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# The Value, Composition and Significance of Japanese Trade with Southeast Asia, 1914-41.

by

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Abstract

During the early part of the period 1914-1941 Japan regarded Southeast Asia simply as a supplier of raw materials and a consumer of manufactures. It was only in the 1930s that Southeast Asia became economically vital to Japan, as tension between Japan and the Western powers increased. In particular Japan feared the suspension of exports from the West and from European colonies in Asia.

After 1931 Japan had a considerable balance of payments deficit with regard to the West. Consequently Japan attempted to extend her political and economic influence in Southeast Asia in order to reduce her dependence on Western supplies and markets. However, this created tension between Japan and the West as the economies of Southeast Asia were closely integrated with the economies of the Western world. Though Japan succeeded in the 1930s in penetrating these Asian markets to a considerable extent, she was unable to reduce her trade deficit with the West or to create a self-sufficiency area in Asia. Japan further increased her economic expansion into Southeast Asia, but this merely aggravated her already strained relationship with the West.

In addition, during this period the Japanese business community, the Zaibatsu, which had close links with the Army, attempted to establish the "Greater East Asia Co-Prosperity Sphere." This was to provide an environment free of Western influence, in which the Zaibatsu could protect and develop their economic interests. Ultimately this led to the outbreak of the Pacific War in 1941 and the Japanese occupation of Southeast Asia.

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Abbreviations

AS — Asahi Shinbun (Asahi Newspaper. Microfilm), Tokyo.

DJJ — Dai Jinmei Jiten. Japanese Biographical Dictionary. Yasaburō Shimonaka ed., vol. 9, 1955.

FR — Foreign Relations of the United States. United States Government Printing Office.

FES — Far Eastern Survey, Fortnightly Research Service, American Council, Institute of Pacific Relations.

GSS — Gendai-shi Shiryō (Source Materials on Modern Japanese History).

JTS — Japanese Trade Studies, Annotated Tabular Survey of the Trade of Japan Proper, Prepared for the Foreign Economic Administration by Members of the Staff of the United States Tariff Commission, September 1945.

MIHSKT — Meiji Ikō Honpō Shuyō Keizai Tōkei (Hundred-year Statistics of the Japanese Economy) by Nihon Ginkō Tōkei-Kyoku (Statistics Department, the Bank of Japan), 1966.

NKSG — Nihon Kokusai Seiji Gakkai, Taihei-yō Sensō Gen'in Kenkyū-bu, Taihei-yō Sensō e no Michi (Studies on the Origins of World War II in the Pacific), 1963.

NN Nanpō Nenkan (A Southern Yearbook. In Japanese), Tokyo, 1953.

NKSJ Nihon Kindai-shi Jiten. A Dictionary of Modern Japanese History. Edited by Kyōto Daigaku Bungaku-bu Kokushi Kenkyū-Shitsu, 1958.

NRDJ Nihon Rekishi Dai Jiten. Encyclopedia of Japanese History, Kawade Shobō Shinsha 1957.

NN Nanyang Nienjian ( A Southern Year-book. In Chinese), 1939 and 1951.

NGSJ Nihon Gaikō-shi Jiten. ( A Dictionary of the Japanese Diplomatic History), Gaimu-sho Gaikō, Shiryō-Kan, 1979.

NBT Nanpō-Ken Bōeki Tōkei-hyō (Trade Statistics of the Southern Areas), Compiled by Nanyō Kyōkai (The South Seas Association), 1943.

NBS Nihon Bōeki Seiran (The Foreign Trade of Japan), Compiled by the Tōyōkeizai Shinpō-sha, 1975.

SIA Special Industry Analysis, Prepared for the Foreign Economic Administration by Members of the Staff of the United States Tariff Commission.

SS Senshi Sōsho. Materials for the history of the Second World War, each volume being accompanied by a collection of maps denoting military movements, by Bōei-cho Bōei Kenkyū-zyo, 1966-. Daitō-a Senso Kaisen Keii

(DSKK, the Details of the Outbreak of the Pacific War), 1973.

USSBS The United States Strategic Bombing Survey (Microfilm).

YC Yokohama City. Yokohama-shi-shi: Shiryō-hen. Source Materials relating to the history of Yokohama. Edited by the direction of Ishii Takashi, vol. 2, 1962.

ZZZGJTJ Zhuyao Ziben Zhuyi Guojia Jingji Tongji Ji, 1848-1960 (Economic Statistics of Principal Capitalist Countries, 1848-1960) by Zhong-guo Kexueyuan Jingji Yanjiu-suo (Chinese Academy, Institute of Economic Research), 1962.

## Introduction

There has been a considerable amount of historical research on the Japanese economy by both Eastern and Western scholars. Most of the research has concentrated on the period after 1868 and has been concerned either with Japan's domestic development or its relations with other states, principally the U.S.A., Europe and East Asia.(1)

During the Meiji Restoration, and particularly after the Japanese victories in the Sino-Japanese War in 1895 and the Japan-Russian War in 1905, Japanese industrial development was very rapid. Japanese interests in the Far East - especially China (including Taiwan) and Korea - and Southeast Asia expanded. Thereafter, the Far East and later Southeast Asia gradually became, along with the U.S.A., the principal markets for Japanese manufactured goods, and important sources for the supply of industrial and agricultural raw materials to Japan. Japanese trade with Asia was particularly important during the inter-war period.

This situation was reflected in academic interests. During the inter-war years numerous books and articles appeared dealing with Japan and Asia. However, the economic relationship between Japan and Southeast Asia(2) has still scarcely been considered by scholars.(3) This might be due to various reasons. Presumably, one important reason is that Southeast Asia has made a smaller contribution to the economic development and reconstruction of Japan, than that of the U.S.A., China (including Manchuria, Hong Kong, Kwantung and Taiwan), Korea or even India. Secondly, Japanese ideology has been occupied with the thought of "Seiyō Sūhai, Tōyō Besshi" (give respect to the Western world and regard with contempt the Eastern world). Western sciences and

languages have been widely studied and absorbed by the Japanese, but those from the East have been largely ignored. Thirdly, the Japanese occupation of Southeast Asia may have made the Japanese reluctant to study the affairs of those countries. Lastly, Southeast Asia has not had a particularly close cultural, political or economic relationship with Japan compared to that with China and Korea.

Southeast Asia has many different cultures, languages and races. Although it attracted the attention of some Japanese poets, novelists, politicians, and later the Navy, in the period prior to the First World War, it did not become an important "regional community" for Japan. After the Manchurian Incident in 1931 and particularly after the China Incident of 1937, Japan's war economy was greatly influenced and fatally damaged by a shortage of raw materials from the U.S.A. and from European colonies in the East. Thereafter, as a matter of national policy, Southeast Asia was formally included in the so-called Greater East Asia Co-Prosperity Sphere. Trade with Southeast Asia started to gain any importance only during the period which covered the First World War and the World economic collapse of 1929-31. Southeast Asia became even more important to Japan during the China Incident and Pacific War. Before this, Southeast Asia was more or less ignored by Japanese economists as well as by the Japanese government.

The Present State of Knowledge:- Nawa's 3-link thesis and subsequent writers.

A particularly valuable analysis of the development of the Japanese domestic and external economy was first outlined by Professor Tōitsu Nawa in his book: Nihon Bōsekigyō to Genmen Mondai Kenkyū (The Japanese Textile Industry and the Problem of Raw Cotton) published in 1937.(4)

Professor Nawa drew attention to the dependence of the Japanese economy on the World market in terms of a 3-link thesis.

The First Link: Raw silk was exported to the U.S.A. in return for raw cotton and machinery. Raw silk is the only commodity (besides some marine products) that Japan can export as a genuine Japanese article produced with labour from the land. Therefore, it is a suitable starting point for analysing the structure of Japanese foreign trade. As a luxury, raw silk was predominantly exported to the U.S.A.. Japan had to import raw cotton from the U.S.A. as the raw material for cotton cloth which was exported in the second link. Furthermore, imports from the U.S.A. of crude oil, machinery and engines, scrap iron and pulp were essential to Japan.

The Second Link: Cotton goods were exported to the British Empire (British Malaya, the Straits Settlements, Australia, British India and Canada) in exchange for industrial raw materials (iron, pig iron, nonferrous metals, aluminium raw rubber, wool and cotton). It appeared that Japan had the upperhand, the situation seeming to be that of an advanced industrial economy trading with backward agricultural economies; however, Japan had to face intense competition from the Cotton industry of Lancashire and the political power of the British Empire.

The Third Link: Machinery and miscellaneous commodities were exported to Manchuria and China (including Kwantung Province and Hong Kong - the so-called Yen-bloc) in exchange for food and raw materials. Japan tried to construct privileged markets and extend both political and economic influence in this third link.

Japan tried to avoid conflicts with both the U.S.A. and the British Empire, as this would disrupt the entire mechanism of the Japanese economy. Expansion in the Yen-bloc, through the establishment of a war economy, meant that Japan first had to import large quantities of machinery and heavy industrial raw materials from the U.S.A and the British Empire. And in order to achieve this she had to increase exports of raw silk mostly to the U.S.A. and cotton goods mostly to the British Empire. Therefore, the Japanese economy became increasingly dependent upon the U.S.A. and the British Empire. In addition, expansion in the third link invited friction with the Western Powers and faced resistance from the Asian nations.

Professor Nawa's 3-link thesis has several methodological defects. (a) It fails to analyse fully the role of the old colonies of Korea and Formosa which were the major member countries of the third link. This made it difficult to understand fully the importance of the role of the third link. In particular, the thesis failed to establish the importance of cheap food imports from the colonies in restraining the Japanese wage level. (b) He placed too much emphasis on Japan's shortage of raw materials. (c) The thesis did not consider changes in the Japanese industrial structure and in particular the increase in exports of heavy and chemical industrial products after 1931. (d) The significance of the markets of Southeast Asia, which played an important role in Japanese industrialization,

was not made clear. (e) No attempt was made to describe the historical evolution of these trading patterns.[5] However, Nawa's analysis of the relationship between the Japanese economic structure and Japanese foreign trade has been widely used in Japanese academic circles.[6]

Suprisingly, Japanese trade with Southeast Asia during the inter-war period has been almost totally neglected by Japanese writers.[7] Moreover few Western writers have considered this problem except N.S. Ginsburg, (Japanese Prewar Trade and Shipping in the Oriental Triangle, Chicago, 1949), J.D. Phillips (F.V. Field ed., An Economic Survey of the Pacific Area, Part II, Foreign Trade, by Phillips, 1971), G.C. Allen, (Japan's Economic Expansion, 1965, XII), J.C. Le Clair, (Japan's Trade with the Netherlands Indies, Foreign Affairs, January 1937) and investigations conducted by U.S. Tariff Commission and U.S. Department of State. But in the majority of cases, these analyses have been rather superficial

## The Purpose of This Study

This study will attempt to examine the importance to Japan of Southeast Asian trade in the inter-war years. This study will firstly examine the economic and trade structure of Japan with especial reference to her dependence on Southeast Asian markets and raw materials. Secondly, Japan's economic expansion into Southeast Asia and its encroachment upon Western interests. Thirdly Western pressure, particularly through their Southeast Asian dominions, forced Japan to consider the use of political and then military measures to secure her Southeast Asian markets and supplies of industrial and agricultural raw materials. Fourthly, military control over civilian government in Japan in the late 1930's led to the Pacific War which in essence aimed to break the Western economic blockade and to protect Japanese interests in Southeast Asia.

It is hoped to develop and extend Professor Nawa's 3-link thesis along the lines mentioned above, and to give from this analysis an explanation for the outbreak of the Pacific War.

## Structure of the Study

This study is divided into five sections.

Section One
Japanese Economic Structure and Foreign Trade, examines Japan's shortage of natural resources, her dependence on imports and, because of her small domestic market, her dependence on an expanding export trade. This Section also examines the importance of Southeast Asia as a source of raw materials for Japan.

Section Two
Characteristics and Structure of Japanese Foreign Trade, examines firstly Japan's foreign trade (merchandise and invisible trade) in the period 1914-41. Japan's merchandise trade deficit was striking but was offset overwhelmingly by an invisible trade surplus up to 1937. The China Incident jeopardized Japan's invisible trade, and created an enormous adverse balance between 1937-41. Japan's total international trade deficit was covered by not only an invisible trade surplus but also by foreign investment in Japan. Secondly the foreign trade of Japan was predominantly concentrated in Asia and the U.S.A.. The merchandise trade balance with Southeast Asia, the U.S.A. and Europe was adverse to Japan in the period 1914-41. Japan's excess of exports over imports in Asia as a whole was almost offset by the trade deficit with Europe. Thirdly Japan's exports of semi-finished manufactures diminished drastically during this period while her exports of finished manufactures increased remarkably. The former was due largely to the immense decrease in raw silk exports (predominantly exported to the U.S.A.) while the latter was due mainly to the immense increase of cotton tissues' exports (overwhelmingly exported to Asian countries - China, India and the Netherlands Indies). The decrease in raw silk exports

greatly affected Japan's trade income while the increase in cotton tissue exports deepened Japan's dependence on Western machinery and foreign - particularly American - cotton supplies.

Section Three
The Development of the Japanese Spinning Industry and the Restriction of Exports of Cotton Goods to Southeast Asia, demonstrates firstly that the import trade of Southeast Asia consisted mainly of consumer goods (particularly cotton goods). Japan tried to import more raw cotton from India and China but due to the following reasons she was unsuccessful. (a) The Indian spinning industry increasingly consumed Indian raw cotton supplies, (b) raw cotton produced in China was increasingly consumed by the Chinese spinning industry and by the Japanese spinning industry in China, (c) Japan had to import more cotton from America in order to make better-quality cotton goods and so compete with Indian and Chinese products. On the other hand Japan tried to produce some machinery domestically as well as import machines from Germany rather than from England and America. However,as Japan's heavy industry was based largely on munitions production and as Germany was totally involved in war in Europe, Japan was unable to reduce the dependence on American supplies. Secondly, apart from struggling to increase domestic machinery production, Japan tried to increase self-sufficiency by importing raw cotton from the Yen-bloc and later from the "Greater East Asia Co-Prosperity Sphere". Attempts were also made to increase cotton cultivation in these areas. This was unsuccessful as raw cotton produced inside the Co-Prosperity Sphere could never satisfy all Japan's domestic needs. Thirdly, exports of cotton goods to Asian markets were subject to stiff competition. The Japanese spinning industry not only had to compete with Western producers in Asian markets, but also had

to compete with Chinese and Indian cotton supplies. In addition Japan's exports of cotton goods to Southeast Asia were seriously restricted by discriminatory customs duties, tariff barriers and anti-Japanese campaigns.

Section Four
The Acquisition of Important Raw Materials from Southeast Asia, examines how Japan tried to secure imports of rubber, iron ore and oil from the region. The Japanese Zaibatsu had tremendous interests in Southeast Asia and when the Western Powers imposed trade embargoes on Japan, the Japanese military authorities cooperated with the Zaibatsu to expand into the area.

Section Five
The Japanese Southward Advance, analyses firstly Japanese Army and Navy support for research organizations and institutes studying contemporary Southeast Asia, in preparation for a move into the region. Secondly, the implementation of Japan's Southern policy, through expansion into French Indo-China and Thailand. Finally the decision to fight against America in the Pacific in order to establish the "Greater East Asia Co-Prosperity Sphere."

For the purposes of this study, the inter-war years are divided into six periods, i.e. 1914-1918 (First World War), 1919-1923 (post-war economic collapse), 1924-1928 (economic recovery), 1929-1931 (world-wide economic crisis), 1932-1936 (economic recovery) and 1937-1941 (the China Incident to the Pacific war). In support of statements of a more general nature, this study includes a large volume of statistical evidence from Japanese governmental and private institutions, which has, until now, been unavailable to Western scholars.

Notes:

[1]Major references are: Kiyoshi Matsui (ed.), Kindai Nihon Bōeki-Shi (Trade History of Modern Japan), 1959, vols. I, II and IV; Chūgoku Kenkyu-Syo Bōeki Iinkai, Ajia Bōeki no Tenbō (A Prospect of Asian Trade), 1948; Y.Akamatsu, Tōa Bōeki no Rekishi-teki Ruikei (Historical Patterns of East Asian Trade), 1942; Saburō Orai, Shigen no Nai Nihon to Sekai (Without Natural Resources of Japan and the World), 1975; Mitsuhaya Kajinishi (ed.), Nihon Keizai-shi Taikei (An Outline of Japanese History), Modern, vol II, Gaikoku Bōeki no Hatten to Shihon no Yushutsu (The Development of Foreign Trade and the Export of Capital) by Tomoichi Mizunuma, Akira Hara, Nicchū Sensō ki-no Kokusai Shushi (International Balance During the Sino-Japanese War Period) 1972, (1), (2) and (3); Ichirō Nakanishi, Kinyushutsu Saikinshi Igo no Bōeki • Kawasei Mondai (Trade and Foreign Exchange Problems after the Reapplication of the Gold Embargo), 1968; J.B.Cohen, Japan's Economy in War and Reconstruction, 1949; E.B.Schumpeter (ed.), The Industrialization of Japan and Manchukuo, 1930-40; 1940, G.C.Allen, Japan's Economic Recovery,1958; W.W. Lockwood, Trade and Trade Rivalry Between the United States and Japan, 1936; W.W. Lockwood, The Economic Development of Japan, Growth and Structural Change, 1868-1938, 1954; Kazushi Ohkawa, The Growth Rate of the Japanese Economy since 1878, 1957; Kazushi Ohkawa & Henry Rosovsky, Japanese Economic Growth, 1973; Shigeru Uyehara, The Industry and Trade of Japan, 1936; L.Klein and Kazushi Ohkawa, Economic Growth. The Japanese Experience Since the Meiji Era, 1968; Tōkyō Association For Liberty of Trading, A Brief Analysis of Japan's Foreign Trade, 1935; U.S. Department of State, The Place of Foreign Trade in the Japanese Economy, 1946; United States, Tariff Commission, Recent Developments in the Foreign Trade of Japan, Particularly in Relation to Trade With

the United States, Report No. 105, Second Series, 1936; United States, Tariff Commission, The Japanese Cotton Industry and Trade, Recent Development and Future Outlook, 1921; H.G.Moulton, Japan: An Economic and Financial Appraisal, 1931. etc., etc..

(2) Professor Hall notes that "the name South-East Asia came into general use for the first time in 1943 when the Allied Organization, South-East Asia Command, was formed to direct operations against the Japanese in the area. Previously, no single name had been applied to the whole area, and those normally given to its major divisions, such as Further India, the Indo-Chinese Peninsula, the Indian Archipelago, the Nanyang, have caused much misunderstanding by associating them with one or both of its great neighbours." (An introduction by D.G.E.Hall in Atlas of South-East Asia, 1964, P.3).

For the Japanese, "South-East Asia" was not a firm geographical concept until the Second World War. The term "Southeast Asia" began to appear in Japanese official documents from 23 July 1940 when the Japanese Cabinet Planning Board enacted, Nanpō Shisaku Yōkō (An) (An Outline of Southern Policy) (A Draft). Before that time the Japanese called the group of countries, including China, Korea and some islands situated to the south of Japan, as Nanyō Syokoku (countries in the South Sea), Nanyō Syotō (Islands in the South Sea) or Nanyō (the South Sea). From a geographical point of view, Ginsburg suggested that for the Japanese "Southeast Asia is less a geographic region than a convenient term .... the Western boundary of the area terminates somewhere in New Guinea and excludes the islands of the Southwestern Pacific." (N.S.Ginsburg, Japanese Prewar Trade and Shipping in the Oriental Triangle, 1949, P.152).

However, as the economic relationship between

Japan and these Southern countries became closer, the concept of "Southeast Asia" became clearer. At present the Japanese understand that Southeast Asia consists of Asean (Association of Southeast Asian Nations, i.e. the Philippines, Thailand, Malaysia, Singapore and Indonesia) plus Vietnam, Laos, Cambodia India, Burma and others.

For the purpose of this study, Southeast Asia includes the Philippines, French Indo-China, Thailand, British Malaya and the Netherlands East Indies. Burma is excluded from this study simply because her trade with Japan was not particularly important and because most of her economic statistics are not separately reported but are included with India in Japanese publications.

(3) During the inter-war and war years, publications dealing with the natural resources of Southeast Asia and suggesting that Japan had to explore these sources were innumerable. For example, Seiichi Kojima, Tōa Keizai-ron (On East Asian Economies), 1941; Toshio Narasaki, Gaikoku Bōeki no Riron to Mondai (A Theory and Problem of Foreign Trade), 1941; Kameyoshi Takahashi, Nihon Kōgyō Hatten-ron (On Japan's Industrial Development), Yoshihiko Taniguchi, Nanpō Gomu Shigen to Sono Taisaku (Rubber Resources in the South and its Policy), in Tōa Keizai Ronsō, 1942; Toshiyoshi Okabe, Nanpō Senyi Genryō To Seisan ni Tsuite (The Production of Fibre Materials in the South), in Tōa Keizai Ronsō, 1942; Ebikawa, Tōa Shigen-ron (On East Asian Resources), 1941; Naohiko Masuda, Sekai Syokuminchi no Shigen to Keizai (Resources and Economies of the World Colonies), 1938; Ken Sawada, Taiheiyō Shigen-ron (The Resources in the Pacific), 1940; Sangyō Tōkei Kenkyū-sho , On Southern Resources, 1940 and Hisa Aki, Chiiki Keizai Riron (A Theory on Regional Economies), 1940. etc..

(4) This analysis was also outlined in his books: (a) Nihon Shihonshugi To Bōeki Mondai (Japanese Capitalism and the Problem of Trade), 1946 and 1948; (b) Nihon Bōseki-gyō no Shiteki Bunseki (A Historical Analysis of the Japanese Textile Industry), 1948 and (c) Nihon Ni Okeru Genmen Mondai To Gaikoku Bōeki (Raw Materials Problems and Foreign Trade in Japan) in Nihon No Shangyō Kakumei (Japan's Industrial Revolution), edited by Rekishi Kagaku Kyōgikai, 1977.

(5) See Kazuichorō Ono, Japanese Capitalism and Foreign Trade 1945-1970 (1), in the Kyoto University Economic Review, April-October 1977

(6) Typical analyses, using Nawa's 3-link thesis are, for example Kiyoshi Matsui, Nihon Bōeki-ron (Trade of Japan), 1954; Kiyoshi Matsui (ed.), Kindai Nihon Bōeki-shi (Trade History of Modern Japan I,II and III), 1963; Masaharu Yoshimura, Nihon Bōeki-ron (On Japan's Trade), 1948; Tomoichi Mizunuma, Gaikoku Bōeki No Hatten To Shihon No Yushutsu (The Development of Foreign Trade and Export of Capital), 1975; Kazuichirō Ono, Japanese Capitalism and Foreign Trade 1945-70, I and II, 1977; Kenzō Yukizawa, Kokusai Keizaigaku Zyosetsu (An Introduction of International Economy), 1957; Kenzo Yukizawa, Nihon Bōeki No Chōki Tōkei (The Long Term Statistics of Japan's Trade), 1978; Mikio Sugino, Sankansetsu-ron no Saikentō ( A Re-examination of the 3-link thesis) in Keizai Ronsō, 1976; Masayoshi Tsurumi, Nihon Bōeki Kōzō-ron no Bunseki Shikaku (An Analysis of the Structure of Japan's Trade), I & II, in Sekai Keizai Hyōron, May and June 1973, etc.

(7) However, see Kiyoshi Matsui, Nihon Keizai To Nanyō Bōeki (The Japanese Economy and South Sea Trade) in Tōa Keizai Ronsō, 1942; Mitsubishi Economic Research Bureau, Japanese Trade and Industry, Present and Future, 1936.

## Section One
## Japanese Economic Structure and Foreign Trade

It is widely agreed among economists, statesmen and the Japanese people in general, that foreign trade is essential to Japanese economic development. It has been emphasized from all points of view[1] and can easily be seen from most Japanese Government publications.[2]

Why then should it be necessary to examine the Japanese economy through its foreign trade? The purpose of this section is to analyse the Japanese economic structure during the inter-war period and in particular the Japanese economic relationship with Southeast Asia.

### Part 1. Shortage of Domestic Natural Resources.

Before examining Japan's shortage of domestic natural resources, it is necessary to examine the densities of population and land utilization in Japan.

#### (A) Relative Densities of Population.

The population of Japan increased from 52 million in 1914 to about 64 million in 1930. It climbed to 71.6 million in 1941. In other words, population increased 37.6% during the period 1914-41.[3]

From Table 1, we can see that in approximately 1936 Japan was the most crowded country not only in Asia but in the whole world, with a population density of 184 to the square kilometer, i.e. 2.5 times and 23 times as high as the population density of Europe (excluding the U.S.S.R.), and of North and Central America respectively.

Table 1

Japan's Area and Population Compared with Area and Population of the World

(at the date nearest to 1936)

| Continents | Area (in thousands of sq. km.) | Population (in thousands) | Percentage of Total | | Inhabitants per sq. km. |
|---|---|---|---|---|---|
| | | | Area | Population | |
| Japan Proper | 383 | 70,258 | 0.3 | 3.4 | 183.7 |
| Japanese Empire | 675 | 98,080 | 0.5 | 4.7 | 145.3 |
| Europe (excluding U.S.S.R) | 5,428 | 394,060 | 4.1 | 18.8 | 72.6 |
| U.S.S.R. | 21,154 | 173,000 | 15.9 | 8.3 | 8.2 |
| North and Central America | 22,401 | 178,320 | 16.8 | 8.5 | 8.0 |
| South America | 18,567 | 88,517 | 13.9 | 4.2 | 4.8 |
| Asia (excluding U.S.S.R.) | 27,047 | 1,100,745 | 20.3 | 52.5 | 40.7 |
| Africa | 30,055 | 151,913 | 22.6 | 7.2 | 8.1 |
| Oceania | 8,554 | 10,261 | 6.4 | 0.5 | 1.2 |
| Total | 133,206 | 2,096,816 | 100.0 | 100.0 | 15.8 |

Source: E.B. Schumpeter, edt., The Industrialization of Japan and Manchukuo 1930-1940, New York, 1940, P. 61.

England, Wales and the Netherlands have a "total density" (density in terms of total land area) greater than that of Japan. However in "arable density" (density in terms of available arable land), Japan led all the rest (see columns (3) and (4) of Table 2).

In Japan, agricultural land was used mainly for the production of high calorie-value crops, such as rice, which yielded relatively more calories per unit of land area than any other crops.

Non-agricultural land was used extensively for forestry.[4] Nevertheless, proportionately less land in Japan was cultivated than in England and Wales, France, Germany, U.S., Netherlands or Italy. Germany, France and Italy were industrialized countries where about 40% of the land was cultivated.

Table 2.

Population, Land Area, and Land Utilization, 1936

| Country | Total Area (in thousands of sq. kms.) | Number of Inhabitants 1936 (in thousands) | Inhabitants per sq.km. (Total density) | Inhabitants per sq. km. of Arable Land (arable density) | Land Utilization* : Percentages in Relation to total Area. | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Arable | Permanent Meadow and Pasture | Wool and Forest | Other Land |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Japan | 383 | 70,258 | 184 | 1,163 | 15.8 | 8.7 | 57.5 | 21.0 |
| England and Wales | 151 | 40,839 | 270 | 1,141 | 23.7 | 57.0 | 19.3 | |
| France | 551 | 41,906 | 76 | 199 | 38.3 | 20.9 | 19.5 | 21 3 |
| Germany | 471 | 67,346 | 143 | 347 | 41.2 | 18.2 | 27.4 | 13.2 |
| United States of America | 7,839 | 128,429 | 16 | 98 | 16.8 | - | - | - |
| Netherlands | 35 | 8,557 | 245 | 828 | 29.6 | 39.2 | 7.4 | 23.8 |
| Italy | 310 | 42,677 | 138 | 330 | 41.7 | 18.8 | 17.9 | 21.6 |

Source: E.B. Schumpeter, op. cit., P. 75.

* The detailed percentages for Land Utilization do not always add up to 100 because areas used for more than one purpose may appear more than once in the subdivisions, but only once in the grand total.

(B) Shortage of Industrial Raw Materials.

The steel industry is the most important heavy industry of an industrialized country. Indeed it is possible to judge the stage of development of an industrialized country by examining the quantity of its steel production.

The most important bottleneck in the Japanese war economy (1931-45) was the very low level of iron and steel production.[5] From Table 3 we can examine steel production in Japan compared with that in the five Great Powers. Up to 1937, steel production in Japan was unable to compare with that of other industrialized countries. In 1929, Japanese steel production was 2.3 million tons, but by 1940 it had increased to 6.9 million tons. Nevertheless, in 1940 it was only 52% of production in the U.K., 32% of that in Germany and 11% of that in the U.S.A.

Japan had to import a large quantity of scrap iron and pig iron to meet her domestic needs. In 1935, imports of scrap and old iron were 1.69 million tons and of pig iron 0.96 million tons. The total of these imports was much greater than that of pig iron production (at 1.9 million tons) in Japan proper during the same year.[6]

Pig iron production in Japan during the inter-war period was also extremely low, compared with that of U.S.A., U.K., Germany and France. Although Japanese output increased from 0.25 million tons in 1913 to 3.66 million tons in 1940, in this last year it was still only 44% of that of the U.K., 26% of that of Germany and only 9% of that of the U.S.A. (See Table 4).

Table 3 A Comparison of Steel Production of Five Industrialized Countries

(Thousand Ton)

| | Total of five countries | | America | | England | | Germany | | France | | Japan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1913 | 62,838 | 100.0 | 31,802 | 50.6 | 7,780 | 12.4 | 18,329 | 29.2 | 4,687 | 7.4 | 240 | 0.4 |
| 1918 | 89,068 | 100.0 | 45,173 | 50.7 | 9,690 | 10.9 | 11,830 | 13.3 | 21,562[1] | 24.2 | 813 | 0.9 |
| 1920 | 63,907 | 100.0 | 42,807 | 67.0 | 9,220 | 14.4 | 8,363 | 13.1 | 2,706 | 4.2 | 811 | 1.3 |
| 1921 | 37,735 | 100.0 | 20,101 | 53.2 | 3,760 | 10.0 | 9,943 | 26.4 | 3,099 | 8.2 | 832 | 2.2 |
| 1925 | 74,439 | 100.0 | 46,120 | 62.0 | 7,504 | 10.1 | 12,051 | 16.2 | 7,464 | 10.0 | 1,300 | 1.7 |
| 1929 | 95,160 | 100.0 | 57,336 | 60.3 | 9,791 | 10.3 | 16,023 | 16.8 | 9,716 | 10.2 | 2,294 | 2.4 |
| 1932 | 31,906 | 100.0 | 13,900 | 43.6 | 5,346 | 16.8 | 5,624 | 17.6 | 5,638 | 17.7 | 1,398 | 4.3 |
| 1935 | 72,030 | 100.0 | 34,638 | 48.1 | 10,017 | 13.9 | 16,416 | 22.8 | 6,255 | 8.7 | 4,704 | 6.5 |
| 1937 | 98,113 | 100.0 | 51,378 | 52.4 | 13,192 | 13.4 | 19,849 | 20.2 | 7,893 | 8.1 | 5,801 | 5.9 |
| 1938 | 74,634 | 100.0 | 28,804 | 38.6 | 10,565 | 14.2 | 22,656 | 30.4 | 6,137 | 8.2 | 6,472 | 8.6 |
| 1940 | 106,756 | 100.0 | 60,763 | 56.9 | 13,184 | 12.3 | 21,540 | 20.2 | 4,413 | 4.2 | 6,856 | 6.4 |
| 1946 | 80,837 | 100.0 | 60,418 | 74.7 | 12,899 | 16.0 | 2,555 | 3.2 | 4,408 | 5.5 | 557 | 0.6 |

Source: ZZZGJTJ, P.431.

Note: [1] Represents the year 1919.

Table 4 A Comparison of Pig Iron Production of Five Industrialized Countries

(Thousand Tons)

| | Total of five countries | | America | | England | | Germany | | France | | Japan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1913 | 70,511 | 100.0 | 31,463 | 44.6 | 10,420 | 14.8 | 19,312 | 27.4 | 9,071 | 12.9 | 245 | 0.3 |
| 1918 | 61,181 | 100.0 | 39,681 | 64.9 | 9,250 | 15.1 | 9,208 | 15.1 | 2,412 (1) | 3.9 | 630 | 1.0 |
| 1920 | 56,040 | 100.0 | 37,519 | 66.9 | 8,160 | 14.6 | 6,388 | 11.4 | 3,434 | 6.1 | 539 | 1.0 |
| 1921 | 31,376 | 100.0 | 16,956 | 54.0 | 2,660 | 8.5 | 7,855 | 25.0 | 3,417 | 10.9 | 488 | 1.6 |
| 1925 | 62,944 | 100.0 | 37,290 | 59.3 | 6,362 | 10.1 | 10,089 | 16.0 | 8,494 | 13.5 | 709 | 1.1 |
| 1929 | 75,660 | 100.0 | 43,298 | 57.2 | 7,711 | 10.2 | 13,239 | 17.5 | 10,300 | 13.6 | 1,112 | 1.5 |
| 1932 | 22,824 | 100.0 | 8,687 | 38.1 | 3,631 | 15.9 | 3,932 | 17.2 | 5,537 | 24.3 | 1,037 | 4.5 |
| 1935 | 48,089 | 100.0 | 21,161 | 44.0 | 6,527 | 13.6 | 12,648 | 26.3 | 5,789 | 12.0 | 1,964 | 4.1 |
| 1937 | 71,567 | 100.0 | 36,726 | 51.3 | 8,629 | 12.1 | 15,960 | 22.3 | 7,855 | 11.0 | 2,397 | 3.3 |
| 1938 | 52,484 | 100.0 | 18,880 | 36.0 | 6,870 | 13.0 | 18,045 | 34.4 | 6,012 | 11.5 | 2,677 | 5.1 |
| 1940 | 71,548 | 100.0 | 41,916 | 58.6 | 8,336 | 11.7 | 13,955 | 19.5 | 3,683 | 5.1 | 3,658 | 5.1 |
| 1946 | 55,540 | 100.0 | 41,912 | 75.5 | 7,886 | 14.2 | 2,083 | 3 7 | 3,444 | 6.2 | 215 | 0.4 |

Source: ZZZGJTJ, P.430

Note: (1) Represents the year 1919.

Table 5

A Comparison of Iron Ore Production of Five Industrialized Countries

(Thousand Ton)

| | Total of five countries | | America | | England | | Germany | | France | | Japan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1913 | 129,822 | 100.0 | 62,972 | 48.5 | 16,253 | 12.5 | 28,608 | 22.0 | 21,918 | 16.9 | 71 | 0.1 |
| 1918 | 95,406 | 100.0 | 70,773 | 74.2 | 14,846 | 15.6 | 7,915 | 8.3 | 1,672 | 1.8 | 200 | 0.2 |
| 1920 | 102,062 | 100.0 | 68,688 | 67.3 | 12,910 | 12.6 | 6,362 | 6.2 | 13,922 | 13.6 | 180 | 0.2 |
| 1921 | 53,688 | 100.0 | 29,963 | 55.8 | 3,520 | 6.6 | 5,907 | 11.0 | 14,201 | 26.5 | 97 | 0.2 |
| 1925 | 114,816 | 100.0 | 62,899 | 54.8 | 10,306 | 9.0 | 5,925 | 5.2 | 35,598 | 31.0 | 88 | 0.1 |
| 1929 | 144,903 | 100.0 | 74,196 | 51.2 | 13 427 | 9.3 | 6,374 | 4.4 | 50,728 | 35.0 | 178 | 0.1 |
| 1932 | 46,617 | 100.0 | 10,005 | 21.5 | 7,446 | 16.0 | 1,340 | 2.9 | 27,599 | 59.2 | 227 | 0.5 |
| 1935 | 80,710 | 100.0 | 31,029 | 38.4 | 11,075 | 13.7 | 6,044 | 7.5 | 32,046 | 39.7 | 516 | 0.6 |
| 1937 | 128,852 | 100.0 | 73,248 | 56.8 | 14,448 | 11.2 | 2,759 | 2.1 | 37,795 | 29.3 | 602 | 0.5 |
| 1938 | 78,213 | 100.0 | 28,902 | 37.0 | 12,048 | 15.4 | 3,360 | 4.3 | 33,132 | 42.4 | 771 | 1.0 |
| 1940 | 111,736 | 100.0 | 74,875 | 67.0 | 17,988 | 16.1 | 5,019 | 4.5 | 12,731 | 11.4 | 1,123 | 1.0 |
| 1946 | 101,136 | 100.0 | 71,976 | 71.2 | 12,372 | 12.2 | —— | —— | 16,232 | 16.0 | 556 | 0.5 |

Source: ZZZGJTJ, PP.70, 211, 264,341 and 395.

In producing pig iron, Japan had to import large quantities of iron ore from Malaya, China and the Philippines. Iron ore consumption in Japan was highly in excess of her domestic ore production.(7) Domestic ore production in 1931, 1937 and 1941 amounted to only 11%, 15% and 18% of ore consumption. Iron ore production in Japan could not be compared with that of the other industrialized countries. (See Table 5).

Known and estimated reserves of iron ore in Japan were 80 million tons, which was 0.1% of the World's total reserves. It was only slightly greater than U.S. iron ore production in 1929. This iron ore reserve was not only smaller than the reserves of the Netherland Indies (1,000 million tons) but also smaller than those of the Philippines (850 million tons). Known and estimated reserves of iron ore in Japan were just over 1% of the U.K.'s reserves, and less than 1% of those of both Germany and the U.S.A.. Table 6 shows this.

Table 6

A Comparison of iron ore reserves of five industrialized countries and others (million ton).

| | |
|---|---|
| Japan | 80 (0.1) |
| U.S.A. | 10,500 (17.3) |
| U.K. | 5,907 (9.8) |
| Germany | 1,300 (2.1) |
| France | 8,160 (13.5) |
| Philippines | 850 (1.4) |
| Netherland Indies | 1,000 (1.7) |
| Total (including all others) | 60,560 (100%) |

Source: Tōa Kenkyū-sho, Sekai Kōsan Tōkei (Statistics of Mineral Production of the World), 1942.

Most Japanese mines were small and the ore was low-grade. The average home island ore had an iron content of only 45%.[8] In 1935, Japan proper had to use 4.179 million tons of iron ore to produce only 0.533 million tons of pig iron. Together with imports of pig iron from Korea this gave a total of 0.775 million tons. Japan had to import 3.404 million tons of pig iron from abroad.[9] Prior to the imposition of the trade embargo in 1941, Malaya and the Philippines were the principal suppliers of ore. In 1937 they supplied 51% of total iron ore imports. Korea, Manchuria and China together supplied 21%. By 1940, Malaya and the Philippines were supplying 57%, and the share provided by China, Manchuria and Korea had risen to 29%. With the imposition of the trade embargo in 1941, China (including Hainan Island) became the largest supplier of iron ore to Japan, providing 50% of total imports in 1941.

The basic restraint on the development of Japan's steel industry was not only that she had to import iron ore and scrap iron, but also that she had limited coal resources.[10]

Although coal resources in Japan were slightly greater than those in France, they were almost negligible as compared with those of the U.S.A., the U.K. and Germany (See Table 7). The productivity of the coal industry[11] in Japan proper was very low (See Table 8) and the conditions of coal mining poor.[12]

In Japan, most of the coal was used in the industrial sector. Domestic use was very rare. In the years 1937-41, coal was used mainly in

Table 7.

A Comparison of Coal Reserves of five Industrialized Countries and Others (Million ton).

| | | |
|---|---|---|
| Japan | 17,000 | (0.37) |
| U.S.A. | 1,975,000 | (42.9) |
| U.K. | 200,000 | (4.3) |
| Germany | 289,000 | (6.3) |
| France | 16,000 | (0.3) |
| Philippines | 5 | (0) |
| Netherland Indies | 240 | (0) |
| British Borneo | 75 | (0) |
| Total (including all others) | 4,600,000 | (100%) |

Source: Same as Table 6.

Table 8 A Comparison of Coal Production of Five Industrialized Countries (Million Ton)

| | Total of five countries | | America | | England | | Germany | | France | | Japan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1913 | 1,148.6 | 100.0 | 517.1 | 45.0 | 292.0 | 25.4 | 277.3 | 24.1 | 40.8 | 3.6 | 21.4 | 1.9 |
| 1918 | 1,159.9 | 100.0 | 615.3 | 53.1 | 231.4 | 19.9 | 258.9 | 22.3 | 26.3 | 2.3 | 28.0 | 2.4 |
| 1920 | 1,128.3 | 100.0 | 597.2 | 52.9 | 233.2 | 20.7 | 243.2 | 21.5 | 25.3 | 2.3 | 29.4 | 2.6 |
| 1921 | 939.9 | 100.0 | 459.4 | 48.9 | 165.9 | 17.7 | 259.2 | 27.6 | 29.0 | 3.0 | 26.4 | 2.8 |
| 1929 | 1,241.6 | 100.0 | 552.3 | 44.5 | 262.0 | 21.1 | 337.9 | 27.2 | 55.0 | 4.4 | 34.4 | 2.8 |
| 1932 | 841.2 | 100.0 | 326.2 | 38.8 | 212.1 | 25.2 | 227.4 | 27.0 | 47.3 | 5.6 | 28.2 | 3.4 |
| 1937 | 1,142.1 | 100.0 | 451.2 | 39.5 | 244.3 | 21.4 | 355.8 | 31.1 | 45.4 | 4.0 | 45.4 | 4.0 |
| 1938 | 1,052.0 | 100.0 | 358.0 | 34.0 | 230.6 | 21.9 | 366.8 | 34.9 | 47.6 | 4.5 | 49.0 | 4.7 |
| 1940 | 1,188.3 | 100.0 | 464.7 | 39.1 | 227.9 | 19.2 | 398.1 | 33.5 | 41.0 | 3.4 | 56.6 | 4.8 |
| 1946 | 909.9 | 100.0 | 539.3 | 59.3 | 193.1 | 21.2 | 105.5 | 11.6 | 49.3 | 5.4 | 22.7 | 2.5 |

Source: ZZZGJTJ, PP.428-429.

iron and steel, chemicals, electrical power production and the railroad industries.[13] Unfortunately, Japan possessed no anthracite, and lacked coking coal and high-grade lignite for her pig iron and steel industries. Therefore she had to import these materials from North China-Inner Mongolia, Karafuto (Japanese Saghalien), Korea, Manchuria and Indo-China.

Another important material for Japan's industry and war economy was oil. Japan's output in 1941 was 1,941,000 barrels of crude oil, or less than 0.1% of the world's total output. By way of contrast, the U.S.A. produced 1.4 billion barrels in 1941, over 700 times as much as Japan. Japan's 1941 production from wells and synthetic plants was less than 12% of her peacetime requirements. She relied almost entirely upon imported oil, four-fifths of which came from the U.S.A. A futher 10% came from the Netherlands East Indies and the remainder came from such widely diverse sources as Mexico, Bahrein and Romania.[14]

Besides the above mentioned raw materials, nickel, cobalt and bauxite were not mined domestically in Japan, and antimony, mercury, manganese, tin, tungsten, molybdenum and chromium had to be imported in large quantities. Non-metallic minerals produced in Japan in sufficient quantities to meet domestic requirements included abrasives, bentonite, low-grade diatomite, low-grade gypsum, iodine, limestone, sulphur and low-grade talc. Non-metallic minerals which had to be imported in large quantities were borate, bromine, magnesite, phosphate rock, potash salt and nitrates. Natural fibres, such as cotton,

wool, flax, ramie and jute, were entirely supplied from imports.[15] In Table 9 the degree of Japan's dependence on imports of selected key raw materials is summarized.

Table 9

Japan's Degree of Dependency* on Imports of Selected Key Raw Materials, 1929, 1933, 1934 (In Percentages).

| Year | 1929 | 1933 | 1934 |
|---|---|---|---|
| Cotton (in the seed), Cotton (ginned) | 99.96 | 99.97 | 99.98 |
| Wool | 100.00 | 100.00 | 100.00 |
| Other vegetable fibres | 85.08 | 86.05 | 86.43 |
| Rubber and resin | 100.00 | 100.00 | 100.00 |
| Oil yielding materials | 69.53 | 63.33 | 64.54 |
| Pulp | 39.54 | 78.41 | 71.63 |
| Oil and petroleum | 77.27 | 88.41 | 99.74 |
| Phosphate rock | 100.00 | 100.00 | 100.00 |
| Coal | 14.88 | 15.79 | 16.12 |
| Pig iron | 70.32 | 74.52 | 58.17 |
| Other iron | 43.03 | 26.49 | 20.94 |
| Other metal | 37.04 | 34.39 | 45.75 |

Source: K. Takahashi, Nihon Kōgyō Hatten Ron (A Theory on Japan's Industrial Development), Tokyo, 1936, P. 304.

*The degree of dependency is expressed here as:

$$\frac{\text{Imports}}{\text{Domestic production + imports}} \times 100$$

Part 2. Comparatively small Domestic Market Leading to the Necessity to Export.

It is now necessary to examine the total importance of the export trade to Japan's economy in the period under consideration.

(A) The "Dispute On Japanese Capitalism".[16]

In the early years of Shōwa (i.e. the later half of the 1920's), after the so-called "Dispute on Japanese Capitalism", there was, a consensus of opinion among Marxist academics in Japan from which emerged an analysis of Japan's shortage of domestic natural resources and an analysis of her small domestic market. The latter was analysed particularly by Ryōsei Kobayashi.[17] Kobayashi stressed that the small domestic market had as its root cause two factors - first a low consumption of consumer goods due to the exploitation of labourers and peasants and second, a low consumption of capital goods due to the importance of light over heavy industry. Kobayashi's analysis of Japan's small domestic market was summarized by subsequent Japanese writers: the semi-feudal character of Japanese agriculture with its high rate of farm rent and low wages meant a low demand for home produced goods; therefore Japan was dependent on foreign markets to sell her excess production.

Kobayashi was later criticized as his analysis rested mainly on the proposal that "low consumption of consumer goods resulted in a small domestic market". In other words, he ignored the factor of "low consumption of capital goods resulted in a small domestic market". In fact, there was a complete dichotomy of opinion between Kobayashi and other Marxist academics; the former had said that only exports were important, while the latter had said that only imports were important.

However, Moritarō Yamada and Masaharu Yoshimura argued in 1934 and in 1948 respectively about Japan's small domestic market from the point of view of low consumption of consumer goods and capital goods, also explaining the importance of the role of both imports and exports. They emphasized that there had been an imbalance in the development of Japan's economy and more specifically that Japan's heavy industry (mostly the munitions industry) and the spinning industry depended almost entirely on foreign machinery and engines. They also argued that Japan's domestic market could not absorb the full production of these industries and therefore that it had become essential to find foreign markets.(18)

Tōitsu Nawa supported Yamada's analysis. He stressed in 1937 that due to the undeveloped state of heavy industry, Japan had to export consumer goods (mostly textile goods) in exchange for raw materials and machinery. Japan's economy depended on foreign trade and he drew a simplified model of Japan's trade structure. This was his 3-link thesis.(19)

(B) Reasons for a Small Domestic Market.

During the period 1888-1898, because of the low price of rice and low industrial wages, industries had to expand into foreign markets. In the Taishō era especially after World War I, agricultural productivity and the living standards of the peasants improved. Consequently Japan's domestic market expanded. In the Shōwa era, and in particular in 1929-31, a period of World economic crisis, the domestic market contracted and after 1932, Japan had to dump her commodities overseas.

In the following analysis, I will concentrate on the following two problems.

(a) Low Consumption of Consumer Goods Due to "Exploitation" of the Labour Force.

Historically, Japan implanted modern industries when her agricultural system was still based on semi-feudal production. Agricultural production was severely limited by this semi-feudal production system and therefore Japan had to import large quantities of agricultural products in order to meet the needs of her rapidly developing industries. Consequently, with this unfavourable trade balance, Japan had to improve her agricultural and industrial productivity in order to compete in the international market.

Low wages and technical improvements seemed to be the two most important weapons for promoting Japan's foreign trade. However we are not in this thesis going to discuss the part played by technical improvements.

Both Professors M. Yamada and K. Matsui concluded in 1934 and in 1959 respectively that labour costs in Japan were lower than those in India.[20] Their analyses

were widely quoted and expanded to explain the situation in the Taishō era and even in the Shōwa era. Subsequent writers suggested that firstly, real wages in Japan rose from mid 1910; secondly real wages in Japan were lower than in India; thirdly real wages in Japan were lower than in other industrial countries.[21] (see table 10).

Table 10.

International Position of Japanese Wages - An International Comparison of Pre-war Cotton Spinning Wages. (Index: Japan = 100. 1932 second half)

| | Hourly wages per person | Wages per pound of cotton yarn |
|---|---|---|
| The United States | 1139 | 628 |
| England | 603 | 414 |
| Germany | 762 | 549 |
| India | 148 | 458 |
| Japan | 100 | 100 |

Source: M.Yoshimura, Nihon Bōeki Seisaku (Trade Policy of Japan), 1956, P.228.

(b) Low Consumption of Capital Goods Due to the Importance of Light Industry.

The size of the domestic market is determined by demand for consumer goods and capital goods. In order to explain why Japan had a small domestic market, we must also examine demand for capital goods.

Lack of coordination between the various sectors of production led to imbalances between various sorts of goods; Japan therefore had to make use of foreign markets to get rid of the resultant excesses. In

addition, to solve the problem of an unfavourable trade balance, Japan had to expand her foreign markets mainly in consumer goods. This is the first reason. The second reason is that the main demand for capital goods from heavy industries came from the armaments industry. But the domestic market did not expand with the development of the armament industry because heavy industries were unable to meet the increase in demand. This was the case up to the mid 1930's.

As is evident from Table 11, light industry was predominant during the period 1913-30, but was overtaken by heavy industry after 1935. The development of basic industries (heavy industries), such as steel and machine tool production was substantial in the 1930's, and had therefore started to meet the increase in home demand as outlined above, thereby enabling the expansion of the domestic capital goods market. (It should be noted that despite the increase in supply of capital goods, demand for them was still greater than could be supplied domestically). However the rapid development of the armaments industry did not fully prevent these basic industries from contributing to other sectors of the domestic economy.

Table 11.

A Tendency to Heavy Industrialization
(A Composition of an amount of Production)

| Year | 1913 | 1925 | 1930 | 1935 | 1940 |
|---|---|---|---|---|---|
| Light industry | 56.3 | 58.9 | 50.8 | 32.4 | 19.8 |
| Heavy industry | 20.6 | 24.9 | 32.3 | 52.7 | 70.0 |
| Others | 23.1 | 16.2 | 16.9 | 14.9 | 20.2 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: "Economist" 5th November, 1955.

Part 3. The Importance of Southeast Asia as a Source of Raw Materials.

In terms of total Japanese foreign trade, Southeast Asia was not as important as China, U.S.A or even India. However Japan depended on Southeast Asia for several commodities which were virtually indispensable to the Japanese economy. In addition Southeast Asian raw materials became crucial to Japan when conflict between Japan and the Western countries increased, and particularly when the latter imposed trade embargoes on her.

The motive for establishing the China-Manchuria bloc, the Far Eastern Economic bloc and later the "Greater East Asia Co-Prosperity Sphere" was essentially to expand imports into Japan of industrial raw materials from China and Southeast Asia. This increase in imports of industrial raw materials was designed from the economic standpoint of reducing Japan's enormous trade deficit with America and Europe. Japan tried to expand exports of cotton goods to, and imports of raw materials from Asia in order to correct this trade deficit. Also a deterioration in relations with America and Britain could result in the suspension of exports of Japanese cotton goods to America and Britain. The Western economies would not be harmed for they consumed only small quantities of consumer goods from Japan. The suspension of exports of raw silk to America would affect the American silk industry, but it would also severely damage the Japanese economy as America was the largest consumer of Japanese raw silk. However, if America and Europe suspended exports of industrial raw materials to Japan, the Japanese economy would be severely damaged.[22] Therefore Japan planned to reduce dependence on the West for raw materials, particularly after the Manchurian Incident in 1931

Second, Japan tried during the war to restrict exports of some raw materials from Southeast Asia to the West. Japan stressed on 20th November, 1941, that the Japanese occupation forces in the Southern region "will establish controls over foreign trade and foreign exchange operations; they will especially prevent the flow to the enemy of certain vital materials, such as oil, tin, rubber, tungsten, cinchona, etc.".[23] In addition, Japan realized that if she controlled the production of chrome, manganese ore, antimony and tungsten, she could seriously weaken the Western Powers, for America and Great Britain depended essentially on Southeast Asia for these materials.[24]

In general, Japanese Southern expansion was designed to counter the effects of the Western economic blockade. It can be shown by reference to the documents in the following paragraph that, whilst the Western Powers were putting economic pressure on her, Japan was eager to establish a self-sufficiency area to include Southeast Asia.

(a) Japan stressed on 2nd October, 1939, that she would take steps to guarantee imports of raw materials from the Southern region (i.e. Hong Kong, French Indo-China, Thailand, British Malaya, the Straits Settlements, the Netherlands East Indies, British Borneo, the Philippines and Burma). At that time imports from the Southern region amounted to 15% (in value) of Japan's total imports. These included more than 70% of tin, crude rubber, bauxite, maize, Manila hemp, chrome, timber and anthracite imports; between 10% and 50% of iron ore, manganese ore, tungsten ore, nickel ore, copper ore, lead ore, zinc ore and petroleum imports; and 10% of scrap iron, lead and industrial salt imports. The countries of origin were as follows:

| | |
|---|---|
| Scrap iron, nickel ore | The Netherlands East Indies |
| *Manganese ore | The Straits Settlements |
| Iron ore | British Malaya, French Indo-China the Philippines |
| Copper ore | The Philippines |
| *Tin | The Straits Settlements |
| *Bauxite | The Netherlands East Indies, the Straits Settlements |
| Petroleum | The Netherlands East Indies, British Borneo, British Malaya |
| Manila hemp | The Philippines, Burma |

*The Straits Settlements were not actually producers but were outlets for the production from British Malaya.

Japan stressed that in order to acquire these raw materials from Southeast Asia, she would regard the Southern region as a complementary area of the Empire and would attempt to pull these countries into her economic orbit. She further stressed that Japanese economic penetration into the Southern region would involve "military and political ambitions".(25)

(b) Following the German successes in Europe in April-June 1940, Japan's southward ideology became more pronounced. Japan stressed on 23rd July, 1940, that through diplomatic efforts,but more particularly by military operations, she was eager to establish under her control an East Asian economic sphere including the Southern region. She called for the "clearance" of Western influences from the region. Furthermore, detailed policies were drawn up towards establishing this self-sufficiency bloc. Firstly, there was to be a Southern development plan consisting of a programme to increase production in Southeast Asia and a programme dealing with resources, trade, transport and Japanese immigrants into Southeast Asia. Secondly, a system was to be established for supplying raw materials to

Japan from Southeast Asia and for cooperation with Japanese enterprises. Thirdly, trade restrictions between Japan and the Southern region were to be abolished in order to encourage Japanese trade expansion. Fourthly,Japanese Southern commercial organizations were to be consolidated in order to improve economic cooperation with the region. Fifthly, Japanese southern shipping services were to be expanded in order to reduce dependence on the West and to establish an East Asian transport network. The Netherlands East Indies was regarded by Japan as the most important supplier of raw materials. Japan stressed that she should import more petroleum, tin, bauxite, industrial salt and crude rubber from the Indies.(26)

(c) Japan realized that when America, Great Britain and the Netherlands imposed trade embargoes against her, she must secure raw materials from the Southern region, particularly from the Netherlands Indies. Japan estimated in 1941 that she could import the following raw materials each month from the Southern region after military occupation. The estimates are given in tons.

| | | |
|---|---|---|
| (i) | Nickel ore | 6,000 |
| (ii) | Tin | 12,000 |
| (iii) | Bauxite | 17,000 |
| (iv) | Crude Rubber | 17,000 |
| (v) | Cassava root, honey | 15,000 |
| (vi) | Copra, palm oil | 13,000 |
| (vii) | Sisal | 3,000 |
| (viii) | Maize | 20,000 |
| (ix) | Industrial salt | 7,000 |
| (x) | Sugar | 20,000 |

When the Southern military operations commenced, petroleum was to be obtained from the occupied territories as follows:

Petroleum: in litres.

| | 1st Year | 2nd Year | 3rd Year |
|---|---|---|---|
| Borneo (the Navy) | 200,000 | 600,000 | 1,500,000 |
| (the Army) | 100,000 | 400,000 | 1,000,000 |
| Sumatra (Southern Part) | ——— | 750,000 | 1,400,000 |
| (Northern Part) | ——— | 250,000 | 600,000 |
| Total | 300,000 | 2,000,000 | 4,500,000 |

Petroleum benzine (unit: litre).

| | 1st Year | 2nd Year | 3rd Year |
|---|---|---|---|
| The Netherlands Indies | ——— | 140,000 | 290,000 |

Japan argued that she must import the above raw materials from the Southern region if she was to continue the war.(27)

(d) The Cabinet Planning Board realized on 2nd August, 1940, that war against America and Great Britain, or even economic blockade by the West, would be fatal to Japan. With this in mind the problem of raw material supplies was seriously considered by the Government. In August 1940, a series of emergency plans were enacted by the Cabinet Planning Board under the Army's instructions. Japan feared that her Resources Mobilization Plan would be thwarted if the supply of raw materials was halted. The Southern region was regarded by Japan in this period as the most important supplier of raw materials. This is made clear by reference to Tables 12 and 13. These two Tables indicate that the resources of the Southern region were closely investigated by both the Government and by civilian institutions. The possible volume of exports of selected raw materials to Japan was estimated. The Netherlands Indies and British Malaya were to be the most important raw material suppliers in Southeast Asia for Japan.

Table 12

## The Production Situation of Important Resources in the Southern Region

(Units: Ton)

| | Resources | Country | Foreign Ministry data (1938) | Investigation done by Toa Zikyu-Kyoku (1939) | Syowa Tsusyo data (1937) | The Possibility of supplying to Japan (1940) |
|---|---|---|---|---|---|---|
| 1 | Iron Ore | The Philippines | | 1,100,000 | 601,000 | |
| | " | French Indo-China | | 75,000 | 33,000 | 76,000 |
| | " | The Netherlands East Indies | | 70,000 | | |
| | " | British Malaya | | 1,030,000 | 2,000,000 | 1,686,000 |
| 2 | Scrap Iron | The Netherlands East Indies | | 36,000 | | 70,000 |
| 3 | Nickel Ore | The Netherlands East Indies | | | 500 | 150,000 |
| 4 | Copper Ore | The Philippines | | 30,000 | | |
| 5 | Tin Ore | French Indo-China | 1,600 | 1,700 | 1,500 | |
| | " | British Malaya | 43,800 | 56,000 | 43,137 | |
| | " | The Netherlands East Indies | 27,700 | 31,000 | 21,001 | 24,000 |
| | " | Thailand | 14,000 | 16,800 | 13,616 | |
| 6 | Lead Ore | French Indo-China | | 10 | | |
| 7 | Zinc Ore | French Indo-China | 5,000 | 9,000 | 4,447 Refining Ore | 3,000 |
| 8 | Antimony ore | French Indo-China | 6 | 10 | 4 | |
| | " | British Borneo | 5 | | 4 | |
| 9 | Tungsten Ore | French Indo-China | 327 | 600 | 648 | |
| | " | Thailand | 233 | 260 | 257 | |
| | " | British Malaya | 631 | 1,300 | 1,234 | |

Table 12 continued

| | Resources | Country | Foreign Ministry data (1938) | Investigation done by Tōa Zikyū-Kyoku (1939) | Syōwa Tsūsyō data (1937) | The Possibility of supplying to Japan (1940) |
|---|---|---|---|---|---|---|
| 10 | Chrome Ore | The Philippines | 30 Chrome Oxide | | 66,911 | |
| 11 | Mangan. ore | The Philippines | | 50,000 | 12,206 | |
| | " | French Indo-China | | 3,500 | 5,287 | 3,000 |
| | " | The Netherlands East Indies | | 13,000 | 11,083 | 14,000 |
| | " | British Malaya | | 33,400 | 33,319 | |
| 12 | Bauxite | The Netherlands East Indies | 245,400 | 217,630 | 198,970 | 250,000 |
| | " | French Indo-China | 200 | | 7,000 | |
| | " | British Malaya | 56,000 | | 19,305 | |
| 13 | Raw Cotton (tan) | The Philippines | | 7,802 | | |
| | " " | French Indo-China | | 19,920 | | |
| | " " | Thailand | | 136,120 | | |
| | " " | The Netherlands East Indies | | 44,820 | | |
| 14 | Wool (bag) | French Indo-China | | 200 | | |
| 15 | Cowhide | The Netherlands East Indies | | 6,000 | | |
| | " | British Malaya | | 150 | | |
| 16 | Crude Rubber | The Philippines | 2,000 (including Oceania) | 820 | | |
| | " " | French Indo-China | 59,000 | 58,000 | 55,000 | |
| | " " | Thailand | 42,000 | 42,000 | | |
| | " " | The Netherlands East Indies | 303,000 | 365,880 | 200,000 | |

Table 12 continued

| | Resources | Country | Foreign Ministry data (1938) | Investigation done by Toa Zikyū-Kyoku (1939) | Syōwa Tsūsyō data (1937) | The possibility of supplying to Japan (1940) |
|---|---|---|---|---|---|---|
| | Crude Rubber | British Malaya | 378,000 | 267,268 | | |
| | " " | British Borneo | 28,000 | 15,000 | | |
| 17 | Industrial Salt | French Indo-China | | 150,000 | | 70,000 |
| | " " | Thailand | | 250,000 | | |
| | " " | The Netherlands East Indies | | 272,000 | | 100,000 |
| | (Investigation done by Sekiyū Rengōkai (The Petroleum Association)):- | | | | | |
| | | | (1936) | (1937) | (1938) | (1939) |
| 18 | Petroleum (litre) | The Netherlands East Indies | 7,544,833 | 8,587,610 | 8,916,414 | 9,774,535 |
| | " " | (Sumatra) | 4,856,417 | 5,309,765 | 5,482,242 | 6,546,034 |
| | " " | (Borneo) | 2,074,430 | 2,057,154 | 2,033,711 | 2,073,116 |
| | " " | (Java) | 574,332 | 1,135,386 | 1,104,013 | 1,021,451 |
| | " " | (Ceram) | 59,654 | 85,307 | 96,448 | 133,934 |
| | " " | British Borneo | 769,019 | 960,731 | 1,113,031 | 1,052,780 |
| | " " | (Sarawak) | 245,696 | 262,788 | 257,918 | 211,492 |
| | " " | (Brunei) | 523,323 | 697,943 | 855,113 | 841,288 |

Source: GSS, P.553.

Table 13.

An Emergency Plan of Resources Mobilization (August 1940)

(Import Quantity and Total Amount)

| Imports (An Emergency Plan) | | | | | | |
|---|---|---|---|---|---|---|
| Country | Resources | Unit | 1st Year | | 2nd Year | |
| | | | Quantity | Amount (1000 Yen)* | Quantity | Amount (1000 Yen)* |
| The Netherlands East Indies | Scrap Iron | Ton | 50,000 | 7,400 | 50,000 | 7,400 |
| | Mangan. ore | " | 5,000 | 300 | 10,000 | 600 |
| | Nickel ore | " | 60,000 | 2,850 | 104,000 | 4,940 |
| | Tin | " | 1,800 | 8,100 | 5,418 | 24,379 |
| | Bauxite | " | - | - | 150,000 | 5,550 |
| | Mica (high standard) | " | 20 | 300 | 30 | 450 |
| | Raw cotton | Tan | 5,000 | 302 | 5,000 | 302 |
| | Jute | " | 30 | 19 | 30 | 19 |
| | Manila hemp | " | 2,000 | 840 | 3,000 | 1,266 |
| | Tannin material | " | 2,000 | 750 | 4,000 | 1,500 |
| | Crude rubber | " | 9,000 | 14,850 | 15,000 | 24,750 |
| | Petroleum | Litre | - | - | 1,000,000 | 40,000 |
| | Industrial salt | Ton | 46,599 | 3,166 | - | - |
| | Total | | | 38,877 | | 111,156 |
| French Indo China | Iron ore | Ton | 100,000 | 1,900 | 200,000 | 3,800 |
| | Mangan. ore | " | 1,000 | 60 | 1,000 | 60 |
| | Raw cotton | Tan | 52,000 | 3,140 | 52,000 | 3,140 |
| | Crude rubber | Ton | 300 | 495 | 1,000 | 1,650 |
| | Industrial salt | " | 70,000 | 4,760 | - | - |
| | Total | | | 10,355 | | 8,650 |

Table 13 (Continued)

| | | | | | | |
|---|---|---|---|---|---|---|
| British Malaya | Iron ore | Ton | - | - | 500,000 | 9,500 |
| | Mangan. ore | " | - | - | 10,000 | 600 |
| | Tungsten ore | " | - | - | 312 | 1,420 |
| | Bauxite | " | - | - | 90,000 | - |
| | Crude rubber | " | - | - | 18,202 | 30,033 |
| | Tin | " | - | - | 3,418 | 24,379 |
| | Total | | - | - | | 65,932 |
| Thailand | Tungsten ore | Ton | 300 | 1,365 | 300 | 1,365 |
| | Tin ore | " | 560 | 1,512 | 460 | 1,242 |
| | Raw cotton | Tan | 23,000 | 1,390 | 23,000 | 1,390 |
| | Cowhide | Ton | 400 | 560 | 400 | 560 |
| | Crude rubber | " | 4,400 | 7,260 | 5,000 | 8,250 |
| | Industrial salt | " | 10,000 | 680 | - | - |
| | Total | | | 12,767 | | 12,807 |

Source: GSS, P. 562.

Note: *The Units of prices are not specified but believed to be Unit: 1000 Yen.

Imports of petroleum from the Indies were to be particularly crucial.[28]

On 6th September, 1941, an Imperial Conference was held in Tokyo. Japan was by now certain that war against the U.S.A, Great Britain and the Netherlands was inevitable. However, the conference participants expressed a desire to avoid a prolonged war, as they knew that Japan had limited resources. In particular the Director of the Planning Board, Suzuki, argued that as a result of the economic blockade imposed by the U.S.A. and Great Britain, Japan's national power was declining day by day. However, if important areas in the South were to fall into Japan's hands, then within three or four months, Japan could obtain oil, bauxite, nickel, crude rubber and tin. Within two years Japan would be able to exploit these sources to the full.[29]

In December 1941, the Cabinet Planning Board declared that supplies of rice must be obtained from French Indo-China and Thailand,oil from the Netherlands Indies, iron ore from French Indo-China, nickel from the occupied territories in the South and crude rubber from Thailand and French Indo-China. The Board further argued that "unless the amount of crude rubber procured from French Indo-China and Thailand is increased, or a supply of over 20,000 tons (crude rubber) is secured from the Netherlands Indies, the shortage will have a great effect upon domestic industry and especially upon the progress of military preparations". With regard to tin, it argued that "unless a supply of about 10,000 tons annually is procured from Thailand and French Indo-China, not only would it be impossible to meet national requirements, but even peacetime military preparations would come to a standstill. After two

years of war, present stock piles would be completely depleted". With regard to copper, "supplies on hand will soon be cut in half if the present trend continues. Thus, it will be necessary to develop sources in the Philippines for supplies of copper". With regard to lead, " if the present situation continues, the supply will be halved. If more lead can be obtained from Burma, the supply will be sufficient". Cobalt, must be procured from the Netherlands Indies.(30)

Notes on Section One

(1) One typical example of this group is the influential economist Ichirō Nakayama who argues that "theoretically, the only way forward for the Japanese economy is to seek the expansion of foreign trade". "The problem of the domestic economy, to be more precise, the problem of overpopulation, can only be solved by foreign trade. In other words, the domestic problem can only be solved as a problem of the world". - Ichirō Nakayama, Nihon Keizai no Kao (The Face of the Japanese Economy), Nihon Hyōron-sha, 1953, P.122.

Another influential Japanese economist argues that "....the reason why we consider trade as essential is because the industrial production and national income of Japan expand together with trade".— Keinosuke Baba, Nihon no Bōeki (The Trade of Japan), from, Nihon no Keizai (Japan's Economic Position) by Yūzo Morita and others, illustrated with graphs and tables, 1953, P.114.

(2) For instance, Tsūshō-Hakusyo argues that ".... (if Japan) does not depend on trade, domestic production and employment will be reduced and its economic circle will become extremely small, eventually, national life cannot even be maintained at a reasonable level." - Tsūshō Hakusyo ( A Commercial White Paper), 1949, P.7.

(3) See ZZZGJTJ, P.372.

(4) Kyung-Mo Huh, Japan's Trade in Asia, N.Y., 1966, P.6.

(5) Jerome B. Cohen, Japan's Economy in War and Reconstruction, 1949, N.Y., P.114. " To produce her special steels Japan had to import

nickel from Britain, Canada, the Celebes, New Caledonia, etc., tungsten from China, South America and Thailand, cobalt from Burma, molybdenum and vanadium from the United States and Peru, chromium from the Philippines and manganese from India". - Ibid., P.114.

(6) Tōitsu Nawa, Nihon ni Okeru Genryō Mondai to Gaikoku Bōeki (Raw Material Problems and Foreign Trade in Japan) in Nihon no Sangyō Kakumei (The Industrial Revolution of Japan) by Rekishi Kagaku Kyōgikai, 1977, P.228.

(7) See also Jerome B.Cohen, op. cit., PP.115-116.

(8) Chinese ore had a 60% iron content, whereas Korean ore even at its best reached only 54%; Malayan and Philippines ore both had an iron content of 60%.— Ibid.,P.117.

(9) Tōitsu Nawa, op. cit., P.228.

(10) Ibid., P.230.

(11) In Japan, the productivity of a coal miner was, at best, only 75% of that of an English miner. In 1929, production per miner in the U.K. in a bituminous mine was 949.7 tons annually, whereas in Japan it was only 106 tons annually. — Ibid., P.231.

(12) As Professor Cohen argues " the coal mines of Kyūshu were the oldest and had been worked for centuries. The seams were thin and sharply inclined and many of the mines were deep and necessitated continuous pumping. Due to the depth and the poor ventilation, temperatures in the mines were very high. Safety standards and measures were primitive by American comparison. The newer mines of Hokkaidō were better engineered but had great gas hazards and the very low winter temperatures

imposed a serious seasonal handicap. " — Jerome B. Cohen, op. cit., PP. 161-162.

(13) See Ibid., P. 170, Table 25

(14) Ibid, PP. 133-134.

(15) Kyung-mo Huh, op. cit., P.8.

(16) For an introduction to the debate over theoretical analyses of Japan's social, political and economic structure, see Hirotake Koyama, Nihon Shihon Shugi Ronsō-shi (A History of the Controversies Centred Around Japanese Capitalism, vols. I & II), 1953, in particular "the controversies on market theory" in vol. II, chapter 4, section 3.

(17) See Ryōsei Kobayashi, Kōtsū Kikan no Hattatsu to Naigai Shizyō no Keisei = Tenkai (The Development of Traffic Facilities and the Formation = Progress of Domestic and Foreign Markets) in Nihon Shihonshugi Hattatsu-shi Kōza (Studies on Developmental History of Japanese Capitalism) and later in Nihon Sangyō no Kōsei (The Constitution of Japanese Industries).

(18) See Moritarō Yamada, Nihon Shihonshugi Bunseki (An Analysis of Japanese Capitalism), 1934 and Masaharu Yoshimura, Nihon Boeki-Ron (Japan's Foreign Trade), 1948. Yoshimura also considered Japan's small domestic market a result of low public consumption in his later work, Nihon Bōeki Seisaku (The Trade Policy of Japan), 1956.

(19) See Tōitsu Nawa, Nihon Bōsekigyō to Genmen Mondai Kenkyū (The Japanese Textile Industry and the Problem of Raw Cotton), 1937 and Nihon

Shihon Shugi to Bōeki Mondai (Japanese Capitalism and the Problem of Trade), 1946 and 1948. For further discussion of the "Dispute on Japanese Capitalism", see Fukuzyu Unno, Bōeki (Foreign Trade) in Toshio Furushima and Yoshio Andō ed., Ryūtsū-shi (A Circulating History), 1975; Zirō Hanazima, Bōeki (Foreign Trade) in Hiromi Arisawa etc., ed., Nihon Shihon Shugi Kenkyū Nyūmon (A Study of Japanese Capitalism), 1957; Tomoichi Mizunuma, Gaikoku Bōeki no Hatten to Shihon no Yushutsu (The Development of Foreign Trade and Export of Capital) in Mitsuhaya Kazinishi, ed., Nihon Keizaishi Taikei 6, Kindai 2 (An Outline of Japanese Economic History 6, Modern 2).

