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Quasi-States and Autonomies of Northeast China as the Instrument of Ensuring Economic Stability of Japan (Based on the Materials of the American Mass Media the 1930s)

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ABSTRACT

In article based on the materials of the American mass media the author constructs the autonomy process of Northeast China during the period preceding the Japanese-Chinese war of 1937-1945. The Japanese policy main stages on the creation of the semi-autonomous territories, the reasons interfering this plan implementation in whole, which it should be noted major confrontation in the Japan Cabinet, when the moderate politicians group supporting peaceful resolution of contradictions was headed by the Minister of Foreign Affairs, and the militarists group - The Minister of Army and the Command of Kwantung army supporting him, are established. Concluded that, first, Japan, being afraid of the negative international reaction, tried to solve the problem not military, but diplomatic and methods, and secondly, the Japanese policy on the continent was inconsistent and it was expressed in impossibility at an initial stage to achieve the status of the autonomy for five Chinese provinces and to declare the Autonomous Council of East Hebei, which under control territory covered only small part of one of the Chinese provinces. Creation of the Hopei-Chahar Political Council allowed both the Japanese, and the Chinese sides "to save face," and the military campaign, which began in the summer of 1937, finished the transition process of the China northeast provinces under the Japan control through the creation of the quasi-state the Chinese Republic by the end of 1937. Invaders received in the order such tools as the circulation of the precious metals and drugs, finance, oil monopoly, customs points, etc., thereby having provided complete control over the region economy.

Keywords: Northeast China, Autonomy, Quasi-State, Economic Policy of Japan, Mass Media **JEL Classifications:** F13, N15, N25, N45

1. INTRODUCTION

At the end of 1932, the Japan's external debt was estimated at \$3.5 billion, the largest national debt in history, and the Finance Ministry prepared a management plan for the loan in the near future about \$200 million to make ends meet at the end of the fiscal year (Another Bite of China?, 1932). The burden, heavy for Japan, an acute shortage of resources - all this indicated, on the one hand, riskiness of new military campaigns, on the other - possibility of replenishment of the state budget at the expense of resources of the occupied territories. Therefore, Japan was extremely interested in expanding its presence on the continent, and in the preparation of new economic resources and tools to ensure

the survival. Representatives of the Japanese military command and diplomatic department began to establish in the Northeast China political formations that took on the nature of quasi-public nature, which would serve as a base for providing geo-political, military and economic objectives. One of these companies was Manzhouguo, which was to act as a model state in the Great Asian Co-prosperity Sphere, the other was Mengjiang - the financial and resource appendage, one more, economic and political, was to be not covered by the plans of the Northeast and eastern coastal provinces. Thus, in this process were involved territories of Chahar, Suiyuan, Shandong, Shanxi and Hopei, the eastern part of which has achieved autonomy, as well as the major economic centers Beiping, Tianjin and Qingdao.

2. SOURCE BASE, METHODOLOGY AND CHRONOLOGICAL FRAMEWORK OF THE RESEARCH

As the research, sources acted the materials of four mass media of the USA: New York Times, New York Post, Los Angeles Times, and Washington Post. Allocation of these editions is explained by that, first, they most often and fully covered events in the Northeast of China; secondly, had own correspondents in China; thirdly, not only established the facts, but also included analytical material and did the forecast of the events succession; fourthly, covered events immediately: In day of their commission or the next day.

