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1938: China

Situation at Year's Opening.

By the beginning of the year 1938, after six months of undeclared war, China had lost vast stretches of her territory in the northern and central parts of the country, had seen most of her key cities, including Nanking, the capital, fall into the hands of the Japanese, had suffered incalculable losses in lives and property, and had been compelled to move her capital to Hankow.

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Nevertheless, as the New Year dawned. China faced the invaders with a national solidarity unique in her history, and with a grim determination to fight the attempted conquest of the country to the bitter end. She was training a million new recruits, had moved her universities and her famed art

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treasures far inland, had adopted the 'scorched earth' policy, by which cities and towns about to be captured were put to the torch, and had contemptuously rejected

humiliating peace terms.

SURVEY OF 1938 New Government Setup.

Early in the year. Generalissimo Chiang Kai-shek resigned as head of the Central Government in order to give all his time to military affairs. He reorganized the Government and set up six new Boards which were to devote all of their time to matters of (1) military operations; (2) military training; (3) military administration; (4) political training; (5) military justice; (6) transportation and publicity. Economic matters and control of heavy industry were transferred to the Executive Yuan. Mr. H. H. Kung, the former Finance Minister, became Premier.

New Highways, Railways, Airways.

Because practically every port of China had been blockaded by Japanese ships, a vast new system of land communications also was under way at the beginning of the year; new highways, railways, and airways were being feverishly pushed to conclusion, to link China with territory to the west and south, thus insuring the flow of munitions for her fighting forces. Among the most important of the new highways is a road connecting China with Russia across the far west province of Sinkiang. The Chinghai and Sinkiang portions of this trans-Asiatic road follow the ancient camel caravan routes used in trade between China and the West thousands of years ago. Another important highway is that from Yunnan in the southwestern part of China across the mountains into North Burma and connecting with the Burma Railways. Both the Russia and Burma roads, urgently needed for the transportation of war supplies, have since proved of inestimable value to the Chinese.

The Chungking-Kweichow Highway through Yunnan into Indo-China was opened on Jan.

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10, 1938, thus facilitating the passage of arms and munitions through that country. Ever since the opening of this highway, war supplies have poured in a steady stream over the Indo-China Railway to the Chinese border, where thousands of coolies take charge of sending them on to their destination. Innumerable Chinese junks move along the nation's vast system of waterways, bearing these desperately needed supplies to the Yangtze Valley.

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Work was also completed early in the year on a railway from Hengyang on the Hankow-Canton Railway through Kweilin to Lungcho on the Indo-China border.

The most vital port of entry for munitions since the beginning of the war has been the British Crown Colony of Hong Kong; but, because the railway from there to Canton (the Canton-Kowloon Railway) has, since the outset, been constantly bombed by Japanese planes, precautions had to be taken against the day when that old and strategic city of South China might fall into Japanese hands. At the beginning of February, 1938, enough munitions, including airplanes, had passed through Hong Kong to supply the needs of the Chinese armies for an entire year. Since then, and up until the fall of Canton on October 21, in spite of the persistent efforts of the Japanese, the railway has continued to run and the flow of munitions has kept up.

China's Bid for Support.

During the year, while her armies were engaged on all fronts, China strove, through her League of Nations representative at Geneva and through her agents and unofficial bodies, to win sympathy and support in her resistance to the Japanese invasion.

In February, after Chancellor Hitler had announced in the Reichstag that Germany would recognize the puppet State of Manchukuo, and had remarked in the course of his speech that the Chinese were unfit to cope with the menace of Bolshevism, the Chinese protested vigorously to the

German Government, through an official newspaper, stating that 'Hitler not only repudiated his own promises made five years ago not to recognize the bogus State, but, by calling Japan a stabilizing force in the Orient, he is merely encouraging brigandage.'

China also protested through her delegate to the League of Nations, Dr. Wellington Koo, at the one hundredth session of the Council of the League in February, against the unwillingness of the League to enforce sanctions against Japan for her undeclared and unjustified war on China. The League Council would do nothing more, however, than pass a resolution affirming its sympathy for China in her struggle and express a hope that individual nations would consider steps to help in a just settlement of the conflict.

Madame Chiang Kai-shek and Aviation.

Late in this same month, Madame Chiang Kai-shek resigned her post as director of China's air forces, which she had been supervising, aided by a staff of European and American experts and advisers. While she was in office, she played an important rôle in building up the air force by replacing many obsolete types of machines with modern American and German ones, including bombing and pursuit planes. As Secretary General of Aviation, she had charge of all purchases, contracts, and administrative affairs; and her tenure of office was marked by efficiency and integrity, both of which had been lacking in this department before she took charge. Madame Chiang, all through the war, often has worked as long as sixteen hours a day in the headquarters of the Nationalist Army at Nanking and later at Hankow. She shared a room with her husband at Headquarters and has remained in constant touch with the situation by telephone and wireless.

In the last days of February, China's airplanes, for the first time, carried the war into Japanese territory, when they flew to the Island of Taiwan and bombed three cities there, causing great consternation among the Japanese and inviting reprisals in the form of attempts to destroy some of China's principal air bases. Little real damage, however, was caused on either side.

Solidifying the Nation for Mass Resistance; Victory at Taierchwang.

In March, in an effort to further plans for greater national solidarity and organize mass resistance to Japan, the Kuomintang National Congress met with the Communist delegates, and Chiang Kai-shek was voted into supreme command of these activities. Much had already been done along this line, especially in the northern part of China, where the activities of guerillas and partisans had proved a serious stumbling block to the Japanese advance.

Chinese morale was high in these early months, especially after China's fighting forces had won their first big victory over Japan's supposedly invincible armies at Taiierchwang in Shantung on April 6. The fighting in this province had been especially bitter, the loss of life on the Chinese side extremely heavy, the discouragements and setbacks disheartening, so the triumph seemed greater than it actually was. It was, of course, very important from a military point of view; and from a political standpoint, it was even more so, since it heartened the weary Chinese armies and made the task of obtaining wider resistance to Japan's invasion easier. (*See also below under The Central Front.*)

Dr. Sun Fo — in London about this time, trying to negotiate with the British banks for long-term loans to enable China to carry on the war — stated that the 'war is going to turn China with her ten million trained men into a great military power.'

Propaganda Bombing of Japan.

