Chapter II

RELEVANT FACTORS ON THE JAPANESE SIDE
FOR ENTRY INTO THE WAR
Japan's overall policy in the Far East had two main considerations - political and economic. These in turn emanated from her desire for territorial expansion, strategic and long-term security considerations, promotion of economic and trade interests and desire for racial equality.

In view of these considerations, Japan could not be indifferent to what happened in Korea, Manchuria, China, and even in Siberia. It had a parallel in Britain's attitude towards Europe of not being indifferent to developments in the Low countries across the English Channel, and along the North Sea in Belgium and the Netherlands. From the point of security, Britain always looked at these countries as falling within her own zone of security and her policy had been to uphold their independence so as to serve her as buffers.

Japan attempted to maintain an independent Korea particularly free from Russian penetration. Unlike Belgium and the Netherlands, Korea was too weak politically and militarily against her powerful neighbours. The Japanese endeavour to assist the Korean ruler to maintain its independence having failed, as an alternative, Japan established a protectorate in Korea, which ultimately led to its annexation. She regarded her action as the only practical course
to achieving her national security. (1)

In respect of China, Japan was convinced that her whole destiny was dependent on securing the upper hand in China. Japan's affirmation in treaties and agreements promising security of China (and assuming guardianship) were part of the same goal. The second Anglo-Japanese alliance in 1905 and the treaty of Portsmouth in the same year left no doubt about Japanese intentions.

Japan aspired to establish Pax Japonica, the leadership of the Far East and be the spokesman of Asia. Her revised alliance with Britain had given her a pre-eminent position in the Far East and her success against Russia practically ended the Korean question.

So long as the Western Powers appreciated and recognized her genuine aspirations, she, on her part respected their interests in the region and appreciated Britain's responsibility for her colonies. But Japan was reluctant to accept the superiority of the West, (2) although she did not have any evil design on the British colonies because of genuine friendship for Britain.

The military successes of Japan in 1895 and in 1905 had won her the appreciation of the Western Powers, but her real source of strength lay in her being racially homogeneous. Her policies, too,

1. Even a modern Korean diplomat believes that the Koreans should bear some of the responsibility for their country's annexation by Japan.


2. Japan's entry into the world politics after the Russo-Japanese war in 1905 marked the revival of the Asian self-consciousness.

were backed by the people. Strong nationalism urged the rulers to succeed in becoming the legitimate heir to Europe’s decaying power in Asia. Thus, in the "Asia for the Asians" campaign, she regarded herself as the leader. Three elements - loyalty to the throne, a sense of mission (to acquire an Empire overseas), and belief in the possession of certain in-born qualities - constituted the essential national character or polity of Japan. (3) It deeply affected the country's internal and external affairs. The rising tide of nationalism prepared the Government to seize the opportunity afforded by the war in Europe in 1914 in order to pursue her national aims. The nationalist element was unequivocal in impressing upon the Government to take revenge on Germany for her part in the Triple Intervention in 1895, to "solve the China problem" for which the opportunity was far more promising than presented previously by the chaotic conditions in China. (4) For example, three weeks after the surrender of Kiaochow by Germany on 29 November 1914, the Black Dragon Society presented to the Government a "Memorandum for a solution of the China problem". Again, Japan’s notorious Twenty-one Demands on China in 1915 was the result of pressure exercised by the nationalists on the Foreign Office.

Japan's desire for territorial expansion was further encouraged by the Military Party. This party almost dictated the foreign policy of Japan. It directed the country's attention

towards China. It was a power in Japan that was not in sight of the casual observer. Since the Russo-Japanese war in 1905, it felt elated.

The party's direct access to the Emperor made it completely beyond the control of the Prime Minister. As a corollary, the administration of the army and navy was beyond the control of the Cabinet dominated by the political party representatives. The existence of political parties did not mean much. Militarism had a stronghold on the Government of Japan that led that country to war in 1914.

Two domineering political personalities, Count Shigenobu Okuma and Taka-ski Kato, were in power when the war broke out in Europe. Okuma was called in because he was recognized as a man who had always been alert to Japan's "opportunities" on the continent. He was expected to adopt a strong policy. As the Japan Weekly Mail on 18 July 1914 observed, Okuma's appointment as Premier had "unmistakable signs of national energy", and that the people were confident that Japan would be able to hold her own in the international rivalries in the Far East. Okuma came up to these expectations. Before there was any great popular demand for such a step, Japan joined the European war. (5)

5. Dr. Miyake, editor of the famous nationalist journal Nihon Gyoiko Nibonji, wrote that he was anxious about "lack of seriousness" among the people, (as had been witnessed in 1904-05 against Russia) and urged that Japanese "strain every nerve" in the prosecution of the war.