In series of articles, two groups of material were allocated: Based on the news agencies data and the author's material. As the information source for the first group of articles was the information of the largest international information and news agencies of Associated Press and United Press International. The second group of articles had the author, among whom were as the own correspondents working in the Northeast Asia, so the involved experts. So the most detailed process of the autonomy was covered by the correspondents Hallett Abend (1884-1955), after working in the Los Angeles Times was invited to work as a reporter for The New York Times in Beijing, and worked there until 1941; Archibald Steele (1903-1992), from 1932, he worked on the New York Times in China and received the 1950 George Polk Award for a series of articles about China for the publication of The New York Herald Tribune (Steele, 1992); Frank Tillman Durdin (1907-1998), who wrote for the New York Times and the Associated Press, he described one of the first atrocities of the Japanese military during the Sino-Japanese War and the Nanknin (Durdin, 1998) capture. As experts and observers involved George Ephraim Sokolsky (1893-1962), political adviser and a friend of Sun Yat-sen, who was considered one of the biggest experts in Asian issues after 14 years in China; Misselwitz Henry (Henry Misselwitz Papers, 1900-1953), who worked for 3 years as a correspondent in the publication of The Japan Advertiser, after during 2 years - As a foreign correspondent in China for the New York Times, and then - in the United Press; Edward Hunter (1903-1978), the correspondent of The New York Times and New York Post, one of the first reported the Japanese invasion of Manchuria (Hunter, 1978); and Ludwig Lore (1875-1942), correspondent of the New York Post (and later - New York Times), where his column Behind the Cables covered international events in the Northeast of China and in Inner Mongolia. Less known and less often meeting were the authors Hugh Byas, the journalist and the Japanologist working as the editor of the Japan Advertiser, and later as the correspondent London Times and New York Times, and also heading the Times department in Tokyo; observer of New York Times and expert in the field of the Chinese-Japanese relations Douglas Robertson; critic and bibliographer Katherine Woods; observer of the Washington Post Ben H. Miller; observer of the Washington Post and expert in the field of the Chinese-Japanese relations Mark J. Ginsbourg, etc.

The research methods included the media thematic monitoring, which allowed to trace publications appearing the foreign media

of the 1930-1940s concerning the research subject; data collection, as a result was made the set of the most authoritative American media, the most complete and informative subject of research; the comparative method, which by comparing the mass media allowed to verify the data in the consistency of the scientific data that have been previously known, comparing them with the available material at our disposal; the discourse analysis, which managed to reach the understanding of the text plan, the set of ideas and concepts with which the author explained the events.

The study timeframe: 1935 (the year of the autonomy establishment in the eastern Hebei and the Hopei-Chahar Political Council) - 1938 (the year of the absorption by the Chinese Republic Wang Kemin of the East Hebei and liquidation of the Hopei-Chahar Political Council).

The study geographical frames - The territory of the Chinese Republic provinces of Hopei, Chahar, Suiyuan, Shandong, Shanxi and Tianjin and Beiping cities.

3. INSTITUTIONAL INSTRUMENTS OF THE AUTONOMY PROCESS OF NORTHEAST CHINA

As the ideological inspirer of the Northeast China political map change, it is possible to consider the Major General Hayao Thad, commander of the Japanese troops in Northern China, who in this regard submitted the report to the considerations on September 24, 1935, which expressed the idea of creating a new political organization in the north, economically independent from the Nanjing government. Thad's offer quickly found an echo in military circles and among politicians and the autonomy process was launched.

On October 22, was triggered "casus belli," when farmers of one of the Hopei demilitarized zone districts 40 miles from Beiping revolted and demanded the autonomy. Attempts to suppress the revolt were impossible under the terms of a truce Tanggu of 1933. Similar revolts broke out in the next days in some other districts, than it was succeeded to create the general feeling of vulnerability and autonomy as the only exit from a similar situation, disastrous for ordinary people.

In the middle of November, a sharp dumping of the Chinese money and the yen (New China State, 1935) purchase in total collapse of the Chinese currency that became a peculiar harbinger of the future changes, was marked. On November 16, in the Tokyo press, it was declared that in 4 days five northern provinces will proclaim the autonomy (Ginsbourg, 1936), but on November 20, the ambassador of Japan Akira Ariyosi led 4-h discussion with the general Chiang Kai-shek after which negotiations on the autonomy creation were stopped (By The United Press: Japan, Wavering, Halts Plan to Divide China, Curbs Military Chiefs, 1935), and the general Chang for consultations on this matter left for Tianjin (British Foil China Coup, 1935). Thus, the process of rapid autonomy of the Northeast had been suspended.