(20) See K. Matsui, A Trade History of Modern Japan, 1959, PP. 8-9 and M. Yamada, Nihon Shihonshugi Bunseki (An Analysis on Japanese Capitalism), 1934, P.24.

(21) See also Kiyoshi Kojima, op. cit., PP. 9 and 13. Professor Miyohei Shinohara also argued that at the beginning of the 1930s, due to extremely low wages in Japan and the depreciation of the Yen, Japan's cotton industry held sway over the world.— Miyohei Shinohara, Nihon Keizai no Seichō to Zunkan (Growth and Cycle of Japanese Economy), Tokyo, 1961, PP. 297-

(22) According to Langer and Gleason, a rupture of the economic relationship between Japan and America might well have been disastrous for the Japanese. — See W.L. Langer & S.E. Gleason, The Challenge to Isolation, 1937-1940, 1952, P.148.

(23) See Nanpō Senryō-chi Gyōsei Zisshi Yōkō (The Essentials of Policy Regarding the Administration

of the Occupied Areas in the Southern Region), in NKSG, Supplementary Document, P. 587; Nobutaka Ike, op. cit., P. 252.

(24) NKSG, P. 587; Nobutaka Ike, op. cit., P. 252.

(25) See Teikoku Hitsuyō Shigen no Kaigai Toku-ni Nanpō Syochi-iki ni Okeru Kakuhō Hōsaku (A Policy of Ensuring the Necessary Resources of the Empire from Overseas, particularly from the Southern Region) in GSS, vol. 43, (-) Economics, PP. 172-176.

(26) See Nanpō Shisaku Yōkō, An (An Outline of Southern Policy, A Draft) in Ibid, PP. XlVii-1. This Outline was enacted by the Cabinet Planning Board on 23 July 1940. It was the first policy statement from the Board which dealt solely with the Southern region. This Outline greatly influenced a series of later documents enacted by the Government. This Outline was far more detailed than the earlier Southern policy enactment, "A Policy of Ensuring the Necessary Resources of the Empire from Overseas, particularly from the Southern Region". However, the basic idea of expanding the Empire's "political and economic orbit" into the Southern region remained unchanged.

(27) See Tōjō Naikaku no Kaisen Chokuzen Butteki Kokuryoku Handan (Estimate by the Tōjō Cabinet of Japan's National Strength in Raw Materials at the Outbreak of the Greater East Asia War) in Ibid, PP. 133-155. This document is part of Kikusaburō Okada's article, Kaisenzen no Butteki Kokuryoku to Tai Bei-ei Sensō Ketsui (Japan's National Strength in Raw Materials and Decision of war against America and Great Britain at the

Outbreak of the Greater East Asia War). Okada served in the Resources Bureau in 1935 and later participated in compiling the "Second National Mobilization Plan". He then became a member of the War Preparations Division of the Department of War and was later promoted to Chief of the Division. - Ibid., P. Xli.

(28) See Ōkyū Butsudō Keikaku Shi-an (An Emergency Plan for Resource Mobilization) (A Tentative Plan) in Ibid, PP. 535-563.

(29) See Nobutaka Ike, op. cit., P. 148.

(30) See the "Estimate of Japanese National Strength at the Outbreak of the Greater East Asia War" in USSBS, vol. VII, Japan's Struggle to End the War (Pacific Report # 2), U.S.A., 1976, PP. 14-16.

## Section Two
## Characteristics and Structure of Japanese Foreign Trade, 1914-41.

The aim of this Section is to examine the structure of Japanese foreign trade during the period 1914-41. In doing this we will illustrate first that Japanese foreign trade had created an enormous trade deficit, second that this deficit derived from unfavourable trade with the Western countries and Southeast Asia which far outweighed favourable trade with China, and third we will detail the elements which comprised trade with the West. We will show that imports of raw cotton, machinery and other raw materials from the West (mainly from America) surpassed exports of raw silk from Japan to those countries.

This trade imbalance indicated that Japan was heavily dependent on the West. Consequently a series of efforts in the inter-war years to re-align trade became an important task of the Japanese Government.

Part 1. Brief Summary of Japanese Foreign Trade.

During the period 1914-41, Japan had a trade deficit except in the years 1915, 1935 and 1938-40. This is shown in Table 14.

Table 14 Balance of Japanese Foreign Trade

| | Period | Thousand Yen |
|---|---|---|
| 1. | 1914 | - 4,635 |
| 2. | 1915 - 1918 | + 1,408,048 |
| 3. | 1919 - 1934 | - 3,689,358 |
| 4. | 1935 | + 26,837 |
| 5. | 1936 - 1937 | - 678,465 |
| 6. | 1938 - 1940 | + 888,066 |
| 7. | 1941 | - 247,700 |
| Total excess of imports for the years 1914-41 | | - 2,256,196 |

Sources: Computed from NBS, 1975.
Note: (a) Does not include exports to and imports from Korea and Taiwan. It does, however, include exports to and imports from the "Yen-bloc" (Manchuria, North China and Kwantung Leased Territory). Unless otherwise stated, this explanation is omitted from the following tables.

From this, it can be seen that over the period 1914-41 as a whole, imports exceeded exports by 2,256 million Yen.

(i) The period 1914-18.

Considering Japanese merchandise and invisible trade as a whole, the First World War years were the golden age of Japanese international trade. Between 1914 and 1918, exports and imports of merchandise

from and to Japan increased 3.3 and 2.8 times respectively; her receipts and payments on invisible trade (current items only) increased 6.1 and 2.1 times respectively. Japan changed from a debtor nation to a creditor nation with a total favourable current balance (merchandise trade and invisible trade) of 2,788 million Yen over the period 1914-18.

The outbreak of the First World War at first worsened the economic position of Japan. The interruption of foreign exchange markets and marine transportation forced Japan to cease trading with foreign countries. Prices of exported commodities and stock quotations fell, those of imported commodities and war supplies rose. The Japanese Government eventually promulgated a regulation of rice prices (Beika Chosetsu Rei) in January 1915 and established the first Imperial Silk Company (Daiichiji Teikoku Sanshi Kabushiki-gaisha) in March the same year, in order to prevent the continued decline in rice and raw silk prices.

But exports increased tremendously after June 1915. Marine transportation also expanded. The Japanese economy developed at a remarkable speed. This was due to the following reasons. First, the European countries, and later America, were economically and politically distracted by the war and in particular were diverted from normal international trade. Japan not only benefitted from increased trade in Oriental markets which were thrown open to Japanese manufactured exports, but also found a large and urgent demand for Japanese goods and shipping services from the belligerent powers.

British exports to her Asian colonies declined sharply after 1913 and remained low during the period 1916-18. They recovered only from 1919[1](see Table 15). This gave Japan an excellent opportunity of export her

Table 15 Total Value of British Exports to the World and to Asian Countries

(unit: Thousand Pounds)

| | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 | 1919 | 1920 |
|---|---|---|---|---|---|---|---|---|
| The Whole World | 525,254 | 430,721 | 384,868 | 506,280 | 527,080 | 501,419 | 798,638 | 1,334,469 |
| Asian Countries | 103,167 | 89,876 | 63,927 | 78,047 | 83,151 | 75,773 | 108,461 | 269,102 |
| Siam | 1,352 | 1,013 | 877 | 1,299 | 1,248 | 1,619 | 1,748 | 4,075 |
| China * | 14,845 | 13,014 | 8,546 | 10,707 | 10,624 | 11,855 | 20,970 | 43,577 |
| The Philippines ** | 983 | 790 | 564 | 491 | 493 | 561 | 437 | 1,201 |
| India | 70,273 | 62,889 | 45,604 | 52,788 | 59,965 | 49,181 | 70,861 | 181,240 |
| Malaya | 7,175 | 5,691 | 4,287 | 6,032 | 5,631 | 6,862 | 7,483 | 19,522 |
| Ceylon *** | 4,185 | 2,850 | 1,956 | 2,746 | 2,101 | 1,950 | 2,468 | 6,387 |
| Hong Kong | 4,354 | 3,692 | 2,093 | 3,984 | 3,099 | 3,745 | 4,494 | 13,100 |

Source: K.Matsui, Kindia Nihon Boekishi (Trade History of Modern Japan) Vol. III. P.22.

*Excluding Hong Kong, Macao and Leased Territories.

**Including Guam Island

*** Including possessions

Table 16 Total Value of Japanese Exports to Russia

(Unit: Thousand Yen)

| | 1913 | 1914 | 1915 | 1916 | 1917 | 1918 |
|---|---|---|---|---|---|---|
| Asiatic Russia (A) | 4,271 | 10,413 | 78,299 | 117,693 | 74,234 | 40,034 |
| woollen cloths, serge | —— | 446 | 16,118 | 5,065 | 1,808 | 1,077 |
| coal | 0 | 2,756 | 25,791 | 39,423 | 12,278 | 214 |
| zinc | —— | —— | —— | 11,328 | 3,899 | —— |
| antimony | —— | 363 | 4,395 | 3,916 | 169 | —— |
| brass, yellow metal | —— | 1 | 1,035 | 6,032 | 18,036 | 543 |
| Russia (B) | 4,897 | 1,968 | 11,239 | 33,421 | 13,515 | 162 |
| metals | —— | —— | 1 | 291 | 50 | —— |
| A+B | 9,168 | 12,381 | 89,538 | 151,114 | 87,749 | 40,196 |

Source: K.Matsui, op. cit. P.22.

Note: "——" = Not Available

cotton manufactures to Asian markets and she built up a powerful trading position in these areas during this period.(2)

Japan's exports, particularly of war supplies, to the belligerent powers were remarkable. Table 16 shows Japan's exports (mostly war supplies) to Russia. During the period 1913-18, exports to Russia increased 4.4 times. Exports (mostly raw silk) to the United States also increased tremendously during this war period (See Table 17).

Table 17

Total Value of Imports of the United States

| | Total value of imports (A) | Total value of imports from Japan (B) | B/A% |
|---|---|---|---|
| 1914 | 1,894 | 106 | 5.6 |
| 1915 | 1,674 | 108 | 6.5 |
| 1916 | 2,198 | 182 | 8.3 |
| 1917 | 2,659 | 253 | 9.5 |
| 1918 | 2,946 | 302 | 10.3 |

Source: K.Matsui, op. cit., P.24

Invisible trade improved simultaneously with merchandise trade after 1915. During the period 1914-18, due largely to increases in freight receipts, government receipts, insurance, investments and services, the invisible trade balance was roughly 1,400 million Yen in favour of Japan.

Shipping rates and the costs of chartered vessels increased substantially. The Japanese shipbuilding industry developed significantly. These changes were due principally to the rising world demand for marine transportation and the loss of vessels by the Allied Powers due to the German submarine attacks.

Furthermore, the Japanese government introduced a series of acts[3] which stimulated the rapid development of Japan's domestic industries and her foreign trade.[4]

(ii) The periods 1919-23 and 1924-28.

From May-June 1919 to March 1920, there was an economic boom in Japan.[5] The gold embargo in America from June 1919, increased exports of raw silk and silks to America, and increased exports of cotton goods to China, each temporarily stimulated the export trade of Japan. Domestically, the Hara Cabinet (Finance Minister Takahashi) followed an inflationary policy and increased the credit of the Bank of Japan which stimulated rises in commodity prices. Furthermore, the rationalisation and concentration of industrial enterprises were encouraged and increases in tariffs were introduced in order to protect domestic industries. The cumulative effect of these policies was to stimulate Japan's export trade and strengthen her international competitive power.[6]

The post-war boom collapsed in Japan in March 1920. Japan suffered through a decline in exports, brought about by the return of the European powers (particularly Britain and Germany) to their pre-war markets and severe competition from the United States, and through a substantial increase in imports brought about by increased demand for machinery needed to improve Japanese competitiveness with respect to other industrialized countries.

There were further problems - a declining demand

for war supplies from the Allied Powers, a boycott movement against Japanese commodities in China, stagnation in the export of cotton goods to Asia due to the development of the Chinese and Indian spinning industries, immense increases in foodstuff imports due to the neglect of agricultural production, and increases in imports of construction materials following the disastrous Kantō Earthquake.[7] All of these factors combined to worsen the international trade balance of Japan.

Prices of Japan's important exports, cotton goods and raw silk, dropped markedly. Decreased total exports and increased total imports were the major features of Japanese trade during the period 1920-23. Also receipts from invisible trade fell (decreased receipts from freight and government earnings from abroad were the major reasons). Consequently there was a serious adverse total current balance of Japan's merchandise and invisible trade.

After the Kantō Earthquake in 1923, the Government began to allow the Yen to fall and also raised tariffs. The former was to stimulate exports and the latter was to restrict imports.

By the end of 1925, the Yen had depreciated by almost 20%.[8] The decline in exchange was accompanied by a striking rise in exports which totalled 2,305 million Yen in 1925, a level which was not to be reached again until 1935. Imports were practically stationary, and consequently, the trade deficit disappeared.

In addition in 1925 the Katō Wakatsuki Cabinet (Finance Minister Hamaguchi) enacted the Important Export Industries Association Bill and the Export Association Act and thoroughly amended the Fixed Tariff Act the following year in order to restrain imports and encourage exports.

Nevertheless, due to the sharp rise in the exchange rate in 1926, exports of raw silk and silks from Japan to America declined after the end of 1926. Exports to China also declined sharply due to the anti-Japanese movement and a heavy fall in the silver exchange in China. An unfavourable balance of trade for Japan appeared again in 1926.

A bank panic occurred in 1927 and foreign trade suffered severely by the wide fluctuations in the exchange rate. The total value of Japan's foreign trade was maintained during the years 1926-28 at an average level of 4,200 million Yen; but both exports and imports had declined as compared to the year 1925.

(iii) The period 1929-31.

The World depression began to bite after the Wall Street Crash in October 1929. Japan suffered particularly seriously after April 1930. The Hamaguchi Cabinet (Finance Minister Inoue) was formed in July 1929. It decided that greater exchange stability and prestige should be sought through a return to the gold standard at the old parity. It prepared to undertake whatever measures of retrenchment were necessary to secure this end. Accordingly, government expenditure was cut, the national debt was consolidated, a more active exchange policy was introduced, and industry was encouraged to cut costs through rationalization. As a result of these measures, foreign exchange holdings increased from about 83 million Yen in July 1929 to 300 million Yen at the end of the following November. The exchange rate and exports rose and the international balance was slightly improved.

Japan's import surplus decreased significantly during the period 1929-30. Indeed import surplus in 1929 was the smallest since 1919. Moreover Japan's total current balance of merchandise and invisible trade came into surplus for the first time since 1920.

Receipts from investments and services and freight always contributed greatly to the balance of Japanese invisible trade during the 1920's.

However, during this post-war decade, imports always exceeded exports in Japanese merchandise trade. When finance minister Inoue lifted the gold embargo in January 1930,[9] raw silk prices and stocks had already started to fall. There was a major outflow of gold and foreign exchange reserves. By August 1930, the reserves of the Bank of Japan were only 860 million Yen, the lowest since 1919. During the period from the lifting of the gold embargo in January 1930 and its reapplication in December 1931, more than 708 million Yen of reserves were lost.

England, a major world financial centre, abandoned the gold standard in September 1931. The gold standard collapsed.[10] Through the Yokohama Specie Bank the Japanese government bought foreign exchange and tried to limit buying of dollars with Yen. But all attempts to stem the outflow of exchange failed.

Meanwhile, there was agricultural panic in Japan as the prices of raw silk and rice fell precipitously. Raw silk exports to America had decreased tremendously so causing a sudden dramatic drop in prices.[11] Both exports and imports of merchandise decreased substantially in 1931, and the balance of invisible trade was reduced from 187 million Yen in 1929 to only 83 million Yen in 1931. An adverse balance of payments of 5 million Yen re-emerged in 1931. Receipts from abroad - from marine freight, insurance and government investments - decreased sharply. This was the most conspicuous feature of Japanese invisible trade during the world economic crisis.[12]

(iv) The period 1932-36.

As soon as Inukai came to power in December 1931, the gold embargo was reapplied. In 1932 the Japanese exchange rate dropped precipitously (20%) against the U.S. dollar. This gave fresh impetus to the growth and diversification of Japanese industry and foreign trade. Japan actually increased the value of its trade after the abandonment of the gold standard, while international trade as a whole was comparatively stagnant.(13)

However, in 1933 America too abandoned the gold standard and depreciated the dollar exchange by buying gold. The Japanese Yen rose rapidly against the Dollar from March 1933 forcing the Japanese government to re-align the Yen with sterling after November the same year. Until 1939 the exchange rate was 1 Yen to 1 Shilling and 2 Pence. This realignment was due to the fact that the British currency was more stable than the U.S. dollar. Moreover Japanese exports to America had diminished due to the immense falls in raw silk exports. In contrast Japanese exports to the British Empire increased due to substantial increases in the export of cotton goods.

Both Japanese exports and imports increased from 1932 to 1937. But the rapid increase of exports did not reverse the unfavourable trade balance, except in 1935 when Japan had a surplus of 26 million Yen in her merchandise trade. On the contrary, the fall in the exchange led to a rise in the prices of indispensable imported raw materials and machinery, and so reinforced the deterioration of the trade balance.(14)
In order to prevent capital flight, exchange speculation and a sharp decline in the yen relative to the dollar, the Saitō Cabinet (Finance Minister Takahashi) promulgated the Capital Flight Prevention Act in June 1932 and the

Foreign Exchange Control Act in March 1933. Consequently the exchange rate was maintained at 28-29 per 100 Yen for the period 1934-38 (See Table 18).

Table 18.

Exchange Rate Toward American Dollars (Per 100 Yen)

| | Highest | Lowest | Average |
|---|---|---|---|
| 1928 | 48- | 44¾ | 46½ |
| 1929 | 49- | 43¾ | 46.070 |
| 1930 | 49⅜ | 49- | 49.367 |
| 1931 | 49⅜ | 34½ | 48.871 |
| 1932 | 37¼ | 19¾ | 28.120 |
| 1933 | 31¼ | 20¼ | 25.227 |
| 1934 | 30⅜ | 28½ | 29.511 |
| 1935 | 29⅛ | 27¾ | 28.570 |
| 1936 | 29½ | 28½ | 28.951 |
| 1937 | 29¼ | 28½ | 28.813 |
| 1938 | 29¼ | 27- | 28.496 |

Source: MIHSKT, P.320

Exports almost doubled from 1,410 million Yen in 1932 to 2,693 million Yen in 1936. But imports increased even more substantially from 1,431 million Yen to 2,764 million Yen during the same period. This total adverse balance (230 million Yen) during the period 1932-36 was, as in previous years, covered by invisible trade earnings. Receipts of investments and services, and freight contributed greatly to the invisible trade surplus.

Substantial increases in government payments to abroad during this period, were particularly important. Through the Bank of Japan, in June 1932 the Japanese Government issued bonds amounting to 500 million Yen to meet the expenses of the Manchurian Incident. Furthermore, the Government decided in October 1932 to issue another bond amounting to 900 million Yen.

Therefore, it is clear that government expenditure from the beginning of the 1930's was enormous.

In addition, investments in and exports to Manchuria increased substantially in the 1930's. These, of course, contributed little to the acquisition of foreign currency. This was particularly important during the period 1937-41. Exports to the Yen-bloc (especially to Manchuria and North China) did little to improve the Japanese trade balance. The Manchurian currency (Yen) was linked to the Japanese Yen in November 1935. The North China administration issued notes, through Chūgoku Rengo Junbi Ginkō (the Chinese Incorporated Bank) from March 1938. These notes were linked to the Japanese Yen. Japanese military scrips were used in Central and South China during the period of the Japanese occupation and most private and government transactions were settled in the Japanese currency. By 1938, Kwantung Province, Manchuria and China were formed into a Yen-bloc and their local currencies, were each linked to the Japanese Yen. In short, trade with the Yen-bloc was not settled in foreign currencies.

Investments in Manchuria in this period increased rapidly due largely to railway development and heavy industrial construction under the Five-Year Plans of the Manchurian Industrial Development policy. (See Table 19). Undoubtedly, investments in Manchuria greatly increased the Japanese government's payments overseas.

Exports to Manchuria consisted largely of capital goods - building materials and machinery - and only a small portion consisted of consumer goods. Exports of capital goods to Manchuria were by no means a capital investment and because of the economic backwardness of Manchuria, Japanese investments there were not particularly productive. Furthermore, the immense increase in Japanese

Table 19 Japan's Investments in Manchuria

(unit: Million Yen)

| | Total | Government | Manchuria Railways | Manchuria Industries | Others |
|---|---|---|---|---|---|
| 1932 | 97 | 20 | 65 | —— | 12 |
| 1933 | 161 | 30 | 101 | —— | 30 |
| 1934 | 252 | 10 | 176 | —— | 66 |
| 1935 | 382 | 75 | 246 | —— | 61 |
| 1936 | 264 | 45 | 134 | —— | 85 |
| 1937 | 453 | 83 | 216 | —— | 154 |
| 1938 | 525 | 112 | 144 | 57 | 212 |
| 1939 | 1,075 | 85 | 346 | 171 | 473 |
| 1940 | 1,225 | 215 | 444 | 157 | 409 |
| 1941 | 1,424 | 255 | 376 | 204 | 589 |
| Total | 5,860 | 930 | 2,248 | 588 | 2,094 |

Source: A.Hara, Daitoa Kyoeiken no Keizaitekizitai (The Economic Realities of the Greater Eastern Asia Sphere) 1974, P.2.

exports to Manchuria imposed a great strain on the Japanese trade balance during the period 1932-41. Eventually the Japanese government was forced to restrict exports to Manchuria and to attempt to expand trade with the non-Yen bloc.(15)

(v) The period 1937-41.

The expansion of exports was pursued by the Government during the period 1932-36. But imports were favoured during the period 1937-41, for imports from the Yen-bloc did not require foreign currency. The reason for expanding exports was to acquire foreign exchange, and so be able to import raw materials for the Japanese processing industries and thus, in turn, stimulate the export trade. Japan suffered shortages of foreign currency particularly in the years 1937-41, as her invisible trade in 1937 showed an adverse balance for the first time since 1915. This adverse balance on invisibles created an enormous overall deficit.

The China Incident expanded the government's expenditure greatly. Furthermore, investments in China imposed a heavy burden on the Japanese Government. In 1938 Japanese capital investment, amounting to 1,709 million Yen, was concentrated in the spinning industry, banks, commerce, transport and communications (See Table 20). In addition, loans extended by Japan to China's civilian industries, central government and local government, amounted to 129.1 million Yen 867.1 million Yen and 24.8 million Yen respectively in 1938. Total Japanese investment in 1938 amounted to 2773.6 million Yen (including 43.2 million Yen under "others"). This was greater than the investment in 1936 by 787.4 million Yen.(16)

Table 20 Japan's Investments in China (Investments in Industrial Sector in 1938)

(unit:Million Yen)

| | Total | North China Mongolia | Central China/South China |
|---|---|---|---|
| Mining Industries | 25.5 | 22.8 | 2.7 |
| Spinning Industries | 408.1 | 184.9 | 223.2 |
| Other Industries | 159.9 | 95.0 | 64.8 |
| Banks | 329.0 | 230.8 | 98.2 |
| Investment Industries | 168.1 | 141.5 | 26.5 |
| Commerce | 343.7 | 208.6 | 135.1 |
| Transport Communication | 119.5 | 55.5 | 64.0 |
| Real Estate Building | 77.6 | 55.4 | 22.2 |
| Electricity, Gas, Water Service | 27.1 | 14.2 | 12.9 |
| Agriculture & Marine | 19.1 | 14.4 | 4.7 |
| Miscellaneous | 31.9 | 24.6 | 7.3 |
| Total | 1,709.4 | 1,047.7 | 661.7 |

Source: A.Hara, Daitoa Kyoeiken no Keizaitekizitai ( The Economic Realities of the Greater Eastern Asia Sphere) 1974, P.2.

Therefore, acquisition of foreign currency became a "supreme order" of the Japanese Government during this period. Exports to the Yen-bloc were restricted whilst exports to non-Yen areas were encouraged. But exports to the Yen-bloc could not be effectively restricted due partly to Japanese military involvement in those areas and partly to rises in commodity prices which attracted Japanese exports in the Yen bloc. Exports to outside the Yen-bloc, contrary to expectations, decreased substantially. This was principally the result of import restriction imposed by the British Empire and the boycotts of Japanese goods in Southeast Asia.

Domestically, the shortage of raw materials limited Japan's export trade. The use of limited foreign currency reserves to import raw materials for the exporting industries, and the export of commodities to outside the Yen-bloc were the most urgent requirements of the Japanese Government. The task of the Konoe Cabinet was to give preference to the import of raw materials and commodities which were indispensable to strategic industries and to the war effort.

The Cabinet was also determined to expand exports in order to secure essential foreign currency. Many Acts were promulgated and later abandoned in 1937 and in 1938 due to failure.[17] All these Acts attempted to restrict exports to the Yen-bloc, to reverse the adverse trade balance and to strengthen the war economy.

By controlling commodity prices in Japan in 1939, the quantity of exports to the Yen-bloc was restrained under the Export Adjustment Act. Japan adjusted commodity prices between Japan and the Yen-bloc in accordance with the Trade Adjustment Act of September 1940 in order to restrict the flow of Japanese commodities to the colonies. This series of restrictions caused a general shortage of commodities in the Yen-bloc and therefore

increased commodity prices enormously.

In July 1941 America, England and the Netherlands East Indies froze Japanese assets abroad in order to apply pressure against Japanese expansion in Asia.[18] Japan's foreign trade was essentially restricted to the Yen-bloc. Trade outside the Yen-bloc stopped almost completely.

Conclusion: During the period 1914-41, Japan's trade deficit was striking but up to 1937 was offset by an invisible surplus. However, the China Incident jeopardised Japan's invisible trade and created an adverse balance on both visible and invisible account of 3,923 million Yen during the period 1937-41. Clearly, during the period 1914-41, the total adverse balance of merchandise and invisible trade, i.e. 1,571 million Yen, was not fully offset by the export of gold. There was substantial foreign investment in Japan through the foreign purchase of government securities, domestic bonds, local government securities and corporate bonds. Total foreign investment in Japan during the period 1914-41 was 52,995 million Yen and about three quarters of this comprised central government securities. (See Table 21). If local government securities are included the figure rises to more than 83% of total foreign investment in Japan in the period 1914-41.

Naturally, only a part of the receipts of foreign investment in Japan was used to cover Japan's international payments deficit. The major part was used by Japan herself for further foreign investment and loans to third markets, particularly to Manchuria and North China.[19]

Table 21 Outstanding Foreign Investment to Japan

(Million Yen)

| Period | Total (including all others) | Government Securities (Overseas Subscribed) | Overseas Transferred Domestic Bonds (Estimated) | Local Government Securities (Overseas Subscribed) | Corporate Bonds (Overseas Subscribed) |
|---|---|---|---|---|---|
| 1914-18 | 9183 (100.0) | 7063 (76.91) | 282 (3.07) | 871 (9.48) | 832 (9.06) |
| 1919- 31 | 25264 (100.0) | 18677 (73.93) | 463 (1.83) | 2404 (9.52) | 3492 (13.82) |
| 1932-41 | 18548 (100.0) | 13252 (71.45) | 267 (1.44) | 2038 (10.99) | 3256 (17.55) |
| 1914-41 | 52995 (100.0) | 38992 (73.58) | 1012 (1.91) | 5313 (10.03) | 7580 (14.30) |

Source: Computed from MIHSKT, P.317

Notes: Before 1928, "foreign investments to banks and corporations of Japan proper" are included in the total

Numbers in brackets indicate percentages to the totals.

Part 2. The Geographical Distribution of Japanese Foreign Trade.

Japan was the only major industrial country in Asia, yet it largely lacked vital natural resources and raw materials. This compelled Japan to import large quantities of raw materials for her export industries and to exploit foreign markets for her manufactures.

Japan's trade was widely distributed throughout Asia, America, and Europe, but was predominantly concentrated in Asia and the U.S.A. The U.S.A was the most important single national source of imports and market for Japan. However, if we consider a whole region, Asia surpassed North America throughout most of the period under consideration. Furthermore, if we consider the factors of geographical position and the political, later military, influence of Japan in Asia, then markets and sources of supply in this area were decisively more important to Japan. Japanese foreign trade with Asia was particularly important during the years of the First World War, of the World economic crisis in 1929-31 and of the China Incident in 1937.

China was the most important single national source of imports and market for Japan in Asia. India and the Netherlands East Indies were the two most important areas after China. In general, during the inter-war period, Japan's merchandise trade with India was either stagnant or declined while that with Southeast Asia was either stationary or increased. Trade with Southeast Asia became particularly important to Japan's economy from the time of the Manchurian Incident in 1931.

Imports from European countries to Japan were generally greater than exports during the period 1914-41. Trade with Europe had been very important before the First World War and particularly during the early stages of

Japan's economic modernization. But trade with Europe diminished substantially during the inter-war period. Despite severe trade disruption during the period of the First World War, exports to and imports from Europe amounted to 18% and 11% of total Japanese exports and imports. During the 1920's the former declined to less than 8% while the latter increased to more than 17%. However, during the 1930's both exports to and imports from European countries were lower than they had been in the previous decade.

Trade with South America, Africa and Oceania was on a much smaller scale than that with Asia, the U.S.A. and Europe in the earlier part of the inter-war period. Nevertheless, the former areas were potential markets and sources of raw materials and although trade with them was stagnant in the 1920's in the 1930's it developed to an unprecedented level and even surpassed that with Europe.

(i) The period 1914-18.

During this period, while the countries of Europe were involved in war, political crises and economic upheavals, Japan's exports to them were maintained at 18% of her total exports value.[20] This was due to the need for war supplies and consumer goods on the part of the belligerent powers. But in contrast, imports from Europe decreased substantially due to the destruction of production facilities and an inadequate supply of shipping. Trade between European countries and their colonies in Asia was also severely interrupted by the war. This gave Japan a considerable opportunity to export cotton and miscellaneous goods to other Asian countries, and to import industrial raw materials in return.

Both exports to and imports from Asia accounted for approximately 50% of Japan's total merchandise trade during this period. Southeast Asia and India contributed

greatly to this increased trade for Japan.[21]

As America was not involved in the War until 1917, exports of raw silk and silk to the U.S.A and imports in return of cotton, machinery and iron and steel, increased strikingly. America replaced India as Japan's source of raw cotton and Europe in exports of machinery and steel to Japan. This caused major increases in exports from America to Japan during this period. The pattern of foreign trade between America and Japan changed from pre-war American exports of cotton and petrol to Japan and Japanese exports of raw silk and tea to America, to post-war American exports of cotton, steel and machinery to Japan and Japanese exports of raw silk and silks to America.[22] Exports to and imports from America increased nearly 2 and 5.5 times during the war period.

For the whole of her trade, however, Japan had an excess of exports over imports during the First World War period.

(ii) The periods 1919-23 and 1924-28.

In 1919-23 a clear trade deficit emerged. During the Syōwa period, the depression of 1924-28, the size of the trade deficit with respect to Asia and Europe grew. However, Japan's trade surplus with the U.S.A. saved her from a major balance of payments crisis. Japan's total exports to Asia diminished from around 950 million Yen in 1918-20 to only 620 million Yen in 1921. This situation was not reversed until 1925 when exports to Asia rose to 1,004 million Yen.[23] However, they dropped again from 1926 to 1929.[24] Imports from Asia dropped from 1,075 million Yen in 1919 to 943 million Yen in 1920. They were stagnant from 1920 to 1924. However from that point imports from Asia increased and amounted to 1,215 million Yen in 1925.

This represented 47% of Japan's total imports in that year. In 1926-28, imports from Asia again fell.(25)

Both exports to and imports from Southeast Asia during the period 1919-28 increased compared with the First World War years. Exports to Southeast Asia increased from 69 million Yen in 1914-18 to 149 million Yen in 1924-28. Imports from this region increased from 70 million Yen to 205 million Yen during the same period. This implied that although the Western countries re-emerged commercially in Southeast Asia after the war, Japan still maintained and expanded her foreign trade with the region in the 1920's building on the trade which she had created during the First World War years.

Both exports to and imports from China and India increased in the years 1919-23 and 1924-28. However, imports from these two countries, as a proportion of total Japanese imports decreased during these periods.

Exports to the U.S.A. increased both absolutely and relatively in the years 1919-23 and 1924-28 compared to the First World War period. However, exports to Europe decreased substantially during the same years. Japan's major export market shifted from Europe and was from 1919 concentrated on the U.S.A. Exports to the U.S.A., which were higher than exports to Asia, amounted to 43.6% of Japan's total exports in 1924-28.

Imports from the U.S.A. increased from 280 million Yen in 1914-18 to 721 million Yen 1924-28. Imports from Europe increased from 102 million Yen in 1914-18 to 447 million Yen in 1924-28. Imports from the U.S.A. and Europe combined amounted to 50% of Japan's total imports in the years 1919-28. Imports from Asia accounted for 42% of total imports during the same period. Therefore it is clear that in the 1920's

Japan's dependence on Western imports was increased.

(iii) The period 1929-31.

Japan's exports and imports fell markedly in this period. The former decreased from an annual average of 2,024 million Yen in 1924-28 to 1,588 million Yen in 1929-31. The latter decreased from 2,356 million Yen to 1,666 million Yen during the same period.(26)

Both exports to and imports from Asia, the U.S.A and Europe decreased in this period, compared to the period 1924-28. However, Japan's foreign trade remained predominantly concentrated in Asia and the U.S.A. Exports to and imports from these two regions amounted to 85% and 72% of total exports and imports during this period.

Exports to Southeast Asia increased from 7.4% in 1924-28 to 8.4% in 1929-31. Imports from Southeast Asia fell from 8.7% to 7.7% during the same period.

The most important feature of trade during this period was that a collapse of U.S. demand led to a decline in raw silk prices. Silk exports to the U.S.A. dropped from an annual 713 million Yen in 1924-28 to 499 million Yen in 1929-31. This seriously affected Japan's trade surplus with the U.S.A.

(iv) The period 1932-36.

The Manchurian Incident (September 1931) and the abandonment of the gold standard (December 1931) gave a considerable impetus to Japan's foreign trade. Exports increased from an annual average of 1,588 million Yen in 1929-31 to 2,127 million Yen in 1932-36, Imports increased from 1,666 million Yen to 2,173 million Yen during the same period. Exports to Asia increased

from 712 million Yen (45% of total exports) in 1929-31, to 1,093 million Yen (51%) in 1932-36. Exports to the U.S.A.decreased from 640 million Yen (40%) to 531 million Yen (25%) during the same period. The increase in exports to Asia was due principally to an immense increase in cotton goods and miscellaneous goods exports to Southeast Asia. The reduction in exports to U.S. was due principally to an abrupt decrease in raw silk exports.(27) Exports to Southeast Asia increased from 134 million Yen (8%) in 1929-31 to 255 million Yen (12%) in 1932-36. In short in the early 1930's Southeast Asia was becoming increasingly important as a trading partner for Japan. Furthermore apart from exports of cotton goods and miscellaneous goods, Japanese exports of rayon manufactures, textile goods, vehicles and iron goods began to enter Southeast Asian markets.(28)

Exports to the U.S.A. were less than half of exports to Asia, by value, in 1932-36. This implied that after the Manchuria Incident Japan's export trade was predominantly concentrated in Asia despite the fact the Japan lost markets in Central and South China as a result of the boycott movements against Japanese manufacturers during this period.

Imports from the U.S.A increased substantially from 531 million Yen (32%) in 1929-31 to 771 million Yen (36%) in 1932-36. This was principally due to large imports of raw cotton(29)and then munitions and heavy industrial goods. The last two items were also imported in large quantities from Europe. Imports from Asia rose in absolute terms from 662 million Yen (40%) to 771 million Yen (36%) during the same period. The decline in relative terms was due largely to a fall in imports from China.

(v) The period 1937-41.

Exports to Asia increased from 1,093 million Yen (51%) in 1932-36 to 2,056 million Yen (65%) in 1937-41. Among these, exports to China (Manchuria and the North China Bloc) increased abruptly from 525 million Yen (24%) to 1,474 million Yen (47%) during the same period. This was in spite of Japanese Government restrictions placed on manufactured exports to China.

During this period exports to Southeast Asia and India diminished as a proportion of Japan's total exports. This was due largely to the measures taken by local governments in this area to restrict imports of Japanese goods. Exports to the U.S.A and to Europe also diminished substantially during this period. Obviously war in Europe from September 1939 and tensions between Japan and the West contributed to this decline. Moreover as Japan was increasingly involved in war after the China Incident in 1937 and as domestic production increasingly served the military effort, there was a further decrease in the export trade.

In contrast imports from Asia increased from 771 million Yen (36%) in 1932-36 to 1,339 million Yen (43%) in 1937-41. This was due to large increases in imports from China and Southeast Asia. These two areas accounted for 21% and 12% of Japan's total imports in this period. This indicated that during the later 1930's Japan acquired an increasing supply of raw materials from Asia to ensure her war preparations at a time when supplies from the West were increasingly threatened, particularly by acts on the part of the U.S.A.

Among the Western countries, the U.S.A. was particularly anxious not to provoke Japan into moving into Southeast Asia. Therefore it was not until July 1941, when the U.S.A., together with England and the

Netherlands, seeing that war against Japan was inevitable, froze Japanese assets. Later Western trade with Japan was suspended. Prior to this, imports from the U.S.A. and Europe amounted to nearly 50% of Japan's total imports. This was in the period 1937-40. This volume of imports created an enormous trade deficit with Europe and with the U.S.A. The trade deficit with the U.S.A. increased from 1,200 million Yen in 1932-36 to 2,693 million Yen in 1937-41. This was due principally to increased imports of cotton, iron, machinery and engines.

Conclusion: Japan's visible trade balance with each country is summarized in Table 22 on an annual basis and in Table 23 on a period basis.

It appears, from Table 23, that merchandise trade with Southeast Asia, America and Europe was unfavourable to Japan in the period 1914-41. Large imports of heavy industrial manufactures and raw cotton from the West and exports of raw silk in return created total adverse balances of 2,407 million Yen with respect to the U.S.A. and 3,177 million Yen with respect to Europe during period 1914-41. With regard to Asia, exports of machinery, cotton cloth and miscellaneous commodities to, and imports of foodstuffs and raw materials from this area, created a balance of 4,800 million Yen in Japan's favour over the period 1914-41. Particularly after 1937 trade with China was in Japan's favour (producing a trade surplus of 7,625 million Yen over the years 1914-41). But as noted earlier this trade with the Yen-bloc brought in little foreign currency after the Manchurian Incident.[30] However, by 1941 part of the trade surplus with China was offset by an adverse balance with Southeast Asia (of 482 million Yen) and with other Asian countries. Japan's trade surplus with Asia as a whole exceeded her adverse trade balance with America and Europe over the period 1914-41.

Table 22 A Balance of Total Value of Merchandise Trade with Each Country

(Thousand Yen)

| Year | A S I A | | | North America | Europe | Others |
|---|---|---|---|---|---|---|
| | Others | S.E.A. | China | | | |
| 1914 | △27,239 | △29,986 | 127,459 | 103,771 | △ 67,229 | △ 5,485 |
| 1915 | 39,527 | △5,208 | 75,463 | 108,037 | 47,157 | △12,900 |
| 1916 | 137,208 | 7,933 | 121,146 | 147,196 | 107,995 | △ 10,959 |
| 1917 | 228,592 | 27,744 | 253,026 | 133,696 | 253,010 | △ 26,791 |
| 1918 | 122,838 | △3,243 | 156,166 | △73,851 | 215,470 | 50,268 |
| 1919 | △119,758 | △152,643 | 170,302 | 83,634 | 32,412 | △ 47,424 |
| 1920 | 55,960 | 58,962 | 180,838 | △ 285,392 | △109,855 | △34,069 |
| 1921 | △ 44,464 | △45,198 | 119,473 | △77,589 | △206,463 | △ 22,233 |
| 1922 | △ 65,596 | △53,186 | 153,193 | 128,733 | △ 266,339 | △ 45,735 |
| 1923 | △225,166 | △49,875 | 40,241 | 85,839 | △ 359,148 | △ 54,588 |
| 1924 | △237,656 | △ 65,855 | 85,624 | 52,022 | △ 409,916 | △ 48,272 |
| 1925 | △210,308 | △57,916 | 251,985 | 327,720 | △ 298,117 | △ 84,297 |
| 1926 | △110,413 | △40,991 | 176,571 | 134,605 | △ 290,635 | △63,613 |
| 1927 | △25,731 | △43,836 | 131,903 | 126,776 | △ 242,494 | △ 40,984 |
| 1928 | △ 65,083 | △ 72,413 | 153,422 | 164,977 | △ 246,530 | △ 62,882 |
| 1929 | 59,628 | △ 8,449 | 155,288 | 223,383 | △ 274,942 | △ 56,998 |
| 1930 | 75,423 | 2,409 | 119,676 | 39,248 | △ 155,661 | △ 19,833 |

Table 22 continued

| Year | A S I A | | | North America | Europe | Others |
|---|---|---|---|---|---|---|
| | Others | S.E.A. | China | | | |
| 1931 | 14,482 | 16,285 | 21,658 | 63,977 | Δ99,053 | Δ47,124 |
| 1932 | 232,528 | 63,114 | 87,610 | Δ 90,961 | Δ103,911 | Δ 25,947 |
| 1933 | 273,536 | 113,010 | 151,302 | Δ152,808 | Δ 102,190 | Δ39,672 |
| 1934 | 357,634 | 124,094 | 241,433 | Δ 373,423 | Δ 68,072 | 5,907 |
| 1935 | 436,767 | 85,292 | 271,659 | Δ 290,664 | Δ 91,776 | Δ 8,628 |
| 1936 | 310,781 | 274,773 | 318,623 | Δ 292,440 | Δ 22,407 | Δ 66,639 |
| 1937 | 350,801 | 12,551 | 397,172 | Δ 678,531 | Δ 147,702 | Δ 132,327 |
| 1938 | 641,140 | Δ 61,009 | 616,780 | Δ 544,060 | Δ 115,232 | 44,391 |
| 1939 | 1,139,264 | Δ 66,186 | 1,093,725 | Δ 429,509 | Δ 71,679 | 20,628 |
| 1940 | 980,075 | Δ199,229 | 1,137,050 | Δ 700,676 | Δ 8,552 | Δ 67,722 |
| 1941 | 475,198 | Δ312,505 | 816,213 | Δ 340,519 | Δ 75,249 | Δ307,133 |

Sources: Computed from MIHSKT and NBS.

Table 23 A Balance of Total Value of Merchandise Trade with Each Country.

(Thousand Yen)

| Period | A S I A | | | North America | Europe | Others |
|---|---|---|---|---|---|---|
| | Others | S.E.A. | China | | | |
| 1914-18 | 500,926 | △ 2,760 | 733,260 | 418,849 | 556,403 | △ 5,867 |
| 1919-31 | 898,682 | △512,706 | 1,760,174 | 1,067,933 | △2,926,741 | △628,052 |
| 1919-23 | △ 399,024 | △241,940 | 664,047 | △ 64,775 | △ 909,393 | △204,049 |
| 1924-28 | △ 649,191 | △281,011 | 799,505 | 806,100 | △1,487,692 | △ 300,048 |
| 1929-31 | 149,533 | 10,245 | 296,622 | 326,608 | △ 529,656 | △123,955 |
| 1932-41 | 3,948,365 | △310,695 | 4,331,971 | △ 3,963,647 | △ 940,564 | △597,250 |
| 1932-36 | 1,611,246 | 660,283 | 1,070,627 | △ 1,200,296 | △ 388,356 | △134,979 |
| 1937-41 | 3,586,478 | △626,378 | 4,060,940 | △ 2,693,295 | △ 418,432 | △442,163 |
| 1914-41 | 4,799,968 | △481,561 | 7,625,001 | △ 2,406,809 | △3,177,126 | △1,211,061 |

Source: Summarised from Table 22 .

Part 3. Changes in the Commodity Composition of Japanese Foreign Trade.

In general, during the inter-war period, raw silk was exported to the U.S.A and Europe in return for raw cotton, machinery and engines, iron and crude oil. Cotton goods, miscellaneous commodities and later machinery were exported to Asia in exchange for industrial raw materials and foodstuffs.

(i) The period 1914-18.

(a) Exports and imports by category:

As we can see from Table 24, during the period 1914-18, Japan's export trade comprised 80% semi-finished and finished manufactures, while over 50% of her import trade was composed of raw materials and imports of foodstuffs fluctuated between 4% and 13%.

Relative to total exports finished manufactures increased whilst exports of both semi-finished manufactures and raw materials decreased during this period. The most conspicuous feature of the period 1914-18 was that exports of finished manufactures were replacing exports of semi-finished manufactures. By 1918 finished manufactures contributed 43.5% of Japan's total exports and were Japan's greatest export earner.

As a whole imports of raw materials and semi-finished manufactures increased more rapidly than imports of finished manufactures during this period.

(b) Exports and imports by commodities.

(1) Exports: Commodities shown in Table 25 comprised around 50% of Japan's total merchandise exports. Of

Table 24 Changes in the Commodity Composition of Japanese Foreign Trade, 1914-18.

I. Exports (Unit: Thousand Yen)

| Year | Foodstuffs | | Raw materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 63,522 | 10.8 | 45,492 | 7.7 | 306,360 | 51.8 | 167,890 | 28.4 | 7,837 | 1.3 | 591,101 | 100.0 |
| 1915 | 80,117 | 11.3 | 45,423 | 6.4 | 323,401 | 45.7 | 242,867 | 34.3 | 16,499 | 2.3 | 708,307 | 100.0 |
| 1916 | 104,556 | 9.3 | 59,014 | 5.2 | 540,924 | 48.0 | 380,723 | 33.8 | 42,251 | 3.8 | 1,127,468 | 100.0 |
| 1917 | 172,187 | 10.7 | 81,484 | 5.1 | 725,577 | 45.3 | 588,155 | 36.7 | 35,602 | 2.2 | 1,603,005 | 100.0 |
| 1918 | 210,160 | 10.7 | 101,822 | 5.2 | 757,263 | 38.6 | 853,825 | 43.5 | 39,031 | 2.0 | 1,962,101 | 100.0 |

II. Imports

| Year | Foodstuffs | | Raw materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 78,740 | 13.2 | 328,741 | 55.2 | 96,253 | 16.2 | 87,249 | 14.7 | 4,753 | 0.8 | 595,736 | 100.0 |
| 1915 | 38,141 | 7.2 | 339,836 | 63.8 | 98,377 | 18.5 | 51,473 | 9.7 | 4,623 | 0.9 | 532,450 | 100.0 |
| 1916 | 31,447 | 4.2 | 431,904 | 57.1 | 201,561 | 26.7 | 85,001 | 11.2 | 6,514 | 0.9 | 756,427 | 100.0 |
| 1917 | 36,845 | 3.6 | 564,610 | 54.5 | 322,507 | 31.1 | 103,705 | 10.0 | 8,144 | 0.8 | 1,035,811 | 100.0 |
| 1918 | 175,507 | 10.5 | 855,138 | 51.3 | 457,643 | 27.4 | 169,374 | 10.2 | 10,482 | 0.6 | 1,668,144 | 100.0 |

Source: MIHSKT, P.280.

Table 25 Exports of Principal Commodities

By Value and as a Percentage of Total Merchandise Exports

(Thousand Yen)

| Year | Raw silk | | Cotton yarn | | Cotton tissues | | Silk tissues | | Coal | | Copper | | Steam vessels | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 161,249 | 27.3 | 78,555 | 13.3 | 34,841 | 5.9 | 34,023 | 5.8 | 23,915 | 4.1 | 28,468 | 4.8 | 711 | 0.1 |
| 1915 | 151,774 | 21.4 | 66,211 | 9.4 | 38,511 | 5.4 | 43,219 | 6.1 | 19,237 | 2.7 | 46,163 | 6.5 | 399 | 0.1 |
| 1916 | 266,693 | 23.7 | 77,592 | 6.9 | 60,051 | 5.3 | 50,632 | 4.5 | 20,406 | 1.8 | 69,910 | 6.2 | 17,179 | 1.5 |
| 1917 | 351,904 | 22.0 | 108,139 | 6.8 | 127,458 | 8.0 | 62,858 | 3.9 | 26,454 | 1.7 | 96,289 | 6.0 | 97,679 | 6.1 |
| 1918 | 369,036 | 18.8 | 158,300 | 8.1 | 237,913 | 12.1 | 117,533 | 6.0 | 32,009 | 1.6 | 50,814 | 2.6 | 80,061 | 4.1 |

Source: NBS.

these a single commodity, raw silk, comprised more than 20%. Raw silk was exported mainly to the U.S.A. The U.S.A. absorbed more than 80% of Japan's total raw silk exports in 1914-18 (See Table 26). Furthermore, raw silk exports for the American market increased substantially after 1916. This was due to the war boom in America.

Exports of two further commodities, cotton yarn and cotton tissues, were concentrated predominantly in Asian markets. Tables 27 and 28 show that China was the largest market for Japan's exports of cotton yarn and cotton tissues. The sudden change in the 1918 figures for China and India was due, partly to the rapid development of the Chinese spinning industry and partly to the fact that China levied customs duty on imported manufactures in 1918.(31) Japanese cotton manufactures found a large market in India after the contraction of imports from Britain into India. Moreover due to a shortage of European goods during this war period, Southeast Asia increasingly consumed Japanese cotton goods. During this period, Japan captured a large part of the cotton goods market in the Far East at the expense of Great Britain.(32)

(2) Imports: Japan's principal imports in 1914-18 were raw cotton, iron, wool, oil cake, machinery and engines, sugar, rice and mineral oil (See Table 29). Of these, imports of raw cotton were the most important. Although they declined substantially as a percentage of total imports they increased considerably in value. Raw cotton constituted more than 30% of Japan's total imports throughout the period 1914-18.

Imports of iron, wool and oil cake were also essential. In particular, imports of iron increased after 1916 and constituted about 20% of Japan's total

Table 26 Exports of Raw Silk to Each Country (Thousand Yen)

| Year | America | | France | | England | | Italy | | Russia | | Total* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 134,799 | 83.3 | 15,468 | 9.6 | 926 | 0.6 | 8,466 | 5.2 | 1,458 | 0.9 | 161,797 | 100.0 |
| 1915 | 127,349 | 83.8 | 20,400 | 13.4 | 805 | 0.5 | 211 | 0.1 | 3,171 | 2.1 | 152,030 | 100.0 |
| 1916 | 224,092 | 83.9 | 31,685 | 11.9 | 2,019 | 0.8 | — | 0 | 8,891 | 3.3 | 267,036 | 100.0 |
| 1917 | 306,170 | 86.2 | 35,074 | 9.9 | 7,242 | 2.0 | 1,176 | 0.3 | 4,560 | 1.3 | 355,155 | 100.0 |
| 1918 | 318,673 | 86.0 | 41,600 | 11.2 | 7,294 | 2.0 | 1,532 | 0.4 | — | 0 | 370,337 | 100.0 |

Source: YC, op. cit. PP.166-167

* Including all others, but total value of it is slightly different from that in NBS (see Table 25). However, it does not affect the fact that Japan exported raw silk predominantly to America in our analysis. This explanation is omitted in the following Tables.

Table 27 Exports of Cotton Yarn to Each Country.

(Thousand Yen)

| Year | China | | India | | Hong Kong | | Kwantung | | N.E.I. | | Total* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 64,558 | 82.2 | 971 | 1.2 | 9,167 | 11.7 | 2,796 | 3.6 | —— | 0 | 78,554 | 100.0 |
| 1915 | 55,503 | 83.8 | 405 | 0.6 | 7,964 | 12.0 | 1,653 | 2.5 | 1 | ** | 66,211 | 100.0 |
| 1916 | 63,842 | 82.3 | 3,239 | 4.2 | 7,642 | 9.8 | 2,079 | 2.7 | 2 | ** | 77,591 | 100.0 |
| 1917 | 85,801 | 79.3 | 4,132 | 3.8 | 13,413 | 12.4 | 3,316 | 3.1 | 5 | ** | 108,139 | 100.0 |
| 1918 | 86,365 | 54.6 | 34,998 | 22.1 | 23,473 | 14.8 | 5,779 | 3.7 | 77 | ** | 158,300 | 100.0 |

Source: YC, op. cit., P.159

* Including all others

** Less than 0.1

Table 28 Exports of Cotton Tissues to Each Country

(Thousand Yen)

| Year | China | | Kwantung | | India | | Others* | | Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 26,188 | 75.2 | 3,330 | 9.6 | 1,727 | 5.0 | 2,523 | 7.2 | 34,840 | 100.0 |
| 1915 | 27,331 | 71.0 | 3,177 | 8.2 | 3,703 | 9.6 | 2,835 | 7.4 | 38,511 | 100.0 |
| 1916 | 34,783 | 57.9 | 4,024 | 6.7 | 10,560 | 17.6 | 8,388 | 14.0 | 60,050 | 100.0 |
| 1917 | 84,804 | 66.5 | 8,988 | 7.1 | 15,121 | 11.9 | 14,799 | 11.6 | 127,458 | 100.0 |
| 1918 | 88,047 | 37.0 | 20,832 | 8.8 | 55,435 | 23.3 | 46,518 | 19.6 | 237,913 | 100.0 |

Source: YC, op. cit., P.169.

* Including Korea, Hong Kong, The Straits Settlements, Netherland East Indies, Siam, America, Australia and Argentine.

** Including all others.

Table 29

## Imports of Principal Commodities

(Thousand Yen)

| Year | Cotton | | Iron | | Wool | | Oil Cake | | Machinery & Engine | | Sugar | | Rice | | Mineral Oil | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 218,975 | 36.8 | 39,934 | 6.7 | 14,784 | 2.5 | 34,801 | 5.8 | 24,942 | 4.2 | 21,679 | 3.6 | 24,824 | 4.2 | 11,236 | 1.9 |
| 1915 | 211,316 | 40.8 | 34,420 | 6.5 | 30,584 | 5.7 | 36,107 | 6.8 | 9,064 | 1.7 | 14,805 | 2.8 | 4,886 | 0.9 | 11,114 | 2.1 |
| 1916 | 276,089 | 36.5 | 89,738 | 11.9 | 33,507 | 4.4 | 37,547 | 5.0 | 16,271 | 2.2 | 12,978 | 1.7 | 3,088 | 0.4 | 8,445 | 1.1 |
| 1917 | 330,976 | 32.0 | 207,240 | 20.0 | 52,112 | 5.0 | 55,968 | 5.4 | 29,838 | 2.9 | 11,697 | 1.1 | 6,513 | 0.6 | 8,367 | 0.8 |
| 1918 | 515,559 | 30.9 | 300,718 | 18.0 | 60,146 | 3.6 | 92,255 | 5.5 | 58,498 | 3.5 | 33,525 | 2.0 | 89,756 | 5.4 | 15,862 | 1.0 |

Source: NBS.

imports in 1917 and 1918. This reflected the rapid development of the Japanese industrial sector, particularly of the shipping industry.

Tables 30, 31 and 32 show cotton, wool and oil cake imports by country of origin.(33) These commodities were predominantly imported from Asia (China, Kwantung and British possessions). However, imports of cotton from America increased sharply in this period and were almost equal to those from India in 1918. 40% of imported cotton came from America at the end of the First World War.

Machinery and engines were amongst Japan's most important imports. Japan imported these almost exclusively from Europe and America. England and Germany were the two main exporting countries to Japan. However, America took over England's position in this respect in 1916, and that of the whole of Europe in 1917. 80% of Japan's total imports of machinery and engines came from America in 1918. (See Table 33). Obviously the First World War seriously affected exports of these commodities from Europe to Japan.

By the end of the First World War, Japan was employing more American cotton and machinery in her spinning industry in order to export cotton goods to other Asian countries.

(ii) The period 1919-31.

(a) Exports and imports by category: Japan's foreign trade by commodity composition is shown in Table 34. As we have also seen for the period 1914-18 exports of semi-finished and finished manufactures during the period 1919-31 were the most important. Exports of semi-finished manufactures increased slightly. But

Table 30

Imports of Cotton From Each Country

(Thousand Yen)

| Year | China | | India | | America | | Egypt | | N.E.I. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 11,750 | 5.4 | 145,447 | 66.4 | 53,966 | 24.6 | 5,724 | 2.6 | 207 | 0.1 | 218,974 | 100.0 |
| 1915 | 15,337 | 7.1 | 139,704 | 64.3 | 55,653 | 25.6 | 5,802 | 2.7 | 124 | 0.1 | 217,316 | 100.0 |
| 1916 | 19,677 | 7.1 | 165,188 | 59.8 | 79,370 | 28.7 | 8,257 | 3.0 | 1,050 | 0.4 | 276,088 | 100.0 |
| 1917 | 30,596 | 9.2 | 204,311 | 61.7 | 84,085 | 25.4 | 10,848 | 3.3 | 217 | 0.1 | 330,976 | 100.0 |
| 1918 | 88,785 | 17.2 | 210,084 | 40.7 | 205,108 | 39.8 | 8,865 | 1.7 | 1,452 | 0.3 | 515,558 | 100.0 |

Source: YC, op. cit., P.243.

Table 31 Imports of Wool from Each Country.

(Thousand Yen)

| Year | Australia | | England | | China | | Others* | | Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 8,121 | 54.9 | 5,135 | 34.7 | 1,329 | 9.0 | 121 | 0.8 | 14,783 | 100.0 |
| 1915 | 23,978 | 78.4 | 1,390 | 4.5 | 4,554 | 14.9 | 0 | 0 | 30,584 | 100.0 |
| 1916 | 30,887 | 92.2 | 560 | 1.7 | 1,992 | 5.9 | 7 | *** | 33,506 | 100.0 |
| 1917 | 17,694 | 34.0 | 455 | 0.9 | 1,194 | 2.3 | 31,268 | 60.0 | 52,112 | 100.0 |
| 1918 | 22,888 | 38.1 | 886 | 1.5 | 1,904 | 3.2 | 32,378 | 53.8 | 60,146 | 100.0 |

Source: YC, op. cit., P.248.

* Including Germany (1914 only), Argentine and South Africa.

** Including all others.

*** Less than 0.1.

Table 32 Import of Oil Cake from Each Country

(Thousand Yen)

| Year | China | | Kwantung | | Russia | | India | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 11,835 | 33.9 | 18,639 | 53.5 | 344 | 1.0 | 1,269 | 3.6 | 34,864 | 100.0 |
| 1915 | 11,634 | 32.2 | 18,001 | 49.8 | 1,712 | 4.8 | 511 | 1.4 | 36,127 | 100.0 |
| 1916 | 10,782 | 28.7 | 19,542 | 52.0 | 665 | 1.8 | 666 | 1.8 | 37,546 | 100.0 |
| 1917 | 14,792 | 26.4 | 29,175 | 52.1 | 1,634 | 2.9 | 800 | 1.4 | 55,967 | 100.0 |
| 1918 | 18,499 | 20.1 | 57,529 | 62.4 | 407 | 0.4 | 37 | * | 92,255 | 100.0 |

Source: YC, op. cit., P.288.

* Less than 0.1.

Table 33 Imports of Machinery and Engines from Each Country

(Thousand Yen)

| Year | England | | France | | Germany | | Swiss | | Sweden | | Total of Europe | | America | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 13,268 | 54.2 | 247 | 1.0 | 5,447 | 22.2 | 91 | 0.4 | 320 | 1.3 | 19,373 | 79.1 | 4,953 | 20.2 | 24,494 | 100.0 |
| 1915 | 5,043 | 57.1 | 106 | 1.2 | 368 | 4.2 | 46 | 0.5 | 401 | 4.5 | 5,964 | 67.5 | 2,851 | 32.3 | 8,836 | 100.0 |
| 1916 | 7,018 | 43.1 | 612 | 3.8 | 103 | 0.6 | 114 | 0.7 | 309 | 1.9 | 8,156 | 50.1 | 7,880 | 48.4 | 16,270 | 100.0 |
| 1917 | 9,865 | 33.1 | 337 | 1.1 | 107 | 0.4 | 260 | 0.9 | 1,176 | 3.9 | 11,745 | 39.4 | 17,551 | 58.8 | 29,837 | 100.0 |
| 1918 | 9,820 | 16.8 | 515 | 0.9 | 37 | 0.1 | 87 | 0.1 | 463 | 0.8 | 10,922 | 18.7 | 46,753 | 79.9 | 58,497 | 100.0 |

Source: YC, op. cit., P.278

Table 34 Changes in the Commodity Composition of Japanese Foreign Trade, 1919-31.

I. Exports (Unit: Thousand Yen)

| Year | Foodstuffs | | Raw Materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 149,662 | 7.1 | 109,270 | 5.2 | 906,131 | 43.2 | 901,424 | 43.0 | 32,386 | 1.5 | 2,098,873 | 100.0 |
| 1920 | 142,281 | 7.3 | 140,105 | 7.2 | 678,571 | 34.8 | 962,934 | 49.4 | 24,504 | 1.3 | 1,948,395 | 100.0 |
| 1921 | 79,682 | 6.4 | 79,409 | 6.3 | 550,727 | 44.0 | 524,175 | 41.8 | 18,845 | 1.5 | 1,252,838 | 100.0 |
| 1922 | 104,396 | 6.4 | 84,736 | 5.2 | 842,431 | 51.5 | 581,955 | 35.5 | 23,933 | 1.5 | 1,637,452 | 100.0 |
| 1923 | 91,091 | 6.3 | 81,088 | 5.6 | 700,761 | 48.4 | 557,718 | 38.5 | 17,093 | 1.2 | 1,447,751 | 100.0 |
| 1924 | 113,301 | 6.3 | 104,795 | 5.8 | 862,225 | 47.7 | 705,371 | 39.0 | 21,343 | 1.2 | 1,807,035 | 100.0 |
| 1925 | 147,315 | 6.4 | 163,025 | 7.1 | 1,089,904 | 47.3 | 878,482 | 38.1 | 26,864 | 1.2 | 2,305,590 | 100.0 |
| 1926 | 147,295 | 7.2 | 140,250 | 6.9 | 881,863 | 43.1 | 852,118 | 41.7 | 23,201 | 1.1 | 2,044,727 | 100.0 |
| 1927 | 145,562 | 7.3 | 137,324 | 6.9 | 852,183 | 42.8 | 831,236 | 41.7 | 26,012 | 1.3 | 1,992,317 | 100.0 |
| 1928 | 163,220 | 8.3 | 90,249 | 4.6 | 861,188 | 43.7 | 812,949 | 41.2 | 44,349 | 2.2 | 1,971,955 | 100.0 |
| 1929 | 160,118 | 7.5 | 90,170 | 4.2 | 912,614 | 42.5 | 937,307 | 43.6 | 48,410 | 2.3 | 2,148,619 | 100.0 |
| 1930 | 128,821 | 8.8 | 65,279 | 4.4 | 546,429 | 37.2 | 691,190 | 47.0 | 38,133 | 2.6 | 1,469,852 | 100.0 |
| 1931 | 102,298 | 8.9 | 45,698 | 4.0 | 438,650 | 38.2 | 532,930 | 46.5 | 27,406 | 2.4 | 1,146,981 | 100.0 |

Table 34 continued

II. Imports

| Year | Foodstuffs | | Raw materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 351,323 | 16.2 | 1,093,754 | 50.3 | 451,387 | 20.8 | 261,161 | 12.0 | 15,835 | 0.7 | 2,173,460 | 100.0 |
| 1920 | 222,404 | 9.5 | 1,260,106 | 53.9 | 509,067 | 21.8 | 328,400 | 14.1 | 16,198 | 0.7 | 2,336,175 | 100.0 |
| 1921 | 208,329 | 12.9 | 757,020 | 46.9 | 324,058 | 20.1 | 311,469 | 19.3 | 13,279 | 0.8 | 1,614,155 | 100.0 |
| 1922 | 290,236 | 15.4 | 828,048 | 43.8 | 390,572 | 20.7 | 365,379 | 19.3 | 16,073 | 0.9 | 1,890,308 | 100.0 |
| 1923 | 251,548 | 12.7 | 997,587 | 50.3 | 358,781 | 18.1 | 258,129 | 18.1 | 16,186 | 0.8 | 1,982,231 | 100.0 |
| 1924 | 348,081 | 14.2 | 1,166,501 | 47.6 | 452,268 | 18.4 | 471,870 | 19.2 | 14,682 | 0.6 | 2,453,402 | 100.0 |
| 1925 | 392,012 | 15.2 | 1,492,745 | 58.0 | 328,396 | 12.8 | 348,910 | 13.6 | 10,594 | 0.4 | 2,572,658 | 100.0 |
| 1926 | 350,280 | 14.7 | 1,341,918 | 56.4 | 357,181 | 15.0 | 314,990 | 13.3 | 13,115 | 0.6 | 2,377,484 | 100.0 |
| 1927 | 323,540 | 14.8 | 1,201,982 | 55.2 | 348,160 | 16.0 | 290,475 | 13.3 | 14,996 | 0.7 | 2,179,154 | 100.0 |
| 1928 | 298,543 | 13.6 | 1,165,198 | 53.1 | 382,930 | 17.4 | 332,990 | 15.2 | 16,653 | 0.8 | 2,196,315 | 100.0 |
| 1929 | 271,156 | 12.2 | 1,223,917 | 55.2 | 355,600 | 16.0 | 346,384 | 15.6 | 19,183 | 0.9 | 2,216,240 | 100.0 |
| 1930 | 208,296 | 13.5 | 828,572 | 53.6 | 236,485 | 15.3 | 255,368 | 16.5 | 17,349 | 1.1 | 1,546,071 | 100.0 |
| 1931 | 158,612 | 12.8 | 684,338 | 55.4 | 181,160 | 14.7 | 197,919 | 16.0 | 13,645 | 1.1 | 1,235,673 | 100.0 |

Source: MIHSKT, PP.280-281.

exports of finished manufactures were either stagnant or decreased due to the revival of Western competition. The percentage of exports which were semi-finished or finished manufactures was almost the same in the 1920's.

Compared to the First World War period, imports of finished manufactures increased remarkably. This was due to an increased demand for machinery and heavy industrial manufactures in the 1920's. On the other hand, imports of semi-finished manufactures declined substantially during this period. Imports of foodstuffs increased and were maintained at between 12-15% of total imports over the period 1921-31. Raw materials were Japan's most important import in the 1920's, as they had been during the First World War period. Except in 1921 and 1922, imports of raw materials always exceeded 50% of Japan's total import trade. This was an important weakness of the Japanese economy, as fluctuations in raw material prices directly affected her trade balance. Moreover it led her to further territorial expansion in Asia, in order to secure her raw materials supplies.

(b) Exports and imports by commodities.

(1) Exports: Principal exports from Japan during the period 1919-31 are shown in Table 35. Two significant features can be noted from this Table. Firstly, exports of raw silk were very important. They were now far more important than in the First World War period. This indicates that Japan's export trade at this time was heavily reliant on semi-finished manufactures. Furthermore as the raw silk was exported principally to America, (see Table 36), Japan's foreign trade was increasingly linked to the American market. This was an important weakness in Japan's foreign trade, for this commodity could be easily affected by fluctuations in raw silk prices in America. Indeed the price of exported raw silk fell from 485.1 in 1929 (1914=100) to 220.5

Table 35

## Exports of Principal Commodities

(Thousand Yen)

| Year | Raw Silk | | Cotton Yarns | | Cotton Tissues | | Silk Tissues | | Coal | | Copper | | Steam Vessels | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 623,617 | 29.7 | 114,232 | 5.4 | 280,311 | 13.4 | 162,476 | 7.7 | 37,724 | 1.8 | 25,890 | 1.2 | 3,367 | 0.2 |
| 1920 | 382,222 | 19.6 | 152,394 | 7.8 | 335,266 | 17.2 | 158,416 | 8.1 | 45,200 | 2.3 | 12,721 | 0.7 | 15,592 | 0.8 |
| 1921 | 416,893 | 33.3 | 80,568 | 6.4 | 204,673 | 16.3 | 89,936 | 7.1 | 37,815 | 3.0 | 8,252 | 0.7 | 3,138 | 0.3 |
| 1922 | 668,860 | 40.9 | 114,723 | 7.0 | 221,952 | 13.6 | 117,929 | 7.2 | 23,514 | 1.4 | 1,542 | 0.1 | 1,047 | 0.1 |
| 1923 | 564,783 | 39.0 | 78,512 | 5.4 | 234,748 | 16.2 | 92,319 | 6.4 | 21,541 | 1.5 | 1,723 | 0.1 | 369 | 0.0 |
| 1924 | 683,287 | 37.8 | 109,611 | 6.1 | 326,587 | 18.1 | 125,840 | 7.0 | 22,394 | 1.2 | 2,467 | 0.1 | 53 | 0.0 |
| 1925 | 877,722 | 38.1 | 123,117 | 5.3 | 432,850 | 18.8 | 116,985 | 5.1 | 33,201 | 1.4 | 2,421 | 0.1 | 1,920 | 0.1 |
| 1926 | 731,993 | 35.8 | 70,716 | 3.5 | 416,155 | 20.4 | 133,071 | 6.5 | 31,032 | 1.5 | 2,348 | 0.1 | 114 | 0.0 |
| 1927 | 741,228 | 37.2 | 38,794 | 2.0 | 383,837 | 19.3 | 139,615 | 7.0 | 25,508 | 1.3 | 2,237 | 0.1 | 1,131 | 0.1 |
| 1928 | 732,697 | 37.2 | 25,895 | 1.3 | 352,218 | 17.9 | 134,059 | 6.8 | 24,514 | 1.2 | 2,505 | 0.1 | 2,466 | 0.1 |
| 1929 | 781,040 | 36.4 | 26,756 | 1.2 | 412,707 | 19.2 | 149,955 | 7.0 | 23,215 | 1.1 | 7,409 | 0.3 | 5,229 | 0.2 |
| 1930 | 416,647 | 28.3 | 15,033 | 1.0 | 272,117 | 18.5 | 65,775 | 4.5 | 21,783 | 1.5 | 21,281 | 1.4 | 2,879 | 0.2 |
| 1931 | 355,394 | 31.0 | 8,511 | 0.7 | 198,732 | 17.3 | 43,053 | 3.8 | 15,009 | 1.3 | 12,010 | 1.0 | 3,286 | 0.3 |

Source: NBS.

Table 36 Exports of Raw Silk to Each Country

(Thousand Yen)

| Year | America | | France | | England | | Italy | | Russia | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 600,841 | 96.3 | 17,156 | 2.8 | 3,236 | 0.5 | 295 | * | 1 | * | 623,616 | 100.0 |
| 1920 | 341,598 | 89.3 | 37,035 | 9.7 | 3,172 | 0.8 | 59 | * | 1 | * | 382,716 | 100.0 |
| 1921 | 394,452 | 94.6 | 21,446 | 5.1 | 849 | 0.2 | —— | —— | —— | —— | 417,124 | 100.0 |
| 1922 | 610,844 | 91.2 | 55,191 | 8.2 | 2,886 | 0.4 | 353 | 0.1 | Australia | —— | 670,047 | 100.0 |
| 1923 | 442,199 | 78.1 | 7,228 | 1.3 | 329 | 0.1 | —— | —— | 463 | 0.1 | 566,169 | 100.0 |
| 1924 | 622,223 | 90.8 | 59,414 | 8.7 | 1,931 | 0.3 | 12 | * | 559 | 0.1 | 685,365 | 100.0 |
| 1925 | 849,486 | 96.6 | 26,205 | 3.0 | 1,667 | 0.2 | Canada | —— | 1,103 | 0.1 | 879,657 | 100.0 |
| 1926 | 707,469 | 96.6 | 19,362 | 2.6 | 2,066 | 0.3 | 758 | 0.1 | 1,958 | 0.3 | 731,992 | 100.0 |
| 1927 | 698,246 | 94.2 | 34,508 | 4.7 | 3,217 | 0.4 | 2,335 | 0.3 | 1,923 | 0.3 | 741,227 | 100.0 |
| 1928 | 687,464 | 93.8 | 34,983 | 4.8 | 3,716 | 0.5 | 3,112 | 0.4 | 2,035 | 0.3 | 732,697 | 100.0 |
| 1929 | 755,377 | 96.7 | 13,253 | 1.7 | 4,121 | 0.5 | 5,691 | 0.7 | 2,352 | 0.3 | 781,040 | 100.0 |
| 1930 | 398,715 | 95.7 | 8,040 | 1.9 | 2,914 | 0.7 | 3,558 | 0.9 | 2,783 | 0.7 | 416,646 | 100.0 |
| 1931 | 342,479 | 96.4 | 1,879 | 0.5 | 6,161 | 1.7 | 2,595 | 0.7 | 1,928 | 0.5 | 355,393 | 100.0 |

Source: YC, op. cit., P.166

* Less than 0.1

in 1931.

