

**JAPAN'S DREAM
OF WORLD EMPIRE]
THE
TANAKA MEMORIAL**

Edited, with an Introduction

by
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THE TANAKA MEMORIAL

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JAPAN'S DREAM
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INTRODUCTION

One of the most famous sights in the beautiful Japanese city of Kyoto is a conical mound which is known as the "Ear Hill." Until about twenty-five years ago it was pointed out to tourists by every Japanese guide, who told the story of how Hideyoshi, the great national hero of Japan, conquered Korea after a war which lasted seven years. At the conclusion of the war thousands of ears and noses of the vanquished foe were sent back, pickled in wine, to be entombed here as visual evidence of Japanese might. According to Japanese history, they were cut from the bodies of 38,000 Chinese and Korean soldiers who had been slaughtered in the last week of the war. This conflict had lasted much longer than the Japanese anticipated and the noses and ears were intended to show the desperation of the struggle. The inscription on the mound records this great battle as having taken place in October 1598.¹

¹ *A History of Japan*, Murdock and Yamagata, Yokahama, 1903

The great Hideyoshi, who has been the outstanding national hero of Japan for more than three hundred years was, by his invasion of Korea, attempting to achieve the great Japanese ambition to place the emperor on the throne of the world.

His great plan for a world empire was set forth in some detail in a letter to his wife, which was written by his private secretary in the formal third person style affected by Oriental dignitaries. The letter, which was dated May 18, 1592, tells of Hideyoshi's triumphal advance into Korea and his plans to take Peking, the Chinese capital. At the time the letter was written he had met with no effective opposition and he wrote with a great deal of confidence, making plans for the government of North China and further conquests to the south. He assumes that China is already a Japanese possession, just as it is now assumed by his successors, the war lords of Japan. The letter says that transports were to be sent back to Japan for the purpose of embarking more troops and continues:

"The entire fighting force in Korea under the personal command of our Lord Hideyoshi will invade China. It is planned that Peking, the national capital of China, will be occupied by our Lord before the end of this year. In the absence of our Lord, Miyabe Keijun and Hashiba Hideaki will be entrusted with the entire charge of the Korean capital and the Nagoya military headquarters, respectively. They have already been instructed to present themselves at the military headquarters of our Lord by August of this year.

"Upon the conquest of China, the authority over that empire will be entrusted to His Excellency Lieutenant Hidetsugu. Therefore, our Lord has already advised the Lieutenant to prepare for this important office by June of next year (1593).

"His Majesty our Emperor has consented to take up his residence in the national capital of China (Peking). Therefore, after China has been conquered, our Emperor will undertake a long journey from Kyoto to Peking. Our Lord Hideyoshi has given instructions that due preparations be made for this great national event.

"About ten of the large counties surrounding the city of Peking will be set aside and their revenues will be used exclusively for the expenses of the imperial court and of the imperial household. Either Hashiba Hidekatsu or Ukida Hideiye will be entrusted with power in Korea. As for our Lord, he will at first reside in Peking, whence he will control the national affairs of China, Japan, and Korea. After the founding of the new empire is completed, he will appoint some man of worth as his deputy at Peking and will establish his own permanent residence at Ningpo (a seaport in South China, near to Japan).

"All military leaders who shall render successful vanguard service in the coming campaign in China will be liberally rewarded with grants of extensive states near India, with the privilege of conquering India and extending their domains in that vast empire."

The great world empire which Hideyoshi wrote about with such confidence was never founded. He did not even get to Peking, which he was so confident would be in his hands in a

few months. He had greatly underestimated the fighting strength of the Koreans who put up a stubborn resistance and held up the Japanese troops until Chinese soldiers arrived. It was only through Korea that a land attack on China could be made and he had failed in an attempt to secure Korean aid. Before starting on his campaign he had invited the King of Korea to join him but that monarch sent back a contemptuous reply, saying that for Japan to attempt the conquest of China was like a bee trying to sting a tortoise through its armor. Confident of his ability to crush the Koreans, Hideyoshi went ahead with his plans, but the King of Korea was right, for the Japanese never crossed the Chinese borders. The story might have been different but for the fact that Hideyoshi died about the time the "Ear Mound" was formed.

The exploits of Hideyoshi have been glorified in Japanese song and story for more than three centuries and every school boy has been brought up with the idea that the unfulfilled ambition of this great national hero was one which the country would some day achieve. Every Japanese soldier has been taught that he might be another Hideyoshi. It was an inspiring ideal, for the Japanese believed then, as they do now, that the emperor is an omnipotent god who is destined to rule the world, and that foreign nationals who refused to accept his rule were actually rebels against divine authority.

The war in Korea was a long and costly affair and Japanese historians have told of its cruelties and barbarities.² Instead of crushing the Koreans and forcing them to join in the attack on China, it merely impoverished and embittered them. Japanese attempts to rule the Koreans failed partly because the death of Hideyoshi threw Japan into a bitter controversy over his successor, and in a few years all the Japanese troops were withdrawn. But the idea of Korea as a corridor through which Japan would eventually conquer China was firmly fixed in the Japanese mind. Every Japanese patriot has believed that Japan must conquer Korea, as a prelude to conquering China—conquer Korea as a prelude to the conquest of all Asia and the domination of the world. . . .

Hideyoshi's invasion of Korea was not such a brilliant military victory as he had anticipated but it acquired luster because it started Japan on a new era of progress and opened up visions of a world of which the Japanese knew very little. Before that time Japan was a rude and barbarous country in which even the simple arts of weaving and pottery making were imperfectly developed. The Koreans, thanks to their intimate contact with the Chinese, were skillful potters and weavers and were in fact among the most advanced of the Asiatic nations. They had been printing books from movable type for some years before it was known in Western countries.

Hideyoshi's soldiers did a very thorough job of looting. They took back with them all of the movable type of Korea and all of the fine examples of pottery and weaving they could lay their hands on. They also made prisoners of the printers, potters and weavers, who remained in Japan as slaves and taught the Japanese. The captors were apt pupils and their art has aroused the admiration of the world, but the Japanese have never given credit to the Koreans from whom they learned. Japan did not rule the country which their great hero had conquered, but he had accomplished the miracle of subduing, impoverishing and almost annihilating a country and of transferring its cultural assets to his own land.

² *Japanese Expansion on the Asiatic Continent*, Yushi S. Kuro, Berkeley, 1937

Hideyoshi had been strong enough to control the feudal lords of Japan and weld the military machine of the country into a single unit, but after his death the feudal differences were re-established. As the feudal lords did not trust each other, no one was strong enough to go ahead with Hideyoshi's plan of world conquest. Nevertheless the idea that the world belonged to Japan by virtue of the fact that their emperor was a god destined to rule the world was never forgotten.

For generations during the Ming dynasty Japanese pirates ravaged the coast of China, justifying their raids by the fanciful idea that when they looted a Chinese city, they were collecting the tribute which these cities should have been bringing to the emperor. There is not a city around the mouth of the Yangtse which does not record these piratical attacks of the Japanese. Along the coast of Chekiang and Fukien provinces are still to be seen the remains of many ancient watch towers which were erected to keep an eye on the approach of pirates and summon troops for defense. These piratical raids were not confined to the nearby China coast but extended as far south as Manila and Siam.

In the meantime the Portuguese, Spanish, Dutch and English, whose ships were scouring the seas in search of trade, or on piratical ventures of their own, made occasional calls at Japanese ports. Catholic missionaries came to the country and gained a foothold and made thousands of converts. Japan had known, in a vague way, of these Western nations with their great sailing ships and cannon and muskets and other arms which were far superior to any possessed either by China or Japan or any other Asiatic country. Here were forces which Japan did not understand and which aroused the apprehension of her statesmen. The result was a complete reversal of policy.

In less than fifty years after Hideyoshi had set out to conquer the world, the rulers of Japan decreed that no Japanese should go abroad under pain of death, that no Japanese ship should be built which was big enough to cross the China Sea and that foreign ships which arrived should be burned and the crews massacred. The regulations were particularly directed against the Portuguese who were more active than any other country in developing trade in Asia.

The Portuguese, who were anxious to continue their profitable trade, sent four aged and distinguished envoys to Kyoto to plead for the withdrawal of these restrictions. When their arrival was announced to the Shogun he ordered the four envoys beheaded and the same fate befell fifty-seven of their attendants. Thirteen were allowed to return to Macao to tell the dreadful tale and take a message which bade the Portuguese "Think no more of us, just as if we were no longer in the world." With the exception of a limited trade which the Dutch carried on under very severe and humiliating restrictions, this isolation continued for a little more than 200 years. In their determination not to allow any foreigner to set foot on the sacred soil of their country, the Japanese constructed an artificial island in Nagasaki harbor where the Dutch traders were confined.

When Commodore Perry, with a powerful fleet at his command, induced the Japanese to agree to open the country to foreign trade, and Townsend Harris negotiated the first treaty, the Japanese statesmen knew that the old policy of isolation was definitely ended, and since Japan was compelled to associate with other nations, she set to work at once to make herself strong

enough to dominate them.³

The dream of Hideyoshi had not been forgotten, nor had there been any weakening of the theory of divine overlordship of the emperor even during the period when he was a powerless recluse at Kyoto and the country was ruled by the war lords. Circumstances had shown that it was indiscreet and impractical to demand from the world the obeisance which was, in theory, due to him. Instead Japan had attempted to follow a policy of isolation, but now that this isolation had been broken down, Japan could accept intercourse with the rest of the world only with the thought that this might be used as a means of placing the emperor in the position in which he rightfully belonged. A little reflection shows that Japan could not accept any other theory of world relationship without doing violence to her idea of an emperor who was an omnipotent god. To admit that his divine rule extended only to Japan would be a denial of his omnipotence and the whole theory on which Japan was governed would fall to the ground.

The treaty which Townsend Harris negotiated brought this issue squarely before the Japanese. To accept the treaty as something which had been forced on them by a foreign country would be an admission of the impotence of their emperor. But to sign the treaty as a means of promoting the country's great imperial ambitions was quite a different matter and it was this point of view which was taken by the Japanese statesmen.

Lord Hotta, the prime minister, who submitted the text of the Townsend Harris Treaty to the emperor for his approval, defined the idea with great precision. In a memorial he wrote:

"Among the rulers of the world at present, there is none so noble and illustrious as to command universal vassalage, or who can make his virtuous influence felt throughout the length and breadth of the whole world. To have such a ruler over the whole world is doubtless in conformity with the will of Heaven . . ."

... and in establishing relations with foreign countries, the object should always be kept in view of laying a foundation for securing the hegemony over all nations."

The first step, he pointed out, was to renovate and regulate the domestic affairs of Japan and establish relations with all other foreign countries. When this had been accomplished the next thing to do was to form alliances with other nations; that is to

"...join hands with nations whose principles may be found identical with those of our country.

"An alliance thus formed should also be directed toward protecting harmless but powerless nations. Such a policy could be nothing else but the enforcement of the power and authority deputed (to us) by the Spirit of Heaven. Our national prestige and position thus insured, the nations of the world will come to look up to our Emperor as the Great Ruler of all nations, and they will come to follow our policy and submit themselves to our judgement."