In response, the Japanese side on November 24, 1935 made the formation of the anti-Communist Autonomous Council of East Hopei, which had jurisdiction over 22 districts. Most of them were in the demilitarized zone, which included the economic centers of the North - Beiping and Tianjin. At the head of the Council stood the General Yin Rugeng, whose administration had immediately acquired by the Japanese military advisors, and bought a fleet of 17 Japanese bombers (East Hopei Area of Northern China Secedes in Coup, 1935). Despite the established friendly relations between the Hopei and Manchu governments, they had not been exchanged in future trade agreements and diplomatic representatives (Hopei to Pay Share on Loans to China, 1936), whose role was to carry out special envoys perceived as ambassadors, so in March 1937, was raised the question of retrocession. Chong Tongfu, one of the officers of the autonomy head, said that the Hopei government would not seek independence, but rather was intended to rid the country of the Kuomintang government (East Hopei Seeks to Upset Nanking, 1937). Although the Japanese side suggested that East Hopei would be returned under the control of Nanjing, but the Japanese-Chinese war broke out in the summer changed these plans, and eventually became part of the other quasistate territory - The Republic of China under the control of the Provisional Government headed by Wang Kemin.

On the day of the East Hopei autonomy creation, large disorders began in Tianjin. Propagandists who called themselves "Army of Self-preservation of Hopei" resisted attempts of the authorities to expel them from the management buildings on taxation and the Supreme Court. Protesters in hundreds passed across city streets earlier, disclosing the requirement of immediate introduction of self-government in Tianjin. The city appeared in confusion. Thousands of rich Chinese ran away to foreign concessions (By The Associated Press: Tientsin Fight Flares after Sector in Hopei is Decreed Free State, 1935) that significantly undermined economy and the cities, and all region. The U.S. Government treated with some fear to the movement for an autonomy in Northern China, which in general was perceived by it as policy of expansion of a Japanese sphere of influence to the South from the Great Wall. The protocol signed in 1901. China and 11 countries after suppression of Boxing revolt (By the Associated Press: Future Status of U.S. Troops in North China is Uncertain, 1935), the United States had an opportunity to have troops in Tianjin (two battalions of the 15th infantry division) and their status within the new mode remained not clear. However, the Japanese party perfectly understood danger of such participation and made everything possible that neither economic, nor military interests of the USA thus did not suffer.

Moreover, North of Tianjin, in Shangkhaiguan (Qingdao suburb), the Japanese began to concentrate the forces in an effort to maintain control in the aisle between the North China and Manchuria, and were ready to perform at Tianjin and Beiping (Japan to Invade China Tomorrow if New State is not Set Up in North, 1935). At the same time, there was information about the impending act of independence in the district of Qingdao, by analogy with the Eastern Hopei (Tokyo Ultimatum Reported in China, 1935). Thus, all the economically powerful centers of North China had rebelled against the central government,

to deprive it of financial and resource revenues in favor of the Japanese side.

On November 30 by the negotiations results He Yingqin, the China's Minister of War, with Doikhara: The Japanese reserved only two provinces (Ginsbourg, 1936), based on which the autonomy recognized by Nanjing, was created, and the Hebei territory had to be included in its structure (Japan Grips North China, 1935) that was confirmed on December 3, 1935 with the joint statement on creation of the Political Council with control powers in the Hopei and Chahar territory, which would receive the autonomous status, remaining as the Chinese Republic (China Bows to Demands, 1935) part. The new program concerning Northern China was met frostily and without special optimism from both sides, but got support both Japan and China (By the Associated Press: Nanking Offers Near Autonomy to North China, 1935). On December 12, the Chinese central government issued the mandate authorizing creation of the Political Council and opening a door to domination in Northern China (China Gives Japan Reply, 1935). On December 18, official opening of Hebei-Chahar Political Council took place. Action took place against student's protest actions, disorders and strikes.

With the arrival of the general Sung Chzheyuang troops the new regime strengthened the positions and in Tianjin (By The Associated Press: Hopei-Chahar Regime Installed, 1935) where it replaced the former governor of Hopei Shan Chen. Under control to the Hopei-Chahar Political Council, and actually - to the general Sung, territories played the extremely important strategic and economic role on crossing of trade ways from China to Mongolia and made 37 thousand square km, stretching from Jehol to Suiyuan's border (Tokyo Ultimatum Reported in China, 1936). However, the mode was only managed to be delayed, but not to prevent the war.