Secondly in the 1920's exports of cotton tissues increased substantially while exports of cotton yarn decreased. These changes were due basically to an improvement in Japan's textile industry. Although the spinning industries of China and India could produce substantial cotton yarn during this period, cotton tissues were not produced there on a sufficient scale. The First World War had suspended the flow of British cotton tissues into the Chinese and Indian markets, and this gave Japan an opportunity to increase her exports of cotton tissues to these markets.

Exports of cotton yarn and cotton tissues were concentrated in Asian countries. (Tables 37 and 38) Exports of cotton yarn to China diminished remarkably in the 1920's and were replaced by exports to the Indian market by the end of the decade. India took 66% of Japan's exports of cotton yarn in 1931 (see Table 37). Exports of cotton tissues to China also fell in this period. The basic reason for this shift from the Chinese market to the Indian Market is as follows:

Japan's exports of cotton tissues to China increased from 24% in 1914 to 62% in 1919 of China's total imports of cotton tissues. At the same time the British share of this market fell from 58% to 26%. In 1919 China promulgated a law to increase customs duties in an attempt to prevent Japanese cotton tissues from flooding the Chinese market. In response Japan extended its investments into Tsingdao and Shanghai. The Zaikabō emerged and developed quickly representing the direct investment in China by Japan's spinning industry. The number of Japanese spindles in China increased from 75 in 1913 (9% of the total spindles in China) to 1,630 (39%) in 1931, while British capital investment in China declined. As the Japanese spinning industry in China satisfied the local cotton tissues market, exports from

Table 37 Exports of Cotton Yarns to Each Country

(Thousand Yen)

| Year | China | | India | | Hong Kong | | Kwantung | | N.E.I. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 84,118 | 73.6 | 2,980 | 2.6 | 18,526 | 16.2 | 6,234 | 5.5 | 94 | 0.1 | 114,232 | 100.0 |
| 1920 | 81,060 | 53.2 | 30,252 | 19.9 | 28,936 | 19.0 | 9,124 | 6.0 | 583 | 0.4 | 152,393 | 100.0 |
| 1921 | 47,113 | 58.5 | 11,990 | 14.9 | 15,409 | 19.1 | 5,043 | 6.3 | 295 | 0.4 | 80,568 | 100.0 |
| 1922 | 62,185 | 54.2 | 20,666 | 18.0 | 23,478 | 20.5 | 5,891 | 5.1 | —— | —— | 114,723 | 100.0 |
| 1923 | 38,503 | 49.0 | 20,511 | 26.1 | 11,534 | 14.7 | 3,881 | 4.9 | 1,364 | 1.7 | 78,511 | 100.0 |
| 1924 | 40,883 | 37.3 | 35,954 | 32.8 | 22,250 | 20.3 | 2,339 | 2.1 | 2,533 | 2.3 | 109,610 | 100.0 |
| 1925 | 52,072 | 42.3 | 38,716 | 31.4 | 20,753 | 16.9 | 2,092 | 1.7 | 3,189 | 2.6 | 123,116 | 100.0 |
| 1926 | 25,705 | 36.3 | 28,086 | 39.7 | 8,092 | 11.4 | 1,190 | 1.7 | 2,974 | 4.2 | 70,716 | 100.0 |
| 1927 | 9,205 | 23.7 | 20,040 | 51.7 | 3,647 | 9.4 | 866 | 2.2 | 1,358 | 3.5 | 38,794 | 100.0 |
| 1928 | 8,109 | 31.3 | 9,181 | 35.5 | 4,194 | 16.2 | 770 | 3.0 | 828 | 3.2 | 25,894 | 100.0 |
| 1929 | 6,650 | 24.9 | 13,448 | 50.3 | 2,120 | 7.9 | 681 | 2.5 | 770 | 2.9 | 26,755 | 100.0 |
| 1930 | 2,579 | 17.2 | 6,575 | 43.7 | 2,594 | 17.3 | 454 | 3.0 | 446 | 3.0 | 15,033 | 100.0 |
| 1931 | 239 | 2.8 | 5,592 | 65.7 | 449 | 5.3 | 293 | 3.4 | 357 | 4.2 | 8,510 | 100.0 |

Source: YC, op. cit., P.159.

Table 38 Exports of Cotton Tissues to Each Country.

(Thousand Yen)

| Year | China | | Kwantung | | India | | N.E.I. | | Total* | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 143,283 | 51.1 | 44,207 | 15.8 | 29,507 | 10.5 | 24,415 | 8.7 | 280,311 | 100.0 |
| 1920 | 130,515 | 39.0 | 26,592 | 7.9 | 67,289 | 20.1 | 60,465 | 18.1 | 334,966 | 100.0 |
| 1921 | 100,987 | 49.6 | 15,536 | 7.6 | 30,465 | 15.0 | 25,571 | 12.6 | 203,673 | 100.0 |
| 1922 | 108,757 | 49.0 | 18,494 | 8.3 | 33,567 | 15.1 | 24,938 | 11.2 | 222,052 | 100.0 |
| 1923 | 100,292 | 42.7 | 14,617 | 6.2 | 36,551 | 15.6 | 22,534 | 9.6 | 234,754 | 100.0 |
| 1924 | 137,721 | 42.2 | 15,700 | 4.8 | 47,114 | 14.4 | 37,153 | 11.4 | 326,587 | 100.0 |
| 1925 | 194,012 | 44.8 | 19,501 | 4.5 | 70,394 | 16.3 | 49,373 | 11.4 | 432,850 | 100.0 |
| 1926 | 179,797 | 43.5 | 15,858 | 3.8 | 69,726 | 16.9 | 44,468 | 10.7 | 413,699 | 100.0 |
| 1927 | 123,360 | 32.3 | 12,983 | 3.4 | 85,781 | 22.5 | 49,213 | 12.9 | 381,760 | 100.0 |
| 1928 | 158,497 | 45.0 | 15,073 | 4.3 | 70,185 | 19.9 | 39,275 | 11.2 | 352,217 | 100.0 |
| 1929 | 150,115 | 36.4 | 15,358 | 3.7 | 109,138 | 26.4 | 42,283 | 10.2 | 412,706 | 100.0 |
| 1930 | 86,914 | 31.9 | 9,186 | 3.4 | 61,216 | 22.5 | 28,284 | 10.4 | 272,116 | 100.0 |
| 1931 | 39,529 | 19.9 | 6,172 | 3.1 | 49,866 | 25.1 | 28,279 | 14.2 | 198,731 | 100.0 |

Source: YC, op. cit., P.169.

* Including all others (Argentine, Hong Kong, The Straits Settlements, The Philippines, Siam, America, Australia and Manchuria (only in 1931)).

Japan itself to China decreased, and this is turn allowed for an expansion in exports to India.

(2) Imports: Japan's principal imports in 1919-31 are shown in Table 39. Imports of raw cotton were the largest single commodity in Japan's import trade. This phenomenon can also be found in 1914-18. Nevertheless, the relative importance of cotton imports during this period had declined compared to the First World War years, although imports of raw cotton increased absolutely in some years during the period 1919-31.

Increased imports of machinery, engines and mineral oil indicate that during this period Japan built her industrial foundation in preparation for the immense industrial expansion of the 1930's. Increased imports of sugar and rice during this period reflected increased dependence on foreign foodstuffs.

Cotton was imported mostly from India and America. During the years 1914-17, the value of cotton supplied to Japan from India was more than twice as large as that from America. Over the years 1919-31, imports of cotton from America were virtually equal to those from India, although during the period 1927-31, America was in fact the largest cotton supplier of Japan (See Table 40). Imports of cotton switched from India to America partly because cotton produced in India was increasingly consumed by the local Indian spinning industries and, partly because America supplied good quality cotton to Japan. This made it possible for Japan to produce better cotton manufactures and so compete more effectively with India and China.

Imports of cotton from China accounted for 17% and 12% of Japan's total cotton imports in 1918 and 1919. However, in 1920 they dropped abruptly and returned to

Table 39

## Imports of Principal Commodities

(Thousand Yen)

| Year | Cotton | | Iron | | Wool | | Oil Cake | | Machinery & Engine | | Sugar | | Rice | | Mineral Oil | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 667,867 | 30.7 | 234,900 | 10.8 | 61,304 | 2.8 | 135,189 | 6.2 | 89,222 | 4.1 | 58,184 | 2.7 | 162,071 | 7.5 | 29,769 | 1.4 |
| 1920 | 721,437 | 30.9 | 264,326 | 11.3 | 121,629 | 5.2 | 150,905 | 6.5 | 110,571 | 4.7 | 60,212 | 2.6 | 18,059 | 0.8 | 36,513 | 1.6 |
| 1921 | 438,173 | 27.2 | 147,598 | 9.1 | 32,203 | 2.0 | 94,911 | 5.9 | 119,882 | 7.4 | 69,815 | 4.3 | 28,813 | 1.8 | 31,053 | 1.9 |
| 1922 | 427,841 | 22.6 | 158,008 | 8.4 | 55,367 | 2.9 | 98,522 | 5.3 | 114,371 | 6.1 | 63,944 | 3.4 | 61,276 | 3.2 | 43,357 | 2.3 |
| 1923 | 513,172 | 25.9 | 123,782 | 6.2 | 80,012 | 4.0 | 109,646 | 5.5 | 102,241 | 5.2 | 52,632 | 2.7 | 30,718 | 1.6 | 45,922 | 2.3 |
| 1924 | 605,257 | 24.7 | 199,958 | 8.2 | 88,041 | 3.6 | 103,646 | 4.2 | 128,523 | 5.2 | 63,850 | 2.6 | 70,866 | 2.9 | 60,622 | 2.5 |
| 1925 | 923,355 | 35.9 | 102,833 | 4.0 | 121,074 | 4.7 | 107,414 | 4.2 | 88,996 | 3.5 | 75,089 | 2.9 | 120,499 | 4.7 | 57,597 | 2.2 |
| 1926 | 725,929 | 30.5 | 127,400 | 5.4 | 86,023 | 3.6 | 124,144 | 5.2 | 90,470 | 3.8 | 83,672 | 3.5 | 50,694 | 2.1 | 60,332 | 2.5 |
| 1927 | 624,629 | 28.7 | 127,868 | 5.9 | 101,675 | 4.7 | 98,979 | 4.5 | 78,612 | 3.6 | 75,804 | 3.5 | 78,907 | 3.6 | 66,271 | 3.0 |
| 1928 | 549,942 | 25.0 | 149,383 | 6.8 | 111,871 | 5.1 | 86,829 | 4.0 | 92,205 | 4.2 | 64,959 | 3.0 | 33,673 | 1.5 | 89,935 | 4.1 |
| 1929 | 573,016 | 25.9 | 156,732 | 7.1 | 101,815 | 4.6 | 75,919 | 3.4 | 121,095 | 5.5 | 31,159 | 1.4 | 22,781 | 1.0 | 92,928 | 4.2 |
| 1930 | 362,046 | 23.4 | 92,456 | 6.0 | 73,609 | 4.8 | 66,416 | 4.3 | 85,714 | 5.5 | 25,973 | 1.7 | 19,583 | 1.3 | 89,567 | 5.8 |
| 1931 | 296,273 | 24.0 | 47,492 | 3.8 | 86,145 | 7.0 | 44,348 | 3.6 | 50,910 | 4.1 | 15,603 | 1.3 | 6,971 | 0.6 | 85,788 | 6.9 |

Sources: NBS (1919-28); YC, op. cit., (1929-31).

Table 40 Imports of Cotton from Each Country

(Thousand Yen)

| Year | China | | India | | America | | Egypt | | N.E.I. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 76,729 | 11.5 | 287,930 | 43.1 | 286,112 | 42.8 | 13,403 | 2.0 | 702 | 0.1 | 667,866 | 100.0 |
| 1920 | 12,722 | 1.8 | 357,581 | 49.6 | 339,164 | 47.0 | 7,612 | 1.1 | 475 | 0.1 | 721,437 | 100.0 |
| 1921 | 24,130 | 5.5 | 181,707 | 41.5 | 217,435 | 49.6 | 11,745 | 2.7 | 300 | 0.1 | 438,172 | 100.0 |
| 1922 | 28,521 | 6.7 | 209,897 | 49.1 | 178,808 | 41.8 | 3,392 | 0.8 | 615 | 0.1 | 427,840 | 100.0 |
| 1923 | 39,220 | 7.6 | 263,027 | 51.3 | 177,550 | 34.6 | 10,951 | 2.1 | 209 | * | 513,172 | 100.0 |
| 1924 | 71,151 | 11.8 | 310,943 | 51.4 | 204,918 | 33.9 | 15,467 | 2.6 | 214 | * | 605,274 | 100.0 |
| 1925 | 49,975 | 5.4 | 475,632 | 51.5 | 360,166 | 39.0 | 31,549 | 3.4 | 419 | * | 923,355 | 100.0 |
| 1926 | 45,133 | 6.2 | 327,520 | 45.1 | 317,427 | 43.7 | 28,683 | 4.0 | 406 | 0.1 | 725,930 | 100.0 |
| 1927 | 49,259 | 7.9 | 202,281 | 32.4 | 343,563 | 55.0 | 21,798 | 3.5 | 278 | * | 624,630 | 100.0 |
| 1928 | 49,598 | 9.0 | 232,266 | 42.2 | 245,926 | 44.7 | 17,722 | 3.2 | 193 | * | 549,941 | 100.0 |
| 1929 | 33,628 | 5.9 | 231,108 | 40.3 | 276,357 | 48.2 | 22,170 | 3.9 | 227 | * | 573,016 | 100.0 |
| 1930 | 21,985 | 6.1 | 147,688 | 40.8 | 176,800 | 48.8 | 12,592 | 3.5 | 220 | 0.1 | 362,046 | 100.0 |
| 1931 | 17,366 | 5.9 | 113,262 | 38.2 | 153,700 | 51.9 | 11,619 | 3.9 | 195 | 0.1 | 296,273 | 100.0 |

Source: YC, op. cit., P.243.

* Less than 0.1

1919 levels only in 1924. Over the years 1925-31, imports of cotton from China never amounted to more than 10% of Japan's total cotton imports. There are two main reasons for the 1920's decline in Japanese consumption of Chinese cotton. The expansion of the Chinese spinning industry resulted in increased domestic consumption of cotton, and America supplied Japan with better quality cotton. In addition, although the Japanese spinning industry cultivated cotton in North China the rapid development of the Zaikabō consumed large quantities of locally-produced cotton. Consequently exports of cotton from China to Japan fell.

In short Japan imported more cotton from America in order to expand cotton manufacture exports to Asian markets.

As regards iron, it was imported principally from Western countries (notably America, Germany and England) and from India. (See Table 41). Japan had no iron ore at all for her iron industry. Japan tried to acquire iron ore from Southeast Asia, principally from Malaya, in order to reduce her dependence on Western supplies.

Imports of machinery and engines came mainly from Europe and America, as in the First World War period. Table 42 shows imports of machinery and engines by country of origin. In the 1920's imports of these commodities from Europe increased absolutely and from America decreased. In 1919 America provided three times the value of machinery and engine imports as did European countries. In 1922, imports from Europe and America were almost equal. Imports from America diminished substantially after 1923 (except for the year 1924) and, at the end of the 1920's, imports of machinery and engines from these five European countries were double those from America. In short during the 1920's in contrast to the First World War period when Japan was heavily

Table 41

## Imports of Iron From Each Country

(Thousand Yen)

| Year | England | | Germany | | Belgium | | America | | India | | Total (1) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1923 | 38,691 | 29.5 | 9,230 | 7.0 | 7,547 | 5.8 | 19,420 | 14.8 | 7,700 | 5.9 | 131,083 | 100.0 |
| 1924 | 68,984 | 34.5 | 22,825 | 11.4 | 14,552 | 7.3 | 64,837 | 32.4 | 8,447 | 4.2 | 199,958 | 100.0 |
| 1925 | 29,202 | 28.4 | 17,337 | 16.9 | 4,979 | 4.8 | 31,075 | 30.2 | 8,618 | 8.4 | 102,833 | 100.0 |
| 1926 | 30,681 | 24.1 | 33,669 | 26.4 | 6,934 | 5.4 | 31,601 | 24.8 | 9,547 | 7.5 | 127,400 | 100.0 |
| 1927 | 24,739 | 19.3 | 27,855 | 21.8 | 8,278 | 6.5 | 35,211 | 27.5 | 11,040 | 8.6 | 127,868 | 100.0 |
| 1928 | 32,631 | 22.5 | 27,581 | 19.0 | 7,755 | 5.3 | 38,288 | 26.3 | 12,929 | 8.9 | 145,349 | 100.0 |
| 1929 | 24,239 | 15.5 | 23,911 | 22.3 | 9,646 | 6.2 | 38,427 | 24.5 | 16,949 | 10.8 | 156,732 | 100.0 |
| 1930 | 12,827 | 13.9 | 18,121 | 19.6 | 3,900 | 4.2 | 28,419 | 30.7 | 7,666 | 8.3 | 92,456 | 100.0 |
| 1931 | 7,938 | 16.7 | 9,956 | 21.0 | 2,143 | 4.5 | 8,546 | 18.0 | 3,626 | 7.3 | 47,492 | 100.0 |

Source: YC, op. cit., P.265

Note: (1) Figures in 1923 and 1928 are slightly different from those in Table 39 which are quoted from NBS.

Table 42 Imports of Machinery & Engines from Each Country

(Thousand Yen)

| Year | England | | France | | Germany | | Swiss | | Sweden | | Total of Europe | | America | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1919 | 16,144 | 18.1 | 2,005 | 2.2 | 5 | * | 1,314 | 1.5 | 2,454 | 2.8 | 21,922 | 24.6 | 66,866 | 74.9 | 89,221 | 100.0 |
| 1920 | 31,564 | 28.5 | 1,203 | 1.1 | 688 | 0.6 | 564 | 0.5 | 2,262 | 2.0 | 36,281 | 32.8 | 73,536 | 66.5 | 110,571 | 100.0 |
| 1921 | 43,983 | 36.7 | 1,527 | 1.3 | 5,892 | 4.9 | 1,655 | 1.4 | 2,250 | 1.9 | 55,307 | 46.1 | 63,612 | 53.1 | 119,882 | 100.0 |
| 1922 | 42,203 | 36.9 | 2,679 | 2.3 | 7,891 | 6.9 | 2,101 | 1.8 | 1,333 | 1.2 | 56,207 | 49.1 | 57,310 | 50.1 | 114,371 | 100.0 |
| 1923 | 36,241 | 35.4 | 2,534 | 2.5 | 9,871 | 9.7 | 4,802 | 4.7 | 1,326 | 1.3 | 54,774 | 53.6 | 41,936 | 41.0 | 102,241 | 100.0 |
| 1924 | 35,736 | 27.8 | 2,884 | 2.2 | 16,249 | 12.6 | 4,883 | 3.8 | 1,784 | 1.4 | 61,536 | 47.9 | 64,683 | 50.3 | 128,523 | 100.0 |
| 1925 | 25,278 | 28.4 | 4,885 | 5.5 | 12,759 | 14.3 | 6,321 | 7.1 | 886 | 1.0 | 50,129 | 56.3 | 37,762 | 42.4 | 88,996 | 100.0 |
| 1926 | 25,411 | 28.1 | 2,399 | 2.7 | 11,822 | 13.1 | 4,869 | 5.4 | 1,199 | 1.3 | 45,700 | 50.5 | 42,074 | 46.5 | 90,470 | 100.0 |
| 1927 | 20,746 | 26.4 | 2,187 | 2.8 | 17,603 | 22.4 | 4,548 | 5.8 | 726 | 0.9 | 45,810 | 58.3 | 31,112 | 39.6 | 78,612 | 100.0 |
| 1928 | 26,115 | 28.3 | 2,037 | 2.2 | 14,739 | 16.0 | 4,478 | 4.9 | 1,528 | 1.7 | 48,897 | 53.0 | 34,320 | 37.2 | 92,205 | 100.0 |
| 1929 | 34,323 | 28.3 | 4,250 | 3.5 | 21,042 | 17.4 | 3,876 | 3.2 | 2,156 | 1.8 | 65,647 | 54.2 | 41,821 | 34.5 | 121,095 | 100.0 |
| 1930 | 23,826 | 27.8 | 3,548 | 4.1 | 16,522 | 19.3 | 4,100 | 4.8 | 1,650 | 1.9 | 49,646 | 57.9 | 25,925 | 30.2 | 85,714 | 100.0 |
| 1931 | 12,268 | 24.1 | 1,790 | 3.5 | 10,969 | 21.5 | 1,643 | 3.2 | 1,249 | 2.5 | 27,919 | 54.8 | 16,252 | 31.9 | 50,910 | 100.0 |

Source: YC, op. cit., P.279.

* Less than 0.1

dependent on American supplies, Japan's imports of machinery and engines came principally from Europe.

The switch of imports of machinery and engines from America to Europe (mostly from England and Germany) during the 1920's can be explained as follows:

First, imports of high quality machine tools into Japan diminished during the 1920's due to a government policy of reducing armaments manufactures, and more importantly to an improvement in the production of high quality machinery in Japan itself during the latter half of the decade. High quality machinery and engines had been imported mainly from America.[34] Consequently imports of machinery and engines from America fell markedly in the 1920's as part of the reduction in imports of high quality stock.

Second, machinery and engines exported from America to Japan were much more expensive that those exported from England.[35] Moreover the quality of the European products was comparable to those from America.

Third, Japanese policy makers may have wished to expand trade with Europe in order to lessen dependence on American supplies. Although Japan increased her reliance on Europe, imports of machinery and engines from America still accounted for more than 30% of total imports in this category in the 1920's.

(iii) The period 1932-41

(a) Exports and imports by category: Japan's foreign trade commodity composition is shown in Table 43. The most distinct feature of this period is that exports of semi-finished manufactures fell sharply whilst exports of finished manufactures rose. Exports of finished

Table 43 Changes in the Commodity Composition of Japanese Foreign Trade, 1932-41.

I. Exports

| Year | Foodstuffs | | Raw Materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 104,328 | 7.4 | 51,599 | 3.7 | 520,369 | 36.9 | 700,509 | 49.7 | 33,187 | 2.4 | 1,409,992 | 100.0 |
| 1933 | 157,988 | 8.5 | 73,765 | 4.0 | 538,793 | 29.0 | 1,031,576 | 55.4 | 58,924 | 3.2 | 1,861,046 | 100.0 |
| 1934 | 171,931 | 7.9 | 95,739 | 4.4 | 498,529 | 23.0 | 1,345,512 | 62.0 | 60,214 | 2.8 | 2,171,925 | 100.0 |
| 1935 | 197,110 | 7.9 | 110,463 | 4.4 | 672,413 | 26.9 | 1,451,330 | 58.1 | 67,757 | 2.7 | 2,499,073 | 100.0 |
| 1936 | 203,707 | 7.6 | 126,585 | 4.7 | 716,366 | 26.6 | 1,563,439 | 58.1 | 82,879 | 3.1 | 2,692,976 | 100.0 |
| 1937 | 248,084 | 7.8 | 133,136 | 4.2 | 814,591 | 25.7 | 1,899,716 | 59.8 | 79,891 | 2.5 | 3,175,418 | 100.0 |
| 1938 | 300,214 | 11.2 | 105,185 | 3.9 | 672,232 | 25.0 | 1,569,597 | 58.4 | 42,449 | 1.6 | 2,689,677 | 100.0 |
| 1939 | 431,989 | 12.1 | 183,364 | 5.1 | 948,914 | 26.5 | 1,939,308 | 54.2 | 72,795 | 2.0 | 3,576,370 | 100.0 |
| 1940 | 390,601 | 10.7 | 140,843 | 3.9 | 948,075 | 25.9 | 2,071,142 | 56.7 | 105,187 | 2.9 | 3,655,849 | 100.0 |
| 1941 | 262,857 | 9.9 | 79,339 | 3.0 | 616,819 | 23.3 | 1,625,767 | 61.3 | 66,080 | 2.5 | 2,650,865 | 100.0 |

.....continued overleaf

Table 43 continued

## II. Imports

| Year | Foodstuffs | | Raw Materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 160,671 | 11.2 | 838,799 | 58.6 | 201,233 | 14.1 | 219,619 | 15.3 | 11,138 | 0.8 | 1,431,461 | 100.0 |
| 1933 | 173,185 | 9.0 | 1,181,146 | 61.6 | 328,807 | 17.2 | 220,783 | 11.5 | 13,300 | 0.7 | 1,917,220 | 100.0 |
| 1934 | 174,448 | 7.6 | 1,413,856 | 61.9 | 415,842 | 18.2 | 262,644 | 11.5 | 15,812 | 0.7 | 2,282,602 | 100.0 |
| 1935 | 192,605 | 7.8 | 1,507,620 | 61.0 | 468,616 | 19.0 | 286,292 | 11.6 | 17,103 | 0.7 | 2,472,236 | 100.0 |
| 1936 | 231,164 | 8.4 | 1,737,716 | 62.9 | 476,566 | 17.2 | 294,258 | 10.7 | 23,977 | 0.9 | 2,763,681 | 100.0 |
| 1937 | 251,470 | 6.7 | 2,994,563 | 52.7 | 1,095,256 | 29.0 | 420,798 | 11.1 | 21,090 | 0.6 | 3,783,177 | 100.0 |
| 1938 | 199,346 | 7.5 | 1,295,659 | 48.7 | 702,009 | 26.4 | 447,907 | 16.8 | 18,519 | 0.7 | 2,663,440 | 100.0 |
| 1939 | 230,731 | 7.9 | 1,414,059 | 48.5 | 859,913 | 29.5 | 390,619 | 13.4 | 22,344 | 0.8 | 2,917,666 | 100.0 |
| 1940 | 443,265 | 12.8 | 1,632,410 | 47.3 | 900,909 | 26.1 | 447,712 | 13.0 | 28,425 | 0.8 | 3,452,724 | 100.0 |
| 1941 | 506,487 | 17.5 | 1,530,303 | 52.8 | 476,091 | 16.4 | 355,685 | 12.3 | 29,998 | 1.0 | 2,898,565 | 100.0 |

Sources: MIHSKT (1932-35), P.281; NBS, "Supplement" (1936-41), P.43.

manufactures greatly exceeded exports of semi-finished manufactures in the period 1932-41. Compared to the 1920's, exports of foodstuffs and raw materials were in absolute terms either stationary or increased.

In the import trade, imports of semi-finished manufactures increased in the 1930's and imports of finished manufactures remained static. Imports of semi-finished manufactures in the years 1937-40 were very substantial. In absolute and relative terms, imports of finished manufactures were maintained in the 1930's due not only to domestic industrial development in this period but also to the trade policy of the Japanese Government. This aspect of the Japanese government's trade policy was to restrain exports of finished manufactures to the Yen-bloc and to reduce imports of finished manufactures from non-Yen-bloc countries. Government payments overseas increased substantially after the Manchurian Incident and accelerated even further after the China Incident. As Japan was becoming increasingly short of foreign currency, she could not import sufficient finished manufactures from outside the Yen-bloc.

Raw materials were the largest component in Japan's imports in the years 1932-41, as they had been during the First World War and the 1920's

Imports of foodstuffs dropped absolutely in 1931 and their total value in the 1930's was smaller than in the 1920's. However, as Japan became fully involved in War after the China Incident of 1937, local foodstuffs production was ignored, and increasingly supplies came from the "Greater East Asia Co-Prosperity Sphere".

(b) Exports and imports by commodities.

(1) Exports: Principal exports from Japan during the period 1932-41 are shown in Table 44. Two significant features should be noted. First, exports of raw silk decreased substantially. This was due essentially to a dramatic drop in raw silk prices in the 1930's. The important role of raw silk in securing foreign currency was thus undermined. Second, exports of cotton tissues were very substantial in the years 1932-37 but fell drastically, together with exports of cotton yarn and silk tissues, after the China Incident. Exports of cotton tissues and cotton yarn were concentrated in Asia (see Tables 45 and 46). China was the largest market for Japan's cotton tissues and cotton yarn during the First World War and in the 1920's. But she imported only small quantities during the 1930's. Exports of Japanese cotton manufactures shifted from China to India and the Netherlands East Indies in the 1930's. By the eve of the Pacific war, the Indies were a more important market than India for Japanese cotton goods.

Japan's cotton manufactures exports shifted from China to India for the following reasons, noted earlier. First, after the 4th May Movement in 1919 and the Chinese campaign against Japanese manufactures, China increased her customs duty on Japanese goods. Second, the rapid growth of the Japanese spinning industry in

Table 44.

Exports of Principal Commodities (Thousand Yen)

| Year | Raw Silk | | Cotton Yarn | | Cotton Tissues | | Silk Tissues | | Coal | | Copper | | Steam Vessels | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 382,366 | 27.1 | 21,547 | 1.5 | 288,713 | 20.5 | 50,288 | 3.6 | 13,450 | 1.0 | 10,518 | 0.7 | 5,428 | 0.4 |
| 1933 | 390,901 | 21.0 | 15,712 | 0.8 | 383,215 | 20.6 | 63,545 | 3.4 | 14,158 | 0.8 | 6,457 | 0.3 | 886 | * |
| 1934 | 286,793 | 13.2 | 23,484 | 1.1 | 492,351 | 22.7 | 77,487 | 3.6 | 10,375 | 0.5 | | | 216 | * |
| 1935 | 387,032 | 15.5 | 35,873 | 1.4 | 496,097 | 19.9 | 77,444 | 3.1 | 9,721 | 0.4 | | | 78 | * |
| 1936 | 292,808 | 10.9 | 38,344 | 1.4 | 483,591 | 18.0 | 68,026 | 2.5 | 10,356 | 0.4 | | | 6,090 | 0.2 |
| 1937 | 407,117 | 12.8 | 54,905 | 1.7 | 573,064 | 18.0 | 72,286 | 2.3 | 9,927 | 0.3 | Unavail- | | 19,844 | 0.6 |
| 1938 | 364,124 | 13.5 | 39,355 | 1.5 | 404,239 | 15.0 | 49,352 | 1.8 | 10,147 | 0.4 | able | | 14,846 | 0.6 |
| 1939 | 506,844 | 14.2 | 71,089 | 2.0 | 403,942 | 11.3 | 47,396 | 1.3 | 9,665 | 0.3 | | | 10,665 | 0.3 |
| 1940 | 446,060 | 12.2 | 57,975 | 1.6 | 399,137 | 10.9 | 37,699 | 1.0 | 8,283 | 0.2 | | | 29,812 | 0.8 |
| 1941 | 215,706 | 8.1 | 52,499 | 2.0 | 284,180 | 10.7 | 42,162 | 1.6 | 14,090 | 0.5 | | | 12,827 | 0.5 |

Sources: NBS;

Exports of silk tissues, coal and steam vessels during the period 1934-41 were from YC, op. cit..

* Less than 0.1

Table 45.

Exports of Cotton Yarns to each Country. (Thousand Yen)

| Year | China | | India | | Hong Kong | | Kwantung | | N.E.I. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 256 | 1.2 | 14,343 | 66.6 | 1,336 | 6.2 | 670 | 3.1 | 1,445 | 6.7 | 21,546 | 100.0 |
| 1933 | 168 | 1.1 | 7,605 | 48.4 | 291 | 1.9 | 614 | 3.9 | 1,236 | 7.9 | 15,712 | 100.0 |
| 1934 | 175 | 0.7 | 11,111 | 47.3 | 132 | 0.6 | Manchuria | - | 1,695 | 7.2 | 23,484 | 100.0 |
| 1935 | 198 | 0.6 | 20,093 | 56.0 | 943 | 2.6 | 4,627 | 12.9 | 4,502 | 12.5 | 35,873 | 100.0 |
| 1936 | 279 | 0.7 | 18,050 | 47.1 | 1,840 | 4.8 | 6,391 | 16.7 | 5,489 | 14.3 | 38,344 | 100.0 |
| 1937 | 1,024 | 1.9 | 19,845 | 36.1 | 3,624 | 6.6 | 8,333 | 15.2 | 13,790 | 25.1 | 54,905 | 100.0 |
| 1938 | 626 | 1.6 | 20,501 | 52.1 | 715 | 1.8 | 3,232 | 8.2 | 7,418 | 18.8 | 39,355 | 100.0 |
| 1939 | 0 | 0 | 28,958 | 40.7 | 5,010 | 7.0 | 6,671 | 9.4 | 14,093 | 19.8 | 71,089 | 100.0 |
| 1940 | 86 | 0.1 | 16,018 | 27.6 | 5,999 | 10.3 | 714 | 1.2 | 18,767 | 32.4 | 57,976 | 100.0 |
| 1941 | 4 | * | 9,411 | 17.9 | 6,116 | 11.6 | 1,632 | 3.1 | 28,524 | 54.3 | 52,499 | 100.0 |

Source: YC, op. cit., PP. 159-160.

* Less than 0.1.

Table 46.

Exports of Cotton Tissues to each Country. (Thousand Yen)

| Year | China | | Kwantung | | India | | N.E.I. | | Manchuria | | Total* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 37,158 | 12.9 | 16,107 | 5.6 | 80,653 | 27.9 | 50,228 | 17.4 | 3,263 | 1.1 | 288,712 | 100.0 |
| 1933 | 25,604 | 6.7 | 18,822 | 4.9 | 71,163 | 18.6 | 78,273 | 20.4 | 21,626 | 5.6 | 383,215 | 100.0 |
| 1934 | 13,030 | 2.6 | 19,233 | 3.9 | 66,815 | 13.6 | 82,829 | 16.8 | 40,253 | 8.2 | 492,351 | 100.0 |
| 1935 | 11,912 | 2.4 | 15,211 | 3.1 | 85,182 | 17.2 | 66,578 | 13.4 | 35,733 | 7.2 | 496,097 | 100.0 |
| 1936 | 7,860 | 1.6 | 28,331 | 5.9 | 72,517 | 15.0 | 55,390 | 11.5 | 47,221 | 9.8 | 483,591 | 100.0 |
| 1937 | 11,295 | 2.0 | 29,425 | 5.1 | 63,040 | 11.0 | 85,603 | 14.9 | 55,748 | 9.7 | 573,064 | 100.0 |
| 1938 | 23,910 | 5.9 | 17,389 | 4.3 | 67,878 | 16.8 | 39,485 | 9.8 | 38,009 | 9.4 | 404,239 | 100.0 |
| 1939 | 10,908 | 2.7 | 5,216 | 1.3 | 62,364 | 15.4 | 53,156 | 13.2 | 4,548 | 1.1 | 403,946 | 100.0 |
| 1940 | 29,289 | 7.3 | 11,114 | 2.8 | 62,208 | 15.6 | 56,265 | 14.1 | 2,477 | 0.6 | 399,137 | 100.0 |
| 1941 | 40,409 | 14.2 | 28.743 | 10.1 | 35,622 | 12.5 | 62,739 | 22.1 | 383 | 0.1 | 284,181 | 100.0 |

Source: YC, op. cit., PP. 169-170.

* Including all others (Hong Kong, The Straits Settlements, The Philippines, Siam, America, Chile, Egypt, Argentine, South Africa and Australia).

China (the Zaikabō), reduced exports from Japan herself. Third, the decline of British cotton manufactures in India opened the way for an expansion of Japanese imports into the sub-continent. In 1931, the Manchurian Incident caused a further boycott in China against Japanese goods. Japan soon lost markets in Central and South China. At that point India and Southeast Asia, in particular the Netherlands East Indies, became important alternative markets for Japanese cotton goods.

However the flood of Japanese cotton goods into the Indian market prompted India to establish in August 1932 a discriminatory customs duty under which Japan had to pay double the customs duty paid by British imports to India. In June 1933 the duty was further increased. However Japan still succeeded in penetrating the Indian market through the depreciation of the Yen. Therefore, on the eve of the China Incident, India had, to a great extent, replaced China as the principal market for Japanese cotton goods.

The Netherlands East Indies also absorbed large quantities of Japanese cotton goods in the 1930's. She became particularly important when India was taking measures to prevent Japanese goods flooding her market. Eventually by 1940 the Indies absorbed 32% of Japan's total cotton yarn exports and 14% of cotton tissues exports. In 1941 the former rose to 54% and the latter rose to 22%.

(2) Imports: Japan's principal imports in the years 1932-41 are shown in Table 47. Three significant features should be noted. First, imports of raw cotton fell substantially after 1937 yet remained the largest single commodity imported into Japan over the period 1932-41. Cotton was imported principally from America and India (see Table 48), despite the fact that prices of imported raw cotton from the U.S.A. increased from 135.2 in 1931 (1914=100) to 388.1 in 1937 (See appendix A ).

Table 47.

Imports of Principal Commodities (Thousand Yen)

| Year | Cotton | | Iron | | Wool | | Oil Cake | | Machinery and Engines | | Sugar | | Rice | | Mineral Oil | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 447,401 | 31.3 | 64,200 | 4.5 | 87,559 | 6.1 | 34,599 | 2.4 | 60,573 | 4.2 | 3,332 | 0.2 | 12,164 | 0.8 | 98,588 | 6.9 |
| 1933 | 604,847 | 31.5 | 136,294 | 7.1 | 164,191 | 8.6 | 41,180 | 2.1 | 72,658 | 3.8 | 12,793 | 0.7 | 11,521 | 0.6 | 108,859 | 5.7 |
| 1934 | 731,425 | 32.0 | 171,563 | 7.5 | 186,455 | 8.2 | 42,052 | 1.8 | 98,022 | 4.3 | 9,679 | 0.4 | 660 | * | 115,842 | 5.1 |
| 1935 | 714,262 | 28.9 | 207,159 | 8.4 | 191,761 | 7.8 | 38,678 | 1.6 | 105,008 | 4.2 | 12,701 | 0.5 | 3,349 | 0.1 | 144,011 | 5.8 |
| 1936 | 850,452 | 30.8 | 192,039 | 6.9 | 200,898 | 7.3 | 35,790 | 1.3 | 91,184 | 3.3 | 20,928 | 0.8 | 5,098 | 0.2 | 172,393 | 6.2 |
| 1937 | 851,162 | 22.5 | - | - | 298,403 | 7.9 | 45,309 | 1.2 | 158,082 | 4.2 | 18,806 | 0.5 | 4,032 | 0.1 | - | - |
| 1938 | 436,834 | 16.4 | 321,294 | 12.1 | 94,425 | 3.5 | 60,112 | 2.3 | 235,041 | 8.8 | 5,241 | 0.2 | 2,807 | 0.1 | - | - |
| 1939 | 462,354 | 15.8 | 380,659 | 13.0 | 72,590 | 2.5 | 104,638 | 3.6 | 248,364 | 8.5 | 140 | * | 6,286 | 0.2 | - | - |
| 1940 | 504,071 | 14.6 | 385,780 | 11.2 | 105,251 | 3.0 | 71,407 | 2.1 | 224,331 | 6.5 | 57 | * | 196,006 | 5.7 | - | - |
| 1941 | 392,262 | 13.5 | 157,930 | 5.4 | 124,067 | 4.3 | 62,921 | 2.2 | 274,492 | 9.5 | 2,919 | 0.1 | 265,479 | 9.2 | - | - |

Sources: YC, op. cit., and others

Including crude oil, heavy oil, kerosene oil and ditto only in 1934-36.

* Less than 0.1

Table 48.

Imports of Cotton from each Country. (Thousand Yen)

| Year | China | | India | | America | | Egypt | | N.E.I. | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 18,885 | 4.2 | 91,746 | 20.5 | 320,751 | 71.7 | 15,300 | 3.4 | 257 | 0.1 | 447,401 | 100.0 |
| 1933 | 24,347 | 4.0 | 168,796 | 27.9 | 381,655 | 63.1 | 19,084 | 3.2 | 269 | * | 604,847 | 100.0 |
| 1934 | 15,693 | 2.1 | 252,435 | 34.5 | 400,919 | 54.8 | 39,787 | 5.4 | - | - | 731,425 | 100.0 |
| 1935 | 20,705 | 2.9 | 259,037 | 36.3 | 371,952 | 52.1 | 43,009 | 6.0 | Brazil | - | 714,262 | 100.0 |
| 1936 | 22,778 | 2.7 | 315,061 | 37.0 | 372,415 | 43.8 | 36,415 | 4.3 | 44,763 | 5.3 | 850,452 | 100.0 |
| 1937 | 23,609 | 2.8 | 363,634 | 42.7 | 306,387 | 36.0 | 58,759 | 6.9 | 56,487 | 6.6 | 851,162 | 100.0 |
| 1938 | 71,789 | 16.4 | 113,330 | 25.9 | 166,413 | 38.1 | 27,529 | 6.3 | 41,365 | 9.5 | 436,834 | 100.0 |
| 1939 | 46,809 | 10.1 | 121,344 | 26.2 | 146,639 | 31.7 | 37,092 | 8.0 | 68,250 | 14.8 | 462,354 | 100.0 |
| 1940 | 91,365 | 18.1 | 115,374 | 22.9 | 177,449 | 35.2 | 34,815 | 6.9 | 54,137 | 10.7 | 504,071 | 100.0 |
| 1941 | 114,594 | 29.2 | 94,064 | 24.0 | 33,343 | 8.5 | 16,962 | 4.3 | 59,253 | 15.1 | 392,262 | 100.0 |

Source: YC, op. cit., P. 243.

As the export of cotton goods to Asia, particularly to India and to the Indies, was the most important mechanism by which Japan secured foreign currency, Japan could not suspend or restrict raw cotton imports. Although importing raw cotton at high prices jeopardized Japan's trade balance with the U.S.A., there was no alternative since Japan could only be successful in the Asian markets with cotton manufactures of higher quality than those of India and China. However, Japan had to reduce her reliance on American cotton supplies as political tension between the two powers increased, particularly after 1937. Consequently Japan encouraged cotton production in Greater East Asia to increase cotton imports into Japan from China and from Southeast Asia.

Second, imports of iron increased in the 1930's. Iron imports from each country are shown in Table 49. Japan imported iron almost entirely from the West, the U.S.A. being the most important supplier. Japan attempted to import more iron ore from China and Malaya in order to reduce her dependence on U.S. supplies. But China and Malaya were not able to supply sufficient iron ore. Therefore when a scrap iron and steel embargo was announced by America on 26th September 1940, followed by an embargo on iron ore, iron alloy, iron and steel products and semi-finished manufactures on 10th December the same year, there was total confusion in Japan's industry and government.

Third, imports of machinery and engines came mainly from the West in 1930's (see Table 50), as they had during the First World War and in the 1920's. It has already been explained why Japan's imports of machinery and engines switched from America to Europe in the 1920's. However in the 1930's and particularly after 1937, Japan's imports of machinery and engines rapidly switched back to America despite the tensions between the two powers. Political instability in Europe contributed to this

Table 49.

Imports of Iron from each Country. (Thousand Yen)

| Year | England | | Germany | | Belgium | | America | | India | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 13,386 | 20.9 | 11,712 | 18.2 | 3,020 | 4.7 | 11,681 | 18.2 | 3,027 | 4.7 | 64,200 | 100.0 |
| 1933 | 17,527 | 12.9 | 24,962 | 18.3 | 10,444 | 7.7 | 27,692 | 20.3 | 5,802 | 4.3 | 136,294 | 100.0 |
| 1934 | 11,608 | 6.8 | 23,614 | 13.8 | 11,951 | 7.0 | 67,913 | 39.6 | 12,053 | 7.0 | 171,563 | 100.0 |
| 1935 | 11,743 | 5.7 | 18,808 | 9.1 | 17,138 | 8.3 | 88,990 | 43.0 | 17,587 | 8.5 | 207,159 | 100.0 |
| 1936 | 7,320 | 3.8 | 12,119 | 6.3 | 7,460 | 3.9 | 78,096 | 40.7 | 22,137 | 11.5 | 192,039 | 100.0 |
| 1937 | - | - | - | - | - | - | - | - | - | - | - | - |
| 1938 | - | - | - | - | Manchuria | | - | - | - | - | 321,294 | 100.0 |
| 1939 | 779 | 0.2 | 33,688 | 8.8 | 46,683 | 12.3 | 228,494 | 60.0 | 28,021 | 7.4 | 380,659 | 100.0 |
| 1940 | 39 | * | 3,525 | 0.9 | 50,846 | 13.2 | 269,791 | 69.9 | 29,597 | 7.7 | 385,780 | 100.0 |
| 1941 | - | - | 941 | 0.6 | 77,395 | 49.0 | 56,329 | 35.7 | 7,613 | 4.8 | 157,930 | 100.0 |

Source: YC, op. cit., P. 265.

* Less than 0.1.

Table 50.

Imports of Machinery and Engines from each Country. (Thousand Yen)

| Year | England | | France | | Germany | | Swiss | | Sweden | | Total of Europe | | America | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1932 | 12,585 | 20.8 | 4,494 | 7.4 | 10,422 | 17.2 | 2,337 | 3.9 | 1,862 | 3.1 | 31,700 | 52.3 | 17,769 | 29.3 | 60,573 | 100.0 |
| 1933 | 12,336 | 17.0 | 3,507 | 4.8 | 16,964 | 23.3 | 2,169 | 3.0 | 3,722 | 5.1 | 38,698 | 53.3 | 22,246 | 30.6 | 72,658 | 100.0 |
| 1934 | 15,905 | 16.2 | 3,331 | 3.4 | 24,858 | 25.4 | 3,596 | 3.7 | 5,395 | 5.5 | 53,085 | 54.2 | 35,535 | 36.3 | 98,022 | 100.0 |
| 1935 | 21,860 | 20.8 | 2,980 | 2.8 | 29,883 | 28.5 | 2,732 | 2.6 | 5,951 | 5.7 | 63,406 | 60.4 | 38,902 | 37.0 | 105,008 | 100.0 |
| 1936 | 16,461 | 18.1 | 1,917 | 2.1 | 24,515 | 26.9 | 3,783 | 4.1 | 4,764 | 5.2 | 51,440 | 56.4 | 38,428 | 42.1 | 91,184 | 100.0 |
| 1937 | 21,324 | 13.5 | 1,357 | 0.9 | 41,946 | 26.5 | 4,911 | 3.1 | 8,041 | 5.1 | 77,579 | 49.1 | 77,876 | 49.3 | 158,082 | 100.0 |
| 1938 | 14,529 | 6.2 | 1,673 | 0.7 | 73,223 | 31.2 | 6,785 | 2.9 | 8,000 | 3.4 | 104,210 | 44.3 | 126,257 | 53.7 | 235,041 | 100.0 |
| 1939 | 9,265 | 3.7 | 1,929 | 0.8 | 67,822 | 27.3 | 6,297 | 2.5 | 12,160 | 4.9 | 97,473 | 39.2 | 147,794 | 59.5 | 248,364 | 100.0 |
| 1940 | 2,577 | 1.1 | 219 | 0.1 | 56,530 | 25.2 | 4,832 | 2.2 | 8,444 | 3.8 | 72,602 | 32.4 | 148,762 | 66.3 | 224,331 | 100.0 |
| 1941 | 1,368 | 0.5 | 123 | * | 31,106 | 11.3 | 6,955 | 2.5 | 5,307 | 1.9 | 44,859 | 16.3 | 38,460 | 14.0 | 274,492 | 100.0 |

Source: YC, op. cit., P. 279.

* Less than 0.1 .

change. Imports of both machinery and engines from England and France fell after 1937. Since Germany had a close diplomatic relationship with Japan in the late 1930's, she became Japan's most important supplier of machinery and engines amongst the European countries. Nevertheless, Japanese heavy industry would almost certainly have collapsed if imports of machinery and engines from America had been suspended. Even as late as 1939, 60% (148 million Yen) of Japan's total machinery and engine imports were from America. They increased to 66% (149 million Yen) in 1940. This is why when she planned to expand her economic and political influence in Asia, Japan could not afford to ignore American reaction.

Conclusion: Passing through the specific periods from 1914-18 to 1937-41, Japan's exports of semi-finished manufactures fell (except in 1924-28) from 44% of the value of total exports in 1914-18 to 25% in 1937-41, while exports of finished manufactures increased from 37% to 58% during the same period, (see Table 51). The former was due largely to a decrease in raw silk exports (after 1924-28) while the latter was due mainly to an increase in cotton goods exports. (see Table 52). Throughout the inter-war period, raw silk was exported principally to America (see Table 53) while cotton goods were exported largely to Asian countries (mostly to China, India and the Netherlands East Indies) (see Table 54).

Imports of raw materials remained at approximatley 50% of Japan's total imports throughout the inter-war period. (See Table 51). Large imports of raw cotton contributed substantially to the high level of raw materials imports. Raw cotton was imported principally from America and India (see Table 55). In addition, throughout the inter-war period, imports of iron, machinery and engines from the West were also of considerable importance. (see Table 52).

Table 51.

Changes in the Commodity Composition of Japanese Foreign Trade, 1914-41*

(Values in thousands of Yen and as percentages of the totals)

I. Exports

| Year (Average) | Foodstuffs | | Raw Materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914-18 | 126,108 | 10.5 | 67,047 | 5.6 | 530,705 | 44.3 | 446,692 | 37.3 | 28,244 | 2.4 | 1,198,396 | 100.0 |
| 1919-23 | 113,422 | 6.8 | 98,922 | 5.9 | 735,724 | 43.9 | 705,641 | 42.1 | 29,829 | 1.8 | 1,677,062 | 100.0 |
| 1924-28 | 143,339 | 7.1 | 127,129 | 6.3 | 909,473 | 44.9 | 816,031 | 40.3 | 28,354 | 1.4 | 2,024,325 | 100.0 |
| 1929-31 | 130,412 | 8.21 | 67,049 | 4.22 | 632,564 | 39.82 | 720,476 | 45.36 | 37,983 | 2.39 | 1,588,484 | 100.0 |
| 1932-36 | 167,013 | 7.85 | 91,630 | 4.31 | 589,294 | 27.71 | 1,218,473 | 57.29 | 60,592 | 2.85 | 2,127,002 | 100.0 |
| 1937-41 | 326,749 | 10.37 | 128,373 | 4.08 | 800,126 | 25.40 | 1,821,106 | 57.82 | 73,280 | 2.33 | 3,149,636 | 100.0 |

Table 51. (continued)

II. Imports

| Year (Average) | Foodstuffs | | Raw Materials | | Semi-finished Manufactures | | Finished Manufactures | | Miscellaneous | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914-18 | 72,136 | 7.9 | 504,046 | 54.9 | 235,268 | 25.6 | 99,360 | 10.8 | 6,903 | 0.8 | 917,714 | 100.0 |
| 1919-23 | 264,768 | 13.2 | 987,303 | 49.4 | 406,773 | 20.3 | 324,908 | 16.3 | 15,514 | 0.8 | 1,999,266 | 100.0 |
| 1924-28 | 342,491 | 14.5 | 1,273,669 | 54.1 | 373,787 | 15.9 | 351,847 | 14.9 | 14,008 | 0.6 | 2,355,803 | 100.0 |
| 1929-31 | 212,688 | 12.77 | 912,276 | 54.76 | 257,748 | 15.47 | 266,557 | 16.00 | 16,726 | 1.00 | 1,665,995 | 100.0 |
| 1932-36 | 186,415 | 8.58 | 1,168,068 | 53.74 | 378,213 | 17.40 | 256,719 | 11.81 | 16,266 | 0.75 | 2,173,440 | 100.0 |
| 1937-41 | 326,260 | 10.38 | 1,573,399 | 50.06 | 806,836 | 25.67 | 412,544 | 13.13 | 24,075 | 0.77 | 3,143,114 | 100.0 |

Sources: Computed from (i) MIHSKT, (1914-35), PP. 280-281.

(ii) NBS, "Supplement" (1936-41), P. 43.

Note: * Does not include exports to and imports from Korea, Taiwan and Karafuto.

Table 52.

Japan: Principal Exports and Imports (Value in thousands of Yen and as percentages of totals).

| | 1914-18 Average | | 1919-23 Average | | 1924-28 Average | | 1929-31 Average | | 1932-36 Average | | 1937-41 Average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Exports | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Raw Silk | 260,131 | 21.7 | 531,275 | 31.7 | 753,385 | 37.2 | 517,694 | 32.6 | 347,980 | 16.4 | 387,970 | 12.7 |
| Cotton Yarns | 97,759 | 8.2 | 108,086 | 6.4 | 73,629 | 3.6 | 16,767 | 1.1 | 26,992 | 1.3 | 55,165 | 1.8 |
| Cotton Tissues | 99,755 | 8.3 | 255,390 | 15.2 | 382,329 | 18.9 | 294,519 | 18.5 | 428,793 | 20.2 | 412,912 | 13.1 |
| Silk Tissues | 61,653 | 5.1 | 124,215 | 7.4 | 129,914 | 6.4 | 86,261 | 5.4 | 67,358 | 3.2 | 49,779 | 1.6 |
| Coal | 24,404 | 2.0 | 33,159 | 2.0 | 27,330 | 1.4 | 20,002 | 1.3 | 11,612 | 0.5 | 10,422 | 0.3 |
| Copper | 58,329 | 4.9 | 10,026 | 0.6 | 2,374 | 0.1 | 13,567 | 0.9 | - | - | - | - |
| Steam Vessels | 39,206 | 3.3 | 4,703 | 0.3 | 1,137 | 0.1 | 3,798 | 0.2 | 2,540 | 0.1 | 17,599 | 0.6 |
| Total | 1,198,396 | 100.0 | 1,677,062 | 100.0 | 2,024,325 | 100.0 | 1,588,484 | 100.0 | 2,127,002 | 100.0 | 3,149,636 | 100.0 |
| Imports | | | | | | | | | | | | |
| Cotton | 310,583 | 33.8 | 553,698 | 27.7 | 685,822 | 29.1 | 410,445 | 24.6 | 669,677 | 30.8 | 529,337 | 16.8 |
| Iron | 134,410 | 14.6 | 185,723 | 9.3 | 141,488 | 6.0 | 98,893 | 5.9 | 154,251 | 7.1 | 249,133 | 7.9 |
| Wool | 38,227 | 4.2 | 70,103 | 3.5 | 101,737 | 4.3 | 87,190 | 5.2 | 166,173 | 7.6 | 138,947 | 4.4 |
| Oil Cake | 51,336 | 5.6 | 117,835 | 5.9 | 104,202 | 4.4 | 62,228 | 3.7 | 38,460 | 1.8 | 68,877 | 2.2 |
| Machinery & Engine | 27,723 | 3.0 | 107,257 | 5.4 | 95,761 | 4.1 | 85,906 | 5.2 | 85,489 | 3.9 | 228,062 | 7.3 |
| Sugar | 18,937 | 2.1 | 60,957 | 3.0 | 72,675 | 3.1 | 24,245 | 1.5 | 11,887 | 0.5 | 5,433 | 0.2 |
| Rice | 25,813 | 2.8 | 60,187 | 3.0 | 70,928 | 3.0 | 16,445 | 1.0 | 6,558 | 0.3 | 94,922 | 3.0 |
| Mineral Oil | 11,005 | 1.2 | 37,323 | 1.9 | 66,951 | 2.8 | 89,428 | 5.4 | 127,939 | 5.9 | - | - |
| Total | 917,714 | 100.0 | 1,999,266 | 100.0 | 2,355,803 | 100.0 | 1,665,995 | 100.0 | 2,173,440 | 100.0 | 3,143,114 | 100.0 |

Sources: NBS; YC, op. cit., and others.

Table 53.

A Comparison of Raw Silk Exports to each Country. (Thousand Yen)

| | 1914-18 Average | | 1919-23 Average | | 1924-28 Average | | 1929-31 Average | | 1932-36 Average | | 1937-41 Average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| America | 222,217 | 85.1 | 477,987 | 89.9 | 712,978 | 94.5 | 498,857 | 96.4 | 323,676 | 88.0 | 326,844 | 84. |
| Europe[1] | 38,396 | 14.7 | 29,940 | 5.6 | 40,173 | 5.3 | 18,425 | 3.6 | 38,839 | 10.6 | 48,425 | 12. |
| Total[2] | 261,271 | 100.0 | 531,934 | 100.0 | 754,188 | 100.0 | 517,693 | 100.0 | 367,980 | 100.0 | 387,970 | 100.0 |

Source: Computed from YC, op. cit., PP. 166-167.

Notes: [1] Including France, England, Italy (1914-24), Russia (1914-21), Canada (1926-38) and Australia (1923-41).

[2] Including all others.

Table 54.

A Comparison of Cotton Tissue Exports to each Country. (Thousand Yen)

| | 1914-18 Average | | 1919-23 Average | | 1924-28 Average | | 1929-31 Average | | 1932-36 Average | | 1937-41 Average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| China | 52,231 | 52.4 | 116,767 | 45.8 | 158,677 | 41.6 | 92,186 | 31.3 | 19,113 | 4.5 | 23,162 | 5.6 |
| India | 17,309 | 17.4 | 39,476 | 15.5 | 68,640 | 18.0 | 73,407 | 24.9 | 75,266 | 17.6 | 58,222 | 14.1 |
| N.E.I. | 5,250 | 5.3 | 31,585 | 12.4 | 43,896 | 11.5 | 32,949 | 11.2 | 66,660 | 15.5 | 59,450 | 14.4 |
| Kwantung | 8,070 | 8.1 | 23,889 | 9.4 | 15,823 | 4.1 | 10,239 | 3.5 | 19,541 | 4.6 | 18,377 | 4.5 |
| Total[1] | 99,754 | 100.0 | 255,151 | 100.0 | 381,423 | 100.0 | 294,518 | 100.0 | 428,793 | 100.0 | 412,913 | 100.0 |

Source: Computed from YC, op. cit., PP. 169-170.

Note: [1] Including all others (Hong Kong, The Straits Settlements, The Philippines, Siam, Manchuria, etc.).

Table 55.

A Comparison of Cotton Imports from each Country. (Thousand Yen)

| | 1914-18 Average | | 1919-23 Average | | 1924-28 Average | | 1929-31 Average | | 1932-36 Average | | 1937-41 Average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| China | 33,229 | 10.7 | 36,264 | 6.5 | 53,023 | 7.7 | 24,326 | 5.9 | 20,482 | 3.1 | 69,633 | 13.2 |
| India | 172,947 | 55.5 | 260,028 | 47.0 | 309,728 | 45.2 | 164,019 | 40.0 | 217,415 | 32.5 | 161,549 | 30.5 |
| America | 95,636 | 30.7 | 239,814 | 43.3 | 294,400 | 42.9 | 202,286 | 49.3 | 369,538 | 55.2 | 166,046 | 31.4 |
| Egypt | 7,899 | 2.5 | 9,421 | 1.7 | 23,044 | 3.4 | 15,460 | 3.8 | 30,719 | 4.6 | 35,031 | 6.6 |
| N.E.I.[1] | 610 | 0.2 | 460 | 0.1 | 302 | * | 214 | 0.1 | 9,058 | 1.4 | 55,898 | 10.6 |
| Total[2] | 311,782 | 100.0 | 553,697 | 100.0 | 685,826 | 100.0 | 410,445 | 100.0 | 669,677 | 100.0 | 529,337 | 100.0 |

Source: Computed from YC, op. cit., P. 243.

Notes: * Less than 0.1

[1] Imports from N.E.I. stopped in 1933, thereafter, it includes only from Brazil.

[2] Including all others.

These features of Japanese foreign trade in effect obliged her to export more raw silk in exchange for raw cotton, iron and machines from the West. This in turn made it possible for Japan to export cotton goods to Asian countries. The more cotton goods Japan exported to Asia, the more she had to depend on Western (mostly American) raw cotton, iron and machine imports. Owing to increases in imported raw cotton, iron and machinery prices, in conjunction with falls in the price of exported raw silk, Japan always had a trade deficit with the West in the inter-war years. In order to correct this trade deficit and reduce her dependence on the West, Japan tried to import more raw cotton from China and India, and more iron ore and other industrial raw materials from China and Southeast Asia. Later she encouraged cotton cultivation in Southeast Asia. However, Asian cotton supplies, together with cotton from Egypt and Brazil, could never meet the needs of the Japanese spinning industry. Asian iron ore supplies and supplies of other raw materials, for example oil could never make it possble for Japan to rid herself of Western supplies completely. Furthermore Japanese economic penetration in other Asian countries - paralleled by an expanding political influence in the area - provoked strong protest not only from within Japanese influenced Asia but also from the West. Although Japan, through the depreciation of the Yen and through an improvement in her industrial efficiency, defeated British, Indian and Chinese competitors in the Asian cotton goods market, her commercial expansion in Asia had been continually interrupted by the restrictive measures taken against her.

Notes on Section Two.

(1) For an analysis of the Indian and Chinese import trade, see K. Matsui, Kindai Nihon Bōeki-shi (Trade History of Modern Japan), vol. III.

(2) Japan acquired not only an important market in Asia. She also exported capital to this region in order to ensure supplies of raw materials. Most notably Japan's famous Ishihara Sangyō Company started mining iron ore in Malaya in 1920. (See Section Four. Part 2. The Acquisition of Iron Ore).

(3) For example: the Encouragement Bill for Dye and Medicine Manufacturing in 1915; the National Treasury's Assistance Bill of the Physico-Chemical Research Institute in 1916; Encouragement Bill for the Steel Industry and a Vessels Control Ordinance in 1917; A war Industries Mobilization Bill and a Military Vehicles Supplementary Bill in 1918.

(4) For more information, see Yoshio Andō, Kindai Nihon Keizaishi Yōran (A Survey of Modern Japanese Economic History), 1978, P.101; Tōyō Keizai Sinpōsya, Kinyū Rokuzyūnen-shi (Sixty Years of Financial History), P.512; G.C.Allen, A Short Economic History of Modern Japan, 1867-1937 (Revised Edition), 1972, P.97 and S.Uyehara, The Industry and Trade of Japan, P.17.

(5) With the end of the First World War in November 1918, prices of commodities and in particular pig iron, steel, copper, soda ash and dye fell markedly. Japanese foreign trade had an adverse balance in 1919. The total current surplus on merchandise and invisible trade fell from 869 million Yen in 1918 to 429 million Yen in 1919.

(6) See K.Matsui, op. cit., PP. 208-209.

(7) Ibid., Vol. III, P.60.

(8) See also W.W.Lockwood, The Economic Development of Japan, Growth and Structural Change 1868-1954, P.58.

(9) K.Matsui, op.cit., Vol. III, PP.249-250; W.W.Lockwood, op. cit., P.63

(10) Uruguay, Australia and Argentine each abandoned the gold standard in December 1929 followed by Mexico in July 1931. The abandonment of gold by England in September 1931 caused British India, Canada, Ireland, British Malaya, Egypt, Norway, Sweden, Denmark, Finland, Portugal, Palestine, Austria and Japan to follow suit. Furthermore, South Africa, Nicaragua, Costa Rica, Colombia, Chile, Peru, Greece and Siam abandoned gold in 1932, America and the Philippines in 1933, Czechoslovakia in 1934 and Belgium in 1935.

(11) This will be discussed in more detail in Part 3 of this Section, Changes in the Commodity Composition of Japanese Foreign Trade.

(12) Japanese government expenditure abroad increased from 30,058,000 Yen in 1930 to 37,896,000 Yen in 1931. Most notably Japan's penetration into China in 1931 caused government expenditures to increase suddenly.

(13) For more detail on this development of Japanese industry and foreign trade, see S.Uyehara, op. cit., PP.637-638 and F.Moriya, Keizai-shi (Economic History of Modern Japan), PP.288-289.

(14) See K.Ono, op. cit., P.31. He also pointed out that "what is hidden on a yen basis becomes very apparent on a dollar basis .... when expressed in dollars, the value of Japanese trade after the lifting of the gold

embargo fell below the level of 1926-29, and the export price in dollars fell to 68 in 1935 against 100 in 1928. Exports increased in quantity to 185 in 1935 also against 100 in 1928, while the terms of trade fell to 71" (refer to the Table on next page).

(15) See the following works by Akira Hara, Nicchū Sensō-Ki no Kokusai Syūshi (International Balance during the Sino-Japanese war Period) in Syakai Keizaishi Gakkai, Vol. 34, No. 6, 1969, P.72; Nicchū Sensō-Ki no Gaika Kessai (Foreign Settlement during the Sino-Japanese war Period) in Keizai-gaku Ronsyū, Vol. 38, No.2, 1972, P.55; Senji Tōsei Keizai no Kaishi (The Beginning of the Controlled Economy in War Time) in Nihon no Rekishi (History of Japan), Vol.20, Kindai 7, 1976, P.230 and Rekishi Kagaku Kyōgikai, op. cit., PP.254-255

(16) A.Hara, Daitōa Kyōeiken no Keizai-teki Jittai (The Economic Realities of the Greater East Asia Co-Prosperity Sphere), 1974, P.9.

(17) For example: The Acts of the Temporary Measure of Exports and Imports and the Foreign Exchange Control Act were promulgated in 1937; the Links System of Exports and Imports with regard to the Yen-bloc was abandoned in 1938 and the Materials Mobilization Plan was then introduced.

(18) Thereafter, Canada, Australia, New Zealand, South Africa, India, Hong Kong, the Straits Settlements, the Philippines and Hawaii froze Japanese assets abroad.

For a detailed discussion of the frozen assets issue, see Nihon Bōeki Hōkoku Renmei, Shisan Tōketsu-rei Kaisetsu (An explanation of Frozen Assets), 1941; Tōa Kenkyūsho, Bei-Ei-Ran to Syokoku Tainichi

## The Scale of the Japanese Export and Import Trade

| Year | Export (million dollar) | Import (million dollar) | Excess of import over export (million dollar) | Quantity index (1928=100) | | Price index (1928=100) | | Terms of trade (A)/(B) |
|---|---|---|---|---|---|---|---|---|
| | | | | export | import | Export (A) | Import (B) | |
| 1926-29 | 924 | 1,047 | 123 | 116 | 105 | 94 | 96 | 98 |
| 30 | 709 | 762 | 53 | 103 | 92 | 73 | 76 | 95 |
| 31 | 548 | 602 | 54 | 106 | 102 | 55 | 55 | 100 |
| 32 | 384 | 401 | 17 | 125 | 101 | 57 | 65 | 89 |
| 33 | 470 | 490 | 20 | 138 | 105 | 68 | 83 | 82 |
| 34 | 636 | 677 | 41 | 163 | 112 | 67 | 93 | 72 |
| 35 | 706 | 708 | 2 | 185 | 117 | 68 | 96 | 71 |
| 36 | 769 | 799 | 32 | 202 | 128 | 68 | 98 | 69 |
| 37 | 902 | 1,087 | 185 | 211 | 137 | 76 | 126 | 61 |

Source: U.S. Tariff Committee, ed., Development of Postwar Japanese Trade, Japanese edition by the Federation of Economic Organizations, Japan, 1958, P.51.
Quoted from K.Ono, op. cit., P.31.

Shisantōketsu Gaikan (A General Survey of Japanese Assets Frozen by America, England and the Netherlands East Indies) 1942 and Ōkura-sho, Dainizi Taisen ni Okeru Rengōkoku Zaisan Shori (Assets Disposition by the Allies in World War II), 1976.

(19) With regard to this subject, see K.Matsui, op. cit., Vol.II, Chapter 2, Sections 3 and 4.

(20) Prof. K.Ono noted that Japan's exports to Europe decreased in 1915-18 (See Daiichiji Taisen Zengo no Gaikoku Bōeki (Foreign Trade Around the First World War) in Nihon Shihon-shugi Hattatsu-Shiron II, 1972, P.243). This is rather misleading as although exports to Europe dropped from 23% of total exports in 1913 to 16% in 1914 they recovered substantially after 1914 and amounted to 21% of total exports in 1917. Japan's exports to Europe during the inter-war years never attained the level reached during the First World War.

(21) Japan's exports to India were slightly greater than her exports to Southeast Asia. But imports from India were substantially below those from Southeast Asia, though greater than those from China.

(22) See K.Matsui, op. cit., Vol. III, P.35.

(23) The changes in Japan's foreign trade in 1925 were discussed in Part 1 of this Section, Brief Summary of Japanese Foreign Trade.

(24) However exports to Asia in the periods 1919-23 and 1924-28 were always more than 40% of Japan's total exports.

(25) Imports from Asia in this period were maintained at around 40% of Japan's total imports.

(26) Japan's total merchandise trade in 1929 amounted to 4,365 million Yen which was substantially higher than in 1927 or 1928. But Japan's export and import trade both diminished after 1930.

(27) Raw silk exports to America dropped from an annual average of 499 million Yen in 1929-31 to 324 million Yen in 1932-36.

(28) This will be discussed in more detail in Part 3 of this Section, Changes in the Commodity Composition of Japan's Foreign Trade.

(29) Imports of cotton from America increased from an annual average of 202 million Yen (49% of Japan's total cotton imports) in 1929-31 to 370 million (55%) in 1932-36.

(30) See Part 1 of this Section, Brief Summary of Japanese Foreign Trade.

(31) The Chinese Institute of National Economy ed., Riben Dui Hu Touzi (Japanese Investments in Shanghai), Shanghai, 1937, P.35.

(32) M.S.Farley, Japan as a Consumer of American Cotton in FES, 3-7-1935, P.98.

(33) Statistics of imports of iron from each country during the period 1914-18 are not available.

(34) For example, imports of generators and electric motors (1,000-5,000 kg in weight) and metallic and wood-working machines (1,000-5,000 kg in weight) from America represented 55.9% of Japan's total imports of those items and 61.6% in 1928. - See K.Matsui, op. cit.,

Vol. III, P.87. See also Minoru Toyosaki, Nihon Kikai Kōgyō no Kiso Kōzō (The Basic Structure of Japan's Machinery Industry), P.161.

(35) See K.Matsui, op. cit., Vol. III, P.90, for statistical evidence on this point.

## Section Three.

## The Development of the Japanese Spinning Industry and the Restriction of Exports of Cotton Goods to Southeast Asia.

### Part 1. Exports of Japanese Goods to Southeast Asia.

Throughout the period under consideration, Asia was the most important market for Japanese finished manufactures. Outside the Japanese Empire - Manchuria, Kwantung, Korea and Formosa - Southeast Asia was an important region to Japan for the distribution of its industrial commodities. By the mid-nineteen thirties, Japan was exporting increasing amounts of machinery, vehicles, metals, metal manufactures, textiles and cotton piece goods, as well as some light manufactures and consumption goods, and each of these was important in Japan's export trade with Southeast Asia.

In order to examine the position of Southeast Asia in Japan's export trade, specific manufactures in that trade will be examined in some detail. To facilitate this, commodities may usefully be divided into two basic categories - (a) Commodities produced wholly or largely from Japanese domestic raw materials and (b) commodities produced wholly or largely from imported raw materials. Silk tissues and artificial silk tissues, pottery, glass and glass manufactures, cement, coal and toys belong to the former category; cotton tissues, cotton towelling, cotton blankets, cotton yarn, knitted goods, paper, lamps and parts, iron manufactures and rubber tyres belong to the latter.

(A) Commodities produced wholly or largely from Japanese domestic raw materials (D.R.M.).

The "Oriental Economist" in its statistical survey of the "Foreign Trade of Japan" - one of the most authoritative and widely quoted sources on Japan's foreign trade statistics - divided articles exported from Japan proper (including Sakhalin) into 7 groups and 441 items. Of these, 6 D.R.M. goods exported from Japan will be considered.

Raw silk was in fact the most important D.R.M. good exported by Japan. However, it was consumed only by America and Europe. Japan could not find a significant export market for its raw silk in Southeast Asia as it was a luxury commodity.

Although the 6 D.R.M. goods shown in Table 56 were largely purchased by Southeast Asia, the total value of these exports accounted for less than 3% of Japan's total merchandise exports throughout the inter-war period. Among the 6 D.R.M. goods exported from Japan to Southeast Asia, silk tissues and artificial silk tissues[1] were the largest.

(B) Commodities produced wholly or largely from imported raw materials (I.R.M.).

8 I.R.M. goods which were largely exported to Southeast Asia during the inter-war period have been summarised in Table 57.

Among these 8 I.R.M. goods, two groups can be identified, that is cotton goods (cotton tissues, cotton towelling, cotton blankets, cotton yarn and knitted goods) and non-cotton goods (paper, lamps and parts, iron manufactures and rubber tyres). Exports of cotton goods from Japan to Southeast Asia were much more important than

Table 56.