In the early spring, when China's armies were fighting a losing battle against the Japanese for the strategic city of Suchow, and when Amoy on her southeastern coast, and Canton, were being repeatedly bombed and hundreds of civilians killed, a small fleet of China's own planes crossed the sea to Japan proper, flew over a number of southern Japanese cities, and, instead of dropping bombs on the frightened populace, dropped millions of leaflets urging the Japanese people to unite with the Chinese against Japan's militarists. These 'paper bombs' said, in part; 'To all farmers of Japan: We are in no way the enemies of the Japanese people . . . Are not your fields becoming desolate because you are losing your farm hands? Are not your silkworms rotting? How do you expect to pay for the military

expenses of ten billion yen which burden you? What is the purpose of this war? . . . The people of both countries are falling into famine, they are robbed of their freedom. . . . Let the people of China and Japan together build the peace of the Far East. Overthrow the evil arm which kills the Japanese people, and the rebels of mankind.'

German Military Advisers Recalled.

In May, China again found it necessary to protest to Germany, when that Government requested that the staff of German military experts who had been advising Chiang Kai-shek, be allowed to return to Germany. The advisers formed a Board of Military Strategy. This Board, headed by Baron Alexander Ernst von Falkenhausen, was composed of from forty to sixty former high-ranking German officers. Besides the military advisers, the Generalissimo also had a number of non-military advisers assisting him. General von Falkenhausen and his staff were credited with having organized more than five hundred thousand Chinese soldiers into thirty-one highly trained divisions up to the time they left China. It was the strategy followed on the advice of Baron von Falkenhausen that caused the overwhelming defeat of the Japanese army at Taierchwang.

Negotiations over the return of the German advisers went on for some time between the two Governments; but, finally, at the repeated insistence of Japan, Germany ordered their recall, and they left in late July. As General von Falkenhausen was leaving, he said: 'I feel sure of China gaining a final victory. Japan will lose both in war and in peace.'

Floods and Famine.

When summer came in China, the rainy season brought floods in both the Yangtze and Yellow River regions; and while the floods bogged down the push of the Japanese against Hankow, it laid waste so much of China's productive farm land that severe famine in some districts has resulted. The floods, besides destroying millions of dollar's worth of property and causing the loss of thousands of lives, rendered many thousands more homeless and destitute. (*See also below under The Central Front and The Northern Front.*)

Further Solidifying and Gains for Democracy.

Besides their purely military activities, the Chinese were continuing to work toward more complete unanimity in the conduct of their internal affairs, and to introduce a more democratic note in their councils. The opening session of the People's Political Council at Hankow on July 6, therefore, was hailed as a notable step toward democracy. This meeting brought together nearly two hundred political factions in China, including twenty-eight Provinces, five Special Municipalities, and Mongolia and Tibet, for the purpose of discussing China's problems and submitting proposals to the Government. The Communist members who attended pledged themselves to participate whole-heartedly in the work of the Council. Heads of foreign diplomatic missions were present on this important occasion.

Generalissimo's Statement against Compromise.

On July 7, the first anniversary of the war, Generalissimo Chiang Kai-shek issued the following statement: 'Let it be known that ultimate victory is ours. A year ago the cruel greed of our neighbor forced our Government beyond the limit of endurance and plunged our unprepared, peace-loving people into war. With the best of motives, friendly Powers have sought to end this war, to offer mediation which might lead to a compromise. But we cannot hope for the temporary safety that a compromise might offer. We are fighting for our very existence. We cannot stop midway to seek peace. If we should do so prior to the attainment of the object for which we are putting up resistance, it will mean the subjugation of our nation and the annihilation of our race.'

China's Losses: Sanctions Denied.

At the end of the first year of hostilities, the war had swept across 400,000 square miles of the 2,903,475 square miles of China Proper, had affected 250,000,000 persons of its estimated population of 450,000,000, and had brought chaos and economic disruption to an area as large as Europe, not including Russia. Part of this loss and destruction, however, must be charged to China's own 'scorched earth' policy, according to which her people systematically laid waste cities, towns, and villages which they

evacuated, so as to leave the Japanese in possession of nothing that would produce food or income of any sort. While this has meant, in many cases, that inhabitants have had to flee from the devastated areas, often becoming homeless and destitute, it has meant also that the Japanese plan of flooding conquered territory with cheap, duty-free Japanese goods would meet with failure. The cost to China of her own policy of destruction is estimated conservatively at 1,500,000,000 Chinese dollars.

China renewed her appeal to the League of Nations when it met in Geneva in September. Dr. Koo, her delegate, again pressed for aid, stating that the war so far had killed one million Chinese and had made thirty million more homeless. He protested against the use of poison gas by Japan and the bombing of civilians. Again he asked for sanctions, but met with no success.

Fall of Hankow.

Late in August, the Japanese drive against Hankow, which had been stalled by floods in late June and July, was renewed. Thereupon, the Central Government, which already had moved a large number of its bureaus to Chungking in Szechuan, transferred its remaining offices to that city. For a time there was much dissatisfaction in Hankow among some of the Communists over the Government's policy, and bands of protesting students and workers had their meetings broken up by General Chen Cheng. The Communists objected vigorously to General Chen's action, claiming that it was a violation of the United Front to which all parties were pledged. They insisted repeatedly that Chiang Kai-shek must defend Hankow at all costs. One communique which they issued proclaimed that if the Generalissimo failed to defend Hankow, the workers of China would do it themselves. However, it became clear to all parties as October came and the Japanese army and navy units pressed closer, that Hankow could not be successfully defended; and all signs of surface disunity disappeared. Before Hankow finally fell on Oct. 26, the Chinese had withdrawn from the city and were able to get their soldiers out in good order and with practically no losses. (*See also below under The Central Front.*)

Japan's Gains versus China's Strategy and Morale.

With the fall of Hankow, as observers have pointed out, seven important key cities of China were in the hands of the Japanese; Peking, the northern capital; Tientsin, port of North China; Kalgan, gateway from Urga and Outer Mongolia; Shanghai, financial center of the country and the port commanding the mouth of the Yangtze River; Nanking, the Nationalist capital; Canton, the gateway to South China; and Hankow, important city in the very heart of China, and head of the ocean-bound navigation on the Yangtze. China, therefore, is now divided into two nearly equal parts, with Japan holding the eastern or coastal section, and in control of all ports, railways, and principal means of communication.