Following the incident on the Marco Polo Bridge on July 7 July 13 the Japanese side put forward four demands, rejected Nanjing (Japanese Present Demands on China, 1937). The measures proposed by Sun Chzheyuang to prevent a military conflict, had not received approval from the official Nanjing, which led to full-scale war, which in the first 6 months had led to the seizure of 400 thousand sq. miles of Northern China, where 75 million people, and 65 thousand square miles in central China, where 40 million people lived (Suiyuan Reports Mongolians' Raids, 1938). The political outcome of the military events was the creation of a new quasi-state entity under the Republic of China name, the head of which had risen the Provisional Government, which creation was announced on December 13, 1937 after the occupation of the Forbidden City in Beiping. The plan of the Chinese-Japanese war termination by the section of China on five autonomous units, similar to the imperialists plans of the period of the Boxing revolt end was developed: Northern China with the capital in present Beiping represented by Provisional government; The Inner Mongolia under control of Dae Wang, heading now the Mongolian Federation with the capital in Hohhot; East China under control of the Japanese administration in Nanjing led by "The China reformed government"; The Central China at the management of the present Chinese government in Chongqing; The Southern China under control of the provincial leaders coalition of Guangdong and Guangxi. Authoritative sources declared that Japan would be ready to recognize Chiang Kai-shek as the head of the mode in Chongqing if it accepts the plan of the section. The draft of the plan provides spheres of influence: Japan in Northern China and the Inner Mongolia; Germany in Shandong where it had economic positions before World War I; Britain in the valley of the lower Yangtze River, including Shanghai; France in the south of China (Tokio Even Willing to Give Chiang piece of his Own Country, 1938). It Japanese military figures as if finished a certain stage of inclusion of Northern China in limits of a Japanese economic, political and military orbit. Northern China represented panacea for the Japan diseases - A raw materials source for textile both iron and steel works and a sales market of its goods. With receiving control practically over all North of China, Tokyo with pleasure would stop military operations. The country leaders clearly realized catastrophic consequences of war with weak economy of Japan, but at weak foreign policy department and under pressing of military strengthened aggression and as a result led Japan to World War II.

4. ECONOMIC INSTRUMENTS OF THE NORTHEAST CHINA AUTONOMY

Unlike Manchuria, already occupied by the Japanese, the new territories were richer and densely populated, and the civil authorities of Japan were more seriously concerned world reaction to the events this time, seriously being afraid of possible international economic boycott of Japan (By The United Press: Japan, Wavering, Halts Plan to Divide China, Curbs Military Chiefs, 1935). The total capture of this area by the Japanese would have negative consequences for them around the world (Double-Dealing with China, 1935) therefore hardly the speech came about the autonomy, Great Britain declared that it had no intention to see penetration of Japan into the Pacific economic zone (British Foil China Coup, 1935) that Sir Samuel Hoare, the British foreign minister (By the Associated Press: World Warned that U.S. Frowns on Move for Autonomy, 1935), confirmed. The joint concern of the United States and Great Britain because of Far East events was stated in an exchange of views on the situation of Sir Ronald Lindsey, the British ambassador, and William Philipps, the State Deputy Secretary. Both countries had big investments and business interests that could be mentioned by the Japanese influence on economic and budgetary affairs in Northern China. However, being guided by the economic interests, the Japanese party tried to achieve a goal not by force of arms, but diplomacy. The got experience in Manzhouguo creation spoke about the need to work carefully not to upset with the aggression the normal economic relations in the region. It was declared that the safe zone creation, the financial system improvement, etc. (Japan Forces Rule on China Today, 1935) would be the main objective of the new political structure. Therefore, the new mode had to remain completely independent in financial affairs.

Now it is necessary to address to those tools and resources access to which provided the region autonomy.

First, it is precious metals turnover and, first of all, silver. The local population refused to follow the instruction of Nanjing on transfer

of the savings to the national currency and continued to store silver in Japanese banks in Tianjin (Japan to Invade China Tomorrow if New State is Not Set Up in North, 1935) that as a result provoked uncontrollable surge in smuggling. The silver dollars turnover was forbidden by the law, and it was ordered to all Chinese to transfer the silver dollars to government banks at a course 1:1 in paper money of the new currency, but tens of the Japanese smugglers bought silver dollars from Chinese and paid for each of them on 1.20 dollars in paper money taking into account that its real cost makes 1.60 dollars at the new course established for the Chinese currency. They could make it because were under protection of the status of extraterritoriality and could not be arrested by the Chinese, but only by the Japanese consular police (Abend, 1936).