D.R.M. Exports from Japan to Southeast Asia, 1914-41
(Values in thousands of Yen and as percentages of Japan's total merchandise exports)

| | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-41 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Silk tissues and artificial silk tissues (1) | - | - | 2,369(a) | 0.15(a) | 6,233 | 0.31 | 17,789 | 1.12 | 23,656 | 1.11 | 24,110 | 0.77 |
| Pottery (2) | 1,873 | 0.16 | 4,429 | 0.26 | 6,446 | 0.32 | 3,992 | 0.25 | 4,373 | 0.21 | 4,216 | 0.13 |
| Glass and glass manufactures (3) | - | - | 2,202(a) | 0.14(a) | 3,284 | 0.16 | 2,746 | 0.17 | 4,054 | 0.19 | 4,415 | 0.14 |
| Cement (4) | 1,645 | 0.14 | 3,010 | 0.18 | 2,567 | 0.13 | 5,270 | 0.33 | 2,068 | 0.10 | 1,787 | 0.06 |
| Coal (5) | 7,275 | 0.61 | 9,552 | 0.57 | 4,259 | 0.21 | 4,444 | 0.28 | 4,208 | 0.20 | 2,458 | 0.08 |
| Toys (6) | 526 | 0.04 | 448 | 0.03 | 744 | 0.04 | 1,117 | 0.07 | 2,031 | 0.10 | 1,112 | 0.04 |
| Total of D.R.M. | 11,319 | 0.95 | 22,010 | 1.33 | 23,533 | 1.17 | 35,358 | 2.23 | 40,390 | 1.90 | 38,098 | 1.21 |
| Total exports from Japan into S.E.A. | 68,993 | 5.76 | 114,178 | 6.81 | 149,050 | 7.36 | 133,881 | 8.43 | 254,818 | 11.98 | 274,772 | 8.72 |

Sources: Nihon Tōkei Kyōkai, Nihon Tōkei Nenkan, 1949; NBS, 1975;
Naikaku, Tokei-Kyoku, Nihon Teikoku Tōkei Nenkan, Several series;
The Department of Finance, Financial and Economic Annual of Japan, Several series; YC, op. cit., 1962.

Notes: (a) During the period 1920-23.
(1) Includes S.S.; P.; N.E.I. and S.. However, prior to 1934, it does not include S..
(2) Includes S.S.; P. and N.E.I..
(3) Includes S.S.; P.; N.E.I. and S.. However, it does not include S. prior to 1929.
(4) Includes S.S.; P. and N.E.I.. However, it does not include S.S. in 1919-28.
(5) Includes S.S. and P..
(6) Includes S.S.; P. and N.E.I.. However, it does not include P. in 1919-28.

Table 57 I.R.M. Exports From Japan to Southeast Asia, 1914-41

(Values in thousands of Yen and as percentages of Japan's total merchandise exports)

| | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-41 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Cotton tissues (1) | 38,493 | 3.21 | 41,641 | 2.48 | 65,012 | 3.21 | 46,169 | 2.91 | 97,817 | 4.60 | 90,416 | 2.87 |
| Cotton Towelling (2) | 338 | 0.03 | — | — | 861 (c) | 0.04 (c) | 609 | 0.04 | 1,075 | 0.05 | 572 | 0.02 |
| Cotton Blankets (3) | 244 | 0.02 | 759 (a) | 0.04 (a) | 1,303 | 0.06 | 1,030 | 0.06 | 2,008 | 0.09 | 1,625 | 0.05 |
| Cotton Yarn (4) | 1,070 | 0.09 | 818 | 0.05 | 2,444 (c) | 0.12 (c) | 999 | 0.06 | 3,405 | 0.16 | 17,690 | 0.56 |
| Knitted Goods (5) | 2,273 | 0.19 | 4,482 (b) | 0.29 (b) | 6,281 | 0.31 | 5,040 | 0.32 | 8,991 | 0.42 | 10,288 | 0.33 |
| Total of Five | 42,418 | 3.54 | 47,700 | 2.86 | 75,901 | 3.74 | 53,847 | 3.39 | 113,296 | 5.32 | 120,591 | 3.83 |
| Paper (6) | — | — | 875 (b) | 0.06 (b) | 822 | 0.04 | 482 | 0.03 | 1,332 | 0.06 | 3,044 | 0.10 |
| Lamps & Parts (7) | 448 | 0.04 | 736 | 0.04 | 1,240 | 0.06 | 1,253 | 0.08 | 2,021 | 0.10 | 1,513 | 0.05 |
| Iron Manufactures (8) | 1,361 | 0.11 | 1,864 | 0.11 | 2,642 | 0.13 | 2,857 | 0.18 | 8,222 | 0.39 | 7,221 | 0.23 |
| Rubber Tyres (9) | 1,575 | 0.13 | 3,330 | 0.20 | 3,014 | 0.15 | 2,666 | 0.17 | 3,117 | 0.15 | 884 | 0.03 |
| Total of I.R.M. | 45,802 | 3.82 | 54,505 | 3.27 | 83,619 | 4.12 | 61,105 | 3.85 | 127,988 | 6.02 | 133,253 | 4.24 |
| Total exports from Japan to S.E.A. | 68,993 | 5.76 | 114,178 | 6.81 | 149,050 | 7.36 | 133,881 | 8.43 | 254,818 | 11.98 | 274,772 | 8.72 |

Sources: Same as Table 56

Notes: (a) Represents only the years 1919 & 1923.
(b) During the period 1920-23.
(c) During the period 1926-28.

(1) Includes S.S.; P.; N.E.I. & S..
(2) Includes S.S. and N.E.I..
(3) Includes S.S.; P.; N.E.I. & S..
(4) Includes P. and N.E.I.. However, it does not include N.E.I. prior to 1926.
(5) Includes S.S.; P. and N.E.I.
(6) Includes S.S.; P. and N.E.I.. However, it does not include N.E.I. prior to 1924
(7) Includes S.S.; P. and N.E.I.
(8) Includes S.S; P. and N.E.I. However, it does not include S. prior to 1929, as it was not separately reported.
(9) Includes S.S. and N.E.I.

the exports of non-cotton goods. Exports of cotton goods to Southeast Asia were particularly important after the abandonment of the gold standard in December 1931. Depreciation of the Japanese Yen enormously stimulated exports of cotton goods to Southeast Asia. Indeed this trade amounted to more than 5% of Japan's total merchandise exports in the years 1932-36.

Total exports of I.R.M. goods to Southeast Asia amounted to 6% of Japan's total merchandise exports in the years 1932-36. Non-cotton goods alone constituted less that 1% of total exports. In short cotton goods were by far the most important item in the I.R.M. goods category of exports to Southeast Asia.

(C) A comparison of D.R.M., I.R.M. and raw silk exports.[2]

Table 58 shows the total exports of D.R.M. goods, I.R.M. goods and raw silk in Japan's total merchandise exports. I.R.M. goods were much more important than D.R.M. goods, if raw silk is not taken into account.

Total exports of D.R.M. and I.R.M. goods taken together were larger than exports of raw silk throughout the inter-war period. Exports of raw silk dropped from 33% of total merchandise exports in the period 1929-31 to only 16% in the years 1932-36. However, the total exports of D.R.M. and I.R.M. goods combined increased from 37% to 41% during the same period. In the years 1937-41 D.R.M. and I.R.M. goods combined constituted 31% of Japan's total exports. Exports of D.R.M. and I.R.M. combined increased absolutely from an annual average of 863 million Yen in the years 1932-36 to 975 million Yen in the years 1937-41. However, in relative terms it dropped from 41% to only 31% during the same period. Similarly, exports of raw silk increased absolutely from an annual average of 348 million Yen to 388 million Yen. However, in relative terms it dropped from 16% to 12% (See Table 58). The fall in relative terms of the

Table 58

## A Comparison of Total D.R.M., I.R.M. and Raw Silk Exports

(Values in thousands of Yen and as percentages of total exports)

| | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-41 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| D.R.M.:- | 45,926 | 3.84 | 199,645 | 12.41 | 219,247 | 10.83 | 189,984 | 11.96 | 277,068 | 13.03 | 291,563 | 9.26 |
| Silk Tissues and artificial Silk Tissues | —— | — | 112,150 (a) | 7.14 | 129,914 | 6.42 | 111,144 | 7.00 | 173,125 | 8.14 | 166,789 | 5.30 |
| Pottery | 11,868 | 0.99 | 23,909 | 1.43 | 31,805 | 1.57 | 27,814 | 1.75 | 37,275 | 1.75 | 51,325 | 1.63 |
| Glass & Glass Manufactures | —— | — | 13,416 (a) | 0,85 | 14,788 | 0.73 | 9,785 | 0.62 | 18,605 | 0.87 | 29,752 | 0.94 |
| Cement | 2,981 | 0.25 | 5,920 | 0.35 | 5,116 | 0.25 | 9,446 | 0.59 | 8,013 | 0.38 | 9,795 | 0.31 |
| Coal | 24,404 | 2.04 | 33,158 | 1.98 | 27,330 | 1.35 | 20,002 | 1.26 | 11,612 | 0.55 | 10,422 | 0.33 |
| Toys | 6,673 | 0.56 | 11,092 | 0.66 | 10,294 | 0.51 | 11,793 | 0.74 | 28,438 | 1.34 | 23,480 | 0.75 |
| I.R.M.:- | 236,354 | 19.72 | 435,312 | 26.90 | 536,254 | 26.51 | 398,163 | 25.06 | 586,237 | 27.58 | 683,041 | 21.70 |
| Cotton Tissues | 99,755 | 8.32 | 255,151 | 15.21 | 381,934 | 18.87 | 294,519 | 18.54 | 428,793 | 20.16 | 412,914 | 13.11 |
| Cotton Towelling | 2,800 | 0.23 | 2,857 (b) | 0.16 | 3,330 (d) | 0.17 | 2,901 | 0.18 | 6,078 | 0.29 | 7,659 | 0.24 |
| Cotton Blankets | 1,986 | 0.17 | 4,205 (c) | 0.24 | 3,635 (d) | 0.18 | 2,790 | 0.18 | 5,022 | 0.24 | 6,278 | 0.20 |
| Cotton Yarn | 97,759 | 8.16 | 108,086 | 6.44 | 73,627 | 3.64 | 16,767 | 1.06 | 26,992 | 1.27 | 55,165 | 1.75 |
| Knitted Goods | 16,670 | 1.39 | 21,952 (a) | 1.40 | 28,273 | 1.40 | 29,449 | 1.85 | 43,371 | 2.04 | 39,910 | 1.27 |
| Paper | —— | — | 18,340 (a) | 1.17 | 19,949 | 0.99 | 24,948 | 1.57 | 20,598 | 0.97 | 69,100 | 2.20 |
| Lamps and Parts | 3,708 | 0.31 | 5,265 | 0.31 | 6,634 | 0.33 | 8,466 | 0.53 | 15,929 | 0.75 | 18,486 | 0.59 |
| Iron Manufactures | 10,243 | 0.85 | 13,554 | 0.81 | 13,250 | 0.65 | 13,179 | 0.83 | 30,835 | 1.45 | 64,765 | 2.06 |
| Rubber Tyres | 3,433 | 0.29 | 5,902 | 0.35 | 5,622 | 0.28 | 5,144 | 0.32 | 8,619 | 0.41 | 8,764 | 0.28 |
| D.R.M. + I.R.M. | 282,280 | 23.56 | 634,957 | 38.50 | 755,501 | 37,34 | 588,147 | 37.02 | 863,305 | 40.61 | 974,604 | 30.96 |
| Raw Silk | 260,131 | 21.71 | 531,275 | 31.68 | 753,385 | 37.22 | 517,694 | 32.59 | 347,980 | 16.36 | 387.970 | 12.32 |

Sources: Same as Table 56 .

Notes: (a) During the period 1920-23.

(b) During the period 1919-22.

(c) Represents only the years 1919 and 1923.

(d) During the period 1926-28.

combined D.R.M., I.R.M. and raw silk share of total exports was due to the increase in exports of capital goods. These exports of capital goods were mainly to Manchuria and China.

Japan's exports of raw silk were replaced in importance by exports of D.R.M. and I.R.M. goods during the period 1932-41. This indicates that Japan's export trade relied increasingly on D.R.M. and I.R.M. goods, rather than on exports of raw silk, after the Manchurian Incident in 1931. As a result, these commodities became Japan's most important source of foreign currency in the 1930's.

"Silk tissues and artificial silk tissues" and "cotton tissues" were the most important items in the categories of D.R.M. and I.R.M. goods respectively. (See Table 58). The position of raw silk in Japan's export trade was in fact taken over by these two items in the period 1932-41.

Moreover, exports of cotton tissues were substantial in the 1930's. Exports of this item were even larger than those of raw silk from the later 1930's. (See Table 58). This implies that exports of cotton tissues to Asian markets were larger than exports of raw silk to America during this period. The abandonment of the gold standard and Japanese economic expansion in Asia after the Manchurian Incident of 1931 are important in explaining these changes.

(D) exports of cotton goods to Southeast Asia.

From the above analysis, it is clear that Southeast Asia purchased more I.R.M. goods than D.R.M. goods from Japan. Table 59 shows that total exports of D.R.M. and I.R.M. goods combined to Southeast Asia amounted to more than 60% (I.R.M. goods alone constituted around 50%) of

Table 59.

Principal Commodities Exported from Japan to Southeast Asia, 1914-41 (Thousand Yen)

| | 1914-18 average | 1919-23 average | 1924-28 average | 1929-31 average | 1932-36 average | 1937-41 average |
|---|---|---|---|---|---|---|
| (A) D.R.M.* | 11,319 | 22,010 (a) | 23,533 | 35,358 | 40,390 | 38,098 |
| (B) I.R.M.** | 45,802 | 54,505 (b) | 83,619 (c) | 61,105 | 127,988 | 133,253 |
| (A) + (B) | 57,121 | 76,515 | 107,152 | 96,463 | 168,378 | 171,351 |
| (C) Total exports from Japan to Southeast Asia | 68,993 | 114,178 | 149,050 | 133,881 | 254,818 | 274,772 |
| $\frac{(A)}{(C)}$ (as a percentage) | 16.4 | 19.3 | 15.8 | 26.4 | 15.9 | 13.9 |
| $\frac{(B)}{(C)}$ (as a percentage) | 66.4 | 47.7 | 56.1 | 45.6 | 50.2 | 48.5 |
| $\frac{(A) + (B)}{(C)}$ (as a percentage) | 82.8 | 67.0 | 71.9 | 72.1 | 66.1 | 62.4 |

Sources: Computed from Tables 56 and 57.

Notes: * Does not include glass and glass manufactures and silk tissues and artificial silk tissues in 1914-18.
** Does not include cotton tissues and paper in 1914-18 and cotton towelling in 1919-23.
(a) Includes glass and glass manufactures, and silk tissues and artificial silk tissues only during the period 1920-23.
(b) Includes knitted goods and paper only during the period 1920-23; cotton blankets, the years 1919 and 1923.
(c) Includes cotton towelling and cotton yarn only during the period 1926-28.

Japan's total exports to the region throughout the period 1914-41. Among I.R.M. goods, cotton goods were predominant in Japanese exports to Southeast Asia, and among cotton goods, cotton tissues were particularly important. (See Table 60).

In short cotton goods, especially cotton tissues, were the main Japanese export to Southeast Asia during the inter-war period.

This was a crucial problem in Japan's foreign trade. Raw silk had long been the most important commodity in Japan's export trade, but it suffered a drastic drop in value during and after the world economic crisis of 1929-31. After that date Japan's main export was dependent on a foreign rather than domestic raw material - that is raw cotton. Prices of raw cotton imported into Japan rose markedly after 1931 essentially because of the depreciation of the Yen following the abandonment of the gold standard in December 1931, and later because of the cotton control policy adopted by America after the cotton panic of June 1932.[3] This increase in the cotton price eventually caused a deterioration in Japan's trade balance. In addition the price of imports of machinery and engines from America and Europe also increased after 1931. Japan's own heavy industry was largely committed to military production. Therefore, although Japan produced some machinery and engines for its own industry - and for export to the Yen-bloc - imports of these items were very substantial up to 1942.

The more cotton goods that were exported, the larger the raw cotton and machinery imports that were required. Japan lowered her domestic wages and expanded exports of cotton goods to Asia, in order to prevent further deterioration in her trade balance. This export

Table 60.

Exports of Cotton Goods* to Southeast Asia (Thousand Yen)

| | 1914-18 average | 1919-23 average | 1924-28 average | 1929-31 average | 1932-36 average | 1937-41 average |
|---|---|---|---|---|---|---|
| (A) Exports of cotton tissues to S.E.A. | 38,493 | 41,641 | 65,012 | 46,169 | 97,817 | 90,416 |
| (B) Exports of cotton goods to S.E.A. | 42,418 | 47,700 | 75,901 | 53,847 | 113,296 | 120,591 |
| (C) Total exports from Japan to S.E.A. | 68,993 | 114,178 | 149,050 | 133,881 | 254,818 | 274,772 |
| $\frac{A}{C}$ (as a percentage) | 55.8 | 36.5 | 43.6 | 34.5 | 38.4 | 32.9 |
| $\frac{B}{C}$ (as a percentage) | 61.5 | 41.8 | 50.9 | 40.2 | 44.5 | 43.9 |

Source: Computed from Table 57.

Note: *Includes cotton tissues, cotton towelling, cotton blankets, cotton yarn and knitted goods.

effort provoked many difficulties which Japan could not easily tackle. These will be considered in more detail in the following section.

Part 2. Exports of Cotton Goods and Dependence on Raw Cotton and Machinery Imports.

(A) Dependence on raw cotton and machinery imports.

(a) Dependence on U.S.A. and Indian raw cotton supplies.

As noted in Section Two,throughout the inter-war period raw cotton was imported mainly from the U.S.A. and India. Comparatively low-quality Indian raw cotton was used extensively by Japan, as Japanese cotton goods were exported mainly to Asia, Africa, and Central and South America. In other words, Japan produced relatively low-quality cotton goods which were consumed by countries with low per-capita incomes.(4) However, although India supplied a very substantial volume of raw cotton to Japan throughout the inter-war period, imports from the U.S.A. into Japan surpassed those from India after 1929. This was due to the following reasons. First, raw cotton output in India was increasingly consumed by the Indian spinning industry in this period. Up to the First World War, exports of Indian cotton yarn were restricted by British policy in India and by keen competition from Japan.(5) The Indian spinning industry developed rapidly during and after the First World War as a result of the temporary absence of British cotton goods during the hostilities, and later as a result of high import duties imposed on Japanese goods by India. The total number of spindles and looms in the Indian spinning industry increased substantially in this period, as shown in Table 61. It followed that the development of the Indian spinning industry led to increasing domestic consumption of Indian raw cotton. Raw cotton consumed by the Indian spinning industry increased from an annual average of 2,143,126 bales (each of 392 lbs) in 1913-14 to 2,633,176 bales in 1930-31.(6) This increase in consumption was sufficient to restrict the amount of raw cotton available for export.

Table 61

The Development of the Indian Spinning Industry

(unit: thousand)

| Year | No. of spindles | Spindles in operation | No. of looms | Looms in operation |
|---|---|---|---|---|
| 1914 | 6,788 | 5,848 | 104 | 85 |
| 1917 | 6,738 | 6,067 | 114 | 100 |
| 1920 | 6,763 | 6,238 | 119 | 105 |
| 1925 | 8,510 | 7,454 | 154 | 135 |
| 1928 | 8,704 | 6,505 | 166 | 126 |
| 1931 | 9,311 | 8,093 | 182 | 157 |
| 1934 | 9,572 | n.a. | 194 | n.a. |
| 1937 | 9,876 | n.a. | 197 | n.a. |
| 1938 | 10,020 | n.a. | 200 | n.a. |

Sources: Takako Sanpei, Nihon Mengyō Hattatsu-shi (Studies on the Development of the Japanese Cotton Industry) 1941, PP.213-214; M.P.Gandhi, the Indian Cotton Textile Industry, 1930, P.95.

Note: n.a. = Not Available.

Second, during this period America provided comparatively good quality raw cotton to Japan. This ensured the production of improved quality cotton goods in Japan, so enabling her to compete with Indian and Chinese cotton goods. Japan depended almost entirely on Indian and Chinese raw cotton to produce cotton yarn below 20's; however, she depended mainly on American cotton in producing 24's and 60's.(7) Therefore, despite increases in American cotton prices from the early 1930's, Japan imported more cotton from America to make better-quality cotton goods - higher counts of yarn, finer varieties of cloth.(8)

Furthermore, we must note that from the early 1930's domestic cotton consumption in Japan also increased along with the increase in exports of Japanese cotton goods. Therefore Japan had to import more raw cotton to meet her domestic and export needs. Between 1932-36 although imports of both Indian and American raw cotton combined remained between 11.0 and 12.7 million piculs there was a clearly discernible trend towards lowering America's share in favour of India. (See Table below). However, the annual average of imports from America (6.94 million piculs) was much higher over this period than that from India (4.89 million piculs). This shows that America was still Japan's most important source of raw cotton not only for quality but also for quantity.

Imports of Raw Cotton from India and America

(unit: million piculs)

| | India | America | Combined |
|---|---|---|---|
| 1932 | 2.74 | 9.10 | 11.84 |
| 1933 | 3.98 | 7.43 | 11.41 |
| 1934 | 5.79 | 6.49 | 12.28 |
| 1935 | 5.21 | 5.76 | 10.97 |
| 1936 | 6.73 | 5.93 | 12.66 |
| 1932-36 (average) | 4.89 | 6.94 | 11.83 |

Source: YC, op. cit., P.243

Imports of raw cotton from China were less important than those from either the U.S.A or India, except in 1941. The low volume of imports from China for the period prior to 1941 was due largely to the fact that most Chinese raw cotton was of a far lower quality than that from the U.S.A. Moreover, raw cotton production in China was increasingly consumed by the Chinese spinning industry and by the "Zaikabō" (the Japanese spinning industries in China itself).

Imports of raw cotton from India and China fell further and further behind Japanese requirements. Thus Japan's dependence on U.S. raw cotton imports was decisive. Prices of imported raw cotton from U.S.A. increased from 135.2 in 1931 (1914=100) to 388.1 in 1937. This implied an increasing burden on Japan's trade balance as she consumed large quantities of American raw cotton.

(b) Dependence on the U.S.A and Europe for machinery and engines.

For imports of machinery and engines Japan was completely dependent on the U.S.A. and Europe throughout the inter-war period. Suspension of exports of machinery and engines by England or America was one of the great fears for Japan in this period. As Japan's relations with America and England worsened in the 1930's, this fear increased. As an insurance, a great effort was made by Japan to produce machinery and engines domestically, particularly machinery for the spinning industry. In addition an attempt was made to switch imports of these items from America and England to Germany.

To a certain extent, this effort was successful. Heavy industrial production was greatly expanded in Japan in the 1930's. In addition imports of machinery and engines from Germany increased greatly in the 1920's

and surpassed those from England in the 1930's. Imports of these items from Germany amounted to only 5 thousand Yen in 1919, but this rose to 21 million Yen in 1929, and to 73 million Yen in 1938. Imports of machinery and engines from England were only 15 million Yen in 1938.

However, as noted earlier, Japan's heavy industrial development in the 1930's was concentrated largely on munitions production. Japan did not produce sufficient machinery and engines for its own industrial sector. Consequently, imports from the U.S.A. were still of some importance in the 1920's and 1930's.

(B) Imports of raw cotton from the Yen-bloc and raw cotton cultivation in Southeast Asia.

The spinning industry was the most important industry in Japan from the very beginning of Japanese industrial development. Exports of cotton goods rapidly developed after the First World War. During the period 1932-41 exports of cotton goods surpassed exports of raw silk. Cotton goods played a particularly important role in improving Japan's international trade balance in the period 1932-37, at a time when Japan depreciated its currency in order to expand exports.

However, Japan was concerned over the possible suspension of raw cotton exports from the U.S.A. and from India, (which in the latter case depended largely on British policy). The cessation of raw cotton imports from these two countries would mean that Japan would have to halt its cotton goods production. Imports of raw cotton from China could not meet Japan's requirements. And indeed when imports of raw cotton from America diminished from 52% (6,942,000 piculs) of total imports in 1932-36 to 29% (2,716,577 piculs) in 1937-41, the result was serious contraction of Japanese cotton goods exports.

Japan had established raw cotton production in Ōsaka and Aichi from the very creation of its mechanized spinning industry in the 1880's. Japan started to export cotton goods in 1889 and in the following year began to import Chinese raw cotton. Dependence on Chinese and Indian raw cotton was built up in the period 1889-1892. Imports of raw cotton further increased when Japan abolished its Cotton Import Tariff in 1896 thus allowing cotton to be imported without duty. As soon as the First World War broke out, the U.S.A. replaced China as a major supplier of raw cotton to Japan.

At the beginning of the 1930's Japan drew up a cotton self-sufficiency programme. It was based on increasing cotton production in the Yen-bloc and later in Southeast Asia.(9) This programme was principally the result of the immense increase in raw cotton consumption in Japan and the rise in American raw cotton prices. It attempted to reduce dependence on American supplies. Exports of cotton goods to Asian countries increased markedly from the early 1930's and this forced Japan to import more and more raw cotton. Furthermore, the revoking of the Japan-India Commercial Treaty in April 1933 and the suspension of Indian cotton imports by Japan soon after, created a panic in the Japanese spinning industry. This panic strengthened Japanese determination to establish cotton self-sufficiency.

The first Japanese effort in this direction was to cultivate cotton in Korea. Raw cotton production had been temporarily built up in Korea after the First World War. However, production then fell and was eventually halted on Japan's insistence that Korea produce only foodstuffs. But Korean cotton production was again encouraged by Japan from the beginning of the 1930's. A plan was drawn up to produce 420 million Kin of cotton in the decade after 1935.(10) Cotton production in Korea increased in the 1930's due mainly to immense

investment by the Japanese spinning industry. However, Korea was still unable to produce sufficient cotton to meet Japanese needs, for the Korean agricultural sector continued to concentrate on rice.

Japan also encouraged raw cotton cultivation in China.[11] In the early development of the Japanese spinning industry in the years 1873-1895 China had been Japan's largest supplier of raw cotton.[12] Imports of Chinese raw cotton surpassed those from America in this period due partly to their lower quality. As China was in the early 1920's the third largest cotton-producing country in the world after America and India, Japan expected her, rather than Korea, to produce raw cotton - particularly following the Japanese occupation of Manchuria.

With the encouragement of the Nationalist Government, cotton production in China amounted to 11.3 piculs in 1934. This was 48% higher than production in 1930. Cotton production in North China comprised 60% of China's total cotton production in 1934.[13] After the First World War, continental cotton (so-called North China - American cotton - its quality was between that of American and Indian cotton) was transplanted from Japan and cultivated in North China, particularly in Shantong and Shanxi provinces. This Japaneee policy was, to some extent, successful, and enabled North China (Shantong, Shanxi, Sanxi, Hebei and Henan provinces) to produce 7.1 million tons of raw cotton by 1936. This was sufficient to meet the needs of the Japanese spinning industry in China itself.

Nevertheless, when we consider raw cotton consumption in Japan proper, China provided only a small part of the total raw cotton requirements of Japan. For example, in 1933-37 raw cotton consumption in Japan proper amounted on average to 13 million piculs per annum. Of this only 0.27 million piculs was provided by China.

In other words, China provided only 2% of Japan's total raw cotton requirements in this period.[14] Furthermore, Japan's military expansion in China faced constant resistance from the Chinese people. An anti-Japanese movement in China, thwarted complete Japanese occupation of North China, the principal cotton growing area. In fact cotton production in North China, as well as in other parts of the country, decreased markedly after 1936, as the following Table makes clear.

Cotton Cultivation Area and Cotton Production in China

| | Cultivation area (1,000 acres) | | | Production (1,000 piculs) | | |
|---|---|---|---|---|---|---|
| | North China | Remainder | Total | North China | Remainder | Total |
| 1936 | 28,937 | 27,273 | 56,210 | 7,131 | 7,337 | 14,468 |
| 1937 | 2,144 | 1,575 | 3,719 | 6,165 | 4,216 | 10,381 |
| 1938 | 1.043 | 862 | 1,905 | 4,089 | 3,203 | 7,292 |

Source: Compiled from Takako Sanpei, op. cit., PP.348-350

In 1938, Japan again proposed to encourage raw cotton production in China, particularly in North China. Production in North China was expected to increase from about 4 million piculs in 1938 to 5.8 million piculs in 1941, and then to 10 million piculs in 1946.[15] But this plan was unsuccessful, due essentially to Japan's further involvement in war and eventual defeat in 1945.

It was impossible for Japan to achieve complete self-sufficiency in raw cotton from within the Yen-bloc and later from within the "Greater East Asia Co-Prosperity Sphere". Japan consumed on average 13 million piculs of raw cotton in each year from 1933-37 but raw cotton production in the Yen-bloc (China - including Kwantung province, Manchuria and Taiwan; Korea) and Southeast Asia totalled only 9.7 million piculs per annum during the same period. In other words, even if all the raw cotton produced in the Yen-bloc and Southeast Asia

had been exported to Japan, Japan would have secured only 75% of her raw cotton requirements. The remainder would have had to have been imported from America and India. But not all raw cotton production in the Yen-bloc and Southeast Asia was available for export to Japan. China itself was a major raw cotton consumer. Although she produced on average 9.1 million piculs of raw cotton each year between 1933 and 1937, she consumed 9.6 million piculs each year during the same period. Consequently, Japan's cotton self-sufficiency programme was designed first to ensure a sufficient supply of raw cotton to the Japanese spinning industry in China, and second to prevent the contraction of cotton-goods production in Japan itself, were imports of raw cotton from America and India to cease. Japan constantly encouraged raw cotton production in the Yen-bloc, in spite of the fact that her colonies would be unable to export sufficient raw cotton to Japan to meet her needs.

When the war in China was prolonged beyond Japan's initial expectations, she turned to Southeast Asia for an expansion in cotton cultivation. Imports of raw cotton from the Yen-bloc were increasingly short of Japan's requirements. Moreover at the same time, conflict with the Western powers in Asia, particluarly with America, was coming to the surface. Raw cotton was not as important to Japan as war supplies, notably petroleum and rubber. In any case the need to expand exports of cotton goods in order to acquire foreign currency would vanish when, as the Japanese intended, a major part of Asia came under Japanese domination. However, without raw cotton, Japan would not have been able to produce cotton goods for her own needs. A nation-wide panic would have emerged if no raw cotton had been available for the spinning industries.

By 1936, Germany had diversified her sources of raw cotton supplies to thirty countries.[16] This

diversification might have attracted Japanese attention. Japan considered Southeast Asia as an important supplier in general outside the Yen-bloc. However, Southeast Asia had a low level of cotton cultivation at that time[17] as cotton production had not been encouraged by the Western colonial administrations. The average annual raw cotton production in Southeast Asia (including Burma) in the years 1936-38 was less than 0.5 million piculs (see Table 62). Nevertheless, Japan felt she must acquire more raw cotton from Southeast Asia, as well as from the Yen-bloc.

Table 62

Cotton Production in East Asia

(unit:1,000 piculs)

| Country | 1936 | 1937 | 1938 |
|---|---|---|---|
| Korea | 458 | 801 | 701 |
| Manchuria | 319 | 380 | 289 |
| China | 14,468 | 10,651 | 8,078 |
| | 15,245 | 11,832 | 9,068 |
| F.I.C. | 22 | 20 | n.a. |
| S. | 23 | 32 | 20 |
| P. | 8 | 8 | n.a. |
| N.E.I. | 22 | 32 | 35 |
| Burma | 345 | 453 | 322 |
| | 420 | 545 | 377 |
| Total | 15,665 | 12,377 | 9,445 |
| Australia | 32 | 37 | 47 |
| India | 18,852 | 17,303 | 15,255 |

Source: Toshiyoshi Okabe, op. cit., P.265.
Note: n.a. = Not available.

To accomplish this, a self-sufficiency programme within the Yen-bloc was introduced from the beginning of the 1930's, and an expansion of cotton cultivation in Southeast Asia was planned. This self-sufficiency programme included the training of experts in cotton production, and financing local agricultural co-operative associations and local research institutes. For example Japan disbursed 17,650 Yen to Korea in 1938[18] and

2,470 Yen to Taiwan in 1937 [19] to encourage local cotton production. In 1933 Japan spent 2.25 million Yen (Japanese Government 1 million Yen; the Japanese Spinning Associations 1 million Yen; and the South Manchurian Railway Company 0.25 million Yen) to establish an association called the Manshu Menka Kyōkai ( the Manchuria Cotton Association). This was designed to encourage cotton production in Manchuria.[20] In 1935 Japan established the Xing Zhong Company ( a subsidiary of the South Manchurian Railway Company) with a capital of 10 million Yen in order to encourage raw cotton production in North China. The Xing Zhong Company worked with the Nihon Menka Dōgyōkai (the Japan Cotton Association), Nihon Bōseki Dōgyōkai (the Japanese Spinning Association), Tōa Menka Kyōkai (the East Asian Cotton Association), Nichiman Menka Kyōkai (the Japan Manchuria Cotton Association) and Santō Menka Kairyō Kyōkai (the Shangtong Cotton Improvement Association) in North China.[21] Moreover in 1937 20 million Yen and 30 million Yen were invested in establishing the Nanyō Takushoku-gaisha (the South Sea Colonization Company) and the Taiwan Takushoku-gaisha (the Taiwan Colonization Company) respectively in order to secure raw materials, including iron ore, oil, rubber and raw cotton from Southeast Asia.[22] Then, in 1937, the Japanese Cotton Association spent 1,854 Yen in assisting the Nanyō Guntō Sangyō Kyōkai (the Industrial Association in the Southern Islands) in its attempts to cultivate cotton in the Southern Islands.[23]

In addition the Japanese introduced American cotton varieties into the Yen-bloc and Southeast Asia for they regarded the cotton cultivated in Asia as being of low quality. A great effort was made by Japan in sending delegations and individual experts to the Japanese dominions to investigate the possibility of cultivating American cotton there. Soil, climate and topography were taken into account and particular areas were eventually chosen for the cultivation of American cotton.

For example, as early as 1916, the Mitsubishi Zaibatsu was involved in cotton cultivation in North China. This was initially based in Shijia-zhuang and later extended to Zhending, Wuji, Shuru, Shunde and Zhangde prefectures. Mitsubishi distributed American cotton seeds to the Chinese peasants, on condition that they sold their raw cotton only to the company. Cotton cultivation in this area developed after more than ten years' involvement by Mitsubishi, which purchased almost all the raw cotton produced. In 1918 Tōyō Takushoku-gaisha (the Eastern Colonization Company) also started cotton cultivation in Shandong Province. Amongst the millions spent in expanding the cultivation of American cotton was for example the Eastern Colonization Company which made a loan of 0.2 million Yen to a Japanese cotton company and to the Shuntai Company in Jinan in order to expand the cultivation of American cotton in Zouping, Zhangdian and Gaomi prefectures. The Company purchased most of the raw cotton production from these prefectures. In addition in April 1934 the Ōkura and the Sumitomo Zaibatsu established the Manshu Menka-gaisha (the Manchuria Cotton Company) in Manchuria to promote cotton cultivation along the Liao basin. The Zaibatsu purchased all the cotton production from this area.(24)

In April 1933, the Manshu Menka Kyōkai (the Manchuria Cotton Association) was established.(25) This Association encouraged cotton cultivation in Manchuria through the selection and distribution of cotton seeds and by encouraging and instructing the Chinese peasants. In the following year a joint-venture, the Manzou Mianhua Gufen Youxian Gongsi (the Manchurian Cotton Co. Ltd.) was established with a capital of 2 million Yen of which the Manchurian Government contributed 1 million Yen. This Company established 29 raw cotton purchasing offices in the principal cotton producing areas of Manchuria and also established cotton spinning factories in Dahushan,

Liaoyang, Dashiqiao and Mianzou. The purpose was to control both raw cotton production and the manufacture of cotton goods in Manchuria.(26)

With regard to Thailand, the Japanese Foreign Office financed cotton cultivation in Udon and Nakhon Rajashima Provinces in the Northeast, Phitsanulok Province in Central Thailand and in several Northern provinces. It was reported that in 1937 the area under cotton cultivation in Thailand was little more than two thousand Chōbu (1 Chōbu = 2.45 acres). Cotton production was only 30,000 piculs. Japan had intended that Thailand would eventually produce 1 million bales of cotton annually on the assumption that the cotton cultivation area was expanded to 548,000 Chōbu. As the first step in this programme, in 1937 Japan set up a Five Year Plan, aimed at expanding cotton cultivation in the above provinces. The immediate target was 0.1 million Chōbu and 0.1 million bales over five years.(27) The Thai Government was required to meet the expenses of promoting cotton cultivation among its people whilst cotton experts were sent by Japan to Thailand.(28) The Taiwan Colonization Company was, through its subsidiary the Taiwan Menka (the Taiwan Cotton Company, established in 1937), responsible for carrying out this project.(29)

In the Philippines, Batangas (in the Southern area of Luzon) and Irokos (?) (in the North of Luzon) were regarded as suitable places for the expansion of cotton cultivation.(30) In 1918, the area of the Philippines under cotton cultivation was 2,115 hectares producing 2,120,083 kg of cotton per annum. However, in 1932, only 725 hectares were under cultivation producing only 147,260 kg annually.(31) In 1935, experiments were carried out in the Philippines with a view to reviving cotton cultivation in the islands. Japanese commercial agents reacted promptly to this development and made a tour of inspection through those provinces which were experimenting

with cotton. They then announced their readiness to purchase any supplies that became available.(32) In 1937, the area under cotton cultivation in the Philippines was about 2,000 hectares which produced 501,984 kg of cotton per annum. Once again Japan showed great interest in promoting and purchasing cotton from the Philippines. The Japanese authorities estimated that the Philippines could produce 36,288,000 kg of cotton each year in the five years after 1942.(33)

In New Guinea in the Netherlands Indies, Japan successfully cultivated cotton through the Nanyō Kōhatsu-gaisha (the South Seas Development Company). In addition high quality American cotton was produced in Celebes. The Japanese authorities estimated that the Netherlands Indies could produce 1 million piculs of cotton per annum from 1942, if cotton cultivation were expanded to Java, Sumatra and Borneo.(34)

In French Indo China, Annam and Cambodia were both regarded as suitable areas for expanding cotton cultivation. This view was based on a detailed investigation undertaken in 1941 by Nakae Enomoto (1892-1961), Emeritus Professor of Kyoto University. Enomoto stressed that 40,000 Chōbu of uncultivated land in Cambodia could be used for cotton cultivation. Moreover the Japanese Spinning Association estimated that 3 million hectares of red clay land in French Indo China as a whole could be used for cotton cultivation. This area would yield at least 4 million piculs of raw cotton each year.(35)

Finally Japan formed companies and organizations to import raw cotton from the Yen-bloc and from Southeast Asia. Tōyō Menka Kabushiki-gaisha (the Tōyō Cotton Co. Ltd.), Nippon Menka Kabushiki-gaisha (the Japan Cotton Co. Ltd.) and Gosho Kabushiki-gaisha (the Gosho Co. Ltd.) were the three largest of those companies in the

Asian cotton trade. They set up numerous branches and subsidiaries throughout Asia to purchase raw cotton.[36] Those local governments and agricultural co-operative associations which accepted Japanese assistance in the cultivation of cotton were obliged to sell their raw cotton to Japan. In order to purchase cotton from China and Southeast Asia, Japan had formed some 15-16 companies by 1932.[37] From then, the Manchurian cotton Co. Ltd. was formed in 1934,[38] the Xing Zhong Kōshi (the China Development Company) in North China in 1935,[39] the Hokushi Menka Kaisha (the North China Cotton Company) in 1936 [40] and the Siam Sangyō Kyōkai (the Siam Industry Association) and the Siam Menka Kabushiki-gaisha (the Siam Cotton Co. Ltd.) in 1937.[41] The cotton produced in these areas was almost completely purchased by Japan.

However, in spite of these efforts on the part of the Japanese, Japan's cotton self-sufficiency programme was unsuccessful. First although the programme was earnestly pursued from the very beginning of the 1930's, the cotton cultivation policy was continually interrupted as Japan became increasingly involved in war. Second, cotton production in these areas could, at best, supply sufficient raw cotton to meet the needs of the Japanese spinning industry in China. But they could never supply sufficient raw cotton to meet the needs of Japan herself. On the eve of the Pacific war, Japan estimated that each year she could secure 943,000 piculs of raw cotton from Korea and China, 80,000 piculs from Southeast Asia, and 526,000 piculs from Central and South America. These three regions would thus provide 1,594,000 piculs per annum (see Table 63). However, Japan also estimated that she would consume 2,304,000 piculs of raw cotton each year if there was a war. Therefore Japan would be short of 755,000 piculs of raw cotton each year even if she could secure supplies from the "Greater East Asia Co-Prosperity Sphere" and from Central and South America.[42] But, to import from Central and South America would be

Table 63 Possible Sources of Raw Cotton (As Estimated in August 1940 by the Cabinet Planning Board)

(unit: Picul)

| Country | Production | Supply to Japan | Local consumption | Type of cotton |
|---|---|---|---|---|
| Korea | 340,000 | 340,000 | ——— | American |
| Taiwan | 3,000 | 3,000 | ——— | " |
| Manchuria | 250,000 | ——— | 250,000 | " |
| North China | 850,000 | 300,000 | 550,000 | ⅔ American, ⅓ Indian. |
| Central China | 2,000,000 | 300,000 | 1,700,000 | Indian |
| | | 943,000 | | |
| Thailand | 23,000 | 23,000 | | American |
| French Indo China | 52,000 | 52,000 | | Indian |
| Netherlands East Indies | 5,000 | 5,000 | | " |
| | | 80,000 | | |
| Brazil | | 450,000 | | American |
| Mexico | | 2,000 | | " |
| Peru | | 65,000 | | Egyptian |
| Paraguay | | 3,000 | | American |
| Haiti | | 1,000 | | " |
| Costa Rica | | 1,000 | | " |
| Nicaragua | | 3,000 | | " |
| Argentina | | 1,000 | | " |
| | | 526,000 | | |
| Total | | 1,549,000* | | |
| Consumption in Japan | | 2,304,000 | | |

Source:
GSS, vol. 43, National Mobilization (1), P.558.

* American cotton 1,027,000 piculs, Indian cotton 457,000 piculs and Egyptian cotton 65,000 piculs.

impossible in war conditions. Moreover to import from China would itself be very difficult if Japan were involved in war. And then Southeast Asia could supply only 80,000 piculs of raw cotton each year despite the considerable efforts made by Japan in the region.

In fact, after the beginning of the Pacific war, acquiring raw cotton from its dominions was less important to Japan than acquiring other war supplies, principally petroleum, rubber, iron ore, bauxite, and later, salt and foodstuffs.

Part 3. The Restriction of Exports of Cotton Goods to China.

The spinning industry was a key industry in Japanese economic development. It developed rapidly during the later nineteenth century and by the end of the century it not only dominated the domestic market but also competed with other countries in foreign markets. Exports of cotton yarn and cotton tissues were greater than imports in 1897 and 1909 respectively.(43) Korea and China were the two most important markets for Japanese cotton manufactures. Japan began to drive away Indian and English cotton manufactures from the Korean market during the Sino-Japanese war (1895). She completely controlled the Korean market after the Russo-Japanese war (1905). Thereafter by establishing a powerful cotton tissues export organization (which was supported by the Bank of Japan), by taking advantage of the cheap transport provided by the South Manchuria Railway Company and the Japan-Manchuria-Korea Railways, and by the low tariffs on Japanese goods in Manchuria, Japan ousted American cotton tissues from the Manchurian market by 1913.(44)

Japan then began to compete with England in the Chinese market. Until 1916, England held a firm position in the Chinese cotton tissues market. But Japan's exports of cotton tissues increased substantially after 1914 and surpassed those from England (including India) by 1917. In 1919 Japanese goods amounted to 62% of China's total cotton tissue imports. (See Table 64).

The First World War led to the suspension of exports of cotton tissues from England to Asia. This gave the Chinese and Indian spinning industries an opportunity to increase their production for their domestic markets. However, Japan's exports of cotton goods to China, India and Southeast Asia also increased significantly during the First World War. Indeed Japan to a large extent, displaced English cotton manufactures in Asian markets.

Table 64

China: Imports of Cotton Tissues from Principal Countries.

(unit 1,000 Haikwan Tael)

| Year | Japan | | England (incl. India) | | Hong Kong | |
|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % |
| 1914 | 25,168 | 23.9 | 63,835 | 58.3 | 10,939 | 10.0 |
| 1915 | 25,839 | 31.2 | 46,977 | 56.7 | 9,961 | 12.1 |
| 1916 | 30,493 | 41.1 | 31,934 | 43.0 | 8,887 | 12.0 |
| 1917 | 54,046 | 56.0 | 31,100 | 32.2 | 1,078 | 11.1 |
| 1918 | 57,298 | 56.9 | 31,555 | 31.2 | 9,852 | 9.8 |
| 1919 | 87,920 | 62.4 | 36,368 | 25.9 | 11,577 | 8.0 |

Source: Nagayoshi Yamazaki, Shina Shizyō ni Okeru Gaikokusei Menpu no Kenkyū (A Study of Foreign Cotton Tissues in Chinese Markets) in Shina, vol. 16, No.9. However, this is quoted from Kazuichirō Ono, Daiichizi Taisen Zengo no Gaikoku Bōeki (Foreign Trade Around the First World War) in Nihon Shihonshugi Hattatsu Shiron (History of the Development of Japanese Capitalism), vol II, 1972, P.249.

Japan's exports of cotton yarn increased from 78 million Yen in 1914 to 158 million Yen in 1918; her exports of cotton tissues increased from 35 million Yen to 238 million Yen during the same period. Exports of cotton tissues increased more than exports of cotton yarn, because the Chinese and Indian markets were thrown open to Japan whilst, at the same time, China and India could produce sufficient cotton yarn to meet their own requirements.

The expansion of Japanese cotton tissue exports to China was, of course, not without its difficulties. However, at the same time competition with India for China's cotton yarn market became less severe. China had been India's principal cotton yarn market during the Meiji Period but India was surpassed by Japan as a supplier of the Chinese market in 1912. Japan's exports of cotton

yarn to China surpassed those from India in every year between 1914-25 (except 1920).

Japan's main rival in China was in fact the Chinese spinning industry. The absence of English cotton goods during the First World War gave China's spinning industry an opportunity to develop. Table 65 shows that the number of spindles in the Chinese spinning industry increased from 504 in 1913 to 2,033 in 1923. However, at the same time Japanese cotton goods flooded the Chinese market, provoking Chinese resistence. For example the introduction of increased customs duties in 1918 and the 4th May Movement in 1919, were directed principally against Japanese commercial penetration of China.

Table 65

Ownership of Spindles in China by Nationality

| | | Chinese | Japanese | English | Others | Total |
|---|---|---|---|---|---|---|
| 1913 | No. of Spindles | 504 | 75 | 176 | 80 | 835 |
| | % | 60.4 | 9.0 | 21.1 | 9.6 | 100.0 |
| 1923 | No. of Spindles | 2,033 | 961 | 255 | — | 3,250 |
| | % | 62.6 | 29.6 | 7.8 | — | 100.0 |
| 1927 | No. of Spindles | 2,033 | 1,303 | 205 | — | 3,541 |
| | % | 57.4 | 36.8 | 5.8 | — | 100.0 |
| 1931 | No. of Spindles | 2,403 | 2,630 | 177 | — | 4,210 |
| | % | 57.1 | 38.7 | 4.2 | — | 100.0 |

Source: Tōakeizai Chōsakyoku, Shina Bōsekigyō no Hattatsu to Sono Syōrai (The Development and Future of China's Spinning Industry). However, this Table is quoted from Ichirō Nakanishi, Kinyushutsu Saikaishi Igo no Bōeki-Kawase Mondia (Trade and Foreign Exchange Problems after the Reapplication of the Gold Embargo) in Nihon Shihonshugi Hattatsu-shi-Ron (History of the Development of Japanese Capitalism), vol.III, 1968, P256.

The development of the "Zaikabō" — direct investment in China by the Japanese spinning industry — increased substantially in response to this initial Chinese resistence. The "Zaikabō" were also encouraged by the availability of cheap labour and easy access to raw cotton supplies in China. Therefore, at a time when the Western countries were abandoning the China Market after the First World War, Japanese direct capital investment in China was being stimulated.(45) The number of spindles owned by the "Zaikabō" increased from 75 in 1913 to 961 in 1923. The development of the "Zaikabō" continued throughout the 1920's though at the time, the Chinese spinning industry was stagnant. (See Table 65). Indeed a large portion of the Chinese spinning industry was absorbed by the Japanese "Zaikabō" during this period.(46)

Exports of cotton goods from Japan to China decreased in the 1930's. Japan lost markets in Central and South China essentially as a result of the Chinese boycott campaign against Japanese goods following the Manchurian Incident in 1931. This was at a time when exports of raw silk were also falling whilst imports of raw cotton and machinery were increasing, so causing Japan to experience a severe trade deficit with America throughout the 1930's. India was thus chosen by Japan in the 1930's as a potential major export market for her cotton goods, to replace China.

Part 4. The Restriction of Exports of Cotton Goods to India.

India had exported cotton goods (mostly cotton yarn) to Japan, Korea, China and other Asian countries at a time when the Japanese spinning industry had been still at a primitive stage. India was the major rival to Japan when, in the Meiji era, the Japanese mechanized spinning industry had started to dominate its own domestic market. Japan ousted India from the Korean cotton yarn market in 1895. She began to compete with India in the cotton yarn markets of North China in the early 1900s, and of Manchuria after 1905. By 1912, exports of cotton yarn from Japan to the whole of China surpassed exports from India. (47)

The reasons why the Japanese spinning industry developed so quickly and overtook that of India first in the Japanese domestic market, and then in Korea and China can be summarised as follows.

First, in the years 1887-1896 Japan completely abandoned domestic raw cotton production and instead relied on Chinese and Indian raw cotton supplies. Japan replaced domestic raw cotton production by more profitable raw silk production. However, India concentrated on achieving self-sufficiency in raw cotton. India's advantage as regards raw cotton supplies was, however, outweighed by Japan's superior technology and industrializing economy. Japan transplanted modern spinning techniques from England and quickly removed production restrictions that derived from Japan's semi-feudal small-scale agricultural structure; Japan replaced the small-scale spinning industry with the more efficient English model. India, however, maintained her semi-feudal small-scale agricultural structure. Thus whilst Japan imported raw cotton and concentrated on the export of higher quality cotton goods, India concentrated on self-sufficiency in raw cotton for export and for use in the production of lower quality cotton goods.

Second, rather than the expensive high quality cotton goods exported by England, Japan produced mainly inexpensive cotton goods of a slightly lower quality which also had a large Asian market. As the Indian Cotton Tariff Board noted "the Japanese manufacturers are supplying long-cloth and shirtings, which are only slightly inferior to Lancashire goods, at prices which are distinctly lower than those of the latter, and differ very little from the cost of manufacture alone of Indian goods, to which their quality is distinctly superior".[48] In short Japanese cotton manufactures were of good quality but relatively cheap. Therefore, during the First World War the suspension of English cotton goods exports to Asia gave Japan a major opportunity to expand her markets.

Third, Japan's expansion into Asian markets was due in part to governmental assistance. The Japanese Government removed the cotton yarn export duty in 1894 and the raw cotton import duty in 1896. The Government lent 3 million Yen to the Yokohama Specie Bank in 1897 in order to assist cotton yarn exports to China. Another 3 million Yen was lent to the same bank and for the same purpose the following year.[49] Of course, governmental assistance was not confined to economic or financial measures. As we have seen, in the case of China, Japanese economic expansion was allied with political and military expansion.

Fourth, the development of the Indian spinning industry was restricted by British imperial policy. English cotton tissues exported to India were exempt from Indian import duty. From 1894 Indian production of cotton tissues and cotton yarn 20's uppers were subject to a 5% consumption tax. This limited the expansion of the Indian spinning industry.[50] Indian Factory legislation in 1881, 1891 and 1911 regulated hours of work and prohibited children from working in the mills. This served to increase the production costs of

Indian manufacturers.[51]

Furthermore, high import duties on machinery and coal, the existence of the managing agency system [52] and low capital accumulation [53] in India, also restricted the expansion of the Indian spinning industry. In contrast, in Japan the high efficiency of labour, the widespread use of cheap female labour, lower taxation of manufacturers, organized bulk-buying of raw cotton in America and India and finally low freight rates, [54] each ensured the rapid expansion of the Japanese spinning industry.

Consequently the Japanese spinning industry not only ousted Indian exports from the domestic Japanese market, but also overwhelmed Indian exports to Korea and China. When Japan's expansion in China met with Chinese resistence, Japan transplanted part of her spinning industry to China itself, and also began to increase exports of her goods to India and to Southeast Asia.

Japan's exports of cotton yarn and cotton tissues increased from 78 million Yen and 35 million Yen in 1914 to 158 million Yen and 238 million Yen in 1918. Cotton yarn exported to India increased from 0.9 million Yen in 1914 to 35.0 million Yen in 1918. Cotton tissues exported to India increased from 1.7 million Yen to 55.4 million Yen over the same period.[55]

When Indian exports to China were ousted by Japan, India had to consume most of her cotton yarn production domestically. However, due to the fall in English exports of cotton tissues to India from 3,104 million yards in 1913-14 to 867 million yards in 1918-19, the Indian spinning industry was in a position to develop quickly during this period. Nevertheless, imports of cotton tissues from Japan into India increased from only 9 million yards in 1913-14 to 238 million yards in 1918-19. (See Table 66). Indeed, as noted earlier

Table 66

Imports of British and Japanese Cotton Tissues into the Indian Market

(Unit: Million Yard)

| Year | England | | Japan | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1913-14 | 3,104 | 97.1 | 9 | 0.3 | 84 | 2.6 | 3,197 | 100.0 |
| 1918-19 | 867 | 71.5 | 238 | 19.6 | 107 | 8.8 | 1,212 | 100.0 |
| 1924-25 | 1,614 | 88.5 | 155 | 8.5 | 54 | 3.0 | 1,823 | 100.0 |
| 1925-26 | 1,287 | 82.3 | 217 | 13.9 | 60 | 3.8 | 1,564 | 100.0 |
| 1926-27 | 1,467 | 82.0 | 244 | 13.6 | 77 | 4.3 | 1,788 | 100.0 |
| 1927-28 | 1,543 | 78.2 | 323 | 16.4 | 107 | 5.4 | 1,973 | 100.0 |
| 1928-29 | 1,454 | 75.1 | 357 | 18.4 | 126 | 6.5 | 1,937 | 100.0 |
| 1929-30 | 1,248 | 65.1 | 562 | 29.3 | 109 | 5.7 | 1,919 | 100.0 |
| 1930-31 | 523 | 58.7 | 321 | 36.1 | 46 | 5.2 | 890 | 100.0 |
| 1931-32 | 383 | 49.4 | 340 | 43.8 | 52 | 6.7 | 776 | 100.0 |
| 1932-33 | 597 | 48.7 | 580 | 47.3 | 48 | 3.9 | 1,225 | 100.0 |
| 1933-34 | 426 | 53.5 | 349 | 43.9 | 21 | 2.6 | 796 | 100.0 |
| 1934-35 | 552 | 58.5 | 374 | 39.6 | 18 | 1.9 | 944 | 100.0 |
| 1935-36 | 440 | 46.4 | 496 | 52.4 | 11 | 1.2 | 947 | 100.0 |
| 1936-37 | 334 | 43.7 | 417 | 54.6 | 13 | 1.7 | 764 | 100.0 |
| 1937-38 | 267 | 45.1 | 306 | 51.8 | 18 | 3.0 | 591 | 100.0 |
| 1938-39 | 206 | 31.8 | 425 | 65.6 | 17 | 2.6 | 647 | 100.0 |

Source: Compiled from Ichirō Nakanishi, op. cit., P.263.

Japan's commercial expansion in India posed a severe threat to the Indian spinning industry. However, owing to the absence of British competition cotton tissue production in India increased from 1,164 million yards in 1914 to 1,578 million yards in 1917. Nevertheless the increase in Indian cotton tissue production was relatively small owing to the Japanese competition. In the face of severe Japanese competition Indian cotton yarn production fell slightly from 1,706,000 koli (1 koli = 400 pounds) in 1914 to 1,589,000 koli in 1920.

Japan's major exports of cotton goods switched from China to India in the 1920's. Exports of Japanese cotton yarn to India surpassed those to China in 1926. In 1929 exports of cotton yarn to India amounted to 50% of Japan's total cotton yarn export: in the same year China accounted for only 25%. Exports of cotton tissues from Japan to India amounted to 26% of Japan's total cotton tissue exports in 1929. They surpassed those to China in 1931. During the world economic crisis of 1929-31, India's imports of cotton tissues fell substantially. The annual imports of tissues from England fell from 1,454 million yards in 1928-29 to 523 million yards in 1930-31. However, imports of tissues from Japan increased in 1929-30 and in 1932-33. Indeed at this time Japan's exports of cotton tissues to India were almost equal to those from Britain. Japan's exports of cotton tissues to India surpassed those from Britain in 1935-36 and in 1938-39. In those years India's imports of cotton tissues from Japan were more than twice those from England. (See Table 66).

By 1930, the Government of India had established an 11% customs duty against British and Japanese cotton goods in order to protect the domestic spinning industry. However, Japan's cotton goods continued to flood the Indian market, much to the embarrassment of the Government of India. In April 1930, the Government introduced a

discriminatory customs duty against Japanese goods. There were two amendments to this duty in 1931, so that by August 1932 Japanese goods paid twice the customs duty paid by British imports on entering India. However, Japan had abandoned the gold standard in December 1931 and the Japanese yen had dropped precipitously against the rupee. The yen dropped from 147 Rupee in 1931 to 98 Rupee in June 1932 and 80 Rupee in November of the same year.(56) Therefore, Japan could still expand its exports of cotton goods to India in the early 1930's, despite the discriminatory duties imposed against Japanese imports.

Exports of cotton yarn and cotton tissues from Japan to India rose from 5.6 million Yen and 49.9 million Yen in 1931 to 14.3 million Yen and 80.7 million Yen in 1932. In contrast, imports of British cotton goods into India decreased during this period. (See Table 66). Eventually in April 1933 England required the Government of India to renounce the Japan-India Commercial Treaty of 1904 and to raise the customs duty against Japanese cotton imports from 50% to 75%. At that time British imports into India had to pay only 25% duty! These measures were crucial to Japan. The Japanese Spinning Association immediately decided to suspend the purchase of Indian raw cotton in protest against this highly discriminatory customs duty. The price of Indian raw cotton dropped drastically and cotton exports to Japan diminished. Eventually in January 1934 India reduced the customs duty against Japanese imports from 75% to 50%.(57)

In April 1934, Japan established a law called Tsūsyō Yōgo Hō (Adjusting Trade and Protecting Commercial Relations). According to this law Japan could raise import duties or generally restrict imports in order to negotiate over commercial issues with other countries. Moreover, as a consumer of Indian raw cotton, Japan had, in 1933-34, forced India to suspend its discriminatory

customs duty against Japanese imports by refusing to buy Indian raw cotton. Eventually Japan paid merely twice, instead of three times, the customs duty paid by British imports into India.

Nevertheless, Japan still had to accept a discriminatory customs duty. She could not abandon her dependence on India, as both a market for cotton exports and as a supplier of raw cotton. As Japan was attempting to reduce her dependence on American raw cotton supplies, suspension of imports of raw cotton from India would simply mean that Japan had to import more from the U.S.A.. China, Egypt, Brazil and Southeast Asia could never export sufficient raw cotton to meet Japan's needs.

One more point must be emphasized here. During the 1930's the price of imported raw cotton rose more rapidly than the price of exported cotton goods. Over the period 1932-36 imports of raw cotton into Japan increased by 20% in quantity but by 90% in value. Japanese exports of cotton tissues increased 33% in quantity and 67% in value during the same period. The relatively high price of imported raw cotton was due largely to the U.S.A.'s price support policy in the early 1930's and the depreciation of the Japanese Yen. Conversely the fall in the yen's value depressed the price of exported cotton tissues. This enabled Japan to compete with other cotton producers in foreign markets. The low price of Japanese cotton tissues in the 1930's was also due to low wages and technical improvements in the Japanese spinning industry.

Through the trade in cotton goods, frequent conflicts occurred between Japan and England (including India, Egypt and Australia), America (involving the Philippines) and the Netherlands (in practice the Netherlands East Indies). We will discuss here only the conflict between Japan and England, (involving India, Egypt and Australia).

The first Japan-India Conference was held in India in September 1933. The revoking of the Japan-Indian Commercial Treaty the previous April and the imposition of a highly discriminatory customs duty against Japanese cotton goods the previous June had been critical to the Japanese economy. Therefore, both governments were eager to normalize their trade relationship. After 7 months and 48 negotiating sessions, agreement was reached in April 1934. The new commercial treaty, with an attached protocol, was signed in London in July 1934. India abandoned its 75% discriminatory customs duty against Japanese cotton goods; Japan agreed not to export more than 400 million sq. yards of cotton tissues to India each year; Japan also agreed to import 1.5 million bales of raw cotton from India annually; exports of Japanese cotton tissues into India were to be reduced whenever Japan purchased less than 1.5 million bales of raw cotton. But Japan still felt that the remaining restrictions on her trade in cotton goods and in raw cotton, jeopardized her international trade balance. Indeed Japanese cotton goods were still being discriminated against by the Indian customs duty. Similarly, India considered that the import of 400 million sq. yards of cotton tissues from Japan each year was to her serious disadvantage. It was also felt that some imports from Japan should bear a higher customs duty. Therefore, the protocol attached to the treaty of 1934 was revoked by India and Japan in December 1936 with respect to raw cotton and in March 1937 with respect to cotton tissues. In April 1937, a second Japan-India Conference was held and soon came to agreement. Japan agreed to import 1.57 million bales of raw cotton from India each year and India agreed to import more coloured tissues and bleached cotton (Terashi-ji) from Japan. A third Conference was held in October 1939 as the agreement made at the 1937 Conference had lapsed in March. However, this third Conference was interrupted by the outbreak of war. (58)

Parallel to the first Japan-India Conference was a Japan-Britain Conference held in London in March 1934. However, negotiations were soon suspended due to Japanese insistence that under the proposed treaty British cotton exports be confined to the British Empire. In May 1934 Britain gave instructions to all her colonies to restrict imports of Japanese cotton goods. The Straits Settlements, Nigeria, the Gold Coast, Zambia, Jamaica and Trinidad immediately responded to this campaign.(59) In addition, in July 1935 the Egyptian government denounced the Japan-Egypt Provisional Commercial Agreement and a conference between the two countries was held in Cairo the following October. This Conference broke down in April 1936 due partly to Egypt's insistence that she impose a 40% exchange compensation tax on Japanese cotton and silk goods imports and partly due to Japan's insistence that she export 109.74 million sq. M. of cotton tissues to Egypt each year instead of the 11.5 million sq.M. requested by Egypt.(60)

Australia imposed a discriminatory customs duty on Japanese cotton goods and silk goods imports in May 1936 but Japan retaliated by suspending imports of Australian wool and wheat. This conflict was settled in December 1936 when Australia abandoned the high customs duty whilst Japan agreed to import 0.8 million bales of wool from Australia by June 1938. Australia agreed to import 51.25 million yards of cotton tissues and silk tissues from Japan each year.(61)

In short trade conflicts between Japan and Britain increased substantially in the 1930's. This was reflected in the restriction or even suspension of the import of Japanese cotton goods in many ports of the British Empire. Although some commercial compromises between Japan and the British dominions, notably India and Australia, were reached, Japan's export of cotton goods to the British Empire as a whole was seriously restricted in the 1930's.

Part 5. The Restriction of Exports of Cotton Goods to Southeast Asia.

Like China and India, Southeast Asia was an important consumer of Japanese cotton goods during the inter-war period. Southeast Asia's position in this respect became even more important when Japan's exports of cotton goods to China and India were forced to overcome discriminatory customs duties and boycott campaigns.(62)

In the Chinese and Indian cotton markets, Japan competed not only with the British spinning industry but also with local Chinese and Indian producers. With the restriction of British cotton goods exports to Asia during the First World War, the Chinese and Indian spinning industries developed rapidly as direct rivals to Japanese producers, as all three Asian industries produced mainly low quality cotton goods.

There was no local Southeast Asian spinning industry, though Japan competed with China and India in the Southeast Asian cotton market. However China and India were not major competitors in Southeast Asia for Japan had ousted them from this market. The boycott campaign in Southeast Asia against Japanese goods in the 1930's (63) was essentially a protest against the Japanese military expansion in China. From the economic point of view, the Southeast Asia boycott campaign benefitted only the Western spinning industries and not the people of Southeast Asia.

The colonial powers were the direct competitors of Japan for the cotton market of Southeast Asia. Japan competed with America in the Philippines, France in French Indo-China, Britain in Siam and the Malay States, and the Netherlands in the Netherlands East Indies. However, in general Britain was the major competitor of Japan in Southeast Asia's cotton market during the

inter-war period. Britain exported cotton goods not only to its own colonies but throughout Southeast Asia. Japan switched her exports of cotton goods from China and India to Southeast Asia when it became difficult to export to the former. Furthermore, imports of raw materials from Southeast Asia were becoming increasingly vital for the Japanese war economy and this forced Japan to expand her exports to the region.

Japanese expansion into the Southeast Asia cotton goods market began in earnest during the First World War when Europe was involved in hostilities. Although Japanese cotton exports to Southeast Asia were not particularly substantial during this period, Japan at least secured a footing for her later commercial expansion in the area.

Japan's exports of cotton goods to Southeast Asia rose markedly during the 1920's, becoming almost equal to her cotton exports to India. (See Table 67). This increase in cotton exports to Southeast Asia in the 1920's comprised mainly an increase in exports to the Netherlands East Indies. These exports increased particularly rapidly in 1920 because Japan could not find a large market in China for her cotton goods following the imposition of a high tariff and the institution of an anti-Japan campaign in 1919. Japan exported over two fifths of her cotton tissue exports to India and the Netherlands East Indies in 1920.

Exports of both cotton yarn and cotton tissues from Japan to the Netherlands East Indies were very substantial in the 1930's. (See Tables 67 and 68). The Netherlands East Indies was clearly Japan's major customer in Southeast Asia in this period. This was partly because of the size of her population and partly because the Indies was an important free trade country at least up to the 1930's. In contrast French Indo-China consumed

Table 67 Exports of Cotton Tissues from Japan to Each Country

(Thousand Yen)

| Year | China | | Manchuria | | Kwantung | | India | |
|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % |
| 1914 | 26,188 | 75.2 | | | 3,330 | 9.6 | 1,727 | 5.0 |
| 1915 | 27,331 | 71.0 | | | 3,177 | 8.2 | 3,703 | 9.6 |
| 1916 | 34,783 | 57.9 | | | 4,024 | 6.7 | 10,560 | 17.6 |
| 1917 | 84,804 | 66.5 | | | 8,988 | 7.1 | 15,121 | 11.9 |
| 1918 | 88,047 | 37.0 | | | 20,832 | 8.8 | 55,435 | 23.3 |
| 1919 | 143,283 | 51.1 | | | 44,207 | 15.8 | 29,507 | 10.5 |
| 1920 | 130,515 | 39.0 | | | 26,592 | 7.9 | 67,289 | 20.1 |
| 1921 | 100,987 | 49.6 | NOT | | 15,536 | 7.6 | 30,465 | 15.0 |
| 1922 | 108,757 | 49.0 | | | 18,494 | 8.3 | 33,567 | 15.1 |
| 1923 | 100,292 | 42.7 | APPLICABLE | | 14,617 | 6.2 | 36,551 | 15.6 |
| 1924 | 137,721 | 42.2 | | | 15,700 | 4.8 | 47,114 | 14.4 |
| 1925 | 194,012 | 44.8 | | | 19,501 | 4.5 | 70,394 | 16.3 |
| 1926 | 179,797 | 43.5 | | | 15,858 | 3.8 | 69,726 | 16.9 |
| 1927 | 123,360 | 32.3 | | | 12,983 | 3.4 | 85,781 | 22.5 |
| 1928 | 158,497 | 45.0 | | | 15,073 | 4.3 | 70,185 | 19.9 |
| 1929 | 150,115 | 36.4 | | | 15,358 | 3.7 | 109,138 | 26.4 |
| 1930 | 86,914 | 31.9 | | | 9,186 | 3.4 | 61,216 | 22.5 |
| 1931 | 39,529 | 19.9 | 3,543 | 1.8 | 6,172 | 3.1 | 49,866 | 25.1 |
| 1932 | 37,158 | 12.9 | 3,263 | 1.1 | 16,107 | 5.6 | 80,653 | 27.9 |
| 1933 | 25,604 | 6.7 | 21,626 | 5.6 | 18,822 | 4.9 | 71,163 | 18.6 |
| 1934 | 13,030 | 2.6 | 40,253 | 8.2 | 19,233 | 3.9 | 66,815 | 13.6 |
| 1935 | 11,912 | 2.4 | 35,733 | 7.2 | 15,211 | 3.1 | 85,182 | 17.2 |
| 1936 | 7,860 | 1.6 | 47,221 | 9.8 | 28,331 | 5.9 | 72,517 | 15.0 |
| 1937 | 11,295 | 2.0 | 55,748 | 9.7 | 29,425 | 5.1 | 63,040 | 11.0 |
| 1938 | 23,910 | 5.9 | 38,009 | 9.4 | 17,389 | 4.3 | 67,878 | 16.8 |
| 1939 | 10,908 | 2.7 | 4,548 | 1.1 | 5,216 | 1.3 | 62,364 | 15.4 |
| 1940 | 29,289 | 7.3 | 2,477 | 0.6 | 11,114 | 2.8 | 62,208 | 15.6 |
| 1941 | 40,409 | 14.2 | 383 | 0.1 | 28,743 | 10.1 | 35,622 | 12.5 |

Table 67 continued

(Thousand Yen)

| Year | Netherlands East Indies | | The Straits Settlements | | The Philippines | | Siam | |
|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % |
| 1914 | 183 | 0.5 | 212 | 0.6 | 308 | 0.9 | 60 | 0.2 |
| 1915 | 428 | 1.1 | 338 | 0.9 | 247 | 0.6 | 67 | 0.2 |
| 1916 | 2,245 | 3.7 | 757 | 1.3 | 277 | 0.5 | 179 | 0.3 |
| 1917 | 5,701 | 4.5 | 1,359 | 1.1 | 1,066 | 0.8 | 382 | 0.3 |
| 1918 | 17,693 | 7.4 | 3,900 | 1.6 | 1,547 | 0.7 | 1,544 | 0.6 |
| 1919 | 24,415 | 8.7 | 2,742 | 1.0 | 505 | 0.2 | 334 | 0.1 |
| 1920 | 60,465 | 18.1 | 6,949 | 2.1 | 6,551 | 2.0 | 1,362 | 0.4 |
| 1921 | 25,571 | 12.6 | 3,841 | 1.9 | 3,779 | 1.9 | 609 | 0.3 |
| 1922 | 24,938 | 11.2 | 5,892 | 2.7 | 3,452 | 1.6 | 1,362 | 0.6 |
| 1923 | 22,534 | 9.6 | 6,048 | 2.6 | 5,398 | 2.3 | 1,432 | 0.6 |
| 1924 | 37,153 | 11.4 | 7,069 | 2.2 | 7,190 | 2.2 | 1,574 | 0.5 |
| 1925 | 49,373 | 11.4 | 14,559 | 3.4 | 10,888 | 2.5 | 2,911 | 0.7 |
| 1926 | 44,468 | 10.7 | 11,998 | 2.9 | 9,123 | 2.2 | 3,190 | 0.8 |
| 1927 | 49,213 | 12.9 | 9,776 | 2.6 | 10,927 | 2.9 | 4,038 | 1.5 |
| 1928 | 39,275 | 11.2 | 3,519 | 1.0 | 6,797 | 1.9 | 1,358 | 0.4 |
| 1929 | 42,283 | 10.2 | 5,797 | 1.4 | 5,629 | 1.4 | 3,815 | 0.9 |
| 1930 | 28,284 | 10.4 | 6,283 | 2.3 | 5,438 | 2.0 | 2,581 | 0.9 |
| 1931 | 28,279 | 14.2 | 5,212 | 2.6 | 4,162 | 2.1 | 795 | 0.4 |
| 1932 | 50,228 | 17.4 | 11,229 | 3.9 | 2,769 | 1.0 | 3,338 | 1.2 |
| 1933 | 78,273 | 20.4 | 17,607 | 4.6 | 5,779 | 1.5 | 6,778 | 1.8 |
| 1934 | 82,829 | 16.8 | 17,394 | 3.5 | 13,206 | 2.7 | 10,818 | 2.2 |
| 1935 | 66,578 | 13.4 | 8,494 | 1.7 | 14,492 | 2.9 | 13,462 | 2.7 |
| 1936 | 55,390 | 11.5 | 9,187 | 1.9 | 7,679 | 1.6 | 13,620 | 2.8 |
| 1937 | 85,603 | 14.9 | 12,230 | 2.1 | 12,056 | 2.1 | 16,148 | 2.8 |
| 1938 | 39,485 | 9.8 | 5,053 | 1.3 | 6,053 | 1.5 | 14,905 | 3.7 |
| 1939 | 53,156 | 13.2 | 5,447 | 1.3 | 5,983 | 1.5 | 14,163 | 3.5 |
| 1940 | 56,265 | 14.1 | 7,748 | 1.9 | 6,706 | 1.7 | 20,958 | 5.3 |
| 1941 | 62,739 | 22.1 | 4,117 | 1.4 | 4,856 | 1.7 | 18,398 | 6.5 |

Table 67 continued

(Thousand Yen)

| Year | Total of four (S.E.A.) | | TOTAL(1) | |
|---|---|---|---|---|
| | Value | % | Value | % |
| 1914 | 763 | 2.2 | 34,840 | 100.0 |
| 1915 | 1,080 | 2.8 | 38,511 | 100.0 |
| 1916 | 3,458 | 5.8 | 60,050 | 100.0 |
| 1917 | 8,508 | 6.7 | 127,458 | 100.0 |
| 1918 | 24,684 | 10.3 | 237,913 | 100.0 |
| 1919 | 27,996 | 10.0 | 280,311 | 100.0 |
| 1920 | 75,327 | 22.6 | 334,966 | 100.0 |
| 1921 | 33,800 | 16.7 | 203,673 | 100.0 |
| 1922 | 35,644 | 16.1 | 222,052 | 100.0 |
| 1923 | 35,412 | 15.1 | 234,754 | 100.0 |
| 1924 | 52,986 | 16.3 | 326,587 | 100.0 |
| 1925 | 77,731 | 18.0 | 432,850 | 100.0 |
| 1926 | 68,779 | 16.6 | 413,699 | 100.0 |
| 1927 | 73,954 | 19.9 | 381,760 | 100.0 |
| 1928 | 50,949 | 14.5 | 352,217 | 100.0 |
| 1929 | 57,524 | 13.9 | 412,706 | 100.0 |
| 1930 | 42,586 | 15.6 | 272,116 | 100.0 |
| 1931 | 38,448 | 19.3 | 198,731 | 100.0 |
| 1932 | 67,564 | 23.4 | 288,712 | 100.0 |
| 1933 | 108,437 | 28.3 | 383,215 | 100.0 |
| 1934 | 124,247 | 25.2 | 492,351 | 100.0 |
| 1935 | 103,026 | 20.8 | 496,097 | 100.0 |
| 1936 | 85,876 | 17.8 | 483,591 | 100.0 |
| 1937 | 126,037 | 22.0 | 573,064 | 100.0 |
| 1938 | 65,496 | 16.2 | 404,239 | 100.0 |
| 1939 | 78,749 | 19.5 | 403,946 | 100.0 |
| 1940 | 91,677 | 23.0 | 399,137 | 100.0 |
| 1941 | 90,110 | 31.7 | 284,181 | 100.0 |

Source: Computed from YC, op. cit., PP.168-170.

