

(Nanking, Nov. 10).

The major national business is grim defence, and that is carried on more from spiritual necessity than from any material hope of success. After eighty-five days of unexpectedly stubborn resistance, the Chinese hold on their industrial and financial center has been broken, though there is still fighting in the vicinity of Shanghai. Just over two hundred thousand Japanese troops are now engaged there, and above forty thousand have been taken away dead or wounded. The Chinese have lost a full hundred thousand, according to the same most cautious estimate. The average of good authorities puts the casualties of both sides distinctly higher. Indeed, directly responsible Chinese officials admitted ninety-five thousand wounded some days ago, and about fifty thousand dead. Property losses include a sizable fraction of all the factories of China, and the homes of several hundred thousand persons. The Japanese success, if such destruction should be called that, was achieved by overwhelming superiority in artillery, air power, and naval support. The stroke northward from the Hangchow Bay seems to have been well managed by the Japanese and poorly met by the Chinese. Up to that time there was no great glory on either hand. Supposedly the fighting will continue for some weeks between Shanghai and Soochow, where the Chinese have a series of fortified lines from the Yangtze to the Hangchow Railway. But we cannot yet judge the effect of the Japanese force from the Bay.

In North China the changes of the month have been less spectacular, but highly significant. Japanese armies of a hundred and forty thousand have pushed into Shansi despite considerable losses from direct defence and from mobile forces on their lines of communications; they are around Taiyuan, after occupying a good third of the province. In Suiyuan and Chahar the Japanese hold the main points, though there is continual skirmishing among small units. The Chinese are rallying to the east of the Peiping-Hankow Railway, after being pushed into the tip of Honan; and have retaken some points in southern Hopei. The Japanese advance southward from Tientsin was relaxed below the Shantung border, and they withdrew practically all of their good troops. The Chinese authorities have left Han Fu-chu in control, transferring many of their good troops to the west. Just now the Japanese seem to be resuming activity on this front. The strategy and politics of these moves on both sides are incomprehensible. Reliably identified Japanese units in the north number just short of three hundred thousand. Some forty thousand were withdrawn to Manchuria, where hostile Chinese are stirring up some fuss, and the Japanese generals continue to line up armies on the Russian frontier. Another forty thousand were sent to Shanghai. Losses we cannot estimate on either side, but they are well short of Shanghai figures.

The blockade is quietly maintained, except for natural howling over the sinking of Chinese fishing boats. The Chinese get in some supplies from Hongkong and Canton, despite much Japanese naval and air activity in that quarter; and a little of innocuous stuff through Tsingtao and the smaller waterways connected with the lower Yangtze; a little from Annam into distant Yunnan. But the total is not great, and at any moment it may be reduced by a declaration of war and full legal blockade, or even by more stringent illegalities.

While air bombing has continued occasionally upon interior points from north to south, it has been concentrated mainly upon the Chinese forces near Shanghai and upon towns behind them. Places like Soochow and Kashing have been visited more than fifty times each week! The railways have suffered severely in this region and near Canton. Relatively,

the Japanese have gone more for military and semi-military targets than earlier, though the recent slate is not immaculate, and in any case the non-military injury done along railways and highways is greater than what might be charged to military effect. But let us give the bomb-dropper his due, and be grateful for any improvement. The Chinese air force has done some useful work for the northern armies, has offered a slight check upon the freedom of the Japanese fleets of the air, and did considerable damage to the Japanese in a series of night raids at Shanghai -- which also injured British wharves and factories close to the Japanese ships and supply bases. More than three hundred new planes from abroad are on the way, but it would require three times as many to equal the Japanese forces now in action.

Crops are generally good. Cotton would be sufficient for all the mills on Chinese soil, for the first time. But there is a war, and scarcely one-third of it can hope for use, in the present state of factories and transportation. Some hint of the plight of a Government in a country so grievously damaged, can be gained from the figure of one-fifth the normal revenue on the railways still in Chinese hands. Expenses are slightly over normal. The shortage of commodities is serious in some lines and some regions. Foreign materials and goods were important; factories were mainly in the coast regions, particularly at Shanghai; internal communications are harshly deranged; there is financial stringency and a pervading insecurity that check the possibilities of rally and readjustment. Establishments that have been bombed find it futile to invest great effort and invaluable materials in repair or replacement, because they may be knocked out next week. A promising chemical works got three successive doses, and cannot reasonably think of trying again. The Government is doing a good deal in moving machinery to safer places and in aiding local small industries; but its own funds, transport, and personnel are under excessive strain, and it cannot work miracles.

Previous experience does not lead China to expect much from international treaties, or from conferences and resolutions. Nevertheless, it is fully realized that the attitudes and policies of other powers may have much to do with the case later if not now; and there is much interest in the Nine-Power gathering at Brussels. The approval of Japan shown in acts and statements of Italy and Germany are resented and feared in China; yet the apparent treachery of ^{the} diplomats and news services ^{of these countries} conceals the blows by feeding another line of taffy to the Chinese. Meanwhile, German officers give technical aid of various sorts that plays some small part in the defence costly to Japan; German trade here is carefully safeguarded, even in moderate deals of secondary war supplies; and Italians are prominent in one of the chief aviation establishments. Russia seems highly passive so far as China is concerned, probably for the two reasons of internal problems and the dangerous border of Manchuria. She has reason to fear the extensive Japanese preparations in that quarter and the adjacent parts of Korea and the islands.

This is a hardened summary of much blood, hunger, and anxiety.

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