See Japan Weekly Chronicle, 17 August 1914.
STRATEGIC FACTORS

Japan never forgot the Triple Intervention after her success against China in 1895. Her war with Russia, more than anything else, further convinced her of the need to work incessantly to avoid being isolated. At the same time, she was not content with merely developing the resources of Formosa and expanding her dominion in Korea (after 1905). Even the development programme initiated by her in her colonies was not so much far economic gains as for the achievement of the objective of political security and strategic invulnerability in the Far East. Her entire involvement in East Asia was intended to obtain strategic minerals and basic raw materials which she needed badly from the point of view of military needs. Her entry into the European war was, therefore, the logical corollary after her war against China in 1895, against Russia in 1904-05, and the annexation of Korea in 1910.

Japan's drive for colonial possessions was due to her desire to gain political equality with European Powers. Except as a source of raw materials, the colonies proved to be of negligible importance. The colonies could not take in or absorb the growing surplus of the Japanese population to any substantial degree. Neither did Japan derive any appreciable amount of revenue from the colonies. Indeed, the colonies were, as a whole, fiscal liabilities, rather than assets.

How far did the Anglo-Japanese alliance serve the strategic and security interests of Japan? It transferred the British initiative in the Far East to Japan. It had been of immense influence in determining her relationship with the world. It would
not be too much to say that Japan had not possessed independence in the sense that the Western Powers understood it, until the Alliance gave it to her. For example, before she had forged the Alliance, she had been dispossessed of the Liaotung Peninsula gained as a result of the Sino-Japanese war by a mere threat on the part of three Powers. She had been pushed out of Korea by one Power alone — Russia. She could never overcome this Power, without the sense of security that the Alliance gave her. Moreover, the highlight of the Russo-Japanese Peace in 1905 was not the treaty signed at Portsmouth on 2 September, but the second Anglo-Japanese Alliance of 12 August signed in London.

The Anglo-Japanese Alliance had enabled Japan to approach the other Far Eastern nations from a position of strength. Although it would be an over-statement to say that the Chinese Revolution of 1911 was due to Japanese policy, that Revolution would have been impossible (6) without the humiliations that Japan imposed on China, not at Shimonoseki, but after 1902. It was the Anglo-Japanese Alliance which helped Japan to further humiliate China and present her with the Demands in 1915.

6. For years the Japanese authorities are believed to have connived at the plotting on Japanese soil of Dr. Sun Yat-sen and his colleagues against the Chinese Government; and to have given large funds to support the movement. There is ground for believing however, that Japan's real intention was not to help the Chinese revolutionists to establish a republic for all China, but to facilitate local disturbances and unrest in China, such as would give Japan opportunities for intervention in order to obtain concessions. The fact that the uprising in 1911 developed into a national movement was a surprise to Japanese officialdom.

Andrew M. Pooley, Japan's Foreign Policies (London, 1920), Chapter III. Also "Japan and the Powers," The Nation (New York), vol. 95, p. 95.
Japan renewed the Alliance in 1911, because she wanted to achieve her avowed policy of peaceful penetration into China. It may be said that the Alliance with Russia in 1907 ought to have given her what she desired. But without the Anglo-Japanese Alliance, there could be no alliance with Russia. The alliance with Britain, if allowed to lapse, might have given Russia an opportunity to secure her revenge.

The continuation of the Alliance was beneficial to Japan, for it gave the impression throughout the Far East that Britain acquiesced in Japan's aggressive policy in China.

Moreover, the Anglo-Japanese Alliance helped Japan to bargain with Russia at the cost of China in Manchuria and in Mongolia. This suited Russia too. (7) For instance, not only did Japan and Russia compose their differences in 1907 but also agreed on 4 July 1910 "to lend each other their friendly co-operation" and "refrain from all competition" in Manchuria. (8) In July 1912, they concluded a secret convention which defined the spheres of interest of Russia in Outer Mongolia and North Manchuria, and that of Japan in Inner Mongolia and South Manchuria. Thus, because of the Anglo-Japanese Alliance, Japan and Russia evolved a policy of working in close co-operation in China.

But for her alliance with Britain, Japan would not have felt secure in the Far East and joined the war in 1914. Even if she had, she would have been openly named an aggressor. The


United States, an up-and-coming Pacific Power, was always there to seize the opportunity and impress upon Britain the futility of the Anglo-Japanese Agreement. To any shrewd politician, the world cruise of the American battleship fleet in 1908 would have made the intentions of the United States sufficiently clear.