Notes: (1) Including all others.

Table 68 Exports of Cotton Yarns from Japan to Each Country

(Unit: Thousand Yen)

| Year | China | | India | | Hong Kong | | Kwantung | | N.E.I. | | Total(1) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1914 | 64,558 | 82.2 | 971 | 1.2 | 9,167 | 11.7 | 2,796 | 3.6 | —— | 0 | 78,554 | 100.0 |
| 1915 | 55,503 | 83.8 | 405 | 0.6 | 7,964 | 12.0 | 1,653 | 2.5 | 1 | * | 66,211 | 100.0 |
| 1916 | 63,842 | 82.3 | 3,239 | 4.2 | 7,642 | 9.8 | 2,079 | 2.7 | 2 | * | 77,591 | 100.0 |
| 1917 | 85,801 | 79.3 | 4,132 | 3.8 | 13,413 | 12.4 | 3,316 | 3.1 | 5 | * | 108,139 | 100.0 |
| 1918 | 86,365 | 54.6 | 34,998 | 22.1 | 23,473 | 14.8 | 5,779 | 3.7 | 77 | * | 158,300 | 100.0 |
| 1919 | 84,118 | 73.6 | 2,980 | 2.6 | 18,526 | 16.2 | 6,234 | 5.5 | 94 | 0.1 | 114,232 | 100.0 |
| 1920 | 81,060 | 53.2 | 30,252 | 19.9 | 28,936 | 19.0 | 9,124 | 6.0 | 583 | 0.4 | 152,393 | 100.0 |
| 1921 | 47,113 | 58.5 | 11,990 | 14.9 | 15,409 | 19.1 | 5,043 | 6.3 | 295 | 0.4 | 80,568 | 100.0 |
| 1922 | 62,185 | 54.2 | 20,666 | 18.0 | 23,478 | 20.5 | 5,891 | 5.1 | —— | —— | 114,723 | 100.0 |
| 1923 | 38,503 | 49.0 | 20,511 | 26.1 | 11,534 | 14.7 | 3,881 | 4.9 | 1,364 | 1.7 | 78,511 | 100.0 |
| 1924 | 40,883 | 37.3 | 35,954 | 32.8 | 22,250 | 20.3 | 2,339 | 2.1 | 2,533 | 2.3 | 109,610 | 100.0 |
| 1925 | 52,072 | 42.3 | 38,716 | 31.4 | 20,753 | 16.9 | 2,092 | 1.7 | 3,189 | 2.6 | 123,116 | 100.0 |
| 1926 | 25,705 | 36.3 | 28,086 | 39.7 | 8,092 | 11.4 | 1,190 | 1.7 | 2,974 | 4.2 | 70,716 | 100.0 |
| 1927 | 9,205 | 23.7 | 20,040 | 51.7 | 3,647 | 9.4 | 866 | 2.2 | 1,358 | 3.5 | 38,794 | 100.0 |
| 1928 | 8,109 | 31.3 | 9,181 | 35.5 | 4,194 | 16.2 | 770 | 3.0 | 828 | 3.2 | 25,894 | 100.0 |
| 1929 | 6,650 | 24.9 | 13,448 | 50.3 | 2,120 | 7.9 | 681 | 2.5 | 770 | 2.9 | 26,755 | 100.0 |
| 1930 | 2,579 | 17.2 | 6,575 | 43.7 | 2,594 | 17.3 | 454 | 3.0 | 446 | 3.0 | 15,033 | 100.0 |

Table 68 continued

| Year | China | | India | | Hong Kong | | Kwantung | | N.E.I. | | Total (1) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1931 | 239 | 2.8 | 5,592 | 65.7 | 449 | 5.3 | 293 | 3.4 | 357 | 4.2 | 8,510 | 100.0 |
| 1932 | 256 | 1.2 | 14,343 | 66.6 | 1,336 | 6.2 | 670 | 3.1 | 1,445 | 6.7 | 21,546 | 100.0 |
| 1933 | 168 | 1.1 | 7,605 | 48.4 | 291 | 1.9 | 614 | 3.9 | 1,236 | 7.9 | 15,712 | 100.0 |
| 1934 | 175 | 0.7 | 11,111 | 47.3 | 132 | 0.6 | Manchuria | — | 1,695 | 7.2 | 23,484 | 100.0 |
| 1935 | 198 | 0.6 | 20,093 | 56.0 | 943 | 2.6 | 4,627 | 12.9 | 4,502 | 12.5 | 35,873 | 100.0 |
| 1936 | 279 | 0.7 | 18,050 | 47.1 | 1,840 | 4.8 | 6,391 | 16.7 | 5,489 | 14.3 | 38,344 | 100.0 |
| 1937 | 1,024 | 1.9 | 19,845 | 36.1 | 3,624 | 6.6 | 8,333 | 15.2 | 13,790 | 25.1 | 54,905 | 100.0 |
| 1938 | 626 | 1.6 | 20,501 | 52.1 | 715 | 1.8 | 3,232 | 8.2 | 7,418 | 18.8 | 39,355 | 100.0 |
| 1939 | 0 | 0 | 28,958 | 40.7 | 5,010 | 7.0 | 6,671 | 9.4 | 14,093 | 19.8 | 71,089 | 100.0 |
| 1940 | 86 | 0.1 | 16,018 | 27.6 | 5,999 | 10.3 | 714 | 1.2 | 18,767 | 32.4 | 57,976 | 100.0 |
| 1941 | 4 | * | 9,411 | 17.9 | 6,116 | 11.6 | 1,632 | 3.1 | 28,524 | 54.3 | 52,499 | 100.0 |

Source: Compiled from YC, op. cit., PP.159-160.

Notes: (1) Including all others

* Less than 0.1

only a negligible quantity of cotton goods from Japan, essentially because imports were strictly controlled by France. Japan found it almost impossible to export cotton goods to French Indo-China because an extremely discriminatory customs duty was enforced against Japanese [(64)] goods.

But Southeast Asia as a whole consumed Japanese cotton goods on a large scale in the 1930's. The total value of Japanese cotton goods exports increased substantially in the 1930's. Indeed cotton exports surpassed raw silk exports during this period, partly because the price of raw silk dropped drastically after the world economic crisis, and partly because cotton goods became the most important Japanese export to India and Southeast Asia. Exports of cotton goods increased particularly in the years 1932-37 due to the depreciation of the Japanese Yen. Southeast Asia became the largest consumer of Japanese cotton goods after India during this period.

In 1933 and 1934 the Netherlands East Indies was the largest market for Japanese cotton tissues in Southeast Asia. Exports to the Indies amounted to 20% and 17% of Japan's total cotton tissue exports in those years. Exports of Japanese cotton tissues to the Indies surpassed cotton tissue exports from the Netherlands and from England throughout the 1930's, except in 1938, when Japanese and Dutch cotton exports were virtually the same. Exports of cotton tissues from Japan accounted for three quarters of the total imports of cotton tissues into the Netherlands East Indies in 1933-35. (See Table 69).

Exports of cotton tissues from Japan to the Philippines in the 1930's were surpassed only by exports from the U.S.A. (See Table 70). In addition Japan dominated the Siamese cotton market in the period 1933-39, (See Table 71), whilst Japanese cotton tissue exports to

Table 69.

The Netherlands East Indies: Imports of Cotton Tissues from Principal Countries. (Unit: Thousand Rupiah)

| | Japan | | The Netherlands | | England | | Others (1) | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1929 | 47,294 | 27.47 | 46,386 | 26.95 | 41,223 | 23.95 | 37,233 | 21.63 | 172,136 | 100.0 |
| 1930 | 39,336 | 31.91 | 34,236 | 27.77 | 24,241 | 19.67 | 25,454 | 20.65 | 123,267 | 100.0 |
| 1931 | 38,490 | 43.20 | 22,966 | 25.77 | 10,095 | 11.33 | 17,551 | 19.70 | 89,102 | 100.0 |
| 1932 | 38,330 | 52.39 | 13,559 | 18.54 | 8,539 | 11.67 | 12,729 | 17.40 | 73,157 | 100.0 |
| 1933 | 47,719 | 74.38 | 4,514 | 7.03 | 4,182 | 6.52 | 7,743 | 12.07 | 64,158 | 100.0 |
| 1934 | 44,634 | 76.38 | 6,166 | 10.55 | 2,661 | 4.55 | 4,973 | 8.51 | 58,434 | 100.0 |
| 1935 | 36,323 | 75.67 | 7,188 | 14.97 | 1,992 | 4.15 | 2,502 | 5.21 | 48,005 | 100.0 |
| 1936 | 31,730 | 66.15 | 9,675 | 20.17 | 4,164 | 8.68 | 2,397 | 5.00 | 47,966 | 100.0 |
| 1937 | 51,197 | 53.67 | 26,162 | 27.43 | 11,277 | 11.82 | 6,749 | 7.08 | 95,385 | 100.0 |
| 1938 | 27,482 | 40.63 | 28,329 | 41.88 | 7,057 | 10.43 | 4,771 | 7.05 | 67,639 | 100.0 |
| 1939 | 35,449 | 50.45 | 21,857 | 31.10 | 6,682 | 9.51 | 6,282 | 8.94 | 70,270 | 100.0 |

Source: Nanyō Kyōkai Hen, Nanpō-ken Bōeki Tōkei-hyō (Trade Statistics of Southern Areas), 1943, PP. 208-209.

Note: (1) Including Italy, China, America and Swiss etc..

Table 70.

The Philippines: Imports of Cotton Tissues from Principal Countries (Unit: Thousand Peso)

| Year | America | | Japan | | England | | Swiss | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1929 | 24,291 | 64.36 | 5,886 | 15.60 | 4,495 | 11.91 | 1,783 | 4.72 | 1,288 | 3.41 | 37,743 | 100.0 |
| 1930 | 11,986 | 51.46 | 6,242 | 26.80 | 2,770 | 11.89 | 1,133 | 4.87 | 1,159 | 4.98 | 23,290 | 100.0 |
| 1931 | 11,228 | 54.80 | 5,575 | 27.21 | 2,071 | 10.11 | 791 | 3.86 | 825 | 4.02 | 20,490 | 100.0 |
| 1932 | 15,688 | 75.20 | 2,224 | 10.66 | 1,845 | 8.84 | 969 | 4.65 | 135 | 0.65 | 20,861 | 100.0 |
| 1933 | - | - | - | - | - | Statistics not available | | | - | - | - | - |
| 1934 | 11,540 | 54.67 | 7,552 | 35.78 | 1,111 | 5.26 | 554 | 2.63 | 351 | 1.66 | 21,108 | 100.0 |
| 1935 | 9,367 | 46.60 | 9,126 | 45.41 | 740 | 3.68 | 532 | 2.65 | 334 | 1.66 | 20,099 | 100.0 |
| 1936 | 9,130 | 49.06 | 5,880 | 31.06 | 1,081 | 5.81 | 400 | 2.15 | 2,118 | 11.38 | 18,669 | 100.0 |
| 1937 | 9,718 | 45.50 | 7,357 | 34.46 | 979 | 4.58 | 390 | 1.83 | 2,911 | 13.63 | 21,357 | 100.0 |
| 1938 | 20,036 | 69.70 | 5,448 | 18.95 | 1,158 | 4.03 | 633 | 2.20 | 1,472 | 5.12 | 28,747 | 100.0 |

Source: Same as Table 69, PP. 20-21

Table 71.

Siam: Imports of Cotton Tissues from Principal Countries (Unit: thousand Baht)

| Year | Japan | | Hong Kong | | Singapore | | England | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1931-32 | 1,673 | 15.54 | 4,244 | 39.42 | 935 | 8.69 | 1,290 | 11.98 | 2,624 | 24.37 | 10,766 | 100.0 |
| 1932-33 | 4,139 | 31.69 | 3,022 | 23.14 | 1,888 | 14.46 | 1,833 | 14.04 | 2,177 | 16.67 | 13,059 | 100.0 |
| 1933-34 | 6,622 | 48.38 | 1,830 | 13.37 | 2,023 | 14.78 | 1,223 | 8.93 | 1,990 | 14.54 | 13,688 | 100.0 |
| 1934-35 | 10,106 | 60.19 | 2,738 | 16.31 | 2,123 | 12.65 | 956 | 5.69 | 866 | 5.16 | 16,789 | 100.0 |
| 1935-36 | 9,443 | 63.94 | 1,652 | 11.19 | 1,882 | 12.74 | 786 | 5.32 | 1,006 | 6.81 | 14,769 | 100.0 |
| 1936-37 | 9,672 | 69.72 | 1,765 | 12.72 | 1,268 | 9.14 | 553 | 3.99 | 614 | 4.43 | 13,872 | 100.0 |
| 1937-38 | 9,778 | 70.32 | 1,141 | 8.21 | 1,321 | 9.50 | 562 | 4.04 | 1,103 | 7.93 | 13,905 | 100.0 |
| 1938-39 | 11,218 | 59.80 | 2,353 | 12.54 | 1,455 | 7.76 | 947 | 5.05 | 2,785 | 14.85 | 18,758 | 100.0 |

Source: Same as Table 69, PP. 88-89.

Malaya surpassed exports from England in 1931, 1933 and 1934. (See Table 72).

In short Japan's economic expansion into Southeast Asia — through the export of cotton tissues — directly affected Western interests in the area. Exports of cotton tissues from Japan to the Netherlands East Indies increased from 28,494 kg in 1929 to 42,903 kg in 1932, and to 56,806 kg in 1933. In contrast, imports of cotton tissues from the Netherlands itself fell from 17,953 kg to 8,380 kg, and then to 3,014 kg over the same years. (65) The Netherlands almost totally lost its largest cotton market as a result of Japanese expansion. Accordingly in September 1933, the Netherlands East Indies introduced an import restriction law designed to prevent Japanese cotton goods from flooding the Indies market. (66) This was a serious prospect to Japan, as in 1933 the Netherlands East Indies was Japan's major cotton tissues market in Southeast Asia. The Indies absorbed 20% of Japan's cotton tissue exports. Then, in 1934, new restrictions against Japanese cotton goods and Japanese firms working in the Netherlands East Indies were introduced. (67) With this background, a Japan-Netherlands East Indies Conference was held in Batavia in June 1934. However, no agreement was reached, and the Japanese delegation left the Indies after seven months of futile negotiation. (68)

In June 1936 America imposed an average 42% customs duty against Japanese cotton tissues. (69) In fact America was not an important market for Japanese cotton tissues. In 1931 America imported only 488,000 sq. yards of Japanese cotton tissues that is only 0.03% of Japan's total cotton tissues export. However, American imports of Japanese cotton tissues increased to 17.4 million sq. yards in 1934 (0.67% of total Japanese cotton tissues exports) and 73.4 million sq. yards in 1936 (2.7%). (70) However when it is noted that exports of American raw cotton to Japan amounted to 400 million Yen in 1934,

Table 72.

British Malaya: Imports of Cotton Tissues from Principal Countries (Unit: thousand Straits Dollar)

| | England | | Japan | | British India | | China | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| 1929 | 22,208 | 57.59 | 5,397 | 14.00 | 1,590 | 4.12 | 2,867 | 7.43 | 6,500 | 16.86 | 38,562 | 100.0 |
| 1930 | 7,665 | 37.02 | 7,075 | 34.17 | 884 | 4.27 | 2,032 | 9.81 | 3,050 | 14.73 | 20,706 | 100.0 |
| 1931 | 4,329 | 31.62 | 5,335 | 38.97 | 439 | 3.20 | 1,688 | 12.33 | 1,900 | 13.88 | 13,691 | 100.0 |
| 1932 | 7,237 | 41.08 | 7,087 | 40.22 | 319 | 1.81 | 1,424 | 8.08 | 1,552 | 8.81 | 17,619 | 100.0 |
| 1933 | 4,939 | 30.16 | 9,353 | 57.12 | 185 | 1.12 | 1,434 | 8.76 | 465 | 2.84 | 16,376 | 100.0 |
| 1934 | 5,386 | 31.88 | 9,511 | 56.30 | 206 | 1.22 | 1,027 | 6.08 | 764 | 4.52 | 16,894 | 100.0 |
| 1935 | 6,251 | 46.36 | 5,076 | 37.65 | 600 | 4.45 | 745 | 5.53 | 811 | 6.01 | 13,483 | 100.0 |
| 1936 | 6,717 | 46.97 | 4,870 | 34.05 | 768 | 5.37 | 967 | 6.76 | 979 | 6.85 | 14,301 | 100.0 |
| 1937 | 10,935 | 49.56 | 5,943 | 26.94 | 2,467 | 11.18 | 1,122 | 5.09 | 1,595 | 7.23 | 22,062 | 100.0 |
| 1938 | 10,092 | 54.80 | 2,486 | 13.50 | 2,760 | 14.99 | 925 | 5.02 | 2,153 | 11.69 | 18,416 | 100.0 |
| 1939 | 6,318 | 41.21 | 2,935 | 19.15 | 2,663 | 17.37 | 1,236 | 8.06 | 2,179 | 14.21 | 15,331 | 100.0 |

Source: Same as Table 69, PP. 152-153.

and furthermore that in the same year the Japanese spinning industry consisted of 9 million spindles compared to the 30 million spindles of America,[71] then imports of Japanese cotton tissues to the value of 2.7 million Yen should not have embarrassed the American government. However, for three reasons, the American administration reacted strongly to the increase in imports from Japan. First, it realized that cheap Japanese cotton tissues were being switched from the British Empire market to the U.S. following the Ottawa Conference of 1932. Second, it was felt that the switch might be further encouraged by the restrictions against Japanese cotton tissues which had been imposed by the Netherlands East Indies in 1934. Third, in 1934 the American spinning industry was in serious difficulties largely as a result of the imposition of a new processing tax on raw cotton, rises in domestic wages and a reduction of working hours.[72]

Exports of Japanese cotton tissues to America rose to 123.8 million sq. yards in 1937 in spite of the restrictions imposed against Japanese cotton tissues in 1936. This increase was partly due to economic recovery in America and also to an agreement made between America and Japan in Osaka in January 1937 that Japan would be permitted to export up to 170 million sq. yards of cotton tissues to America each year.[73]However, owing to Japanese involvement in 1937 in China, America lowered her quota of imports of cotton tissues from Japan in 1938. Exports of Japanese cotton tissues to America dropped to 16 million sq. yards in 1938.[74] They never returned to the 1936 level.

America was also concerned over the expansion of Japanese cotton tissues exports to the Philippines, for that market had traditionally been dominated by America.[75] However, Japan began to replace America in the Philippines cotton tissues market in 1934. Exports of Japanese cotton tissues into the Philippines increased from 20.6

million sq. metres in 1932 to 56.4 million sq. metres in 1934, and then to 72.4 million sq. metres in 1935. In contrast, imports of American cotton tissues into the Philippines fell from 88.1 million sq. metres to 43.3 million sq. metres, and then to 35.3 million sq. metres over the same years.[76] This embarrassed and annoyed the American government and consequently in August 1935 a conference was held in Washington between the Japanese and American governments to discuss this issue. In September 1935 an agreement was reached by which Japan would, for 2 years, restrict its cotton tissues exports to the Philippines to 45 million sq. metres annually.[77] However, imports of Japanese cotton tissues into the Philippines amounted to 47.4 million sq. metres and 50.2 million sq. metres in 1936 and 1937. Nevertheless, compared to 1935, imports of Japanese cotton tissues into the Philippines had been cut by more than 30%. In 1938, Japanese imports were reduced to 37 million sq. metres and American cotton tissues imports, at 81.2 million sq. metres, once again dominated the Philippines market.[78]

Exports of cotton tissues from Japan to Southeast Asia increased from 292.7 million sq. yards in 1931 to 668.3 million sq. yards in 1934. This was in line with the increase in Japan's total cotton tissue exports from 1413.8 million sq. yards to 2577.3 million sq yards over the same period. Obviously Japan would have exported more cotton tissues to Southeast Asia if Japanese imports had not faced restrictions in the area. Exports of cotton tissues to Southeast Asia fell after 1935 but recovered in 1937, probably as a result of an agreement between Japan and the Netherlands East Indies in April of that year whereby exports of cotton tissues from Japan to the Indies were allowed to rise to 434.4 million sq. yards each year. (See Table 73).

Imports of raw cotton, particularly from America,

Table 73.

Exports of Cotton Tissues from Japan into Southeast Asia (1930-1941) (1)

(Unit: 1,000 sq. yard)

| | The Philippines | Siam | The Straits Settlements | The Netherlands East Indies | Total of Four (%) | Total (including all others) |
|---|---|---|---|---|---|---|
| 1930 | 35,127 | 16,132 | 44,552 | 182,865 | 278,676 (17.7) | 1,571,825 |
| 1931 | 33,423 | 5,884 | 41,305 | 212,107 | 292,719 (20.7) | 1,413,780 |
| 1932 | 21,410 | 24,458 | 82,228 | 352,234 | 480,330 (23.6) | 2,031,722 |
| 1933 | 34,918 | 39,826 | 95,769 | 423,009 | 593,522 (28.4) | 2,090,228 |
| 1934 | 75,748 | 60,550 | 90,990 | 440,979 | 668,267 (25.9) | 2,577,264 |
| 1935 | 87,481 | 71,503 | 44,760 | 370,462 | 574,206 (21.1) | 2,725,109 |
| 1936 | 44,313 | 72,185 | 48,366 | 351,717 | 516,581 (19.1) | 2,709,884 |
| 1937 | 54,174 | 71,814 | 51,785 | 434,392 | 612,165 (23.2) | 2,643,428 |
| 1938 | 32,677 | 79,945 | 26,293 | 246,435 | 385,350 (17.7) | 2,180,809 |
| 1939 | 37,039 | 83,128 | 29,560 | 368,673 | 518,400 (21.2) | 2,445,536 |
| 1940 | 33,758 | 111,325 | 28,423 | 321,549 | 495,055 (26.7) | 1,854,010 |
| 1941 | 22,595 | 68,949 | 12,395 | 269,347 | 373,286 (36.6) | 1,018,797 |

Source: Compiled from Y.C., op. cit., PP. 169-170.

Notes: (1) The export of cotton tissues from Japan into French Indo China was not separately reported here as it was so negligible. However, this statistical evidence, expressed in kilogramme, is obtainable from Nanyō Kyōkai Hen, op. cit., PP. 58-59.

India and Egypt dropped drastically in 1938 due to the Japanese invasion of China the previous year. Japan depended almost entirely on Chinese raw cotton supplies after the outbreak of the Pacific war in 1941. As a result, Japan's total cotton tissue exports decreased from 2445.5 million sq. yards in 1939 to 1018.8 million sq. yards in 1941, and to only 166.6 million sq. yards in 1942. Not unexpectedly, exports of Japanese cotton tissues to Southeast Asia also fell during this period, although the region had been the most important market for Japanese cotton tissues in the 1930's.

Notes on Section Three

(1) In order to avoid confusion, in this study the terms "silk tissues" and "artificial silk tissues" are limited to silk fabrics (including cotton mixtures) and filament-rayon fabrics (including mixtures but exclusive of spun-rayon fabrics).

(2) Because of the important position of I.R.M. goods in Japan's trade with Southeast Asia and because Japanese raw silk was not consumed in Southeast Asia, raw silk has been temporarily excluded from the D.R.M. category.

(3) Tōitsu Nawa, Nihon Bōsekigyō no Shiteki Bunseki (A Historical Analysis of the Japanese Textile Industry) 1948, PP.313-318.

(4) Furthermore, low Japanese wages and advanced techniques in mixing cheap cottons, were important in the development of the Japanese spinning industry and in its domination of foreign markets.

(5) See Takako Sanpei, Nihon Mengyō Hattatsu-shi (Studies on the Development of the Japanese Cotton Industry), 1941, P.211.

(6) Rohinimohan Chaudhuri, The Evolution of Indian Industries, Calcutta, 1939, P.131. See also M.P.Gandhi, The Indian Cotton Textile Industry, Calcutta, 1930 P.95.

(7) Kiyoshi Matsui ed. , Nichi-In Mengyō Kōshō-shi (Studies in the History of Japanese-Indian Economic Relations in the Cotton Trade), 1960, P.198. The "S" count is the technical term used to measure the quality of thread or yarn.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | reel | weighs | 1 | lb. | then | the | quantity is 1S |
| 2 | reels | weigh | 1 | lb. | " | " | " 2S |
| " | " | " | 1 | lb. | " | " | " " |
| " | " | " | 1 | lb. | " | " | " " |
| 20 | reels | weigh | 1 | lb. | " | " | " 20S |

The higher the "S" count, the finer (i.e. better) the yarn or thread.

Note: 1 reel = 1 hank = 1 skein = 840 yards or 768 m. in length, for cotton yarn.

(8) M.S.Farley, "Japan as a Consumer of American Cotton" in FES, 3-7-1935, P.98.

(9) Apart from the Yen-bloc and Southeast Asia, Japan also encouraged cotton production in Brazil by increasing imports of raw cotton from that country. The cotton producing area in Brazil increased from 1.66 million acres in 1931 (which produced 0.62 million bales, 1 bale = 180 kg) to 3.23 million acres in 1934 (which produced 1.58 million bales). This increase was due partly to coffee over-production and partly to increases in cotton prices following America's cotton control policy in the 1930's.

Moreover the number of Japanese migrants to Brazil, many of whom engaged in cotton cultivation, increased substantially in this period. In 1935, there were 173,420 Japanese in Brazil. A large proportion were engaged in cotton production in Sao Paulo. In 1935, cotton production in Sao Paulo amounted to about 40% of Brazil's total cotton production; and about 50% of Sao Paulo's output was produced by Japanese.

In 1935 the Japanese Government sent an economic delegation to Brazil to promote cotton cultivation and export. In February 1936, the Japanese-Brazilian

Cotton Co. Ltd. was established with a capital of 2 million Yen. It was to import Brazilian cotton into Japan and to administer 5 cotton spinning factories in Brazil. — See Tōitsu Nawa, op. cit., PP.362-367; Takako Sanpei, op. cit., P.341. See also Deborah A. Hubbard, "Brazil now a Ranking Source for Japanese Cotton" in FES, 14-2-1940, PP.45-46.

(10) Tōitsu Nawa, op. cit., P.343.

(11) Cotton production was also encouraged by Japan in Manchuria, Taiwan and other parts of China. But North China was the most important cotton producing district.

(12) See YC, op. cit., PP.244-245. However in 1891 imports of raw cotton from India surpassed those from China. In contrast during the whole period between 1895 and 1941, imports of raw cotton from India surpassed those from China except in 1907 and 1941. (See Ibid., P.245).

(13) Tōitsu Nawa, op. cit., P.353.

(14) Takako Sanpei, op. cit., P.361, Table 122.

(15) Ibid., PP.350-351.

(16) Kamayoshi Takahashi, Nihon Kōgyō Hatten-Ron (A Study on Japanese Industrial Development), 1936, P.344.

(17) The area under cotton in Southeast Asia was as follows: French Indo China (1937): 1,500 hectares. Siam (1937): 4000/5000 hectares —— 7000/8000 hectares. The Philippines (1937): about 2000 hectares. The Netherlands East Indies (1938): about 1000 hectares. — Toshiyoshi Okabe, Nanpō Sen'i Genryō no Seisan ni Tsuite (on the Production of Textile Materials in the Southern Region) in Tōyō Keizai Ronsō (Eastern Economic Review),

March 1942, PP.267-276.

(18) Takako Sanpei, op. cit., P.340.

(19) Ibid., P.341.

(20) Tōitsu Nawa, op. cit., P.346.

(21) Ibid., P.356.

(22) Ibid., P.359.

(23) See Takako Sanpei, op. cit., P.341.

(24) Yan Zhong Ping, Zhong Guo Mian Fang Zhi Shi Gao (History of the Chinese Textile Industry), 1963, P.167 See also Takako Sanpei, op. cit., P.346; Tōitsu Nawa, op. cit., P.346.

(25) In March 1933, Manshu-Koku Keizai Kensetsu Yōkō (The Outline of the Economic Development of Manchuria) was released by the Japanese Government. This Outline indicated that Manchuria should produce 150 million Kin of cotton within 20 years, with 0.3 million Chōbu under cultivation. The Manchurian Cotton Association was to be the major organization in the implementation of this plan. — See Tōitsu Nawa, op. cit., P.346.

(26) Ibid., P.346

(27) The targets of this Five Year Plan for Thailand, were based on Dr.Mihara's investigations and proposals. — See Toshiyoshi Okabe, op. cit., P.273.

(28) Tōitsu Nawa, op. cit., PP.359-361.

(29) Toshiyoshi Okabe, op. cit., P.273.

(30) Ibid., P.274.

(31) "Philippines to Revive Cotton Growing" in FES, 16-1-1935.

(32) FES, 16-1-1935

(33) Toshiyoshi Okabe, op. cit., PP.274-275.

(34) Ibid. P.277.

(35) Ibid,. PP.270-271

(36) Yan Zhong Ping, op. cit., P.167.

(37) Ibid., P.168.

(38) Tōitsu Nawa, op. cit., P.346.

(39) Hiroshi Higuchi, Nihon no Taishi Tōshi Kenkyū (A Study on Japanese Investment in China), 1939, P.167. The China Development Company was in fact the principal Japanese organization concerned with economic development in North China. Its capital of 10 million Yen was funded by the South Manchurian Railway Company.

(40) Ibid., P. 167. The total capital of the North China Cotton Company was 3 million Yen. This was secured from the China Development Company and from other Japanese cotton companies in China.

(41) These were joint ventures by the Japanese and Siamese governments. — See Tōitsu Nawa, op. cit., P.361.

(42) Japan probably had 1,284,000 piculs of raw cotton in stock in 1940. — GSS, vol. 43, National Mobilization (1), P.558.

(43) Ichirō Nakanishi, Kinyushutsu Saikinshi Igo No Bōeki-Kawase Mondai (Trade and Foreign Exchange Problems after the Reapplication of the Gold Embargo) in Nihon Shihon-shugi Hattatsu-Shi-Ron (History of the Development of Japanese Capitalism) vol. III, 1968.

(44) See Kazuichirō Ono, Daiichiji Taisen Zengo no Gaikoku Bōeki (Foreign Trade around the First World War) in Nihon Shihon-Shugi Hattatsu-shi-ron (History of the Development of Japanese Capitalism), vol II, 1972.

(45) Hiroshi Higuchi, op. cit., PP.260-261; Yan Zhong Ping, op. cit., P. 162.

(46) Ichirō Nakanishi, op. cit., P.259. A detailed analysis of the development of the "Zaikabō" in the years 1931-36 can be found in Yan Zhong Ping, op. cit., PP.221-228.

(47) India exported one third of her cotton yarn production, a major part of which was purchased by China. Cotton yarn exports from India to China accounted for 53.8% of China's total cotton yarn imports in 1905 but only 20.6% in 1913. Cotton yarn exports from Japan increased from 20.9% to 39.9% during the same period. — Ibid., PP.262-263.

(48) C.N.Vakil and others, Growth of Trade and Industry in Modern India, Calcutta, 1931, P.150.

(49) Yan Zhong Ping, op. cit., P.113.

(50) Takako Sanpei, op. cit., P.209. Fiscal autonomy for India in 1919 eventually removed this advantage for British cotton producers.

(51) Yan Zhong Ping, op. cit., PP.111-112; C.N.Vakil and others, op. cit., P.129.

(52) Yan Zhong Ping, op.cit., PP.112.

(53) Takako Sanpei, op. cit., P.214.

(54) C.N.Vakil and others, op. cit., PP.150-152; M.P.Gandhi, op. cit., P.108.

(55) Exports of cotton yarn and cotton tissues to China fell from 79% of Japan's total cotton yarn exports and 67% of Japan's total cotton tissue exports in 1917, to 55% and 37% respectively in 1918. Exports of these items to India rose from 4% and 12% to 22% and 23%. These sudden changes were due mainly to Japan's tremendous increase in cotton goods production at the end of the First World War, which flooded the Indian market, and the imposition by China in 1918 of a substantial customs duty on cotton goods from Japan.

(56) Honshi Iijima, Nihon Bōseki-shi (The History of the Japanese Spinning Industry), 1949, P.281.

(57) This analysis is based largely on information provided by Ichirō Nakanishi, op. cit., PP.264-265. See also Honshi Iijima, op. cit., PP.275-288; Tōitsu Nawa, op. cit., PP.323-324.

Suspending the purchase of Indian raw cotton was, in fact, a major burden for Japan. Imports of Indian raw cotton amounted to 28% of Japan's total raw cotton import in 1933. Moreover Japan was trying to reduce her dependence on American supplies at a time when the price of American raw cotton was high. In fact the Japanese spinning industry was unlikely to have ground to a halt in the absence of Indian raw cotton, as it was increasingly using American raw cotton to produce cotton goods of a higher quality. However, to those sections of the Japanese industry which were

producing lower quality cotton goods, the suspension of purchases from India was critical. Indeed some Japanese spinning firms intended to purchase Indian raw cotton secretly. (See Tōitsu Nawa, op. cit., P.324). From the Indian point of view, Japan's suspension of purchases was also critical as India exported approximately 50% of her raw cotton exports to Japan. Consequently, a vigorous campaign against the Japanese action emerged in India. (See Honshi Iijima, op. cit., PP.282-283).

(58) Honshi Iijima, op. cit., PP.278-288; Ichirō Nakanishi, op. cit., PP.262-267.

(59) NKSJ, P.448; Honshi Iijima, op. cit., PP.288-291; Ichirō Nakanishi, op. cit., P.267.

(60) Honshi Iijima, op. cit., PP.298-300.

(61) Ibid., PP.300-303; NKSJ, P.449; Ichirō Nakanishi op. cit., P.266.

(62) When Japan found it difficult to expand her cotton goods exports to China and India she exported a large quantity to Egypt, South Africa, South America and Australia. However, exports to Southeast Asia were much more important than that to these other areas.

(63) Developments in China, such as the 4th May Incident of 1919, the Xinan Affair of 1918 and the Mukden Incident of 1931, aroused the nationalist sentiment of the overseas Chinese against Japan. In Southeast Asia there was a series of boycott campaigns against Japanese goods particularly after the China Incident in 1937. The major campaign was based in Singapore and Malaya and was organized by local Chinese commercial leaders. — For a detailed discussion, see Stephen Leong, "The Malayan Overseas Chinese and the Sino-Japanese War, 1937-1941", in Journal of Southeast Asian Studies,

September 1979; Yōzi Akashi, "the Nanyang Chinese Anti-Japanese and Boycott Movement, 1908-1928, — A Study of Nanyang Chinese Nationalism —", in the Journal of the South Seas Society, volume XXIII, 1968, PP.69-96; Yōzi Akashi, Nanyō Kakyō to Manshu Zihen (The Nanyang Chinese and the Manchurian Incident), 1971; Toshi Tamura, Nanyō Kakyō no Gensei in Nanpō Nenkan (A Yearbook of the Southern Region), 1943, Chapters 8 and 9.

(64) There were three forms of customs duty in French Indo-China. A special low duty was imposed on Chinese goods as, in general, they were not competitive with goods produced in Indo-China itself. Another low duty was imposed on European imports (mostly French goods). The highest duty was imposed against Japanese goods. — See Toshio Narasaki, Gaikoku Bōeki no Riron to Mondai (The Theory and Problem of Foreign Trade), 1941, P.251.

(65) NBT, PP.230-231.

(66) NKSG, vol. 6, P.83; Ichirō Nakanishi, op. cit., P.267.

(67) Honshi Iijima, op. cit., P.293.

(68) Ibid., P.295; NKSJ, P.456.

(69) Honshi Iijima, op. cit., P.306.

(70) YC, op. cit., PP.169-170.

(71) Honshi Iijima, op. cit., PP.303-304.

(72) Ibid., P.304.

(73) Ibid., P.306.

(74) FES, 16-1-1935.

(75) In terms of volume, exports of Japanese cotton tissues to the Philippines surpassed those from America in 1934. However, in terms of value, Japanese tissue exports remained below those from America throughout the inter-war period. In other words, Japanese cotton tissues were much cheaper than those from America. In 1934, the Philippines imported 43.3 million sq. metres of American cotton tissues at a cost of 11.5 million Pesos. But in the same year she imported 56.4 million sq. metres of Japanese cotton tissues, at a cost of only 7.6 million Pesos.

(76) NBT, PP.28-29.

(77) Honshi Iijima, op. cit., PP.308-309.

(78) NBT, P.29.

Section Four:

The Acquisition of Important Raw Materials from Southeast Asia.

The aim of this section is to analyse the acquisition by Japan of raw materials - rubber, iron ore and oil - from Southeast Asia, the demand for which eventually led to Japanese military occupation of the region. Special emphasis is placed on the economic penetration of Southeast Asia by Japanese big business, the "Zaibatsu", and their connections with the Japanese Government, the military authorities and right-wing movements in Japan. By examining the cooperation between Japanese southern entrepreneurs (for example Fusanosuke Kuhara, Kōichirō Ishihara and Tadaharu Mukai), military figures (Giichi Tanaka, Kuniaki Koiso and Yoshimasa Nakahara etc.), southern expansionists (Syūmei Ōkawa, Ikki Kita and Kunishige Tanaka) and politicians (Yōsuke Matsuoka, Ichizō Kobayashi and Kenkichi Yoshizawa)[1], it is possible to trace the origins of and motivation behind the Japanese southern expansion.

Part 1.
The Acquisition of Rubber

World rubber production increased with the development of the motor industry in the early twentieth century. Rubber was widely used in making tyres, accessories and footwear during both peace time and war time. War demanded more military equipment made from rubber which made Japan and the Western powers eager to secure rubber from Southeast Asia.

During the inter-war period, rubber was produced principally in Southeast Asia, mainly in British Malaya and the Netherlands East Indies as may be seen in Table 74. Rubber was also produced in French Indo-China, British Borneo, Sarawak, Ceylon, India and Burma: all these states accounted for approximately 97% of world total rubber production throughout the decade 1929-38. Less than 3% of world output came from Brazil during this period.

The rubber producing countries were, in almost all cases, not consumers of rubber. Table 75 shows that America was the largest consumer, absorbing between 45% and 60% of total rubber output between 1929 and 1940. Following America were, in order of importance, Britain, France, Germany and Japan. Japan's rubber consumption did not rise above 8% of total world output between 1929 and 1940.

During the 1930s America, Europe and Japan each tried to encourage domestic synthetic rubber production and improved techniques to reclaim rubber, but with little success, apart from in Russia(2). America also tried to secure additional rubber from Brazil in order to reduce her dependence on Southeast Asian supplies, but again with little success.

Table 74.
Rubber Production in British Malaya and the Netherlands East Indies

(Unit:ton)

| Year | World's Production | | British Malaya | | The Netherlands East Indies | |
|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % |
| 1913 | 108,440 | 100.0 | 33,600 | 31.0 | 6,400 | 5.9 |
| 1914 | 120,380 | 100.0 | 47,000 | 39.2 | 10,400 | 8.7 |
| 1915 | 158,702 | 100.0 | 70,200 | 44.2 | 20,000 | 12.6 |
| 1916 | 201,598 | 100.0 | 96,000 | 47.8 | 33,100 | 16.5 |
| 1917 | 265,698 | 100.0 | 129,000 | 48.7 | 44,000 | 16.6 |
| 1918 | 296,579 | 100.0 | 112,000 | 37.8 | 42,000 | 14.2 |
| 1919 | 326,860 | 100.0 | 204,000 | 62.6 | 85,000 | 26.1 |
| 1920 | 343,731 | 100.0 | 174,000 | 50.7 | 77,000 | 22.5 |
| 1921 | 296,900 | 100.0 | 150,000 | 50.5 | 70,000 | 23.6 |
| 1922 | 379,900 | 100.0 | 192,000 | 50.5 | 98,700 | 26.0 |
| 1923 | 412,800 | 100.0 | 198,000 | 48.1 | 131,000 | 31.8 |
| 1924 | 421,300 | 100.0 | 167,800 | 39.9 | 162,000 | 38.5 |
| 1925 | 516,100 | 100.0 | 212,900 | 41.3 | 189,500 | 36.7 |
| 1926 | 617,788 | 100.0 | 285,700 | 46.3 | 203,800 | 32.4 |
| 1927 | 605,196 | 100.0 | 242,200 | 40.0 | 228,900 | 37.8 |
| 1928 | 649,674 | 100.0 | 297,508 | 45.8 | 223,221 | 34.4 |
| 1929 | 863,410 | 100.0 | 453,468 | 53.2 | 256,386 | 29.7 |
| 1930 | 821,915 | 100.0 | 442,940 | 53.9 | 238,973 | 29.1 |
| 1931 | 797,441 | 100.0 | 423,383 | 53.1 | 255,048 | 32.0 |
| 1932 | 709,840 | 100.0 | 405,706 | 57.2 | 210,124 | 29.6 |
| 1933 | 845,291 | 100.0 | 446,012 | 52.8 | 281,338 | 33.3 |
| 1934 | 1,013,442 | 100.0 | 471,360 | 46.5 | 373,306 | 36.9 |
| 1935 | 863,007 | 100.0 | 415,614 | 48.2 | 275,439 | 30.1 |
| 1936 | 852,173 | 100.0 | 352,392 | 41.4 | 301,893 | 35.4 |
| 1937 | 1,133,070 | 100.0 | 469,030 | 41.4 | 426,827 | 37.7 |
| 1938 | 890,790 | 100.0 | 370,810 | 41.6 | 306,826 | 34.5 |
| 1939 | 1,001,931 | 100.0 | 375,000 | 37.5 | 372,000 | 37.2 |
| 1940 | 1,388,000 | 100.0 | 539,000 | 38.8 | 536,000 | 38.6 |

Source: Compiled from Yoshihiko Taniguchi, Nanpō Gomu Shigen To Sono Taisaku (Rubber Resources in Southern Regions and its Policy) in Toa Keizai Ronso (East Asian Economic Review), vol. 2, No. 1, March 1942, PP. 300, 314 and 326.

Table 75.

Rubber Consumption in Principal Countries

(Quantities in tons and as percentages of totals)

| Year | America | | England | | Canada | | Russia | | Belgium | | Total of Five | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1929 | 466,475 | 59.4 | 72,089 | 9.2 | 35,000 | 4.5 | 12,700 | 1.6 | 9,800 | 1.3 | 596,064 | 75.9 |
| 1930 | 371,119 | 54.2 | 75,050 | 10.9 | 28,000 | 4.1 | 17,500 | 2.7 | 10,500 | 1.5 | 502,169 | 73.3 |
| 1931 | 346,683 | 51.8 | 76,365 | 11.4 | 23,000 | 3.4 | 27,000 | 4.0 | 10,000 | 1.5 | 483,048 | 72.1 |
| 1932 | 314,618 | 46.9 | 78,561 | 11.7 | 19,000 | 2.8 | 30,800 | 4.4 | 8,000 | 1.1 | 450,179 | 67.2 |
| 1933 | 416,062 | 50.8 | 79,424 | 9.7 | 18,000 | 2.2 | 30,800 | 3.8 | 9,500 | 1.2 | 553,786 | 67.7 |
| 1934 | 455,935 | 49.2 | 108,900 | 11.7 | 29,500 | 3.2 | 47,000 | 5.1 | 10,000 | 1.1 | 651,335 | 70.2 |
| 1935 | 496,650 | 53.0 | 95,457 | 10.2 | 26,000 | 2.8 | 35,000 | 4.1 | 8,000 | 0.9 | 661,107 | 70.6 |
| 1936 | 574,820 | 56.3 | 80,840 | 7.9 | 29,000 | 2.8 | 34,000 | 3.3 | 8,000 | 0.8 | 726,660 | 71.2 |
| 1937 | 543,114 | 50.1 | 112,068 | 10.3 | 34,000 | 3.1 | 28,000 | 2.6 | 15,000 | 1.4 | 732,182 | 67.6 |
| 1938 | 411,300 | 45.1 | 103,094 | 11.3 | 25,000 | 2.7 | 23,000 | 2.5 | 10,000 | 1.1 | 572,394 | 62.8 |
| 1939 | 577,400 | 53.5 | 125,400 | 11.6 | 32,000 | 3.0 | 25,000 | 2.3 | 10,000 | 0.9 | 769,800 | 71.4 |
| 1940 | 575,000 | 58.3 | 100,000 | 10.1 | 35,000 | 3.5 | 20,000 | 2.1 | 11,000 | 1.1 | 741,000 | 75.1 |

Table 75 (continued)

| Year | Germany | | Italy | | France | | Japan | | Total of Four | | Total (Including all others) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1929 | 50,000 | 7.0 | 16,000 | 2.0 | 62,000 | 7.9 | 34,000 | 4.3 | 162,000 | 20.6 | 785,475 | 100.0 |
| 1930 | 47,000 | 6.9 | 18,000 | 2.6 | 60,000 | 8.8 | 33,000 | 4.9 | 158,000 | 23.2 | 684,993 | 100.0 |
| 1931 | 36,000 | 5.4 | 10,000 | 1.5 | 60,000 | 8.9 | 38,000 | 5.6 | 144,000 | 21.5 | 668,660 | 100.0 |
| 1932 | 41,000 | 6.1 | 13,000 | 1.9 | 60,000 | 8.9 | 53,000 | 7.9 | 167,000 | 24.9 | 670,250 | 100.0 |
| 1933 | 50,000 | 6.1 | 17,000 | 2.1 | 62,000 | 7.6 | 62,000 | 7.6 | 191,000 | 23.3 | 818,370 | 100.0 |
| 1934 | 58,000 | 6.3 | 23,000 | 2.5 | 52,000 | 5.6 | 74,000 | 8.0 | 207,000 | 22.3 | 927,000 | 100.0 |
| 1935 | 63,000 | 6.7 | 20,000 | 2.1 | 57,000 | 6.1 | 52,000 | 5.5 | 192,000 | 20.5 | 937,000 | 100.0 |
| 1936 | 66,000 | 6.5 | 18,000 | 1.8 | 58,000 | 5.7 | 61,000 | 6.0 | 203,000 | 19.9 | 1,020,100 | 100.0 |
| 1937 | 96,000 | 8.9 | 23,000 | 2.1 | 61,000 | 5.5 | 60,000 | 5.4 | 240,000 | 22.2 | 1,083,200 | 100.0 |
| 1938 | 87,000 | 9.6 | 25,000 | 2.7 | 59,000 | 6.4 | 46,000 | 5.0 | 217,000 | 23.9 | 911,300 | 100.0 |
| 1939 | 72,000 | 6.7 | 22,000 | 2.0 | 62,000 | 5.7 | 44,000 | 4.1 | 200,000 | 18.5 | 1,078,700 | 100.0 |
| 1940 | 3,000 | 0.3 | 27,000 | 2.7 | 58,000 | 5.9 | 48,000 | 4.9 | 136,000 | 13.8 | 987,000 | 100.0 |

Source: Yoshihiko Taniguchi, op. cit., P. 306.

In the years 1935-38 America imported nearly three quarters of her rubber from British Malaya. In the years 1937-38 Britain imported nearly 80% of her rubber from British Malaya. (See Tables 76 and 77).

Therefore, when political tension between Japan and the West increased after the Manchurian Incident in 1931, Japan became increasingly concerned to secure rubber from the Southern region. This would not only ensure her own war supplies, but would also prevent rubber from being exported to America and Britain. A number of Japanese publications argued that Japan should gain control over rubber production in the South in order to reduce exports to America and Britain, at that time the largest consumers of rubber(3). On 20th November 1941, the 70th Liaison Conference was held in Tokyo and announced Japan's intention to prevent the flow of rubber from the Southern region to potentially hostile nations.(4)

Rubber was not found in Japan or in the Yen-bloc. Japan was entirely dependent on external sources of rubber, principally from Southeast Asia. Japan had tried to grow rubber within her Empire, particularly in Formosa, but had failed.(5) Moreover, Japan had easy access to Southeast Asia and the region's low cost rubber. Among Southeast Asian countries, British Malaya was the largest supplier of rubber to Japan throughout the inter-war period. (See Table 78).

Japan had long been interested in securing her rubber supplies by investing directly in Southeast Asian rubber plantations. This investment was concentrated in British Malaya rather than Sumatra, Borneo or the Philippines.

As early as 1902, Japanese entrepreneurs invested in rubber plantations in Malaya.(6) In 1906, a

Table 76.

Rubber Imports from Principal Countries into America

(Quantities in tons and as percentages of totals)

| Year | British Malaya | | The Netherlands East Indies | | French Indo-China | | All other countries | | All countries | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1935 | 357,220 | 74.6 | 79,628 | 16.6 | 7,691 | 1.6 | 34,460 | 7.2 | 478,999 | 100.0 |
| 1936 | 346,117 | 68.9 | 97,404 | 19.4 | 13,192 | 2.6 | 45,659 | 9.1 | 502,372 | 100.0 |
| 1937 | 378,750 | 61.6 | 154,524 | 25.1 | 16,306 | 2.7 | 65,608 | 10.7 | 615,188 | 100.0 |
| 1938 | 251,129 | 59.3 | 113,126 | 26.6 | 20,203 | 4.7 | 40,980 | 9.6 | 425,438 | 100.0 |

Source: Compiled from Yoshihiko Taniguchi, op. cit., PP. 310-311

Table 77.

Rubber Imports from Principal Countries into England.

(Quantities in hundred pounds and as percentages of totals).

| | British Malaya | | The Netherlands East Indies | | Ceylon | | British India | | All other countries | | All countries | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % | Quantity | % |
| 1936 | 380,222 | 27.5 | 238,692 | 17.2 | 114,821 | 8.3 | 81,482 | 5.9 | 568,570 | 41.1 | 1,383,787 | 100.0 |
| 1937 | 2,046,535 | 67.2 | 495,542 | 16.3 | 231,920 | 7.6 | 125,753 | 4.2 | 145,324 | 4.8 | 3,045,074 | 100.0 |
| 1938 | 2,626,978 | 69.7 | 529,793 | 14.1 | 271,452 | 7.2 | 161,739 | 4.3 | 179,563 | 4.8 | 3,769,525 | 100.0 |

Source: Compiled from Yoshihiko Taniguchi, op. cit., P. 312.

Table 78-A

Rubber: General Imports Into Japan, by Principal Sources, 1914-41

(Thousand Yen)

| Year | All Countries | Principal Countries | | | All Other[2] Countries |
|---|---|---|---|---|---|
| | | The Straits[1] Settlements | Netherlands East Indies | British India | |
| 1914 | 2,146 | 1,357 | 3 | 447 | 334 |
| 1915 | 3,431 | 1,727 | 226 | 940 | 510 |
| 1916 | 7,246 | 4,968 | 165 | 1,487 | 614 |
| 1917 | 9,130 | 6,285 | 89 | 1,976 | 735 |
| 1918 | 12,948 | 11,876 | 147 | 468 | 414 |
| 1919 | 17,364 | 15,872 | 43 | 412 | 1,018 |
| 1920 | 13,422 | 8,852 | 366 | 2,960 | 1,234 |
| 1921 | 15,724 | 14,136 | 74 | 1,419 | 52 |
| 1922 | 11,315 | 7,375 | 53 | 253 | 89 |
| 1923 | 19,325 | 14,558 | 450 | 260 | 106 |
| 1924 | 23,342 | 19,712 | 1,466 | 1,399 | 710 |
| 1925 | 33,610 | 26,772 | 376 | 5,921 | 448 |
| 1926 | 40,010 | 28,131 | 214 | 10,869 | 783 |
| 1927 | 34,398 | 21,887 | 594 | 11,600 | 221 |
| 1928 | 27,895 | 19,564 | 1,220 | 6,578 | 326 |
| 1929 | 33,885 | 22,802 | 1,880 | 8,791 | 371 |
| 1930 | 17,930 | 11,615 | 2,173 | 3,756 | 310 |
| 1931 | 13,183 | 9,272 | 3,206 | 343 | 39 |
| 1932 | 15,988 | 10,060 | 4,995 | 293 | 318 |
| 1933 | 29,685 | 20,499 | 7,268 | 364 | 1,091 |
| 1934 | 57,337 | 37,818 | 14,383 | 478 | 1,079 |
| 1935 | 51,636 | 36,873 | 11,660 | 187 | 1,777 |
| 1936 | 72,956 | 43,047 | 22,878 | 474 | 4,272 |
| 1937 | 99,217 | 59,710 | 25,774 | 342 | 8,371 |
| 1938 | 51,373 | 35,883 | 12,080 | 51 | 1,364 |
| 1939 | 57,490 | 38,176 | 16,178 | — | 405 |
| 1940 | 67,046 | 40,195 | 17,901 | — | 4,289 |
| 1941 | 137,346 | 7,293 | 36,413 | — | 91,143 |

Source: YC, op. cit., PP.236-237.

Notes: (1) Represents the Straits Settlements and British Malaya in the years 1935-41.

(2) Represents only England, America and Siam. Imports from Siam amounted to 4.3 million Yen, 49.6 million Yen in 1940 and 1941.

Table 78-B

Rubber: General Imports into Japan, by Principal Sources, 1914-41.

(Values in thousand Yen and as percentages of totals).

| | | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-41 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Principal Countries | The Straits Settlements(1) | 5,243 | 75.1 | 12,159 | 78.8 | 23,213 | 72.9 | 14,563 | 67.2 | 29,659 | 65.2 | 36,251 | 43.9 |
| | Netherlands East Indies | 126 | 1.8 | 197 | 1.3 | 774 | 2.4 | 2,420 | 11.2 | 12,237 | 26.9 | 21,669 | 26.3 |
| | British India | 1,064 | 15.2 | 1,061 | 6.9 | 7,273 | 22.8 | 4,297 | 19.8 | 359 | 0.8 | 79 | 0.1 |
| All other Countries(2) | | 521 | 7.5 | 500 | 3.2 | 498 | 1.6 | 240 | 1.1 | 1,707 | 3.8 | 21,114 | 25.6 |
| All Countries | | 6,980 | 100.0 | 15,430 | 100.0 | 31,851 | 100.0 | 21,666 | 100.0 | 45,520 | 100.0 | 82,494 | 100.0 |

Source: Computed from YC, op. cit., PP. 236-237.

Notes: (1) Represents the Straits Settlements and British Malaya in the years 1935-41.

(2) Represents only England, America and Siam. Imports from Siam were particularly important during the period 1940-41.

Japanese called Naokichi Kasada replanted his coffee plantation with rubber trees in Seremban, Negri Sembilan, which he had acquired in about 1895. Another Japanese who cooperated with Kasada was Kikuzō Nakagawa. In the same year (1906) Mitsuzō Nakano and Henry Tsutada purchased a German estate on Tekong Island, whilst Toshi Ogawa established an estate in Setapak, Selangor. Yasugorō Tatematsu purchased an estate in Negri Sembilan, and in Pengerang, Johore, Naoya Akuzawa (proprietor of the Sango Company) established yet another rubber estate.(7)

The Japanese Zaibatsu, Mitsubishi, Mitsui, Fujita, Furukawa and Ōkura, were also interested in investing in Malayan rubber plantations. Mitsubishi had, through the Sango Company, acquired a rubber estate in Johore as early as 1906.(8) Mitsui Gōmei-gaisha owned the Sungei Papan Estate at Tanjong Surat, Johore. Baron Heitarō Fujita acquired the Nam Heng Rubber Estate in 1914. Furukawa of Tokyo invested in rubber planting in Johore in 1910. Ōkura Gomu Kabushiki-gaisha had estates in Niyor, Johore.(9)

Japanese capital, attracted by high rubber prices, flowed into Malayan rubber plantations, particularly in 1910 and 1911. These investments were concentrated in Zohore, but were also scattered throughout Selangor, Negri Sembilan, Perak, Kedah and Singapore. (10) Rubber acreage owned by Japanese increased from 92 in 1907 to 83,750 in 1911.(11) The Sango Company was the largest Japanese rubber concern in Malaya.(12)

The Sango Company acquired land in Zohore for rubber cultivation - in October 1906 8,300 acres were purchased in Pengerang and in May 1909 26,000 acres were purchased in Batu Pahat. Then in July 1910,

Kōjirō Matsukata acquired 4,500 acres in Santi, Johore.[13] Kōjirō Matsukata (1865-1950) was the third son of Masayoshi Matsukata.[14] Kōjirō was a noted financier who had been educated at the Tokyo Imperial University, in America and in France. He became managing director of the Kawasaki ship-building Company in 1896. He later became at various times managing director of the Kawasaki Steamship Company, the International Steamship Company, the Hokuyō Hokuhō Company and the Nisso Petroleum Company. From 1936 he was elected to the House of Representatives on four separate occasions and played an active part in Japanese politics in the 1930s.[15]

In August 1911, Nan-a Kōshi (the South Asia Company) acquired 6,000 acres of land in Sungai Tolong, Johore. Nan-a Kōshi was thus the second largest Japanese holding after the Sango Company. The capital came from Ichizaemon Morimura though the enterprise was managed by Masaji Inoue and Kōji Hokketsu.[16] Morimura (1839-1919) was a noted industrialist in the Meiji-Taisho era. In 1868 he was instructed by Taisuke Itagaki[17] to engage in munitions and foodstuffs production and to sell raw silk to foreign companies. Morimura's businesses flourished and were the foundation of the Morimura-gumi, established in 1875. From there he founded the Morimura Ginkō (The Bank of Morimura), became Head of the Bank of Japan and a Consultant for the Kōbu Railways.[18]

In December 1910, Mitsui Dōzoku-kai (The Association of the Mitsui Relatives) acquired 5,000 acres of land in Raya, Johore. In August 1911, Fujita Gumi acquired 3,500 acres of land in Berangan, also in Johore. The Sango Company, the South Asia Company, Kōjirō Matsukata, the Association of the Mitsui Relatives and the Fujita Gumi were the five largest Japanese rubber land-holders in Johore by August 1911. Japanese-owned

rubber plantations spread along the Johore River from Pengerang to Kota Tinggi, a distance of about 30 miles. The area was described as "just like a Japanese colony".[19]

In 1912, the Japanese Planters' Association[20] was established in Singapore to promote rubber cultivation in Malaya and other parts of the Southern region. In the same year, the first Japanese bank in Malaya was established, in Singapore. This was a branch of the Bank of Taiwan.[21] Then in 1916, the Yokohama Specie Bank Limited[22] also opened a branch in Singapore. These two banks financed part of the Japanese enterprises in the Southern region, including Japanese rubber plantations in Malaya.

The demand for Malayan rubber rose sharply during the 1914-1918 war. In Johore, rubber under Japanese ownership increased from 24,450 acres in 1913 to about 100,000 acres in 1917.[23] The increase in Japanese ownership threatened British interests. Eventually the British authorities in Malaya introduced the Rubber Lands (Restriction) Enactment[24] in 1917, the main purpose of which was to restrict further Japanese expansion in the local rubber industry.

This enactment was to further Japanese investment in Malayan rubber plantations. The immediate effect was that a Japanese planter, Ziro Itochu of Kobe, who had purchased Wan Shou Shan rubber plantation from a Chinese on 31 July 1917, was not allowed to register his purchase with the Government.[25] The Japanese Consul in Singapore, Yamazaki, sent a report immediately to Japan.[26] This alerted Japan to the problems of Japanese rubber planters in Malaya.

On 26 August 1917, another warning was given by the head of the Ushiotani Syokai in Singapore,

Kawaguchi, on his return to Nagasaki. He expressed concern that the Enactment would eventually affect all Japanese rubber plantations in Johore, for the Sango Company controlled almost all the land along the Johore River. He stressed that under the Enactment, Japanese planters would be unable to acquire more rubber land in the Malay States. He called upon Japanese planters in Malaya to protest.(27)

In response to the introduction of the 1917 Enactment, the Japanese rubber concerns, principally Mitsubishi, Mitsui, Fujita, Furukawa and Ōkura, protested to the authorities in Malaya. The Japanese Planters' Association in Singapore, the Japanese consul in Malaya and the Japanese Minister of Foreign Affairs in Tokyo each lodged a strong protest against this Enactment.(28)

Mitsubishi and Mitsui, the two most prominent Zaibatsu in Japan, undoubtedly had considerable influence in Japanese government circles. Other Zaibatsu, such as Fujita,(29) Furukawa(30) and Ōkura(31) also had considerable influence. But Fusanosuke Kuhara was particularly important in urging the Japanese Minister of Foreign Affairs to protest against the restrictions being imposed on Japanese acquisition of rubber land in Malaya.(32) Kuhara (1869-1965) was the founder of the Kuhara Zaibatsu.(33) He was President of the Seiyūkai(34) between May 1939 and July 1940. He was one of the most powerful right-wing leaders in Japan and a noted Southward expansionist. He was regarded as a pro-military politician, who had a close relationship with the Kwantung Army.(35) Kuhara was elected five times to the House of Representatives. He gave financial support to Giichi Tanaka(36) and Ikki Kita.(37) He became the Minister of Communications between May 1928 and July 1929 in the Tanaka (Giichi) Cabinet (April 1927-July 1929). Thereafter, he served

as Chief Secretary, Director and later a Consultant of the Seiyūkai. He was involved in the 2.26 Incident[38] and was arrested in 1936. As soon as war broke out in Europe in 1939, Kuhara, as President of the Seiyūkai, strongly urged that Japan should seize the whole of China. He also argued for a strengthening of military control of the Government. In 1940, he supported Konoe in the formation of the Second Konoe Cabinet. Kuhara also acted as a member of the House of Councillors and approved strongly Tōjō's "Greater East Asia Co-prosperity Sphere" policy.[39]

Kuhara himself was the owner of the Kuhara Iron Mine in Bukit Besi near Dungun, and also had rubber interests in Malaya. Together with Mitsubishi, Mitsui, Fujita, Furukawa, Ōkura and other Zaibatsu he regarded the British enactment as the main obstacle to further expansion of Japanese rubber investments. The Zaibatsu leaders met in Tokyo in 1917 and invited the Press to hear their case. They also pressured the Japanese Government to protest against the legislation.[40]

With the strong protests from the Zaibatsu and from the Japanese Government, the British eventually allowed Japanese in Malaya "to lease land for residential, commercial, industrial and other lawful purposes in the same manner as native subjects".[41] However, from 1917 to 1919 the expansion of Japanese rubber holdings in the Malay States had been held in check by the Rubber Lands (Restriction) Enactment. In 1919, Japanese rubber estates in Malaya amounted to only 148,611 acres, of which 93,418 acres were already planted.[42] The most important Japanese-owned estates were as follows:

| | Total area, acres | Planted area, acres | Total latex yield, lbs | Commence-ment of business |
|---|---|---|---|---|
| * Straits Settlements | 2,648 | 2,260 | 549,894 | |
| Nissin Gomu | 1,412 | 983 | 250,644 | 1913 |
| * Zohore | 96,449 | 65,823 | 8,782,286 | |
| Nittō Gomu | 17,227 | 5,590 | 547,376 | 1919 |
| Pahang Gomu | 9,937 | 5,552 | 856,452 | 1910 |
| Sango Kōsi (Batu Pahat) | 13,697 | 9,718 | 1,809,911 | 1897 |
| Nankō Syokusan | 8,807 | 6,684 | 670,742 | 1910 |
| Sango Kōsi (Pendira) | 7,848 | 5,963 | 868,903 | 1896 |
| * Negri Sembilan | 7,303 | 6,518 | 1,273,937 | |
| Malai Gomu | 2,323 | 2,323 | 380,437 | 1912 |
| Senda & Co. | 1,648 | 1,548 | 180,000 | 1920 |
| * Selangor | 4,033 | 3,787 | 249,050 | |
| Matsuda-Sanzirō | 631 | 631 | 100,200 | 1911 |
| * Perak | 1,170 | 1,146 | 233,470 | |
| Mizukami-Syōtarō | 153 | 143 | 23,000 | 1911 |
| * Pahang | 327 | 294 | 26,600 | |
| Kaneko-Tsuru | 24 | 24 | - | 1915 |
| * Trengganu | 20,814 | 120 | - | |
| Malai Gomu | 3,194 | 100 | - | 1917 |
| * Kedah and Perlis | 331 | 282 | 18,800 | |
| Okano-Sizu | 105 | 105 | 5,000 | 1918 |

Source: Iwao Hino and Raja Singam, op. cit., P. 124.
See also M. Nomura, Fifty Years of Nanyang, PP. 190-201.
* Indicates total acreage of Japanese rubber estates in the various states.

Japanese rubber planters suffered a further severe setback between 1920-22 when the post-war boom in commodity prices broke. The price of rubber in Singapore fell to 31 cts. per lb. in 1922 from 81 cts. per lb. in 1920. Some Japanese estates in Malaya were sold.(43) It was reported that in the early 1920s some 25,000 acres or 20%

of total Japanese rubber holdings in Southern Malaya were sold, many being sold to British interests. The Nanyō Kyōkai (South Seas Association) called on the Japanese Government to assist Japanese planters in Southeast Asia by granting liberal loans at a low rate of interest.(44)

In December 1925, with the prospect of a rubber boom created partly by the expansion of motor-car productivity in America, the price of rubber was increased by the Stevenson Committee from 3s to 4s per lb.. Some influential Japanese then considered floating a company, with a capital of 10 million Yen, to prevent Japanese rubber estates from being sold to non-Japanese. In February 1926, the Japanese Department of Finance considered giving financial assistance (in effect long-dated loans) to maintain and develop Japanese rubber estates in the South Seas.(45) However, in spite of these efforts, Japanese planters did not show any great enthusiasm to expand their rubber holdings.

The Stevenson Rubber Restriction Scheme (1922-28) and the International Rubber Regulation Agreement (1934-43), together with unpredictable fluctuations in rubber prices in the inter-war period, made it difficult for Japanese-owned rubber plantations in Malaya to expand. It was reported that in 1938, 36 Japanese planters held leases to only 58,000 acres of rubber in Malaya. Of this approximately 30,000 acres were in Zohore. In 1938 there were over three million acres under rubber in Malaya.(46)

During the same year, the Japanese Government decided, for the first time, to assist their rubber planters in Malaya by purchasing all the rubber, at higher prices, produced on Japanese estates. But this had little effect, as the potential addition to the annual Japanese production of approximately 50,000 tons

was only 5,000 metric tons.[47]

Apart from investing in Malayan rubber plantations, Japanese planters also extended their interests to other parts of Southeast Asia. When Japanese rubber interests in Malaya suffered a severe setback in 1926, the South Seas Association advised Japanese planters to transfer their operations to Sumatra, Borneo, New Guinea, Siam or Indo-China.[48] In the South Seas under Japanese ownership were 361,560 acres in 1929, 498,999 acres in 1930 and 514,505 acres in 1933. But the total production from Japanese plantations in those three years was only 12,500 tons, 13,000 tons and 18,000 tons.[49]

Prior to the Pacific war, Japan consumed as much as 70,000 tons of rubber in a year.[50] However, due to Japan's external deficit, imports of rubber from the Southern region were reduced from 64,000 tons in 1936 to 47,062 tons in 1938. In fact from the time of the China Incident, Japan purchased less rubber from Malaya. This reduction was accelerated by the outbreak of the European war which led to export control measures being imposed by the Malayan authorities. Japan increasingly imported rubber from the Netherlands East Indies, particularly after September 1939.[51]

In 1939, Japan imported only 43,032 tons of rubber from the South.[52] Japanese rubber plantations in the southern region provided from one-quarter to one-third of total Japanese consumption.[53]

Part 2. The Acquisition of Iron Ore.

Due to the rapid growth of the Japanese steel industry in the 1930s, iron ore[54] output in Japan proper increased from 208,000 metric tons in 1931 to 620,000 metric tons in 1936. However over the period 1931-1936, domestic iron ore production in Japan constituted no more than 16% of Japan's total requirements. In fact in the period 1922-1925, Japan could supply only 5% of her iron ore requirements (See Table 79).

A major characteristic of the Japanese iron and steel industry in this period was that production of steel was greater than production of pig iron. This was essentially because steel production in Japan was based on the use of scrap iron.[55] However, almost all the scrap iron consumed in Japan was imported - from America, India, England and China. The U.S. was the most important source of scrap iron for Japan in the years 1927-41.

The percentage of U.S. scrap iron in Japan's total scrap iron imports: 1927-41.

| | | | |
|---|---|---|---|
| 1927 | 37.2 | 1934 | 69.3 |
| 1928 | 47.2 | 1935 | 77.4 |
| 1929 | 45.1 | 1936 | 69.6 |
| 1930 | 53.6 | 1937-38 | (not available) |
| 1931 | 11.3 | 1939 | 86.0 |
| 1932 | 28.7 | 1940 | 85.4 |
| 1933 | 43.1 | 1941 | 63.8 |

Source: Computed from Ishii Takashi (ed.), Yokohama-shi-shi: Shiryō-hen 2 (Source Materials relating to the History of Yokohama City, vol. 2), 1962, P. 271. Henceforth this publication will be referred to by the abbreviation "YC".

Table 79.