To the average person, and even to many able commentators on Far Eastern affairs, the fall of Hankow meant that China had virtually been conquered by Japan, since her entire coastline was in control of the Japanese, and all her principal cities had been occupied by the invaders. To many other careful and well informed students, however, Japan's gains so far seem of doubtful value. One outstanding authority on the Far East, writing in *The New York Times*, lately pointed out that, so far, Japan's occupation is only technical. 'The invading army,' he says, 'does not even command the lines of communication in territory it conquered fifteen months ago. Almost nowhere in North China can a train be despatched from one important point to another without a Japanese guard. In large parts of North China no motor trucks can be sent out with supplies except in large convoys. For practical purposes the trunk line from Peking to Hankow or the important line connecting the Peking-Hankow Railway with Shansi does not exist. Communications cannot be guaranteed. A train may make a normal six hour journey in one day or it may not. Either it finds the rails torn up or it is attacked. And if it is held up by torn rails toward the end of the day, its operators generally believe it advisable to turn back to some station where there is a large garrison for protection during the night.

'Under these circumstances, to call the Japanese position an occupation is euphemistic. There is no Japanese line; there is a series of dots. While this may be enough to exercise *de facto* authority over the country, it is not enough to get any benefit from that country.'

It must also be remembered, as others have pointed out, that, long ago, the Chinese, envisaging the occupation of their principal cities by the Japanese, and the consequent difficulties of procuring such necessary equipment as shells for Chinese artillery, high explosives for bombs and mines, and gasoline for planes and motor transport, withdrew the greater part of their civil government inland to Chungking and planned, under such disabilities, to create a vast no-man's-land of part of their country, in which the Japanese army would flounder helplessly at enormous cost in men and equipment, until finally their resources and patience would be exhausted. It is this hope of finally wearing down the Japanese that has given China the courage to go forward in spite of her serious reverses. China's morale, as the year closed, seemed unimpaired. Whether it can outlast Japan's military and economic ability to stand the strain of a prolonged war remains to be seen.

Fall of Canton.

While the loss of Hankow must be acknowledged a very serious blow to China, it was not so immediately serious as the loss of Canton, which had been the only port of entry through which munitions arriving at Hong Kong could reach the Chinese armies. The city of Canton had been the target of Japanese bombing planes throughout the entire war, and day after day bombs had been rained on it in an attempt to destroy the tracks of the railway over which the supplies were brought from Hong Kong. On May 28, for instance, after weeks of continuous bombing, a great fleet of planes concentrated their attacks on the railway station. During the raids, six hundred people were killed, the railway station was almost demolished, and a train in the station was completely destroyed. Fires, started by incendiary bombs, consumed an immense store of valuable supplies, and entire city blocks were reduced to ruins. Seven bombings, June 8, cut off power and light and further disrupted communications, with great havoc and loss of life, though it was estimated that one half of Canton's 1,000,000 population had already fled. It was not until Oct. 21 that Japanese troops entered the deserted streets, 5 days before the Japanese occupation of Hankow. (See *also below under* The Central Front.)

Japanese Advances Stalled and Countered.

Since the fall of Canton and Hankow, the Japanese armies, instead of marching victoriously forward, have again been stalled by the Chinese who converging unexpectedly from south, center, and north, have once more taken the offensive. Canton has been besieged by such a large Chinese army that the Japanese have been forced to rush reinforcements to the troops in that vicinity. The Japanese drive on Changsha, capital of Hunan Province, also has been halted. The drive started shortly after the fall of Hankow; but late in November the Chinese hurled back a Japanese attack on the city of Sitang, sixty miles north of Changsha.

A counter-attack was launched also along the entire Hupeh front, north of Hankow. In the southern and eastern parts of Shansi Province, the Chinese renewed their activities, and in the thirty-odd battles fought in November and December between the opposing forces, the Japanese were reported by neutrals to have suffered heavy casualties. There was fighting late in December between Chinese Communist forces and Japanese in Shensi as the latter began their long-delayed plan of wresting control of this province from the Communists. On December 25, according to news despatches, several people were killed, a number of others wounded, and ten houses destroyed in an air raid on Sian, the capital, which is on the main trade-route between Russia and China.

In addition to these activities, more than 200,000 guerilla fighters pushed down so close to Shanghai that that city on several occasions was thrown into confusion. Guerilla bands were active also near Peking; and foreign travelers reaching Hong Kong in the last days of November reported that Chinese militiamen and guerilla bands were fighting the Japanese near Canton. Guerillas have also been roaming freely in the interior, making frequent and destructive night attacks on the Japanese lines.

Chinese Communists have lately come even into Manchukuo and, as the year closed, were in control of areas north of Harbin and northwest of Tsitsihar, so that the war front has now been extended from Siberia in the north southward almost to Burma. (*See also below under The Communists.*)

Outside Help for China.

Late in the year, Generalissimo Chiang Kai-shek, in an interview with the British ambassador to China, informed the latter that the Far Eastern policies of Great Britain were unsatisfactory and suggested that the time had come for a 'show-down.' If Britain, he said, according to well authenticated reports, did not choose to protect her South China interests and give more active support to China in her present difficulties. China would be forced to look elsewhere for support. It was understood that the 'elsewhere' meant Russia. Reports, which have been confirmed by foreign military attachés in China, indicate that China already has made some concessions to Soviet Russia in return for further military aid. It is known that recently more Soviet airplanes and munitions have reached the new Chinese defense position in Changsha in Hunan, and that a large number of Soviet military advisers are now assisting Chiang Kai-shek. As an indication of what future Chinese policy might be in regard to cooperation with Soviet Russia, the radio broadcast of Dr. Sun Fo, son of the late Dr. Sun Yat-sen, on Nov. 24, is significant. Speaking from Chungking, the new Chinese provisional capital, he urged all classes of people to work for closer relations with Russia. Dr. Sun Fo had lately returned from Russia, whither he had gone as a special emissary of Chiang Kai-shek, and it is generally believed that the latter had given his sanction to the radio talk. In the course of his remarks Dr. Sun said that he had made two trips to Russia during the past year and was convinced that Russia is the only nation willing to give military help to China. Madame Sun-Yat-sen, widow of the late leader, also has been pressing for closer relations with Russia.