Lord Hotta was not the only Japanese who believed in the divine right of Japan to conquer and

³ *Early Diplomatic Relations*, Treat

rule other countries. Professor W. W. McLaren states that:

"Expansion and aggrandizement of the Empire had formed an integral part of the teachings of the loyalist schools before the Restoration. Yoshida Shoin, the Choshiu patriot, had published a book in which he had predicted, as a consequence of the restoration of the Emperor, the conquest of Formosa, the Kurile Island, Kamchatka, Korea and a large portion of Manchuria and Siberia."⁴

Tyler Dennett, referring to the memorial of Lord Hotta, says:

"This same idea appears at regular intervals in the literature of Japan throughout the remainder of the nineteenth century. There is nothing comparable to it in the utterances of contemporaneous Chinese statesmen."⁵

The first serious disturbance of Japanese plans for the domination of the Pacific came in 1898 with the American annexation of Hawaii. Even at that time Japanese immigrants were going to Hawaii in large numbers and had it not been for the American annexation there can be no doubt but that the young and struggling Republic of Hawaii would sooner or later have fallen under the domination of Japan. Japanese immigrants were settling there so rapidly that they would soon have outnumbered all other inhabitants. More than 60,000 Japanese had come to Hawaii up to the time of annexation -- 20,000 having arrived in the year before. Annexation came at a time when a wave of enthusiasm for further expansion was sweeping over Japan as a result of the successful conclusion of the war with China, and the annexation of Formosa. Japanese believed that it was only a question of time until Hawaii would become a Japanese possession and they looked on annexation by America as a definite interference with their program of expansion -- an interference which they resented very bitterly. To quote from Tyler Dennett.⁶

"The Japanese government through United States Minister Buck at Tokio, and even more energetically through the Japanese Minister, Hoshi Toru, at Washington, entered a vigorous protest -- probably the most vigorous protest that up to that time had ever been issued by Japan to another power. This protest was doubly significant because it enlarged the question which might have been supposed to concern Japan. Not only did Japan protest that the annexation of the islands would endanger the settlement of Japanese claims over the immigration question then pending, and the general rights of Japanese in the islands under the treaties between Japan and Hawaii, but also that the annexation would 'disturb the status quo in the Pacific'."

It is to be noted that Japan was the only country to protest. While the matter was under discussion, Japan encountered new troubles in Korea and that part of the protest referring to the disturbance of the status quo was informally withdrawn. The remainder of the protest still stands.

In the years that have elapsed since Lord Hotta's memorial, a hundred Japanese patriots have

⁴ *Political History of Japan*, W. W. McLaren

⁵ *Americans in Eastern Asia*, Tyler Dennett, The Macmillian Company, New York, 1922

⁶ *Ibid.*

expressed the same idea: expansion, control of Asia and eventually domination of the world. This has been the view held by the fanatical militarists who have denounced as traitors all who disagreed with them and have not hesitated to assassinate those who stood in the way of their program. Every Japanese liberal statesman who planned to promote the welfare of his country by peaceful means and sought to avoid war has been the object of murderous attacks and many have been killed.

With the taking of Formosa, the foothold in Manchuria and Siberia which was provided by the war with Russia, and the annexation of Korea, the dreams of Hideyoshi and the program outlined in Lord Hotta's memorial to the Emperor appeared more and more possible of realization. A bold but unsuccessful attempt was made to push it forward rapidly and without warfare by the presentation of the famous Twenty-One Demands on China.

Although the terms of the Anglo-Japanese Alliance clearly pledged Japan to go to war against Germany on the side of England, the Tokyo government hesitated and did not take action for a week after hostilities started. It was later disclosed that this time had been spent in driving a hard bargain with Great Britain. The latter was compelled to agree to support Japan's claims at the peace conference for the possession of the German colony of Tsingtau and of the German islands in the South Pacific.

Less than a year after the war started Japan thought the time was opportune to gain control over China. Great Britain was sorely pressed by the Central Powers and our own government was making desperate attempts to avoid being drawn into the war. The Manchu government of China had been overthrown only a few years before this and the so-called Republican government was struggling against internal dissension. If the demands presented by the Japanese had been accepted, China would at once have become, in effect, a Japanese colony. Strict secrecy regarding the demands was enjoined on China but they became public. Both Great Britain and the United States brought pressure to bear on Japan and the demands were not pressed.

In 1922 Japan signed the Nine Power Treaty guaranteeing the territorial and administrative integrity of China and apparently had abandoned her ideas of expansion by force of arms. But while the Japanese diplomats had signed this treaty which, if it had been observed, would have done much to ensure the peace of the world, the Japanese war lords continued to speculate on Hideyoshi's dream and to make plans for its accomplishment.

It was not until the chance disclosure and publication of the famous memorial which Baron Tanaka presented to the Emperor that the attention of the world was drawn to these grandiose Japanese dreams. Baron Tanaka, who had become premier as the leader of the aggressive military party, sent his memorial to the Emperor on July 25, 1927. It had been prepared following a conference in Mukden which was attended by all the civil and military officials of Manchuria and Mongolia and for eleven days they discussed Japanese policies in these two countries. Some months later the memorial was published by Chinese publicists with the explanation that a copy had come into their hands. Though its contents caused a great deal of surprise to those who were unfamiliar with the history of the Far East, it did not contain anything that had not been contained in Hideyoshi's letter, in Lord Hotta's memorial to the Emperor, or in the writings or speeches of dozens of other Japanese patriots and statesmen over a

period of three centuries.

Japanese have officially denied the existence of this memorial though its existence is hinted at in a magazine article by Fusanosuka Kuhura, who was Minister of Communications at the time of the conference in Manchuria.

There is no doubt that the conference was held in Manchuria at the time stated and that its purpose was to draw up a program of policy for Japan to follow in China and especially in Manchuria and Mongolia. It would have been a most extraordinary thing for a conference of that sort to be held without embodying the results in a report of some sort, and, as he was the Premier of the country, it was the duty of Baron Tanaka to present this report to the Emperor. The fact that the conference was participated in by such a large number of officials, many of whom had Chinese servants and clerks, made the task of espionage comparatively easy and it is not at all improbable that a copy of the report fell into Chinese hands.

But the credibility of the report need not rest on any of these circumstances, nor be weakened by Japanese official denials. It does not contain a word which does not fit in with the well known ideas and policies of Baron Tanaka and the group of militarists of whom he was the leader. Furthermore there has not been an official action of Japan in China for the past ten years which has not followed the lines laid out in the memorial. If the memorial was never written and never presented to the Emperor, then it is a very curious and unaccountable circumstance that it should form the basis for Japanese policy.

The memorial follows:

THE TANAKA MEMORIAL

Memorial Presented to the Emperor of Japan on July 25, 1927, by Premier Tanaka, Outlining the Positive Policy in Manchuria

SINCE the European War, Japan's political as well as economic interests have been in an unsettled condition. This is due to the fact that we have failed to take advantage of our special privileges in Manchuria and Mongolia and fully to realize our acquired rights. But upon my appointment as premier, I was instructed to guard our interests in this region and watch for opportunities for further expansion. Such injunctions one cannot take lightly. Ever since I advocated a positive policy toward Manchuria and Mongolia as a common citizen, I have longed for its realization. So in order that we may lay plans for the colonization of the Far East and the development of our new continental empire, a special conference was held from June 27th to July 7th lasting in all eleven days. It was attended by all the civil and military officers connected with Manchuria and Mongolia, whose discussions result in the following resolutions. These we respectfully submit to Your Majesty for consideration.

General Considerations

The term Manchuria and Mongolia includes the provinces Fengtien, Kirin, Heilungkiang and Outer and Inner Mongolia. It extends an area of 74,000 square miles, having a population of 28,000,000 people. The territory is more than three times as large as our own empire not counting Korea and Formosa, but it is inhabited by only one-third as many people. The attractiveness of the land does not arise from the scarcity of population alone; its wealth of forestry, minerals and agricultural products is also unrivaled elsewhere in the world. In order to exploit these resources for the perpetuation of our national glory, we created especially the South Manchuria Railway Company.

The total investment involved in our undertakings in railway, shipping, mining, forestry, steel manufacture, agriculture, and in cattle raising, as schemes pretending to be mutually beneficial to China and Japan, amount to no less than Yen 440,000,000.⁷ It is veritably the largest single investment and the strongest organization of our country. Although nominally the enterprise is under the joint ownership of the government and the people, in reality the government has complete power and authority. In so far as the South Manchuria Railway is empowered to undertake diplomatic, police, and ordinary administrative functions so that it may carry out our imperialistic policies, the Company forms a peculiar organization which has exactly the same powers as the Governor-General of Korea. This fact alone is sufficient to indicate the immense interests we have in Manchuria and Mongolia. Consequently the policies toward this country of successive administrations since Meiji are all based on his injunctions, elaborating and continuously completing the development of the new continental empire in order to further the advance of our national glory and prosperity for countless generations to come.

Unfortunately, since the European War there have been constant changes in diplomatic as well as domestic affairs. The authorities of the Three Eastern Provinces⁸ are also awakened and gradually work toward reconstruction and industrial development following our example. Their progress is astonishing. It has affected the spread of our influence in a most serious way, and has put us to so many disadvantages that the dealings with Manchuria and Mongolia of successive governments have resulted in failure. Furthermore, the restrictions of the Nine Power Treaty signed at the Washington Conference have reduced our special rights and privileges in Manchuria and Mongolia to such an extent that there is no freedom left for us. The very existence of our country is endangered.

Unless these obstacles are removed, our national existence will be insecure and our national strength will not develop. Moreover, the resources of wealth are congregated in North Manchuria. If we do not have the right of way here, it is obvious that we shall not be able to tap the riches of this country. Even the resources of South Manchuria which we won by the Russo-Japanese War will also be greatly restricted by the Nine Power Treaty. The result is that while our people cannot migrate into Manchuria as they please, the Chinese are flowing in as a flood. Hordes of them move into the Three Eastern Provinces every year, numbering in the neighborhood of several millions. They have jeopardized our acquired rights in Manchuria and Mongolia to such an extent that our annual surplus population of eight hundred thousand have no place to seek refuge. In view of this we have to admit our failure in trying to effect a

⁷ The Japanese yen at that time was worth approximately fifty cents U.S. currency.

⁸ The territory commonly known as Manchuria is usually referred to in Japan and China as “the three Eastern provinces.”

balance between our population and food supply. If we do not devise plans to check the influx of Chinese immigrants immediately, in five years' time the number of Chinese will exceed 6,000,000. Then we shall be confronted with greater difficulties in Manchuria and Mongolia.

It will be recalled that when the Nine Power Treaty was signed which restricted our movements in Manchuria and Mongolia, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the army and navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it. They were all agreed that the Nine Power Treaty was initiated by the United States. The other Powers which signed it were willing to see our influence increase in Manchuria and Mongolia in order that we may protect the interests of international trade and investments. This attitude I found out personally from the political leaders of England, France and Italy. The sincerity of these expressions could be depended upon.

Unfortunately just as we were ready to carry out our policy and declare void the Nine Power Treaty with the approval of those whom I met on my trip, the Seiyukai cabinet suddenly fell and our policy failed of fruition. It was indeed a great pity. After I had secretly exchanged views with the Powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai. At the wharf there a Chinese attempted to take my life. An American woman was hurt, but I escaped by the divine protection of my emperors of the past. It seems that it was by divine will that I should assist Your Majesty to open a new era in the Far East and to develop the new continental empire.