Japan's Iron Ore Supplies (Quantities in thousands of metric tons)*

| Year | Domestic Production | Imports from Colonies | Total Net Imports** | Total Supply | Domestic Production as Percentage of Supply*** |
|---|---|---|---|---|---|
| 1920 | 315 | 333 | 987 | 1,302 | 24 |
| 1921 | 87 | 191 | 769 | 856 | 10 |
| 1922 | 40 | 90 | 908 | 948 | 4 |
| 1923 | 55 | 95 | 989 | 1,044 | 5 |
| 1924 | 58 | 137 | 1,202 | 1,206 | 5 |
| 1925 | 76 | 108 | 1,212 | 1,286 | 6 |
| 1926 | 130 | 99 | 892 | 1,022 | 13 |
| 1927 | 159 | 169 | 1,106 | 1,265 | 13 |
| 1928 | 158 | 225 | 1,842 | 2,000 | 8 |
| 1929 | 178 | 314 | 2,256 | 2,432 | 7 |
| 1930 | 246 | 288 | 2,259 | 2,505 | 10 |
| 1931 | 208 | 177 | 1,721 | 1,930 | 11 |
| 1932 | 227 | 152 | 1,630 | 1,856 | 12 |
| 1933 | 321 | 255 | 1,773 | 2,094 | 15 |
| 1934 | 432 | 181 | 2,307 | 2,739 | 16 |
| 1935 | 516 | 242 | 3,641 | 4,156 | 12 |
| 1936 | 620 | 243 | 4,023 | 4,643 | 13 |

Source: Schumpeter, E.B. (ed.), The Industrialization of Japan and Manchukuo, 1930-1940, 1940, P. 256.

*Imports have been converted from piculs to metric tons; 1 metric ton = 16.7 piculs.

**Includes imports from colonies given in preceding column.

***The inclusion of colonial production imported into Japan would raise this percentage.

For the Japanese war economy, the most serious bottleneck was very low domestic iron and steel production.[56] The Japanese authorities had long been eager to reduce imports of scrap iron from America. It was planned to increase domestic production of iron ore, shift purchases of imported ore from potential enemies to regions within the Japanese sphere of influence, substitute pig iron for scrap in the making of steel and finally build up large stockpiles of iron ore, scrap, manganese and ferro-alloys. In addition, a five-year plan was undertaken for the expansion of pig iron, ingot and finished steel production in Japan, Korea, Manchuria and China.[57]

Japan attempted to import more iron ore from the Yen-bloc and from Southeast Asia, in order to meet her domestic requirements and to reduce dependence on American supplies of scrap iron. Table 80 shows that during the inter-war period the iron ore imported into Japan came mainly from China and Southeast Asia. The Malay States alone through the Straits Settlements supplied 44% of Japan's total iron ore imports in the years 1924-28 and nearly 57% in the period 1929-31. Imports from China declined from 56% to 38% of total imports over the same periods. Chinese exports of iron ore to Japan became relatively less important mainly because China's iron ore was increasingly consumed within China herself. The iron ore produced in Manchuria was, for example, almost entirely consumed locally. Moreover Manchurian iron ore production had stagnated, because of inadequate equipment and facilities.

From 1914 to the late 1920s British Malaya was the most important source of iron ore for Japan outside those territories under Japanese control.[58] However, in the early 1930s British Malaya became the most important source of iron ore for Japan and remained so until 1940. Japanese investment in Malayan iron mines during the inter-war years was of great importance to the

Table 80-A.

Iron Ore: General Imports into Japan by Principal Sources, 1914-41.

(thousand Yen)

| Year | Total | China | The Straits Settlements (1) | Australia | The Philippines |
|---|---|---|---|---|---|
| 1914 | 1,729 | 1,671 | - | - | - |
| 1915 | 1,812 | 1,786 | - | - | - |
| 1916 | 1,671 | 1,641 | - | - | - |
| 1917 | 2,459 | 2,382 | - | - | - |
| 1918 | 9,673 | 9,601 | - | - | - |
| 1919 | 16,138 | 15,331 | - | - | - |
| 1920 | 14,896 | 14,372 | - | - | - |
| 1921 | 10,082 | 7,265 | 2,560 | - | - |
| 1922 | 9,422 | 6,621 | 2,685 | - | - |
| 1923 | 7,301 | 5,216 | 2,029 | - | - |
| 1924 | 8,957 | 6,109 | 2,844 | - | - |
| 1925 | 9,441 | 6,299 | 3,141 | - | - |
| 1926 | 7,191 | 4,002 | 3,187 | - | - |
| 1927 | 9,073 | 4,264 | 4,804 | - | - |
| 1928 | 16,173 | 8,001 | 8,139 | - | - |
| 1929 | 19,333 | 8,550 | 10,396 | 371 | - |
| 1930 | 18,955 | 6,723 | 10,401 | 1,655 | - |
| 1931 | 12,780 | 4,191 | 8,274 | 128 | - |
| 1932 | 11,878 | 3,726 | 7,638 | 170 | - |
| 1933 | 12,839 | 3,966 | 8,573 | 211 | - |
| 1934 | 19,420 | 6,389 | 8,505 | 1,107 | 78 |
| 1935 | 34,546 | 10,915 | 15,024 | 5,218 | 2,906 |
| 1936 | 40,042 | 11,607 | 18,114 | 3,011 | 6,037 |
| 1937 | NOT AVAILABLE | | | | |
| 1938 | | | | | |
| 1939 | 85,330 | 12,370 | 38,335 | 1,674 | 21,088 |
| 1940 | 98,867 | 23,471 | 45,596 | - | 23,073 |
| 1941 | 101,606 | 55,238 | 24,662 | - | 17,012 |

Source: YC, op. cit., P. 264.

Note: (1) Represents British Malaya after 1936.

Table 80-B.

Iron Ore: General Imports into Japan, by Principal Sources, 1914-41.

(Values in thousand Yen and as percentages of totals)

| | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-41 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| China | 3,416 | 98.5 | 9,761 | 84.4 | 5,735 | 56.4 | 6,488 | 38.1 | 7,321 | 30.8 | 30,360 | 31.9 |
| The Straits Settlements(1) | - | - | - | - | 4,423 | 43.5 | 9,690 | 56.9 | 11,571 | 48.7 | 36,198 | 38.0 |
| Australia | - | - | - | - | - | - | 718 | 4.2 | 1,943 | 8.2 | - | - |
| The Philippines | - | - | - | - | - | - | - | - | - | - | 20,391 | 21.4 |
| Total(2) | 3,469 | 100.0 | 11,568 | 100.0 | 10,167 | 100.0 | 17,023 | 100.0 | 23,745 | 100.0 | 95,268 | 100.0 |

Source: YC, op. cit., P. 264.

Notes: (1) Represents British Malaya after 1936.

(2) Including all others.

Japanese steel industry and also for the revenues of the Unfederated Malay States.(59) During the inter-war period, iron ore production in Malaya was concentrated in Johore, Trengganu and Kelantan. There was also a little iron ore mining in Pahang and Perak. All these mining interests were controlled by Japan. The most important iron mining concerns were the Sri Medan Mine of the Ishihara Sangyō Kōshi (Ishihara Sangyō Company); an iron mine in Dungun owned by the Nihon Kōgyō Kabushiki-gaisha (Nippon Mining Company); the Bukit Langkap Mine owned by the Iizuka Tekko Kabushiki-gaisha (Iizuka Mining Company); and the Bukit Besi Mine owned by the Nanyō Tekkō Kabushiki-gaisha (South Seas Iron Mining Co. Ltd.).(60) By the 1930s, total capital invested in Malayan mines by these companies was: the Ishihara Sangyō Company, 6 million Yen;(61) the Nippon Mining Company, 12 million Yen (estimate); the South Seas Iron Mining Co. Ltd., 3 million Yen; and the Iizuka Mining Company, 3 million Yen.(62) In terms of total production the Ishihara Sangyō Company was the most important.

In September 1920, Kōichirō Ishihara (who is known as Hiroichirō Ishihara in western literature), the pioneer of Japanese iron ore mines in Malaya, established the Nanyō Kōgyō Kōshi (South Seas Mining Company) in Johore with capital of 0.1 million Yen. In November the same year, he established the Ishihara Sangyō Kōshi (Ishihara Sangyō Company) in Singapore to sell and transport the iron ore produced in Malaya.(63) In 1921, the Sri Medan Mine, situated in Batu Pahat, and owned by the Ishihara Sangyō Company, obtained a 21 year mining concession from the Sultan of Johore. A few years later the Company obtained another concession, this time, in Trengganu.(64)

As soon as Ishihara discovered iron deposits in Johore, he came to an agreement with the Yawata Iron

Foundry in Japan to export 50,000 tons of ore to Yawata in 1921, 100,000 tons in 1922 and more than 100,000 tons annually after 1923. This contract was the most important factor in the rapid development of the I.S.C.. The Company flourished and became the largest iron ore supplier to Japan within Asia. Exports of iron ore to Japan by the I.S.C. in Southeast Asia increased from 19,971 tons in 1920 to 357,923 tons in 1926. In the period 1927-29 Japan imported more iron ore from the I.S.C. than from China and Korea combined. (See Table 81). Ishihara extended his operations to the Philippines. Moreover as well as exploiting iron ore, he engaged in the exploitation of bauxite, tin and manganese deposits in Southeast Asia. I.S.C. also included a shipping line, carrying miscellaneous goods from Japan to the South Seas region and transporting iron ore back to Japan.(65) I.S.C. owned many mines in Japan itself - in Kishu. The Company also established manufacturing industries in Yokka-ichi in Japan. Later I.S.C. became a newly established (Shino) Zaibatsu.(66)

Kōichirō Ishihara was a successful entrepreneur, the author of many books,(67) and above all, an enthusiastic advocate of the Japanese Southward advance. He had a close relationship with the Yawata Iron Foundry, the Bank of Taiwan, the Ministry of Finance and the military hierarchy. He was a close friend of Fumimaro Konoe (68) and other right-wing politicians such a Yoshichika Tokugawa, Nobumasa Suetsugu and Ainosuke Iwata. He was the leader of two ultra-nationalist societies, the Tōa Kensetsu Dōshi-kai (Association of Comrades for Establishing East Asia) and the Sumera-juku (Private School of the Emperor). Early in the Syōwa period, he supported financially the Zinmu-kai (Zinmu Association) which had been established by Syūmei Ōkawa in 1932.(69) In 1933, he became a director of the Merin-kai (Merin Association) which was led by General Kunishige Tanaka.(70) He was also a financial supporter of the Daiwa Club. Ishihara

Table 81.

Exports of Iron Ore to Japan, 1920-1929. (unit: ton)

| Remarks / Year | Ishihara Sangyō (South Seas) | China | Korea | Others | Total |
|---|---|---|---|---|---|
| 1920 | 19,971 | 364,000 | 235,000 | 149,000 | 767,971 |
| 1921 | 138,660 | 408,000 | 176,000 | 72,000 | 794,660 |
| 1922 | 199,617 | 537,000 | 95,000 | 36,000 | 867,617 |
| 1923 | 238,328 | 591,000 | 95,000 | 15,000 | 939,328 |
| 1924 | 273,267 | 672,000 | 99,000 | 12,000 | 1,056,267 |
| 1925 | 305,224 | 645,000 | 116,000 | 5,000 | 1,071,224 |
| 1926 | 357,923 | 274,000 | 137,000 | 35,000 | 803,923 |
| 1927 | 581,265 | 387,000 | 206,000 | 34,000 | 1,208,265 |
| 1928 | 872,103 | 612,000 | 187,000 | 45,000 | 1,716,103 |
| 1929 | 966,818 | 628,000 | 212,000 | 34,000 | 1,840,818 |
| Total | 3,953,176 | 5,118,000 | 1,558,000 | 437,000 | 11,066,176 |

Source: Kōichirō Ishihara, Sōgyō Sanzyū-gonen o Kaiko Shite (In Reviewing the Thirtieth Anniversary), P. 15.

However, this is quoted from Yano Tōru, op. cit., P. 109.

was detained in 1936 on account of his support for the 2.26 Incident.[71] After the Pacific war, he was sentenced as an A-class war criminal. He was released from Sugamo Prison on 24 December 1948 and died on 16 April 1970, aged 80.[72]

The investment of Kuhara in Malayan iron mining was also important. In May 1928 preparations were made for the development of the Kuhara Iron Mine, an area of 1,000 acres in Bukit Besi near Dungun, Trengganu.[73] The Kuhara Iron Mine had an agreement with the Yawata Iron Foundry in Japan for the supply of iron ore.[74]

As was the case with Japanese investment in Malayan rubber, Japanese investment in iron mines was either supported by Japanese banks or incorporated with major Japanese concerns in Japan itself. For example, in 1920 the Bank of Taiwan advanced 0.1 million Yen to the South Seas Iron Mining Company of Kōichirō Ishihara.[75] Moreover the South Seas Iron Mining Company was a subsidiary of the Nihon Kōkan Kabushiki-gaisha (Japan Steel Co. Ltd.)[76] which had a capital of 1 million Yen. It was based in Tokyo.[77] In other words Japanese enterprises in the Southern region usually represented interests based in Tokyo.

During the 1920s iron ore production in British Malaya came essentially from Johore, though in 1935 Johore output was surpassed by that from Trengganu.[78] In the 1930s Johore and Trengganu accounted for almost the entire output of iron ore in Malaya. (See Table 82). Iron ore production in Johore came mainly from the Sri Medan Mine of the I.S.C. while production in Trengganu came mainly from the Kuhara Iron Mine of the Nippon Mining Company.[79] The iron ore from Malaya was almost entirely exported to Japan.[80] The total volume of ore exported to Japan from Malaya in the years 1935, 1936 and 1937 was as follows (unit: ton):

Malaya: Production and Export of Iron Ore.

| Year | Total Production | Total Export | Exports to Japan |
|---|---|---|---|
| 1935 | 1,411,635 | 1,411,635 | 1,405,421 |
| 1936 | 1,654,996 | 1,654,547 | 1,612,148 |
| 1937 | 1,560,828 | 1,660,342 | 1,538,923 |

Sources: Taiwan, Taiwan Sōtokufu, op. cit., P. 1179
Li Yü Rong, op. cit., P. 129.

Exports of iron ore from Malaya to Japan amounted to 1,933,969 tons (42.2% of Japan's total iron ore imports) and 2,047,013 tons (43.3%) in 1939 and 1940 respectively. These imports from Malaya in turn represented a substantial proportion of the iron ore consumption of Japan's iron and steel industry in the late 1930s.(81)

Iron Ore: General Imports into Japan, by Principal Sources. (Unit: Metric ton)(1)

| Year | Total(including all others) | China | Malaya | The Philippines |
|---|---|---|---|---|
| 1939 | 4,584,021(100)(2) | 690,984(15.1) | 1,933,969(42.2) | 1,338,362(29.2) |
| 1940 | 4,727,722(100) | 1,184,319(25.1) | 2,047,913(43.3) | 1,218,914(25.8) |
| 1941 | 4,910,070(100) | 2,626,488(53.5) | 1,182,055(24.1) | 910,419(18.5) |

Source: YC, op. cit., P. 264.
Notes: (1)Conversion rate: 1 Picul = 60.48 kg.
1,000 kg. = 1 Metric ton.
(2)Numbers in brackets represent percentages.

The mining of iron ore in the Philippines developed largely as a result of Japanese demand.(82) Japan began to import iron ore from the Philippines in 1934. The iron mines were owned principally by Filipinos but some were under American management. Japanese investment in iron

Table 82 Production of Iron Ore in Malaya, 1921-41[1]

(unit: ton)

| Year | Perak[2] | Johore | Kelantan | Trengganu | Total (Malaya) |
|---|---|---|---|---|---|
| 1921 | —— | 74,250 | —— | —— | 74,250 |
| 1922 | —— | 111,367 | —— | —— | 111,367 |
| 1923 | —— | 154,161 | —— | —— | 154,161 |
| 1924 | —— | 235,118 | —— | —— | 235,118 |
| 1925 | —— | 271,992 | —— | 7,690 | 279,682 |
| 1926 | —— | 250,100 | —— | 45,511 | 295,611 |
| 1927 | —— | 409,242 | —— | 48,505 | 457,747 |
| 1928 | —— | 584,588 | —— | 25,927 | 610,515 |
| 1929 | —— | 743,209 | —— | 55,150 | 798,359 |
| 1930 | —— | 729,251 | —— | 87,364 | 816,615 |
| 1931 | —— | 488,877 | —— | 203,109 | 691,986 |
| 1932 | —— | 485,067 | —— | 203,105 | 688,172 |
| 1933 | —— | 408,644 | —— | 357,833 | 766,477 |
| 1934 | —— | 578,180 | —— | 557,468 | 1,135,648 |
| 1935 | —— | 594,891 | —— | 816,744 | 1,411,635 |
| 1936 | 449 | 590,288 | —— | 1,064,259 | 1,654,996 |
| 1937 | 1,147 | 519,339 | 49,223 | 991,119 | 1,560,828 |
| 1938 | 923 | 549,960 | 159,900 | 905,316 | 1,616,099 |
| 1939 | 768 | 681,886 | 210,930 | 1,048,937 | 1,942,521 |
| 1940 | 957 | 625,550 | 226,241 | 1,109,715 | 1,962,463 |
| 1941 | 715 | 314,005 | 154,697 | 680,275 | 1,148,977 |

Sources: 1921-37, quoted from L.L.Fermor, Report Upon the Mining Industry of Malaya, Kuala Lumpur, 1943, PP.48-49.
1938-1941 quoted from Li Yü Rong, Nanyang Nien-Zian (Year Book of South Seas), Singapore, 1951, P.129.

Notes: (1) In 1921-37, the figures for Perak are figures of production, and of the other States of exports.
(2) This ore is haematite, used as "ragging" for jigs on dredges, and not for iron-smelting.
"——" represents no production

mines in the Philippines was prohibited by local law. However Japan imported almost all Filipino iron ore output due to her close commercial and financial relations with the Filipino mining interests.(83) In 1938 the Oriental Iron Company in the Philippines agreed to supply the Japan Iron Works, the official smelter for the Japanese Army and Navy Departments, with ore for ten years. The Company was to ship 50,000 tons in 1938 and 1,000,000 tons annually thereafter.(84) In fact in 1939 and 1940, exports of iron ore from the Philippines to Japan amounted to 1,338,362 tons (29.2% of Japan's total iron ore imports) and 1,218,914 tons (25.8%) respectively. Japan's imports of iron ore from Malaya and the Philippines combined amounted to 71.4% of her total iron ore imports in 1939 and 69.1% in 1940.

Shipments of iron ore from French Indo-China to Japan began in 1936. But they were terminated by the authorities in Indo-China in 1938 as the French wished to reserve the ore for a local munitions industry.(85) The Japanese Government lodged a strong protest with the French against this embargo, for the Formosan Development Company had invested several million Yen in an iron ore concession in French Indo-China.(86)

Japan was also eager to import iron ore from Australia, though Australia had relatively small deposits. Her annual exports were only 4,300 tons of ore in 1935-36 and 2,700 tons in 1936-37. However, in June 1936 the Japan Mining Company, strongly supported by the Japanese Government, announced plans to invest 6-7 million Yen in the British company of Brasserts, who held an iron ore concession for Koolan Island in Yampi Sound, Western Australia. The investment was to be made on condition that the entire output from the concession would be shipped to Japan.(87) The Japanese expected that from 1939 the annual output of iron ore from Koolan Island would be 1 million tons. Under a new five-year plan for

the Japanese iron and steel industry, this would have represented more than 10% of Japan's total iron ore requirements from non-yen bloc countries.(88) However in May 1938 the Australian Government announced an embargo on iron ore exports to Japan. In 1939 exports of iron ore from Australia to Japan were only 79,652 tons (1.7% of Japan's total iron ore imports). After 1939 exports of iron ore to Japan ceased.(89) The reasons for the imposition of the ban were to halt the exportation of war materials to a potential invader of Australia, and to meet Australian industrial development requirements. The Japanese Consul-General in Australia, acting on behalf of the Japan Mining Company, immediately lodged a strong protest against the embargo, but to no effect.

In fact in the 1930s Japan attempted to curtail her imports of iron ore in order to reduce her trade deficit. However the local deposits of ore in Hokkaido, Niigata and Fukushima, together with imports from Korea and Manchuria, provided only a small part of total Japanese requirements. Consequently Japan was faced with an acute shortage of pig iron. In response to this problem, an official Iron and Steel Distribution Adjustment Council was established following the China Incident in 1937. The Council was to ration the available supplies of ore, preference being given to those industries directly concerned with the manufacture of armaments and munitions.(90) The Iron and Steel Industry Encouragement Law was replaced in 1937 by a new Iron and Steel Industry Control Law, in order to strengthen state control over the industry, particularly in terms of iron ore supplies. However there remained an acute shortage of iron ore. The embargoes imposed by French Indo-China and Australia in 1938 made the position even worse. It then became increasingly important for the survival of the Japanese iron and steel industry to increase imports of iron ore from Malaya.

Malaya was particularly important to Japan in this respect as she provided 56.9% and 48.7% of Japan's total iron ore imports in the periods 1929-31 and 1932-36. The export of iron ore from Malaya to Japan showed a slight relative decline in the early 1930s, partly because there was a shortage of shipping and partly because there was a boycott of the Sri Medan Mine in Johore by Chinese labour.(91) In response to this boycott the Japanese mining companies adopted a policy of offering higher wages to Chinese labour and of recruiting Indian labour to supplement the existing small Javanese labour force. In June 1938 the Nippon Mining Company Limited employed more than 25,000 Indians as the Chinese refused to work for the Company.(92)

At almost the same time, the British authorities began to restrict the export of iron ore from Malaya to Japan. In 1937 they forced the Japanese to abandon a strategically-placed iron ore mine in Johore. In addition the Federated Malay States prohibited the export of scrap iron to anywhere other than the Straits Settlements.(93) In June 1938 it was suggested in the House of Commons that Malayan iron ore should be diverted to Britain.(94) However these restrictive measures against Japan appear to have had little effect, for during the first seven months of 1938, 791,164 tons of iron ore were exported to Japan from Malaya. This compared with 697,084 tons exported in the same months of 1937 and 734,973 tons in 1936.(95) One possible reason for the ineffectiveness of restrictions was that the export duty on iron ore was vital to the revenues of Kelantan and Trengganu, although it was much less important in Johore. Moreover British capital in Malaya had shown little interest in ores other than tin.(96)

In February 1941, the Johore authorities imposed an additional 2½% ad valorem duty on iron ore exports to Japan. However, it was not until the end of August 1941,

when Britain's freezing of Japanese foreign assets was implemented in the Malay States, that all iron ore shipments to Japan ceased. The Japanese mines in Malaya were closed down.(97)

The suspension of American exports of scrap iron to Japan in September 1940 and of exports of iron ore and of pig iron the following December, was particularly critical for the Japanese. Imports of scrap iron from America accounted for 64% of Japan's total scrap iron imports in 1941, though owing to the American embargo they had in fact fallen from 18.6 million picul in 1940 to only 1.8 million picul in 1941. Japan's imports of scrap iron had fallen remarkably from the levels of 1940 and in consequence Japan attempted to import more iron ore from countries under her control. Imports of iron ore increased from 98.9 million Yen (5.1 million tons) in 1940 to 101.6 million Yen (5.6 million tons) in 1941. But imports of iron ore from Malaya and from the Philippines fell after 1941. This was due partly to Japan's failure to exploit fully Malayan and Filipino iron ore during the Occupation and partly due to shipping difficulties. In 1942-45, Japan became almost totally dependent on China for her supplies of iron ore. During the Japanese Occupation the role of Southeast Asia changed from that of supplying raw materials to Japan into that of maintaining the Japanese army in the region.(98)

Part 3. The Acquisition of Oil.

Oil was important not only to Japan's war economy but also to her economic development in peace time. It was said by Professor Seiichi Kojima that "a drop of oil is equal to a hundred drops of blood".(99) After the formation of the First Konoe Cabinet in June 1937, Konoe himself repeatedly asked the Planning Board to consider whether it would be possible for Japan to achieve self-sufficiency in certain key materials. Always the answer was that it was not. This was particularly the case with regard to oil.(100) In November 1945 Admiral Kichisaburō Nomura, who had been Ambassador to the United States in 1941 and a member of the Privy Council in May 1944, recalled that prior to the war Japan had depended on oil from the Southern islands as oil stocks in Japan itself were limited.(101) Fleet Admiral Osami Nagano (Chief of the Naval General Staff from April 1941 to February 1944, thereafter Supreme Naval advisor to the Emperor) stated in November 1945 that one of the major causes of the Pacific war had been the question of oil.(102)

The Cabinet Planning Board disclosed that Japan had produced only 7% of the oil she required in 1933 and 9% in 1935 and 1936.(103) Japan had been securing oil by exploiting her own oil reserves and later those of the Japan-Manchuria-China bloc, encouraging coal liquefaction and the synthetic fuel industry, and most importantly by importing oil from abroad. The reserves of oil in Japan proper and in the Yen-bloc were inadequate for Japan's requirements. Her 1941 production from wells and from synthetic plants covered less than 12% of Japan's peacetime requirements.(104) Moreover producing petroleum synthetically through coal liquefaction had little potential for Japan, for it required the consumption of large quantities of coal and in addition was a complicated technical process.(105) At the 63rd

Liaison Conference on 28 October 1941, the Director of the Planning Board, Suzuki, stated that "a project to produce 4 million tons of synthetic oil would require for construction of facilities 1 million tons of steel, 25 million tons of coal, and expenditures of ¥ 2.1 billion. The plant facilities would not be completed for three years. Obviously, the State would have to take extraordinarily strong measures".(106) He then stressed that "although we plan to produce 340,000 tons in 1941, 550,000 tons in 1942, 1.61 million tons in 1943, and 4 million tons in 1945, there are serious difficulties in achieving this".(107) The "serious difficulties" were not only that it would take three years to complete the plant facilities and would cost ¥ 2.1 billion, but also that Japan would face severe problems in acquiring the raw materials to make synthetic oil. At the same Conference the Chief of the Navy Bureau of Supplies and Equipment, Yamada,(108) commented that "if this synthetic oil plan is undertaken, the Navy's preparations will take twice as long. We can't have this sort of thing done, which disregards international relations. It is difficult to carry out. Moreover, the oil shortage cannot be relieved by synthetic oil alone".(109)

Table 83 illustrates the Japanese oil position in 1937-41. The production of both crude petroleum and refined products fell after 1940. Oil stocks reached a peak of 51 million barrels in 1939 but declined to 48 million barrels in 1941.(110) The petroleum embargo imposed on Japan by the U.S. in August 1941, and the joint action by the U.S., Britain and the Netherlands the following October, caused this decline. On 23 October 1941, the 59th Liaison Conference was held at which the Navy Chief of Staff, Nagano, disclosed that "the Navy is consuming 400 tons of oil an hour. The situation is urgent".(111) He therefore urged the Conference to come to a quick decision as to whether there would be war against the U.S.

Table 83.

Japanese Oil Position, 1937-41.

Inner Zone - Crude and Refined (in thousand of barrel)

| Fiscal Year | Crude Petroleum | | | Refined Products | | | Inventories* | | |
|---|---|---|---|---|---|---|---|---|---|
| | Imports | Production | Total | Imports | Production | Total | Crude | Refined | Total |
| 1937 | 20,231 | 2,470 | 22,701 | 16,651 | 12,573 | 29,224 | 10,467 | 32,595 | 43,062 |
| 1938 | 18,404 | 2,465 | 20,869 | 14,044 | 13,142 | 27,186 | 12,465 | 31,891 | 44,356 |
| 1939 | 18,843 | 2,332 | 21,175 | 11,818 | 11,981 | 23,799 | 20,242 | 31,156 | 51,398 |
| 1940 | 22,050 | 2,063 | 24,113 | 15,110 | 10,806 | 25,916 | 19,901 | 29,680 | 49,581 |
| 1941 | 3,130 | 1,941 | 5,071 | 5,242 | 15,997 | 21,239 | 20,857 | 28,036 | 48,893 |

Source: Japanese Army-Navy Oil Committee; Cabinet Planning Board; Fuel Bureau of Munitions Ministry.
However, this is quoted from Jerome B. Cohen, op. cit., P. 134.

* At beginning of period.

Admiral Nomura recalled in November 1945 that on the eve of the Pacific war, Japan was continually trying to accumulate oil. He said that this policy was similar to the storing of anthracite coal which had taken place during the Russo-Japanese war. Although Japan had built storage tanks in order to build up stocks of oil, the Government was fully aware that the oil would last for only a short time.(112) On the eve of the Pacific war, under pressure of an acute oil shortage, another project to produce synthetic oil was introduced by the Director of the Planning Board, Suzuki. At an Imperial Conference on 5 November 1941 he suggested that "it is extremely difficult to overcome these shortages by means of the synthetic oil industry, in view of the present lack of hydrogenolysis, cracking capacity, iso-octane (aviation gasoline), synthetic fuel (diesel oil) and polymerization (machine oil) ..... In case (if) we seek to increase our synthetic oil capacity by 5.2 million kiloliters, we will need 2.25 million tons of steel, 1,000 tons of cobalt, 30 million tons of coal, expenditure of ¥ 3.8 billion, 380,000 coal miners, and a minimum construction period of six months for low-temperature carbonization plants and about two years for synthetic hydrogenolysis plants. Therefore, we will need more than three years to complete all plants."(113)

Compared to the project which Suzuki had outlined at the 63rd Liaison Conference a mere 8 days earlier, he had now increased the proposed synthetic oil capacity from 4 million to 5.2 million tons, increased steel requirements by 1.25 million tons, coal by 5 million tons, and cobalt by 1,000 tons. Total expenditure had risen from ¥ 2.1 billion to ¥ 3.8 billion. Clearly in this latter Suzuki was unrealistic, however, later he argued realistically that

> "if we examine closely the foregoing conditions, as well as the engineering skills necessary for their completion ..... we must conclude that it

> is well-nigh impossible to achieve self-sufficiency in liquid fuels in a short period of time, by depending only on synthetic oil. It is estimated that even if we take strong measures, at least seven years will be required. Consequently, if we go forward with our national policy of depending solely on synthetic oil, there will be a very serious defect in our national defense picture within a certain period of time."(114)

Suzuki was Minister of State from April-July 1941 and from October 1941-June 1942. He was also an influential military officer. He clearly indicated that Japan would not be able to survive were it to depend solely on synthetically produced oil. He strongly impressed upon the Government and the military authorities that Japan would have to acquire oil from the Netherlands East Indies in the event of war against the U.S.

With the passage of the Synthetic Oil Industry Law in 1937 Japan undertook a seven-year programme for synthetic oil production. She aimed at an annual production of 14 million barrels by 1943,(115) and of 43.6 million barrels of synthetic oil over the whole period 1937-43. But Japan produced only 4.1 million barrels, 9% of planned production. (See Table 84). Oil self-sufficiency in Japan over the period 1937-41 was less than 10%. (See Table 85).

Oil consumption in Japan inevitably depended largely on imports from abroad. Imports of oil came principally from the U.S. and from the Netherlands East Indies.(116) Imports of petroleum from the East Indies increased from an annual average of 1.2 million Yen in the period 1914-18 to 20.2 million Yen in 1932-36. Imports from the U.S. decreased from 83% to 32% of Japan's total petroleum imports over the same period - although the absolute value of oil imports from the U.S. increased from 6.1 million Yen to 11.9 million Yen. (See Table 86).

Table 84 Japanese Seven-Year Plan for Synthetic Oil Production, Inner Zone, 1937-43.

(unit: thousand barrels)

| Fiscal Year | Planned Production | Actual Production | Percent Actual of Planned |
|---|---|---|---|
| 1937 | 550 | 31 | 6 |
| 1938 | 920 | 69 | 7 |
| 1939 | 3,073 | 135 | 4 |
| 1940 | 5,847 | 150 | 2.5 |
| 1941 | 7,816 | 1,222 | 15 |
| 1942 | 11,368 | 1,501 | 13 |
| 1943 | 14,046 | 1,048 | 8 |
| Total | 43,620 | 4,156 | 9 |

Source: Jerome B. Cohen, op. cit., P.137.

Table 85 Oil Self-Sufficiency in Japan (including Manchuria)

(unit: Thousand Barrels)

| Year | Production (crude oil and synthetic oil) | Consumption | Self-Sufficiency (%) |
|---|---|---|---|
| 1937 | 2,501 | 29,927 | 8.4 |
| 1938 | 2,534 | 27,951 | 9.1 |
| 1939 | 2,467 | 25,261 | 9.8 |
| 1940 | 2,213 | 28,558 | 7.7 |
| 1941 | 3,163 | 22,648 | 13.9 |

Source: Yōichi Itagaki, op. cit., P.657.

Table 86-A

Petroleum: General Imports Into Japan, by Principal Sources, 1914-1941

(Thousand Yen)

| Year | All Countries | Principal Countries | | All Other Countries |
|---|---|---|---|---|
| | | Dutch Indies | U.S.A. | |
| 1914 | 8,657 | 2,255 | 6,402 | 0 |
| 1915 | 8,464 | 1,768 | 6,695 | 0 |
| 1916 | 5,571 | 588 | 4,983 | 0 |
| 1917 | 5,305 | 401 | 4,904 | —— |
| 1918 | 8,538 | 1,147 | 7,387 | 4 |
| 1919 | 21,674 | 3,245 | 18,426 | 3 |
| 1920 | 21,273 | 2,187 | 19,085 | 0 |
| 1921 | 16,721 | 5,086 | 11,609 | 26 |
| 1922 | 18,789 | 4,011 | 14,778 | 0 |
| 1923 | 15,281 | 2,687 | 11,358 | 1,237 |
| 1924 | 14,145 | 3,577 | 10,399 | 170 |
| 1925 | 13,290 | 3,020 | 9,856 | 414 |
| 1926 | 17,005 | 3,979 | 12,191 | 835 |
| 1927 | 24,240 | 11,221 | 11,448 | 1,571 |
| 1928 | 30,686 | 13,489 | 14,965 | 2,232 |
| 1929 | 34,682 | 14,728 | 16,622 | 3,332 |
| 1930 | 37,867 | 12,645 | 21,206 | 4,016 |
| 1931 | 35,993 | 12,636 | 19,522 | 3,836 |
| 1932 | 36,533 | 14,512 | 18,703 | 3,318 |
| 1933 | 34,774 | 15,789 | 14,568 | 4,416 |
| 1934 | 33,359 | 18,400 | 10,099 | 4,860 |
| 1935 | 37,185 | 24,575 | 6,267 | 6,343 |
| 1936 | 42,705 | 27,897 | 9,987 | 4,821 |
| 1937-41 | NOT AVAILABLE | | | |

Source: 1914-1925, Nihon Teikoku Nenkan, Several Series,
1926-1941, Nihon Tōkei Nenkan, Several Series.

Table 86-B Petroleum: General Imports into Japan, by Principal Sources, 1914-36.[a]

(Values in thousand Yen and as percentages of totals).

| | | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Value | % | Value | % | Value | % | Value | % | Value | % |
| Principal countries | Netherlands East Indies | 1,232 | 16.9 | 3,443 | 18.4 | 7,057 | 35.5 | 13,336 | 36.9 | 20,235 | 54.8 |
| | U.S.A. | 6,074 | 83.1 | 15,051 | 80.3 | 11,772 | 59.2 | 19,117 | 52.8 | 11,925 | 32.3 |
| ALL OTHER COUNTRIES | | 1 | * | 253 | 1.4 | 1,044 | 5.3 | 3,728 | 10.3 | 4,752 | 12.9 |
| ALL COUNTRIES | | 7,307 | 100.0 | 18,748 | 100.0 | 19,873 | 100.0 | 36,181 | 100.0 | 36,911 | 100.0 |

Sources: computed from (i) Nihon Teikoku Nenkan (1914-25), Several Series.

(ii) Nihon Tokei Nenkan (1926-41) Several Series.

Notes: (a) Statistics not available during the period 1937-41.

* Less than 0.1

Imports of petroleum from the East Indies surpassed those from the U.S. throughout the period 1933-36. Following the Manchurian Incident, Japan had increased her dependence for oil on the East Indies rather than on a potentially more hostile nation.

It has been shown earlier that the production of iron ore in Malaya was almost entirely controlled by Japan. In contrast oil resources in the East Indies were exploited by the Western Powers. In 1930, foreign capital investments in the East Indies' oil resources were as follows: Netherlands 248,840,000 guilder; Britain 123,600,000 guilder; U.S. 25,000,000 guilder; Japan 2,000,000 guilder.(117) In 1940, oil production in the East Indies was controlled by the Bataafsche Petroleum Maatschappij (B.P.M.), the Nederlandsche Koloniale Petroleum Maatschappij (N.K.P.M.) and the Nederlandsche-Indische Aardolie Maatschappij (N.I.A.M.). (See the following Table.). In fact B.P.M. was a subsidiary of the Standard Oil Company of New Jersey, and N.I.A.M. was a joint venture by B.P.M. and the Dutch Government.(118) In short B.P.M. controlled three-quarters of oil production in the East Indies as N.I.A.M. was under its management. Before 1930, Japan had not invested in oil production in the East Indies, but in that year a number of Japanese concerns established the Borneo Olie Mij (the Borneo Oil Company) which was based in Surabaja. (119) However, oil production by the B.O.M. remained at a very low level. In 1940, the company produced only 59 tons.(120)

Oil Production in the East Indies (1940) (Unit: ton)

| Company | Production | % |
|---|---|---|
| B.P.M. | 4,544,255 | 57.2 |
| N.K.P.M. | 2,083,402 | 26.2 |
| N.I.A.M. | 1,306,867 | 16.5 |
| Others | 4,469 | 0.1 |
| Total | 7,938,993 | 100.0 |

Source: Hiroshi Nakano and others, Higashi Indo (The Netherlands East Indies) in Nanpō Nenkan (A Yearbook of the Southern Region), Tokyo, 1953, P.158.

From the late 1930s Japan planned to import more oil from the East Indies. When America abrogated the American-Japanese Trade and Navigation Treaty in January 1940, Japan's determination to secure oil from the East Indies became even stronger. Soon after the Netherlands was attacked by Germany in May 1940, the Japanese Foreign Minister, Arita, requested the Netherlands Government, through the Dutch Minister in Japan, General J.C. Pabst, to ensure that exports of crude oil from the East Indies to Japan would reach one million tons annually.(121) This request embarrassed the Dutch Government for the East Indies had exported only 869,000 tons to Japan in 1937, 668,000 tons in 1938 and only 573,000 tons in 1939. However, the Dutch were not in a position to enrage the Japanese by rejecting their request. General Pabst informed Arita on 6 June 1940 that "the oil companies in the Netherlands Indies may be able to supply the required quantities, provided the Japanese, on their part, concluded the contracts in time". (122)

On 31 July 1940 the U.S. took the first steps in limiting the export of mineral oil and oil products, particularly aviation spirit, to Japan. Japan promptly raised her annual oil requirement from the East Indies

to 2 million tons.[123] Moreover, in order to secure oil from the East Indies, Tokyo undertook to send an economic delegation to the Dutch colony.

Koiso,[124] the leader of the proposed delegation, was not welcome to the Dutch. In a press interview on 3 August 1940 he argued that "the Netherland regime always had been most oppressive towards the indigenous population of the Indies".[125] Moreover Koiso had asked his Government to give him military powers to force the Dutch administration in the Indies to accept Japan's demands, if negotiations failed. This request was opposed by the Navy Minister, Yoshida.[126]

In the middle of August 1940 a civilian delegation,[127] led by Tadaharu Mukai, the Chairman of the Board of Directors of Mitsui, arrived in the East Indies. Mukai was not only the head of Mitsui, but was also a central figure in Japan's financial world.[128] He was selected to lead the mission to the East Indies, partly because his company, Mitsui Bussan, was a participant in the B.O.M. but more particularly because of his political background.[129]

Mukai, who was accompanied by several military specialists arrived in Batavia in August 1940 for negotiations with J.C. Van Panthaleon, Baron Van Eck (the Director of the Royal Dutch-Shell group) and Fred H. Kay (the Director of the Standard Vacuum group).

Then the Kobayashi Mission, with a staff of 24 assistants, including one Army, one Air and two Naval officers, entered Tandjong Priok harbour on 12 September 1940.[130] The civilian delegation under Mukai was soon attached to the Kobayashi Mission in their negotiations with the Dutch.[131] The Dutch were then led by Dr. H.J. Van Mook.[132]

The most prominent item in the negotiations between the Japanese and the Dutch was oil. Kobayashi expressed very great interest in securing oil concessions in the East Indies. He also asked the Dutch to guarantee that over the following five years they would export 3.15 million tons[133] of oil annually to Japan. In reply Van Mook argued that this was impossible, for at that time the East Indies was exporting only 600,000 tons annually to Japan. At this point the conference was left to Mukai and the Royal Dutch-Shell, and Standard Oil Companies. On 18 October 1940 Mukai accepted a proposal for exports of 909,500 tons annually from the East Indies.

The U.S. and Britain then attempted to prevent the Dutch from exporting more oil to Japan.[134] In addition the Tripartite Pact, concluded on 26 September 1940 between Germany, Italy and Japan, prompted the Netherlands to reduce oil exports to Japan. The Dutch regarded the Pact as a hostile act against her by the Japanese. However on 16 October 1940 Kobayashi argued, in a joint statement by the Dutch and Japanese delegations in the East Indies,that "in spite of the Tripartite Treaty recently concluded among Japan, Germany and Italy, the strong desire of Japan for the maintenance and promotion of the friendly relations between Japan and the Netherlands Indies is not affected in the least. All that is wished for by Japan is co-existence and co-prosperity with neighbouring countries".[135]

Kobayashi was recalled to Japan on 20 October 1940 and left Batavia two days after.[136] Mukai left Batavia on 23 November. Kobayashi's successor was Kenkichi Yoshizawa, who arrived in Batavia on 28 October 1940. Yoshizawa was an experienced diplomat, and a Member of the House of Peers. He had been Minister for Foreign Affairs in the Inugai Cabinet (December 1931-May 1932). From 1923-1929 Yoshizawa had served

as Japanese Minister in China, and in June 1932 had become Japanese Ambassador to France. With the establishment of a Japanese Embassy in French Indo-China in October 1941, Yoshizawa became the first Japanese Ambassador to that country.(137)

Mukai's successor was Yozaburō Itō, Managing Director of Mitsui Bussan Kaisha. He arrived in Batavia before the end of 1940. Negotiations continued and on 14 and 22 May 1941, memoranda were presented to the Dutch by the Japanese delegation asking for mineral oil exports of up to 3.8 million tons per annum for at least five years.

On 6 June 1941 the Dutch replied that "the increase of the exportation of mineral oil and oil-products to Japan remains a matter of negotiation between the Japanese importers and the oil-producing companies. The present situation concerning oil-reserves does not, in the opinion of the Netherlands Government, allow an increase of production".(138) Negotiations between the Dutch and the Japanese delegations thus came to nothing. On 14 June 1941 Matsuoka instructed Yoshizawa to end the mission. Yoshizawa left Batavia on 27 June 1941.

There is little doubt that Japan's southern expansion movement had seriously affected the negotiations between the Yoshizawa and the Dutch delegations. For example, Matsuoka had made a speech in the Diet on 21 January 1941 in which he had asserted that for all practical purposes the Netherlands Indies was already within the Greater East Asia Co-Prosperity Sphere, under the leadership of Imperial Japan.(139) Moreover through her mediation in the border dispute between Thailand and French Indo-China, Japan had been able to establish military bases in Thailand, thus laying a foundation for a southward advance. These factors made the Netherlands Government reluctant

to cooperate with Japan by allowing more oil to be exported from the East Indies.

However, through the Kobayashi and Yoshizawa negotiations in Batavia, Japan had been able to secure a base for expansion in the East Indies. During the period from the appointment on 27 August 1940 of Kobayashi to lead the delegation to the departure of Yoshizawa from Batavia on 27 June 1941, there were clear indications that Japan was prepared to include the East Indies in the Greater East Asia Co-Prosperity Sphere. First, the Japanese delegations contained, apart from diplomats, a number of military men.(140) Indeed the Second Konoe Cabinet initially intended to appoint Sawada, a civilian and ex-Ambassador to Brazil, as chief delegate; but later General Koiso was persuaded to take his place. Koiso was an extremist and a strong advocate of a Southward advance. His views were even unacceptable to the Navy. Kobayashi then replaced Koiso and this calmed the fears of the Dutch. However, Dutch suspicions were again raised when they saw that Kobayashi was accompanied by a number of military personnel. Appointing military men to non-military delegations indicated that the Japanese military had designs on the East Indies. The chief Dutch delegate, Van Mook, was particularly concerned over the activities of the Japanese mission to the East Indies.(141)

In Japan, both before and after approval was given to the "Main Principles for Coping with the Changing World Situation", issued by the Konoe Cabinet on 27 July 1940, the Japanese military were preparing for Southern military operations. Research groups had been organized and intelligence officers had been sent to the south, either secretly or openly, to collect military information.(142) Captain Shigemasa Horiuchi, who was regarded in the Naval Ministry as an expert on

Southern problems travelled around the East Indies and then wrote an article entitled "The Whole View of Netherlands East Indian Resources". This strongly urged Japan to acquire raw materials from the East Indies.(143) A further example of military preparation was the case of Captain Yoshimasa Nakahara, who accompanied the Kobayashi Mission. He was the most prominent Southern expansionist in the Naval Ministry. Early in 1936 he had worked with the then Chief of the Operations Section in the Army General Staff, Colonel Kanji Ishihara,(144) in writing the Kokusaku no Kijun (the Principles of National Policy) and the Teikoku Gaikō Hōshin (the Foreign Policies of Imperial Japan). These two documents were later adopted by the Five Ministers' Conference, held on 7 August 1936, which then formed the basis for the Japanese Southern Policy. Therefore it was quite understandable for Nakahara to be appointed to the Kobayashi Mission.(145) Indeed with his appointment, the Japanese delegations in Batavia now understood that Japan would soon move from negotiations to military advance.(146)

The second indication of increased Japanese interest in the East Indies derives from the role of the Mitsui Zaibatsu. The B.O.M. was the only Japanese oil company in the East Indies. The Mitsui Bussan Company held 132 out of a total of 200 stocks in the B.O.M.. Mukai, Chairman of the Board of Directors of Mitsui, and his successor, Itō, Managing Director of the Mitsui Bussan Company, had been negotiating with the Dutch, and particularly with B.P.M., N.K.P.M. and N.I.A.M. for a long time.

On 24 September 1940, Mukai asked the Dutch to provide information on petroleum-oil production in the East Indies, oil refining equipment and its capacity, loading and shipping facilities at each port, the current situation of all concessions in the East Indies and the current situation with regard to mining reservations. On 7 October

1940, the Dutch provided a detailed answer to these questions.(147) This valuable information no doubt satisfied both the Mitsui Zaibatsu and the Japanese military authorities.

On 20 May 1940 the Japanese Foreign Minister, Arita, requested the Dutch to export 1 million tons annually of mineral oil to Japan; the Dutch were very reluctant to comply. Nevertheless the Japanese demand was increased to 3.8 million tons annually at the end of the negotiations in Batavia. But even if the Dutch had not taken political factors into consideration and had co-operated with the Japanese, the East Indies would have had serious difficulty in exporting 3.8 million tons of oil to Japan each year.(148) Why, then, did the Japanese expect the East Indies to export so large a volume of oil in 1941? There are two possible answers. First, Japan needed oil urgently. Matsuoka instructed Yoshizawa, when he was appointed successor to Kobayashi, that it would be in order if he could secure 50% of Japan's oil requirements from the East Indies.(149) Second, the high Japanese demands were probably a diplomatic tactic to obtain oil concessions from the Dutch. Matsuoka instructed Mukai, through the Japanese Consul-General in Batavia, Saitō, to acquire oil concessions in the East Indies. Japan demanded more oil shipments from the East Indies so that the Dutch would not be in a position to refuse Japanese demands for oil concessions.(150) It is difficult to judge whether Japan preferred oil shipments or oil concessions for both were urgently needed. Control of oil production in the East Indies was, in the long-term, important to the Japanese war economy. Moreover, were the Dutch to attempt to destroy the oil fields in the event of a Japanese invasion of the Indies those fields actually belonging to Japan could be better protected.

The Japanese were persistent in demanding oil concessions, while the Dutch were not in a position to refuse. Furthermore, the Dutch probably regarded it as preferable to allow Japan to become directly involved in oil exploration and exploitation. In the middle of October 1940 the Dutch Government proposed to grant 16,363,000 hectares to Japan for oil exploration and exploitation.(151) In reply, on 29 October 1940 Mukai requested 17,463,000 hectares from the Dutch.(152) On 6 June 1941 the B.O.M. was granted concessions covering 278,000 hectares for oil exploration in the Sangkoelirang region. This area had been the subject of an application by the Company on 17 February 1941. Furthermore, suggested the Dutch "consideration of applications for exploration in the Banggai block and North-East-New-Guinea will be held over until the activities of the B.O.M. shall be sufficiently developed to justify a further extension of its concessions. Before granting concessions in these areas to possible later applicants the Netherland Government will carefully examine the applications (17 February 1941) filed by the B.O.M.".(153)

The Japanese Consul-General in Batavia, Saitō,(154) suggested to Matsuoka that, because of these concessions, Japanese soldiers could be sent to the East Indies disguised as labourers. They could then start to build military bases. Saitō also asked for information as to the areas which the military authorities wished to occupy.(155)

The third indication of Japanese interest in the East Indies concerns the sites selected for negotiations. Negotiations between the Japanese (the Navy and Fuel Departments) and oil companies (Standard Oil Company of New Jersey and Royal Dutch Shell Co.) had been held in Japan before the Japanese delegations were sent to Batavia. In fact the talks in Tokyo were suspended and

then replaced by the discussions in Batavia.[156] This change in venue was prompted by three considerations. First, the talks in Tokyo had come to a standstill. Second, in the negotiations with the Dutch in Batavia, the Japanese hoped to force the N.I.A.M. to sell its stock to the B.O.M.[157] Third, the Japanese wished to further their economic penetration, and later military presence, in the East Indies.

Van Mook initially opposed the presence of Kobayashi when he was sent to negotiate with the Dutch Governor-General. "As an ultimate concession the Netherland Government agreed to a strictly limited number of very general conversations between Kobayashi and the Governor-General, provided that in the actual negotiations his opposite number would be Van Mook, who was to be appointed Minister Plenipotentiary".[158] Japan's clear intention was to force the Dutch into making concessions. Furthermore, with the negotiations transferred to Batavia, it became possible for Japan to send non-diplomats to the East Indies to collect military information.

The fourth indication concerns the role of the Yokohama Specie Bank Limited[159] in the East Indies. At the end of 1940, Japan proposed to use the Yen as the principal medium of exchange in the East Indies after occupation.

> "The chief representative of the Yokohama Specie Bank in the Indies, Mr. Y. Imagawa, acting for the Japanese exchange control, approached the Japanese and Netherland delegations with a project to establish a free and unlimited exchangeability between the Yen and the Netherlands Indies guilder at fixed and agreed rates, instead of the customary mutual payments in dollars. The proposal was referred to direct discussion between the Yokohama Specie Bank and De Javasche Bank

> (the bank of issue in the Netherlands Indies) and reduced to an arrangement for direct payment in Yen and guilders as long as credit balances stayed within certain narrow limits; any excess balances, however, were to remain collectable in dollars as before. The agreement was perfected a few days before the arrival of Mr. Yoshizawa" [160] in the East Indies on 28 December 1940. However, Japan did not really benefit from this currency agreement, for "the oil deliveries had been contracted for in dollars and the remaining trade continued to show a negative balance for the Indies". [161]

The final indication of Japanese interest in the East Indies concerns the fact that the delegations used ships instead of aeroplanes to travel to Batavia. Both the Kobayashi and Yoshizawa Missions travelled on the ship Nissho Maru of the Nanyō Kaiun Kabushiki-gaisha to Batavia, and on the ship Nichiran Maru of the same company, on their return to Kōbe. [162] On 25 August 1940 the Kobayashi Mission was considering whether to travel by sea or by air [163] but it eventually left Kōbe on the Nissho Maru. [164] It took nearly two weeks from Kōbe to Batavia by ship, but only one day by air. The Japanese Missions were certainly entitled to travel by air. Moreover Japan was eager to secure strategic raw materials from the East Indies for the U.S. was at that time increasing economic sanctions against her. Although there is no report as to the Missions' activities during their voyages, it would appear that a principal object was to increase the delegates' practical knowledge of the southern area in preparation for military expansion.

In short, it is difficult to deny that Japan had been planning to expand into the East Indies before delegations were sent to Batavia in August 1940. More precisely Japan sent delegations to Batavia with the decided intention of ultimately occupying the area.

From the very beginning, Yoshizawa was pessimistic about negotiations with the Dutch. On 13 February 1941, he sent a report to Tokyo urging military occupation of the East Indies, as he judged that the talks with the Dutch were worthless.(165)

On 26 July 1941 the U.S. and Britain froze Japan's overseas assets. Two days later Japan moved into southern Indo-China. The Dutch then froze Japan's overseas assets and suspended oil exports. On 1 August 1941, an oil embargo was imposed on Japan by the U.S.. Japan's imports of crude petroleum dropped from 3,150,000 tons in 1940 to 447,143 tons in 1941. Imports of refined oil products fell from 2,255,224 tons to 782,388 tons between the same years.(166) This severely threatened the Japanese economy.

Konoe estimated in 1941 that if Japan occupied the East Indies, then given the destruction of oil fields by the Dutch and the difficulties of transportation from the East Indies, Japan would acquire only 0.3 million tons of oil from the area in the first year, 1.5 million tons in the second year, and that it would take 5 or 6 years to secure 5 million tons annually.(167) In October 1941 Tōjō replaced Konoe as Prime Minister. Tōjō still hoped to import 6 million tons of oil annually from the U.S. if relations between the two powers improved. But he also announced that Japan was prepared to fight the U.S. if forced to.(168) The Imperial Conference, held on 1 December 1941, decided to declare war on the U.S. on 8 December.

Although it cannot be argued simply that 2.5 million Japanese died in the "East Asian War" in order to procure 6 million tons of oil,(169) undoubtedly one of the major causes of the Pacific war was the question of securing oil from the East Indies.

Notes on Section Four

(1) Of course, one person may represent more than one faction. For example, Kobayashi, Mukai and Kuhara were not only entrepreneurs, but also propagandists for Southern expansion. Both Tanaka (G.) and Koiso were military figures, southern expansionists and important politicians.

(2) Russia consumed less crude rubber than the other five major industrial powers for she had started producing synthetic rubber early in 1932. Synthetic rubber production in Russia rose from 52 tons in 1932 to 42,000 tons in 1936. In this last year, synthetic production met 40% of total Russian requirements. — Seiichi Kojima, Tō-a Keizai-ron (On East Asian Economies), 1941, P.339. See also, "U.S.S.R. to Expand Domestic Rubber Production", in FES, 16-1-1935.

(3) This assertion can be found, for example, in the articles written by Yoshihiko Taniguchi, Nanpō Gomu Shigen to Sono Taisaku (Rubber Resources in the South and its Policy), in Tō-a Keizai Ronsō, 1942, PP. 296-337 and Seiichi Kojima, op. cit., PP. 395-403.

(4) The 70th Liaison Conference argued that the Japanese occupation forces "will establish controls over foreign trade and foreign exchange operations; they will especially prevent the flow to the enemy of certain vital materials, such as oil, tin, rubber, tungsten, cinchona, etc.". Nanpō Senryō-chi Gyōsei Zisshi Yōkō (Essentials of Policy Regarding the Administration of the Occupied Areas in the Southern Region). (NKSG, a supplementary volume, op. cit., P. 587). See also Nobutaka Ike, Japan's Decision For War, Records of the 1941 Policy Conference, 1967, P. 252.

(5) E.B. Schumpeter ed., The Industrialization of

Japan and Manchukuo, 1930-40, 1940, P.242.

(6)Hiro Okuda and Kunio Kawamoto, Hozin Nanpō Hatten-shi (A History of the Japanese Southern Development), in NN, 1953, P.19.

(7)Iwao Hino and S.Durai Raja Singam, Stray Notes on Nippon-Malaisian Historical Connections, Kuala Lumpur Museum, 1944, P.123; Toraji Irie, Hōjin Kaigai Hatten-shi (Studies on Overseas Japanese), vol. 2, Tokyo, 1938, P.144.

(8)Hiro Okuda and Kunio Kawamoto, op. cit., P.19; Iwao Hino and Raja Singam, op. cit., P.123.

(9)Yuen Choy Leng, "Japanese Rubber and Iron Investments in Malaya, 1900-1941", in Journal of Southeast Asian Studies, Volume V, No.1, March 1974, P.21.

(10)Hirō Okuda and Kunio Kawamoto, op. cit., P.19; Toraji Irie, op. cit., vol. 2, PP.144-145.

(11)Iwao Hino and Raja Singam, op. cit., P.123. According to Hirō Okuda and Kunio Kawamoto, op. cit., P.19 and Toraji Irie, op. cit., vol.2, P.144, the rubber acreage owned by Japanese in 1911 was 83,789.

(12)Hirō Okuda and Kunio Kawamoto, op. cit., P.19.

(13)Toraji Irie, op. cit., vol.2, P.145.

(14)Masayoshi Matsukata (1835-1924) was a distinguished politician. He became involved with the national finances of Japan as early as 1871. He was Minister of Finance in the First Itō Cabinet (1885-1888), in the Kuroda Cabinet (1888-1889), in the First Yamagata Cabinet (1889-1891) and in the Second Yamagata Cabinet (1898-1900). He was also Prime Minister in 1891-1892

and in 1896-1898, acting as his own Minister of Finance. He spent altogether 16 years and 5 months, as Minister of Finance, a record never repeated in Japanese history. (see NRDJ, vol. 17, PP. 91-92; NKSJ, PP.569-570).

(15) Ibid.

(16) Toraji Irie, op. cit.,vol. 2, PP. 145 and 148.

(17) Taisuke Itagaki (1837-1919) was Minister of Interior in the Second Itō Cabinet in 1896 and in the Ōkuma Cabinet in 1898.

(18) NRDJ, vol. 1, PP. 326-327 and op. cit., vol. 18, P. 140.

(19) Toraji Irie, op. cit., vol. 2, P. 145.

(20) This Association passed through successive reincarnations eventually to emerge in 1934 as the United Society of Zohore Planters. Its membership also included Johore rubber companies operating in the Netherlands Indies. - Virginia Thompson, "Japan Frozen Out of British Malaya", in FES, 20-10-1941, P. 238.

(21) The Bank of Taiwan was established in 1897. Its role was to stimulate the economic development of Japan's colonies and to promote Japanese Southern expansion. It contributed enormously to Japanese economic penetration in China, Taiwan and the Southern regions, particularly during the Sino-Japanese war and the Pacific war. In 1945, it was ordered to suspend business. (see NKSJ, P.358; Taiwan Ginkō, Taiwan Ginkō Nizyūnen-shi (The Twenty Years History of the Bank of Taiwan), 1919 and Taiwan Ginkō, Taiwan Ginkō Yonzyūnen-shi (The Forty Years History of the Bank of Taiwan), 1939.

(22) See Part 3. The Acquisition of Oil, footnote 61.

(23) Yuen Choy Leng, op. cit., P. 22.

(24) "The legislation prohibited the alienation of rubber land exceeding 50 acres except to British subjects, subjects of Malay rulers, companies registered in the British dominions and in the Malay States, and others who were resident in Malaya for at least seven years and intended to continue doing so. However, transactions were allowed between persons of the same nationality. Under this regulation, British economic supremacy was assured as British subjects were allowed to acquire more land, and the status quo of non-British control of the industry was maintained as foreigners could only transact land with others of the same nationality" - Yuen Choy Leng, op. cit., PP. 20-21. (In my opinion, "British control" should be substituted for "non-British control" for the correct interpretation of this extract).

(25) AS, 5-8-1917. Itōchū suggested to the Johore Government that the Rubber Lands (Restriction) Enactment applied only in the Federated Malay States (Perak, Selangor, Negri Sembilan and Pahang). Consequently, as Johore was an Unfederated Malay State, his purchase of the rubber estate in Johore should be approved. He added that since January 1917, three British concerns had acquired rubber estates in Johore amounting to more than 50 acres each. (AS, 5-8-1917).

(26) AS, 4-8-1917.

(27) AS, 28-8-1917.

(28) See Yuen Choy Leng, op. cit., P. 21.

(29) The founder of the Fujita Gumi was Denzaburō Fujita (1841-1912). Fujita had served as a manager in the establishment of the Sensyu-gaisha of Kaoru Inoue in 1874. (Inoue 1836-1915. Inoue was Foreign Minister in the First Itō Cabinet between December 1885 and April 1888, Minister of Interior in the Second Itō Cabinet between August 1892 and September 1896 and Minister of Finance in the Third Itō Cabinet between January 1898 and June 1898). Sensyu-gaisha was later taken over by Fujita and renamed Fujita Gumi and then in 1893 Fujita & Company. It was concerned with mining, commerce, transport and banking. It was based in Ōsaka. Fujita & Company invested in forestry and mining in Taiwan and had rubber plantations in the South Seas. In 1917, with a capital of 30 million Yen, the Fujita Kōgyō Kabushiki-gaisha (the Fujita Mining Industry Co.) was established. In 1937, Fujita Gumi and Fujita Kogyō were amalgamated, to become the Fujita Gumi Co. - See Ōsaka Shiyaku-syo, Meiji-Taishō Ōsaka Shi-shi (A History of Ōsaka in the Meiji-Taishō Period), 1933-35; Takao Tsuchiya, Nihon no Seisyō (Political Businessmen in Japan), 1956 and Seishu Iwashita, Fujita-kō Gengo-roku (A Memoir of Mr. Fujita), 1913.

(30) Furukawa Zaibatsu was founded by Ichibē Furukawa (1832-1903). In 1874, Furukawa established the Asakura and Ashio Copper Mines. The following year, he acquired the Innai and Ani Silver Mines. By 1897 he held 12 copper mines, 8 silver mines and 1 gold mine: this formed the foundation of the Furukawa Zaibatsu. Apart from mines, Furukawa Zaibatsu also had interests in copper manufacturing, machinery manufacturing and chemicals. Fuji Denki (Fuji Electricity) and Asahi Denka (Asahi Electrification) were the two most important enterprises affiliated to the Furukawa Zaibatsu. The Zaibatsu did not have its own banking organization, but was financially supported by the Daiichi Bank and the National Trusts. - NRDJ, vol. 16,

P. 162; NKSJ, P. 542. See also Itsuka-kai, Furukawa Ichibē-kō-den (A Memoir of Mr. Ichibē Furukawa), 1926 and Mochikabu-gaisha Seiri Iin-kai, Nihon Zaibatsu to Sono Kaitai (The Japanese Zaibatsu and their Dissolution), 1951.

(31) Ōkura Zaibatsu was founded by Kihachirō Ōkura (1837-1928). Ōkura was a famous munitions producer who had built his wealth through the Japanese military expansion in Taiwan in 1874, the Sino-Japanese war in 1894-1895 and in the Russo-Japanese war in 1904-1905. He later established the Ōkura Gumi which was the foundation of the Ōkura Zaibatsu. The Zaibatsu had substantial investments in the Southern region mainly in China. Early in 1897 it made a loan to the Han Yang Iron Manufacturing Co. in China. In 1902, it became the first Japanese bank to make a loan to the Chinese Government. Later in 1911, Ōkura Gumi established the first Manchurian iron ore processing plant - Honkeiko Seitetsu-syo (Ben Xi Hu Iron Manufacturing Co.), - which became the base for Japanese economic penetration of Manchuria. Ōkura Zaibatsu eventually controlled 17 enterprises in Manchuria and 16 enterprises in other parts of China. Ōkura Gomu Kabushiki-gaisha in Johore and Ōkura Sumatra Farm in Sumatra were also owned by the Zaibatsu. In 1940, Ōkura Gumi had capital assets of 50 million Yen, and controlled 15 directly affiliated companies and 17 subsidiary companies in Japan. More than two hundred companies were affiliated either directly or indirectly to the Ōkura Gumi. Ōkura Gumi was the fifth largest Zaibatsu next to Mitsui, Mitsubishi, Sumitomo and Yasuda. - See NKSJ, PP. 53, 313, 458, 462 and 564; Ōkura Kōtō Syōgyō Gakkō, Tsuruhiko-kō Kaiko-roku (Reminiscences of Mr. Tsuruhiko), 1940 and Teiji Katsuta, Ōkura-Nezu Kontsuerun Doku-hon (A Hand-book of Ōkura-Nezu Concerns), 1938.

(32) Yuen Choy Leng, op. cit., PP. 21 and 25.

(33) Kuhara graduated from the Keio Gizuku (the founding institution of the University of Keio in Tokyo) in 1890. He served with the Morimura Gumi and the Fujita Gumi, before establishing the Hitachi Mining Industry in 1905. He took over the Kosaka Mine from his uncle Densaburō Fujita, purchased the Hitachi Copper Mine, the Bine no Sawa Mine and the Higashiyama Copper Mine in 1912, and established the Kuhara Mining Industry in the same year, with a capital of 10 million Yen. During this period, he also established the Hitachi Seisakuzyo (Hitachi Manufacturing), the Kuhara Syōji (Kuhara Trading Company), the Gōdō Hiryō-gaisha (Gōdō Fertilizer Company), and the Kuhara Honten (Kuhara Head Office). In 1927, he entrusted his businesses to his brother-in-law, Yoshisuke Aikawa, and moved into politics. Aikawa soon reorganized and renamed the Kuhara Mining Industry, the Nihon Sangyō Kabushiki-gaisha (Nissan) which formed the foundation of the Kuhara Zaibatsu. The Nissan grew rapidly due to increased military expenditure after the Manchurian Incident. In 1938, the Nissan controlled 77 large companies with a total capital of 470 million Yen. It soon overtook all the other newly-established (Sinkō) Zaibatsu such as Nicchi, Nisso and Mori and became the third largest Zaibatsu next to Mitsui and Mitsubishi by the end of the 1930s. Kuhara's political activities were financially supported by the Nissan. - See NKSJ, P. 135; NRDJ, vol. 6, P. 285; DJJ, P. 259; Mainichi Shinbun-sha, op. cit., PP. 265-266; NGJ, P. 239; K. Yamazaki, Kuhara Fusanosuke, 1939 and S. Ōtaku, Gendai Nihon Kaibutsu-den (A Life History of Monsters in Modern Japan), 1956.

(34) Seiyūkai was the short form of Rikken Seiyūkai (August 1900-July 1940). It was established in 1900

by Hirobumi Itō and became the largest political party in Japan together with the Rikken Miusei-tō. In 1938, a power struggle between Kisaburō Suzuki (who had been President of the Seiyūkai between 1932-1937), Ichirō Hatoyama (the younger brother of Kisaburō Suzuki, Minister of Education in the Yonai and Saitō Cabinets), Fusanosuke Suzuki and Chikuhei Nakajima (Minister of Railways in the Konoe Cabinet) split the Seiyūkai. In July 1940, the Seiyūkai was dissolved.

(35) Tasuku Noguchi (ed.), Nihon no Roku-dai Contsuerun (The Six Largest Concerns in Japan), Tokyo, 1979, P. 54.

(36) Giichi Tanaka (1863-1929) was a typical military man. He was on the General Staff of the Manchurian Army during the Russo-Japanese war. He later became the Chief Officer of the Department of War, Director of Military Affairs and then Vice-Chief of the General Staff. He was Minister of War up to June 1921 in the Hara Cabinet (September 1918-November 1921), and in this position carried out the dispatch of troops to Siberia in 1918. In 1921 he was promoted to the rank of General. He again became Minister of War in the Second Yamamoto Cabinet (September 1923-January 1924). In 1925, he became Prime Minister, serving also as Foreign Minister and Minister of Colonial Affairs. During this period, he dispatched troops to Shandong, instigated rebellion in China and pursued the acquisition of Manchuria and Mongolia. In July 1929, the Tanaka Cabinet collapsed. - See NKSJ, PP. 367-368; NRDJ, PP. 200-201; NGJ, PP. 520-521; Tanaka Giichi Denki Hensan-syo, Tanaka Giichi-den (Memoirs of Giichi Tanaka), 1929 and Tanaka Naikaku Hensan-syo, Tanaka Naikaku (The Tanaka Cabinet), 1928.

(37) Ikki Kita (15 April 1883-19 August 1937) was the mastermind of the Japanese nationalist movement during the inter-war years. At first he was an admirer

of the Chinese revolution of 1911 but in 1913 he became a firm nationalist. On his return to Japan from China in 1919, he was greeted by Syumei Ōkawa. Kita's famous article which appeared in 1919, Nihon Kaizō Hōan Daikō (The Principal Measures of Reconstructing Japan) was widely praised by the right wing. He then joined several fascist associations including Rōsō-Kai (1918-21), and Yuzon-sha (1919-23). His political activities were financed by Fusanosuke Kuhara and Shizeaki Ikeda (1867-1950, the head of Mitsui). In the 1930s he constantly undermined the loyalty of the young military staff to the army hierarchy. This eventually led to the 2.26 Incident. He was arrested in 1936 for his part in that affair: the following year he was sentenced to death and executed. - See NKSJ, P. 110 and Mainichi Shinbun-sha, Nihon Zinbutsu Ziten (A Dictionary of Japanese Figures), Tokyo, 1952, PP. 267-268.

(38) The 2.26 Incident (February 26 Incident: 26 February 1936-29 February 1936) was a coup led by young army staff. It was provoked by the ultra-nationalist Ikki Kita. In the course of the coup, the official residence of the Prime Minister and the Metropolitan Police Board were both attacked, and the Internal Minister Saitō, the Minister of Finance Takahashi and the Inspector General of Education Watanabe were murdered. The coup group later occupied the official residence of the Prime Minister, the Ministry of the Army, the General Staff Office and the House of Parliament. Through the Minister of War, Yoshiyuki Kawashima, they demanded increased military participation in government. The Army authorities accepted part of their demands and placed Japan under martial law in order to prevent the spread of violence. But on 28 February, the Army authorities put down the rebel group as the coup leaders came to realize that they had the support of neither

the Navy nor the general population. Most of the coup participants were sentenced to death. However, by the coup, the right of the Army to be directly represented in Parliament was established. In addition the Army thereafter took the initiative in the Hirota Cabinet. - See NKSJ, P. 468; Nihon Syūho-sha, 2.26 Ziken (the February 26 Incident), 1957; Aki Fujiwara, 2.26 Ziken (the February 26 Incident), in Rekishi-gaku Kenkyū, Nos. 169 and 171, 1954.

(39) See footnote 32.

(40) Yuen Choy Leng, op. cit., P. 21.

(41) Ibid., P. 22.

(42) Iwao Hino and Raja Singam, op. cit., P. 124.

(43) Kee Yeh Siew, op. cit., PP. 54-55; Yuen Choy Leng, op. cit., P. 23 and J.H. Drabble, Rubber in Malaya 1876-1922, the Genesis of the Industry, Kuala Lumpur, 1973, P. 214.

(44) Yuen Choy Leng, op. cit., P. 24.

(45) Kee Yeh Siew, op. cit., P. 55.

(46) SIA, No. 35, 'Rubber and Rubber Manufactures', October 1945, P. 4; Virginia Thompson, op. cit., P. 238.

(47) Virginia Thompson, op. cit., P. 238.

(48) Yuen Choy Leng, op. cit., P. 24.

(49) See Hirō Okuda and Kunio Kawamoto, op. cit., P.20.

(50) JTS, P.219.

(51) Virginia Thompson, op. cit., P.238.

(52) Seiichi Kojima, op. cit., PP. 400-401.

(53) E.B. Schumpeter, ed., op. cit., P. 242; JTS, P. 219.

(54) Iron ore is the basic material for the manufacture of iron and steel. The ore is converted into pig iron in blast furnaces. Relatively small quantities of iron ore are also used in steel-making furnaces, to oxidize the impurities contained in pig iron, scrap and the other materials which are being charged. - U.S.T.C., J.T.S.; P. 107.

(55) Seiichi Kojima, op. cit., PP. 326-329. The average proportion of pig iron to scrap iron in the production of steel plates was 3 to 7, but could reach the ratio 1 to 9. - Ibid., P. 329.

(56) Jerome B. Cohen, Japan's Economy in War and Reconstruction, 1949, P. 114.

(57) Ibid., P. 115.

(58) Alvin Barber, "British Malaya as a Leading Source of Japanese Iron", in FES, New York, 15-3-1939, P. 66. For a discussion of Japanese investment in iron ore mining in Malaya, see Alvin Barber, op. cit.; Helmut G. Callis, Foreign Capital in Southeast Asia, New York, 1942, P. 56; Patricia G. Barnett, "Southeast Asia Increases Iron Exports to Japan" in FES, New York, 3-7-1940; Yuen Choy Leng, op. cit.; and Taiwan, Taiwan Sōtokufu Gaijibu, Nanyō Nenkan (Yearbook of the South Seas), vol. 1, Taiwan, 1941, PP. 1177-1182.

(59) Virginia Thompson, op. cit., P. 238.