Late in December, announcement was made in Washington that, through the Import Export Bank, the United States was making a loan of \$25,000,000 to China for a period of 5 years. The loan, according to the Chinese Premier. H. H. Kung, will be used generally for the development of industry and communications in China's undeveloped western provinces. With the loss of practically all the territory in the eastern part of the country, the principal item in China's revised program of resistance to Japan is the construction of more highways, railways, and industrial plants, which will make the western and southwestern provinces bases from which the war can be carried on indefinitely. The provinces involved in the new scheme are Szechuan, where the new capital is located, Hunan, Kweichow,

Yunnan, and Kwangsi.

The fact of the loan has had a heartening effect on the Chinese people and is regarded by their leaders as extremely important, not only because it is a gesture of friendship and indicates moral support for their cause, but also because it will serve further to bolster Chinese morale and strengthen the determination to keep up the United Front against Japan's invasion.

Negotiations are also in process between the Chinese and British for a loan for construction of roads and the building up of industry; and it is expected that Great Britain, following the lead of the United States, will grant the loan.

Treason Uncovered.

In the very last days of the year reports were current and persistent that Wang Ching-wei, former Premier in the Nationalist Government, had left Chungking on his way to Hong Kong to discuss peace terms with the Japanese. These reports were immediately and emphatically denied by the Chinese authorities at Chungking. Since then, a number of Wang's close friends and adherents have been executed at Chungking for treason in trying to bring about peace with Japan. Wang himself, long an advocate of Sino Japanese friendship, has fled from Chungking and is thought to be in Hong Kong.

THE CENTRAL FRONT Strategy in the Move against Hankow.

After the capture of Shanghai and the fall of Nanking, the main objective of the Japanese armies was the city of Hankow, seat of the Nationalist Government. This city, in the Province of Hupeh in Central China, lies at the confluence of the Yangtze and Han Rivers and at the intersection of the two principal railways which bisect China: the Peking-Hankow Railway from north to south and the Lung-Hai Railway from east to west. The main Japanese forces began converging on this city in a tremendous scimitar-like arc from the Yangtze to the Yellow River, almost immediately following the fall of Nanking. As events have developed, the strategy to be pursued by the Japanese armies called for movement down the Tientsin-Pukow Railway,

which runs from north to south in the eastern part of China, to the city of Suchow (or Hsüchow), at the junction of the Tientsin-Pukow Railway with the Lung-Hai Railway; then to move westward from Suchow along the Lung-Hai Railway to Chengchow in Honan, at the junction of the Lung-Hai with the Peking-Hankow Railway; then south to Hankow, thus consolidating their control north of the Yangtze River and east of the Peking-Hankow Railway.

Japanese Overrun the Province of Shantung.

Early in January, the Japanese began their thrust at the Lung-Hai Railway, often referred to as China's 'jugular vein.' Their forces began advancing south, west, and east from points along the Tientsin-Pukow line, meeting stiff resistance every inch of the way. In the course of the fighting in Shantung, the Chinese several times recaptured the important city of Tsining in southern Shantung. Nevertheless, the Japanese continued to advance slowly, using long-range artillery and bombing planes to blast the Chinese from their positions and then advancing their infantry. Finally, Tsinan, the capital of Shantung, was captured, and on Jan. 15, the Japanese occupied the commercially important port of Tsingtao.

Chinese Maintain the Lung-Hai Corridor.

With practically all of Shantung in their hands, the next objective of the Japanese was Suchow, the strategic city at the junction of the Tientsin-Pukow and Lung-Hai Railways, often called the 'keystone of the Chinese defense.' Late in January, the Japanese tried to smash through the Lung-Hai line, with a view to capturing Suchow, having taken reinforcements from the Peking-Hankow and Shansi fronts for the purpose. But the Chinese defenders, numbering 400,000, deployed along the northern and southern fringes of the Lung-Hai Zone, 180 miles apart and equi-distant from Suchow, fought stubbornly to check the advance of the enemy. This 180-mile corridor prevented the Japanese from joining their widely scattered holdings in North China and those in the Yangtze River Valley; and it has been on this front, as the Japanese have sought to win control of the vital railway line, that the bitterest fighting of the entire war has taken place.

Japanese Strategy Shifted.

Early in February, the Japanese forces had come within 100 miles of Suchow, but were unable to advance further owing to the fierce resistance of the Chinese. Then the strategy of the invaders shifted, and they began to move in on the western flank of the defenders. Japanese planes continually bombed cities along the middle Yangtze, Hankow receiving the heaviest barrage. From these planes they dropped leaflets calling Generalissimo Chiang Kai-shek a 'beaten wolf,' and declaring that he was already defeated. By the middle of February, they had come within forty miles of Chengchow in Honan, from which it would be possible to make a decisive push against Hankow. The Chinese had fought desperately to check the advance on Chengchow and finally had stalled it within thirty-seven miles of the city. The bombing of Chengchow on Feb. 15, which lasted for many hours, was one of the most merciless of the entire war.

Late in the month, the Japanese prepared to thrust south of the Yellow River in the western sector of the Central China Front. If they could cross this river, the western half of the Lung-Hai Railway would come under their control, and this would be a long step, not only toward joining their conquered territories, but also toward bottling up the 400,000 Chinese in the 180-mile-wide corridor. They attempted without success, and with heavy losses, to cross the river near Chengchow, on March 6; then, three days later, screened by heavy artillery fire, they tried to establish a base at Szeshui in Honan, on the south bank of the Yellow River, a point from which they could cut the Lung-Hai Railway. But here, too, they were stalled, as the Chinese cut the dikes at Szeshui and flooded the entire area, bogging them down.

All through the month of March, there was bitter fighting along the Lung-Hai corridor as the Japanese tried to push down toward Suchow, and as several columns of their troops moved westward and southwestward in attempts to break through the Chinese lines. They were seriously hindered in their drive down the Tientsin-Pukow Railway, when they tried to rush reinforcements to their troops; for the Chinese guerillas carried on intensive activities behind the lines, tearing up sections of the railway,

which the Japanese would feverishly repair, only to find that the guerillas were busy tearing up other sections farther on.

Late in March, a Japanese army estimated at 150,000, began to push forward on the Southern Shantung Front, in the offensive directed at Suchow. Meanwhile, strong Chinese counter-attacks succeeded in keeping the Japanese north of the Grand Canal above Suchow, while the main Chinese right and left flank forces in Shantung pressed on from east and west in a concerted push to stem this drive. The vigor and intensity of the Chinese defense in southern Shantung was tacitly admitted by the Japanese in their Domei News Agency report, which said that 'rivers of blood washed the borders of Shantung as tens of thousands of Chinese sought to stem the Japanese drive southward.'