The Three Eastern Provinces are politically the imperfect spot in the Far East. For the sake of self-protection as well as the protection of others, Japan cannot remove the difficulties in Eastern Asia unless she adopts a policy of "Blood and Iron." But in carrying out this policy we have to face the United States which has been turned against us by China's policy of fighting poison with poison. In the future if we want to control China, we must first crush the United States just as in the past we had to fight in the Russo-Japanese War. But in order to conquer China we must first conquer Manchuria and Mongolia. In order to conquer the world, we must first conquer China. If we succeed in conquering China, the rest of the Asiatic countries and the South Sea countries will fear us and surrender to us. Then the world will realize that Eastern Asia is ours and will not dare to violate our rights. This is the plan left to us by Emperor Meiji,⁹ the success of which is essential to our national existence.

The Nine Power Treaty is entirely an expression of the spirit of commercial rivalry. It was the intention of England and America to crush our influence in China with their power of wealth. The proposed reduction of armaments is nothing but a means to limit our military strength, making it impossible for us to conquer the vast territory of China. On the other hand, China's sources of wealth will be entirely at their disposal. It is merely a scheme by which England and America may defeat our plans. And yet the Minseito¹⁰ made the Nine Power Treaty the im-

⁹ Meiji was the first emperor of Japan actually to rule the country after the downfall of the Shogunate which followed the signing of treaties with foreign powers. During his long reign, 1868 – 1912, most of the reforms of Japan were effected and the country emerged from its isolated position and became a global power.

¹⁰ Minseito was the name of a liberal party which was in power in Japan at the time the Washington Conference was held.

portant thing and emphasized our TRADE rather than our RIGHTS in China.

This is a mistaken policy—a policy of national suicide. England can afford to talk about trade relations only because she has India and Australia to supply her with foodstuffs and other materials. So can America because South America and Canada are there to supply her needs. Their spare energy could be entirely devoted to developing trade in China to enrich themselves. But in Japan her food supply and raw materials decrease in proportion to her population. If we merely hope to develop trade, we shall eventually be defeated by England and America, who possess unsurpassable capitalistic power. In the end, we shall get nothing. A more dangerous factor is the fact that the people of China might some day wake up. Even during these years of internal strife, they can still toil patiently, and try to imitate and displace our goods so as to impair the development of our trade. When we remember that the Chinese are our principal customers, we must beware lest one day when China becomes unified and her industries become prosperous, Americans and Europeans will compete with us; our trade in China will be wrecked. Minseito's proposal to uphold the Nine Power Treaty and to adopt the policy of trade toward Manchuria is nothing less than a suicide policy.

Baron Tanaka's proposal to denounce the Nine Power Treaty was not actually carried into effect. The Japanese military authorities merely ignored the treaty and by carrying on a war without a declaration of war, have been able to present a number of specious and contradictory arguments. Some Japanese officials have insisted that the treaty was not violated, others that it was a dead letter. In the meantime the treaty has not been denounced, although all of its provisions have been violated.

After studying the present conditions and possibilities of our country, our best policy lies in the direction of taking positive steps to secure rights and privileges in Manchuria and Mongolia. These will enable us to develop our trade. This will not only forestall China's own industrial development, but also prevent the penetration of European Powers. This is the best policy possible!

The way to gain actual rights in Manchuria and Mongolia is to use this region as a base and under the pretense of trade and commerce penetrate the rest of China. Armed by the rights already secured we shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago, Asia Minor, Central Asia, and even Europe. But to get control of Manchuria and Mongolia is the first step if the Yamato race wishes to distinguish themselves on Continental Asia.

Final success belongs to the country having food supply; industrial prosperity belongs to the country having raw materials; the full growth of national strength belongs to the country having extensive territory. If we pursue a positive policy to enlarge our rights in Manchuria and China, all these prerequisites of a powerful nation will constitute no problem. Furthermore our surplus population of 700,000 each year will also be taken care of.

If we want to inaugurate a new policy and secure the permanent prosperity of our empire, a positive policy toward Manchuria and Mongolia is the only way.

Manchuria and Mongolia Not Chinese Territory

Historically considered, Manchuria and Mongolia are neither China's territory nor her special possessions. Dr. Yano has made an extensive study of Chinese history and has come to the

positive conclusion that Manchuria and Mongolia never were Chinese territory. This fact was announced to the world on the authority of the Imperial University. The accuracy of Dr. Yano's investigations is such that no scholars in China have contested his statement. However, the most unfortunate thing is that in our declaration of war with Russia our government openly recognized China's sovereignty over these regions and later again at the Washington Conference when we signed the Nine Power Treaty.

Because of these two miscalculations (on our part) China's sovereignty in Manchuria and Mongolia is established in diplomatic relations, but our interests are seriously injured. In the past, although China speaks of the Republic of Five Races, yet Thibet, Sinkiang, Mongolia and Manchuria have always remained special areas and the princes are permitted to discharge their customary functions. Therefore in reality the sovereign power over these regions resides with the princes. When the opportunity presents itself we should make known to the world the actual situation there. We should also wedge our way into Outer and Inner Mongolia in order that we may reform the mainland. So long as the princes there maintain their former administrations, the sovereign rights are clearly in their hands. If we want to enter these territories, we may regard them as the ruling power and negotiate with them for rights and privileges. We shall be afforded excellent opportunities and our national influence will increase rapidly.

Positive Policy in Manchuria

As to the rights in Manchuria, we should take forceful steps on the basis of the Twenty-One Demands and secure the following in order to safeguard the enjoyment of the rights which we have acquired so far:

1. After the thirty-year commercial lease terminates, we should be able to extend the term at our wish. Also the right of leasing land for commercial, industrial and agricultural purposes should be recognized.
2. Japanese subjects shall have the right to travel and reside in the eastern part of Mongolia, and engage in commercial and industrial activities. As to their movements, China shall allow them freedom from Chinese law. Furthermore, they must not be subject to illegal taxation and unlawful examination.
3. We must have the right of exploiting the nineteen iron and coal mines in Fengtien and Kirin, as well as the right of timbering.
4. We should have priority for building railroads and option for loans for such purposes in South Manchuria and Eastern Mongolia.
5. The number of Japanese political, financial and military advisers and training officers must be increased. Furthermore, we must have priority in furnishing new advisers.
6. The right of stationing our police over the Koreans (in China).
7. The administration and development of the Kirin-Changchun Railway must be extended to 99 years.
8. Exclusive right of sale of special products—priority of shipping business to Europe and America.
9. Exclusive rights of mining in Heilungkiang.
10. Right to construct Kirin-Hueining and Changchun-Talai Railways.

11. In case money is needed for the redemption of the Chinese Eastern Railway, the Japanese Government must have the first option for making loans to China.
12. Harbour rights at Antung and Yingko and the right of through transportation. 37
13. The right of partnership in establishing a Central Bank of the Three Eastern Provinces.
14. Right of Pasturage.

Of the fourteen "rights" listed above, all are now being enjoyed by Japanese not only in Manchuria but in all of the Japanese-occupied portion of China.

Positive Policy Towards Inner and Outer Mongolia

Since Manchuria and Mongolia are still in the hands of the former princes, in the future we must recognize them as the ruling power and give them support. For this reason, the daughter of General Fukushima, Governor of Kwantung, risked her life among the barbarous Mongolian people of Tushiyeh to become adviser to their Prince in order that she might serve the Imperial Government. As the wife of the Prince Ruler is the niece of Manchu Prince Su, the relationship between our Government and the Mongolian Prince became very intimate. The princes of Outer and Inner Mongolia have all shown sincere respect for us, especially after we allured them with special benefits and protection. Now there are 19 Japanese retired military officers in the house of the Tushiyeh.

We have acquired already monopoly rights for the purchase of wool, for real estate and for mines. Hereafter we shall send secretly more retired officers to live among them. They should wear Chinese clothes in order to escape the attention of the Mukden Government. Scattered in the territory of the Prince, they may engage themselves in farming, herding or dealing in wool. As to the other principalities, we can employ the same method as in Tushiyeh.

Everywhere we should station our retired military officers to dominate in the Princes' affairs. After a large number of our people have moved into Outer and Inner Mongolia, we shall then buy lands at one-tenth of their worth and begin to cultivate rice where feasible in order to relieve our shortage of food supply. Where the land is not suitable for rice cultivation we should develop it for cattle raising and horse breeding in order to replenish our military needs. The rest of the land could be devoted to the manufacture of canned goods which we may export to Europe and America. The fur and leather will also meet our needs. Once the opportunity comes, Outer and Inner Mongolia will be ours outright.

While the sovereign rights are not clearly defined and while the Chinese and Soviet Governments are engaging their attention elsewhere, it is our opportunity quietly to build our influence. Once we have purchased most of the land there, there will be no room for dispute as to whether Mongolia belongs to the Japanese or the Mongolians. Aided by our military prowess, we shall realize our positive policy. In order to carry out this plan, we should appropriate Yen 1,000,000 from the secret funds of the Army Department's budget so that four hundred retired officers disguised as teachers and Chinese citizens may be sent into Outer and Inner Mongolia to mix with the people, to gain the confidence of the Mongolian princes, to acquire from them rights for pasturage and mining and to lay the foundation of our national interests for the next hundred years.

Encouragement and Protection of Korean Immigration

Since the annexation of Korea, we have had very little trouble. But President Wilson's

declaration of the self-determination of races after the European War has been like a divine revelation to the suppressed peoples. The Koreans are no exception. The spirit of unrest has permeated the whole country. Both because of the freedom they enjoy in Manchuria due to incompetent police system and because of the richness of the country, there are now in the Three Eastern Provinces no less than 1,000,000 Koreans.

The unlooked-for development is fortunate for our country indeed. From a military and economic standpoint, it has greatly strengthened our influence. From another standpoint, it gives new hope for the administration of Koreans. They will both be the vanguard for the colonization of virgin fields and furnish a link of contact with the Chinese people. On the one hand, we could utilize the naturalized Koreans to purchase land for rice cultivation; on the other, we could extend to them financial aid through the Co-operative Society, the South Manchuria Railway, etc., so that they may serve as the spear-head of our economic penetration. This will give relief to our problem of food supply, as well as open a new field of opportunity for colonization.

The Koreans who have become naturalized Chinese are Chinese only in name; they will return to our fold eventually. They are different from those naturalized Japanese in California and South America. They are naturalized as Chinese only for temporary convenience. When their numbers reach 2¹/₂ million or more, they can be instigated to military activities whenever there is the necessity, and under the pretense of suppressing the Koreans we could bear them aid. As not all the Koreans are naturalized Chinese, the world will not be able to tell whether it is the Chinese Koreans or the Japanese Koreans who create the trouble. We can always sell dog's meat with a sheep's head as a signboard.

Of course while we could use the Koreans for such purposes, we must beware of the fact that the Chinese could also use them against us. But Manchuria is as much under our jurisdiction as under Chinese jurisdiction. If the Chinese should use Koreans to hamper us, then our opportunity of war against China is at hand. In that event, the most formidable factor is Soviet Russia. If the Chinese should use the "Reds" to influence the Koreans, the thought of our people will change and great peril will befall us. Therefore, the present Cabinet is taking every precaution against this eventuality.

If we want to make use of the Koreans to develop our new continental empire, our protection and regulations for them must be more carefully worked out. We should increase our police force in North Manchuria under the terms of the Mitsuya Treaty so that we may protect the Koreans and give them help in their rapid advance. Furthermore, the Eastern Development Company (Totoku Kaisha) and the South Manchuria Railway Company should follow then to give them financial aid. They should be given especially favorable terms so that through them we may develop Manchuria and Mongolia and monopolize the commercial rights.