When the Alliance was renewed on 13 July 1911, there was a section of opinion, particularly in Japan, which expressed concern over the exclusion of any mention of Britain's help to Japan in the event of the much-talked-about war between the two Pacific Powers, Japan and the United States. There was even a suggestion for a triple understanding between Russia, Germany and Japan. (9) However, some far-sighted men not only said that it would be folly for Japan to go to war with the United States, but regarded it as unthinkable that Britain should ever join Japan in the event of a war with the United States. As Count Okuma put it tersely, "Japan must help England; but England in a certain eventuality need not help Japan." (10) He was right, for even if we concede for the sake of argument that Britain was willing to help Japan in the event of a war with the United States, the various self-governing British colonies, particularly Canada and Australia with their increasing association with America, would never have allowed the mother-country to do so. Quite a few Japanese understood this. (11) And they hoped that the Alliance would eliminate American-Japanese friction, and would foster closer

10. Living Age (Boston), vol. 274 , p. 48.
relations between the two countries. (12) In fact, Japan's refraining from pressing the matter enabled her to enjoy the fruits of the Alliance and join the war of 1914-18 unobstructed. That was why, according to Viscount Kikujiro Ishii, Japan was the first to propose the revision of the alliance. (13) But the other Powers denounced the Alliance as a mischievous factor in the development of the Far East, and Britain incurred much odium both in China and in America on account of it. However, Britain believed that although the Alliance had done some mischief in certain ways, "it has claims to a favourable judgment which are equally undeniable". (14)

When the war in Europe broke out in 1914, it might not have extended to the Far East, had the Alliance not been invoked. Moreover, in so far as the war was a conflict between "the special interests" enjoyed by the European Powers outside Europe, Japan's alliance with Britain, her treaties with Russia as a result thereof, and her eagerness to put herself on a par with the United States with its growing influence, especially in the Pacific, were important factors in her entry into the war. True, there had been talk in Japan about the German danger to the peace of the Far East. There were references to the German capture and detention

12. Review of Reviews, n. 9, p. 603. In fact this was the first diplomatic move after the renewal of the Alliance. The Japanese interests in the Far East needed recognition from the United States. Japan did not wait till the end of the war. Viscount Kikujiro Ishii was sent as the ambassador to Washington and the first result was the Lansing-Ishii agreement of 2 November 1917.


of neutral ships, and to the German employment of neutrals for the building of defence works at Kiaochow. (15) Viscount Kato had so great a regard for the English people—a regard which made the Military Party in Japan describe him as one who was "more English than the English"—that he was universally known to be pro-British. He was openly in favour of Japan's honouring her treaty obligations with Britain. (16) This, above all else, persuaded Japan to join the war.

Secondly, thanks to her growth into an enviable Power in the Far East, Japan was tempted by the opportunity offered by the war in Europe to further her interest by eliminating the influence of Germany from the Far East. She had destroyed the image of China in 1894 and struck a staggering blow to Russian influence in the Far East in 1905. She was helped out inconsiderably by the international situation, for all the European Powers were pre-occupied in Europe. The balance of power which they had sedulously kept up in the Far East was broken. Japan was thus tempted to transform her defensive policy into one of imperialism at the expense of her weaker neighbour on the continent. (17) Unfortunately, China, for whose independence and integrity all the Powers of consequence had promised to work, became the first and the worst victim of international politics in the Far East, and Japan now played the leading role on the outbreak of the war in Europe. Though the war started in Europe, it soon burst like a tornado on

the Pacific. Being a party to the Japanese participation in the war, Britain recognized Japan's apostatic action.

A reference may be made to the position of Australia vis-a-vis Japan. Australia harboured a fear of Japan after her success against China, and from fear emanated hostility towards her. The Anglo-Japanese Alliances of 1902 failed to allay the fears of the Australians. In fact, Japan's victory over Russia in 1905 produced a great impression in Australia inasmuch as Japan was considered a Power with vast and efficient armaments on land and sea, a nation of militant, patriotic people ten times as numerous as the people of Australia, and already as strong as her resources seemed able to support. Any Japanese espionage activity was, in the eyes of Australians, "a preliminary to the making of plans and to a subsequent attack". (18) The Australians regarded Japan as a potential enemy. Although in 1911 Britain obtained, for the first time, the "approval" of the colonies for the renewal of the Anglo-Japanese Alliance, Australia declined to adhere to the new Anglo-Japanese commercial Treaty entered into that year, replacing that of 1894.

But all the hue and cry and the bogey of a Japanese attack Australia raised was meant to protect her "White Australia" policy from being undermined by Britain, or the mother-country because the latter had affirmed that no legislation offensive to Japan or China should be passed. (19)

The Australian resistance to Japan had an economic and commercial basis too. The conflict between "protectionists" and

18. PRO, Cab. 5/2/2. Papers on "Australia: Scale of Attack".
19. PRO, F.0. 371/52365, 1911, no. 1145,
"free traders" and the rival views of an industrialized Japan as "opportunity or menace" to Australian commercial and labour welfare had evoked a rigid "popular" concept of Japan as the real "yellow peril". (20)

In New Zealand, the repercussions of the Japanese successes were slight. The Anglo-Japanese Alliance of 1902 had been warmly endorsed as evidence that Japan's rapidly expanding strength would be available to the British Empire, although the Russo-Japanese war did stir some newspapers to predict a challenge to the Pacific balance of power from an emergent Imperial Japan. However, trade between New Zealand and Japan went on smoothly till the world war. (21)

Britain did not take seriously the fear of its colonies in regard to the Japanese naval and military power. At the same time, she could offer no satisfactory solution of the problem arising from the Australian immigration policy and the Japanese irritation as a result thereof. All that Sir Edward Grey could say was that the Australians needed educating on the value of the alliance. (22) The consent of the Australian Government to the renewal of the Alliance in 1911 must have been the result of such "education". As for Britain, she was under such pressure on the North sea front in Europe that she had no alternative but to continue to rely upon Japan for the basic protection of British interests in the Pacific.