Along the Peking-Hankow Railway, the Japanese losses were estimated at one thousand a day, while those of the Chinese were even heavier.

Chinese Victory at Taierchwang.

After three months of continuous and bitter fighting in Shantung, and along an immense front above Suchow, marked on the south by the Hwai River and on the north by the Grand Canal and the Yellow River, the Chinese, on the last day of March, began a sweeping offensive centering around Taierchwang, a city of southern Shantung, 45 miles northeast of Suchow. This city had been the focal point of the Japanese drive toward Suchow; and for days it was the scene of bloody fighting, with the Chinese and the Japanese alternating in possession of sections of the city. It was here, on April 6, that the Chinese won their first great victory, when for the first time in modern history, the Japanese Imperial armies suffered defeat on the battlefield. They left countless of their dead and wounded on the battlefield as they retreated. Their strength early in March in this sector had totaled close to 60,000, but foreign military observers estimated that after Taierchwang there were not 20,000 of this number left.

The victory of the Chinese at Taierchwang, important as it was from a military standpoint, was even more so from a political standpoint, since it was a means of creating closer unity in China. And as a factor in bolstering

Chinese morale, its value was very great; for the spirit of China's fighting forces changed from one of stubborn and dogged resistance to one of faith in their ability to check the invader and drive him out of China.

However, flushed with victory, the Chinese tended to halt for a space and rest on their laurels, instead of pushing aggressively on. The slowing-down of their attacking momentum, therefore, gave the Japanese troops an opportunity to escape in great numbers through gaps in the encircling Chinese lines and to pull themselves together for a later and more intensive drive on Suchow.

Capture of Suchow and Drive toward Hankow.

Stung by their defeat at Taierchwang, and no longer underestimating the fighting strength of the Chinese, the Japanese now prepared to strike in an extensive effort and win in one tremendous push. They withdrew troops from large sections in Shansi and northern Honan and, with these reinforcements, prepared to avenge their humiliation. Late in April, the town of Lini in southwest Shantung, which had been the bone of contention between the opposing forces for over a month, was captured by the Japanese; and from then on until May 20, when Suchow finally fell, the fortunes of war swayed back and forth, while some of the greatest military engagements of modern times took place. Before Suchow was taken, however, the main body of the Chinese troops had been withdrawn, as had been done both at Shanghai and at Nanking; and once more the Japanese strategy, aimed at the annihilation of China's armies and the shattering of her resistance, failed.

The capture of Suchow gave Japan control over the whole of the Tientsin-Pukow Railway running north and south 600 miles, and also provided a suitable base for the army's advance toward Hankow, its next major objective. On June 6, the important city of Kaifeng in Honan fell into the hands of the invaders, and they started to push on toward Chengchow. Their progress, however, as one of their own spokesmen admitted, was 'interrupted' by the Chinese who, in fierce counterattacks, succeeded in holding them back. Nevertheless, by early June, the Japanese had won victories of such significance that many military observers expected Hankow

to be evacuated within a few weeks. This expectation was not fulfilled. An old 'enemy' of the Chinese came to their rescue — the Yellow River.

The Yellow River Intervenes.

When the Japanese soldiers entered Suchow, and later when their victorious army captured Kaifeng, they were surprised to find no enemy forces anywhere about. The sudden and unexpected retreat of the Chinese, however, was part of their plan to trap the enemy by cutting the Yellow River dikes. This they did, causing an enormous loss of equipment to the enemy and setting back the campaign against Hankow for three months.

Difficulties That Halted Drive against Hankow.

By mid-June, the torrential rains in both the Yangtze and Yellow River regions had slowed down the Japanese advance and threatened all lines of communication. Then, when the dikes were cut or broken — no one knows which — the great, silt-laden Yellow River, often called 'China's Sorrow,' began to spread death and destruction over a 500-squaremile area reaching seaward through Honan Province, sweeping away farms and villages and causing heavy losses in lives and property. The cutting of the dikes, according to some observers, was a brilliant piece of strategy from a military point of view; but from a humanitarian standpoint the price paid was enormous. The Japanese termed the opening of the dikes an 'atrociousness'; the Chinese called it the intervention of Heaven.

During June and July, the floods of the Yellow River and the Grand Canal increased, bringing further loss of life and causing devastation of ever-widening areas. The Japanese were effectually stopped for the time being, however; and what had seemed to be a victorious and invincible army advancing in tanks and trucks was forced into an undignified retreat in rafts and boats, as the offensive against Chengchow was abandoned.

Stopped by the floods in Honan, the Japanese shifted the direction of their attack on Hankow, and began moving up the Yangtze River. With gunboats on the river, infantry on both banks, and planes overhead raining bombs, they tried desperately to force their way up to Kiukiang. They broke the

first of a series of booms which the Chinese had constructed across the river, and at a terrific cost they finally took the city of Hukow, 160 miles south of Hankow. Then, on July 26, they captured Kiukiang, and began pushing their way slowly up the river. As they tried to drive deeper into Kiangsi Province, they met with withering opposition from the Chinese, who, on Aug. 3, cut the dikes of the Yangtze River, flooding further territory, halting the drive against Hankow, and inflicting extremely heavy losses on the Japanese. By the second week in August, stalled by floods, heat, epidemics, and the stiff resistance of the defenders, the Japanese, after a two months naval and military drive up the Yangtze, temporarily abandoned their drive against Hankow.

Cutting of Canton-Hankow Railway.

A serious blow to China at this time was the cutting of the Canton-Hankow Railway, chief supply-line of her troops. After months of bombing, in their efforts to render this road useless, the Japanese succeeded in destroying enough track and bridges to halt temporarily transportation of vital military supplies.

Drive on Hankow Resumed.

When the floods had subsided, the drive on Hankow was resumed. Through late August and September, in spite of heroic efforts on the part of the defenders, the gigantic arc of the advance on Hankow steadily narrowed. Tientaichen, the 'Chinese Gibraltar,' was finally taken after severe fighting; and a few days after its fall two islands southwest of Hong Kong were occupied by the Japanese, arousing fear that the long-awaited attack on Canton was imminent.

Chinese Evacuation of Canton and Hankow.

