

Apr. 1937

The first week in April has seen spring travel on a large scale. Most spectacular was the departure of Finance Minister H. H. Kung as official Chinese representative at the Coronation in London. With a large retinue, including two cooks, a Cabinet Minister, a barber, various economic and political experts, and a physician, Dr. Kung called forth from an American journalist an inquiry as to who was being crowned. To the best of our knowledge there is no great matter of state to be furthered by the enterprise; rather public and private prestige, with perhaps a little financial and munitions business in Britain and on the Continent. Chairman Lin Seng is visiting in Kwangsi Province, a sign of calm in regions long stormy. Northern generals, including Han Fu-chu of Shantung, have been calling on Chiang Kai-shek in his period of recuperation near Hangchow. Many minor difficulties are thus worked out in direct conferences, seeking to reduce the suspicions that grow overnight in Chinese soil.

During the past month the Japanese Economic Mission visited China, ostensibly to return the undertaking of Chinese bankers and merchants two years back. Tangible results were negligible, though the occasion was used to complete the formalities of transferring to Chinese control the silver held by Japanese banks in defiance of the Chinese financial reforms of 1935. Certain unofficial conversations by leaders in particular industries were useful in exchange of information and increase of acquaintance; and the Japanese delegation frankly acknowledged its progress in understanding the of the new conditions and the new spirit in China. It was made painfully clear by the Chinese that talk of economic cooperation has little meaning so long as political and military aggression continue prominent in North China; and so long as economic proposals are presented by generals and linked with the damaging pressure of smuggling. Japanese reports blow hot and cold, indicating uncertainty as to the next move. Chinese officials are pleased with recent shifts in the personnel of second-rank Japanese representatives in this country.

There are no indications here of change in the quiescent, rather cool relations between Russia and China; nor in the moderate-scaled financial relations with England. Japanese reports on both these subjects are tendencious. The communist bodies in the Northwest seem to be accepting the conditions of submission well enough for the time being, and leftist thought is generally perplexed as to the outlook. The National Government is able to make minor shifts, to let Kung wander to Europe, to put Wang Ching-wei and Wang Chung-hui temporarily in Chiang Kai-shek's chair in the Executive Yuan, and to adjust local military disputes in Szechuan, all without much stir or comment. Happy is the dulness, and long may it reign!

The chief new problem is the famine in the West, running rather far from North to South along the borders of China proper. Drouth not only curtailed the autumn crops, but has remained to check re-planting and to shrink the ordinary vegetables. The Government is laying out considerable sums, though they don't go far among millions of persons. Railway building from Chungking to Chengtu thus becomes in part a relief operation. Work is soon to commence on the Kueichi to Yenping line which will bring the Yangtze Valley systems into Fukien, a move formerly blocked by Japan. Surveys from Yenping to Foochow are ordered.

M. S. B.

April 8