

## **The Poppy and the Acacia: Opium and Imperialism in Dairen, 1905-1932**

“Yes, on the face of it, Dairen was beautiful. However, in addition to the fragrance of the acacia, one could also smell the opium.”<sup>1</sup>

### **Introduction**

In the eighteenth century, opium came to occupy a central position within the political economy of Asia. The imperial power of Great Britain, seeking to balance its trade with China under the Qing dynasty (1644-1911), placed large portions of South Asia under poppy cultivation, growing opium to sell to the Chinese. Qing opposition to the trade, which drained the treasury of silver, culminated in the First and Second Opium Wars (1839-1842 and 1856-1860, respectively). Victorious in both of these military encounters, Great Britain demanded a set of concessions that placed China in a semi-colonial relationship vis-à-vis the West. Opium also enabled the outright conquest of Southeast Asia, where Britain, France, and the Netherlands supported local administration through the public sale of drugs.<sup>2</sup> When Japan acquired the island of Taiwan in 1895 and became an empire in its own right, it too financed the conquest and administration of East Asia with the revenues of state-sponsored and state-sanctioned narcotics trafficking.<sup>3</sup>

By the early twentieth century, however, the great powers had come to question the morality of acquiring territory by force for domestic financial gain. Each imperial power evolved its own variant of the “mission to civilize,” an ideology that justified imperial rule as a means of uplifting the colonial subject and improving his racial “fitness” for survival in a Social Darwinist world. The mission to civilize ignited campaigns to eradicate various indigenous customs and practices deemed “backward” or “barbaric,” including slavery, sati, and opium smoking.<sup>4</sup> Yet the will to legitimate empire by “saving” indigenous drug users from their maligned habit coexisted alongside the imperative to fund the state through public control of the lucrative opium market. In the course of international discussion, the strategy of gradual suppression evolved to reconcile these apparently contradictory objectives. Policymakers throughout East and

<sup>1</sup> Matsubara Kazue, *Dairen dansu ho-ru no yoru* (Tokyo: Chūō kōronsha, 1998), p. 7.

<sup>2</sup> Carl Trocki, *Opium, Empire, and the Global Political Economy: A Study of the Asian Opium Trade, 1750-1950* (New York: Routledge, 2009).

<sup>3</sup> Following the conventions of both the primary and secondary literature, I use the terms “opium,” “opiates,” “narcotics,” and “drugs” interchangeably, except in cases where greater clarity is desirable.

<sup>4</sup> The secondary literature on the mission to civilize is vast. For an introductory overview, see Alice Conklin, *A Mission to Civilize: The Republican Ideal of Empire in French West Africa, 1895-1930* (Stanford: Stanford University Press, 1997); and Harald Fischer-Tiné and Michael Mann, eds., *Colonialism as Civilizing Mission: Cultural Ideology in British India* (London: Wimbledon Publishing Co., 2004). For a discussion of Japan’s civilizing mission, see Mark R. Peattie, “Introduction,” pp. 1-52, in Ramon H. Myers and Mark R. Peattie, eds., *The Japanese Colonial Empire, 1895-1945* (Princeton: Princeton University Press, 1984). On the eradication of slavery, see Catherine Hall, *Civilising Subjects: Colony and Metropole in the English Imagination, 1830-1867* (Chicago: University of Chicago Press, 2002). For a treatment of the institution of sati under the Raj, see Lata Mani, *Contentious Traditions: The Debate on Sati in Colonial India* (New York: Oxford University Press, 1998). On the incorporation of opium into the civilizing mission, see James H. Mills and Patricia Barton, eds., *Drugs and Empires: Essays in Modern Imperialism and Intoxication, c. 1500-1930* (London: Palgrave Macmillan, 2007).

Southeast Asia presented gradual suppression as a humanitarian stance towards individual drug users, who could be weaned slowly, incrementally, and painlessly from their habit. In the interim, gradual suppression also allowed states to profit from the narcotics market, by sanctioning the maintenance of a government monopoly that would steadily reduce the amount of opium in circulation.

Contradicting the stated aims of bureaucrats, however, opium monopolies did not put themselves out of business. Rather, the profits they generated increased annually, comprising up to 60 percent of the operating budget of colonial administration by the early 1920s.<sup>5</sup> The disparity between goals and outcomes has led contemporary observers, as well as historians, to view gradual suppression as a “schizophrenic” or even hypocritical strategy that cloaked the naked profit motive in the language of humanitarianism.<sup>6</sup> In fact, gradual suppression was a persuasive reconciliation of financial and ideological aims that derived legitimacy from near-universal adoption throughout East and Southeast Asia. By the end of World War II in 1945, every state, colony, and leased territory in the region maintained an opium monopoly. Such was the hegemony of gradual suppression that alternative methods of drug control were scarcely politically or conceptually possible.

The city-state of Dairen (now Dalian in the People’s Republic of China) and the Kwantung Leased Territory (KLT), which was ruled by imperial Japan from 1905-1945, was the last administrative unit in Asia to create an opium monopoly.<sup>7</sup> Not until 1928—nearly half a century after the establishment of the first opium monopoly in Southeast Asia, and three decades after the construction of the institution in Japan’s own colony of Taiwan—did the state assert formal control of the drug market. Inadequate capacity, rather than the absence of bureaucratic will or international pressure, accounted for lagging regulatory practices in the leasehold. In the initial years of Japanese control, the underdeveloped state and insecure political status of the KLT did not permit the exercise of centralized authority. With decision-making split among four separate bodies, a local struggle for power engulfed the struggle to carry out gradual suppression in accordance with global norms. The long process of monopoly formation ultimately benefited one institution in particular: the Kwantung Army, Japan’s military force stationed in the region: the Kwantung Army. As the KLT implemented successively more ambitious regulations to bring the opium market under central control, the military developed an increasing number of channels for illicit profit. By the early 1930s, it had amassed the financial resources to fund the invasion of Manchuria and establishment of the unrecognized pariah state of Manchukuo. Ironically, the attempt to legitimize imperialism through the institutionalization of global standards in Dairen ultimately contributed to the diplomatic isolation of imperial Japan.

### **The revenue farm**

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<sup>5</sup> Committee on the Traffic in Opium and Other Dangerous Drugs (OAC), "Summary of Annual Reports of Governments on the Traffic in Opium and Other Dangerous Drugs for the Years 1929 and 1930" (Geneva, 1931), p. 114.

<sup>6</sup> Edward Slack, for example, describes the opium monopoly as “at once morally abhorrent and fiscally imperative.” Edward R. Slack, *Opium, State, and Society: China’s Narco-Economy and the Guomindang, 1924-1937* (Honolulu: University of Hawai’i Press, 2001), p. 156.

<sup>7</sup> For the most comprehensive account of drug control in the KLT, see Yamada Gōichi, *Manshūkoku no ahen senbai: Waga Man-Mō no tokushu ken’eki no kenkyū* (Tokyo: Kyūko shoin, 2002), pp. 8-123.

Japan originally took possession of the small but strategically located Kwantung leasehold along with Taiwan in 1895, following its defeat of China in the Sino-Japanese War.<sup>8</sup> In Taiwan, which was formally constituted as a colony, Japan followed the model of the great powers in Southeast Asia in establishing an opium monopoly.<sup>9</sup> The KLT, however, was lost almost immediately. Fearing the growth of Japanese power in southern Manchuria, a region it hoped to dominate, Russia (along with its allies Germany and France) the tsar's government pressured Japan to return the peninsula to China in exchange for an augmented indemnity. Three years after the so-called Triple Intervention, the tsar's government negotiated a twenty-five year lease of the KLT for itself. On the site of the Chinese fishing village of Qingniwa, urban planners established the city of Daln'ii (Dalny), fulfilling a centuries-long quest for a year-round ice-free port on the eastern frontier. Over the next seven years, Russia poured millions of rubles into Daln'ii, building modern harbor facilities and laying over 1,500 kilometers of railway track to link the port to cities in northern Manchuria and the Russian Far East. The scope of development alarmed Japanese nationalists, who believed that the KLT was rightfully theirs. In 1904, tension between the two empires, stemming partly from competition for influence in Manchuria, erupted in the Russo-Japanese War. Japan's Kwantung Army swiftly invaded and occupied the KLT. The Treaty of Portsmouth, which restored peace in 1905, formalized the transfer of the leasehold to Japan.

