One of the countries that had been hit the hardest by the Wall Street Crash was Japan. The background to why it hit Japan so hard as well as the reasons for Japan to try to expand its territory was:

**ECONOMIC:**
- Japan did not have a lot of its own natural resources
- In the late 19th century Japan went through the industrial revolution and became the largest industrial power in Asia.
- The economic success brought along a huge population increase
- Japan's economic success depended strongly on her export (especially silk which covered over one third of the Japanese export)
- USA was far out the most important importer of Japanese goods. When the American market collapsed and US raised their tariffs it hit Japan hard
- The silk export dropped 40% in 1929-30
- Big Japanese unemployment (2.6 million 1930)
- Starvation in rural areas. Some years of famine due to

**POLITICAL:**
- Japan had a civilian government but the influence of the Japanese Army (a highly prestigious institution in Japan) was strong
- During the 1920's and now in the beginning of the 1930's the government suggested cuts in the military budget (to promote disarmament and later to repair the domestic economy). An attempt by army and patriotic societies to kill the Japanese Prime Minister (Yuko Hamaguchi) was made and it was followed by several other assassination attempts against leading members of the civilian government.
- It became evident that the civilian government started to lose control to some generals in the Japanese Army (especially the ones stationed in Manchuria in the "Kwantung Army")

**HISTORIC:**
- Russo-Japanese War 1904-05. Japan won this war. They thereby gained full control over Korea (annexed by Japan 1910), the tip of the Liaodong Peninsula and the South Manchurian railroad.
- The warlord of Manchuria (Zhang Xueliang) wanted to expel the Japanese from the region
- The Chinese nationalist leader Chiang Kai-shek demanded an end to all foreign concessions in China

**CHRONOLOGY OF THE CRISIS:**
- **September 1931 - the Mukden Incident.** In September 1931 the Japanese Army staged what is called the Mukden Incident. They blew up part of the South Manchurian railroad and blamed it on the Chinese people.
- This led to Japanese occupation of Manchuria
- Aerial bombing of Shanghai. Skirmishes broke out in Shanghai between Japanese marines and Chinese regular troops (the Japanese marines protected Japanese citizens in the "international quarter"). As a result of these skirmishes Japan decided to bomb Shanghai.
- Reaction from the Japanese civilian government. The Japanese civilian government reacted against the aggression of the Kwantung Army. The response of the army was ignorance.
- **May 1932 - the Japanese Prime Minister Inukai was assassinated by nationalist officers. Prime Minister Inukai had tried to reach a more friendly solution towards the Chinese in the crisis.**
- **1932 - the "independent" state of Manchukuo was created.** It was recognized by the civilian government in September 1932. The last Emperor of China Pu Yi (who lost his position in 1911 when China became a republic) became officially the Head of the new state, but it was the leaders of the Kwantung Army that ruled from behind.
- The Chinese Nationalist Government under Chiang Kai-shek did not put up much resistance. He was more focused on fighting his internal enemy - the Chinese Communist Party (CCP).
- **May 1933 - China signed a truce with Japan.**
REACTION FROM THE LEAGUE OF NATIONS:
Unfortunately the League reacted slow and ineffectually - Why?

- The Chinese governments control over Manchuria had been limited since the 1911 Revolution. It was a local warlord that had control over this area.
- Japan had been present in this area since 1905
- The European powers were not sympathetic to the Chinese Nationalist leader Chiang Kai-shek who was actively trying to curb the European influence in China.
- The US President Hoover decided against US action against Japan. Instead USA just went for a "non-recognition" of the new state Manchukuo.
- China appealed to the League using Article 11 of the League Covenant:

**ARTICLE 11:** Any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations. In case any such emergency should arise the Secretary General shall on the request of any Member of the League forthwith summon a meeting of the Council.

It is also declared to be the friendly right of each Member of the League to bring to the attention of the Assembly or of the Council any circumstance whatever affecting international relations which threaten to disturb international peace or the good understanding between nations upon which peace depends.