The influx of Koreans into these territories is of such obvious importance both for economic and military considerations that the Imperial Government cannot afford not to give it encouragement. It will mean new opportunities for our empire. Since the effect of the Lansing-Ishii Agreement is lost after the Washington Conference, we can only recover our interests through the favorable development arising out of the presence of several millions of Koreans in Manchuria. There is no ground in international relations for raising any objection to this procedure.

Railroads and Development of Our New Continent

Transportation is the mother of the national defense, the assurance of victory and the citadel of economic development. China has only 7,200 to 7,300 miles of railroads, of which three

thousand miles are in Manchuria and Mongolia, constituting two-fifths of the whole. Considering the size of Manchuria and Mongolia and the abundance of natural products, there should be at least five or six thousand miles more. It is a pity that our railroads are mostly in South Manchuria, which cannot reach the sources of wealth in the northern parts. Moreover, there are too many Chinese inhabitants in South Manchuria to be wholesome for our military and economic plans. If we wish to develop the natural resources and strengthen our national defense, we must build railroads in Northern Manchuria. With the opening of these railroads, we shall be able to send more people (Japanese) into Northern Manchuria.

From this vantage ground we can manipulate political and economic developments in South Manchuria, as well as strengthen our national defense in the interest of peace and order of the Far East. Furthermore, the South Manchuria was built mainly for economic purposes. It lacks encircling lines necessary for military mobilization and transportation. From now on we must take military purposes as our object and build circuit lines to circle the heart of Manchuria and Mongolia in order that we may hamper China's military, political and economic developments there on the one hand, and prevent the penetration of Russian influence on the other. This is the key to our continental policy.

There are two trunk lines in Manchuria and Mongolia. These are the Chinese Eastern Railway and the South Manchuria Railway. As regards the railroad built by the Chinese, it will doubtless become very powerful in time, backed by the financial resources of the Kirin Provincial Government. With the combined resources of Fengtien and Heilung-kiang Provinces, the Chinese railroads will develop to an extent far superior to our South Manchuria Railway. Strong competition will inevitably result. Fortunately for us, the financial conditions in Fengtien Province are in great disorder, which the authorities cannot improve unless we come to their succor. This is our chance. We should take positive steps until we have reached our goal in railroad development.

Moreover, if we manipulate the situation, the Fengtien bank-notes will depreciate to an inconceivable degree. In that event, the bankruptcy of Fengtien will be a matter of time. The development of Manchuria and Mongolia will be out of the question for them. But we still have to reckon with the Chinese Eastern Railway. It forms a T with the South Manchuria Railway. Although this system is a convenient shape, it is by no means suitable for military purposes. When the Chinese build railroads as feeders of the Chinese Eastern Railway, it is best that they run parallel to it, west and east. But with the South Manchuria Railway as main line, we must have these lines run north and south. For the benefit of the Chinese themselves, there are also advantages for these lines to run in this direction. Consequently our interest does not necessarily conflict with the Chinese. Now that Russia is losing influence and is powerless to advance in Manchuria and Mongolia, it is certain that the Chinese must act according to our reckoning in the development of railways in the future. Much to our surprise the Fengtien Government recently built two railroads, one from Tahushan to Tungliao and the other from Kirin to Haining, both for military purposes. These two railroads affect most seriously our military plans in Manchuria and Mongolia as well as the interest of the South Manchuria Railway. We therefore protested strongly against it.

That these railways were built was due to the fact that our official on the spot as well as the South Manchuria Railway authorities miscalculated the ability of the Fengtien Government and paid no attention to it. Later when we did intervene the railways were already completed. Besides, the Americans have been anxious to make an investment in developing the port of Hu-

lu-tao through British capitalists. Taking advantage of this situation, the Fengtien Government introduced American and British capital in these railways in order to hold our interest at bay. For the time being we have to wink at it and wait for the opportune moment to deal with China about these two railroads.

Recently, it is rumored, that the Fengtien Government is planning to build a railroad from Tahushan to Harbin via Tung Liao and Fu Yu, so that there may be a direct line between Peking and Harbin without touching either the South Manchuria Railway or the Chinese Eastern Railway. What is more astonishing is that another railway beginning at Mukden passing through Hailung, Kirin, Wuchang and terminating at Harbin is also under way. If this plan becomes true, then these two lines would encircle the South Manchuria Railway and limit its sphere of activities to a small area. The result is that our economic and political development of Manchuria and Mongolia will be checked and the plan for curtailing our power by the Nine Power Treaty will be carried out. Moreover, the completion of these two railroads will render the South Manchuria Railway completely useless. The latter company will be confronted with a real crisis. But in view of China's financial conditions today, she cannot undertake these two railroads unless she resorts to foreign loans.

And on these two railways the transportation charges will have to be higher than on the South Manchuria Railway. These considerations give us some comfort. But in the event of these two railroads becoming an accomplished fact and the Chinese Government making especially low freight charges in order to compete with the South Manchuria Railway, not only we but the Chinese Eastern Railway will also sustain great losses. Japan and Russia certainly would not allow China to carry out such obstructive measures, especially as the Chinese Eastern Railway depends upon Tsitsihar and Harbin for the bulk of its business. The consequence would be even more serious to both Japanese and Russian interests when the new railways are completed.

Let us consider more in detail the competitive railways projected in Manchuria and Mongolia. China contemplates:

1. Suolun-Taonan Railway.
2. Kirin-Harbin Railway.

Soviet Russia proposes:

1. Anta-Potung Railway.
2. Mienpo-Wuchang-Potuna Railway.
3. Kirin-Hailin Railway.
4. Mishan-Muling Railway.

The Russian plans are designed to strengthen the Chinese Eastern Railway and thereby to extend its imperialistic schemes. For this reason the railways projected mostly run east and west. For although the power of Soviet Russia is declining, her ambition in Manchuria and Mongolia has not diminished for a minute. Every step she takes is intended to obstruct our progress and to injure the South Manchuria Railway. We must do our utmost to guard against her influence. We should use the Fengtien Government as a wedge to check her southern advance. By pretending to check the southern advance of Soviet Russia as a first step, we could gradually force our way into North Manchuria and exploit the natural resources there. We shall then be able to prevent

the spread of Chinese influence on the south and arrest the advance of Soviet Russia on the north. In our struggle against the political and economic influence of Soviet Russia, we should drive China before us and direct the event from behind. Meanwhile, we should still secretly befriend Russia in order to hamper the growth of Chinese influence. It was largely with this purpose in view that Baron Goto of Kato's cabinet invited Joffe¹¹ to our country and advocated the resumption of diplomatic relations with Russia.

Although we have an agreement with the Chinese Eastern Railway concerning transportation rates, according to which 45% go to the Chinese Eastern Railway and 55% to us, yet the Chinese Eastern Railway still grants preferential rates detrimental to the interest of the South Manchuria Railway. Moreover, according to a secret declaration of Soviet Russia, although they have no territorial ambition they cannot help keeping a hand in the Chinese Eastern Railway on account of the fact that north of the Chinese and Russian boundary the severe cold makes a railway valueless. Furthermore, as Vladivostok is their only seaport in the Far East, they cannot give up the Chinese Eastern Railway without losing also their foothold on the Pacific. This makes us feel the more uneasy.

On the other hand the South Manchuria Railway is not adequate for our purpose. Considering our present needs and future activities, we must control railways in both north and south Manchuria, especially in view of the fact that the resources of North Manchuria and Eastern Mongolia will furnish no room for expansion and material gains. In South Manchuria the Chinese are increasing at such a rate that it surely will damage our interests politically and economically. Under such circumstances, we are compelled to take aggressive steps in North Manchuria in order to assure our future prosperity. But if the Chinese Eastern Railway of Soviet Russia should spread across this field our new continental policy is bound to receive a set-back which will result in an inevitable conflict with Soviet Russia in the near future. In that event we shall enact once more our part in the Russo-Japanese War. The Chinese Eastern Railway will become ours as the South Manchuria Railway did last time, and we shall seize Kirin as we once did Dairen. That we should draw swords with Russia again in the fields of Mongolia in order to gain the wealth of North Manchuria seems a necessary step in our program of national aggrandizement. Until this hidden rock is blown up our ship cannot have smooth sailing. We should now demand from China the right of building all the important military railroads. When these railroads are completed, we shall pour our forces into North Manchuria as far as we can. When Soviet Russia intervenes, as they must, that is our opportunity for open conflict.

We should insist on the building of the following railways:

1. Tungliao-Jehol Railway. This line is 447 miles long and will cost Yen 50,000,000. When it is completed it will be of great value to our development of Inner Mongolia. As a matter of fact, this is the most important of all the railways in the whole undertaking. According to the careful surveys of the War Department, there are in Inner Mongolia large tracts of land suitable for rice cultivation. After proper development there will be room for at least 20 millions of our people. There is besides the possibility of turning out 2,000,000 head of cattle which may be transported by railways for food supply and for purposes of exporting to Europe and America. Wool also is a special product. While the sheep in Japan yield only two catties¹² of wool per head per year,

¹¹ Joffe was Russian ambassador to China.

¹² A catty is a weight of 1 1/3 lbs.

the sheep in Mongolia can yield six cattier. The South Manchuria Railway has made many experiments, all of which confirm this fact. Besides, the wool is many times better than that of Australia. Its low cost and high quality combined with its abundance in quantity make Mongolia a potential source of great wealth. When this industry is enhanced by the facilities of railway development, the total production will increase at least ten-fold.

We have withheld this knowledge from the rest of the world, lest England and America compete with us for it. Therefore, we must first of all control the transportation and then develop the wool industry. By the time the other countries know about it, it would be already too late to do anything. With this railroad in our hands, we can develop the wool industry not only for our own use, but also for exporting to Europe and America. Furthermore, we can realize our desire of joining hands with Mongolia. This railway is a matter of life and death to our policy in Mongolia. Without it, Japan can have no part in Mongolia's development.

2. Suolun-Taonan Railway. This line is 136 miles long and will cost Yen 10,000,000. Looking into the future of Japan, a war with Russia over the plains of North Manchuria is inevitable. From a military standpoint, this line will not only enable us to threaten Russia's rear, but also to curtail its reinforcements for North Manchuria. From an economic standpoint, this road will place the wealth of the Tao-er-ho Valley within our reach, thereby strengthening the South Manchuria Railway. The princes nearby who are friendly to us can also use this road to extend our influence in order to open up their respective territories. Our hope of working hand in hand with the Mongolian princes, of acquiring land, mines and pasturage, and of developing trade with the natives as preliminary steps for later penetration, all depend upon this railway. Together with the Tungliao-Jehol Railway, they will form two supplementary routes into Mongolia.

When the industries are fully developed, we shall extend our interests into Outer Mongolia. But the danger of this line is that it might provide facilities for Chinese migration into a new region and spoil our policy. Look at our experience with the South Manchuria Railway. Hasn't that served the interest of China? The redeeming feature, however, is the fact that the land and mines along this railway are in the possession of Mongolian princes. If we can gain possession of them first, we need have no worries about Chinese migration. Moreover, we can make the princes pass laws discriminating against Chinese immigrants. When life there is made miserable for the Chinese, they naturally will leave for places afar. There are other methods to bar the Chinese. Only if we try hard enough, no Chinese foot-prints will be found on Mongolian territory.