Despite Russia's enormous investment in Daln'ii, the city, renamed Dairen ("Great Connection"), was scarcely functional when Japan took possession in 1905. "Of [D]airen itself little is to be said," one foreign consul wrote the following year. "The greater part of town...still remains waste ground, and such streets as do exist are occupied almost entirely by Japanese or Chinese shops and dwellings of a poor and often squalid description. This remark applies even to the busiest streets."<sup>10</sup> Development under Japanese rule proceeded slowly at first, hampered by the ambiguous political status and administrative weakness of the KLT. Unlike formal colonies, over which empires exercised complete and theoretically permanent sovereignty, the Kwantung was a leased territory, which Japan pledged to return to China in 1923.<sup>11</sup> Because China would not accept a strong central administration, Japan divided political power among four "heads."<sup>12</sup> These included the Japanese Foreign Ministry, represented by local consular

<sup>8</sup> The actual area of the KLT was 3,479 square kilometers.

<sup>9</sup> The most comprehensive published work on the Taiwan opium monopoly is Ryū Meishū's *Taiwan tōchi to ahen mondai* (Tokyo: Yamakawa shuppansha, 1983). In English, see Hung Bin Hsu, "From Smokers to Addicts: A History of Opium and Its Uses in Taiwan," Ph.D. Dissertation, SOAS, 2008.

<sup>10</sup> R. L. Jarman, ed., *Japan and Dependencies: Political and Economic Reports 1906-1960 Vol. 13: Kwantung: Political and Economic Reports 1906-1933* (Oxford: Archive Editions, 1993), p. 26.

<sup>11</sup> In 1915, the Chinese government accepted Japan's Twenty-One Demands, which included the extension of the lease to ninety-nine years.

<sup>12</sup> Kobayashi Michihiko, "Mantetsu to Gotō Shinpei," pp. 39-49, in Yoshida Yōji, ed., *Mantetsu to wa nandatta no ka: Mantetsu sōritsu hyaku shūnen kinen shuppan* (Tokyo: Fujiwara Shoten, 2006); Nishinomiya Kō, "Gotō Shinpei no Manshū keiryaku," pp. 225-243, in Nakami Tatsuo, ed., *Manshū to wa nandatta no ka* (Tokyo: Fujiwara shoten, 2004). Barbara J. Brooks has argued that, after the establishment of the Japanese colonial government (Chōsen Sōtokufu) in Korea in 1910, this body became a "fifth head" of administration in the KLT. See Barbara J. Brooks, "Peopling the Japanese Empire: The Koreans in Manchuria and the Rhetoric of Inclusion," pp. 25-44, in Sharon A. Minichiello, ed., *Japan's Competing Modernities: Issues in Culture and Democracy 1900-1930* (Honolulu: University of Hawai'i Press, 1998), p. 27.

offices; the South Manchurian Railway Company (SMR); the Kwantung Army; and the Kwantung Bureau.<sup>13</sup>

The Kwantung Bureau (Kantō Totokufu, or Office of the Governor-General), the authority tasked with opium regulation, came into being in September 1906. Consisting of a military and a civil branch, its duties included defending the KLT, overseeing the SMR, and executing justice. Headed by a ranking general and based in Ryōjun (Port Arthur), the headquarters of the Kwantung Army, the Kwantung Bureau was a civilian front for military control of the leasehold. Recognizing the potential for profit in the drug trade, it swiftly took control of the opium market. The small population of local Chinese—less than 400,000 in the KLT and barely 30,000 in Dairen proper—did not consume enough opium to justify the expense of creating a monopoly.<sup>14</sup> The Kwantung Bureau therefore adopted a stopgap measure known as revenue farming. In this form of subcontracting, the state invested private individuals with the right to collect taxes on its behalf, in exchange for periodic payments.<sup>15</sup> Revenue farming had a long history in the opium economies of colonial Southeast Asia. The European empires of the late nineteenth-century were strong enough to levy taxes, but lacked the bureaucratic effectiveness and efficiency to collect them. Revenue farming [bridged this gap in ability](#).<sup>16</sup> As governments grew stronger, they abolished farms in favor of state monopolies. By the turn of the twentieth century, the great powers had come to view revenue farming as “an archaic ‘medieval’ form of tax collection.”<sup>17</sup>

Although subcontracting was no longer considered a respectable means of regulating the opium economy by the time Japan acquired the KLT in 1905, imperial policymakers lacked the personnel, experience, and confidence to experiment with alternatives. In 1906, the [Kwantung Bureau](#) sold the right to collect opium taxes to a local-born Chinese merchant named Shen Zhongguo.<sup>18</sup> During the Russo-Japanese War of 1904-1905, Shen had spied for the [Kwantung Army](#), winning the favor of General Nogi Maresuke, one of the most important military leaders of [the Meiji Japan period](#).

<sup>13</sup> Historians have devoted considerable scrutiny to the SMR, which dominated the economy of Japanese Manchuria and played a role in governance often compared to the British East India Company. The most comprehensive history of the SMR in English is Yoshihisa Tak Matsusaka, *The Making of Japanese Manchuria, 1904-1932* (Cambridge, MA: Harvard University Press, 2001). In Japanese, see Kobayashi Hideo, ed., *Kindai Nihon to Mantetsu* (Tokyo: Yoshikawa Kō bunkan, 2000); and Yoshida and Fujiwara, eds., *Mantetsu to wa nandatta no ka*. The Kwantung Bureau, by contrast, has received little attention: I have found only one article that takes this authority as its subject: Kurihara Ken, “Kantō Totokufu mondai teiyō,” pp. 37-60, in Kurihara Ken, ed., *Tai Man-Mō seisaku shi no ichimen* (Tokyo: Hara shobō, 1966).

<sup>14</sup> *Kantō tōkei sho* Vol. 3 (Dairen: Kantō Totokufu kanbō bunsho ka, 1908).

<sup>15</sup> Howard Dick, “A Fresh Approach to Southeast Asian History,” pp. 3-18, in John Butcher and Howard Dick, eds., *The Rise and Fall of Revenue Farming: Business Elites and the Emergence of the State in Southeast Asia* (New York: St. Martin’s Press, 1993), p. 3.

<sup>16</sup> John Butcher, “Revenue Farming and the Changing State in Southeast Asia,” pp. 19-44, in Butcher and Dick, eds., *The Rise and Fall of Revenue Farming*, p. 42.

<sup>17</sup> Dick, p. 8. A thorough history of revenue farming in the case of the Dutch East Indies is provided in James R. Rush, *Opium to Java: Revenue Farming and Chinese Enterprise in Colonial Indonesia, 1860-1910* (Ithaca: Cornell University Press, 1990).

<sup>18</sup> Historian Kurahashi Masanao has suggested that Shen’s Chinese nationality may have helped him secure the opium farm, given perceptions in Japan that opium was a “dirty” business unsuitable for Japanese involvement. Kurahashi Masanao, *Nihon no ahen senryaku: Kakusareta kokka hanzai* (Tokyo: Kyōei shobō, 1996), p. 150.

Following the Japanese takeover of the leasehold, he reaped the rewards of service to the empire by claiming the first opium farm.<sup>19</sup>

Shen's relationship with the Kwantung Army established an enduring pattern in the KLT drug market, whereby opium tax farmers functioned as a conduit of revenue to the military. Shen's own farm failed due to his inability to cooperate with local merchants. Dominated by migrants from China's Shandong province, the Dairen business community regarded him as an outsider. In 1907, the Kwantung Bureau awarded a second permit to the Japanese Ishimoto Kantarō. Nationality notwithstanding, Ishimoto was in many ways a mirror image of Shen. Born in 1868, he prepared to attend university as a youth, but instead left Japan for Shanghai, where he studied Chinese and English. In the early 1890s, Ishimoto attempted a succession of careers, including mining, teaching the Chinese language, managing a slaughterhouse, and raising dairy cows. Like Shen, Ishimoto founded his career on army contacts developed during Japan's imperialist wars. Upon the outbreak of the Sino-Japanese War in 1894, he offered himself as a Chinese-speaking aide to General Nogi. After the conflict, Nogi obtained a job for him in the newly created Taiwan opium monopoly. In 1905, when the general was dispatched to China to lead an army against Russia, Ishimoto accompanied him as an interpreter.