20. Jack Shepherd, Australia's Interests and Policies in the Far East (New York, 1940), Chapter I.


The situation in the Pacific had to be "absolutely regulated by events in the North Sea". (23) Winston Churchill took the line of strategic rectitude in his efforts to reassure the Pacific Colonies. According to him

New Zealand and Australia were both safer from any external attack, protected as they were by the naval power of Britain and the Anglo-Japanese alliance based on that power. Since there was nothing these dominions could do, either together or apart, which would fit them to cope with the naval might of Japan, the correct course for them was ... the contribution to the general strength of the British navy. (24)

But what was a matter of concern to the Australians was that the Pacific had become a Japanese sea and that the British pre-occupation on the North Sea front was no answer to the mounting Australian fear of the new Power in the Pacific. On the racial question, Australia and New Zealand were inclined to sympathise with the United States, rather than go along with Britain. Arthur Myers, one-time Minister of Finance and Defence in the New Zealand Cabinet, summed up the position in 1913 thus:

... We find ourselves having to rely for naval protection on a Power which is now bound to England by a treaty of alliance but which may become in time by a turn in events not a protection but a menace. We are not content to leave our protection in the hands of Japanese fleets.... (25)

23. PRO, Cab. 5/3/2. "Imperial Naval Policy" Memorandum, 123rd meeting of Committee of Imperial Defence.

24. PRO, Cab. 5/3/2. "Correspondence with regard to New Zealand Naval Policy". Churchill to Allen, 14 February 1913.

Since 1905, the Japanese had started taking a part in world diplomacy and by a steady process of technical revolution were emerging as exceedingly successful competitors of Western nations in world trade. Consequently, much of the criticism in the West since that year was as political and commercial rivals. Yet, the Japanese appeared to some as sinister figures, as harsh and unscrupulous aggressors, and as men with ignoble military ambitions and commercial greed, while to others they were clothed in the virtues of heroism, energy, and constructive capacity. But all agreed that the Japanese were distinguished by fierce energy and exceptional capacity in the pursuit of their aims.

The conservative-imperialists looked upon Japanese territorial expansion in Asia (including the fringes on the Pacific shores) as a threat to their interests. Within a short time, Japan was able to meet not only the increasing demand for manufactured goods at home, but was also sending goods into markets previously served by the West. However, Britain was an exception, till at least the time of the Washington Conference. The liberals in that country, in a rational and generous spirit, recognized the benefit that the Japanese example had given to other Asian countries. The government of Britain was one of the few in the West which continued to befriend Japan till the end of the first World War.

However, if Japan had not pursued a political course abhorrent to liberal political opinion in the West, then, her economic expansion and its effects on world markets and on Western producers would have stood alone on a clear issue. But as it was, their abhorrence of Japan's political action led liberal-minded
people first to under-estimate, then to acquiesce in, the condemnation of Japan's economic development. The internal political situation in Japan also helped in a way that liberal opinion deplored; for the period of territorial and economic expansion had been the period in which the process of Japan towards democratic institutions had been checked, and violence and assassination characterized her own political conflicts. Thus Japan seemed to the West to be allying herself with irrational and barbarous forces and the influence of Germany on her confirmed the critics in their view. Nevertheless, not only were the critics zealous in their criticism of Japan, but they were also doing so for selfish reasons, due to the threat of Japan to their own imperial interests. Whatever the justification of their criticism on moral grounds, the Western Powers in the past had themselves subjugated the weak to meet their own necessities and ambitions.

Japan had made tremendous economic progress between the years of her success against Russia and her entry into the Great War on the side of Britain. Her economic devices and economic plans were designed to support war industries, in turn to pursue her political ambitions. Internally, her economic objective was to bring the standard of her people on par with the one enjoyed by their counterparts in the West. Externally, the economic objective was predominantly behind the imperialistic foreign policy. Japan's imperialism was also to meet the ever present threat of Russia to Japan's existence as a Power. Besides, her constant vigilance to find sources of raw material and new markets for dumping manufactured goods meant territorial expansion in Asia and commercial expansion in foreign markets, especially after the racial discriminatory laws in some countries which, in turn, necessitated her entry into the
war in 1914.

