

Mr. Wasukawa's Oriental Development Company, which previously had borrowed extensively from J. P. Morgan and Company and the National City Bank, has also been officially encouraged to go into the field of cotton cultivation and the manufacture of cotton and woolen textiles.

It would appear at first sight that Mr. Matsuoka has been the sole loser. Early in January, when he was asked if he would resign, Mr. Matsuoka replied: 'I regret that I am unable to resign while the country is facing a crisis.' A fortnight later, however, he tendered his resignation. It was not accepted. Recently he sent an American, Henry W. Kinney, to Shanghai to try to induce American financiers to lend money to the S.M.R. to finance its program in China.

It is idle to think that the S.M.R. will withdraw from China without a battle royal. The concern is too powerful and has too many fingers in the Chinese pie to be content with nothing more than the rôle of an investor

assigned to it by the Army and the Government. Unmindful of the first defeat, thousands of S.M.R.'s experts are swarming over North and Central China, studying opportunities for investment. Thousands of other employees are operating railways under Japanese military orders.

The struggle for supremacy in North China and the Government's decision to give monopoly to a semi-official concern bear an important and ominous lesson for foreign interests. In the entire process no attention whatsoever has been paid to the vast foreign investments and rights in the North save occasional vague pious declarations of respect and hope for future coöperation in the economic development of North China.

The solemn treaties which guaranteed the 'Open Door' and equal opportunity for every nation in China are still theoretically in force, but these principles today are no more than myths, neither revered nor remembered.

II. DRUGGING CHINA

By MURIEL LESTER

From the *Manchester Guardian*, Manchester Liberal Daily

AFTER I returned to London from China in March, 1936, various reports reached me during the following fifteen months from foreign observers, medical men, journalists and missionaries that the drug situation in China was becoming steadily worse. Chinese mayors and magistrates were unable to prevent the sale of poisonous drugs by Japanese and Korean traders because they were protected by extraterritoriality; whereas Chi-

nese drug traders would be severely punished, these Japanese citizens went free. On occasion, after special publicity at Geneva or as the result of representations made by some public-spirited Japanese, a raid would be undertaken by consular authority. One such led to thirty men being arrested, but other pedlars promptly took their place.

During 1936 the traffickers set up clinics at village fairs, advertising

their skill in curing tuberculosis and other diseases. The medicine sold was always the same: heroin or morphine. The country folk were ignorant of what was happening to them. When the effect of the medicine wore off, feeling worse than ever, they returned to the clinic for advice. They were told they must persist with the treatment. All over China and into Hong Kong these drug peddlars penetrated systematically.

Opium is an old story with the Chinese—they know how to cope with its effects—but heroin and morphine are new and far more potent. They work with terrific speed: one 'shot' of morphine from a hypodermic syringe may lead easily to addiction. One may take a few whiffs of heroin in a cigarette without knowing that one is being inveigled into a deadly habit. One can buy a packet of heroin for 10 cents (three cents U.S.A.).

Early in 1936 the Nanking Government passed a law that every addict should present himself within the next twelve months at one or other of the centers provided for treatment and undergo a cure. After that period anyone found taking drugs would suffer the death penalty. Much remedial work was done during this period. Those who did not come voluntarily were fetched and treated under prison conditions; the others had hospital care. The expenses of all were met by their communities, rural or urban. In Tientsin, one city hospital was devoted to this work and another put aside part of its premises for the same purpose. Mission and private hospitals also gave treatment to addicts.

Since the war began I have returned once more to China and visited several cities in the North. When the new

Government—the Peace Preservation Council—was set up by the Japanese in Tientsin on August 3, 1937, it was announced that the Nanking law was no longer applicable to the district. The drug habit reassumed its tyranny. The anti-narcotic hospital work was stopped. In the old Japanese concession is a street in which about 50 per cent of the houses are drug 'joints.' They are not allowed to sell to the Japanese, but foreigners and Chinese, men and women, are offered the stuff openly as they walk through the street. There is no need to stress the danger or to quote actual cases to show how perilous is this situation for the foreign soldiers stationed in Tientsin.

II

In Peiping I spent a morning visiting various drug 'joints.' There are plenty of them. (I am having a map made of this quarter of the city, with the location of various shops.) The Japanese are no longer allowed to carry on this trade. The drug shops are all left in charge of Koreans under Japanese protection, but Chinese police arrest any Chinese trafficker whom they find. Death is the penalty. My companion, an American journalist, speaks Chinese fluently and told the traders that I was a Russian addict on my way to Shanghai. We were able to buy as much as we liked, but our usual purchase was only twenty cents' worth.

Five customers bought heroin during the ten minutes we spent in one shop. Here we learned that the best grade of heroin comes from Dairen and sells at eighteen dollars an ounce. This is two and a half times as much as Tientsin heroin. Small boys were on

the look-out for customers and led us genially along the *butungs*.