(60) The I.S.C. began operations in Batu Pahat,

Johore, in 1921, the N.M.C. in Dungun, Trengganu, in 1925, the I.M.C. in Bukit Langkap, Endau, Johore, in 1935 and the S.S.I.M.C. in Temangan, Kelantan, in 1937.

(61) Including the Machang Sa-tahun mine and other enterprises owned by the Ishihara Sangyō Company.

(62) Kōichi Hamada, op. cit., P. 96.

(63) See Tōru Yano, Nanshin no Keifu (Genealogy of Southern Penetration), 1975, PP. 107-109.

(64) Alvin Barber, op. cit., P. 66; Helmut G. Callis, op. cit., P. 56; G.C. Allen and A.G. Donnithorne, Western Enterprise in Indonesia and Malaya, A Study in Economic Development, London, 1962, P. 166.

(65) Ishihara Sangyō Kaiun Kabushiki-gaisha was a subsidiary of the I.S.C.. "By 1936 most of the ore from Malaya was carried in ships owned or operated by the I.S.K.K.. The one-sided character of the carrying trade was counter-balanced to some extent by the carriage of Japanese manufactures, coal and cement outward from Japan to Singapore. Tonnage owned by the Company totalled nearly 40,000 tons in 1936. One of the two services operated regularly to Malaya began at Yokohama; the second set out from the northern Kyūshū ports". - N.S. Ginsburg, Japanese Prewar Trade and Shipping in the Oriental Triangle, Chicago, 1949, P. 64.

(66) The Shinkō Zaibatsu were the new Zaibatsu, formed at the time of the Manchurian Incident and stimulated by the expansion of the heavy chemical industry in Japan. Moreover, as a result of the formation of economic blocs throughout the world in the early 1930s, there had been a considerable development of import-substituting industries in Japan. These were the two primary reasons

for the establishment of the Shinkō Zaibatsu from the beginning of the 1930s. Moreover these Zaibatsu were supported by the Military. The largest Shinkō Zaibatsu were Nissan, Noguchi, Mori, Nisso and Riken. Of these Nissan was the most important. They each had substantial investments in the Southern region.

(67) Ishihara published a book called Minami Nihon no Kensetsu (The Creation of Southern Japan) in Tokyo in 1942. In it he supported the Japanese expansion into Southeast Asia. See James K. Irikura, Southeast Asia: Selected Annotated Bibliography of Japanese Publications, 1956, PP. 169-170.

(68) Konoe was Prime Minister on three occasions; June 1937-January 1939; July 1940-July 1941 (when Matsuoka was Minister of Foreign Affairs) and July 1941-October 1941 (when Toyoda was Minister of Foreign Affairs).

(69) Syūmei Ōkawa (1886-1957) was a jurist, politician, philosopher and an ultra-nationalist, active in pre-war patriotic societies. He served for a time as director of the Research Bureau of the South Manchuria Railway Company. In 1919, he was involved in the establishment of an ultra-nationalist association, Yūzon-sha (1919-1923. 'Yet remaining' Society) in collaboration with the extreme nationalist Ikki Kita (1883-1937. See footnote 37). In 1924, he formed another fascist association, Kōchi-sha (1924-1932). Through the organ of this association, Nihonzin (the Japanese) and numerous other publications, he advocated extreme nationalist ideas. His teachings were influential with young military officers and with members of the Sakura-kai (Cherry Association) which planned several of the political assassinations of the 1930s. He had a close relationship with the Army and was a prime mover in two military coups - Sangatsu Jiken, the March Incident in 1931 (see appendix 1) and Jyūgatsu

Jiken, the October Incident in 1931. (This was an Army coup planned jointly by young army officers and Syūmei Ōkawa. They planned to murder members of the Cabinet and to establish a new regime headed by Lieutenant-Colonel Sadao Araki, (Minister of War in the Inugai Cabinet, December 1931-May 1932, and Minister of Education in the First Konoe Cabinet, May 1938). They wished to institute a "national reformation". The plan failed due to disagreement among the coup leaders and hesitation in the Army hierarchy. However, the political power of the Army was nevertheless strengthened.) (see NKSJ, PP. 259-260). In February 1932, Ōkawa reformed the Kōchi-sha and established the Zinmu-kai (the Zinmu Society, February 1932-February 1935, it was named after the legendary Emperor Zinmu). It had 30,000 members and proclaimed Greater Asia doctrines. In 1932, Ōkawa was involved in a Naval coup, the 5.15 Incident, and was sentenced to five years imprisonment. - See NKSJ, PP. 51, 162, 225, 259 and 297; Joyce C. Lebra, Japan's Greater East Asia Co-Prosperity Sphere in World War II, Selected Readings and Documents, 1975, P. 36; Syūmei Ōkawa, Fukkō Ajia no Syomondai (Problems of Reconstructing Asia), 1922; Syūmei Ōkawa, Nihon Seishin Kenkyū (A Study of the Spirit of Japan), 1938 and Syūmei Ōkawa, Nihon Oyobi Nihonzin no Michi (The Choice of Japan and the Japanese), 1925.

(70) Kunishige Tanaka (1869-1941) was a typical military man. He graduated from the Army University, and first served as military attaché and as a member of the general staff in the Japanese Embassies in Britain and America. He later became Commander of the Taiwan Army between July 1926-August 1928. In 1929 he became an Army General. In May 1933, he formed the Meirin Association with himself as President. The principles of the Meirin Association were, (i) loyalty to the Emperor and love of one's country, (ii) to destroy the

existing political parties and to establish a political system centred on the royal family, (iii) forceful foreign diplomacy, (iv) to ensure the political supremacy of the Army and abrogate the London Agreement, (v) to reform Japan's financial administration; to stimulate industrial development and to develop China. The Meirin Association advocated military interference in politics. - See NRDJ, vol. 12, P. 201; NKGJ, PP. 187, 593, 622, 722, and Kunishige Tanaka, Gojin no Funki Shitaru Riyū (The Reason why I Provoked Matters), 1932.

(71)See footnote 38.

(72)See NKSJ, P. 24; Ishihara Sangyō Kabushiki-gaisha Shashi Hensan Iin-kai, Sōgyō Sanjyū-go-nen o Kaiko Shite (Review for Thirty Fifth Anniversary), 1956 and NRDJ, vol. 1, P. 291.

(73)Kee Yeh Siew, "The Japanese in Malaya Before 1942" in Journal of the South Seas Society, vol. xx, Parts I & II, 1966, P. 55.

(74)With regard to the role of Kuhara, see footnote 33.

(75)Tōru Yano, op. cit., PP. 107-109.

(76)Kōichi Hamada, op. cit., P. 97.

(77)Yuen Choy Leng, op. cit., P. 29.

(78)By the mid-1930s the I.S.C. iron mine in Johore was nearing exhaustion. However in 1935 Shigeru Iizuka established a new mine in Endau, also in Johore, though it yielded much less ore than the I.S.C. mine. - Ibid., PP. 28-29.

(79)The Kuhara Iron Mine was purchased from the I.S.C. by the Nippon Mining Company in 1930. - Ibid., P. 29.

(80) Alvin Barber & Patricia G. Barnett point out that the iron mines in Malaya were financed by Japanese capital, managed by Japanese business and exported their output almost exclusively in Japanese ships to the furnaces and smelters of Japan. (Alvin Barber, op. cit., P. 66 and Patricia G. Barnett, op. cit., P. 166). The export duty was charged at 10%, being 50 cents per ton in Johore, 40 cents in Kelantan and 40 cents in Trengganu. (L.L. Fermor, Report upon the Mining Industry of Malaya, Kuala Lumpur, 1943, P. 48.).

(81) See also L.L. Fermor, "Malaya's Mineral Resources and the War", in The Asiatic Review, vol. 37, April 1941, P. 387.

(82) Catherine Porter, "An Independent Philippines and Japan", in FES, 14-4-1937, P. 85.

(83) Patricia G. Barnett, op. cit., P. 167.

(84) C.p., "Philippines Increase Iron Shipments to Japan", FES, 9-6-1937, P. 134.

(85) Patricia G. Barnett, op. cit., P. 167.

(86) Jack Shepherd, "Repercussions of the Australian Embargo on Iron Ore Exports", in FES, 21-12-1938, P. 297.

(87) W.W.L., "Iron Mines as a Feature of Japan's "Southward Drive", FES, 9-9-1936, P. 205; Jack Shepherd, op. cit., P. 296. Japanese expenditure through to May 1938 on the construction of roads, wharves and a pumping station, preliminary drilling and the installation of machinery, amounted to £A 70,000. - Jack Shepherd, op. cit., P. 296.

(88) Jack Shepherd, op. cit., P. 296.

(89) See YC, op. cit., P. 264.

(90) Ibid., PP. 296-297; M.S.F., "Japan Faces Pig Iron Shortage" in FES, 3-2-1937, P. 32.

(91) The Chinese were predominant in the labour force working in the Malayan mines. However at the end of 1937, the Chinese began to leave the Japanese-owned mines in protest against Japanese military expansion in China. On 8 December 1937, 800 Chinese workers walked out of the Sri Medan Mine, leaving a labour force of only 100 Javanese. - Stephen Leong, "The Malayan Overseas Chinese and the Sino-Japanese War, 1937-1941", in Journal of Southeast Asian Studies, September 1979, P. 298. See also Patricia Glower, "Another Strike Wave in British Malaya", in FES, 28-2-1940, P. 61.

(92) Kee Yeh Siew, op. cit., P. 56.

(93) Virginia Thompson, op. cit., P. 238.

(94) Kee Yeh Siew, op. cit., P. 56.

(95) Alvin Barber, op. cit., P. 68.

(96) Virginia Thompson, op. cit., P. 238.

(97) Ibid., P. 238; Kee Yeh Siew, op. cit., P. 56.

(98) For example, during the Japanese occupation of Malaya, haematite was mined by the Japanese at Tambun near Ipoh to supply the local Japanese munitions industry. - Li Yü Rong, op. cit., P. 128.

(99) Seiichi Kojima, op. cit., P. 351.

(100) Asahi Sinbun-sya, Konoe Fimimaro-kō no shuki (Memoirs of Prince Konoe), Tokyo, 1946, PP.49-50.

(101) GSS, Taiheiyō Sensō (The Pacific War), vol. 5, P. 718. See also USSBS, Interrogations of Japanese Officials, Naval Analysis Division, vol. II, Interrogation No. 429, 8-11-1945, P. 388.

(102) GSS, Taiheiyō Sensō (The Pacific War), vol. 5, P. 659. See also USSBS, Interrogation No. 392, 20-11-1945, P. 353.

(103) Seiichi Kojima, op. cit., P. 352.

(104) Jerome B. Cohen, op. cit., P. 133.

(105) See Seiichi Kojima, op. cit., PP. 353-354. "Synthetic oil in Japan was produced by three methods: from the low-temperature carbonization of coal; this was the most popular among the Japanese; the hydrogenation of coal tar and shale oil distillates; and the synthesis from coal by the Fischer-Tropsch process. The seven-year (1937-43) plan provided for the completion by 1943 of ten hydrogenation plants, eleven Fischer-Tropsch plants, and sixty-six low-temperature carbonization plants." - Jerome B. Cohen, op. cit., PP. 137-138.

(106) NKSG, A Supplementary Volume, P. 541; Takushirō Hattori, Dai Tō-a, Sensō Zenshi (A History of the War in the Far East, 1941-1945), vol. 1, Tokyo, 1953, P. 203; Nobutaka Ike, op. cit., P. 195.

(107) Ibid..

(108) It is possible that this official is Takeo Tada rather than Yamada. In NKSG, A Supplementary Volume, PP. 540-541 and in Nobutaka Ike, op. cit., PP. 192,195, the Chief of the Navy Bureau of Supplies and Equipment is said to be "Yamada". However, in NKSG, vol. 6, P. 414 and in Takushirō Hattori, op. cit., P. 203, the

official is said to be "Tada". The interpretation of Nobutaka Ike is based on NKSG, A Supplementary Volume, op. cit.

(109) NKSG, P. 541; Takushirō Hattori, vol. 1, op. cit., P. 203; Nobutaka Ike, op. cit., P. 195.

(110) On the eve of the Pacific war, oil stocks in Japan had fallen to 42.7 million barrels. It was estimated that this would last for 2 years. In fact the oil stocks lasted for only one and a half years. Oil consumption in 1942 was 25.55 million barrels and in 1943 28.11 million barrels. - GSS, Taiheiyō Sensō (The Pacific War), vol. 5, PP. 730-731.

(111) NKSG, A Supplementary Volume, P. 537; Takushirō Hattori, op. cit., P. 202; Nobutaka Ike, op. cit., P. 186.

(112) GSS, The Pacific War, vol. 5, P. 730; USSBS, vol. II, Interrogation No. 429, 8-11-1945, P. 394.

(113) NKSG, A Supplementary Volume, P. 577; Nobutaka Ike, op. cit., PP. 221-222.

(114) NKSG, P. 578; Nobutaka Ike, op. cit., P. 222.

(115) Jerome B. Cohen, op. cit., P. 137.

(116) Japan's imports of crude oil and petroleum benzine were principally from the U.S. and the East Indies.

Japanese Imports.

(a) Crude Oil (% of total imports)

| | America | N.E.I. | Russia | Borneo |
|---|---|---|---|---|
| 1922 | 5.8 | 29.2 | - | - |
| 1923 | 31.8 | 32.9 | - | - |
| 1924 | 31.1 | 31.5 | - | - |
| 1925 | 42.4 | 27.2 | - | - |
| 1926 | 44.8 | 26.1 | - | - |
| 1927 | 45.2 | 27.9 | - | - |
| 1928 | 45.5 | 28.1 | 7.6 | - |
| 1929 | 56.0 | 22.0 | 10.2 | - |
| 1930 | 56.6 | 14.1 | 14.2 | 6.2 |
| 1931 | 56.7 | 8.5 | 18.2 | 4.4 |
| 1932 | 58.6 | 8.0 | 15.5 | 4.4 |
| 1933 | 58.2 | 8.8 | 13.8 | 6.1 |
| 1934 | 66.0 | 9.1 | 9.8 | 5.4 |
| 1935 | 76.1 | 11.1 | 0.1 | 5.1 |
| 1936 | 76.6 | 12.0 | - | 7.3 |

Source: Computed from YC, op. cit., P. 235.

(b) Petroleum Benzine (% of total imports)

| | America | N.E.I. |
|---|---|---|
| 1922 | 11.0 | 68.1 |
| 1923 | 25.5 | 70.5 |
| 1924 | 33.8 | 66.2 |
| 1925 | 31.8 | 68.2 |
| 1926 | 44.2 | 55.1 |
| 1927 | 50.1 | 49.9 |
| 1935 | 65.5 | 29.4 |
| 1940 | 70.4 | 28.3 |
| 1941 | 82.8 | 17.2 |

Source: Computed from YC, op. cit., P. 235.

(117) Hiroshi Nakano and others, "Higashi Indō" (The Netherlands East Indies) in Nanpō Nenkan (A Year-book of the Southern Region), Tokyo, 1953, P. 157.

(118) For more information, see Yōichi Itagaki, Taihei-yō Sensō to Sekiyū Mondai (The Pacific War and the Petroleum Problem) in Nihon Gaikō Gakkai, Taihei-yō Sensō Genin-ron (Studies on the causes of World War II in the Pacific), Tokyo, 1953, PP. 616-618; Hiroshi Nakano and others, op. cit., P. 158.

(119) Helmut G. Callis, op. cit., P. 33; Yōichi Itagaki, op. cit., P. 617 and NYNJ, 1939, Chapter two. "The Indies", P. 184. The B.O.M. was a company formed by Japanese companies and the authorities in the East Indies. It had a capital of 2 million guilder, and held oil exploitation rights for 75 years. It was engaged in working the Kaliorang(?) oil field in Borneo. Of its stock issue of 200, Mitsui Bussan held 132, Nihon Sekiyū (Japan Petroleum) held 66 and the East Borneo Company held 2. The B.O.M. possessed rights to three mining areas in Kutai and Kaliorang(?). - Yōichi Itagaki, op. cit., P. 617 and SS, DSKK, P. 366.

(120) Yōichi Itagaki, op. cit., P. 617.

(121) Apart from mineral oil, Arita listed twelve other important raw materials. The details may be found in Section Five, Part 2. "Implementation of Japan's Southern Policy", footnote 65.

(122) H.J. Van Mook, The Netherlands Indies and Japan, London, 1944, P. 35.

(123) Ibid., P. 37.

(124) General Koiso (1880-1950) was a typical military

man. He was born in Yamakata Prefecture, educated in the Military Academy, and graduated from the Military University in 1910. He played a very important role in Japanese Southern expansion. The concept of the "Greater East Asia Co-Prosperity Sphere" was derived from Koiso's writings, particularly his writings in 1940 in which he advocated an "East Asian Economic Sphere". (NGSJ, P. 634). He was a leader of the Sangatsu Jiken (The March Incident) (See Appendix 1) of 1931, whilst he was serving as Director of Military Affairs. Later he became the Chief Staff Officer of the Kwantung Army and then Commander of the Korean Army (December 1935-July 1938). Koiso became Minister for the Colonies in the Hiranuma Cabinet (January 1939-August 1939). In the Yonai Cabinet (January 1940-July 1940) he was responsible for Japan's foreign expansion. (See NRDJ, vol. 7, PP. 189-190; NKSJ, P. 162 and Mainichi Sinbun-sha, Tokyo Saiban Hanketsu (The Judicial Decision of the Tokyo Trial, 1948). Koiso replaced Tōjō as Prime Minister in 1944 and formed a cabinet from July 1944-April 1945. After the Second World War, he was sentenced to life imprisonment. He died in 1950.

(125) On 10 August 1940 General Pabst lodged a strong protest with the Japanese against Koiso's speech. The General also opposed Koiso's arrival in the East Indies as head of the Japanese delegation. - See SS, DSKK, (2), PP. 343-344, 353.

(126) NKSG, vol. 6, P. 87.

(127) The members of this so-called civilian delegation were appointed by the Ministry of Commerce and Industry. The Japanese Government was responsible for all its expenses. Mukai was instructed by the Minister of Commerce and Industry "to keep in close communication with the Imperial representatives and

consulate; to avoid mentioning to the Dutch the members of the delegation who were appointed by the Ministry of Commerce and Industry; to keep things secretly and to use the Foreign service for all communication". (SS, DSKK, (2), P. 358). Therefore, it is clear that the Mukai delegation was an official one.

(128) In 1945 Mukai became the first President of the Bōeki-cho (the Ministry of Trade). He was Minister of Finance in the Fourth Yoshida Cabinet (October 1952-May 1953).

(129) Mukai was the Gikyōdai (political "blood brother") of Zyōtarō Yamamoto. Yamamoto (1867-1936) was a powerful financier as well as an expansionist politician. He was elected five times to the House of Representatives. He was also President of the Political Affairs Research Committee and Chief Secretary of the Seiyūkai. In 1927-29, Yamamoto was President of the South Manchurian Railway Company, and he played an important role in the Japanese penetration of Manchuria. He later became a consultant to the Seiyūkai and a Member of the House of Peers. (See DJJ, P. 669 and NKSJ, P. 604).

(130) H.J. Van Mook, op. cit., PP. 39-41. The personnel of this mission - officials from the Ministry of Foreign Affairs, the Cabinet Planning Board, the Ministry of Finance, the Army Ministry, the Naval Ministry, the Ministry of Commerce and Industry, the Ministry of Colonial Affairs and the Ministry of Agriculture and Forestry - can be seen in SS, DSKK, (2), P. 359.

(131) Dr. H.J. Van Mook, Director of Economic Affairs, was appointed chief Dutch delegate. The Dutch delegations also included Dr. K.L.J. Enthoven, Director of Justice, and Raden L. Djajadiningrat, a senior officer in the

Department of Education. Dr. J.E. Van Hoogstraten, Chief of the Bureau of Commerce, was to act as secretary. - H.J. Van Mook, op. cit., P. 40.

(132) Van Mook was mistakenly regarded by the Japanese as a "Japanophile". - AS, 13-9-1940.

(133) Crude oil, 2,250,000 tons; aviation spirit (over 87 octane) 400,000 tons; and diesel oil 500,000 tons.

(134) For details on American and British interference with the export of oil from the East Indies to Japan, see Yōichi Itagaki, op. cit., P. 616 and NKSG, vol. 6, PP. 88-89.

(135) H.J. Van Mook, op. cit., P. 44.

(136) He became a Member of the House of Peers after returning to Japan.

(137) See NKSJ, PP. 614 and 761; DJJ, PP. 728-729.

(138) H.J. Van Mook, op. cit., P. 96.

(139) Ibid., P. 71 and SS, DSKK, (4), P. 7.

(140) Captain Nakahara, Lieutenant Commander Nakasuji, Colonels Ishimoto and Harada, Lieutenant Colonel Nakayama, and Major Kondō were each appointed to the delegations. Majors Shihō, Kondō, Okamura and Katō were also sent to the East Indies but not as members of delegations. (NKSG, vol. 6, P. 176; SS, DSKK, (2), PP. 359 and 396). Military officers were also sent to the Philippines, Malaya, Thailand, Burma and Australia to collect military information. (See NKSG, vol. 6, P. 176). For a discussion of Japanese espionage in Southeast Asia, see Kee Yeh Siew, op. cit., PP. 71-73.

(141) Van Mook states that "the continuously changing swarm of assistants remained in force and collected information where they could - not of a purely economic nature". (H.J. Van Mook, op. cit., P. 61); "Stacks of information left Batavia for Tokyo by the ever more frequent couriers, and although it is rather improbable that the spying crowd of "experts" got hold of real secrets, they certainly amassed and sifted all the available data necessary for the landing expeditions that were to come. The Japanese ..... must have regarded all this ant-like activity as a great achievement in military intelligence." (Ibid., PP. 64-65). "It very obviously was a permanent source of information for their plotting Army and Navy headquarters, and the constant changes of personnel provided them regularly with messengers travelling under diplomatic immunities. The moment would come when the benefits of gaining time would be outweighed by the capacity for mischief and nuisance of this inquisitive company". (Ibid., P. 78).

(142) NKSG, vol. 6, PP. 175-179.

(143) AS, 12-7-1940.

(144) Kanji Ishihara (1889-1949) was an important member of the military. He contributed considerably to the Japanese military expansion in Manchuria, and was a leader of the right-wing Tō-a Renmei (the East Asian Association).

(145) SS, DSKK, (2), PP. 359-361 and NKSJ, PP. 24 and 408.

(146) SS, DSKK, (2), P. 395.

(147) Full details may be found in H.J. Van Mook, op. cit., PP. 48-54. Van Mook later said that he had

been a "fool" to have given so much information to the Japanese delegation. (Ibid., P. 65).

(148) Oil production in the East Indies in 1936-1940 was as follows (unit: thousand tons):

1936 - 6,437
1937 - 7,262
1938 - 7,398
1939 - 7,948
1940 - 7,938

Sources: Zhong Hua Shang Bao She, Yin'ni Shangye Nianjian (The Commercial Year Book of Indonesia), Djakarta, 1955, P. 230; NN, P. 967.

(149) K. Yoshizawa, Itsuwari no Gaikōshi - Nichiran Kōshō no Shinsō (An Untrue Diplomatic History - the Truth of the Japan-Netherland Negotiations), in Chuō Kōron, December 1950, P. 176.

(150) Yōichi Itagaki, op. cit., P. 619 and SS, DSKK, PP. 366-367.

(151) Yōichi Itagaki, op. cit., P. 629.

| | | (Hectares) |
|---|---|---|
| (a) | Borneo, Sangkulirang area | 1,300,000 |
| (b) | Celebes and an area opposite to Ceran Island | 163,000 |
| (c) | Dutch New Guinea: North-eastern and South-eastern area | 14,900,000 |
| | Total | 16,363,000 |

(152) Mukai argued that Japan strongly wished to acquire oil concessions in the following areas:

| | | (hectares) |
|---|---|---|
| (a) Borneo - the districts of Kaliorang and Koetai ..... | about | 1,300,000 |
| - an area, opposite to Tarakan Island, northward from the Bengara River to the boundaries of British North Borneo ..... | about | 400,000 |
| (b) Celebes - the district opposite to Pelang Island ..... | about | 163,000 |
| (c) Dutch New Guinea: | | |
| North-eastern Shoreland .. | about | 1,200,000 |
| Middle-eastern interior .. | about | 3,500,000 |
| South-eastern Shoreland .. | about | 9,000,000 |
| (d) Aroe Achipelago, South-east to Dutch New Guinea ..... | about | 850,000 |
| (e) Schouten Archipelago, north-east to Dutch New Guinea ..... | about | 350,000 |
| (f) Sumatra - an area extending south-eastwards from Medan and along the River Asahan ..... | about | 700,000 |
| Total ..... | about | 17,463,000 |

- See H.J. Van Mook, op. cit., P. 62; Yōichi Itagaki, op. cit., PP. 631-632.

(153) H.J. Van Mook, op. cit., P. 95.

(154) Saitō and the First Secretary of the Japanese Consulate in Batavia, Ōta, were both "enthusiastic and firm southern expansionists". (SS, DSKK, (2), P. 375). Major General Nakayama, who was a delegate with the Kobayashi Mission, recalled in February 1961 that "Ōta had a viewpoint similar to the military, he acted even more positively than a militarist as regards the Indies' problems. Consul Ōta had right-wing views. That is why the Ministry of Foreign Affairs had selected them (Saitō and Ōta) to participate in the negotiations". (SS, DSKK, (2), P. 375). In November 1940 Saitō became the first Director of the newly-established Nanyō Kyoku (The

Department of the South Seas), which was attached to the Ministry of Foreign Affairs in Tokyo.

(155)Yōichi Itagaki, op. cit., P. 630; SS, DSKK, PP. 394-395.

(156)The transfer of the negotiations to Batavia was suggested by Kobayashi on 18 September 1940 and later taken up by Matsuoka. (SS, DSKK, (2), P. 371). Kobayashi felt that if the negotiations were transferred to the East Indies, Japan would secure her demands only if the threat of military pressure was used against the Dutch. On 12 October 1940 he suggested to Matsuoka that, before the war in China was concluded, Japan would have to move into the East Indies to forestall America and Britain. (See Ibid., PP. 377-378).

(157)Ibid., P. 621.

(158)H.J. Van Mook, op. cit., P. 40.

(159)Yokohama Syōkin Ginkō (The Yokohama Specie Bank Limited) was established in 1880 with assistance from the Government and later from the Bank of Japan. The main functions of the Bank were to hold reserves of foreign and domestic currency, and to deal with foreign banks and other foreign enterprises in order to develop Japanese trade and finance. The Bank also financially supported domestic enterprises which were externally orientated. In the later years of the Meiji era, the Bank played an important role in the Japanese penetration of Manchuria and Mongolia. In the Taisyō era it was particularly active in making loans to China. In short, the Bank played an important role in developing Japanese foreign trade and economic expansion overseas. The Head Office was in Yokohama, and there were branches and agencies throughout the Far East and indeed in Europe and the U.S.. In 1945, the Bank's dissolution was

ordered by the Supreme Commander for the Allied Powers. However in 1947 the bank was reformed and renamed the Bank of Tokyo. - See NKSJ, P. 613; Yokohama Syōkin Ginkō, Yokohama Syōkin Ginkō-shi (The History of the Yokohama Specie Bank Limited), 1920 and Iwao Hino and Raja Singan, op. cit., P. 108.

(160) H.J. Van Mook, op. cit., P. 65.

(161) Ibid., P. 65.

(162) AS, 28-8-1940; 2-11-1940 and 1-12-1940. Mukai's passage to and from Batavia was also by ship. He arrived in Batavia on 26-8-1940 (AS, 26-8-1940) and left on 23-11-1940 (AS, 23-11-1940). The Nanyō Kaiun was formed in 1935, by the amalgamation of services previously operated by the Nippon Yūsen Kaisha (N.Y.K., a Mitsubishi affiliate), the Osaka Shosen Kaisha (O.S.K., a Sumitomo affiliate), the Ishihara Sangyō Kaiun Kabushiki-gaisha and the Nanyō Kisen.

The Nanyō Kaiun held a monopoly of scheduled Japanese shipping services between Japan and the Netherlands East Indies. There were from four to seven scheduled sailings a month. The regular ports of call were Surabaja, Semarang, Cheribon and Batavia. In addition the Nanyō Kaiun operated a monthly service between Taiwan and the East Indies. Regular stops were made at Hongkong, Ta-wao in North Borneo, and Macassar, as well as Java. These services were subsidized, the first by the Ministry of Communications, the second by the Japanese Governor in Taiwan. (N.S. Ginsburg, Japanese Prewar Trade and Shipping in the Oriental Triangle, Chicago, 1949, PP. 45-47 and 62).

(163) AS, 25-8-1940.

(164) AS, 28-8-1940.

(165) SS, DSKK, (4), PP. 12-13.

(166) An oil barrel contains 42 U.S. gallons or 35 Imperial gallons. To convert barrels of crude oil (36 gravity API) or fuel oil (16 gravity API) to metric tons (of 2,204.6 lbs.), divide U.S. barrels by 7 and Imperial barrels by 6.7. To convert barrels of 60 gravity gasoline to metric tons, divide by 8.5. - S.E. Morison, The Rising Sun in the Pacific, U.S.A., 1951, P. 63.

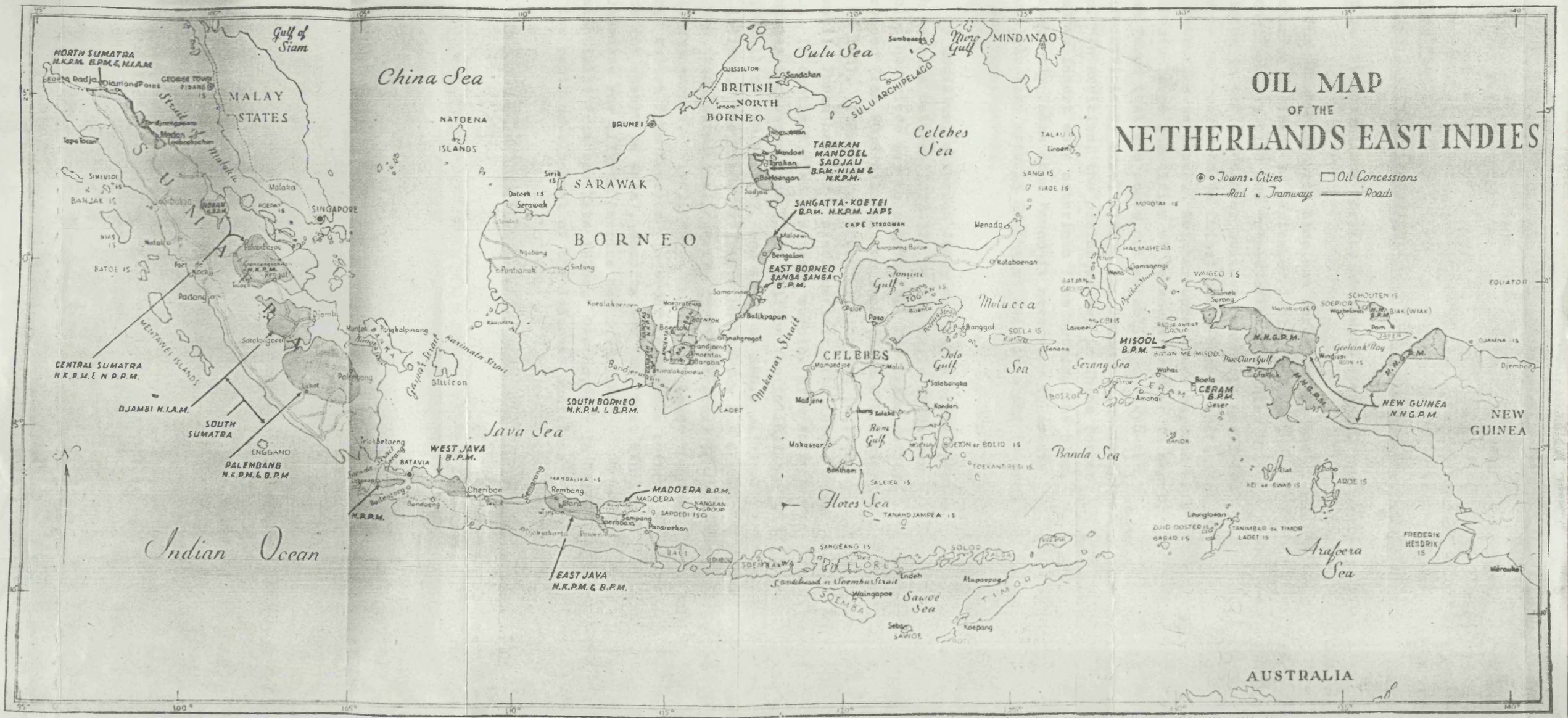
(167) Asahi Sinbun-sya, Konoe Fimimaro-ko no Shuki (Memoirs of Prince Konoe), op. cit., P. 50.

(168) Tokisaburō Shiobara, Tōjō Memo, Kakute Tennō wa Sukuwareta (A Verbatim report on General Tōjō's replies to questions put by the prosecution at his trial in 1946, shedding light on Japan's conduct of the war), Tokyo, 1952, P. 94.

(169) Production of crude oil in the East Indies was 7,262,008 tons in 1937, 7,398,144 tons in 1938 and 7,948,694 tons in 1939. (Zhong Hua Shang Bao She, Yinni Shang Yie Nian Jian (The Commercial Yearbook of Indonesia), Djakarta, 1955, P. 230. Both Takushirō Hattori (op. cit., P. 92) and Seiichi Kojima (op. cit., P. 29) stress that before Japan advanced into the East Indies, this country was the oil treasury of East Asia.

Appendix 1.

Sangatsu Jiken (the March Incident) was an Army coup planned by Kuniaki Koiso, Syūmei Ōkawa and other right-wing leaders in March 1931. The overwhelming majority of the participants were General Staff Officers. They included Ninomiya, Vice-Chief of Staff; Takekawa, Chief of the Second Division of the General Staff; and Shigetō and Hashimoto, Chiefs of the Chinese and Russian sections of the General Staff. The coup leaders planned to mobilize 10,000 civilian sympathizers to surround the Houses of Parliament, and to disrupt Tokyo city before placing it under martial law. Finally troops were to be sent to force the resignation of the entire Cabinet. The new regime was to have been led by the Minister of War, Kazushige Ugaki. But the coup miscarried due to planning deficiencies, disagreement among the planners, and hesitation on the part of the Minister of War. However, no legal action was taken against the coup leaders, and this encouraged further coups, notably the October Incident in October 1931, the Ketsumei-dan Incident in February-March 1932 and the 5.15 Incident on 5 May 1932. - See NKSJ, P. 225 and Yale Candee Maxon, Control of Japanese Foreign Policy, A Study of Civil-Military Rivalry 1930-1945, U.S.A., 1975, PP. 78-79.




Source: World Petroleum, April 1940. However this is taken from Alex.L.Ter Braake, Mining in the Netherland Indies, New York, 1944. This oil map indicates the areas where the different oil companies are actively engaged either in prospecting or in extracting oil (Ibid., P.69).

## Section Five
## Japanese Southward Expansion.

### Part 1. Preparations for the Southward Advance.

The Japan-Manchuria bloc was formed after the Manchurian Incident in September 1931. The Japan-Manchuria-China bloc was formed after the China Incident in 1937. However neither Manchuria nor China (and in particular North China) could supply sufficient raw materials to Japan. Neither were these markets able to absorb large quantities of Japanese goods. In short, Japan found that she could not establish a Jikyū-ken (self-sufficiency area) within the Japan-Manchuria-China bloc. In addition, the prolonged war in China forced Japan to import more materials from outside the bloc. Consequently Japan soon found it necessary to create a supplementary area in Southeast Asia in order to meet all her requirements.

In addition, although Japan had had a trade surplus with America between 1922-32, by the early 1930s the surplus had given way to a deficit. The trade deficit increased from 90.9 million Yen in 1932 to 678.5 million Yen in 1937. It stood at 700.6 million Yen in 1940. Meanwhile Japan had had a trade deficit with Europe from 1920. In contrast, Japan's trade surplus with Asian countries increased from 232.5 million Yen in 1932 to 350.8 million Yen in 1937, and stood at 980.0 million Yen in 1940. The trade deficit with America and Europe, and the trade surplus with Asian countries arose in the following manner. First, Japan imported a large quantity of raw cotton from America (in order to produce cotton goods for export to Asia), despite the fact that exports of Japanese raw silk to America had diminished substantially from the late 1920s. Second, war in China and the rapid development of the Japanese munitions

industry made it necessary for Japan to import munitions and heavy industrial goods from America and Europe. In time, Japan had to import more raw materials from Asian countries in order to correct the trade deficit with America and Europe.

Under these circumstances, Japan became increasingly concerned with Southeast Asia. Early in 1936 the Japanese Navy began to argue that Southeast Asia was an important source of critical resources for Japan. From that point, through its network of research groups, the Japanese Navy took the initiative in studying contemporary Southeast Asia. The research groups were supported by the Army as well as by the Navy. They were staffed by scholars, individuals with experience of Southeast Asia, professional military men, businessmen and bureaucrats. The papers which flowed from their research often formed the basis for Governmental policy decisions.[1] Among the leading research groups, the Kokusaku Kenkyūkai (National Policy Research Group), the Sōgō Kenkyūkai (General Affairs Research Group), the Navy Ministry Chōsaka (Research Section) and its predecessor the Rinji Chōsaka (Provisional Research Section) appear to have been the most influential.

The N.P.R.G. was established by the Director of Military Affairs at the Army Ministry, Tetsuzan Nagata (1884-1935), and a prominent politician, Kazuo Yatsugi. At that time Nagata was, together with Hideki Tōjō, leader of the Tōsei-ha (Control Faction)[2] in the Military. The Tōsei Faction favoured the introduction of a controlled economy. In June 1934, the N.P.R.G. produced the Sōgō Kokusaku Taikō (the General Principles of National Policy) which laid the basis for the introduction of a controlled economy. In August 1934 the information bureau of the Ministry of the Army re-worked this document as Kokubō no Hongi to Sono Kyōka no Teishō (the Principles of National Defence and Proposals for its Intensification).

This was generally called "the Pamphlet of the Army", and it was widely distributed both inside and outside the Army. The establishment of Tai Man Jimu-Kyoku (the Secretariat Towards Manchuria, December 1934-November 1942) and Naikaku Chōsa-Kyoku (the Investigation Bureau of the Cabinet, the predecessor of the Cabinet Planning Board) were both prompted by this Pamphlet. The Pamphlet also proposed a number of policies which were adopted by the Government in the late 1930s.(3)

Apart from the N.P.R.G. there were many other research organizations and institutes which operated with Army and Navy support. The Mantetsu Chōsabu-South Manchurian Railway Company Research Bureau (S.M.R.C.R.B.) - was one of the largest of these.(4) The S.M.R.C.R.B. was a research organization established in 1907 by Shinpei Gotō, (5) as First President of the South Manchurian Railway Company (S.M.R.C.).(6) The S.M.R.C.R.B. was the first and the most firmly-established research bureau directly attached to a Japanese enterprise. It was funded by the Government and by a number of other bodies including the Army.(7) In 1908 it was renamed the Mantetsu Chōsa-ka (South Manchurian Railway Company Research Department). The Research Department investigated principally Asian and European economic and political matters. In August 1935 Yōsuke Matsuoka became President of the S.M.R.C., and in this capacity he brought together a number of research organizations, including the East Asia Economic Investigation Bureau, the Dairen Library, the Overseas Office and several natural science institutions (including the Central Experimental Station, the Geological Research Institution and the Industrial Experimental Office), to form the East Asia Economic Investigation Bureau (E.A.E.I.B.). The Bureau produced numerous valuable publications which facilitated the Japanese Southern expansion.(8)

Another important research group, the Nanyō Kyōkai (South Seas Association), was secretly supported by the Army and the Navy Ministries.[9] The South Seas Association (S.S.A.) contributed greatly to the Japanese southern expansion. Tracing the origins and development of this Association would help considerably towards an understanding of the Japanese southward advance.

The S.S.A. was first established in 1913 but was soon dissolved due to financial difficulties. It was re-established in January 1915 by eighteen influential Japanese politicians and industrialists. Its head office was in Tokyo and there were branches both inside and outside Japan. Among the eighteen[10] founders of the S.S.A., Shigeyoshi Yoshikawa, Eiichi Shibasawa, Renpei Kondō and Kenjirō Ta were members of the nobility. Masayoshi Uchida was Director of Civil Administration of the Governor-General in Taiwan. Masaji Inoue and Suzu Hoshino were industrialists with rubber plantations in Malaya. Akimasa Yoshikawa was appointed first President of the S.S.A. though he was later replaced by Kenjirō Ta. The Association promoted trade between Japan and the South Seas. It staged overseas exhibitions of Japanese commodities, sent Japanese to Southeast Asia and generally encouraged the export of Japanese goods.[11] In addition through its organ, the Nanyō Kyōkai Zasshi (South Seas Association Magazine, which was later renamed the Nanyō, i.e. the South Seas, first published in August 1915), and through its publications dealing with Southeast Asia,[12] the S.S.A. created a popular understanding within Japan of the Southern areas and encouraged Japanese Southern expansion.

Finally reference should be made to the impact to the Shōwa Kenkyūkai (Shōwa Research Association). This was Premier Konoe's brains trust on Japan's policy towards Southeast Asia.[13] The Shōwa Research Association (S.R.A.)

was first organized on an informal basis in 1933. Its formal establishment came in November 1936. It had as its objective the formulation of Japanese national policy, including the evolution of a new statement on Japan's role in Asia.[14] The members of the Association anticipated that Konoe would soon be elected premier. The key members were Masamichi Rōyama, Teiji Yabe, Hirō Sasa, Shintarō Ryū, Kiyoshi Miki, Ryūnosuke Gotō, Teizō Taira, Shigeru Yoshida, Akira Kazami, Okinori Kaya, Fumio Gotō and Hachirō Arita.[15] The S.R.A. did not itself issue publications advocating Japanese southern expansion, as was the case with the S.M.R.C. and the S.S.A.. The S.R.A. was in fact, similar to the N.P.R.G. in formulating national policies towards Southeast Asia. The members of the S.R.A. were inclined to accept that Japan was the dominant power in East Asia. They assumed that the preservation and enhancement of this dominance constituted the basic goal of Japanese national policy.[16] Members of the Association published a number of influential articles[17] which proposed the formation of a New Asian Order. It was argued that Japan should not only remove the Western presence from Asia, but take over European colonialism by including East Asia within the Japanese sphere of influence. The East Asia Economic Bloc Research Association, one of the many subcommittees of the S.R.A., published a paper in 1939 entitled "An Outline of the East Asian Economic Bloc from the Standpoint of Resources and Trade Relations". It was argued that Japan should expand her influence southwards because Southeast Asia was geographically adjacent to the Japan-Manchuria-China bloc, and also had natural resources which were absent in the Yen-bloc.[18]

Therefore the S.R.A. was an early advocate of the inclusion of the South Seas region in an Asian economic bloc. This economic concern led to the view that the U.S. and Britain should be removed from Southeast Asia

under the cloak of anti-imperialism. Thus the S.R.A.'s view approximated closely with Japanese military thinking on Southeast Asia. Indeed the Association contributed to the formation of the Southern policies which were adopted by the Japanese Army and Navy.(19)

As a result of the research undertaken by the above institutions, associations and groups, the Army and Navy began to form their southern policies in the 1930s. In mid 1936 the Navy Headquarters enacted Kokusaku Yōkō (General Principles of National Policy).(20) This stressed that "the Southern countries are the areas we should regard as most important for strengthening our national defence and solving the population problem and economic development. The administration of this area is necessary to complete our policies toward Manchuria, China and Russia. This means it is our country's inevitable mission to expand our power, based on the Imperial spirit, in the Southern area, and to improve the peoples' welfare and realize co-existence and co-prosperity".

On 7 August 1936, the "Five Ministers' Conference" enacted Kokusaku no Kizun (The Fundamentals of National Policy).(21) This argued that "in view of the situation of Japan domestically and externally, the basic policy Japan should establish is to secure the position of Japan on the East Asiatic continent in both diplomacy and national defence, and at the same time to advance and develop in the Southern area ..... especially the outer Southern area". 'The Fundamentals of National Policy' was the first official Japanese document which expressed interest in the expansion of Japanese influence in the Southern area. From this time Japan regarded the Southern area, together with the East Asiatic mainland, as within the Japanese economic sphere.

In April 1939, under the guidance of Yatsugi Kazuo, the Director of the National Policy Research Association, the Navy National Policy Research Committee prepared "The Summary Draft of a Policy for the South". This described in full Japanese policy towards the Southern area. The main objective was to drive Western political and economic power from the region, and to increase its raw materials production in order to meet Japan's needs. In short, Japan proposed to establish an Asian "self-sufficiency sphere" under Japanese protectorship and leadership.(22)

On 1 August 1940, Foreign Minister Yōsuke Matsuoka proclaimed that "our present foreign policy will aim at establishing the Greater East Asia Co-Prosperity Sphere, linking Japan, Manchuria and China". It would also "include French Indo-China and the Netherlands East Indies".(23)

On 22 August 1940, with guidance from the Government, the Nanyō Kankei Dantai Rengō-kai (United Association of Bodies Related to the South Seas) was established in Tokyo. The Association was formed by the Nanyō Kyōkai (South Seas Association), the Nanyō Saibai Kyōkai (South Seas Agricultural Cultivators' Association), the Nanyō Suisan Kyōkai (South Seas Fisheries' Association), the Tō-a Kenkyū-zyo (East Asia Research Institute), the Tō-a Keizai Chōsa-kyoku (East Asia Economic Investigation Bureau), the Nanyō Keizai Kenkyū-zyo (South Seas Economic Research Institute), the Nanpō Kyōkai (Southern Association - Taiwan), the Taiheiyō Kyōkai (Pacific Association) and the Mitsui Tai-sitsu (Mitsui Thai Office). Hideo Kodama(24) was appointed President of the new Association. Its main office was in the headquarters of the S.S.A.. The Foreign Minister, concurrently the Minister for Colonies, Yōsuke Matsuoka, delivered a speech on the establishment of the Association.(25) This indicated that the Japanese authorities were now eager to implement the Southern policy.

Part 2. Implementation of Japan's Southern Policy

Trade between Japan and the Nanyō (the South Seas) developed slowly from the beginning of the Meiji era (1868-1912).[26] The years in which trade with the region first appeared in Japanese trade statistics, were the Philippines in 1887, French Indo-China in 1894, the Netherlands East Indies in 1898 and the Straits Settlements in 1902.[27] But the trade as it appears in the statistics was fragmentary. By the end of the Meiji era, although Japanese activity in the Nanyō had increased,[28] it was still relatively unimportant. In other words, although there had been some interest in Japan in Nanyō affairs, and some Japanese economic involvement in the region,[29] foreign trade between Japan and the Nanyō was on a relatively small scale. Then, during the Taishō era (1912-26), no major reference to the Nanyō appeared in the speeches of a Japanese prime minister or minister. References to the Nanyō rarely appeared in works by Japanese politicians in this period.[30] This, of course, does not mean that the Nanyō was completely ignored by Japan. Indeed there was a gradual increase in Japanese exports to the Nanyō, and public interest in the area was stimulated by a magazine called Zitsugyō no Nihon (the Industrial Japan).[31] Trade between Japan and the Nanyō was also encouraged by the South Seas Association after 1915.[32] Exports of Japanese goods to the Nanyō, principally exports of cotton tissues, increased substantially during and after the First World War.

As noted earlier the acute shortage of Western goods in the Far East during the First World War led to an expansion of Japanese exports. However, Japan faced considerable trading difficulties when Western trade re-emerged in the East after 1918. Moreover, tariff barriers imposed against Japanese goods by European colonies in the East severely restricted Japan's export trade. With the onset of the World economic

crisis from the late 1920's, both the Japanese and the Western economies faced almost unprecedented difficulities which provoked them into erecting tariff barriers in order to protect their national interests. Japanese trade expansion in the East was particularly restricted after the creation of the British Empire economic bloc following the Ottawa Conference in 1932. Japan moved into Manchuria in 1931 and, in turn, created the Japan-Manchuria economic bloc. But Japan's expansion into Manchuria faced not only Chinese resistance but was also opposed by the West. Japan widened its sphere of influence into the Japan-Manchuria-China bloc following the China Incident in 1937. Japan's military expansion into China intensified her confrontation with the West. A Nine-Power Pact Conference (the Brussels Conference), involving Britain, America, France, Russia and 5 other powers, was held in November 1937. The Conference was concerned with the Japan-China war, and attempted to restrict further Japanese expansion in China. In particular America applied a series of economic measures against Japan. These included stopping the purchase of Japanese gold, suspending credit to Japan, abrogating the American-Japanese Trade and Navigation Treaty and controlling foreign exchange transactions with the Japanese. Furthermore, in December 1938, America and Britain gave Chiang Kai-Shek 25 million dollars and 10 million pounds in credit. In January 1939 America, Britain and France made a joint declaration against the "East Asia New Order."

To discuss Japanese expansion into the Southern region in the face of Western opposition, Nettai Sangyō Chōsa-Kai (A Meeting to Investigate Tropical Industries) was held in Taiwan in May 1935. Taiwan was at that time a Japanese colony and had played an important role in the initial Japanese southern advance. A number of institutions, notably the Taiwan Nanpō Kyōkai (the Taiwan Southern Association), and Japanese banks, notably the

Taiwan Ginkō (the Taiwan Bank) and the Kanan Ginkō (the South China Bank) had been established by the Japanese in Taiwan. The Taiwan Southern Association provided valuable information to Japan, while the banks provided financial assistance to Japanese concerns operating in the Southern region. In addition the Taiwan Sōtoku-Fu (the Taiwan Governor-General) was important in both these respects.(33) In December 1940, the Taiwan Gun Kenkyū-bu (the Taiwan Army Research Division), attached to the Taiwan Military Headquarters, was established. It was led by General Itagaki. It was to contribute greatly to the Japanese southern advance by collecting military information and by organizing military manoeuvres.(34)

At the Meeting to Investigate Tropical Industries in 1935, it was argued that the Southern region was simply an extension of the Japanese economy, and that trade and economic cooperation with the region be expanded.(35)

Southern expansion did not form an important part of Japanese "National Policy" until the Five Ministers' Conference in August 1936. The Conference was attended by the Prime Minister, Foreign Minister, Secretary of State for War, Secretary of the Navy and the Minister of Finance in the Hirota Cabinet. The Conference laid down "the Fundamentals of National Policy" which included the policy for Southern expansion and for securing the Japanese presence in the East Asian mainland.(36)

The Japanese Southern policy became increasingly important following the outbreak of war in Europe in September 1939. This was essentially due to three reasons. First, Japan was entangled in China, particularly from late 1938. Second, from late 1939 Japan's economic dependence upon the United States increased, for her trade with Germany and Britain was sharply curtailed. Moreover, imports from British and French colonies in Asia were also affected. Third, in contrast to the British policy

of appeasement towards Japan, the United States had become strongly opposed to Japanese ambitions in Eastern Asia. This was particularly the case following the abrogation of the American-Japanese Trade and Navigation Treaty in July 1939, at which point the United States tightened her trade embargo on Japan. She also began to assist the Kuomintang, both financially and militarily, from the end of 1939.(37)

The Japanese war economy faced tremendous difficulties. The first Busshi Sōdōin Keikaku (38) (Resources Mobilization Plan) was drawn up in January 1938 and soon became the most important element in administering the Japanese war economy. The main purpose of the plan was to ensure preferential distribution of raw materials to the munitions industry. When Japan became engaged in her long war in China, the need for increased munitions production became acute. As a result the domestic distribution of imported raw materials was centrally planned. However Japan found it impossible to implement the Plan accurately and therefore inevitably, the Southern policy was accelerated in order to acquire additional raw materials from the Southern region.

Early in September 1939 the Cabinet Planning Board argued that the Southern region would be the prime source of raw materials for Japan.(39) Almost at the same time, the strong possibility of severe economic pressure from the U.S., and the implementation of export restrictions by the British and French colonies in Asia was considered by the Japanese. But the situation was not yet critical for Japan hoped that these dangers could be removed through diplomacy.(40) However, by April 1940, a complete economic blockade by the U.S., Britain and France was almost inevitable.(41) As a result, Japan realized that she had to bring French Indo-China, the Philippines and Borneo into her possession (42) as the first step in her Southward expansion.

In 1939, Japanese policy was to reduce dependence on American and British resources, and to resolve conflicts with the U.S. in Asia through diplomacy.(43) However, by June 1940, Japan was determined to declare war on the U.S., and to invade the Netherlands East Indies to secure her economic requirements.(44)

In 1940, following Germany's successes in Europe, Japanese opinion was in favour of the use of force to secure the Southern region. Opinion was led by the military, particularly by the Army. In July 1940 the Yonai Cabinet was overthrown by the Army and replaced by the Konoe Cabinet. Yonai, and Arita, his Foreign Minister, had been opposed to Japanese support for Germany in Europe, and they had also called for a peaceful Southern advance. At the same time the Japanese Ambassador to Britain, Mamoru Shigemitsu, and the Ambassador to Germany, Saburō Kurusu, were dismissed by the new Foreign Minister, Yōsuke Matsuoka. The two Ambassadors were considered too "discreet". They had suggested that Japan should await Britain's defeat by Germany and then occupy the Southern region. But one elder statesman, Kō Saionzi, believed that Britain would eventually defeat Germany. However, Saionzi was in a minority and his views were soon drowned by the demands of the war party.

Japan's approach to securing the resources of the Southern area, changed from peaceful diplomacy to war for the following reasons. First, it was crucial for Japan to secure further resources from this area to continue the war in China. Second, the Netherlands East Indies and French Indo-China had come within the Japanese orbit when Germany had defeated Holland and France in 1940. Third, the U.S. had become an intractable opponent of Japanese ambitions, particularly her ambitions in the Netherlands East Indies.

With support from the Army, the second Konoe

Cabinet was formed on 22 July 1940. Before this, on 4 July 1940, the Army and Navy had discussed the "Main Principles for Coping with the Changing World Situation". At this Conference, Colonel Shigeki Usui, Captain Takezi Ōno and the head of military operations, Kazunari Ui, had each argued that Japan should establish, by military force if necessary a self-sufficiency bloc, to include the Southern region. It was acknowledged that by this act, war with Britain would be inevitable and that Japan would also have to prepare for war against the U.S.(45)

In fact a draft of the "Principles" had been prepared by the Army on 3 July 1940. The Navy had revised them and presented an amended version on 9 July.(46) The final document was approved by the Konoe Cabinet on 27 July. This firmly established the direction of Japanese foreign policy.(47) From this point Southeast Asia, rather than China, constituted the central issue.(48) A number of military staff were secretly sent to Southeast Asia to collect information.(49) Japan was prepared for military advance.

France surrendered to Germany in June 1940 and soon after Japan moved into Northern Indo-China. The immediate objective of this move was to prevent materials from Britain, the U.S., Russia and France reaching Chiang Kai-Shek through Indo-China. At that time Chiang Kai-Shek was receiving foreign assistance through four routes — Russia, Indo-China, Burma and from the China coast. In June 1940, supplies through French Indo-China and Burma ammounted to 48% and 31% of the total foreign supplies reaching Chiang Kai-Shek.(50) In short, before embarking on territorial expansion in the south, Japan was eager to finish the war in China. In addition Japan needed rice, rubber, coal and tin from French Indo-China. Moreover if Japan could install her armed forces in Indo-China, this would assist her operations against China, and also provide a base for a movement

Southwards should Britain suffer the same fate as Holland and France.[51] Indeed the main purpose behind Japan's move into Indo-China was to initiate military expansion into the Southern region.[52]

In September 1940 the U.S. imposed an embargo on scrap iron exports to Japan. This action was very damaging to the Japanese war economy, as local steel production was based essentially on scrap iron. Imports of scrap iron from the U.S. accounted for 86% of Japan's total scrap iron imports in 1939. Then in October 1940 Britain re-opened the Burma-China trade route in order to give more material support to Chiang Kai-Shek.[53] This embarrassed Japan as she was anxious to settle the war in China, before moving into the Southern region.

On 3 and 24 September 1940, Japan announced that French Indo-China now formed part of the Greater East Asia economic bloc, and that Japan would acquire important raw materials from this region. Japan would import rice, coal, apatite, manganese, industrial salt, tin, crude rubber, zinc and iron ore from Indo-China.[54]

In November 1940 there was a border dispute between Thailand and French Indo-China. Japan wished to mediate between the two states in order to advance her own interests in the area. At that time the Japanese military were aware that the Netherlands and Britain could not be politically separated. Britain would declare war if Japan launched an attack on the Netherlands East Indies. Therefore an attack on Malaya and Singapore was inevitable. To mount such an offensive it was first necessary to establish military bases in Southern Indo-China and in Thailand. Japan also realized that even if she did not occupy Malaya and the East Indies, to include French Indo-China and Thailand within her self-sufficiency bloc was critical to her war economy.[55] With these considerations in mind, Japan adopted a forceful

attitude towards the dispute between Thailand and French Indo-China. A Japanese colonel, Tamura, who was based in Thailand and who knew the pro-Japanese Thai Prime Minister, Luang Pibul, made considerable efforts to influence the Thai administration. The American Minister in Thailand, Grant, reported to the Secretary of State on 4 October 1940 that "the military and political leader of Thailand is virtually a prisoner and certainly a puppet of a military clique".(56) Japan exerted influence over the Thai military authorities to the extent that she supported them in the war against French Indo-China. Although Japanese weapons were sent to Thailand in December 1940,(57) Japan's offer of mediation was rejected by both Thailand and French Indo-China on 20 December 1940. The rejection was basically the result of an intervention by Britain and America who were greatly concerned at Japan's expansionist ambitions in the region.

In spite of this, on 27 December 1940 the Japanese Government stressed that it would force French Indo-China to settle its conflict with Thailand. Japan also argued that she would soon commence negotiations with Thailand for military and economic agreements.(58) On 19 January 1941 Japan again made it clear that she was prepared to use military force in French Indo-China to settle the border dispute. Japan also stressed that she wished to establish a "New Order in East Asia".(59) This policy was re-iterated by the Japanese Government on 30 January 1941.(60)

It was clear that Japan was defending Thailand against Indo-China. Japan realized that building military bases in Thailand, would be far easier than establishing them in Indo-China.(61) Thailand eventually agreed to Japan's military requests whilst France submitted to Japanese pressure. Franco-Siamese negotiations were held in Tokyo on 7 February 1941. Agreement was reached on 11 March(62) and a peace treaty between French Indo-

China and Thailand was concluded in Tokyo on 9 May. During the negotiations Japan exacted from Vichy France the right to first purchase of the Indo-Chinese rice crop, and the right to occupy the airport at Saigon from which Japanese bombers could reach Singapore.(63) Japan also benefitted by obtaining guarantees from both French Indo-China and Thailand that neither would enter into agreement with a third power that would involve them in a political, economic or military alliance against Japan.(64)

Imports into Japan from the Netherlands East Indies became particularly important when trade embargoes were imposed against her by the Western powers, particularly the U.S.. Germany attacked the Netherlands on 10 May 1940. On 20 May the Japanese Foreign Minister, Arita, demanded that the Dutch permit the export of some 13 important raw materials (65) from the East Indies to Japan. The Dutch, offering no resistance, accepted Japan's demands on 6 June.(66) However, trade negotiations in Batavia between Japan and the Netherland East Indies were unsuccessful. On 13 February 1941, Yoshizawa, the leading Japanese delegate in Batavia, told the Foreign Minister, Matsuoka, that he doubted whether it would be possible to import the 13 materials from the East Indies without the use of military force. In fact, whilst America and Britain were placing pressure on the Netherlands not to compromise with Japan, the Dutch themselves were worried about Japan's possible southward expansion. It was also understood by the U.S. and Britain that rubber and tin exported to Japan from Asian sources were being passed to Germany through Dairen and the Manchuria-Siberian route.(67) This fact encouraged the Dutch to reduce the export of raw materials from the East Indies to Japan.

Although Japan had succeeded in bringing French Indo-China and Thailand into her "Greater East Asia Sphere,"

she failed in her initial efforts to incorporate the Netherlands East Indies.[68] This was because a direct attack upon the Netherlands East Indies would almost certainly have involved Japan in hostilities with Britain, since the British and Dutch were allies. The Japanese Navy was prepared to attack Malaya and Singapore only when Britain was under German control or when there was a political division between Britain and America.[69] A second reason for the initial failure of Japan to incorporate the Netherlands East Indies was the strong possibility of war with the United States which had a large economic interest in the Indies. In particular the U.S. automobile industry and the rapidly expanding armaments industry demanded large quantities of rubber and tin from the East Indies as well as from Malaya.

Following the German blitzkrieg in 1940, on 15 April the Japanese Foreign Minister, Arita, expressed "deep concern" over the position of the Netherlands East Indies.[70] The U.S. reacted promptly to Japanese announcements concerning the East Indies.[71] The possibility of a Japanese occupation of the Netherlands East Indies was bound to prey on the minds of American statesmen. Not only would the occupation greatly enhance Japan's fighting power and make Japan almost completely independent of American supplies. In addition the U.S. herself depended on exports from the Indies.[72] The Konoe government believed that it could create the Co-Prosperity Sphere by means of an Axis pact, and without having to go to war against the United States. However, this view was rapidly undermined by the American decisions to impose an embargo on raw material exports to Japan and to expand the U.S. fleet.[73] There also existed the possibility that the natural resources of the Netherlands East Indies and in particular oil wells, would be destroyed in a Dutch 'scorched earth' policy. The Dutch had considerable forces[74] in the East Indies and could fight a delaying action that would enable such

a policy to be implemented. The Japanese Navy, in particular, was anxious to avoid[75] such a development.

Public opinion in Japan overwhelmingly believed that Britain would eventually fall under German occupation. Furthermore, the Japanese Army believed that Britain and the U.S. could be politically separated. Before Yonai was replaced as Prime Minister by Konoe, he, together with the Foreign Minister, Arita, argued that America would become involved militarily in Asia if Japan moved into the Southern region. However, their view was overruled by Konoe, who was supported by military, political, bureaucratic, and industrial groups.[76] Konoe planned to force the Netherlands East Indies to declare its independence from the Dutch and become a Japanese protectorate, so avoiding the destruction of its natural resources.[77] But the fact that Japan would almost certainly face war against the U.S. if she mounted a direct attack on the Netherlands East Indies remained the major problem. The Japanese Navy was opposed to war against the U.S. for Japan's military strength was far below that of the U.S.[78] The Navy Minister, Yoshida, disclosed in August 1940 that "the Japanese Navy would not be able to fight against the U.S.A. longer than a year".[79] Moreover the Navy would be destroyed if the U.S. imposed a complete oil embargo against Japan. War with the U.S. would entail the loss of petroleum, iron ore, tin, rubber, bauxite and Manila hemp imports from the U.S. and British colonies; though presumably these materials would then be secured from within Asia. Japan's degree of self-sufficiency (including supplies from the Yen-bloc) was at that time, 10% for petroleum, 40% for iron ore and 20% for tin. She was almost entirely without her own supplies of rubber, bauxite and Manila hemp. In the meantime, Japan tightened her economic ties with the Netherlands East Indies in order to draw the Dutch colony into the Japanese orbit.

On 5 November 1940 the Konoe Cabinet argued that the Netherlands East Indies was an important part of the Greater East Asia Sphere[80] and that Japan was prepared to break the economic ties between the East Indies and America.[81] Japan proposed to exploit local raw materials in partnership with the East Indies. Japan was eager to control tin, crude rubber and quinine production,[82] but undoubtedly her greatest interest lay in petroleum.[83]

Japan's southern penetration provoked Western retaliation, which in turn prompted further Japanese expansion. The American Government had been exerting growing economic pressure upon Japan from July 1940. Exports of high-grade aviation fuel, lubricants and certain types of scrap iron and steel from the U.S. to Japan, were made subject to official licence from 26 July 1940.[84] A complete embargo on exports to Japan of scrap iron and steel was announced on 26 September; of iron ore, pig iron, iron alloy, several iron and steel products and semi-manufactures, on 10 December; and of copper, brass and bronze, zinc, nickel and potash on 10 January 1941.[85] Shortly thereafter an embargo was imposed on exports of oil-drilling equipment and oil storage tanks.[86] Later lead, jute, burlap, borax, phosphate, carbon black, cork and all animal and vegetable fats were added to the embargo.[87] On 5 February radium and uranium exports were banned by the U.S.[88]

Japan suffered an extreme shortage of war materials. Moreover in the early summer of 1941 the Japanese Government foresaw that in the near future Japanese funds in America might well be frozen and supplies of oil to Japan cut off. At the same time Japanese attempts to negotiate control of the oil resources of the Netherlands East Indies were being rebuffed by the Dutch.[89] On 28 November 1940 Kobayashi was replaced as leader of the delegation by Yoshizawa (a former Foreign Minister)

in order to negotiate more forcefully with the Dutch for raw materials from the Netherlands East Indies. However, Yoshizawa's diplomatic efforts failed and on 13 February 1941 he told his Foreign Minister, Matsuoka, that it would be impossible to acquire raw materials from the East Indies by negotiation. The only way to secure supplies was by military force.(90) On 14 June 1941 Matsuoka instructed Yoshizawa to end the mission.(91) Then in July 1941, Japan moved into Southern Indo-China in preparation for an assault upon the East Indies. The U.S., Britain and the Netherlands froze Japan's foreign assets in response to her military expansion.(92) Confrontation between Japan and the Western powers had now entered a new and more critical phase.

The Gozen Kaigi (a Council in the presence of the Emperor) was held in July 1941 and again in September. The Council decreed that Japan was now prepared to declare war on the U.S., Britain and the Netherlands in order to establish the "Greater East Asia Co-Prosperity Sphere." All war preparations were to be completed by the end of October.(93)

In September 1941 the Army prepared for military operations in the Southern region. In October the U.S., Britain and the Netherlands imposed an embargo on petroleum to Japan. On 20 November the Japanese military outlined their plans for the Southern region. Strategic materials were to be exported to Japan: petroleum, crude rubber, tin, tungsten and quinine exports to hostile nations were to be halted.(94) On 26 November Japan decided that she would divide those parts of the Southern region which were to come under her military administration (the A Region) into two parts. The Army would administer Hong Kong, the Philippines, Malaya, the East Indies (Sumatra and Java), British Borneo and Burma. The Navy would administer the Netherlands Borneo, Celebes, the Molucca Islands, the Small Sunda Islands, New Guinea, Bismarck Islands and Guam.(95) On 12 December Japan

categorized French Indo-China and Thailand as the B region.[96] Japan would not impose a military administration in the B region. Rather she would recognize the sovereignty of French Indo-China and Thailand, though military pressure would be used to manipulate the policies of the two states.[97]

By this stage, Japan's plans for the military administration of the Southern region were complete. However, before military operations were actually begun there were frequent disputes between the Japanese Army and Navy, and within the Government. The Army assumed that the U.S. and Britain could be politically separated. They therefore did not wish to attack the Philippines or Guam in an attempt to avoid American involvement. The Navy, in contrast, assumed that the U.S. and Britain were united, and therefore they persisted in preparing for war against the U.S. In addition the Army was convinced of Germany's imminent victory over Britain and therefore was determined to occupy the British colonies in Southeast Asia as well as the East Indies. But the Navy was rather pessimistic in this respect and insisted on avoiding Hong Kong and Singapore in order not to provoke British involvement. Finally, even on the eve of the Pacific war, the Army still insisted on attacking the Southern region through the west route (Malaya- Sumatra- Java) while the Navy insisted on the east route (the Philippines- Borneo- Java- Sumatra- Malaya).[98]

In fact from the end of the Meiji era, the Japanese Army and Navy had held different views on foreign expansion. "Rikugun wa Hokusin, Kaigun wa Nansin" (the Army marches North, the Navy sails South) was a fixed theme in Japanese foreign policy in this period. This difference of ambition produced conflict between the two forces. But at the Five Ministers' Conference in August 1936 it was decreed that China (the North) and the Southern region were equally important. The

Army strengthened its defences against Russia whilst the Navy strengthened its defences against the U.S.[99] But the Army became particularly concerned over the proposed Southern expansion when the war in China continued with no end in sight. In June 1941 the Foreign Minister, Matsuoka, criticized the Army for not preparing for operations in the Southern region.[100] But he opposed the expansion into Southern Indo-China, for he felt that it would result in war with the U.S. and Britain for which Japan was not yet prepared. However, the Minister of war Tōjō, the Chief of the General Staff, Sugiyama, and the Chief of Military Operations, Tsuchii, each believed that the U.S. would not react to Japan's relatively minor move into Southern Indo-China.[101] Matsuoka advocated collaboration with the Axis powers against Britain and an improved diplomatic relationship with Russia. His aim was to prevent American interference in Japan's Southern expansion.[102] Matsuoka opposed Konoe's negotiations with America. But on 18 July 1941 the Second Konoe Cabinet resigned and the third Konoe Cabinet was formed. In the new cabinet Matsuoka was replaced by Toyoda (the former Naval Minister). Negotiations with America continued but on 28 July 1941 Japan moved into Southern Indo-China. The already strained relations between Japan and America deteriorated further. In September 1941 the Imperial Conference decided on war against the U.S., Britain and the Netherlands. In October America was prepared to continue negotiations with Japan only if Japan would withdraw from China and French Indo-China. This withdrawal was strongly opposed by the Minister of War, Tōjō. His views led to the resignation of the Third Konoe Cabinet on 18 October 1941, whereupon Tōjō became Prime Minister, Minister of War and Interior Minister. And it was Tōjō who led Japan into the Pacific war on 8 December 1941.

Notes on Section Five.

(1) Joyce C. Lebra, Japan's Greater East Asia Co-Prosperity Sphere in World War II, Selected Readings and Documents, Kuala Lumpur, 1975, P.xiii

(2) From the beginning of the Syowa era the Control Faction in the Army was opposed by the Kōdō-ha (the Imperial way) Faction. The latter was led by the Minister of War, Sadao Araki, and was composed mainly of young army officers, strongly influenced by the ultra-nationalist, Ikki Kita. In August 1935 Nagata was murdered by a member of the Imperial Way Faction, Lieutenant-colonel Saburō Aisawa. However, the Control Faction came to dominate the Army after the February 6 Incident in 1936. It was then renamed the Shin Tōsei-ha (the New Control Faction).

(3) NGSJ, PP.291,503,627 and 977; NKSJ, PP.356, 436 and 622.

(4) J.C.Lebra, op. cit., P.xiii.

(5) Gotō (1857-1929) was trained as a doctor. In 1898 he became Director of the Civil Administration of the Taiwan Governor-General, working under his close friend, Gentarō Kodama (1852-1906)(General Kodama was Minister of War in the period December 1900-March 1902. He was Interior Minister and concurrently Minister of Education in 1903. In 1906 he became Chief of the General Staff). Gotō contributed very considerably to the Japanese administration of Taiwan during the period 1898-1908. On his return to Japan he became Minister of Communications in the Third Katsura Cabinet (December 1912 — February 1913), Interior Minister in the period October 1916 — April 1918 and then Minister of Foreign Affairs in the period April — September 1918. As Minister of Foreign Affairs he worked closely with the Army in dispatching Japanese troops to Siberia in August 1918. Gotō became Mayor of Tokyo in 1920 and Interior

Minister in the Yamamoto Cabinet (September 1923-January 1924). — See Yūsuke Tsurumi, Gotō Shinpei, 4 vols., 1937-1938; NGSJ, PP.300-301 and NKSJ, PP.200,204, 247 and 248.

(6) The S.M.R.C. was the most important semi-official enterprise established in Manchuria following the Russo-Japanese war, 1904-1905. The S.M.R.C. developed particularly rapidly after the Manchurian Incident. From 1931 it invested heavily in iron manufacturing, chemicals, light metal manufacturing, minerals, vehicle production, commerce, transport, insurance and land. In 1936 it had 80 affiliated companies. In short the S.M.R.C. played a critical role in the Japanese economic penetration of Manchuria and China. It was dissolved in August 1945, following the Russian advance into Manchuria. — See NKSJ, P.581.