Conversely, neither population pressure, nor anything else had been sufficient to prevent Japan from achieving perhaps the most rapid increase in real income per head in history, and the pressure of population upon the agricultural land (where it was expected to be the fiercest) had not resulted either in an increase in the numbers on the land or in any check to a doubling of their output per head since 1904-06. The growth of industry, in fact, had absorbed the whole of population increase and provided a standard of living well above the agricultural level, while the agricultural standard of living itself had been raised by improvements in technique as well as by the plentiful supply of cheap industrial goods.

An interesting feature of the increase in the population in Japan between the years of Sino-Japanese War and her entry into the War in 1914 was that it was accompanied by a major change in the economic structure. This population increase was absorbed into non-agricultural employment. A quarter of the whole occupied population was engaged in manufacturing industry. (26) The Japanese Government, thus, did not look upon the increase in the country's population with any alarm. By the end of the War (1914-19) only about 650,000 Japanese were living abroad. Of the residents abroad, over a third were in Manchukuo, and most of these were officials of the state and of business firms, rather than genuine settlers. Of the Western nations, only the United States (and Hawaii), Canada, Australia, and New Zealand had Japanese immigrants, and

even without the restrictions imposed by the said Western nations, the number of the Japanese settlers was not very large, and Japan could show an amazing rise in the average real income per head after 1895 in spite of the restrictions on immigration of her people. (27)

Then, how far were the economic motives responsible for Japan's imperialistic expansion? Two points need consideration in this connexion. While emigration was not essential to Japanese well-being, discrimination against Japanese immigrants had undoubtedly fanned the fires of Japanese resentment. In the second place, foreign trade was certainly very important. In fact, Japan's desire to obtain political domination was in order to secure some of the main markets for her goods. That is, to check heavy restrictions on the entry of her goods elsewhere was an essential factor behind her imperialistic policies. In other words, Japan's policy in East Asia was dictated by her stand to gain security, as well as prosperity. Not only would the imperial policy enable her to prevent them from taking competing goods from elsewhere (i.e. Europe), (28) her treaties with Western Powers, in so far as her important East Asian markets were concerned, were meant to exclude competition of any kind with regard to goods produced by all.

Thus, economic considerations gave an additional Japanese motive for expansion. In fact, it may also be said that economic factors were responsible for Japanese aggression so as to create opportunities, rather than by imposing more positive motives.

27. Ibid., pp. 128, 129.
28. Ibid., p. 131.
As for instance, in securing control of Formosa, Korea and Manchuria, after her wars in 1894-95 and 1904-05, Japan obtained a considerable amount of loot, besides the power to monopolise, and to exploit more intensively than would otherwise be possible, large natural resources.

Secondly, the economic policy of Japan was also subordinated to "power" policy. Trade, shipping and economic development were stimulated by military preparations. The object always being "laying the foundations for securing hegemony over all nations". The interests of the state were paramount, and these were conceived in terms of military power.

Her industrial development enabled her ancient sea-faring tradition to blossom into a powerful modern navy and her military tradition into a modern army. After 1905, she found herself with the power to pursue a policy of conquest among the ancient but economically underdeveloped (yet rich in raw material) nations round about her. The incapability of the smaller nations around her to offer adequate military resistance was an added reason for Japan's wars in 1894-95, and again in 1914. Comparatively, Japan's imperialism may be said to be more justified than the imperial expansion of Britain across the seas, or of Russia across Asia, or of the original Atlantic states of America in their imperial conquests of the Mississippi Valley and the Pacific Coast.

Japan was late on the scene for the scramble for empire in the Far East. The European Powers had already started cutting the Chinese melon, but Japan, by her rapid switch from feudalism to imperialist expansion, soon made up for the lost time.

China, internally too weak to withstand the attacks of modern European Powers, presented an equally tempting proposition
to Japan. The first slice off China was Formosa, (29) and the Pescadores Islands. From that time onwards, till the war of 1914, the scramble for concessions and territory in China was at its height. It was Japanese good fortune, or due to force of international commitments and circumstances that Britain maintained an attitude of neutrality, tending towards approbation, in days of the former’s expansion. Britain, on the other hand, remained always concerned with the political expansion of Russia in Asia and in Europe. As in the words of A.J. Balfour, Russia was to be feared as

(a) the ally of France;
(b) the invader of India;
(c) one with dominating influence in Persia; and
(d) the possible disturber of European peace. (30)

Japan had two distinct advantages. Indirectly, it was helpful to her that she was not sufficiently powerful to threaten British interests and hence was forced to remain on friendly terms. Directly, she was not involved in European affairs, and hence she could pursue her aspirations with the tacit co-operation of the British Empire.

So, convinced of British inaction, she continued to march ahead. In 1905

(a) she secured Russia’s recognition of Japan’s supremacy in Korea;

(b) she made over the lease of Liaotung Peninsula, and gave her in perpetually and full sovereignty the southern portion of the Island of Sakhalin,

29. The island said to contain in 1894 enough camphor to last the whole world for a century.

and all the islands adjacent thereto, and the public works and properties thereon.

