways naturally presented themselves for consideration. In the first place there was the so-called "Awakening of China." The China-Japan war, the Boxer episode, and the Russo-Japanese war un-

doubtedly shook China rudely from her centuries-old lethargy. Through these agencies the national consciousness came suddenly into being, manifesting itself in the "right-recovery" and constitutional movements. The Chinese government itself showed its disposition to set the house in order. Some reforms were, in fact, initiated. For military purposes it was declared that China would organize thirty-seven army divisions. The late war minister, General Yin-Tchang, had in his pocket, it was said, the plan of expanding these to seventy divisions.

Such a formidable military organization, if perfected and used to wreak vengeance upon Japan for the humiliation of 1895 or any other grudge China might have, would certainly be a terrible menace to the Island Empire. It was manifestly the anticipation of the dawn of such days that induced Professor Jenks of Cornell University to offer the good intentioned advice to Japan to get out of Manchuria, and thus court the good grace of China. It was not, however, this forecast of China's strength that specially troubled Japan. It was, on the contrary, the inherent weakness of China that caused much apprehension on the part of the Mikado's empire. Had China been strong, there would have been no Manchurian question. Were she to become truly strong, the question would be simplified. It is to the true interest of Japan to see China wide awake, reformed, and strong; for in such an event even had Japan to give up the Manchurian railroads and the Kwantung Province, she would be amply compensated by the expansion of her trade with her friendly and prosperous neighbor. Unfortunately, such happy days seemed to the eyes of Japan too far away. The half-hearted policy of reform and the time-honored diplomacy China pursued, in spite of the terrible lessons of warning brought home to her, gave Japan every reason to take a pessimistic view. The recent paralysis of the Chinese government, so complete, so pitiful, in the face of the revolutionary crisis, too well proves that Japan's fear was not misplaced and sufficiently vindicates her past Manchurian policy. Indeed, this *denouement*, whose outcome it is yet difficult to foresee, is a thousand times more eloquent than

words. It makes useless our task of explaining further the drift things were taking in the past. Here we only add our prayer that the present political upheaval of China, extremely to be regretted as it is, will be but the throes of her re-birth—a prelude to the bright days to come.

Suffice it to say, then, that the cardinal points of Japan's Manchurian policy—the preservation of the fruits of war, or, in diplomatic language the maintenance of the *status quo*, and that of peace in the Far East—were in constant danger of being overturned by the weakness of China.

This meant, on one hand, the possibility of encroachment of Russia from the north, that might bring to naught Japan's efforts of 1904–05. On the other hand, China's weakness opens a way to the introduction of a third power, or other powers, into the council-board of Manchuria, that might force Japan to repeat the bitter experience of 1895. All these considerations made it incumbent upon Japan to take proper precautionary measures to guard herself against future emergencies, and to strengthen her position in south Manchuria.

American-Japanese Relation and the Manchurian Question

It is but natural that Japan should look with extreme apprehension upon an intrusion of a Third Power, or other Powers, into the Manchurian arena, lest she be deprived of the fruits of war secured at such an enormous cost by those who have wasted therein neither a cent nor a drop of blood. An illuminating example was set before her not many years ago. Whatever the intention of the author of the neutralization scheme of the Manchurian railroads, it completely ignored history. It is but simple justice that Russia and Japan should have in the solution of the Manchurian question the voice their paramount interests entitle them to command. That the American government acquiesced in the failure of the neutralization plan through the refusal of Russia and Japan to entertain it demonstrates the disinterested motive of the proposal.

When, therefore, Mr. Willard Straight says that "to create a substantial foreign commercial interest, and by so doing secure a political safeguard for the "Three Eastern Provinces," is as necessary to China's welfare, as the maintenance of her integrity and the preservation of the "Open Door" are essential to the realization of the well-warranted hopes for the future of our Eastern makerts," we are constrained to raise a dissenting voice to the first part of his statement, which implies an aggressive political-commercial campaign of serious import. The declaration is tantamount to the confession that the furtherance of commercial interests will be used for political purposes. An American commercial campaign in Manchuria, if conducted with such an end in view, is bound to result in much irritation to the other vitally interested powers, if not in grave consequences. It is neither wise nor just. And it is the firm conviction of the speaker that the majority of the American people would endorse his view point rather than that of the representative in China of the powerful American syndicate. For it passes my belief that the wisdom of the essentially sane and practical people to whom Manchuria means nothing but a commercial and industrial field, where they have no historical, political, or military interests at stake, will ever allow their national policy to be harnessed to the financial machine of the money power, and be driven at its beck over the road that might lead them to grave issues.

So far as the American-Japanese relation is concerned, it will not be too presuming to say that there are no questions of importance, except the one under discussion, that are likely to endanger the long standing friendship between the two nations. Nothing explains better the attitude of the Japanese nation toward America than the conversation published by the *Jiji Shimpo* of September 15, 1911, between President Jordan of Leland Stanford University and Baron Shibusawa. The gist of this is that the Baron, after assuring the American visitor of the unchanging kindly and grateful feeling Japan has toward America, observed that his nation cannot feel sure of the friendship of the United States until a better understanding than the one reflected

in the neutralization proposal of Secretary Knox is attained on Japan's position in Manchuria. Is, then, the Manchurian question worth to Americans the cost of the Russian and Japanese friendship?

The foregoing are, then, the historical, political, military and economic grounds that have secured to Japan her present position in south Manchuria. Her future conduct will doubtless be governed accordingly. So long as this special position is fully recognized by other nations, there is no reason whatever why Japan should not welcome their co-operation in the development of Manchuria. Especially with her ally and friend, Great Britain and the United States, whose capitalistic power is paramount among nations, Japan must be extremely solicitous to join hands for the exploitation of the resources of south Manchuria.