After the war, Ishimoto remained in the KLT as a translator in the service of the newly established Kwantung Bureau. Based on his experiences in Taiwan, he advocated the creation of a government monopoly on opium in the leasehold, but his petition was too late: Shen had already claimed the first revenue farming permit. When Shen's opium farm failed to generate expected profits, however, the Bureau offered Ishimoto a competing permit.<sup>20</sup> With the backing of the Kwantung Army, Ishimoto almost single-handedly transformed Dairen into the premier drug depot of the early twentieth-century world.<sup>21</sup> Within a year, he had opened 262 dens in the city, distributing four tons of opium annually.<sup>22</sup> He invested these early returns in the extension of operations throughout northeast Asia. By 1912, over ninety percent of the so-called Opium King's business took place outside the Kwantung.<sup>23</sup> He also became involved in refined narcotics trafficking. Morphine and heroin, which had not been available in Manchuria prior to the inception of Japanese control, became a cheap and readily obtainable alternative to smoking opium.

Success made Ishimoto wealthy. His reported annual income rose from 30,000 yen in 1907 to 200,000 yen in 1914. He built a lavish hilltop residence and filled it with

<sup>19</sup> Katsuragawa Mitsumasa, "Kantōshū ahen seido no seitai to Chūgoku shōnin: Kantōshū no tōchi wo meguru kōsatsu," *Shirin* Vol. 91 No. 2 (2008), pp. 69-94.

<sup>20</sup> Xu Jieli, "Gotō Shinpei to sono ahen mōryaku," *Shokuminchi bunka kenkyū* 4 (2005), pp. 47-53.

<sup>21</sup> In a dissenting opinion, Katsuragawa Mitsumasa argues that Shen remained the real force behind the opium economy; Ishimoto served as his puppet. See Katsuragawa, "Kantōshū ahen seido no seitai to Chūgoku shōnin," p. 71.

<sup>22</sup> Kotarō Mochizuki, *Civil Administration in Kwantung Government* (Tokyo: Liberty News Agency, 1910), p. 61.

<sup>23</sup> Yamada, *Manshūkoku no ahen senbai*, p. 15. Other individuals referred to by the title "Opium King (*Ahen ō*)" included Nitan'chō Otozō, who earned a fortune growing poppies in the Japanese home islands; and Satomi Hajime, who controlled the opium market in Japanese-occupied central China in the late 1930s and early 1940s. On Nitan'chō, see the following collection of sources: Kurahashi Masanao, *Nitan'chō Otozō ahen kankei shiryō* (Tokyo: Fuji shuppan, 1999). For a biography of Satomi Hajime, see Senga Motofumi, *Ahen Ō ichidai: Chūgoku ahen shijō no teiō Satomi Hajime no shōgai* (Tokyo: Kōjinsha, 2007).

art, expensive furniture, and other treasures.<sup>24</sup> The development of the opium market by a Kwantung Army agent also enriched the military. During the 1910s, opium did not appear as an official source of revenue in the KLT budget. It furnished a convenient slush fund for the covert strengthening of the army and the development of Dairen as a showplace of imperial modernity and enlightened rule—a “Paris of the East.”<sup>25</sup> Proclaiming, “Modernity is a synonym of Dairen,” the Kwantung Bureau lavished the revenues of the opium traffic on new roads, a sewage system, electrification, educational and health facilities, industrial development, and public buildings.<sup>26</sup> They also planted thousands of acacia trees, living symbols of Japanese imperial power. Passing through Dairen, Yosano Akiko (1878-1942), generally considered the finest Japanese female poet of her day, composed couplets extolling the “hundred spirits beneath the young leaves of the acacia” and the “acacia path of beauty unequalled by the willows of Chang’an [China’s capital under the Tang dynasty (618-907 A.D.)].”<sup>27</sup>

Outside the KLT, however, international opinion had turned against the revenue farm that funded the acacia and all it represented. In 1906, the imperial government of China announced a plan to eradicate the narcotic economy within ten years. Swayed by influential segments of the domestic population that had come to view the opium traffic as unethical, Great Britain pledged to voluntarily terminate drug exports to the Qing empire over the course of a similar time frame. The United States, prompted by missionaries, moralists, and a desire to play a greater role in Asian affairs based on its acquisition of the Philippines, also supported the end of the narcotics traffic.<sup>28</sup> In 1909, President Theodore Roosevelt convened the Shanghai Opium Commission, a meeting of all imperial powers in Southeast Asia (including Japan), to discuss suppression measures for drug smuggling. Charles H. Brent, president of the conference and chief bishop of the Philippines, discussed opium use as a form of enslavement. In his view, putting an immediate end to the opium traffic in the twentieth century was an ethical imperative on par with the abolition of slavery in the nineteenth-century American South.<sup>29</sup> European and Japanese delegates, however, adapted the slavery analogy to exalt the strategy of

<sup>24</sup> Takenaka Ken’ichi, *Dairen rekishi sanpo* (Tokyo: Kōseisha, 2008), p. 34.

<sup>25</sup> For more on urban planning in Japanese Dairen, see Koshizawa Akira, “Dairen no toshi keikaku shi,” *Nit-Chū keizai kyōkai kaikoku* 134-135 (1984), pp. 1-51; Nishizawa Yasuhiko, *Zusetsu Dairen toshi monogatari* (Tokyo: Kawade shobō shinsha, 1999); and Hashiya Hiroshi, *Teikoku Nihon to shokuminchi toshi* (Tokyo: Yoshikawa Kō bunkan, 2004). In English, see Robert John Perrins, “‘Great Connections’: The Creation of a City, Dalian, 1905-1931: China and Japan on the Liaodong Peninsula,” Ph.D. Dissertation, York University, 1998; and Christian A. Hess, “From Colonial Jewel to Socialist Metropolis: Dalian 1895-1955,” Ph.D. Dissertation, University of California at San Diego, 2006.

<sup>26</sup> Matsumoto Toyozō, ed., *A Pictorial Outline of Manchuria* (Dairen: South Manchuria Railway Co., 1939), p. 12; Kurahashi, *Nihon no ahen senryaku*, p. 155.

<sup>27</sup> Fukusho kakō kabushiki kaisha, “Hekizanso seikatsu fuku” pp. 201-231, in Shin Kitsu and Nagaoka Masami, eds., *Shokuminchi shakai jigyō kankei shiryō shū “Manshū, Manshūkoku” Vol. 5: Kantōshū no bu: Shakai jigyō no jissen* (Tokyo: Kin-gendai shiryō kenkōkai, 2005).

<sup>28</sup> Historian David Musto observes that American initiative in the realm of international drug reform also derived from a desire on the part of U.S. policymakers to mollify Qing resentment against immigration policy, which imposed entrance quotas on Chinese nationals. Source: David F. Musto, *The American Disease: Origins of Narcotics Control* (Oxford: Oxford University Press, 1999), p. 4.

<sup>29</sup> Sao-ke Alfred Sze, *Geneva Opium Conferences: Statements of the Chinese Delegation* (Baltimore: The Johns Hopkins University Press, 1926), p. 90.

gradual suppression. “Only our government has the resolve of Lincoln... against slavery,” declared Nonami Shizuo, who represented Japan.<sup>30</sup>

Although the [delegates at Shanghai did not commit to any binding course of action](#), the meeting [was](#) significant in producing a common language for the development of international standards for drug regulation. Representatives agreed to enact and enforce legislation in their home countries to restrict the production, manufacture, distribution, import, and export of narcotics. They also promised to crack down on smoking in their leased territories, concessions, and settlements in China. Although the Shanghai resolutions were voluntary, they were subsequently formalized in the binding Hague Convention of 1912. Participating nations agreed that the Hague Convention would come into effect when ratified by all signatories—a process that took nearly a decade.