(c) Russia and Japan also agreed "to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes (Art. IX), and in no wise for strategic purposes (Art. VII)." (31)

Japan annexed Korea in 1910, and secured the renewal of the Anglo-Japanese alliance in 1911. When Korea was annexed, the ferment which led to the revolution in China in 1911 was working and the Manchu Empire was already beginning to disintegrate.

Britain was much too absorbed in Europe, and in the next phase of Japanese expansion, Russia and Japan found a common interest in Manchuria and Mongolia. Britain and America both looked on, British diplomacy in particular had become, for the time being, merely an adjunct to the British war efforts. Her immediate need to secure the fullest measure of military co-operation from Japan took precedence over all considerations. Hence, China became one of the casualties.

In the early days of the Chinese Revolution, Japan was able to exploit the dispossessed Manchus and to develop a powerful "fifth column" in Peking. The Republic was still in a very weak state when the war broke out in Europe in 1914, whereas Japan, still flushed with her unbroken sequence of conquest, and with a considerable navy, was able to take full advantage of the situation. European Powers were too preoccupied to attempt new inroads into the Chinese Empire. Thus, Japan had a clear field.

Japan's internal financial manipulations, through the four leading concerns called the Zaibatsu, (a) Mitsui, (b) Mitsubishi,

(c) Sumitomo, (d) Yasuda, had confounded the orthodox economists of the Western world. In the occupied areas, and in the areas with special interests, Japan had built up a yen bloc with which she carried on the trade. The yen bloc, more than her political ambitions, was responsible for making her an international power. It was thus that by seizing the opportunity provided in the war in Europe in 1914, that she wanted to become the competitive power in the international field.

Japan wished also to develop the resources of her colonies in the Far East so as to provide herself with the raw materials she lacked, raw materials considered necessary for her economic strength in turn for her political security. Thus, although the development of rice production in Korea "was originally undertaken on a colonial policy based on human love", its prosecution was certainly pressed forward in later years because the domestic rice supply of Japan proper was becoming insufficient to satisfy the needs of the growing population. (32) Similarly, a programme for increasing sugar and rice production in Formosa was chalked out. By the end of the war, practically one-fourth of the rice requirements of Japan proper was met from colonial imports.

On her embarkation on the political programme of expansion, it was also necessary, from the military point of view, to develop strategic minerals and basic raw materials, such as bauxite, nickel, crude rubber, lead, crude oil, iron ores, tin, salts, and zinc. For instance, bauxite and crude oil were available in

32. Y. Yagi, "Relations between Japan and Korea as seen from the Standpoint of Rice Supply", Kyoto Economic Review December 1931.
Formosa. In Korea there were the deposit of magnesite, some molybdenum, and zinc; coal and ignite in Karafuto. (33)

Economic penetration in parts of Asia outside the Empire was undertaken with the same ends in view. The efforts to develop the coal and iron ore resources of Manchuria and of the Yangtse Valley were part of the policy of rendering Japan, which lacks coking coal and adequate supplies of ore, independent of foreign metallurgical industries. Thus there were prospects in Manchuria for a wide range of war industries. The principal war resources of North China were coal, iron ore, and raw cotton.

The greatest economic efforts of Japan lay in the co-ordination of Japanese and colonial industry. The exploitation of the resources helped in evolving a comprehensive empire programme of expansion for war purposes. Thus the colonial possessions were at once the cause and the result of Japanese militarism, and since this programme was a continuous process, Japan hoped to gain further by entering into the war in 1914.

What were the basic and persistent economic problems of Japan which underlay her relations with the Western Powers, and which ultimately led her to enter the war in 1914? For the successful prosecution of her policy, she urgently needed foreign capital equipment. At the same time, in order to catch up in technology and quality in manufactured goods with Europe, she needed relations with Europe. She was poorly endowed with industrial raw materials, and heavy imports were therefore necessary for her growing manufactures. For instance, the textile industry,

one of Japan's important source of earning, depended almost entirely on the basis of imported cotton. Woollen and worsted industry owed their existence entirely to Western contacts. Import of raw wool (in million pounds) increased from 6.63 during 1899-1903 to 11.61 in 1913; woollen and worsted yarn (in million pounds) from 1.24 in 1902-03 to 9.45 in 1913. (34) To acquire these goods in the quantities necessitated by her rapid economic growth, a substantial export had to be developed, which meant a continuous search for new and expanding markets; hence, the need for close contacts with Europe.

Foreign trade was vital for her very existence — not only to feed large and growing population, but also to keep up the tempo of modernization. The Government aimed to accomplish these objects by peaceful methods of commercial treaties with other states and through the policy of political expansion, which led her to declare war against China in 1894, against Russia in 1904 and against Germany in 1914.