(7) J.C.Lebra, op. cit., P.xiii

(8) See NGSJ, PP.913-914. Among the publications regarding Southeast Asia published by the South Manchurian Railway Company, East Asia Economic Investigation Bureau were:- (1) Nanyō Sōsho (Southeast Asia series), Tokyo, 1938, 1942-1943, (2) Dai Tōa no Shigen to Keiei (The Resources of Southeast Asia and their Exploitation), Tokyo, 1942, (3) Rinsen Taiseika no Nanpō Shokoku no Dōkō (Activities of the War-Threatened Countries of Southeast Asia), Tokyo, 1941, (4) Waga Nanshin Seisaku wo Meguru Futsuryō Indoshina no Seiji Keizai Dōkō (The Political and Economic Activities in French Indo-China Relative to Japan's Policy of Southern Expansion), Tokyo, 1941, and (5) Waga Nanshin Seisaku wo Meguru Ran-In no Seiji Keizai Dōkō (Political and Economic Activities in the Netherlands Indies Relative to Japan's Policy of Southern Expansion), Tokyo, 1941. For more information on publications published by the S.M.R.C., see James K.Irikura, Southeast Asia: Selected Amnotated Bibliography of Japanese Publications, New Haven, 1956, Nos. 054-056,

127-128, 162, 200, 303-304, 571, 635, 649-650, 763, 806, 836, 865 and 907.

(9) J.C.Lebra, op. cit., P.xiii.

(10) Eiichi Shibusawa (1840-1931) was the most Prominent of these eighteen. He was a noted industrialist in the Meiji-Taisho era. He established almost 500 companies, including the First National Bank, Ōzi Paper Manufacturing, Ōsaka Spinning Industry and Tokyo Gas. He was also involved in Japanese economic expansion in Korea and China. (NGSJ, P.355).

(11) See Tōru Yano, Nanshin no Keifu (Genealogy of Southern Penetration), Tokyo, 1975, PP.76-78; NGSJ, P.635.

(12) Among the publications regarding Southeast Asia produced by the South Seas Association were:- (1) Nanyō Jijō Kōenshū (Lectures on Southeast Asia), Tokyo, 1926, (2) Nanyō Kaku Shokuminchi Rippō Seidō (Colonial Legislative Systems in Southeast Asia), Taiwan, 1924, (3) Ran-In Keizai Gaikan (Economic Outline of the Netherlands Indies), Tokyo, 1940, (4) Eiryō Marē ni Okeru Menpu (Cotton Fabrics in British Malaya), Singapore, 1935 and (5) Akira Ikeda, Firippin-rekishi to Genjitsu (The Philippines — History and Fact), Tokyo, 1942. For more information on publications published by the S.S.A., see James K.Irikura, op. cit., Nos. 063-068, 166, 210, 217, 316, 342, 438, 493, 592, 604, 651-652, 702, 787 and 798.

(13) Joyce C.Lebra, op. cit., P.xiii.

(14) James B.Crowley, "Intellectuals as Visionaries of Japan's New Asian Order", in James B.Morley (ed.), Dilemmas of Growth in Prewar Japan, Princeton, 1971, PP.324-325; NGSJ, P.401 and NKSJ, P280.

(15) Rōyama and Yabe were professors at Tokyo University, as well as advisors to Prince Konoe. Sasa and Ryū were political and economic pundits with the Asahi Shinbun. Ryunosuke Gotō had been a classmate and then personal secretary to Prince Konoe. Taira, a classmate of Professor Rōyama, was an authority on the economic affairs of China and Manchuria. Kiyoshi Miki, a close friend of Gorō Hani and a distinguished philosopher, was considered to be one of the most famous disciples of Kitarō Nishida. Kazami, a flamboyant Seiyūkai politician and confidant of Prince Konoe, was to be the chief Cabinet Secretary in the First Konoe Cabinet and Justice Minister in the Second Konoe Cabinet. Kaya, Fumio Gotō and Arita were senior civil servants — Gotō serving as Home Minister in the Saitō Cabinet, Kaya as Finance Minister in the First Konoe Cabinet and in Tōjō's Cabinet, and Arita as Foreign Minister in four different governments between 1936 and 1940. — James B.Crowley, op. cit., P.324.

(16) Ibid., PP.370-371.

(17) Kamekichi Takahashi presented two essays in March 1937, Kokusaku juritsu no Konpon mondai to sore no mikata (One View of the Fundamental Problems of Establishing a National Policy) and Nippon wa doko e yuku ka (Whither Japan? — A General Prospectus). Kanae Tanaka presented a paper in April 1937, "Shina no tōitsu ni tsuite" (Concerning the Unification of China) in Shina mondai Kenkyukai (China Problem Research Group) folio, item 9. Muraichi Horie presented two papers in April and May 1937, "Shina mi Okeru Keizai Kensetsu ni tsuite" (The Economic Development of China) in China Problem Research Group folio, item 16 and 54. Hotsumi Ozaki presented an article in May 1937, "Shina ni Okeru Eikoku no Seiryoku ni tsuite" (British Influence on China) in Shina mondai Kenkyūkai Kaigō yōkō (Summary of the Third Session of the China Problem Research Group) folio, May 24 and 31, 1937. Kiyoshi Miki presented a

paper in July 1938, Shina jihen no sekaishitekiigi (The World Historical Significance of the China Incident). (Kiyoshi Miki also published a book with others in 1943, Hitō Fūdoki (Account of the Philippines) which was devoted to Pan-Asianism and the theme of Co-Prosperity. — James K.Irikura, op. cit., P.437.).

(18) Joyce C.Lebra, op. cit., P.100.

(19) Ibid., PP.99-100.

(20) GSS, vol. 8, Nicchu Sensō (Sino-Japanese War), vol. 1., PP.354-355; J.C.Lebra, op. cit., PP.58-60.

(21) GSS, vol.8, PP.361-362; J.C.Lebra, op. cit., PP.62-64.

(22) For the full text of this Draft, see J.C.Lebra, op. cit., PP.64-67.

(23) For the full text of this proclamation, see Ibid., P.72.

(24) Hideo Kodama (1876-1947) was the eldest son of General Gentarō Kodama (see footnote (16)). Hideo Kodama graduated from the Tokyo Imperial University in 1900 and became secretary general for the Governor-General of Korea in 1910. He was Secretary-General of the Terauchi Cabinet in 1916, the Chief of Kwantung in 1923 and Inspector General of Administration of the Korean Governor-General in 1929. He was Minister for the Colonies in the Okada Cabinet (December 1934-March 1936), Minister of Communications in the Hayashi Cabinet (February 1937-June 1937) and Interior Minister in the Yonai Cabinet (January 1940-July 1940). During the Pacific War, as Chief Consultant of the Army Administration, he was posted to Java. He later became Minister of State for Education in the Koiso Cabinet (July 1944-April 1945) — NRDJ, P.133.

(25)AS, 23-8-1940.

(26)See, Toraji Irie, Hōjin Kaigai Hatten-shi (Studies on Overseas Japanese), vols. 1 & 2, Tokyo, 1937 & 1938; Toraji Irie, Meiji Nanshin Shikō (A Draft History of Southern Penetration During the Meiji Era), Tokyo, 1943 and Tōru Yano, op. cit..

(27)NBS, P.232

(28)Kenichirō Syōda (ed.), Kindai Nihon no Tōnan-ajia-kan (The Modern Japanese View of Southeast Asia), 1979, Chapter 5,II.

(29)There were two prominent forms of Japanese economic activity in the Nanyō at the end of the Meiji era. In 1906 a Japanese, Kosaburō Ōta, purchased a hemp plantation in Davao in the Philippines. Two years earlier he had sent 180 Japanese migrants to the area to cultivate Manila hemp. A further hundred migrants were sent in January 1905 and 70 more the following July. His business flourished and when he died in October 1917 he possessed a hemp plantation of 16,000 hectares. (See Tōru Yano, op. cit., PP.103-104 ).

The other example concerns the acquisition by Japanese of land in Malaya for rubber planting during the boom of 1909-10. (See Section Four. Part 1. The Acquisition of Rubber).

Apart from investment in hemp and rubber in the Southern region prior to 1914, the Japanese also invested in coconut, palm and vegetable oil, tea, coffee, cotton, quinine and spices. (Hirō Okuda & Kunio Kawamoto, Hōjin Nanpō Hatten-shi (A History of Japanese Development in the Southern Region) in NN, 1953, P.20.).

(30) For example, see Keiichi Hara, Hara Kei Nikki

(A Diary of Kei Hara) Tokyo, 5 vols., 1950-1951; Yoshitake Oka and Shigeru Hayashi, Taishō Demokurashi-ki no Seiji; Matsumoto Gōkichi Seiji Nisshi (Diary of Matsumoto Gōkichi), Tokyo, 1959; Kumakichi Harada, Saionji-kō to Seikyoku (The Political Situation and Saionji) 8 vols., Tokyo, 1950-1956 and Kido Nikki Kenkyukai, Kido Kōichi Nikki (A Diary of Kōichi Kido) Tokyo, 1966.

However, there was one exception. Takeaki Enomoto, Foreign Minister in the first Matsukata Cabinet (May 1891-August 1892), was interested in the Southern region. In 1876 he suggested that Japan should purchase the Caroline Islands. (Hirō Okuda & Kumio Kawamoto, op. cit., P.14 ).

(31) This magazine was first published in 1897. It made no reference to the Southern region until 1910, but thereafter numerous articles appeared encouraging Japanese penetration of the area. (See Tōru Yano, op. cit., PP.73-75).

(32) See Part 1 of this Section.

(33) See, Tōru Yano, op. cit., PP.148-149.

(34) See, Takushirō Hattori, op. cit., vol.1, 1953, PP.317-318; J.W.Morley (ed.), Japan's Foreign Policy, 1868-1941: A Research Guide, New York, 1974, P.90.

(35) See, Hideo Kobayashi, Dai Tōa Kyoei-ken no Keisei to Hōkai (The Formation and Subsequent Collapse of the Greater East Asia Co-Prosperity Sphere), Tokyo, 1975, P.373.

(36) GSS, vol.8, Nicchu Sensō (The Sino-Japanese War) vol.1, 1965, P.361.

(37) See, F.C.Jones, Japan's New Order in East Asia: its rise and fall, 1937-45, 1954, PP.453-454; Hideo Kobayashi, op. cit., PP.373-374.

(38) "Busshi Sōdōin Keikaku" is also referred to as "Butsu-dō Keikaku."

(39) See, "Zikyoku-Ka Teikoku Keizai Seisaku Taikō (An Economic Policy Outline of the Empire in the Present Situation) in GSS, vol. 43, Kokka Sodoin (-) Keizai (National Mobilization (1) Economics), Tokyo, 1974, PP.159-160.

(40) See, "Keizai Taisaku Zuritsu ni Kansuru Kokusai Jyōsei mado no Saimoku Sōtei" (Hypotheses in the Formulation of Economic Policy in the International Environment) in Ibid., PP.161-162.

(41) See, "Zikyoku Keizai Taisaku ni Kansuru-ken" (The Present State of Economic Policy), in Ibid., P.163.

(42) Ibid..

(43) See, "Teikoku Hitsuyō Shigen no Kaigai Toku-ni Nanpō Syōchi-iki ni Okeru Kakuhō Hōsaku". A policy of Ensuring the Necessary Resources for the Empire from Overseas, Particularly from the Southern Region), in Ibid., P.172.

(44) See, "Jikyoku Keizai Taisaku ni Kansuru-Ken" (The Present State of Economic Policy), in Ibid., P.166. See also, Hideo Kabayashi, op. cit., PP.374-375.

(45) NKSG, a special volume, 1963, PP.315-316.

(46) The main differences between the Army's draft

and the Navy's revision may be seen in, NKSG, vol.6, PP.172-173.

(47) On 26 July the Konoe Cabinet promulgated another important document, "Kihon Kokusaku Yōkō" (The Outline of Fundamental National Policy). The full texts may be found in, NKSG, a special volume, 1963, PP.320-325.

(48) J.W.Morley, op. cit., P.88.

(49) Full details of the senior military officers engaged in investigating the Southern region and details of "A Synthesis of the Operational Plans for the Southern Region" may be found in, NKSG, vol.6, PP.175-179.

(50) NKSG, vol.6, P.187.

(51) F.C.Jones, op. cit., P.224.

(52) The act of moving into northern Indo-China was regarded by the Japanese Department of Supreme Command as the first step in the southward expansion. See Takushirō Haffori, op. cit., P.78.

(53) Ibid..

(54) See, "Tai Butsu-in-shi Keizai Hatten no Tame no Shisaku" (A Policy for the Economic Development of French Indo-China); and "Tai Butsu-in-shi Busshi Shutoku Narabi-ni Bōeki Hōsaku Yōryō (A), (B)" (An Outline for Acquiring Raw Materials from French Indo-China and French Indo-China's Trade Policy, nos. (1) and (2)), in GSS, vol. 43, PP.183-189.

(55) Takushirō Hattori, op, cit., P.94.

(56) FR, 1940, vol.IV, "The Far East", P.164.

(57) NKSG, vol.6, P.111.

(58) See, "Tai Oyobi Butsuin ni Taishi Toru Beki Teikoku no Sochi" (The Empire Act Regarding Thailand and French Indo-China), in Takushirō Hattori, op. cit., P.95 and NKSG, vol.6, PP.111-112.

(59) See, "Tai Butsu-in Funsō Chōtei ni Kansuru Kinkyū Syori Yōkō" (An Urgent Proposal for Mediation of the Thai-French Indo-China Dispute), in Takushirō Hattori, op. cit., PP.95-96 and NKSG, vol.6, P.116.

(60) See, "Tai Butsu-in Tai Shisaku Yōkō" (An Outline of Policy towards French Indo-China and Thailand), in Takushirō Hattori, op. cit., PP.97-98.

(61) Ibid., P.94.

(62) "By the agreement, France ceded to Siam that part of Laos situated on the West bank of the Mekong, and an area of Cambodia bounded by the Mekong River to Stung Treng, thence by a line running to the Tonle Sap (Great Lake) and from there South-West to the Gulf of Siam. The ceded area was to be demilitarized and equality of treatment was to be accorded to Siamese and Indo-Chinese in matters of entry, residence and occupation. The award meant that Siam received about one-third of Cambodia, in addition to the parts of the Laos Protectorate." — F.C.Jones, op. cit., P.237.

(63) S.E.Morison, History of United States Naval Operations in World War II, vol. III, The Rising Sun in the Pacific, Boston, 1951, P.61

(64) Ibid., P.237; M.D.Kennedy, A History of Japan, London, 1963, P.288; NKSG, vol.6, P.130.

(65) The 13 materials were as follows:
(in tons)
(1) Tin (including ore) 3,000
(2) Rubber 20,000
(3) Mineral oil (petroleum) 1,000,000
(4) Bauxite 200,000
(5) Nickel ore 150,000
(6) Manganese ore 50,000
(7) Wolfram 1,000
(8) Scrap-iron 100,000
(9) Chrome iron ore 5,000
(10) Salt 100,000
(11) Castor seeds 4,000
(12) Quinine bark 600
(13) Molybdenum 1,000
NKSG, vol.6, PP.84-85

(66) Ibid., P.85

(67) H.J.Van Mook, The Netherlands Indies and Japan, London, 1944, PP.76-78; F.C.Jones, op. cit., P.245.

(68) F.C.Jones, op. cit., P.238.

(69) This was stated in the "Main Principles for Coping with the Changing World Situation" which was released by the Konoe Cabinet on 27 July 1940. It stated that Japan would 'solve' the Southern problem by the use of military force, only when domestic and foreign conditions allowed her to do so. (NKSG, A special volume, P.322). In other words Japan's southward advance would depend on Germany's victory in Europe and on the reaction of the U.S. (NKSG, P.181; W.L.Langer & S.E. Gleason, The Challenge to Isolation 1937-1940, London, 1952, P.590).

(70) NKSG, vol.6, P.75. The full text can also be found in FR, Japan: 1931-41 vol.II, 1943, P.281.

(71) F.C.Jones, op. cit., P.238. Details of the statements by Hull in April and May 1940 may be found in, FR, Japan: 1931-41, vol II, 1943, PP.282 and 285. Hull stated that "intervention in the domestic affairs of the Netherlands East Indies or any alteration of their status quo by other than peaceful processes would be prejudicial to the cause of stability, peace and security ..... in the entire Pacific area."

(72) W.L.Langer & S.E.Gleason, op. cit., P.587.

(73) J.W.Morley, op. cit., PP.81 and 83.

(74) In 1940 the Dutch army in the Netherlands East Indies was estimated to number 50,000, of which approximately 10,000 were European. The Dutch Navy in the Indies consisted of two cruisers of 7,000 tons, one cruiser of 6,000 tons, and two of 3,500 tons. In addition there were twelve destroyers, eighteen submarines, a number of light auxiliary vessels and a fleet of seaplanes. (R.Emerson, "The Dutch East Indies Adrift", Foreign Affairs, vol. 18, July 1940, P.741).

(75) This section is based on, F.C.Jones, op. cit., PP.238-239.

(76) J.W.Morley, op. cit., PP.82-83.

(77) F.C.Jones, op. cit., P.239.

(78) NKSG, vol.6, P.183.

(79) Ibid., P.184.

(80) In the mind of every influential Japanese, the Netherlands East Indies was always included in the Greater East Asia Co-Prosperity Sphere as it was one of the World's major sources of raw materials. — W.L.Langer & S.E.Gleason, op. cit., P.584.

(81) See, "Tai Nan-in Keizai Hatten no Tame no Shisaku" (A Policy for the Economic Development of the Netherlands East Indies), in GSS, vol. 43, PP.191-192.

(82) Ibid..

(83) Takushirō Hattori, op. cit., P.93.

(84) F.C.Jones. op. cit., P.258.

(85) NKSG, vol.6, P.94.

(86) F.C.Jones, op. cit., P.258.

(87) H.Feis, The Road to Pearl Harbor, Princeton, 1950, P.157.

(88) NKSG, vol.6, P.94.

(89) F.C.Jones, op. cit., P.455

(90) NKSG, vol.6, P.93.

(91) Ibid., P.99. See Section Four. Part 3. The Acquisition of Oil.

(92) The freezing of Japanese assets abroad severely restricted her procurement of oil from the East Indies. "A Japanese economic mission had extracted from Dutch oil interests a promise to deliver a large amount of petroleum products for cash; but the only place where Japan had cash was in the United States. Deprived of this resource for foreign exchange, Japanese tankers were forced to lay up for weeks in harbors of Borneo or Sumatra while their captains waited for money from home." — S.E.Morison, op. cit., P.62

(93) See, "Zyōsei no Suii ni Tomonau Teikoku

Kokusaku Yōkō," (An Outline of the Imperial National Policy Relative to the Changing Situation); and, "Teikoku Kokusaku Tsuikō Yōryō," (Outline for Effecting the Imperial National Policy), in NKSG, a special volume, PP.463-469 and 507-523.

(94) See, "Nanpō Senryōchi Gyōsei Jisshi Yōryō," (An Outline of Administrative Enforcement in the Southern Occupied Territories); and "Senryō-Chi Gunsei Zisshi ni Kansuru Rikkai-gun Chuō Kyōtei," (The Central Agreement of the Army and Navy Regarding Enforcement of the Military Administration in Occupied Territories). In Waseda Daigaku (Waseda University), Indoneshia ni Okeru Nihon Gunsei no Kenkyū (Studies in the Japanese Military Administration of Indonesia during World War II), Tokyo, 1959, PP.531-537.

(95) Ibid., P.534

(96) Ibid., P.538. Full details of, "Nanpō Keizai Taisaku Yōkō," (An Outline of Southern Economic Policy), which was enacted by the Governmental Liaison Conference on 12 December, may be found in Ibid., PP.537-541.

(97) Akira Hara, op. cit., P.9.

(98) See, NKSG, vol.6, PP.179-181, 273; Takushirō Hattori, op. cit., PP.104-106, 133-139.

(99) NKSG, vol.6, P.148

(100) Takushirō Hattori, op. cit., P.75.

(101) NKSG, vol.6, PP.265-266.

(102) NKSJ, P.206; W.L.Langer & S.E.Gleason, The Undeclared War, 1940-1941, London, 1953, P.625.

## Conclusion

Although the close economic relationship between Japan and Southeast Asia in the years 1914-1941 should not be exaggerated, their complementary trade relations were nevertheless important. During the inter-war period Southeast Asia was at first regarded by Japan simply as a region that could supply raw materials and consume Japanese manufactures. Japan's economic expansion into Southeast Asia was particularly rapid after the First World War and after the World economic crisis of 1929-31. But in the 1930's Southeast Asia became critically important to Japan as the tensions between Japan and the Western Powers, particularly the U.S. and Britain, increased. The suspension of exports of machinery and raw materials from the Western world, including the European colonies in Asia, was a major fear for the Japanese. Moreover, trade with the Western world had created a considerable balance of payments deficit for Japan, particularly after 1931. Consequently Japan attempted to extend her political and economic influence in Southeast Asia in order to reduce her dependence on Western supplies and markets, as well as to reduce her trade deficit. However, Japanese expansion into Southeast Asia jeopardized the relationship between Japan and the Western Powers, for the Philippines, Indo-China, Malaya and the Netherlands Indies were American, French, British and Dutch colonies. Thailand was an independent state, but it could be argued that it was within the British sphere of influence. The economies of Southeast Asia were closely integrated with the economies of the Western world. Southeast Asia produced raw materials required by the West and in turn was an important market for western manufactured goods. (See Appendices C to I inclusive). Therefore, in the 1930's the Western Powers commanded their Asian possessions to apply discriminatory trade restrictions against Japan. Nevertheless, to some extent Japan succeeded in penetrating these

Asian markets through her increased industrial productivity and by the depreciation of the Yen. However, it proved impossible for Japan to create a self-sufficiency area in the China-Manchuria-bloc. Moreover in the 1930's Japan could not reduce her trade deficit with the West.

Japan largely succeeded in excluding British, Indian and Chinese cotton goods from Asian markets. But Japan could not meet her own raw cotton requirements solely from Asian sources. Indian raw cotton was increasingly consumed by the Indian spinning industry. Chinese raw cotton was increasingly consumed by the Chinese spinning industry and by the Zaikabō. Raw cotton supplies from India and China were also occasionally threatened by the local boycott campaigns against Japan. In addition, Japan had to import fine quality raw cotton from America in order to make the better-quality cotton goods that could compete against Indian and Chinese products. Therefore American cotton supplies were critical. But this jeopardized Japan's trade balance with the West, for the price of American raw cotton rose substantially in the 1930's, whilst the price of Japanese raw silk exports to America fell. In addition, dependence on Western, notably American, machinery and engines further undermined Japan's trade balance. In order to reduce her trade deficit, Japan increased local machine production and expanded her trade with Southeast Asia.

After the China Incident in 1937 Japan came to regard Southeast Asia as a "Complementary Sphere" to the China-Manchuria-bloc. Southeast Asia became increasingly important to Japan as a market for Japanese cotton goods and as a supplier of agricultural and industrial raw materials. Prior to the Pacific War Japanese investments in Southeast Asia included investments in commerce, industry, mining, agriculture and stock farming, forestry, marine products, communications, shipping, and harbour depots and facilities (See Appendix

J). However Japanese investment in Southeast Asia could not of course compare with American, British and Dutch investment in the region.

Japan dominated iron ore production in Malaya. Her investment in the industry was considerable, due in part to the fact that British capital in Malaya had a far greater interest in tin than in iron. Throughout the inter-war period, exports of Malayan iron ore to Japan contributed greatly to the Japanese iron and steel industry. Nevertheless, particularly after the Manchurian Incident in 1931, the production of Japanese-owned mines in Malaya had been interrupted by Chinese miners in protest against Japanese military expansion in China.

Japanese investment in Malayan rubber was stimulated by the boom of 1910-11. Japanese investment expanded rapidly until 1917, when the Rubber Lands (Restriction) Enactment was introduced. This restrictive policy coupled with severe fluctuations in rubber prices, limited the growth of Japanese investment in Malayan rubber.

Japanese investment in Netherlands Indies oil fields began in 1930 but it was on a much smaller scale than Dutch, British and American investment. (See Appendix K). Japan regarded the East Indies as the most resource-rich country in Southeast Asia, but apart from her small investment in oil she invested very little in the Indies. (See Appendix L).

The production of raw materials in Southeast Asia was firmly under Western control. Japan was unable to import sufficient raw materials from the region to meet the demands of her war economy. Nevertheless she increasingly came to regard Southeast Asia as a potential saviour should supplies from the West be suspended.

In the later 1930's the war in China dragged on and economic and political pressure from the West increased. Negotiations with the U.S. were unfruitful. Prompted by the Army, Japan increasingly considered the extension of her political and military influence into Southeast Asia in order to secure her raw material supplies.

In the 1930's the business community in Japan also became very aggressive. It had always had an influence on the Government through organizations such as the Nihon Kōgyō Kurabu (Japan Industrial Club), the Nihon Keizai Renmei (Japan Economic League), the Shōkō Kaigisho Rengōkai (Federation of Chambers of Commerce and Industry), and the Tokyo Clearing House Association, as well as through a host of more specialized organizations such as the Nikka Jitsugyō Kyōkai (Japan-China Businessmens' Association).[1] The proprietors of major concerns, for example Fusanosuke Kuhara, Kōichirō Ishihara and Tadaharu Mukai, each enjoyed a close relationship with the Government,[2] the Military and ultra-nationalists. They themselves were influential in Government circles, in military coups and in right-wing movements. The Ishihara Sangyō Company, a Sinkō Zaibatsu, had major interests in the Southern region including the largest single investment in the Malayan iron industry. Ishihara himself was the leader of two ultra-nationalist societies, Tōa Kensetsu Dōshi-Kai (The Association of Comrades for Establishing East Asia) and Sumera-juku (The Private School of the Emperor). He also provided financial support for Syūmei Ōkawa of the Jinmu Association and Kunishige Tanaka of the Meirin Association. By the 1930's Kuhara Zaibatsu (Nissan) had become the third largest Zaibatsu after Mitsui and Mitsubishi. Its investments were concentrated in China and Manchuria, although it also invested in Malayan iron ore and rubber. Kuhara himself was President of the Seiyūkai and an influential politician. He provided financial support for Giichi Tanaka (Prime Minister from April 1927 to July 1929) and for

Ikki Kita of the Rōsō-Kai (The Young and Old Association) and of the Yuzon-sha (The 'Yet Remaining' Society). Mukai, head of Mitsui Zaibatsu, was a powerful financier. In 1940 he led a 'civilian' delegation to the East Indies for trade negotiations, and in general played an important role in the Japanese penetration of the East Indies. His predecessor as head of Mitsui, Shigeaki Ikeda, was President of the Bank of Japan in 1937. In 1938 he became Minister of Finance and Minister of Commerce and Industry. Together with Kuhara he provided the financial support for Ikki Kita and the ultra-nationalist movement in Japan in the 1930's.[3] Cooperation between on the one hand Ishihara, Kuhara, Mitsui and the Jinmu Association, the Meirin Association, the Rōsō-kai and the Yuzon-sha, and on the other the Military, notably Kuniaki Koiso, Giichi Tanaka, Yoshiyuki Kawashima and Sadao Araki, resulted in a series of military coups in the 1930's. The main aim was to strengthen the power of the military over the civilian administration and so facilitate military expansion overseas.[4] The Zaibatsu, which had substantial interests in China, Manchuria, Korea and Southeast Asia, had a close relationship with the Army authorities. They participated in several right-wing coups, aimed at the establishment of the "Greater East Asia Co-Prosperity Sphere". By this the Zaibatsu hoped that they would be able to protect and develop their economic interests[5] in areas outside Japan, in an environment free of Western influence. Ultimately this led to the outbreak of the Pacific war in 1941, and then the Japanese occupation of Southeast Asia.

Notes

(1) A.E.Tiedemann, "Big Business and Politics in Prewar Japan", in Dilemmas of Growth in Prewar Japan, J.W.Morley (ed.), Princeton, 1974, P.279.

(2) It is widely held, that the Minseitō was associated with Mitsubishi, whilst the Seiyūkai was associated with Mitsui. Moreover by examining the membership of the Japanese Diet in the 1930's, it is possible to appreciate the high degree of interpenetration that existed between the business and political élites. For example in the fifty-eighth Diet in 1930, the largest single occupational group in both the House of Representatives and the House of Peers was "businessmen". In the lower house, thirty-two percent, and in the upper house, thirty-four percent of members were businessmen. If one includes those who, though primarily engaged in another occupation, also held positions in business, the percentages rise to fifty-five percent in the lower house and forty-five percent in the upper house. Members of the House of Representatives held positions in 492 companies; members of the House of Peers, in 641 companies. — Ibid., PP.279-281. See also Tasuku Noguchi, Nihon no Roku-dai Kontsuerɔn (Japan's Six Largest Enterprises), Tokyo, 1979, PP.51-55.

(3) Shigeaki Ikeda was involved in the 26 February coup in 1936. His connections with Ikki Kita and Zei Nishida were later investigated by the military police. — See A.E.Tiedemann, op. cit., P.301. (Shigeaki Ikeda is referred to as Ikeda Seihin in Tiedemann's article).

(4) Maxon suggests that after 1930 the dominant expansionist force in Japan was not the Navy but the Army. This is not to say that the only expansionist forces were military ones. — See Y.C.Maxon, Control of Japanese Foreign Policy, A Study of Civil-Military

Rivalry 1930-1945, Westport, Greenwood Press, 1973, P.30.

(5) During the Japanese occupation of Southeast Asia, the Ishihara Sangyō Company was appointed by the Military authority to manage more than 30 mining companies involved in the exploitation of local iron, bauxite, tin and manganese. — See Tōru Yano, Nanshin no Keifu (Genealogy of Southern Penetration), Tokyo, 1975, PP.110-111.

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Appendix A.

Exports and Imports by Principal Commodities (Unit: Million Yen)

| | Exports | | | | | | Imports | |
|---|---|---|---|---|---|---|---|---|
| | Raw Silk | | Cotton Yarn | | Cotton Tissues | | Raw Cotton | |
| | Quantity(t) | Value | Quantity(t) | Value | Quantity(1000m$^2$) | Value | Quantity(t) | Value |
| 1914 | 10,208 | 161 | 19,174 | 79 | 95,741 | 35 | 372,047 | 219 |
| | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1915 | 104.3 | 94.4 | 99.7 | 83.5 | 118.4 | 111.4 | 117.6 | 99.1 |
| 1916 | 127.4 | 165.8 | 94.6 | 98.7 | 142.6 | 171.4 | 134.9 | 126.0 |
| 1917 | 148.9 | 218.6 | 80.5 | 136.7 | 215.8 | 362.9 | 113.7 | 151.1 |
| 1918 | 141.8 | 229.2 | 74.1 | 200.0 | 313.6 | 680.0 | 110.1 | 235.6 |
| 1919 | 168.2 | 387.6 | 38.9 | 144.3 | 261.7 | 800.0 | 127.7 | 305.0 |
| 1920 | 102.2 | 237.3 | 54.3 | 192.4 | 473.0 | 957.1 | 126.4 | 329.2 |
| 1921 | 153.9 | 259.0 | 53.0 | 102.5 | 243.2 | 585.7 | 141.2 | 200.0 |
| 1922 | 201.6 | 415.5 | 71.5 | 145.6 | 254.2 | 634.3 | 140.5 | 195.4 |
| 1923 | 153.8 | 350.9 | 45.1 | 100.0 | 290.4 | 671.4 | 142.7 | 234.2 |
| 1924 | 217.3 | 424.2 | 49.1 | 139.2 | 344.8 | 934.3 | 131.0 | 276.3 |
| 1925 | 256.4 | 545.3 | 56.4 | 155.7 | 380.3 | 1237.1 | 176.5 | 421.5 |
| 1926 | 258.6 | 454.7 | 37.3 | 89.9 | 397.9 | 1188.6 | 187.8 | 331.5 |
| 1927 | 305.6 | 460.2 | 21.4 | 49.4 | 420.7 | 1097,1 | 206.4 | 285.4 |

Appendix A. (continued)

| | Exports | | | | | | Imports | |
|---|---|---|---|---|---|---|---|---|
| | Raw Silk | | Cotton Yarn | | Cotton Tissues | | Raw Cotton | |
| | Quantity(t) | Value | Quantity(t) | Value | Quantity(1000$m^2$) | Value | Quantity(t) | Value |
| 1928 | 322.1 | 455.3 | 13.0 | 32.9 | 530.8 | 1005.8 | 157.3 | 251.1 |
| 1929 | 337.9 | 485.1 | 12.2 | 34.2 | 712.7 | 1180.0 | 174.0 | 261.6 |
| 1930 | 276.2 | 259.0 | 10.8 | 19.0 | 1372.7 | 777.1 | 154.4 | 165.3 |
| 1931 | 326.8 | 220.5 | 5.8 | 11.4 | 1234.7 | 568.6 | 179.9 | 135.2 |
| 1932 | 321.3 | 237.3 | 16.3 | 27.8 | 1776.1 | 825.7 | 205.5 | 204.1 |
| 1933 | 284.1 | 242.9 | 8.8 | 20.3 | 1825.5 | 1094.3 | 201.4 | 276.3 |
| 1934 | 297.4 | 178.3 | 11.8 | 29.1 | 2250.8 | 1405.7 | 218.6 | 333.8 |
| 1935 | 325.1 | 240.4 | 17.5 | 45.6 | 2379.9 | 1417.1 | 198.1 | 326.0 |
| 1936 | 295.9 | 244.1 | 20.1 | 48.1 | 2366.6 | 1382.9 | 245.3 | 388.1 |
| 1937 | 278.2 | 252.8 | 23.5 | 69.6 | 2308.6 | 1637.1 | 222.0 | 388.6 |
| 1938 | 280.6 | 226.1 | 19.1 | 49.4 | 1904.6 | 1154.3 | 151.2 | 199.5 |
| 1939 | 226.9 | 314.9 | 37.9 | 89.9 | 2136.2 | 1154.3 | 162.9 | 211.0 |
| 1940 | 172.6 | 277.0 | 27.9 | 73.4 | 1619.2 | 1140.0 | 125.1 | 230.1 |
| 1941 | 83.9 | 134.2 | 20.3 | 65.8 | 889.7 | 811.4 | 96.2 | 179.0 |

Source: Computed from MIHSKT.

Appendix B.

Iron and Steel Production and the Import of Raw Materials (1914-41) (Unit: thousand tons)

| Year | Output | | | Imported Raw Materials | |
|---|---|---|---|---|---|
| | Pig Iron | Steel | Steel Materials | Iron Ore | Scrap Iron |
| 1914 | 300 | 328* | - | 461 | 2 |
| 1915 | 318 | 376* | - | 511 | 4 |
| 1916 | 389 | 466* | 381.1 | 470 | 37 |
| 1917 | 451 | 773 | 533.3 | 418 | 70 |
| 1918 | 583 | 813 | 537.5 | 598 | 120 |
| 1919 | 596 | 813 | 548.7 | 955 | 46 |
| 1920 | 521 | 811 | 533.8 | 995 | 40 |
| 1921 | 473 | 832 | 565.6 | 769 | 9 |
| 1922 | 551 | 909 | 662.0 | 908 | 54 |
| 1923 | 600 | 959 | 754.4 | 989 | 52 |
| 1924 | 586 | 1,100 | 841.9 | 1,202 | 42 |
| 1925 | 685 | 1,300 | 1,043.0 | 1,212 | 44 |
| 1926 | 810 | 1,506 | 1,256.0 | 892 | 80 |
| 1927 | 896 | 1,685 | 1,415.0 | 1,107 | 224 |
| 1928 | 1,093 | 1,906 | 1,721.0 | 1,843 | 364 |
| 1929 | 1,087 | 2,294 | 2,034.0 | 2,259 | 488 |
| 1930 | 1,162 | 2,289 | 1,921.0 | 2,261 | 489 |
| 1931 | 917 | 1,883 | 1,664 | 1,727 | 296 |
| 1932 | 1,011 | 2,398 | 2,113 | 1,634 | 559 |
| 1933 | 1,437 | 3,198 | 2,793 | 1,779 | 1,013 |
| 1934 | 1,728 | 3,844 | 3,423 | 2,312 | 1,413 |
| 1935 | 1,907 | 4,704 | 3,978 | 3,646 | 1,692 |
| 1936 | 2,008 | 5,223 | 4,547 | 4,023 | 1,497 |
| 1937 | 2,308 | 5,801 | 5,071 | 3,313 | 2,420 |
| 1938 | 2,563 | 6,472 | 5,489 | 3,212 | 1,358 |
| 1939 | 3,179 | 6,696 | 5,438 | 4,949 | 2,555 |
| 1940 | 3,512 | 6,856 | 5,216 | 5,129 | 1,391 |
| 1941 | 4,173 | 6,844 | 5,047 | 5,676 | 203 |

Source: Hiroma Arisawa ed., Gendai Nihon Sangyō Kōza (Studies on Modern Japanese Industry), vol. II, Tokyo, 1959, PP. 2-5; 8-9.

*Represents only the production of the Yawata Iron Manufacturing Co. Ltd.

Appendix C.

The Percentages of Major Exports to Total Exports of Southeast Asia, 1910-1939.

| Country | Principal Articles | Percentage | | | |
|---|---|---|---|---|---|
| | | 1910-14 | 1925-29 | 1930-34 | 1935-39 |
| Philippines | Sugar | 19.5 | 30.0 | 53.2 | 40.5 |
| | Abaca | 39.4 | 20.0 | 8.7 | 11.5 |
| | Copra | 23.4 | 1.1 | 8.3 | 11.0 |
| | Coconut Oil | - (a) | 15.7 | 10.5 | 10.7 |
| | Total | 82.3 | 66.8 | 80.7 | 73.7 |
| French Indo-China | Rice | 61.8 | 66.4 | 55.4 | 43.6 |
| | Maize | 5.6 | 2.0 | 8.7 | 16.3 |
| | Rubber | 0.3 | 5.6 | 4.6 | 16.1 |
| | Total | 67.7(b) | 74.0 | 68.7 | 76.0(c) |
| Thailand | Rice | 82.3 | 68.8 | 59.6 | 51.7 |
| | Tin Ore | - | 9.0 | 12.5 | 16.7 |
| | Rubber and rubber waste | - | 2.4 | 1.8 | 10.4 |
| | Total | 82.3(d) | 80.2(e) | 73.9(f) | 78.8(g) |
| British Malaya | Rubber (dry) | 33.9 | 50.6 | 34.3 | 46.8 |
| | Tin | 21.9 | 17.4 | 18.6 | 20.2 |
| | Petroleum products | 0.4 | 5.6 | 13.1 | 7.7 |
| | Total | 56.2(h) | 73.6 | 66.0 | 74.7 |
| Netherlands Indies | Petroleum and its products | 14.6 | 10.3 | 18.8 | 20.2 |
| | Rubber | 4.5 | 24.9 | 12.0 | 21.9 |
| | Sugar | 28.4 | 21.0 | 16.9 | 7.3 |
| | Total | 47.5 | 56.2 | 47.7 | 49.4 |

Source: Compiled from Joseph D. Phillips, "Foreign Trade", in An Economic Survey of the Pacific Area, F.V. Field (ed.), New York, 1942, PP. 178, 186, 194, 198 and 200.

Notes: (a) Practically no exports prior to 1913.
(b) Only the year 1913.
(c) The average of the years 1935-38.
(d) The average of the years 1909/10-1913/14.
(e) The average of the years 1925/26-1929/30.
(f) The average of the years 1930/31-1934/35.
(g) The average of the years 1934/35, 1935/36, 1936/37, 1937/38 and 1938/39.
(h) Only the year 1915.

Appendix D.

The Percentages of Major Imports to Total Imports of Southeast Asia, 1910-39.

| Country | Principal Articles | Percentage | | | |
|---|---|---|---|---|---|
| | | 1910-14 | 1925-29 | 1930-34 | 1935-39 |
| Philippines | Iron and steel and resultant manufactures. | 12.8 | 13.3 | 13.9 | 16.2 |
| | Cotton goods | 20.1 | 21.0 | 17.7 | 16.2 |
| | Petroleum and its products | 2.9 | 6.9 | 8.2 | 7.1(a) |
| | Total | 35.8 | 41.2 | 39.8 | 39.5 |
| French Indo-China | Cotton tissues | 15.5 | 11.0 | 16.7 | 14.1 |
| | Petroleum and its products | 3.2 | 7.3 | 9.2 | 6.3 |
| | Silk tissues | 5.2 | 4.9 | 2.8 | 4.3 |
| | Machines and machinery | 2.0 | 5.3 | 6.9 | 5.0 |
| | Total | 25.9(b) | 28.5 | 35.6 | 29.7(c) |
| Thailand | Cotton manufactures | 17.4 | 14.0 | 15.2 | 16.3 |
| | Petroleum products | 3.0 | 5.6 | 10.4 | 10.2 |
| | Metal manufactures | 6.7 | 6.8 | 7.7 | 9.0 |
| | Machinery | 1.9 | 4.6 | 2.8 | 4.7 |
| | Total | 29.0(d) | 31.0(e) | 36.1(f) | 40.2(g) |
| British Malaya | Rubber (wet and dry) | 1.7 | 15.4 | 7.2 | 17.0 |
| | Petroleum and its products | 2.5 | 10.5 | 19.7 | 14.0 |
| | Tin ore | 7.1 | 6.7 | 6.5 | 6.5 |
| | Rice | 16.9 | 9.8 | 10.7 | 8.3 |
| | Cotton piece goods | 6.8 | 5.4 | 4.9 | 3.5 |
| | Total | 35.0(h) | 47.8 | 49.0 | 49.3 |

Appendix D. (continued)

| Country | Principal Articles | Percentage | | | |
|---|---|---|---|---|---|
| | | 1910-14 | 1925-29 | 1930-34 | 1935-39 |
| Netherlands Indies | Textiles | 27.2 | 26.0 | 27.1 | 28.5 |
| | Machinery and tools | 5.9 | 8.3 | 8.0 | 10.8 |
| | Iron and Steel and their manufactures | 7.1 | 7.6 | 7.0 | 9.4 |
| | Rice | 15.4 | 9.3 | 8.4 | 4.2 |
| | Vehicles and parts | 1.5 | 4.0 | 3.6 | 5.8 |
| | Total | 57.1 | 55.2 | 54.1 | 58.7 |

Source: Compiled from Joseph D. Phillips, op. cit., PP. 178, 186, 194, 198 and 200.

Notes:
(a) During the years 1935-38.
(b) The average of the year 1913.
(c) During the years 1935-38.
(d) The average of the years 1909/10-1913/14.
(e) The average of the years 1925/26-1929/30.
(f) The average of the years 1930/31-1934/35.
(g) The average of the years 1934/35, 1935/36, 1936/37, 1937/38 and 1938/39.
(h) Only the year 1915.

Appendix E.

The Philippines: Trade with Principal Countries.

(Values in thousands of pesos and as percentages of totals).

| Country | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-40 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| United States | | | | | | | | | | | | |
| Exports | 94,444 | 58.6 | 144,554 | 63.5 | 215,195 | 73.5 | 208,820 | 78.0 | 179,306 | 82.7 | 234,956 | 80.9 |
| Imports | 67,880 | 55.1 | 136,001 | 61.6 | 142,643 | 59.7 | 155,277 | 63.0 | 106,031 | 63.6 | 172,673 | 69.2 |
| United Kingdom | | | | | | | | | | | | |
| Exports | 23,491 | 14.6 | 18,165 | 8.0 | 17,575 | 6.0 | 10,726 | 4.0 | 5,101 | 2.4 | 8,090 | 2.8 |
| Imports | 6,393 | 5.2 | 7,772 | 3.5 | 11,667 | 4.9 | 9,095 | 3.7 | 4,632 | 2.8 | 5,218 | 2.1 |
| Germany | | | | | | | | | | | | |
| Exports | 432 | 0.3 | 3,667 | 1.6 | 5,717 | 2.0 | 4,431 | 1.7 | 2,289 | 1.1 | 2,148 | 0.7 |
| Imports | 1,099 | 0.9 | 1,436 | 0.7 | 6,561 | 2.7 | 8,815 | 3.6 | 6,351 | 3.8 | 6,322 | 2.5 |
| China | | | | | | | | | | | | |
| Exports | 4,138 | 2.6 | 4,850 | 2.1 | 6,313 | 2.2 | 4,373 | 1.6 | 1,752 | 0.8 | 2,382 | 0.8 |
| Imports | 7,325 | 5.9 | 16,273 | 7.4 | 13,431 | 5.6 | 12,364 | 5.0 | 6,912 | 4.1 | 6,057 | 2.4 |
| British East Indies | | | | | | | | | | | | |
| Exports | 2,423 | 1.5 | 2,776 | 1.2 | 2,317 | 0.8 | 1,489 | 0.6 | 736 | 0.3 | 1,030 | 0.4 |
| Imports | 2,300 | 1.9 | 3,715 | 1.7 | 4,927 | 2.1 | 5,925 | 2.4 | 3,511 | 2.1 | 4,334 | 1.7 |

Appendix E. (continued)

| Country | 1914-18 average | | 1919-23 average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-40 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Australia | | | | | | | | | | | | |
| Exports | 1,506 | 0.9 | 1,414 | 0.6 | 1,586 | 0.5 | 680 | 0.3 | 536 | 0.2 | 899 | 0.3 |
| Imports | 4,086 | 3.3 | 6,398 | 2.9 | 5,172 | 2.2 | 3,391 | 1.4 | 2,845 | 1.7 | 4,363 | 1.7 |
| Japan | | | | | | | | | | | | |
| Exports | 10,768 | 6.7 | 13,985 | 6.1 | 13,658 | 4.7 | 10,060 | 3.8 | 9,419 | 4.3 | 17,160 | 5.9 |
| Imports | 13,356 | 10.8 | 21,996 | 10.0 | 22,050 | 9.2 | 23,915 | 9.7 | 19,048 | 11.4 | 21,224 | 8.5 |
| Total (including all others) | | | | | | | | | | | | |
| Exports | 161,295 | 100.0 | 227,478 | 100.0 | 292,694 | 100.0 | 267,724 | 100.0 | 216,882 | 100.0 | 290,439 | 100.0 |
| Imports | 123,117 | 100.0 | 220,645 | 100.0 | 239,021 | 100.0 | 246,288 | 100.0 | 166,805 | 100.0 | 249,465 | 100.0 |

Sources: (a) 1914-38: The Government of the Philippines Islands, Department of Finance, Bureau of Customs, Annual Report of the Insular Collector of Customs, Manila, several series.

(b) 1939-40: Bureau of the Census and Statistics, Foreign Trade Statistics of the Philippines, several series.

Appendix F

French Indo-China: Trade With Principal Countries

(Values in millions of francs and as percentages of totals)

| COUNTRY | 1913[a] average | | 1925-29 average | | 1930-34 average | | 1935 | | 1936 | | 1937 | | 1938 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| France & French Colonies | | | | | | | | | | | | | | |
| Imports | 515.0 | 44.7 | 1,233.8 | 49.2 | 579.1 | 49.5 | 527.3 | 58.6 | 549.9 | 56.3 | 889.9 | 56.9 | 1,095.3 | 56.3 |
| Exports | 369.0 | 26.3 | 663.4 | 22.4 | 437.6 | 35.7 | 486.0 | 37.4 | 1,047.1 | 61.3 | 1,348.2 | 52.0 | 1,512.1 | 53.2 |
| China | | | | | | | | | | | | | | |
| Imports | 97.0 | 8.4 | 217.0 | 8.6 | 32.4 | 2.8 | 70.7 | 7.9 | 90.3 | 9.3 | 114.5 | 7.3 | 143.0 | 7.3 |
| Exports | 84.0 | 6.0 | 432.1 | 14.6 | 114.4 | 9.4 | 197.3 | 15.2 | 51.1 | 3.0 | 139.9 | 5.4 | 75.7 | 2.7 |
| Hong Kong | | | | | | | | | | | | | | |
| Imports | 319.0 | 27.7 | 415.3 | 16.6 | 124.2 | 10.6 | 72.0 | 8.0 | 71.7 | 7.4 | 135.4 | 8.7 | 143.4 | 7.4 |
| Exports | 459.0 | 32.6 | 800.8 | 27.1 | 298.7 | 24.7 | 225.1 | 17.3 | 145.6 | 8.5 | 294.8 | 11.4 | 274.2 | 9.6 |
| Singapore | | | | | | | | | | | | | | |
| Imports | 103.0 | 9.0 | 80.3 | 3.2 | 36.5 | 3.1 | 61.4 | 6.8 | 38.9 | 4.0 | 58.0 | 3.7 | 57.8 | 3.0 |
| Exports | 156.0 | 11.1 | 268.5 | 9.1 | 115.6 | 9.5 | 102.0 | 7.8 | 108.9 | 6.4 | 195.9 | 7.5 | 277.2 | 9.7 |
| United States | | | | | | | | | | | | | | |
| Imports | 19.0 | 1.7 | 93.9 | 3.7 | 46.3 | 4.0 | 21.1 | 2.3 | 23.5 | 2.4 | 52.0 | 3.3 | 97.9 | 5.0 |
| Exports | 9.0 | 0.6 | 43.4 | 1.5 | 16.5 | 1.4 | 55.8 | 4.3 | 107.1 | 6.3 | 180.1 | 6.9 | 249.3 | 8.8 |
| Netherlands India | | | | | | | | | | | | | | |
| Imports | 13.0 | 1.1 | 140.5 | 5.6 | 82.0 | 7.0 | 54.4 | 6.0 | 58.3 | 6.0 | 68.6 | 4.4 | 84.6 | 4.3 |
| Exports | 99.0 | 7.1 | 181.5 | 6.1 | 60.3 | 5.0 | 28.5 | 2.2 | 8.5 | 0.5 | 12.8 | 0.5 | 28.2 | 1.0 |
| British India | | | | | | | | | | | | | | |
| Imports | 11.0 | 1.0 | 89.1 | 3.6 | 40.0 | 3.4 | 7.3 | 0.8 | 29.2 | 1.7 | 4.3 | 0.2 | 5.2 | 0.2 |
| Exports | .. | .. | 38.3 | 1.3 | 16.6 | 1.4 | 38.9 | 3.0 | 29.9 | 3.0 | 43.7 | 2.8 | 55.4 | 2.8 |

Appendix F continued

| COUNTRY | 1913[a] average | | 1925-29 average | | 1930-34 average | | 1935 | | 1936 | | 1937 | | 1938 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Great Britain | 20.0 | 1.7 | 42.3 | 1.7 | 22.7 | 1.9 | 14.6 | 1.6 | 24.0 | 2.5 | 33.4 | 2.1 | 62.4 | 3.2 |
| Imports | 20.0 | 1.7 | 42.3 | 1.7 | 22.7 | 1.9 | 14.6 | 1.6 | 24.0 | 2.5 | 33.4 | 2.1 | 62.4 | 3.2 |
| Exports | 31.0 | 2.2 | 54.9 | 1.9 | 15.2 | 1.3 | 17.9 | 1.4 | 14.4 | 0.8 | 34.7 | 1.3 | 59.5 | 2.1 |
| Siam | | | | | | | | | | | | | | |
| Imports | 1.0 | 0.1 | 13.2 | 0.5 | 4.3 | 0.4 | 13.6 | 1.5 | 15.0 | 1.5 | 33.1 | 2.1 | 36.0 | 1.8 |
| Exports | 8.0 | 0.6 | 21.6 | 0.7 | 9.7 | 0.8 | 6.9 | 0.5 | 6.1 | 0.4 | 11.9 | 0.5 | 14.7 | 0.5 |
| Japan | | | | | | | | | | | | | | |
| Imports | 17.0 | 1.5 | 58.8 | 2.3 | 17.3 | 1.5 | 26.3 | 2.9 | 34.7 | 3.6 | 48.3 | 3.1 | 55.5 | 2.9 |
| Exports | 85.0 | 6.0 | 276.8 | 9.4 | 59.2 | 4.9 | 54.1 | 4.2 | 78.3 | 4.6 | 108.6 | 4.2 | 87.6 | 3.1 |
| Total (including all others) | | | | | | | | | | | | | | |
| Imports | 1,405.0 | 100.0 | 2,508.8 | 100.0 | 1,179.4 | 100.0 | 901.4 | 100.0 | 974.7 | 100.0 | 1,562.4 | 100.0 | 1,947.2 | 100.0 |
| Exports | 1,141.0 | 100.0 | 956.2 | 100.0 | 1,210.6 | 100.0 | 1,708.1 | 100.0 | 1,708.1 | 100.0 | 2,594.1 | 100.0 | 2,843.8 | 100.0 |

Source: Joseph D.Phillips, op. cit., P.185

Note: (a) Francs of 1913 converted into francs of June, 1928.

Appendix G.

Thailand: Trade with Principal Countries.

(Values in millions of baht and as percentages of totals).

| Country | 1910/11 or 1914/15 average | | 1925/26 or 1929/30 average | | 1930/31 or 1934/35 average | | 1934/35 | | 1935/36 | | 1936/37 | | 1937/38 | | 1938/39 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| British Malaya | | | | | | | | | | | | | | | | |
| Imports | 11.9 | 15.4 | 33.8 | 17.3 | 21.0 | 19.5 | 23.0 | 22.6 | 23.7 | 21.7 | 27.2 | 24.7 | 30.4 | 27.2 | 33.1 | 25.5 |
| Exports | 41.8 | 42.4 | 112.1 | 45.5 | 71.9 | 47.0 | 83.3 | 48.3 | 85.2 | 54.0 | 103.6 | 56.2 | 112.6 | 66.4 | 115.4 | 56.5 |
| HongKong | | | | | | | | | | | | | | | | |
| Imports | 10.9 | 14.1 | 34.4 | 17.6 | 17.5 | 16.2 | 12.1 | 1.9 | 9.7 | 8.9 | 10.2 | 9.2 | 8.5 | 7.6 | 13.3 | 10.2 |
| Exports | 30.8 | 31.3 | 51.0 | 20.7 | 38.9 | 25.4 | 36.7 | 21.3 | 26.9 | 16.9 | 26.4 | 14.3 | 21.1 | 12.5 | 21.6 | 10.6 |
| British India | | | | | | | | | | | | | | | | |
| Imports | 7.8 | 10.1 | 15.6 | 8.0 | 5.9 | 5.5 | 4.9 | 4.8 | 3.7 | 3.4 | 4.7 | 4.3 | 4.4 | 3.9 | 7.7 | 5.9 |
| Exports | 2.5 | 2.5 | 1.6 | 0.6 | 5.2 | 3.4 | 16.0 | 9.3 | 11.3 | 7.1 | 6.2 | 3.3 | 2.1 | 1.2 | 1.3 | 0.6 |
| China | | | | | | | | | | | | | | | | |
| Imports | 9.8 | 12.7 | 14.6 | 7.5 | 6.0 | 5.6 | 4.0 | 3.9 | 4.1 | 3.7 | 4.5 | 4.0 | 3.6 | 3.2 | 5.2 | 4.0 |
| Exports | 0.2 | 0.2 | 9.9 | 4.1 | 4.0 | 2.6 | 8.8 | 5.1 | 2.5 | 1.6 | 1.6 | 0.8 | 0.6 | 0.4 | 0.3 | 0.1 |
| United Kingdom | | | | | | | | | | | | | | | | |
| Imports | 16.7 | 21.6 | 29.1 | 14.9 | 14.2 | 13.2 | 11.5 | 11.3 | 12.6 | 11.6 | 11.2 | 10.2 | 13.7 | 12.2 | 15.2 | 11.8 |
| Exports | 6.8 | 6.9 | 3.1 | 1.4 | 3.6 | 2.4 | 1.7 | 1.0 | 1.3 | 0.8 | 4.0 | 2.1 | 2.7 | 1.6 | 2.9 | 1.4 |

Appendix G. (continued)

| Country | 1910/11 or 1914/15 average | | 1925/26 or 1929/30 average | | 1930/31 or 1934/35 average | | 1934/35 | | 1935/36 | | 1936/37 | | 1937/38 | | 1938/39 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Germany | | | | | | | | | | | | | | | | |
| Imports | 4.7 | 6.1 | 9.2 | 4.7 | 4.3 | 4.0 | 3.6 | 3.5 | 4.7 | 4.3 | 5.9 | 5.4 | 7.0 | 6.2 | 8.5 | 6.5 |
| Exports | 5.3 | 5.4 | 4.4 | 1.9 | 3.3 | 2.2 | 1.8 | 1.0 | 1.1 | 0.7 | 1.7 | 0.9 | 2.7 | 1.6 | 6.2 | 3.0 |
| Netherlands India | | | | | | | | | | | | | | | | |
| Imports | 3.4 | 4.4 | 13.7 | 7.0 | 12.6 | 11.7 | 12.0 | 11.8 | 11.9 | 5.6 | 5.6 | 5.1 | 5.5 | 5.0 | 5.6 | 4.3 |
| Exports | 1.1 | 1.1 | 8.7 | 3.6 | 4.5 | 2.9 | 4.2 | 2.4 | 1.3 | 0.8 | 0.8 | 0.5 | 1.3 | 0.8 | 0.7 | 0.4 |
| United States | | | | | | | | | | | | | | | | |
| Imports | 2.2 | 2.8 | 5.9 | 3.0 | 3.5 | 3.2 | 2.8 | 2.7 | 3.3 | 3.0 | 4.1 | 3.7 | 5.6 | 5.0 | 6.1 | 4.7 |
| Exports | 0.2 | 0.2 | 1.0 | 0.5 | 0.4 | 0.3 | 0.3 | 0.2 | 0.3 | 0.2 | 0.8 | 0.4 | 1.2 | 0.7 | 22.7 | 11.1 |
| Japan | | | | | | | | | | | | | | | | |
| Imports | 2.2 | 2.8 | 10.5 | 5.4 | 12.6 | 11.7 | 21.1 | 20.8 | 27.8 | 25.6 | 28.3 | 25.7 | 22.1 | 19.8 | 19.1 | 14.8 |
| Exports | 0.4 | 0.4 | 11.9 | 4.8 | 6.1 | 4.0 | 0.9 | 0.5 | 3.2 | 2.0 | 5.1 | 2.8 | 5.9 | 3.5 | 2.4 | 1.2 |
| Total (including all others) | | | | | | | | | | | | | | | | |
| Imports | 77.4 | 100.0 | 196.1 | 100.0 | 107.8 | 100.0 | 101.7 | 100.0 | 108.8 | 100.0 | 110.0 | 100.0 | 111.8 | 100.0 | 129.6 | 100.0 |
| Exports | 98.5 | 100.0 | 246.5 | 100.0 | 153.0 | 100.0 | 172.6 | 100.0 | 158.2 | 100.0 | 184.4 | 100.0 | 169.5 | 100.0 | 204.4 | 100.0 |

Source: Joseph D. Phillips, op. cit., P. 199.

Appendix H.

British Malaya: Trade with Principal Countries[1]

(Values in millions of dollars and as percentages of totals).

| Country | 1915-18(2) average | | 1919-23(3) average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-39 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| United Kingdom | | | | | | | | | | | | |
| Exports | 112.6 | 23.3 | 98.9 | 16.3 | 147.7 | 14.2 | 94.4 | 13.9 | 74.3 | 14.5 | 87.8 | 11.8 |
| Imports | 55.5 | 13.0 | 81.1 | 14.4 | 132.7 | 14.3 | 102.8 | 14.9 | 65.2 | 14.9 | 100.5 | 16.0 |
| United States | | | | | | | | | | | | |
| Exports | 154.2 | 31.9 | 140.3 | 23.1 | 472.0 | 45.3 | 251.4 | 37.1 | 179.1 | 35.1 | 297.9 | 40.0 |
| Imports | 14.2 | 3.3 | 24.8 | 4.4 | 34.8 | 3.8 | 22.6 | 3.3 | 7.9 | 1.8 | 17.1 | 2.7 |
| Netherlands India | | | | | | | | | | | | |
| Exports | 80.2 | 16.6 | 78.1 | 12.9 | 104.5 | 10.0 | 69.2 | 10.2 | 42.6 | 8.3 | 38.7 | 5.2 |
| Imports | 96.7 | 22.7 | 149.6 | 26.6 | 331.8 | 35.9 | 234.2 | 33.9 | 143.2 | 32.7 | 190.2 | 30.3 |
| Siam | | | | | | | | | | | | |
| Exports | 15.3 | 3.2 | 93.7 | 15.5 | 29.5 | 2.8 | 19.6 | 2.9 | 13.3 | 2.6 | 14.8 | 2.0 |
| Imports | 68.0 | 16.0 | 70.7 | 12.6 | 96.6 | 10.4 | 76.6 | 11.1 | 63.0 | 14.4 | 95.8 | 15.3 |
| British India[4] | | | | | | | | | | | | |
| Exports | 23.7 | 4.9 | 28.2 | 4.7 | 34.2 | 3.3 | 26.7 | 3.9 | 17.9 | 3.5 | 24.1 | 3.2 |
| Imports | 57.6 | 13.5 | 59.1 | 10.5 | 78.6 | 8.5 | 59.8 | 8.6 | 28.2 | 6.5 | 17.3 | 2.8 |
| China | | | | | | | | | | | | |
| Exports | 2.5 | 0.5 | 7.7 | 1.3 | 9.6 | 0.9 | 8.2 | 1.2 | 4.7 | 0.9 | 4.1 | 0.5 |
| Imports | 14.5 | 3.4 | 24.6 | 4.4 | 35.4 | 3.8 | 36.4 | 5.3 | 21.5 | 4.9 | 25.8 | 4.1 |

Appendix H. (continued)

| Country | 1915-18(2) average | | 1919-23(3) average | | 1924-28 average | | 1929-31 average | | 1932-36 average | | 1937-39 average | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Hong Kong | | | | | | | | | | | | |
| Exports | 15.3 | 3.2 | 18.9 | 3.1 | 12.6 | 1.2 | 9.9 | 1.5 | 4.8 | 0.9 | 7.7 | 1.0 |
| Imports | 35.4 | 8.3 | 49.5 | 8.8 | 39.4 | 4.3 | 20.4 | 3.0 | 5.0 | 1.1 | 10.1 | 1.6 |
| Japan (5) | | | | | | | | | | | | |
| Exports | 14.9 | 3.1 | 37.9 | 6.3 | 35.2 | 3.4 | 43.4 | 6.4 | 45.9 | 9.0 | 59.6 | 8.0 |
| Imports | 31.6 | 7.4 | 23.8 | 4.2 | 26.4 | 2.9 | 22.0 | 3.2 | 28.8 | 6.6 | 21.8 | 3.5 |
| Total (including all others) | | | | | | | | | | | | |
| Exports | 482.8 | 100.0 | 605.9 | 100.0 | 1,042.0 | 100.0 | 677.3 | 100.0 | 510.7 | 100.0 | 744.9 | 100.0 |
| Imports | 425.2 | 100.0 | 563.0 | 100.0 | 924.6 | 100.0 | 691.0 | 100.0 | 437.8 | 100.0 | 626.6 | 100.0 |

Sources: (a) Government Printing Office, Department of Statistics, Straits Settlements, Short Statistical Summary, 1930-34, several series.
(b) Government Printing Office, Summary of Foreign Imports and Exports of the Straits Settlements and British Malaya, 1915-19, several series.
(c) The Office of the Commission, Trade and Customs, British Malaya, Malayan Trade Facts and Figures, Kuala Lumpur, 1929.
(d) Edited by Frederick V. Field, An Economic Survey of the Pacific Area, Part II. Foreign Trade, by Joseph D. Phillips, New York, 1971.
(e) Government Printing Office, The Foreign Trade of Malaya, Singapore, several series.

Notes: (1) Including bullion and specie and excluding parcel post, bunker coal, oil fuel and ship's stores.
(2) Statistics of export trade in 1917 were not available.
(3) Does not include the year 1920.
(4) Includes Burma, but in 1936 Burma was separated from India. Therefore, data from 1936 onwards does not include Burma.
(5) Includes Korea and Formosa.

Appendix I.

Netherlands India: Trade with Principal Countries (a).

(Values in millions of guilders and as percentages of totals).

| Country | 1910-14 average | | 1925-29 average | | 1930-34 average | | 1935 | | 1936 | | 1937 | | 1938 | | 1939 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Netherlands | | | | | | | | | | | | | | | | |
| Imports | 121.0 | 32.30 | 162.2 | 17.64 | 79.4 | 15.97 | 36.0 | 13.04 | 47.0 | 16.38 | 93.9 | 19.1 | 106.2 | 22.2 | 96.8 | 20.7 |
| Exports | 139.8 | 26.35 | 263.0 | 16.43 | 120.6 | 17.67 | 100.0 | 22.37 | 123.0 | 22.82 | 191.6 | 20.1 | 134.1 | 20.4 | 109.5 | 14.7 |
| United States | | | | | | | | | | | | | | | | |
| Imports | 7.4 | 1.97 | 89.2 | 9.70 | 40.0 | 8.05 | 19.0 | 6.88 | 22.0 | 7.67 | 49.9 | 10.2 | 60.2 | 12.6 | 63.7 | 13.6 |
| Exports | 15.8 | 2.97 | 216.6 | 13.53 | 81.2 | 11.90 | 64.0 | 14.32 | 95.0 | 17.63 | 177.9 | 18.7 | 89.3 | 13.6 | 146.8 | 19.7 |
| Singapore | | | | | | | | | | | | | | | | |
| Imports | 63.6 | 16.98 | 114.2 | 12.42 | 53.0 | 10.66 | 29.0 | 10.51 | 28.0 | 9.76 | 36.6 | 7.5 | 36.2 | 7.6 | 33.5 | 7.2 |
| Exports | 90.6 | 17.06 | 359.2 | 22.44 | 129.2 | 18.93 | 67.0 | 14.99 | 65.0 | 12.06 | 179.0 | 18.8 | 109.2 | 16.6 | 124.7 | 16.7 |
| Great Britain | | | | | | | | | | | | | | | | |
| Imports | 61.4 | 16.39 | 114.4 | 12.44 | 44.4 | 8.93 | 22.0 | 7.97 | 22.0 | 7.67 | 40.9 | 8.3 | 38.2 | 8.0 | 33.3 | 7.1 |
| Exports | 37.6 | 7.08 | 138.6 | 8.66 | 55.4 | 8.12 | 31.0 | 6.94 | 27.0 | 5.01 | 50.2 | 5.3 | 35.1 | 5.3 | 34.2 | 4.6 |
| British India | | | | | | | | | | | | | | | | |
| Imports | 30.6 | 8.17 | 47.8 | 5.20 | 26.2 | 5.27 | 9.0 | 3.26 | 9.0 | 3.14 | 12.9 | 2.6 | 18.4 | 3.9 | 14.9 | 3.2 |
| Exports | 64.4 | 12.13 | 151.6 | 9.47 | 54.6 | 8.00 | 18.0 | 4.03 | 8.0 | 1.48 | 6.2 | 0.7 | 5.2 | 0.8 | 23.9 | 3.2 |
| Germany | | | | | | | | | | | | | | | | |
| Imports | 20.0 | 5.33 | 87.0 | 9.46 | 42.2 | 8.49 | 22.0 | 7.97 | 26.0 | 9.06 | 41.9 | 8.5 | 49.1 | 10.3 | 41.2 | 8.8 |
| Exports | 12.2 | 2.30 | 37.0 | 2.31 | 15.2 | 2.23 | 9.0 | 2.01 | 13.0 | 2.41 | 28.1 | 3.0 | 23.8 | 3.6 | 14.2 | 1.9 |

Appendix I. (continued)

| Country | 1910-14 average | | 1925-29 average | | 1930-34 average | | 1935 | | 1936 | | 1937 | | 1938 | | 1939 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % | Value | % |
| Australia | | | | | | | | | | | | | | | | |
| Imports | 9.0 | 2.40 | 25.4 | 2.76 | 15.0 | 3.02 | 9.0 | 3.26 | 8.0 | 2.79 | 12.1 | 2.5 | 13.2 | 2.8 | 15.3 | 3.3 |
| Exports | 12.0 | 2.26 | 39.6 | 2.47 | 22.6 | 3.31 | 22.0 | 4.92 | 26.0 | 4.82 | 29.5 | 3.1 | 28.5 | 4.3 | 34.3 | 4.6 |
| China | | | | | | | | | | | | | | | | |
| Imports | 7.0 | 1.87 | 19.8 | 2.15 | 10.4 | 2.09 | 5.0 | 1.81 | 6.0 | 2.09 | 8.7 | 1.8 | 8.2 | 1.7 | 10.1 | 2.2 |
| Exports | 13.0 | 2.45 | 49.8 | 3.11 | 21.2 | 3.11 | 9.0 | 2.01 | 10.0 | 1.86 | 13.5 | 1.4 | 9.7 | 1.5 | 9.8 | 1.3 |
| Japan | | | | | | | | | | | | | | | | |
| Imports | 5.2 | 1.39 | 94.2 | 10.25 | 92.6 | 18.63 | 82.0 | 29.71 | 75.0 | 26.13 | 124.4 | 25.4 | 71.8 | 15.0 | 85.0 | 18.2 |
| Exports | 21.0 | 3.95 | 75.6 | 4.72 | 29.0 | 4.25 | 24.0 | 5.37 | 30.0 | 5.57 | 42.3 | 4.4 | 20.6 | 3.1 | 24.5 | 3.3 |
| Total (including all others) | | | | | | | | | | | | | | | | |
| Imports | 376.6 | 100.00 | 919.4 | 100.00 | 497.0 | 100.00 | 276.0 | 100.00 | 287.0 | 100.00 | 490.6 | 100.00 | 478.5 | 100.0 | 467.7 | 100.0 |
| Exports | 531.0 | 100.00 | 1,600.8 | 100.00 | 682.4 | 100.00 | 447.0 | 100.00 | 539.0 | 100.00 | 951.2 | 100.00 | 657.8 | 100.0 | 745.8 | 100.0 |

Sources: (1) Joseph D. Phillips, op. cit., P. 193.

(2) Nanyō Kyōkai, Nanpōken Bōeki Tōkei-hyō (Trade Statistical Tables of Southern Areas), Tokyo, 1943, PP. 180-183.

(a) Before 1930 private trade only; 1930 and following years private and government trade. All figures include parcel post and exclude gold and silver.

Appendix J.

Total Investment of Japanese Enterprises in Southeast Asia. (unit: Million Yen)

| | Commerce | Industry | Mining industry | Agriculture and stock farming | Forestry | Marine products industry | Communications | Shipping | Harbour depot | Facilities | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| The Philippines | 68.3 | 181.0 | 205.1 | 17.1 | 36.5 | 20.2 | - | 26.5 | - | - | - | 554.7 |
| French Indo-China | 89.7 | 16.8 | 5.8 | 28.1 | 31.1 | 1.4 | 8.1 | 15.8 | 1.1 | - | 4.8 | 202.8 |
| Thailand | 152.9 | 7.7 | 1.8 | - | - | 0.9 | 3.4 | 4.2 | 3.9 | - | 8.4 | 183.3 |
| British Malaya | 38.5 | 444.4 | 351.5 | 62.5 | 3.8 | 6.7 | 40.2 | 86.9 | 8.1 | 14.8 | 0.0 | 1,057.3 |
| British Borneo | 4.2 | 16.8 | 6.5 | 12.0 | 7.0 | 7.2 | - | 8.2 | - | - | - | 61.8 |
| The Netherlands East Indies (Java and Sumatra) | 54.2 | 278.7 | 60.5 | 122.3 | 3.2 | 12.0 | 36.9 | 75.2 | 7.0 | - | - | 649.9 |
| Total | 407.8 | 945.4 | 631.2 | 242.0 | 81.6 | 48.4 | 88.6 | 216.8 | 20.1 | 14.8 | 13.2 | 2,709.8 |

Source: Compiled from Akira Hara, Daitō-a Kyōeiken no Keizai-teki Jittai (The Economic Realities of the Greater East Asia Co-Prosperity Sphere), Tokyo, 1974, P. 12.

Appendix K.

Foreign Investment in the Oil Industry of the East Indies (1930)

(unit: 1,000 guilder)

| | | |
|---|---|---|
| The Netherlands | 248,480 | (51%) |
| England | 123,600 | (25%) |
| America | 110,000 | (23%) |
| Japan | 180 | ( - ) |
| Netherlands East Indian Government | 5,000 | (1%) |
| Total | 487,200 | (100%) |

Source: S. Kojima, Tō-a Keizai-ron (On East Asian Economies), Tokyo, 1941, PP. 357-358.

Appendix L.

Foreign Investment in Netherlands East Indies Agriculture (1931)

(unit: 1,000 guilder)

| | |
|---|---|
| The Netherlands | 1,535,830 |
| England | 278,053 |
| America | 53,035 |
| Japan | 19,628 |
| Total (including all others) | 2,064,783 |

Source: S. Kojima, op. cit., PP. 83-84.

Weights and Measures

1 Koli = 400 Pounds (cotton yarn)

1 Kin = 0.601 kg = 1.323 lb.

1 Chō (bu) = 99.15 areas = 2.45 acres = 10 tan.

1 Picul = 60 kg = 100 Kin = 132.3 lb.

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