

Dec. 1936

The chief national question is still the international one, now in an interesting but perplexing phase. Apparently the Japanese statesmen did not expect the effective stand made against their recently stated requirements, nor did they determine in advance what they would in such a case. China has declared a willingness to consider favorably several points in the Japanese program, but refuses to discuss the critical demands for the autonomy of the five northern provinces and for cooperation against communists (which latter appears more and more clearly as a preliminary of action against Russia). In higher Chinese circles there is great relief in the revelation that for the present Japan is bluffing, and is not prepared to enmesh her army in China while her Russian relations loom dark. Yet the far-reaching ambitions of Japanese policy have been recklessly disclosed, and on this side there can be little sense of security in the shadow of aggressive power.

Will Japan find a face-saving procedure to modify or to postpone the two main requirements? There is some possibility that discussions now in progress on economic agreements may result in a temporary substitute for the five-province project, though the issues are most difficult. Moreover, the best information from Japan is that the amount of capital actually available for risk in China is not adequate to the immediate desires of the expansionists. In fine, the diplomatic course is likely to be interrupted by partial or complete failure.

What then? Japan may shift to pressure upon provincial authorities in North China, and with skill may achieve something. But internal cooperation has improved, and military adventuring will not be so easy as in the past. Army or navy officers may turn again to independent action somewhere in China, with or without local pretexts. Chinese resentment at Japanese military maneuvers, protection of smuggling, and other offensive proceedings, continues strong. It is emboldened by national improvement and by the present discomfiture of Japan, and may break forth in dangerous acts by individual citizens or by reckless officials, to which the Japanese would reply forcibly.

Chinese internal unity is improved by the open and cordial cooperation of the Governor of Shantung, who long ruled in dubious conformity with the national system. The communists are reduced to a few thousands of active marauders in the spaces of Shensi and Kansu. Railroad and highway construction pushes steadily forward in several provinces, as from Sianfu toward Chengtu, and on various lines south of the Yangtze. In many districts the basic land tax is taken out of the hands of the professional and hereditary "collectors", with their manifold irregularities and exactions, and is paid directly by the farmers to agricultural banks or to local treasuries with an independent auditing system.

Suiyuan is threatened by irregulars from Manchoukuo, armed with tanks and planes and other equipment not native to the Mongolian ~~via~~ steppes. The Chinese authorities claim to be holding their positions successfully, but are anxiously watching the attitude of the Japanese army in Peiping toward the fate of their pets.

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