Through the first weeks of October, smashing drives directed both at Hankow and at Canton pushed ruthlessly on, and it became clear to all observers that both cities were doomed. Then, on Oct. 21, as the climax of a 100-mile drive, and with little or no resistance on the part of the thousands of provincial troops that had been massed north and east of Canton to check the invaders, the Japanese scored a spectacular victory as

their tank corps rumbled through the streets of Canton. Before the Japanese entered the city, however, the Chinese, true to their 'scorched earth' policy, had blown up the \$8,000,000 bridge over the Pearl River and dynamited utility plants and factories with land mines, causing fires that raged through the city for days.

On Oct. 26, after 11 months of effort, Japanese army tanks by land and Japanese naval units in boats took possession of the city of Hankow, from which the Chinese army had already retreated in good order and with their defending forces practically intact. From the new capital at Chungking, General Chiang Kai-shek announced that the fall of Hankow did not mean that the Chinese would stop fighting — he felt that victory in the end would be China's.

THE NORTHERN FRONT

Success of Guerilla Tactics in Shansi Province.

On the Shansi Front, one of the major defensives of Japan's war in China, and in the Northwest Provinces, there has been continuous fighting throughout the year. The Japanese drive into Shansi began early in January, and the troops of General Yen Hsi-shan, former Governor, were compelled to retreat. The Japanese were able for a time to keep these troops hemmed in in the mountain fastnesses of Shansi, where they suffered great hardships from cold and snow. However, from their mountain strongholds they managed to inflict costly damage on the invaders and, by guerilla tactics, to make their progress negligible. In some sections of Shansi there was bitter fighting between the Japanese and the guerillas in the early months of the year; and the former suffered severe casualties from the biting weather and deep snow, besides losing large amounts of valuable equipment. In other parts of the Province, the Eighth Route Army harassed and worried the invaders and slowed down their advance.

By early March, Chinese regulars and guerillas had succeeded in recapturing a number of towns in Japanese hands; and General Yen Hsi-shan telegraphed to Hankow that he was filled with optimism as to the outlook in Shansi, where every day great numbers of Japanese troops were being killed in skirmishes with guerillas. He said that the morale of the troops

was high, and that the masses of the people were cooperating to the fullest against the invaders.

Japanese Burn Large Area.

In March, the Japanese determined on a strong 'mopping up' drive against the Chinese troops in the mountainous districts and against guerillas and partisans in other parts of Shansi. There were frequent clashes, involving mostly small numbers of troops; and the pin-pricking, hit-and-run tactics of the Chinese continued to embarrass and enrage the Japanese. Finally, the latter determined to burn all villages where they thought partisans or guerillas were hiding; and, according to a representative of the Associated Press who visited this area, more than 100 towns and villages were burned and their inhabitants forced to flee. A conservative estimate of farmers killed by these tactics put the number at 2,500; the wounded at 30,000; and those forced to flee from their homes at 40,000. All these refugees sought safety in Communist-controlled territory.

Chinese Regulars Recapture Important Cities.

Before the middle of April, General Yen Hsi-shan, who had been driven from the province earlier in the year, had reorganized his forces and reentered the province, renewing resistance to the Japanese and halting their progress. Then, when the Japanese withdrew large numbers of troops for use in the drive against Suchow on the Southern Shantung Front, the Chinese recaptured fifteen important cities in Shansi, North Honan, and Hopeh Provinces. Late in May, the Chinese troops in southern Shansi attacked the last Japanese strongholds there in an attempt to keep the Japanese from getting control of the Lung-Hai Railway; for control of the Railway would enable them to establish contact between their Shansi forces and those delayed along the Lung-Hai corridor on the Central China Front. In these attacks the Chinese were successful.

Yellow River and Eighth Route Army Obstruct Japan.

All during July, severe fighting continued throughout parts of Shansi; but, late in the month, the Yellow River, already greatly swollen by summer rains, began to rise to flood proportions, and military operations on a large

scale became increasingly difficult. Then, too, the Japanese, desperately engaged on the Central Front, were unable to continue any large-scale offensives in Shansi.

After the fall of Canton and Hankow, the Japanese began again 'mopping up' operations in Shansi; and, early in December, they launched an offensive against Wutaisha, fortified base of the Eighth Route Army at the foot of Wu Tai mountain, but were forced, on Dec. 11, after bitter and costly fighting, to withdraw. Although the Japanese have been in control of most of Shansi's main communication system, the hinterland has remained in the hands of the Chinese; and it is the belief of competent military and other observers that it will be a very long time before the Japanese will be able to complete occupation of this province, if at all.

Shensi Province Still Unconquered.

The efforts of Japan to get control of the Province of Shensi, a vast wheat-producing area with a population of 18,000,000 and an area of 75,290 sq. miles, have also been unsuccessful so far. There has been fighting there throughout the year, confined mostly to skirmishes between Japanese soldiers and the Communist-guerillas.

COOPERATION OF THE COMMUNISTS Their Emergence As a Power in China's Defense.

A significant development in the war has been the emergence of the Chinese Communists and their famous Red Army as the mainstay of the Central Government in checking the Japanese invasion. These are the same Communists against whom the Government, under the direction of General Chiang Kai-shek, waged incessant warfare from April 1927, at the time they were expelled from the Kuomintang, until the early months of 1937, when, after the kidnaping of General Chiang at Sian, in the Province of Shensi in the Northwest, a truce was made between the Red and the Nationalist armies, and General Chiang Kai-shek agreed to end the anti-Red campaigns.

These too, are the men who, threatened with annihilation by the Nationalist armies in the fall of 1934, withdrew from their bases in southeastern

Kiangsi, Hunan, and Honan, and marched on foot through the provinces of Kweichow, Yunan, Szechuan, and Kansu, over the most forbidding terrain in Asia, fighting all the way and traversing almost impassable trails, great rivers, and high mountains, some of them perennially snow-capped. Ninety thousand of them started on this now famous 'Long March,' but only 20,000 of them reached their objective in the Northwest in October 1935. Here, within the great bend of the Yellow River, where it turns southward to form the boundary between the provinces of Shansi and Shensi, they entrenched themselves, near where, thousands of years ago, the Chinese first unified themselves into a people.