3. A section of the Changchun-Taonan Railway. As this line runs from Changchun to Fuyu and Talai, the section between Changchun and Taonan is about 131 miles and costs approximately Yen 11,000,000. This line is immensely important from an economic standpoint, for the wealth of Manchuria and Mongolia lies all in North Manchuria. It will enable us to have an easy access to North Manchuria on the one hand, and prejudice the Chinese Eastern Railway to the benefit of the South Manchuria Railway on the other. It runs through the upper valley of the Sungari River where the soil is fertile and agricultural products abound. Further, in the vicinity of Talai there is the YuehLiang Falls which could be harnessed for electric power. That this section of the railway will be a prosperous center for industry and agriculture is beyond doubt. After the completion of this line, we shall be able to make Talai a base and advance on Siberia through three directions; namely, by way of Taonan, Anshan and Tsitsihar. The wealth of North Manchuria will then come to our hands. This will also be the first line of advance to Heilungkiang. It will further form a circuit with the railway between Changchun and Taonan,

which will serve well for military purposes when we penetrate into Mongolia.

Along this whole line the population is sparse and the land is rich and extensive. No fertilizer will be required on the farms for fifty years. A possession of this railway will ensure the possession of all the wealth of North Manchuria and Mongolia. In this region there is room for at least 30 million people more. When the Tunhua Railway is completed and joins up with the line running to Hueining in Korea, the products will be brought to the door of Osaka and Tokyo by a direct route. In time of war our troops could be dispatched to North Manchuria and Mongolia via the Japan Sea without a stop, forestalling all possibilities of Chinese forces entering North Manchuria. Nor could American or Russian submarines enter the Korean Strait. The moment the railways between Kirin and Hueining and between Changchun and Talai are completed, we shall become self-sufficient in food-stuffs and raw materials. We shall have no worries in the event of war with any country. Then, in our negotiation with Manchuria and Mongolia, China will be cowed to submission and yield to our wishes. If we want to end the political existence of Manchuria and Mongolia according to the third step of Meiji's plan, the completion of these two railways is the only way. The Changchun-Talai Railway will greatly enhance the value of the South Manchuria Railway, besides developing into a profitable line itself. It is an undertaking of supreme importance in our penetration into this territory.

4. The Kirin-Hueining Line. While the Kirin-Tunhua Line is already completed, the Tunhua-Hueining Line is yet to be built. The narrow gauge of 2 ft. 6 inches of the track from Hueining to Laotoukow is inadequate for the economic development of the New Continent. Allowing Yen 8,000,000 for widening the tracks in this section and Yen 10,000,000 for completing the section between Laotoukow and Tunhua, the whole undertaking will cost approximately Yen 20,000,000. When this is done, our continental policy will have succeeded. Hitherto, people going to Europe have to pass through either Dairen or Vladivostok. Now they can go on the trunk line directly from Chingchinkwang via the Siberian Railway. When we are in control of this great system of transportation, we need make no secret of our designs on Manchuria or Mongolia according to the third step of Meiji's plans. The Yamato Race is then embarked on the journey of world conquest! According to the last will of Meiji, our first step was to conquer Formosa and the second step to annex Korea. Having completed both of these, the third step is yet to be taken and that is the conquest of Manchuria, Mongolia and China. When this is done, the rest of Asia including the South Sea Islands will be at our feet. That these injunctions have not been carried out even now, is a crime of your humble servants.

In history the people living in Kirin, Fengtien and part of Heilungkiang, are called Sushan. They are now scattered along the sea coast and in the basins of the Amur and Tumen rivers. They were known as Kulai, Sushan, Hueibei, Palou, Wotsu, Fuyu, Kitan, Pohai and Nuchen at different stages of history. They were of a mixed race. The forefathers of the Manchurian dynasty also began in this vicinity. They gained control of Kirin, first, and then firmly established themselves in China for 300 years. If we want to put into effect our Continental Policy, we have to note this historical fact and proceed to establish ourselves in this region first also. Hence the necessity of the Kirin-Hueining Railway.

Whether the terminus of the Kirin-Hueining Line is at Chingchu or Lochin or even Hsiungchi, we are free to decide according to circumstances. From the standpoint of national defense at present Lochin seems the ideal harbor and terminus. Eventually it will be the best harbor in the world. On the one hand it will ruin Vladivostok, and on the other it will be the center of the wealth of Manchuria and Mongolia. Moreover, Dairen is as yet not our own territory. While

Manchuria is yet not a part of our empire, it is difficult to develop Dairen. That being the case, we shall be in a precarious situation in time of war. The enemy could blockade the Tsushima and Senchima straits, and we would be cut off from the supplies of Manchuria and Mongolia. Not having the resources there at our command we would be vanquished, especially as England and the United States have worked hand in hand to limit our action in every possible direction.

For the sake of self-preservation and of giving warning to China and the rest of the world, we must fight America some time. The American Asiatic Squadron stationed in the Philippines is but within a stone's throw from Tsushima and Senchima. If they send submarines to these quarters, our supply of food-stuffs and raw materials from Manchuria and Mongolia will be cut off entirely. But if the Kirin-Hueining Railway is completed, we shall have a large circuit line through all Manchuria and Korea, and a small circuit line through North Manchuria. We shall have access in all directions gaining freedom for the transportation of soldiers and supplies alike. When our supplies are transported through this line to our ports at Tsuruga and Niigata, enemy submarines will have no way of getting into the Japanese and Korean straits. We are then entirely free from interference. This is what is meant by making the Japanese Sea the center of our national defense.

Having secured the free transportation of food and raw materials, we shall have nothing to fear either from the American navy because of its size, or the Chinese or Russian army because of their number. Incidentally, we shall be in a position to suppress the Koreans. Let me reiterate the fact that if we want to carry out the New Continental Policy, we must build this line. Manchuria and Mongolia are the undeveloped countries in the East. Over this territory we shall have to go to war with Soviet Russia sooner or later. The battle ground will be in Kirin.

When we carry out the third step of Meiji's plans with regard to China, we shall have to do the following things:

1. Mobilize the army divisions in Fukuoka and Hiroshima, and send them to South Manchuria via Korea. This will prevent the northern advance of Chinese soldiers.

2. Send the army divisions in Nagoya and Kwansei by sea to Chingchin, and thence to North Manchuria via the Kirin-Hueining Line.

3. Send the army in Kwantung through Niigata to Chingchin or Lochin, and thence by Kirin-Hueining Line to North Manchuria.

4. Send the army divisions in Hokkaido and Sendai to embark the ship at Aomori and Hakodato, and sail for Vladivostok; thence via the Siberian Railway to Harbin. Then they can descend on Fengtien, seize Mongolia and prevent Russian forces from coming south.

5. Finally these divisions in all directions will meet and form themselves into two large armies. On the south, they will keep Shanhaikwan and close it against the northern advance of Chinese forces; on the north, they will defend Tsitsihar against the southern advance of the Russians. In this way we shall have all the resources of Manchuria and Mongolia at our command. Even if the war should be prolonged for ten years, we need have no fear for the lack of supplies.

Let us now analyze once more the Kirin-Hueining Railway from the standpoint of its access from our ports.

First with Chingchin as the starting point:

1. To Vladivostok-130 miles.
2. To Tsuruga-475 miles.
3. To Moji-500 miles.
4. To Nagasaki-650 miles.
5. To Fushun-500 miles.

Second, take Tsuruga as the port of entry and compare it with Dairen. In this case we should consider it from the point of view of Osaka as industrial center.

1. From Changchun to Osaka via Lochin, the distance is 406 miles by land and 475 miles by sea. In point of time the route will take 51 hours.

2. From Changchun to Osaka via Dairen and Kobe, the distance is 535 miles by land and 870 miles by sea. In point of time it takes 92 hours.

If Tsuruga instead of Dairen is made the connecting link, there is a saving of 41 hours. Calculated at the rate of 30 miles an hour on land and 12 miles an hour by sea, we can use fast boats and trains and cut the time in half.

Manchuria and Mongolia are the Belgium of the Far East. In the Great War, Belgium was the battle field. In our wars with Russia and the United States, we must also make Manchuria and Mongolia suffer the ravages. As it is evident that we have to violate the neutrality of these territories, we cannot help building the KirinHueining and Changchun-Talai Railways in order that we may be militarily prepared. In time of war we can easily increase our forces and in time of peace we can migrate thousands upon thousands of people into this region and work on the rice fields. This line offers the key to economic development as well as to military conquests.

In undertaking the Kirin-Hueining Railway, it is necessary to take advantage of the dry season and finish it at one stretch. The mountains we must go through are all granite. The tunneling would need modern and up-to-date machines. As to the sleepers and ballast required, there is an abundance all along the line. Limestone and clay for making tiles and brick are also to be had for the taking. Only rails, cars and locomotives have to be brought in. The cost of construction could therefore be reduced at least thirty per cent and the time required forty per cent.

Now let us look into the economic interests along this line. According to the careful investigation of our General Staff and the South Manchuria Railway, the total reserve of timber is 200,000,000 tons. If one million tons is felled and imported to our country each year, it will last two hundred years. This will stop the imports of American timber which has been costing us Yen 80,000,000 to Yen 100,000,000 a year. Although our information is reliable we cannot make it known to the world; for if China or Russia learns that we get so much timber from America, they would try to interfere with the construction of this line. Or else, the United States may buy from the Fengtien Government all the timber rights on the one hand to protect their own trade with us; on the other, to control the monopoly and incidentally kill our paper industry.

Kirin was known as the "ocean of trees" even in the days of Emperor Chien-Lung. Added to the original forests are the growths in the intervening years since that time. Imagine the vastness of the resources! To transport this timber from Kirin to Osaka via Changchun and Dairen, there is a distance of 1,385 miles. For every cubic foot, we have to spend 34 cents. Because of this high cost of transportation, we cannot compete with the United States. If the KirinHueining Line

is completed, the distance is reduced to about 700 miles. We can then ship timber to Osaka at the low rate of 13 cents per cubic foot. We can certainly defeat the timber from the United States then. Supposing we calculate the profit at Yen 5.00 per ton of timber and supposing there are two billion tons of timber, the construction of the railway will bring to us the easy profit of 10 million yen. Besides, we will bar the import of American timber into our country. Furthermore, the industry of furniture making, paper manufacture and other usages which the cheap timber makes possible will add 20 million yen more to our country's annual income.

There is also the Hsin Chin coal mine, which has a reserve of 600,000,000 tons of coal. The quality of this coal is superior to that of Fushun coal, easy to excavate and suitable for the extraction of petroleum, agricultural fertilizers and other chemical by-products which we may both use at home and sell in China. There are numerous other advantages which will come to us from the building of the Kirin-Hueining Railway. It is all gain without labor. The coal will supplement the Fushun colliers. With both coal mines in our control, we hold the key to the industries of all China. Speaking of the Hsin China coal, we shall reap a profit of Yen 5.00 on each ton when it is shipped to Japan. With additional chemical by-products, we shall reap a profit of Yen 16.00 from each ton of coal. Taking an average profit of Yen 15.00 a ton, the total profit will amount to 200 billion yen. All this comes as a by-product from the operation of the KirinHueining Railway. There are, besides, the gold mines along the Mutan River. The acquired rights of the South Manchuria Railway in the gold mines of Chia-Pi-kou in the province of Kirin and the timber in the neighborhood will all be within reach of exploitation once the Kirin-Hueining line is in operation.