Following the [Shanghai](#) Commission, Tokyo pressured the Kwantung Bureau to align KLT drug policy with global norms. In 1911, the [Kwantung](#)-Bureau responded by creating a permit system to gradually eradicate drug consumption over the next three years. Following a medical examination to confirm the addiction of the smoker, sanitation police officers issued a license to purchase a specified amount of opium from accredited state agents.<sup>31</sup> The regime planned to reduce this individual allotment by ten percent each month, to alleviate dependence slowly and painlessly. The initial registration campaign offered licenses to 5,000 smokers in the KLT, representing 1.1 percent of the total Chinese population of the leasehold. In accordance with the regime’s mission to civilize the indigenous population, it allowed only Chinese subjects to register for smoking permits. Drug consumption by migrant Japanese, Koreans, and others, though considerable, was ignored.<sup>32</sup>

[The Kwantung Bureau also created a licensing system to regulate the local supply of opium.](#) It restricted the procurement and distribution of [the drug](#) in the KLT to [specific](#) individuals and firms, with fines and prison terms as penalties for violations. Certificates issued for the legal importation of opium indicated the quantity of the drug entering the leasehold, its national origin (most frequently Persia and Turkey), the name of the purchasing agent, and the shipping route.<sup>33</sup> [Importers](#) in turn sold opium to registered local merchants for distribution to consumers. In the two decades following the 1911 regulations, the number of legal den operators in the KLT ranged between 94 and 114. License-holders remitted a fixed fee per customer, and twenty percent of total receipts, to the [Kwantung Bureau](#) as tax.<sup>34</sup>

<sup>30</sup> Nonami Shizuo, *Kokusai ahen mondai* (Tokyo: Heibōsha, 1925), p. 234.

<sup>31</sup> In fact, the medical examination requirement was often disregarded. Police sanitation staff, who were tasked with the administration of the checkups, were both overworked and susceptible to corruption. One British consul in Manchuria observed, “Police officials are prepared, for a small consideration, to grant smokers permits without medical certificates.” Source: Jarman, ed., *Japan and Dependencies Vol. 16 Manchukuo: Political and Economic Reports 1937-1941*, p. 68.

<sup>32</sup> Naimushō, “Kantōshū ahen rei ni oite,” in *Ahen sono ta dokuzaiyaku oyobi kyūshoku kigu torishimari kankei zakken: Honpō no bu—Kantōshū, Seitō, Taiwan ni okeru ahen seido teppai mondai*. Gaimushō shiryōkan.

<sup>33</sup> Companies that applied for permits included Mitsui Bussan, Kuhara Shoji (Kuhara trading company), Hoshi Seiyaku (Hoshi pharmaceutical company), Samuel and Samuel, Inc. (a British firm), and Suzuki Shōten (Suzuki trading company). See *Yu ’nyū shōmei no bu: Kantō-chō no bu*. Gaimushō shiryōkan.

<sup>34</sup> Kantō-chō, “Kantōshū ahen oyobi mayaku seido gaiyō,” pp. 93-115, in Kurahashi Masanao, *Benzoirin fusei yu ’nyū jiken kankei shiryō* (Tokyo: Fuji shuppan, 2003).

To address the rising circulation of refined opiates, the regime also established customs duties on cocaine, morphine, and other narcotics. In 1908, the Japanese Diet passed legislation restricting the handling of opium alkaloids to credentialed medical professionals, including doctors, pharmacists, and veterinarians. Although the laws of the home islands were not applicable in the KLT, in 1909 the [Kwantung Bureau](#) followed the example of the metropole in levying a tax on refined drugs. It subsequently extended the smoking opium permit system to the refined narcotics trade. Violators faced confiscation of their property and fines of up to fifty yen. The consumption of alkaloids, however, remained unregulated.<sup>35</sup>

The state's attempt to tighten control over the drug supply inevitably stimulated the black market in opiates. With legal dealing restricted to a small cohort of state agents, a vast population of unlicensed traffickers emerged as competition. In 1907, customs agreements had guaranteed Dairen's status as a free-trade zone, in which goods imported for use in the leasehold were not subject to duties. As a result, the city developed a reputation as a smuggling haven for northeast Asia virtually from the inception of Japanese rule. After 1911, unlicensed dealers built on this foundation to transform the port into the second-largest drug depot in the world, after Shanghai. One British consul reported that "scarcely a week" passed without the seizure of morphine by the harbor police. Traffickers concealed incoming shipments of drugs in barrels of carboric acid, biscuit tins, bedsteads, blankets, and cases of beer.<sup>36</sup> After unloading goods at the port, they boarded the South Manchuria Railway. Through a steadily expanding network of branch and transfer lines, the railway provided access to the vast hinterland of Manchuria and north China.<sup>37</sup>

Although Dairen's increasing notoriety as a smuggling nexus damaged the international reputation of the Japanese empire, the Kwantung Bureau nonetheless showed, in the words of one British consul, "a remarkable reluctance, or remarkable incapacity" to crack down on unlicensed traffickers.<sup>38</sup> Tolerance of trafficking reflected the covert instructions of the Kwantung Army, which not only received a share of tax farm revenues, but also solicited bribes from illegal dealers in exchange for "protection." Some illicit dealers, moreover, voluntarily funneled a share of their profits to the military to support Japanese expansionism on the Asian continent—a materially beneficial and ideologically appealing prospect.<sup>39</sup> Its own aims fundamentally aligned with those of smugglers, the Kwantung Bureau tended to turn a blind eye to the black market in opium, cracking down only when necessary to "save face."<sup>40</sup> In the 1910s, incidents involving

<sup>35</sup> Kantō-chō, *Kantō-cho yōran* (Ryōjun: Kantō-chō kanbō bunsho ka, 1934), p. 307.

<sup>36</sup> Jarman, ed., *Japan and Dependencies* Vol. 13, p. 14.

<sup>37</sup> In the words of historians Kathryn Meyer and Terry Parssinen, "Never had smugglers had such a perfect tool as the South Manchurian Railway." Source: Kathryn Meyer and Terry Parssinen, *Webs of Smoke: Smugglers, Warlords, Spies, and the History of the International Drug Trade* (Lanham, MD: Rowman & Littlefield, 1998), p. 99.

<sup>38</sup> Jarman, ed., *Japan and Dependencies* Vol. 16, p. 149.

<sup>39</sup> Timothy Brook and Bob Tadashi Wakabayashi, "Opium's History in China," pp. 1-27, in Timothy Brook and Bob Tadashi Wakabayashi, eds., *Opium Regimes: China, Britain and Japan, 1839-1952* (Berkeley: University of California Press, 2000), p. 17.

<sup>40</sup> "Communication from Manchurian Agent to U.S. Commissioner of Customs," Apr. 16, 1935," in United States Department of State, *Records of the Department of State Relating to the Internal Affairs of Japan, 1930-1939*. Microfilm collection (Wilmington, DE: Scholarly Resources, 1986).



drugs comprised no more than seven percent of the total annual caseload of the KLT district and high courts.<sup>41</sup>

The 1911 permit system provided a façade of compliance with international drug policy, while allowing the narcotics market to thrive. Opium King Ishimoto Kantarō did not particularly trouble himself about the issues of morality and humanitarianism raised by delegates in Shanghai and The Hague. “Generating revenue and eliminating Chinese resistance [to Japanese rule] with one strategy is like killing two birds with one stone,” he was said to have declared.<sup>42</sup> Other imperial policymakers, however, viewed the eradication of the drug market and the mission to civilize less cynically. The head of the civil branch of the Kwantung Bureau, Ōuchi Ushinosuke, pressured the government to replace revenue farming with an opium monopoly, which he viewed as a more enlightened form of drug regulation.<sup>43</sup> Ōuchi also assisted in other humanitarian ventures, raising funds for a charity hospital in Dairen, joining the boards of several Chinese welfare organizations, and leading a survey team to collect information on local customs, including opium smoking.<sup>44</sup>

Under Ōuchi’s supervision, the Kwantung Bureau implemented a new form of opium control that resembled a monopoly but distanced the state from the appearance of involvement in the drug market. In 1914, the Kwantung Bureau transferred Ishimoto’s monopoly rights to the Hongji Shantang (Japanese, Kōsai Zendō), a Chinese charitable association with a long history and wide scope in late imperial China. Duties of the organization traditionally included helping migrant workers to provide for their dependents, caring for orphans and the elderly, educating children, supplying wet nurses for abandoned babies, dispensing free medical services, and offering financial assistance to individuals and families in crisis. Chinese philanthropists Liu Tiaoyi and Zhang Benzhen established a branch of the Hongji Shantang in Dairen in 1909. Although the association claimed the status of Dairen’s sole relief agency operated for and by Chinese, it received significant subsidies, including its premises, from the Kwantung Bureau.<sup>45</sup> The authorization of the Hongji Shantang as the sole legal importer and purveyor of opium in the KLT supplemented this official assistance for a price: the semblance of Chinese management of the drug market.