Under the terms of the agreement reached between General Chiang and the Red leaders, a United Front was formed against Japan, and the Red Army was incorporated into the Nationalist forces as the Eighth Route Army of the Eighteenth Army Corps. A monthly sum of 500,000 silver dollars was to be appropriated for their support, and they were to be under the direct command of their own leaders.

The agreement provided also for the abandonment by the Communists of their radical agrarian revolution and the discontinuance of their program of confiscating and redistributing the property of the wealthy land-owners and gentry. (*See also* COMMUNISM.)

Origin of China's 'United Front.'

As early as 1932, the Chinese Soviet Government, then firmly established in the Province of Shensi, had formally declared war on Japan and had issued a manifesto calling for a United Front of all the country's armed forces to resist invasion. After these Chinese became entrenched in the Northwest, they began a widespread and intensive campaign of propaganda against Japanese aggression, thus winning the sympathy of large sections of the people who could not, in any counting, be classed as Communists or even left-wing liberals. Indeed, people of all shades of opinion in China were becoming increasingly alarmed over Japan's continuing encroachments and what seemed to be the Government's policy of surrender to the ever-growing Japanese demands. The insistence of the Communists, therefore, that Chinese should stop fighting Chinese and work together against the

common enemy won, and has continued to win, wide support.

Guerilla Strategy and Tactics.

Since the beginning of the present hostilities, the Communists have cooperated whole-heartedly with the Nationalist armies. They have done very little positional fighting, but have spent their efforts largely in guerilla warfare, and in the training of guerillas and partisans. Their tactics do not aim at big victories, but at continual harassment of the enemy. Their pivotal strategy, as set forth by Mao Tze-tung, when he was Chairman of the Chinese Soviets, is 'a war of maneuvers, with important emphasis on guerilla and partisan tactics.' 'Since China,' he says, 'is almost completely lacking in the basic war industries necessary to maintain and replenish an air force or any other technical branch of modern warfare, China's principal hope of final victory over Japan must rest on superior maneuvering of great masses of troops, divided into mobile units. The most important single tactic of the Red Army was and remains its ability to concentrate its main forces in the attack and swiftly divide and separate them afterwards. This means that positional warfare is to be avoided and every effort made to meet the living forces of the enemy while in movement and destroy them' . . . 'When the enemy advances,' he said, 'we retreat: when the enemy halts and encamps, we trouble them; when they seek to avoid a battle, we attack; and when they retreat, we pursue.'

The Eighth Route Army has occupied a large part of Shensi, almost one-fourth of the Province of Shansi, a large area in the northwestern part of Hopeh, and a considerable section of southeastern Chahar. In Shansi, their forces have operated over a wide area and have effectively stemmed the tide of Japanese conquest of this highly strategic part of China. The Japanese General Terauchi, speaking of Communists in this province, said: 'The Chinese Communist soldiers defending Shansi are the bravest and stubbornest soldiers we have encountered on any of the fighting fronts.' In this province alone, in the early months of the year, more than 100,000 partisans — peasants and villagers — had been organized; and these, and others trained since then, carry on ceaseless sabotage against the invaders. Armed with swords, clubs, and whatever of guns and ammunition

they capture from the enemy, — which is considerable, — they operate in groups as small as two and as large as fifty, harassing the Japanese and making their progress slow and costly.

One of the many stratagems they devised in Shansi was the organization of their men into small roving bands, which always attacked on the flank or the rear, preferably when the enemy was moving. As they had no artillery or guns that could be effective against tanks, they buried shells in the roadway — shells which in many cases they had captured from the Japanese themselves. These shells had detonators attached to them and were exploded by any heavy weight. After the Japanese had suffered the loss of a number of tanks and trucks from this source, they compelled the Chinese farmers to ride ahead of their columns in heavy ox carts to test the road. This caused the death of so many farmers that the guerillas changed their tactics, and, instead of using shells in this way, they buried a number of large bombs which could be exploded by a lanyard from a concealed position on the road. This method proved very effective in the hill country, where the main road was the only approach for Japan's mechanized units.

In Shansi, as well as in other parts of China where the Red Army operates and trains men for guerilla warfare, careful attention has been given to the matter of obtaining the goodwill of the peasantry as an essential condition for carrying out the Army's plans. Its commanders have learned from experience that the method of attack most likely to succeed in guerilla warfare is to have the guerillas operate in plain clothes. Men who by day appear to be simple farmers working in their fields must be able suddenly to concentrate, strike at the enemy, and then be peasants in the fields, again. This can be done only by local cooperation, and this has been obtained in many parts of China other than those under the direct control of the Red Army. From independent observers, from highway travelers, from railway passengers, and from the admissions of the Japanese themselves, the world has learned that, every day, railway tracks are torn up, bridges wrecked, small garrisons wiped out, and trucks bearing ammunition and food supplies captured.

Sectors of Guerilla Warfare.

There are three sectors in the Japanese-controlled area of China Proper where guerilla warfare is most active. These are: the northern and eastern parts of Shansi Province: the region around Peking, in Hopeh Province: the Pootung Peninsula, formed by the Yangtze and Whangpo Rivers and the sea, stretching southward from Shang-hai toward Hangchow.

Defense Strength of the Communists.

One of the largest Communist strongholds in North China is only about fifty miles from Peking; and here, according to unimpeachable sources, the Chinese Communists have organized a 'hermit' government, which controls 7,000,000 people. By the spring of the year, they had a defense corps of 500,000 men and a small mobile army which destroyed sections of railroads and annihilated garrisons. Their equipment included arsenals, radio stations, telephones, hospitals, news-papers, and even theaters. At this time the largest of their arsenals, of which they had twelve, employed 120 workmen and manufactured rifle ammunition, hand grenades, bayonets, broadswords, and trench mortars. According to an American journalist who visited this area, all the soldiers wore armbands bearing the legend, 'People's Self-Defense Corps'; and from the quantities of Japanese war materials seen at the various headquarters, the claim of the Chinese that they had wiped out 36 Japanese garrisons in 3 months seemed amply borne out.

Emissaries of the Red Army also have been busy behind the lines in other parts of China. For some time, in the Province of Chekiang alone, 30,000 farmers a month were undergoing intensive training as guerillas. After 3 months of hard training by men experienced in this type of warfare, 10,000 of these men were being sent to the Nationalist armies, and the rest sent back to their villages with guns and with strict instructions to capture all the enemy ammunition possible.