In the vicinity of Tunhua, the agricultural products, such as oats, wheat, millet and Koaliang, yield an annual output of over a million catties. There are twenty distilleries of wines, thirty oil mills yielding an annual output of about 600,000 catties of oil and 600,000 of bean cakes, besides many other places for making vermicelli. All these will depend upon the new railway. The trade along this road may be estimated at 4 million yen a year. The transportation charges of farm products alone will not only defray the running expenses, but also yield a net profit of Yen 200,000 per year. Including the net profit from timber, coal and its by-products transported by the railways, we can safely count on a profit of Yen 8,000,000 a year. Besides, there are indirect benefits such as strengthening of the South Manchuria Railway, the acquisition of rights over forests, mines and trade as well as the migration of large numbers of our people into North Manchuria. Above all, is the shortening of distance between Japan and the resources of wealth in North Manchuria. It takes only three hours from Chingchin to Hueining, three hours from Hueining to Sanfeng and three hours more from Tumen River to Lung-ChingTsun. In 60 hours we can reach the wealth of North Manchuria. Hence the Kirin-Hueining Railroad alone can enable us to tap the immense wealth of North Manchuria.

4. Hunchun-Hailin Railway. This is 173 miles long and cost Yen 24,000,000. All along this line are thick forests. In order to strengthen the Kirin-Hueining Railway and to exploit the forests and mines in North Manchuria, this line is needed. In order to transfer the prosperity of Vladivostok to Hueining, this line is also urgently needed. The greatest hope for prosperity, however, is the fact that south of Naining and north of Tunhua there is Lake Chingpo which can be used to generate electric power. With this electric power, we shall have control over the agricultural and industrial undertakings of the whole of Manchuria and Mongolia. No amount of Chinese agitation can matter in the least to our industrial developments. According to the investigations of the South Manchuria Railway, the water power in the lake can generate at

least 800,000 horse-power. With such an enormous quantity of electric power, the industrial conquest of Manchuria and Mongolia can be easily accomplished. In the neighborhood of this immense power plant, there will be phenomenal growth of wealth. We must build this railway quickly, in order to provide facilities for transportation. Lake Using Kai, which is owned jointly by China and Russia, can also be developed for the generation of electricity. In order that these two countries may not combine to frustrate our plans, we should introduce a resolution in the International Conference of Electrical Engineering to be held in Tokyo this year, to the effect that in the same area of electricity supply there should not be two power plants. Besides, in the vicinity of Niigata and Harbin, the Oju Paper Mill has acquired extensive rights of lumbering. They need the immediate establishment of the power plant at Lake Chingpo and the early completion of the Hunchun-Hailin Railway in order to bring to the factory at home the raw materials growing wild in Mongolia.

Moreover, the reason that the Feng-KirinWuchang Railway and the Kirin-lien authorities intend to build the Wuchang Railway and the Kirin-Mukden Railway, with Hulutao or Tientsin as seaport, is that they want to recover to themselves the wealth of North Manchuria. By building the Hunchun-Hailin Railway we shall not only strengthen the Kirin-Hueining Railway, but also defeat the Chinese scheme and draw the wealth of Manchuria to Chingchin Harbour. The transportation charges will be two-thirds less compared with the Chinese line and one-third less compared with the Siberian line. They cannot compete with us. Our victory is a foregone conclusion.

The total trade in Manchuria is seven or eight billion yen a year, all of which is in our hands. The business we do in wool, cotton, soy beans, bean cakes and iron, forms one-twentieth of the total volume of world trade. And it is steadily increasing. But the Namihaya Machi at Dairen (the wealthiest street in the city) is still in Chinese possession. The sad story goes further. Oil is a basic industry in Manchuria. We control only six per cent of it. Of the 38 oil mills in Yingkow there is not one Japanese; of the 20 oil mills in Antung there is only one Japanese and of the 82 or 83 oil mills in Dairen there are only seven owned by Japanese. This is by no means an optimistic outlook for us.

In order to recover the lost ground, we must first of all develop transportation. Then, by securing a monopoly on both finished products and raw materials, we shall be able to gain the upper hand eventually. Furthermore, we ought to assist our people in oil business by extending to them financial credit, so that the oil industry of the Chinese will be forced out of the market. There are many Chinese on Kawaguchi Machi in Osaka who are dealers of our manufactured goods in Mongolia and Manchuria. They are strong competitors of our own business men in China. Our people are greatly handicapped because of their high standard of living which compels them to figure at a higher percentage of profit.

On the other hand, the Chinese also have their disadvantages. The goods that they get are of an inferior quality, but the price that they pay is at least 10 per cent higher than what our own people pay. Besides, they are also obliged to pay Yen 2.70 more than our people for every ton of goods transported, and yet they can undersell our merchants in Manchuria. It clearly shows the inability of our own people. When one thinks of it, it is really pathetic. The Chinese is single-handed, receiving no assistance from the government. But the Japanese in Manchuria has every protection from the government and long term credit at a low rate of interest. Still there are innumerable cases of failures. Hereafter, we should organize a co-operative exporting house to China. The steamship lines and the South Manchuria Railway should give it special dis-

counts, and the government in Kwantung should extend to it financial credit at a very low rate of interest. Then we can hope to beat the Chinese merchants and recover our trade rights, so that we may develop the special products of Manchuria and send them to all parts of the world.

The first step in gaining financial and commercial control of Manchuria and Mongolia lies in the monopoly sale of their products. We must have the rights of monopoly for the sale of Manchurian and Mongolian products before we can carry out our Continental Policy and prevent the invasion of American capital as well as the influence of the Chinese traders.

Although the products of Manchuria and Mongolia may go through any of the three ports, Dairen, Yingko and Antung, nevertheless Dairen holds the key to the situation. Every year 7,200 ships pass through this port with a total tonnage of 11,565,000 tons. This represents 70 per cent of the total trade of Manchuria and Mongolia. Fifteen navigation routes radiate out from it with definite sailing schedule. Most of it is coastal sailing. We have in our grasp the entire transportation system of Manchuria and Mongolia. The monopoly sale of Manchuria's special products will eventually come into our hands. When that comes true, we can develop our oceanic transportation in order to defeat both Yingko and Antung. Then the large quantities of beans which the central and southern parts of China consume, will depend upon us entirely.

Moreover, the Chinese are an oil-eating people. In time of war, we can cut off their oil supply and the life of the whole country will become miserable. Bean cakes are important as fertilizers for the cultivation of rice. If we have control of the source of supply as well as the means of transportation, we shall be able to increase our production of rice by means of a cheap supply of bean cakes and the fertilizers manufactured as a by-product at the Fushun coal mines. In this way, we shall have the agricultural work of all China dependent upon us.

In case of war, we can put an embargo on bean cakes as well as the mineral fertilizers and forbid their exportation to Central and South China. Then China's production of foodstuffs will be greatly reduced. This is one way of building up our continental empire which we must not overlook. We should remember that Europe and America also need large quantities of beans and bean cakes. When we have a monopoly of the supplies and full control of transportation, both on land and sea, the countries which have need of the special products of Manchuria and Mongolia will have to seek our good-will.

In order to gain trade monopoly in Manchuria and Mongolia, we must have control of the complete transportation system. Only then can we have the Chinese merchants under our thumb.

However, the Chinese are adepts in learning our tricks and beating us at our own game. We have yet found no way by which we can compete successfully with them in oil-making and sail-boat transportation. After building up the new system of transportation, our policy should be two-fold. On the one hand, wreck the sailboat trade by means of heavy investment in our own system. On the other hand, encourage our men to learn all they can from the Chinese sailboat business. Another thing we should be careful about is teaching the Chinese our industrial methods.

In the past we have established factories in Manchuria and Mongolia, and carried on industries near the source of raw materials. This gave to the Chinese the opportunity of learning our secrets and establishing competitive factories of their own. Hereafter, we should ship the raw materials back home and do the manufacturing there, and then ship the finished products for sale in China and other countries. In this way we shall gain in three ways: (1) provide work for

our unemployed at home; (2) prevent the influx of Chinese into Manchuria and Mongolia, and (3) make it impossible for the Chinese to imitate our new industrial methods. Then iron of Penhsihu and Anshan and the coal of Fushun should also be sent home to be turned into finished products.

For all these considerations, the development of ocean transportation becomes the more necessary. The Dairen Kisen Kaisha Company should be enlarged, and our government should extend to it loans at low interest through the South Manchuria Railway Company. By next year we should complete 500,000 tons of new ships for oceanic transportation. That will be sufficient to dominate over the traffic of the East. For on the one hand we have the South Manchuria Railway for land transportation; on the other hand, we control the large quantities of products in Manchuria and Mongolia waiting to be transported. The success of this enlarged activity in oceanic transportation with Dairen as center is assured by the iron laws of economics.

Gold Standard Currency Necessary

Although Manchuria and Mongolia are within our field of activities, yet the legal tender there is still silver. It often conflicts with our gold basis and works to our disadvantage. That our people have failed to prosper as they should in these places is due to the existence of the silver monetary system there. The Chinese have persistently upheld the silver basis, and therefore have made it impossible for us firmly to establish our colonization plans on a firm economic foundation. We have suffered from it the following disadvantages:

1. The money that we bring into Manchuria is of gold standard. When we use it either for daily livelihood or for industry and trade, it has to be exchanged into Chinese silver dollars. The fluctuation of exchange is not infrequently as much as 20 per cent, resulting in serious loss to our people. Speculation becomes a regular business and investing money becomes a matter of gambling. When one plans an investment of two hundred thousand yen, one may suddenly find that his capital has been reduced to one hundred fifty or one hundred sixty thousand dollars due to the drop in exchange. The creditor would then have to call in the loans and business failures have often resulted.
2. The Chinese business men use silver money throughout and are free from the effects of the exchange fluctuations. Therefore their "junk" trade is prosperous. Although they have no scientific knowledge of the exchange value of gold and silver, they always gain in the transaction. They have a natural gift for it; we suffer the more. And we lose in spite of our control of the transaction and special backing of banking houses. Because of the handicap of the monetary system, people in Central and South China always buy beans and bean cakes from their own people. We have no chance against them. In consequence, we cannot conquer the whole of China.
3. With the silver standard in existence, the Chinese Government can increase their notes to counteract our gold notes. Consequently our banks will fail to carry out the mission of extending our country's influence.
4. If the gold standard is adopted, we can issue gold notes freely. With the credit of the gold notes, we can acquire rights in real property and natural resources and defeat the credit of the Chinese silver notes. The Chinese will be unable to compete with us; and the currency of the whole of Manchuria and Mongolia will be in our control.

5. The Government Bank of the Three Eastern Provinces, the Bank of Communications, the Frontier Development Bank and the General Credit and Finance Corporation have in circulation silver notes amounting to \$38,000,000. Their reserve funds in the form of buildings and goods are estimated at \$1,350,000. It is natural that the Chinese notes should depreciate. It is only by acts of the Government that these notes are still in circulation. Until we have entirely discredited the Chinese silver notes, we will never place our gold notes in their proper place in Manchuria and Mongolia, much less obtain the monopoly in currency and finance of these two countries. With the depreciated and inconvertible silver notes, the government of the Three Eastern Provinces buys all kinds of products, thus threatening our vested interests. When they sell these products, they demand gold from us which they keep for the purpose of wrecking our financial interests including our trade rights in special products. For these reasons, our gold notes are having a harder time and a gold standard for currency becomes the more urgently necessary.