To meet its new responsibilities, the association split into two branches: a philanthropic division, which discharged customary charitable activities; and a smoking division, which handled the import and distribution of opium and made regular payments to the Kwantung Bureau. Japanese appointed by the state staffed the smoking division. With the exception of taxes, proceeds from opium sales were supposed to support local relief activities. However, within a year of the establishment of the Hongji Shantang smoking division, an undercover investigator of the “dark side” of the opium regulatory

<sup>41</sup> *Kantō tōkei sho* Vols. 7-15 (1912-1920).

<sup>42</sup> Gao Shaoyu, “Qianxi Riben diguo zhuyi dui Hua de yapian qinlüe,” pp. 82-89, in Li Lilun, ed., *Dalian jindai shi yanjiu* Vol. 2 (Dalian: Dalian shi jindai shi yanjiusuo, 2005), p. 87.

<sup>43</sup> Ōuchi Ushinosuke, *Shina ahen mondai kaiketsu iken* (Tokyo, 1917), p. 199.

<sup>44</sup> *Dairen Seiai Iin nijūgo shūnen shi* (Dairen: Seiai Iin, 1931), p. 3; Itō Takeo, *Life Along the South Manchurian Railway: The Memoirs of Itō Takeo*, trans. Joshua A. Fogel (Armonk, NY: M. E. Sharpe, 1988), pp. 17-18.

<sup>45</sup> Zaidan hōjin Dairen Kōsai Zendō, “Dairen Kōsai Zendō yōran,” pp. 233-275, in Shin and Nagaoka, eds., *Shokuminchi shakai jigō kankei shiryō shū*—“*Manshū, Manshūkoku*” Vol. 5, p. 253.

regime [questioned the actual disposal of](#) revenues: “The many millions of yen in profit from opium, how are they being used? There is some doubt that they are supporting the charitable causes of the association.”<sup>46</sup>

The prime beneficiary of the Hongji Shantang opium farm was Zhang Benzhen, a Chinese magnate whose career closely paralleled those of earlier tax farmers Shen Zhongguo and Ishimoto Kantarō. Born in 1865 to impoverished emigrant parents from Shandong, Zhang left school at sixteen and experimented with odd jobs and farming before opening a general store. During the Sino-Japanese War of 1894-1895, he ingratiated himself with the Japanese army as a spy and procurer of military supplies. After the war, Zhang capitalized on imperial contacts to found a shipping company with operations in the major ports of China and Japan. During the Russo-Japanese War and World War I, he supplied boats to the Japanese army for transporting munitions and materiel. By 1920, he owned twenty-three ships, and his company had diversified into banking, currency speculation, and oil, among other enterprises. Zhang also invested in the local real estate market, acquiring land and more than 1,800 houses and buildings in Dairen.<sup>47</sup> As his stature grew, he came to serve as a voice for the local Chinese community, appearing at meetings of self-defense and morality societies, and chairing business and government boards.<sup>48</sup> Beyond his involvement with the Hongji Shantang, he was a noted philanthropist, offering loans to relieve disaster-stricken farmers and acting as the headmaster of a girls’ school.<sup>49</sup> “The most Chinese member of the Japanese ruling elite,” Zhang maintained a cozy relationship with the Kwantung Army. During the years of the Hongji Shantang revenue farm, he served as a personal conduit of drug taxes to the Japanese military.<sup>50</sup> Under his management, the profits of KLT narcotics trade soared in the late 1910s.<sup>51</sup>

The transfer of control of the drug market from Ishimoto Kantarō to Zhang Benzhen failed to disrupt the upwardly mobile career of the Opium King, who parlayed ties developed in the narcotic [economy](#) into social and political connections. Ishimoto continued to accrue wealth through investments in banking, real estate, and the fuel, beer, stone, wood, match, mining, and flour industries. Despite his casual attitude towards the welfare of local Chinese, Ishimoto enjoyed demonstrating magnanimity to fellow Japanese. “No matter how much wealth I accumulate, I have no desire to hold onto it forever. It is for the sake of contributing to public works that I advance myself,” he declared.<sup>52</sup> Ishimoto built a school for girls, established a newspaper, earmarked land for

<sup>46</sup> “Manshū meibutsu ahen kai no rimen,” *Chōsen oyobi Manshū* 113 (1916), pp. 127-129.

<sup>47</sup> Takenaka, p. 99.

<sup>48</sup> Minami-Man tetsudō kabushiki kaisha Dairen Iin, *Dairen Iin shinchiku rakusei kinen igakkai shi* (Dairen: Minami-Man tetsudō kabushiki kaisha, 1927), p. 14.

<sup>49</sup> Matsushige Mitsuhiro, “Dai ichiji taisen sengo ni okeru Dairen no ‘Santō hō Chūgokujin shōnin,’” pp. 347-368, in Honjō Hisako, ed., *Nihon no Seitō senryō to Santō no shakai keizai* (Tokyo: Tōyō bunko, 2006), p. 357.

<sup>50</sup> Hess, p. 139. This relationship continued long past Zhang’s involvement with the opium traffic under the auspices of the Hongji Shantang. When war broke out between China and Japan in 1937, he supplied the Kwantung Army with ships and capital. By 1945, his fleet had grown to 39 ships manned by 1,500 crewmen. In 1947, the Chinese government tried and executed Zhang, then age 86, as a “traitor to the Han race (*Hanjian*).” Source: Takenaka, *Dairen rekishi sanpo*, p. 99.

<sup>51</sup> Yamada, *Manshūkoku no ahen senbai*, pp. 24-27.

<sup>52</sup> Matsubara Kazue, *Maboroshi no Dairen* (Tokyo: Shinchōsha, 2008), p. 81.

parks throughout Dairen, and donated funds for a library and public housing units.<sup>53</sup> He also discharged two consecutive terms as Dairen's first mayor and represented the prefecture of his birth, Kōchi, in the metropolitan Diet. His political service earned him the nickname of *genrō* ("elder statesman"), a term used to describe the venerable oligarchs of the early-Meiji period.<sup>54</sup>

Ishimoto also paid for a paved boulevard linking the cities of Dairen and Ryōjun. Popularly referred to as *Ahen dōro* [Opium boulevard], this thoroughfare, twenty-two miles long and thirty feet wide, was finished in 1924 for a total cost of 1.35 million yen. The Kwantung Bureau wrote, "The Port Arthur-Dairen coast road... along which a bus line runs, enabling passengers to admire the changing scenery of the wooded hills on one side and the turquoise sea on the other... affords the most charming drive in Manchuria."<sup>55</sup> A young friend of Ishimoto's granddaughter, Matsubara Kazue, speculated in her memoirs that that this road was the Opium King's way of atoning to the city for the drug market he had created.<sup>56</sup> In 1933, Ishimoto died of tuberculosis in Dairen Hospital, where hundreds of narcotics users had received treatment for addiction.<sup>57</sup>

#### The years of scandal

Between 1914 and 1918, the great powers, preoccupied with World War I, paid little attention to the illegal drug trade. In the global reckoning that followed, however, Japan's flourishing narcotics operations in Dairen attracted international censure. Barely a month after the armistice, on December 19, 1918, two of the leading English-language newspapers in Asia, published an exposé on opium trafficking in the KLT and Qingdao, a German concession captured by the Japanese army in 1916.<sup>58</sup> Within weeks, papers around the world carried the story. Under the headline "Charge that Japan Aids Opium Trade," the *New York Times* alleged that the Kwantung Bureau was complicit in the burgeoning drug trade in China: "Japanese military domination would forbid... any interference in a traffic in which the Japanese authorities were interested either officially or unofficially. In Dalny [Dairen], the highest civic dignity has been conferred upon the chief dealer in morphia and opium [Ishimoto]."<sup>59</sup> Arriving in Europe for peace talks in 1919, Japanese delegates were embarrassed by international disapproval of their failure to effectively implement gradual suppression.