Japan's commercial relations with Britain did not induce her to follow theoretical or doctrinal free trade, which was being practised by Britain, although a few doctrinal free traders appeared in Japan who later turned protectionist. When a Western economic theory did attract a significant following, it was the theory of Friedrich List, the German economist who stressed protection of infant industries during industrialization. (35)


However, Britain was the first country with which Japan concluded a treaty of Commerce and Navigation as early as 16 July 1894, whereby the latter obtained, above anything else, trading rights in England and in British dominions without being subject to higher duties. Japan also took the advantage of the treaty and kept part of the indemnity received from China after the Treaty of Shimonoseki on deposit in London or invested in British securities and maintained as a foreign exchange reserve. The Anglo-Japanese alliance of 1902, besides giving political benefits, enabled Japan to obtain important financial assistance from the London Money Market.

The Industrial Bank of Japan (Nippon Kogyo Ginko), modelled on the Credit Mobilier, was set up, by law in 1900, one of whose important functions was to provide a channel for foreign investment in Japan. A substantial part of its capital was held by foreigners, and by 1911 some 350 million yen were raised abroad by the sale in foreign capital markets either of its own debentures or those of municipalities or of public undertakings with which it was associated. Among the latter, the South Manchurian Railway Company had an important place, and the bank guaranteed and owed several issues of S.M.R. sterling debentures in London between 1907 and 1911. Its financial relations with this company were a precursor of its later activities in the financing of Japanese penetration on the continent of Asia.

Foreign banks also played a highly specialized role, though a modest one. Indeed, as long as the greater part of Japan's imports and exports were handled by foreign merchants, the foreign banks remained pre-eminent in foreign exchange business. Even when
the foreigners ceased to conduct the major share of the trade, the absolute amount of business done by the foreign banks continued to grow, for in the rapidly developing economy there was room for both native and foreign banking enterprise. The British banks derived advantage from the fact that Japan made extensive use of the London money market. Till the war in 1914, a substantial part of her currency reserve was held in sterling; some 80 to 90 per cent of her foreign bills were payable in London and practically all her exports bills were sent to London for discount. (36) Throughout this period, the Hongkong Bank remained the leading foreign institution. Because of the Anglo-Japanese Alliance, it had been joined by the Chartered Bank of India, Australia, and China, which established agencies in Japan. The rise of the Japanese banks did not deter other Western banks from seeking business in Japan. In fact, Japan's treaties helped other countries to open banks in Japan. An American Bank, the International Banking Corporation, began business at Yokohama in 1902, the year of the Anglo-Japanese alliance; the Deutsch-Asiatische Bank set up a branch in 1905, the year of the Russo-Japanese war; and in 1912, after the second renewal of the Anglo-Japanese alliance, the Banque Franco-Japonaise was established as a joint enterprise by French and Japanese interests. While the two leading foreign banks, the Hongkong and the Chartered, had a diversity of exchange business and financed trade between Japan and many different countries, others were specialized. (37)

In shipping, the foreign companies gained far more by the greater extension of Japanese overseas trade than they lost by the development of the Japanese mercantile marine. Thus, the tonnage of foreign steamships entering Japanese ports rose to 12 million tons in 1913. In the same year, foreign ships still carried over half her trade. (38) In the same year, again, the tonnage of German ships entering Japanese ports was second only to the British, which Japan seized by entering in the war in 1914. Thus Japan welcomed foreign enterprise but intervened to ensure that it operated in a way that served her national interests.

RACIAL FACTORS - IN PURSUIT OF RACIAL EQUALITY

In one other respects, Japan was most concerned during this period with the question of achieving racial equality for her people. This question was largely bound up with the colonial problem and with the fact of Japan being a dissatisfied Power. From the economic point of view, it was also connected with the future of Imperial trade and movement of Capital. In so far as the question arose from a racial or nationalist background, it affected the political relations at the time between Japan, an Asian country, and the countries of the West especially the United States.

The problem had first been experienced in Australia in spite of the Anglo-Japanese Alliance. The "White Australia" policy of Britain's colony in the Southeast Asia caused resentment, specially among the well-informed Japanese. The Japanese believed that six

or seven million Australians could not occupy the entire island continent. A popular Japanese journal remarked:

Is not this principle of White Australia contrary to the spirit of justice, liberty, and universal brotherhood? We wonder if the justice and liberty as understood by some Britons is confined to Anglo-Saxon race and did not mean justice and liberty for all mankind. (39)

On the other hand, the visit to Australia of the American warship fleet then on a world cruise was regarded by the British colony as a support to her "White Australia" policy. A well-known Australian journal observed:

Ever since the renewal (in 1906) of the Anglo-Japanese alliance the naval supremacy of the Pacific has been in the hands of Japan.... The effect... had been to place our rich, sparsely settled, and as yet undefended country more or less at the mercy of a coloured race whom our "White Australian" ideal has bitterly affected.