In view of the above-mentioned considerations, we must overthrow Manchuria's inconvertible silver notes and divest the government of its purchasing power. Then we can extend the use of our gold notes in the hope of dominating the economic and financial activities of Manchuria and Mongolia. Furthermore, we can compel the authorities of the Three Eastern Provinces to employ Japanese financial advisers to help us gain supremacy in financial matters. When the Chinese notes are overthrown, our gold notes will take their place.

Encourage Investment from a Third Power

It has been our traditional policy to exclude from Manchuria and Mongolia investments of a third power. But since the Nine Power Treaty is based on the principle of equal opportunity for all, the underlying principle of the International Consortium which regards Manchuria and Mongolia as outside its sphere becomes anachronistic. We are constantly under the watchful eyes of the Powers, and every step that we take arouses suspicion. This being the case, we had better invite foreign investments in such enterprises as the development of electric power or the manufacture of alkali.

By using American and European capital, we can further our plans for the development of Manchuria and Mongolia. By so doing, we shall allay international suspicion and clear the way for larger plans on the one hand and induce the Powers to recognize the fact of our special position in that country on the other. We should welcome any power wishing to make investment, but we must not allow China to deal with the leading countries at her will. As we are anxious that the Powers recognize the fact of our special position in Manchuria and Mongolia in political as well as economic affairs, we are obliged to intervene and share all responsibilities with her. To make this a customary practice in our diplomatic dealings, is another important policy for us.

The Necessity of Changing the Organization of the South Manchuria Railway

The South Manchuria Railway Company functions in Manchuria as the Governor-General of Korea did there before the annexation. In order to build up our new Continental Empire, we must change the organization of that Company so as to break away from the present difficulties. The functions of this Company are varied and important. Every change of cabinet involves a change of the administration of the South Manchuria Railway, and conversely every activity of the South Manchuria Railway also has important consequences on the cabinet. This is because

the South Manchuria Railway is semi-governmental, with final authority resting in the cabinet. For this reason, the Powers invariably look upon this railway as a purely political organ rather than a business enterprise. Whenever a new move is made for the development of Manchuria and Mongolia, the Powers would invoke the Nine Power Treaty to thwart the plans of the South Manchuria Railway. This has greatly damaged the interests of our empire.

Considered from the point of view of domestic administration, the South Manchuria Railway is subject to a quadruple control. There are the Governor of Kwantung, the Chief Executive of Dairen, the Consul-General at Mukden, besides the President of the South Manchuria Railway itself. These four officers must meet and exchange views at Dairen before anything is undertaken. What is discussed in the meeting held in camera often leaks out to the Chinese authorities of the Three Eastern Provinces. They in turn would try to obstruct any forward movements of the South Manchuria Railway authorization; it again has to run the gantlet at the Departments of Foreign Affairs, of Railways, of Finance and of Army. If these ministers do not agree, the matter is dropped. Therefore, although the present prime minister realizes his own incompetence, he has nevertheless taken concurrently the portfolio of foreign affairs, so that our movements in Manchuria may be kept confidential and the execution of our plans may be swift and decisive. On account of these reasons, the South Manchuria Railway should be radically reorganized.

The reorganization of the South Manchuria Railway as proposed in the Tanaka Memorial, actually took place as outlined on October 1, 1936, coincident with the thirtieth anniversary of the administration of the Kwantung Leased Territory and the Port of Dairen. This reorganization was about as indicated in the Tanaka Memorial, involving two significant steps: (1) introduction of a unified management of all railways in Manchuria and North Korea and (2) creation of a subsidiary Industry Department which emphasized the necessity for the general economic development of Manchuria.

All appurtenant enterprises which are profit-making should be made independent companies under the wings of the South Manchuria Railway, so that we may take determined steps on the conquest of Manchuria and Mongolia. On the other hand, Chinese, Europeans and Americans should be invited to invest money in the South Manchuria Railway on the condition that we have a plurality of its stocks.¹³ In that event the control of the company is in our hands, and our mission from the empire can be discharged more vigorously. In short, by inviting international participation in the South Manchuria Railway, we can blind the eyes of the world. Having achieved that, we can push our advance in Manchuria and Mongolia at our will, free ourselves from the restraints of the Nine Power Treaty and strengthen our activities in that country with foreign capital.

The important appurtenant enterprises of the South Manchuria Railway are:

1. *Iron and steel.* Iron and steel are closely connected with national development. Every country today attaches great importance to it. But because of the lack of ores, we have found no solution to this problem. Hitherto we have had to import steel from the Yangtse Valley and the Malay Peninsula. But according to a secret survey of our General Staff, a wealth of iron

¹³ Japan has insistently invited the United States to invest money in the development of Manchuria. Even after the outbreak of the undeclared war in China, Japanese financiers and diplomatic officials launched an ambitious campaign of publicity in the United States with the object of securing a loan of \$50,000,000 for the development of heavy industries in Manchuria.

mines are found in many places in Manchuria and Mongolia. A conservative estimate of the reserve is 10 billion tons. At first when there was a lack of technique, the Anshan Iron and Steel Works was involved in an annual loss of Yen 3,000,000. Later, new methods were discovered, and the technique developed so that during 1926 the loss was only Yen 150,000 and a year later there was a profit of Yen 800,000. If the furnace is improved, we ought to earn at least Yen 4,000,000 a year. The quality of the ore at Penhsihu is excellent. By amalgamating it with the Anshan Iron Works, we shall have the comfort of being self-sufficient in iron and steel.

The iron deposits in Manchuria and Mongolia are estimated at 1,200,000,000 tons, and the coal deposits 2,500,000,000 tons. This coal ought to be sufficient for smelting the iron ores. With such large amounts of iron and coal at our disposal, we ought to be self-sufficient for at least seventy years. At the rate of \$100.00 profit on each ton of steel, for 350,000,000 tons of steel we shall have a profit of Yen 35,000,000,000. This is a tremendous asset to our economic resources. We shall save the expense of Yen 120,000,000 which we pay for the importation of steel every year. When we can have sufficient iron and steel for our own industries, we shall have acquired the secret for becoming the leading nation in the world. Thus strengthened, we can conquer both the East and the West. In order to attain this goal, the iron works must be separated from the South Manchuria Railway. Such unified control will keep China from preventing us to become self-sufficient in iron and steel.

2. Petroleum. Another important commodity which we lack is petroleum. It is also essential to the existence of a nation. Fortunately, there lies in the Fushun Coal Mine 5,200,000,000 tons of shale oil, from every hundred cattles of which six cattles of crude oil may be extracted. By means of American machinery, every hundred cattles will yield nine cattles of refined oil good for motor cars and battleships. At present Japan imports from foreign countries 700,000 tons of mineral oils every year valued at Yen 60,000,000. These figures are on the increase. As there are 50 billion tons of shale in the Fushun mines, the yield calculated at five per cent would be 250,000,000 tons; at nine per cent, 450,000,000 tons of oil. Taking an average of the two, the yield would be 350,000,000 tons, and assuming the value of the oil to be fifteen yen a ton, the oil shale contained in the Fushun Mine would bring us Yen 2,250,000,000. This will be a great industrial revolution for us. From the standpoint of national defense and national wealth, petroleum is a great factor. Having the iron and petroleum of Manchuria, our army and navy will become impregnable walls of defense. That Manchuria and Mongolia are the heart and liver of our empire, is a truthful saying. For the sake of our empire, we should be congratulated.

Agricultural Fertilizer— Ammonia Sulphate and Other Products

Agricultural fertilizer is a great necessity for the production of foodstuffs. Chemical fertilizers depend upon the ammonia sulphate extracted from coal. The Fushun coal yields especially good results. At present, our total consumption of ammonia sulphate is 500,000 tons. Of this, only half is manufactured at home, using the coal from the Kailan or the Fushun Mining Companies. The remaining half is imported from abroad at the cost of Yen 35,000,000 a year. With our agricultural work daily increasing and in view of the development of our new empire in Manchuria and Mongolia, we shall easily need 1,000,000 tons of ammonia sulphate every year during the next ten years. From the soot gathered from the burning of Fushun coal connected with the manufacture of steel, we could produce large quantities of

ammonia sulphate. If the yield is put at 300,000 tons a year, we shall add an annual income of more than Yen 40,000,000. In fifty years, this will mount up to Yen 2,000,000,000. This money could be used for the improvement of our agriculture. If there is any surplus, we can buy bean cakes with it and then invade the farms all over China and in the South Sea Islands. In order to accomplish this, we must separate this enterprise from the South Manchuria Railway. We shall then be able to control the fertilizers of the Far East.

Soda and Soda Ash

We import 100,000 tons of Soda Ash at the cost of more than Yen 10,000,000 a year. Both soda and soda ash are valuable materials for military and industrial purposes. Soda is derived from nothing more than salt and coal, both of which are cheap and abundant in Manchuria and Mongolia. If we go into this manufacture, we can supply not only ourselves but can also sell it to China with a view to controlling its industrial products. We ought to gain from it a profit of at least Yen 15,000,000 a year. We can also supply our own military and chemical needs. Again this industry must be separated from the South Manchuria Railway.

Magnesium and Aluminum

According to the independent surveys of the South Manchuria Railway Company and Dr. Honta of Tohoku University, magnesite and aluminum is a very promising business (in Manchuria). Magnesium is found in the surroundings of Tashichiao, and aluminum in the vicinity of Yentai. The deposit is one of the largest in the world. A ton of magnesite is worth Yen 2,000 and a ton of aluminum is worth about Yen 1,700. An estimate of the deposits of both minerals in Manchuria is Yen 750,000,000. These substances are especially useful for making aeroplanes, mess kits in the army, hospital apparatus and vessels, and other important industries. The United States alone has extensive deposits of these substances. The output of our country is one ton a year! Such materials are becoming more useful every day, but the supply is insufficient. Its price is growing high, as if never reaching a limit. The deposits in our territory of Manchuria and Mongolia are nothing less than a God-given gift. This metal is really precious, being indispensable to both our industry and national defense. It also should be made an independent business, separate from the South Manchuria Railway. Its manufacture should be in Japan, so as to keep the Fengtien Government from imitating it on the one hand and to avoid the watchful eyes of the British and American capitalists on the other. After we have gained control of it in the Three Eastern Provinces, we may harness the water power of the Yalu River to work on these metal ores. In view of the development of aircraft, in the future all the world will come to us for the materials necessary for aeronautics.

If all the enterprises mentioned above were made independent undertakings, they would make rapid progress and bring us at least a profit of 60 billion yen a year. The industrial development in South Manchuria means much to our national defense and economic progress. It will help us to build the foundation of an industrial empire. As to the cultural undertakings such as hospitals, schools and philanthropic institutions, they are our signal towers in our advance into Manchuria and Mongolia. They are the institutions for spreading our national prestige and power. More specifically they are the baits for rights and privileges. Let us separate all these from the South Manchuria Railway in order that we may redouble our efforts and advance into North Manchuria to reclaim the sources of great wealth there.

When these important undertakings become independent and are free to develop without the interference of our officials, they will naturally become channels of national prosperity. On the

wings of economic development, we could make rapid advance without either arousing the suspicion of the Powers or the anti-Japanese activities of the people of the Three Eastern Provinces. Such hidden methods would enable us to build the New Continental Empire with ease and efficiency.