The Treaty of Versailles, which formally ended World War I, disposed of the economic and territorial assets of the defeated Axis powers and sought to establish a new, cooperative global order. Signatories agreed to join the League of Nations, a collaborative organization for the non-violent resolution of disputes among sovereign states. In December 1920, the League created the Committee on the Traffic in Opium

<sup>53</sup> Yamada, *Manshūkoku no ahen senbai*, p. 24.

<sup>54</sup> For more on Ishimoto's career after the loss of his opium farm, see Emer Sinead O'Dwyer, "People's Empire: Democratic Imperialism in Japanese Manchuria," Ph.D. Dissertation, Harvard University, 2007.

<sup>55</sup> *The Kwantung Government: Its Functions and Works* (Dairen: The Kwantung Government, 1934), p. 142.

<sup>56</sup> Matsubara, *Maboroshi no Dairen*, p. 76.

<sup>57</sup> From 1916 to 1920 inclusive (the only years for which data is available), the *Kantō tōkei sho* records 205 admissions for addiction treatment at the Dairen Iin. Source: *Kantō tōkei sho* Vols. 11-15 (1916-1920).

<sup>58</sup> For more on Japan's opium policy in Qingdao, see Katsuragawa Mitsumasa, "Seitō ni okeru Nihon no ahen seisaku," *Nijū seiki kenkyū* 3 (2002), pp. 23-43.

<sup>59</sup> "Charge That Japan Aids Opium Trade," *New York Times*, Feb. 14, 1919.

and Other Dangerous Drugs (Opium Advisory Committee, hereafter abbreviated OAC), a task force on the cultivation, production, and traffic of opiates, cocaine, marijuana, and other substances considered physiologically harmful. Founding states included [China](#), [India](#), [Siam](#), and the colonial powers of East and Southeast Asia: Great Britain, France, the Netherlands, Portugal, and Japan. Other major producer and consumer nations, including the United States (which did not join the League of Nations) later accepted invitations to become members.<sup>60</sup>

By the time the OAC came into being, the KLT maintained the sole remaining opium farm in the world. This vestige of “backwardness” was a source of unbearable embarrassment to policymakers in the Japanese metropole. The Kwantung Bureau however, opposed reform, arguing that relinquishing the revenues of the Hongji Shantang would diminish the leasehold budget by half and force the government to stop providing basic services. At an impasse, Japan’s prime minister, Hara Kei, restructured the administration. The Kwantung Bureau (now called the Kantō-chō) maintained its judicial and legislative powers and jurisdiction over the SMR, but its connection with the Kwantung Army was severed.<sup>61</sup> Hara intended the change to reduce the role of the military in local politics. The army, however, took advantage of its release from mundane administrative responsibilities to concentrate on accumulating resources and influence. At the level of the rank and file, troops who had few official duties to occupy their time became more involved in the opium traffic, generating revenue to support expansionism under the unrestrained authority of a supreme command.<sup>62</sup>

In his diary, Hara Kei expressed [his personal](#) wish to gradually suppress the opium market in accordance with global standards for legitimate government. Representatives in [the Japanese](#) Diet, however, refused to accept the financial burden of compensating the Kwantung Bureau for lost tax revenue. The restructured [Bureau](#) itself also objected to meaningful change. Fujiwara Tetsutarō, a KLT official, spent two months investigating opium regulatory regimes throughout East Asia. He returned to the KLT convinced that anti-narcotics policy in the leasehold met or exceeded the standards of British Hong Kong, Portuguese Macao, and the Chinese and Western administrations in Beijing and various treaty ports.<sup>63</sup> Fujiwara concluded that any stricter prohibition of opium would violate imperial Japan’s [mission to civilize](#) the Chinese, and risked increasing crime among the local population. Given the flourishing opium economy of neighboring China, Fujiwara also doubted the viability of an absolute ban.<sup>64</sup>

Ultimately, the Kwantung Bureau succeeded in preventing all but the most superficial change to drug policy in the leasehold. In 1920, it pledged to close dens and bring the opium market to an end within five years. The smoking division (*kaien bu*) of the Hongji Shantang was renamed the “pharmaceutical bureau” (*yakkyoku*), to suggest that the opium it sold was intended for medical use (an exception to controls on the

<sup>60</sup> W. W. Willoughby, *Opium as an International Problem: The Geneva Conferences* (Baltimore: The Johns Hopkins University Press, 1925), pp. 44-45.

<sup>61</sup> Katō Kiyofumi, “Hara Kei to Mantetsu,” pp. 31-63, in Kobayashi, ed., *Kindai Nihon to Mantetsu*, p. 53.

<sup>62</sup> Ken’ichirō Hirano, “The Japanese in Manchuria 1906-1931: A Study of the Historical Background of Manchukuo,” Ph.D. Dissertation, Harvard University, 1983, p. 84.

<sup>63</sup> Fujiwara Tetsutarō, “Ahen seido chōsa hōkoku,” pp. 162-192, in Okada Yoshimasa, Tantai Yoshio, and Takahashi Masae, eds., *Ahen mondai* (Tokyo: Misuzu shobō, 1986).

<sup>64</sup> Fujiwara Tetsutarō, “Kantōshū ahen seido kansai iken,” in *Ahen sono ta dokuzaiyaku oyobi kyūshoku kigu torishimari kankei zakken: Honpō no bu—Kantōshū, Seitō, Taiwan ni okeru ahen seido teppai mondai*.

global narcotics trade). With the aid of a grant of three million yen, for which Hara Kei directly petitioned the Diet, the Kwantung Bureau established the Opium Monopoly Bureau (Ahen senbai-kyoku) as a supervisory board for the Hongji Shantang. Koga Renzō, a former classmate of Hara, pledged that the institution would gradually put itself out of business as registered drug users died or abandoned smoking.

Less than two years later, an episode that became known as the “opium incident (*ahen jiken*)” demonstrated the potential for corruption within this new system, and the ongoing incompatibility of local, imperial, and global agendas for narcotics policy. Koga and his protégé, Nakano Arimitsu, secretly sold opium import and distribution permits to their cronies, pocketing the sale fee and taxes. The buyers of these illicit licenses could purchase opium at the below-market rate available to the Hongji Shantang. One such permit-holder, Kajii Sakari, was a *tairiku rōnin* who posed as a merchant and journalist, a common professional cover for spying and involvement in the vice industries, including drug trafficking, gambling, and prostitution. Kajii delivered the revenue from his franchise to expansionist elements within the Kwantung Army. Obata Teijirō, an employee of the smoking division of the Hongji Shantang, also purchased an illegal license from Koga and Nakano. In just over sixteen months, he imported opium worth over seven hundred thousand yen. Obata channeled his profits into the electoral campaigns of candidates representing the Seiyūkai, the metropolitan political party of Hara Kei. Nakano also distributed permits to a fleet of petty traders, including Chinese.<sup>65</sup>