The main purpose of this intensive drive for mass action against Japan is to build up a whole-hearted support for the Red Mobilization Committee, which has power to requisition food, clothing, and technical skill for the support of the guerillas, who would play an important part in the present war only if a broad foundation could be achieved for their activities. While

the farmers could not be counted on seriously as fighters, they are indispensable as an economic base, and their cooperation is absolutely necessary for ultimate success.

There are a number of mass movements in the provinces of Hopeh, Chahar, and Shansi. In Hopeh, where both the Communists and the Kuomintang have organized the people for guerilla warfare, a Peasants' Association, a Woman's Association, and even a Children's Association have been established. Mass meetings are held, and lectures given. There are similar organizations in Shantung, Suiyuan, Kiansgu, Chekiang, and Anhwei, all behind the Japanese lines. Actual records show that Chinese guerilla bands and bands of hostile peasants have more successfully damaged railways in Japanese-controlled territory than all the costly raids in Japanese airplanes have accomplished in South China. As military observers have pointed out, compared with the cost of airplanes, gasoline, and bombs, the guerillas who tear up tracks and blow up bridges with a few sticks of dynamite are much the more effective military equipment.

The answer of the Japanese to the harassing tactics of the guerillas has been to burn all villages they could reach where guerillas or partisans were thought to be lurking. This policy, however, has been highly injurious to their own cause and to their plans for winning over not only the peasants but the rich gentry to their program of 'civilizing and stabilizing China.' Refugees from the burned villages flock to the Red areas, where they are given land and food and, after training, are incorporated into more guerilla bands. Even in the districts where some of the villagers, usually the merchants and rich landlords, were inclined to compromise and even cooperate with the invaders rather than oppose them, reports of the widespread destruction of life and property and the raping of women of all ages by Japanese soldiers, which have reached even the most remote parts of China, have aroused such bitter resentment, that even the most conservative have been converted to the program of a solid front against Japan.

The Japanese have sought by various means to organize the village gentry on their side by stressing the certain loss to them of their lands and money

should they cooperate with the Communists and guerilla 'bandits.' The Communists, however, since their agreement with the Central Government early in 1937, have kept strictly to their promise of relinquishing their revolutionary program looking to the establishment of a Communist State. Instead, their main efforts have been directed toward obtaining cooperation among all classes of the Chinese people against Japan. It is true that in some districts where the Communists have become dominant, they have equalized the distribution of food supplies and money as necessary measures of good government in the circumstances; but they have not re-distributed land, except in certain districts of North China where the landlords had already abandoned their property and fled to Peking to be under the protection of the puppet government there.

The gentry, therefore, have had to decide whether to join with their own people in the United Front against Japan, with relatively small losses to themselves in land and money, or to cooperate with the invaders, with very serious danger of attack and almost certain death at the hands of their own people and ultimate despoliation by their self-styled 'friends.' On the whole, and increasingly as the war has brought wanton destruction of landed wealth, the gentry have chosen the former course.

In the present warfare, the Red Army has waged more successful campaigns than any other single fighting Chinese unit. Their 'flying tactics' have not only baffled and harried the Japanese but many times have weakened the Japanese morale. Behind the lines on the Northern Front, on the Central Front, and in the Eastern part of China, they have carried on sabotage against the Japanese armies and have succeeded in making the gains of the invaders costly indeed.

The Mohammedans.

One of the problems that confronted the Chinese early in the present struggle was that of securing the cooperation of the Mohammedans in China's Northwest. There are 10,000,000 Mohammedans in this section of the country, scattered through the five provinces of Shensi, Kansu, Szechuan, Sinkiang, and Chinghai. In many parts of Kansu and Chinghai they outnumber the Chinese ten to one. Most of them are of Turkish

ancestry and are descended from the tribes who, as early as the sixth century, became so powerful on China's northwest frontier that Chinese emperors were forced to bargain with them. Over a period of several centuries, these Turkish people created an empire extending from what is now Eastern Siberia, across part of Mongolia, and into Central Asia. Gradually, some of them filtered southward into China proper and settled there. In the course of the centuries, while they have remained a distinctly separate people and have resisted absorption by the Chinese, they have lost their Turkish culture, adopted many Chinese customs, intermarried with the Chinese and have been more or less amenable to Chinese law. Their dress, also, with the exception of a ceremonial cap, is like that of the Chinese; and they speak the Chinese language.

Relations between the Mohammedans and the Central Government have not always been cordial, and there have been a number of uprisings against Chinese rule that have been put down with ferocious severity. It was because of the possibility of alienating the Mohammedans from the Chinese and winning them over to cooperation with Japan, that strenuous efforts were made by the Japanese toward that end even before the present hostilities began.

If Japan were to be effectively checked, it was, of course, vitally necessary to China to have the allegiance of the Mohammedans. If they should cooperate with Japan, this strategic Northwest Frontier, main gateway for the flow of war supplies from Russia, would be totally closed to China, and extensive military operations could be carried on from hostile bases in this region.

Realizing then, the immense importance of the Mohammedans' friendship and cooperation, the Eighth Route Army (after the Communists became established in the Northwest) set about the task of winning them over to a United Front against Japanese aggression. This had been tried by the Central Government, but without much success.

When emissaries of the Eighth Route Army first entered Mohammedan territory, their conduct was marked by the utmost friendliness, and no attempt at 'strong measures' was made. Believing that support must come

from the great mass of the people, they worked among the peasants and artisans and succeeded in winning their confidence and support. Later, many of the Mohammedan officials and religious leaders, who were at first hostile, were won over.

In working among the Mohammedans, the Communists did not work for a social revolution, and Communist doctrines as such have played no part in their program. Their appeal was primarily to the Muslims as a weak people to unite with the Chinese and create by unity and mutual fairness and justice the only kind of strength that would be able to resist Japan. They offered the Muslims complete religious liberty and political self-determination in exchange for support against the common enemy.

There are now a number of separate, non-Communist Mohammedan units serving with the Red Army and, according to all reports, they have been completely loyal and have made excellent fighters.

This fact of Mohammedan cooperation has been of immense importance to China in the present struggle and has kept Japan, so far at least from realizing her dream of creating an autonomous puppet state, friendly to herself, serving as a barrier between China and Russia, and furnishing a base for operations against Russia, when China should be subjugated.

Financial Situation.

See INTERNATIONAL BANKING.

Foreign Trade.

See WORLD ECONOMICS.

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