The amazing advance of Japan into the rank of a first class Power and her newly conceived colonising ambitions fortunately for us, have aroused our American cousins, and persuaded them to make a bid to recapture for the Anglo-Saxon blood the naval predominance in the Pacific which Britain lately relinquished. Japan is at present our Imperial ally.... Nevertheless we are unfeignedly glad that America has invaded the Pacific. It is a move that cannot help but lessen our danger of Asiatic aggression and strengthen the grounds of one national security. (40)

As for Japan, she had no intention to "wash blood with blood" in her attitude to the "White Australia" policy. (41)

40. The Age (Melbourne), 25 February 1908.
The "White Australia" policy, which had done so much to preserve the homogeneity of the Australian population, was no threat to Japan. Rather, it was a fear of her own creation, for the Australian Government was the first to adopt such an openly racialist immigration policy. As W.M. Hughes observed: "We are a White island in a vast coloured ocean." (42)

Besides, Japan believed in self-restraint (43) and entertained no objection if the restrictions regarding entrance of Japanese labourers and artisans in Britain's white colonies were equally applied to all foreigners. She resented discrimination. (44)

The British Government objected to an absolute prohibition of coloured immigration. It had taken this stand even at the Colonial Conference in London in 1897. This was because Britain was aware that if the colonies were allowed to go too far, the immigration question would impair her imperial interests. (45)

On the other hand, the control of immigration, and the need for common action in this regard, were among the causes that led in 1901 to the federation of the Australian colonies to form the Commonwealth of Australia. And one of the earliest measures passed by the Australian legislature was the Immigration Restriction Act of 1901.

43. The Round Table (London), vol. 1, November 1910 to August 1911, pp. 134-8.
44. Piesse, "Japan and Australia", Foreign Affairs, April 1926, p. 476.
The problem assumed serious proportions by getting linked up with the problem of the status of those Japanese who were lawful residents of the United States. So far as Japan was concerned, a general declaration by the Western Powers of racial equality was in consonance with her own aspirations. All through the reign of the Emperor Meiji, the Japanese Government had devoted itself to internal reforms and to the strengthening of the national power so as to secure recognition as an equal of other countries. Japan had obtained after 1905, both politically and, to an extent, militarily, a place as one of the Great Powers, and an achievement of the equality of the peoples of all races was expected as a result of her entry into the war and the "inevitable" success. She, however, had no intention to challenge the right of any country to control immigration and agreed "that immigration was a matter of domestic legislation" and that "time and patience will lead to amicable solution of the problem". (47) In pursuing the object of equality of all races, she was aware that at home "the racial equality movement was supported by patriots who had committed more than one political murder". (48) To this extent, the decision to join the war in 1914 was in tune with the popular opinion in the country, and that was why Japan's entry into war, apparently in accordance with the much-made-of provisions of the Anglo-Japanese Alliance,

47. Kiyosue Inui, n. 41, p. 133.
48. Ibid., p. 256.
gave concern to the United States and charged the American attitude towards the Alliance and the frame of subsequent international relations around the Pacific.

It is necessary to say that what with the military victory in 1905, which placed Japan on firmer ground in the Far East, and what with good Anglo-Japanese relations, which facilitated Japan's ascendency in the Pacific, the Island Power of the Far East failed to make a true estimate of the potential interests of the United States in the Pacific and her future role in the Far East. She also did not realize the significance of the US policy of "Open Door" till the American war fleet started on its cruise around the world in 1908. There is reason to believe that Japan's ally, Britain, then a world Power, also failed to see that the US fleet "had successfully challenged the perils of the unknown".

On the outbreak of the war in 1914, when Japan found herself the mistress of the situation in China with no European rivals, it was the United States which somewhat restrained Japan, especially after 1915. It was again the United States which invited China to join the World War in 1917. It was implicitly an act intended to strengthen China's case vis-a-vis Japan (and the other Powers). China was consistently given sympathetic hearing both at the Peace Conference in Paris and at the Conference in Washington two years later. In a way, American diplomacy could be interpreted as aimed at the elimination of European influence too in the region.

Britain endorsed some of the moves made by the United States. As A.J. Balfour said in 1917, the year the United States entered the War
... of course, we talking quite privately and I do not think we can conceal from ourselves that there is in every quarter of the Eastern world a certain uneasiness as to whether Japan is in the future going to try and play the part in those regions which Prussia has played in Europe, whether she is not going to aim at some kind of domination. That fear hangs over the world. I do not venture to give any view that if you are going to keep Japan out of North America, out of Canada, out of the United States, out of Australia, out of New Zealand, out of the islands South of the Equator in the Pacific, you could not forbid her to expand in China. A nation of that sort must have safety valve somewhere, and although I think Lord Grey carried his doctrine to excess, I think there is something in it.... (49)

Yet, the fact remains that discrimination against Japanese immigrants, inspired largely by economic motives, embittered Japan. Discrimination against her goods made her all the more truculent. (50)

49. A copy of the statement before the Imperial War Council submitted to the American Secretary of State,


50. China and Japan, n. 26, p. 132,