- The Council called for Japan to withdraw her forces to the area around the South Manchuria railroad. When this resolution was presented Japan vetoed it! To buy time they suggested a commission to be established that could investigate the Mukden Incident.
- December 1931 - the Lytton Commission was set up by the League of Nations Council (under Lord Lytton from Great Britain)
- In February/March the League of Nations passed resolutions that told their members to "not recognize changes in the status of territory resulting from the use of force".
- China appealed to the League of Nations again - this time they referred to Article 15 in the League Covenant:

**ARTICLE 15:** If there should arise between Members of the League any dispute likely to lead to a rupture, which is not submitted to arbitration or judicial settlement in accordance with Article 13, the Members of the League agree that they will submit the matter to the Council. Any party to the dispute may effect such submission by giving notice of the existence of the dispute to the Secretary General, who will make all necessary arrangements for a full investigation and consideration thereof.

For this purpose the parties to the dispute will communicate to the Secretary General, as promptly as possible, statements of their case with all the relevant facts and papers, and the Council may forthwith direct the publication thereof.

The Council shall endeavor to effect a settlement of the dispute, and if such efforts are successful, a statement shall be made public giving such facts and explanations regarding the dispute and the terms of settlement thereof as the Council may deem appropriate.

If the dispute is not thus settled, the Council either unanimously or by a majority vote shall make and publish a report containing a statement of the facts of the dispute and the recommendations which are deemed just and proper in regard thereto.

Any Member of the League represented on the Council may make public a statement of the facts of the dispute and of its conclusions regarding the same.

If a report by the Council is unanimously agreed to by the members thereof other than the Representatives of one or more of the parties to the dispute, the Members of the League agree that they will not go to war with any party to the dispute which complies with the recommendations of the report.

If the Council fails to reach a report which is unanimously agreed to by the members thereof, other than the Representatives of one or more of the parties to the dispute, the Members of the League reserve to themselves the right to take such action as they shall consider necessary for the maintenance of right and justice.
If the dispute between the parties is claimed by one of them, and is found by the Council, to arise out of a matter which by international law is solely within the domestic jurisdiction of that party, the Council shall so report, and shall make no recommendation as to its settlement.

The Council may in any case under this Article refer the dispute to the Assembly. The dispute shall be so referred at the request of either party to the dispute, provided that such request be made within fourteen days after the submission of the dispute to the Council.

In any case referred to the Assembly, all the provisions of this Article and of Article 12 relating to the action and powers of the Council shall apply to the action and powers of the Assembly, provided that a report made by the Assembly, if concurred in by the Representatives of those Members of the League represented on the Council and of a majority of the other Members of the League, exclusive in each case of the Representatives of the parties to the dispute, shall have the same force as a report by the Council concurred in by all the members thereof other than the Representatives of one or more of the parties to the dispute.

- September 1932 - The "independent" state of Manchukuo was created and recognized by the civilian Japanese government.
- October 1932 - The Lytton Commission suggested that Manchuria should be an independent autonomous state - but it should remain under China (the "Lytton Report")
- February 1933 - the Lytton Report was accepted by the League of Nations. The League also decided to follow the US in their policy of "non-recognition"
- March 1933 - Japan walked out of the League of Nations!

IMPACT OF THE MANCHURIAN CRISIS:
- League of Nations tried to determine what happened in Manchuria and later approved the Lytton Report, but nothing changed in China. In 1937 Japan moved further into Chinese territory…
- Japan’s economic and strategic position improved in Asia. Manchuria had many natural resources: timber, coal, iron and land for agriculture.
- The Manchurian Crisis may well have encouraged Mussolini’s invasion of Abyssinia in 1935.

WHY DID THE LEAGUE OF NATIONS FAIL?
- The Lytton Commission took very long to prepare their report. When it was presented Manchukuo was already established.
- Neither France, the two strongest nations in the League of Nations, felt they could confront Japan. The public opinion at home was against it. They both still suffered a lot from the Great Depression and didn’t really have the economical means for an involvement. Both nations were also involved in colonial affairs in the Far East and they therefore had a certain understanding for the Japanese expansion.
- The US supported the Lytton Report but they made it very clear that they did not intend to get actively involved in any actions against Japan. President Hoover had also declared that there would be no economic sanctions against Japan (and the US was the far out most important trading partner for Japan).
- Fear of Communism! In China a Civil War between the nationalists and CCP (Chinese Communist Party) broke out 1927. The nationalists had the official political power in 1931-33 but CCP was not gone. They were still active and continued to be a threat against the Chinese government. The countries in the League of Nations knew that Japan had no sympathy for communism. The Japanese occupation of Manchuria was therefore a hinder in the expansion of communism.