Early in 1921, this racket was discovered by a captain of the SMR police, who had poor relations with Koga, Nakano, and the Kwantung Bureau. He communicated the matter to a member of the Kenseikai, the rival political party of the then-dominant Seiyūkai. In February 4, 1921, the Kenseikai representative brought the scam to the attention of the Diet, emphasizing the contradiction between the Kwantung Bureau’s alleged commitment to suppressing drugs, and the connivance of its officials in enabling the traffic to flourish. That very day, police arrested Nakano, Koga, Obata, and several others. In March, Tokyo ordered the case brought to trial. Ten individuals, including Koga, Obata and Kajii, were indicted; Nakano was named as the principal defendant. For their actual crime of embezzling from the state, prosecutors scapegoated the accused for the larger failings of gradual suppression. In August, the court sentenced Nakano to sixteen months in jail. Prosecutors also ordered him to make restitution of over one hundred thousand yen—a large amount, but far below what he had received in bribes and kickbacks. Kajii received one year in prison; Koga, six months. The court returned a verdict of not guilty in the cases of six of the defendants. The magnitude of graft, prominence of the accused, and international publicity the case had generated rendered this stunning leniency unacceptable to Tokyo. Under orders from the metropole, the chief prosecutor of the KLT appealed for a retrial. In October 1921, the court reconvened to sentence Nakano to three years in prison, Koga and Kajii to two years each, and Obata to one year. The judge also raised Nakano’s fine and levied substantial financial penalties on several other defendants.<sup>66</sup>

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<sup>65</sup> For more on this scandal, see Meyer and Parssinen, pp. 177-178; John Jennings, *The Opium Empire: Japanese Imperialism and Drug Trafficking in Asia, 1895-1945* (Westport, CT: Praeger, 1997), pp. 48-50; Yamada, *Manshūkoku no ahen senbai*, pp. 62-73; and Matsubara, *Dairen dansu ho-ru no yoru*, pp. 13-30.

<sup>66</sup> Jarman, ed., *Japan and Dependencies* Vol. 13, p. 293.

The outcome of the case generated a range of reactions. One Japanese observer denounced the verdict as “a complete and unfortunate miscarriage of justice,” in which the defendants were sacrificed to please Chinese and Western critics of imperial opium policy.<sup>67</sup> Far from expressing satisfaction with the sentences, however, foreign diplomats derided the punishment of Koga and Nakano as absurdly inadequate. In the opinion of the American consul, “It would seem that the two officials particularly got off very lightly, considering the gravity of their offenses. It is difficult to understand how such leniency can be reconciled with the Government’s announced purpose of taking drastic measures against official corruption.”<sup>68</sup>

Although the Hongji Shantang withstood the scandal of the opium incident, the ratification of the Hague Convention in 1921, nine years after it was drafted, demanded legal action to bring the KLT drug regulatory regime into compliance with global standards. In 1924, the [Kwantung Bureau](#) promulgated the KLT Opium Law (*Kantōshū ahen rei*). This legislation reaffirmed many of the principles of the existing system of drug control: the prohibition of unlicensed handling of raw and refined opium; the permit system for the manufacture, sale and distribution of narcotics; the restriction of such permits to doctors, dentists, veterinarians, and pharmacists; and the imposition of fines and prison sentences on violators. It also [renewed](#) the regime’s intention to eradicate opiate trafficking and consumption within three years.<sup>69</sup> “Like all laws in Japan relating to opium and morphia they are excellent,” a Chinese anti-opium association declared on the subject of the regulations. “But will they be enforced?”<sup>70</sup> As feared, the three-year grace period passed without any discernable reduction of activity in the Dairen drug market.

#### Monopoly at last

Shortly after its founding in 1920, the OAC resolved to hold two conferences in Geneva to discuss the trade in raw opium and refined narcotics. At these [meetings](#), which took place in the winter of 1924-1925, the Americans and Chinese delegates openly questioned the motives and results of state monopolies. The successful eradication of opium smoking in the Philippines, an American colony since 1898, furnished the United States with a moral high ground from which to critique the Europeans and Japanese.<sup>71</sup> Journalist Ellen N. La Motte, who covered the Geneva Conferences for the New York reading public, called attention to the hypocrisy of the opium monopoly: “It appears to be only the subject peoples, whose well-being has become the White Man’s burden, who receive the blessings of this peculiar form of

<sup>67</sup> Ōi Shizuo, *Ahen jiken no shinsō* (Tokyo: Ōi Shizuo, 1923), p. 219.

<sup>68</sup> Quoted in *Manchuria Daily News*, August 10, 1922, in United States Department of State, *Records of the Department of State Relating to the Internal Affairs of Japan, 1910-1929*. Microfilm collection (Washington, D.C.: National Archives, 1965).

<sup>69</sup> Matsubara Nobuyuki, *Kantōshū ahen seido shi* (Dairen: Kantō-chō senbai-kyoku, 1932), p. 329. For a discussion of the politics behind the drafting of the Kwantung Opium Law, see Katsuragawa Mitsumasa, “Kantōshū ahen rei seitei wo meguru ichi kōsatsu,” *Osaka Sangyō Daigaku ningen kankyō ronshū* 9 (2010), pp. 1-22.

<sup>70</sup> International Anti-Opium Association, “The Annual Report of the International Anti-Opium Association” (Peking, 1924), in *Ahen nado mayaku rui seisan torihiki jōkyō chōsa*. Gaimushō shiryōkan.

<sup>71</sup> For more on the American management of opium in the Philippines, see Anne L. Foster, “Opium, the United States, and the Civilizing Mission in Southeast Asia,” *Social History of Alcohol and Drugs* Vol. 24 No. 1 (2010), pp. 6-19.

altruism.”<sup>72</sup> China, which resisted the allure of opium monopoly taxes for another decade, also argued against the institution as a disguise for state rent-seeking at the expense of local welfare. Chu Chao-Hsin, an economics professor at Peking University, pointed out, “The furnishing of opium to smokers was not an act of benevolence, but one which did harm to the individuals in particular, and to the community in general.”<sup>73</sup>

Despite their best efforts, representatives of the United States and China were unable to persuade Japan and the European colonial powers to abandon their lucrative opium monopolies. Disgusted, these delegations withdrew from the conference. Following their departures, the remaining nations affirmed state control of the drug market as a hallmark of civilized imperial rule, and deferred the termination of government monopolies by at least five years. The delegates also collectively resolved “that the farm system, where it is still in operation, should be abolished and that the opium business should be made a Government monopoly and kept entirely in the hands of the Government.”<sup>74</sup> This declaration constituted a pointed attack on the KLT, which continued to maintain the sole remaining opium farm in the world. La Motte asserted, “Japan, with her great traditions behind her and her responsibility as a great Oriental nation, cannot afford to damage her prestige” by continuing the practice of revenue farming. Chu Chao-Hsin criticized the Hongji Shantang for using “every means at [its] disposal to extend the sale of opium with a view to obtaining the largest profits possible.”<sup>75</sup> Embarrassed by these observations, Japan’s representatives in Geneva pleaded with officials and bureaucrats at home to bring domestic policy in line with global standards. In their view, the thriving opium market in the KLT endangered the legitimacy of the Japanese empire by flouting international norms for civilized and legitimate drug regulation. Reporting on the Geneva Conference, Japanese representative Nonami Shizuo urged his nation to “bring a halt to perverse behavior regarding opium, restore China’s four hundred million people, and take responsibility for the revitalization of East Asia.”<sup>76</sup>

In 1928, the Kwantung Bureau finally consolidated its authority over the drug market, transferring the legal trading and distribution rights of the Hongji Shantang to the Opium Monopoly Bureau, freshly capitalized and installed in a costly new building in the center of Dairen.<sup>77</sup> The monopoly recouped this investment slowly. Offering legal opium to drug users at a price not lower than the black market, the state gave consumers little incentive to register. Illicit traffickers competed successfully with public sales. Moreover, although the assertion of government control over the KLT drug market brought local regulations in line with transnational standards for enlightened rule, the Kwantung Bureau soon came under fire for failing to enforce its own laws. China alleged that the Japanese-

Our Japanese friend may say that the Bureau is attempting to suppress the evil by means of government monopoly of opium, that the Bureau has been registering addicts. This, however, is but a camouflage. What is the use, one may ask, of

<sup>72</sup> Ellen N. La Motte, *The Opium Monopoly* (New York: The Macmillan Company, 1920), pp. 73-74.