Secondly, similar to Manchukuo in the economic cycle was included the drugs production. The opium distribution to the population occurred in large quantities through its monopoly: Drugs come true under the guise of legitimate medicines, and income, based on the silver was 2.2 million dollars annually (600 Opium Bootleggers Put to Death in Chinese Province, 1935).

Taxes, customs and other duties, which did not come to Nanjing exchequer any more, but accumulated and used by the Japanese, became the third tool. At once after the announcement of the East Hopei autonomy Yin Rugeng ordered to the district government to keep all the incomes, which were usually transferred to the provincial government, thereby having cut off financial and economic streams of this territory from the central government. Began to go the income from the railroads, customs, telegraphs (East Hopei area of Northern China Secedes in Coup, 1935) and saline soils into the Council disposal. Thanks to the advantageous position, he gained a revenue in 18 million dollars and had army in 100 thousand people (Ginsbourg, 1936). The Hopei government seeking to repay the foreign loans which remained "in inheritance" from the central government actually legalized illicit schemes, justifying their providing with that in other ways quickly it was impossible to solve the objective: 5 customs posts that for half a year of independence collected 2 million dollars against 3 million dollars collected before the independence declaration (Hopei to Pay Share on Loans to China, 1936) were at its disposal that, naturally, was essential underestimation of the check points profitability and it transferred to hands of the Japanese the fourth tool - the goods smuggling.

The new customs duties that were 4 times less than that raised Nanjing were established. By this time, smuggled goods reached Shanghai and economy of this region appeared under the destabilization (Abend, 1936) threat, as well as all system of the Chinese taxation, trade and economy - because of the receipt of a huge number of the Japanese goods delivered through Dairen. Along all coast of Hopei, and also in the formed interval between regular Chinese customs in Shankhaiguan and Tianjin, small Japanese vessels with goods go to ports of Northern China, without paying in anything to the central customs, but paying the corresponding duties to officials of the local customs offices of East Hopei. The situation became so sharp that in the Shankhaiguan and Tianjin customs receipts was reduced by 40% while the income of East Hopei increased to three million Mexican dollars within the

last 3 months. At first these goods flooded the markets of Beijing and Tianjin, and then Japanese and Koreans began to transport these goods by rail, on channels by boats and trucks in the Province of Jiangsu, Anhui, Henan, Shaanxi and Gansu and even further.

The situation in this region, long time not causing concern of the international community, as a result forced the British authorities to start taking active actions. Sir Frederik Leith-Ross, the chief economic expert of the British government, expressed a protest in Tianjin to the General Consul of Japan Shigeru Kawagoe, against actions of the Japanese supporting smuggling and destroying the British business. In turn, the Japanese representative declared that smuggling is carried out from the British colony Hong Kong to the Canton. In addition, it was declared that the customs duties on silk, sugar and other subjects probably would be sharply lowered since May 1 of the current year to provide inflow of the Japanese goods to Northern China through East Hopei (Inner Mongolia Wavers, 1936).

September 01, 1936 the Hebei-Chahar Political Council decided to impose a special tax of one-eighth of the national tariffs on all goods imported smuggled through the former Hopei checkpoints south of Tianjin, after which all the goods for which paid fees, would be granted official protection. Thus was created the independent line customs posts along the coast of Hopei, where the goods fall in Chahar and later in China. This decision inflicted a heavy blow to the economy under the control of the Japan's coastal areas, such as East Hopei, because until that time the Hopei Administration tariffs constituted one fourth of the national rate (Hopei "Legalizes" Smuggling, 1936), which is indirectly confirmed by the loyalty of General Sung to Nanjing.

As the fifth instrument acted the communications providing the movement of people, goods and information in the region. According to the Tanggu Truce conditions of 1933, the Japanese were granted the right for creation of airmail and granting to Southern Manchurian trains opportunity to use the Northern China railway system and service of passengers from the Manchurian cities following to Beiping, Tianjin and Kalgan (Gen. Sung Rejects Japan's Demands, 1935). From the beginning of the autonomy movement, the Domeh agency reported that the new autonomy Council planned to take the national railroad in the demilitarized zone under the control that, according to some observers, could lead to emergence of the international complications (By the Associated Press: U.S. Apprehensive at Split Reported in North China State, 1935). However, everything went according to the peaceful scenario - The foreign powers interests did not suffer and the Beiping-Tianjin railroad passed under the Japanese army complete control, thus the Japanese troops (By the Associated Press: Future Status of U.S. Troops in North China is Uncertain, 1935) occupied all the railway lines from Shankhaiguan on the border with Manchukuo towards Tianjin and Beiping (Abend, 1936), as well as all important stations and knots that meant complete control over the region communications.