The foreign loans for the South Manchuria Railway must be confined to those railroads already completed. Other railways built by us but nominally under Chinese control, can either be amalgamated with the completed lines or made independent according to the desire of the investing nations. The slogan of "Equal Opportunity" helps us to get foreign loans as well as to dispel suspicion of our designs in North Manchuria. At any rate, we shall need foreign capital to develop our Continental Empire. When the South Manchuria Railway is open to foreign investments the Powers will be glad to lend more to us and China can do nothing to block it. This is an excellent way to further our plans in Manchuria. We should lose no time in doing it. As to the wealth concentrated in the northern part of Manchuria and Mongolia, we should do likewise. The two new railways from Kirin to Hueining and from Changchun to Talai, as well as the lumber and mining interests, should also be managed as separate institutions.

The South Manchuria Railway will also be greatly enriched by our exploits in North Manchuria. In undertaking this, we must permit foreign investment on the South Manchuria Railway so that any profit that it makes is shared by other nations. When they share in the profits, no one will interfere with our activities in North Manchuria. Already Chinese immigrants are pouring into South Manchuria in large numbers. Their position will become stronger every day. As the right of renting land in the interior is not yet secured, our immigrants are gradually losing ground.

Even if our government's backing will maintain our people there, they cannot compete with the Chinese due to the latter's low standard of living. Our only chance now is to defeat the Chinese by heavy capitalization. This again necessitates the use of foreign loans. This is so, especially because the riches of North Manchuria are even not accessible to the Chinese immigrants. We must seize the present opportunity, and hasten the progress of immigration by our own people and take possession of all rights there so as to shut out the Chinese.

But in order to encourage immigration, rapid transportation, is essential. This will afford both facilities to our people and bring the natural resources there to the would-be market. Moreover, both Russia and ourselves have been increasing armaments. On account of geographical positions, we have conflicting interests. If we want to obtain the wealth of North Manchuria and to build up the New Continent according to the will of Emperor Meiji, we must rush our people into North Manchuria first and seek to break the friendship between Russia and China. In this way, we can enjoy the wealth of North Manchuria and hold at bay both Russia and China. In case of war, our immigrants in North Manchuria will combine with our forces in South Manchuria and at one stroke settle the problem forever. In case this is not possible, they can still maintain their own in North Manchuria and supply the rest of us with food-stuffs and raw materials. As the interests of North Manchuria and our country are so wrapped up, we could march directly into North Manchuria and pursue our settled policy.

The Necessity of Establishing a Colonial Department

Our exploitation of Manchuria takes a variety of forms. Often those in authority take such different views that even the most profitable undertaking for our country cannot be carried

out. Because of the lack of speed, our secrets are often exposed and are made propaganda materials by the Mukden Government much to the detriment of our country in international relations. Whenever a new undertaking is projected in Manchuria and Mongolia, it will become the subject of discussion of tens of meetings and conferences in Dairen. Not only the approval of the four-headed government there is necessary, but also the sanction of the cabinet at home has to be secured before anything can be carried out. Because of all these obstacles, any undertaking will take months and months before any definite results are seen. In the process it is possible for the Chinese to employ Japanese adventurers to steal our secrets so that before a project is launched it is often reported to the Chinese and in turn it becomes common property of the world. We are suddenly brought under the check of world opinion, and more than once we have incurred hardship in putting into practice our policy toward Manchuria and Mongolia. Furthermore, the opposition party has also made capital out of what they find in these regions in order to attack the government. All these have many serious results with our diplomatic relations.

Henceforth, we must change our practice in order to proceed more adroitly. The center of control must be in Tokyo. That will (1) insure secrecy; (2) stop China from knowing beforehand our plans; (3) avoid the suspicion of the powers before the thing is done; (4) unify the multiple control in Manchuria and (5) bring the government agencies in Manchuria and Mongolia in close touch with the central government so as to deal with China with undivided power.

For these reasons we should follow the original plan for absorbing Korea laid down by Ito and Katsura and establish a Colonial Department, the special function of which is to look after the expansion in Manchuria and Mongolia. The administration of Formosa, Korea and Saghalien Island may be its nominal function, but our expansion in Manchuria and Mongolia is its real purpose. This will blind the eyes of the world on the one hand and forestall the disclosure of secrets on the other.

It is my personal conviction that the fact that the absorption of Korea could not be effected during the administration of Ito, was due to the lack of a special office for control. Therefore, there were always differences of opinion and secret policies were impossible. Such a state of affairs played into the hands of international obstruction and Korean opposition. Then a number of propagandists went to Europe and America as well as Korea itself, declaring that we firmly respected the independence of Korea and had no designs on an inch of Korean territory. The result of their work was the recovery of international confidence. After that, a Colonial Department was established under the pretense of being intended for Formosa.. Then we seized the opportunity and the object was gained!

It goes to prove that in order to undertake colonization and immigration, a special office for it is absolutely necessary. Moreover, the creation of a new empire in Mongolia and Manchuria is of utmost importance to the existence of Japan. It is necessary to have a special office, in order that the politics in that vast territory may be controlled from Tokyo. The officers in the field should not only take orders, they should not interfere with the execution of policies where they please. This will insure secrecy; and the opposition nations have no chance of getting into the secrets of our colonial activities. Then our movements regarding Mongolia and Manchuria will be beyond the reach of international public opinion and we shall be free from interferences.

As to the subsidiary enterprises of the South Manchuria Railway such as the Development Company, the Land Company, and the Trust Company, the power of supervision and planning

should also be in the colonial office. They should all be under united control in order that they may all help in the general policy of expansion in Mongolia and Manchuria of the Imperial Government and complete the creation of the new empire.

The Taling River Valley on the Peking-Mukden Railway

The Taling River Valley is a wide area sparsely populated but infested with bandits. Many Koreans have made investments here, especially in rice fields. Judging from its resources, this region is bound to be prosperous. It will also be an advantageous foothold for us if we want to expand into the Jehol region. We should give full protection to our Korean subjects here and wait for an opportunity to secure from China the right of colonization so that our immigrants may live here and act as our vanguards to Jehol and Mongolia. In case of warfare, this valley will be a strategic point to quarter large armies of soldiers. We shall then not only check the Chinese soldiers from advancing north, but also hold the key to the immense wealth of South Manchuria.

When Koreans come into this region we should finance them through our Trust and other financial organs with a view to gaining for these organs the actual ownership while the Koreans may satisfy themselves with the right of farming only. Ostensibly the ownership of land must reside with the Koreans. It is a convenient way of securing rights from the Chinese government. Henceforth the Trust companies and financial organs should give them full backing when our own and Korean subjects wish to gain land ownership. If they need money to buy farms from the Chinese, the financial organs should also come to their aid. Unnoticeably we shall gain control of the better rice fields which we may give to our own immigrants. They shall displace the Koreans who in turn may go on opening new fields, to deliver to the convenient use of our own people. This is the policy with respect to the colonization of rice fields and bean farms. As to the policy for herd farming, the Development Company should be especially entrusted gradually to expand, eventually placing all the wealth of herds at the disposal of our country.

This same company may also take care of horse breeding and select the best out of Mongolia for the use of our national defense.

Precaution Against Chinese Migration

Recently the internal disturbances in China have driven large hordes of immigrants into Mongolia and Manchuria, thereby threatening the advance of our migration. For the sake of our activities in this field, we should not fail to take precautions. The fact that the Chinese government welcomes this migration and does nothing to hold back the tide oppresses our policy even more seriously.

A noted American sinologue has made the statement the Mukden authorities are carrying out such effective government that all people are moving into their territory. Therefore, the influx of immigrants is looked upon as a mark of effective government of Mukden authorities. We, of course, are concerned. Unless we put a stop to it, in less than ten years our own policy of emigration will prove an instrument for China to crush us with. Politically we must use police force to check this tendency as much as possible and economically our financiers should drive the Chinese out with low wages. Furthermore, we must develop and expand electric power to displace human labor. This will keep out Chinese immigrants as well as monopolize the control of motor force as a first step toward controlling the industries development of this vast region.

Hospitals and Schools

Hospitals and schools in Manchuria must be independent of the South Manchuria Railway. For the people have often considered these institutions of imperialism and refuse to have anything to do with them. When these are separated and made independent institutions we shall be able to make the people realize our goodness so that they will be thankful to us . . . But in establishing schools emphasis should be laid on normal schools for men and women. Through these in educational work we may build up a substantial good-will among the people toward Japan. This is our first principle of cultural structure.

The Manchurian conference which drew up the memorial came to a close on July 7, 1927, and on its anniversary, just ten years later, the Japanese began their campaign for the domination of North China. It was on July 7, 1937 that the illegal maneuvers at Lukouchiao, near Peiping, precipitated the clash which led to Japan's undeclared war on China. The same Manchurian militarists who had attended the conference were in command in North China when the crisis developed into a series of major offensives against the Chinese. The fact that they started their North China campaign on the anniversary of the conference may have been a coincidence. But if this decision to attempt the conquest of China was reached on July 7th, nothing could be more appropriate, in Japanese eyes, than that the campaign should be launched on the anniversary of that date. In spite of their modern ideas, Japanese still retain a great many of the old superstitions of their feudal days, and a belief in the significance of dates and anniversaries is not confined to the Japanese.

But even before this attack on China was launched, a great many of the aims outlined in the Tanaka Memorial had been accomplished, and completion of the program was well on its way. With the seizure of Manchuria and the setting up of the puppet government of Manchukuo, the foothold in China which had been advocated by Hideyoshi, Tanaka, and dozens of other Japanese patriots had been established. Jehol and Chahar had been seized and Inner Mongolia was full of Japanese agents. Efforts to detach five northern provinces and set up a puppet government had failed, but by means of bribery and intrigue the authority of the Chinese government in this area had been weakened. A puppet government had been set up in a smaller area and foreign trade in North China driven out by officially encouraged Japanese smuggling.

In spite of great handicaps the National government of China was making great progress in the Yangtse Valley and was extending its influence in the South and the Southwest.

Baron Tanaka had warned the emperor how the progress of China would endanger their plans and so they hastened on with their program to take North China and Inner Mongolia. At present the avowed object of the Japanese military machine is to destroy the government of China, and in fact to accomplish even more than was proposed in the Twenty-One Demands.

A careful review of past events shows very convincingly that immediately after the conclusion of the Manchurian conference the Japanese military authorities began step by step, to carry out the program outlined in the Tanaka Memorial. Many of the moves were secret and many were delayed, waiting for an opportune moment. But there has been no deviation from the plan. Every action of the Japanese militarists and every statement by the Japanese diplomats has been along the lines set by Baron Tanaka. A great deal of his program has already been accomplished. If Japan should conquer China she would then be in control of one

third of the population of the world and well on her way toward her goal of world domination.

Japan's attack on Manchuria set the pattern for the series of aggressions which followed by Germany and Italy. Japan had proven that she could safely defy the League of Nations and break treaties. Soon there after Japan, Germany and Italy entered into the so-called Anti-Comintern pact which was later strengthened and became the Axis alliance. Although the terms of these pacts were never made public, it is obvious to all that they were agreements for division of the world between these three powers, that, as a reward for her support, Japan would receive the hegemony of East Asia.

With a victorious Axis, Japan would achieve the next to the final part of Baron Tanaka's program. With control of the vast resources in material and man power in East Asia she would only have to organize and wait until the appropriate moment to place all the white races of the world under the rule of the Son of Heaven.

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