A middle-aged procurer took us to a brothel where we purchased heroin. Here we learned that many traders had left Peiping to follow the Army into pastures new, but their places were quickly filled by others. This establishment supplied the more expensive Dairen heroin as well as the Tientsin brand. A Chinese trafficker looked very frightened when we appeared. The difference between his furtive expression and the self-assurance of all the Korean dealers was marked.

We went to a house belonging to a Russian cabaret manager who owns a hotel in Tientsin. Drugs are habitually sold here, but we could not enter, as he had gone to Taiyuan to extend his business and the two Japanese who were retailing heroin in his house, using his name to protect themselves, were not at home.

The thing that troubled me most in Peiping was the number of small clinics which the Japanese are opening. They are well lit and attractive. One of them displays the red cross, and most use illuminated street signs to guide passers-by on the main roads to their doors up the side streets. A crowd of rickshaws wait outside them at night. They advertise in the papers the various diseases which they cure.

The procedure in many of them seems to be that each person on entering is given a cursory examination by an unqualified doctor or dispenser, and is then registered as suffering from some specific disease. After that he is allowed to buy as much heroin or morphine as he likes. Here also, on certain nights of the week, come prostitutes to renew their weekly licenses.

The well-known Japanese dispensary in Hatamen Street was the chief retailing center for drugs until a few months ago, when it became illegal to have drug 'joints' on the main streets. Probably that is why the clinics are springing up now.

We also went to the big foreign-style house where opium is regularly brought in from Jehol for distribution. The Japanese who own the place have five cars in regular use for this purpose. Three hundred addicts were set free from the city treatment center last week and the place closed down. There is no longer any clinic available here for the cure of addicts. Some Japanese here are known to pay their servants or business employees half in cash, half in drugs.

Last week I revisited Changli, Hopei, where I made a detailed survey in March, 1935. It has a self-respecting population, a public-spirited Mayor, an excellent long-established mission school, hospital, health center and an agricultural center. Since the taking of Manchuria, this area, which includes Shanhaikuan, Lanh sien and Chingwangtao, has been invaded, in ever-increasing numbers by pedlars of poisonous drugs; but no other town was so well conditioned to resist the evil.

The traffickers could find no one inside the city walls willing to rent them a shop. They ensconced themselves, therefore, in shanties just outside the walls. Of course they ignored the Mayor's request to them to close down their anti-social activities, their pawnshops, gambling dens, brothels, and theater, each of which enticed the country people to contract the drug habit. They merely answered that they were Japanese citizens and they

could continue to do as they liked.

The Mayor's authority extended, however, over any Chinese they might employ, and his police eventually caught one such and confiscated the drugs he was carrying and imprisoned him. The next day the Mayor found himself a prisoner in his own office by armed ruffians who demanded the value of the drugs—two thousand five hundred dollars—and the release of the Chinese employee. He had to make payment out of his own pocket before he was allowed to move.

I was glad to see that Changli folk are still successful in keeping the drug traffickers outside the city walls. There they continue their trade unchecked, though many have gone to follow the Army.

A foreign Christian appealed to five Koreans newly settled in a Chinese town and running opium dens. 'Why do you come to China?' he inquired. 'We were sent here,' they answered. 'Why do you ply this trade?' he asked. 'That was the part assigned to us,' they explained.

III. PROSPEROUS HONG KONG

By WALTER BOSSHARD

Translated from the *Neue Zürcher Zeitung*, Zurich German-Language Daily

HONG KONG'S harbor is regarded as one of the most beautiful in the whole world, excelled only, perhaps, by that of Rio de Janeiro. The approach by day through the countless green islands, and the view upon the city with its richly inhabited peak rising steeply in the background—all this leaves an unforgettable impression. By night, the city presents a fascinating view from the mainland, when the giant ocean liners are tied up at their piers in Kowloon and when, across the narrow channel the many lights betray the pulsating life of a big city.

Until a few months ago, Hong Kong was a conservative colonial city, whose inhabitants were regarded as 'more British than those of Britain.' Here one would encounter people out of Dickens and Thackeray, old-fashioned in their language and their customs. Even those who were not English accepted the traditional code after a

short time and came to look upon the outside world through Hong Kong's peculiar spectacles.

Now everything has changed. Overnight, because of the war, Hong Kong has become a capital, a world center. One need only take a walk in the forenoon through Pedder Street, which is hardly a thousand feet long, or sit in the lobby of the Hong Kong Hotel to see familiar faces from all five continents. In less than two hours after my arrival I met within these few acres the Dean of a Peiping university, three American colleagues from Tokyo, Rome and Madrid, the members of a German Red Cross mission, a French writer, a Viennese eye specialist, a Prague munitions agent, Italian diplomats, the wife of a famous Portuguese throat specialist, a Swiss merchant from Manila, Swedish missionaries, Russian ballerinas—all of them people whom I had met before under entirely different circumstances. It is this in-