<sup>73</sup> League of Nations, “First Opium Conference: Minutes and Annexes” (Geneva, 1925), p. 81.

<sup>74</sup> League of Nations, “Resolutions of the Assembly, the Council and the Advisory Committee in Traffic in Opium and Other Dangerous Drugs” (Geneva, 1926), p. 21.

<sup>75</sup> OAC, “Minutes of the Eleventh Session” (Geneva, 1928), p. 49.

<sup>76</sup> Nonami, p. 219.

<sup>77</sup> “Editorial: What About the Hague Convention?” *Opium: A World Problem* Vol. 2 No. 3 (1929), p. 4.

registering addicts if anybody can smoke and buy any quantity of opium he desires from these opium dens?...The monopoly, as it is, exists for no other purpose than for the sake of revenue.<sup>78</sup>

Western diplomats also found fault with the KLT opium monopoly, which, in their words, fulfilled “the letter rather than the spirit of Geneva.” In 1929, as the five-year grace period agreed upon at the Opium Conferences of 1924-1925 drew to a close, the OAC sponsored a commission to survey drug regulation in the imperial territories of Great Britain, France, Portugal, the Netherlands, and Japan. Led by Eric Einar Eckstrand, a Swede, the team arrived in [the KLT](#) in March 1930. In the months preceding the survey, the British consul of Dairen observed, “there are signs...of more diligent attempts on the part of the Japanese Government to deal with the traffic, but these measures have been probably no more than the Government’s reaction to the impending visit of the Commission of Investigation appointed by the League—and past experience has shown such zeal to be ephemeral.”<sup>79</sup> Two days before the visit, the Kwantung Bureau plastered the city with anti-smoking posters. Upon the departure of the Eckstrand party, the propaganda disappeared, and the consul [reiterated](#) his suspicion that “however much the authorities of the territory may outwardly have professed to be willing to permit an investigation of altered conditions, everything pointed to the fact that the ground had been prepared beforehand.”<sup>80</sup>

A few months later, in a similar episode, an Indian representative on the OAC accused the Kwantung Bureau of manufacturing and exporting cocaine to the South Asian subcontinent in distinctive packages labeled “Fujitsuru.”<sup>81</sup> In response, a Japanese delegate invited the British Raj to send a police inspector to the leasehold.<sup>82</sup> During a trip of several days’ duration, J. Slattery, an officer in the Indian Board of Revenue, claimed that he “received no help” in his investigation from the Kwantung authorities, and was “unable to learn anything related to the subject of his inquiry.”<sup>83</sup> Slattery reported that Japanese police officers were curious about his work in India, but offered him no information regarding their own anti-narcotics activities.<sup>84</sup> The American consul in Dairen suspected, however, that the [Kwantung Bureau](#) had authorized a crackdown on trafficking for Slattery’s benefit.<sup>85</sup>

In 1931, Andō Akimichi, a bureaucrat in the KLT Finance Ministry, published a translation of American delegate John Palmer Gavit’s record of his experiences at the

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<sup>78</sup> “Where China Needs International Cooperation,” *Opium: A World Problem* Vol. 2 No. 4 (1929), pp. 1-5, p. 3.

<sup>79</sup> Jarman, ed., *Japan and Dependencies Vol. 2: Japan: Political Reports 1923-1931*, p. 397.

<sup>80</sup> *Ibid.*, p. 462.

<sup>81</sup> The name “Fujitsuru” employed references to two of Japan’s most important symbols: Mt. Fuji and the crane.

<sup>82</sup> OAC, “Minutes of the Fourteenth Session,” (Geneva, 1931), p. 126.

<sup>83</sup> “Investigation of Mr. J. Slattery, Deputy Inspector-General of Police, Punjab, India,” Sept. 13, 1930, in United States Department of State, *Records of the Department of State Relating to the Internal Affairs of Japan, 1930-1939*.

<sup>84</sup> Jarman, ed., *Japan and Dependencies* Vol. 2, p. 557. For more on this incident, see James H. Mills, “Drugs, Consumption, and Supply in Asia: The Case of Cocaine in Colonial India, 1900-1930,” *Journal of Asian Studies* Vol. 66 No. 2 (2007), pp. 345-362.

<sup>85</sup> Report, June 6, 1931, in *Records of the United States Department of State Relating to the Internal Affairs of Japan, 1930-1939*.



Geneva Conference.<sup>86</sup> Gavitt was the chief of the Washington Bureau of the Associated Press and a noted social activist. His original text, "*Opium*," vigorously denounced the institution of the opium monopoly. "Shall we maintain, for the benefit of 'civilized' pockets, and even on the ground that we are saving 'inferior' native populations from other forms of taxation, a double standard: one for the protection of our own nationals, the other for 'east of Suez'?" Gavitt demanded.<sup>87</sup> Andō, however, reframed Gavitt's unequivocal opposition to gradual suppression as a vague intention of nurturing international cooperation against drugs. "Saving the world from the hell of the drug crisis would be considered an enormous contribution by the Japanese," declared the introduction to the work.<sup>88</sup> In translation, the critique of the opium monopoly became a statement of support for the legitimacy of Japanese imperial rule.

#### **Conclusion: monopoly, militarism, and Manchukuo**

During the first quarter-century of Japanese rule over the KLT, the Kwantung Bureau used opium policy to balance its interests against those of various contending authorities in Manchuria, Japan, and the world. The long process of establishing state control of the drug market engendered opportunities for the Kwantung Army to accumulate revenue from the drug traffic. The military solicited bribes and kickbacks from the revenue farmers Shen Zhongguo, Ishimoto Kantarō, and Zhang Benzhen, as well as "protection money" from unlicensed traffickers. These monies ultimately funded the imperial takeover of the region. On September 18, 1931, in an episode remembered as the Mukden Incident, the Kwantung Army exchanged fire with Chinese troops.<sup>89</sup> Within six months, the Japanese military had overrun Manchuria and established the state of Manchukuo.<sup>90</sup> The international community never acknowledged the sovereignty of the new nation, deriding it as "Manikinchuria" and a "puppet state."<sup>91</sup> In response to the League of Nations decision to withhold recognition from Manchukuo, Japan withdrew from the international assembly and pursued an increasingly isolationist and autarkic foreign policy that culminated in war against China and the West. Ironically, Japan's efforts to meet global standards for civilized and enlightened imperial administration in the realm of opium policy contributed to its ejection from the international community and subsequent plunge into war against the very powers it had sought to emulate.

<sup>86</sup> Andō had traveled widely through Europe and the United States and spent over three years living in Hawai'i, where he perfected his English. He was also the author of a study of the global narcotic economy. See Andō Akimichi, "Kokusai ahen mondai kenkyū," pp. 111-161, in Okada, Tatai, and Takahashi, eds., *Ahen mondai*.

<sup>87</sup> John Palmer Gavitt, "*Opium*" (New York: Brentano's, 1927), p. 9.

<sup>88</sup> John Palmer Gavitt, *Ahen*, trans. Andō Akimichi (Tokyo: Nihon hyōronsha, 1931), p. 4.

<sup>89</sup> In Japanese, this incident is referred to as the Manshū jiken ("Manchurian Incident"). In Chinese, it is called Jiu-yi-ba (September 18).

<sup>90</sup> For more on the linkage between drug finance and the Kwantung Army, see Kathryn Meyer, "Japan and the World Narcotics Traffic," pp. 194-214, in Jordan Goodman, Paul E. Lovejoy, and Andrew Sherratt, eds., *Consuming Habits: Global and Historical Perspectives on How Cultures Define Drugs* (New York: Routledge, 2007).

<sup>91</sup> Edgar Snow, *Far Eastern Front* (New York: Harrison Smith & Robert Haas, 1933), p. 270. Historians today continue to use the term "puppet state" to describe Manchukuo. For a discussion of the applicability of this term, see Han Suk-Jung, "The Problem of Sovereignty: Manchukuo, 1932-1937," *positions* Vol. 12 No. 2 (2004), pp. 457-478.