The Manchurian oil monopoly acted as the sixth instrument, to which Yin Rugeng declared accession in response to change of the customs policy and recent decisions of the Hebei-Chahar Political

Council for the decrease in customs tariffs. The accession purpose was the restriction in the markets of the American and British oil companies that received the formal notice that they would be compelled to close the representations in Northern China after the oil turnover in Manchukuo is monopolized, and from now on would have to pay the import duty. As oil products were imported through Tianjin and for them high import tariffs to the Nanking Central Government at that time were already collected, it was supposed that the imposed surtaxes would paralyze oil business as it happened to oil, which delivery was carried out in East Hopei from Manchukuo, Korea and Japan by the Korean, Chinese and Japanese smugglers forces. The administration of East Hopei offered the companies opportunity to avoid difficulties if they carry out from now on deliveries not through Tianjin, which was in close proximity to the autonomy, and through Qinhuangdao, the town port in 100 miles to the North. In this case, suppliers would have to pay collecting only to East Hopei that made about one fourth from the Chinese customs payments (Double Tax on Oil Threatens in Hopei, 1936) amount.

And, at last, the own national bank creation and the own currency (Hopei to Pay Share on Loans to China, 1936) release had to become completion of all the economic and resource autonomy process. In the fall of 1936, it was declared the preparation completion for opening of the State bank of East Hopei that had to take place in February 1937 (Student Groups Banned, 1936). However, here to be in time it did not turn out. With monthly lateness, in the middle of March, East Hopei stopped the Chinese banknotes circulation in the territory and created the own currency system. The general fund made the sum of 26 million dollars from which 5 million were prepared and started in turn at once. Banknotes were printed, and coins are rapped out in Japan. It was supposed that the banknotes would be provided with the Bank of East Hopei, but the Chosen Bank (the Bank of Korea) assumed this function. New coins had a stamp with date "The 26th year of the Chinese Republic," thereby confirming the Japanese assurance that East Hopei continued to remain an integral part of China, but did not want to have nothing in common with the present government in Nanjing (Puppet Region Cuts Another Chinese Tie, 1937). The presence reason on coins of a mention of the Chinese Republic became clear some days when there was the information that Japan intends to redeem situation of East Hopei as a part of China later, saying to that such was the price of economic cooperation with China. Wang Chonghui, the new Minister of Foreign Affairs of the Chinese Republic, told about the informal Japanese economic mission, which returned to Japan from China recently, though did not reach desirable results. Members of the Japanese economic mission were presented by large executives - heads of the Japanese trade and industrial organizations and had the opportunity freely and frankly to exchange opinions with the Chinese executives. In April, the similar mission organized by the Japanese government invitation with the Sung Chzheyuang participation left from Northern China to Japan (Gen. Sung, 55, Dead, 1940). It could promote creation of the favorable atmosphere for the solution of the available Chinese-Japanese problems, though it was assumed that the Chinese-Japanese economic problems are secondary in relation to settlement of the political problems and that as soon as the Japanese army manages to settle political affairs, economic problems decides by itself (East Hopei Seeks to Upset Nanking, 1937). However, military overestimated the opportunities and it was not succeeded to reach wished them.

5. CONCLUSION

At a certain stage of the Japanese-Chinese conflict development Japan was succeeded to achieve the goal - The creation of large, economically independent territory under the protégés control that would provide the military budget replenishment and would form the presence basic base on the continent. The Japanese party achieved the objective without the international collisions and active military operations, without having lost any soldier, and not violating any letter of the international law of that time. Reasonable arrangement and distribution of forces along the Great Wall, profound knowledge of the Chinese conditions and ability to order in the field conditions, and also that the Kwantung Army was always ready to any emergency situation, allowed the Japanese to achieve desirable result and to receive the whole tool kit by means of which it controlled the region economy. It was succeeded with the beginning of open military opposition of Japan to unite all autonomous territories under the uniform political structure control, and China was put in position of the occupied country.

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