#### Comparing the Economic Cooperation between Japan and China: The

#### 1930s and the present

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This presentation examines, the history of economic cooperation between Japan and China since the 1930s. Through this examination, I propose that we consider the importance of the Sino-Japanese relations because the two countries have a trading history lasting centuries. For at least 100 years, the Japanese and the Chinese have clearly recognized the importance of Sino-Japanese economic relations, which is why the possibility of economic cooperation between Japan and China has been discussed persistently in both countries since the nineteenth century.

In the beginning of the Meiji era, some Japanese politicians and newspapers insisted that Japan should cooperate with China<sup>1</sup>. In 1875, Tomomi Iwakura thought that Russia was the biggest threat for Japan, therefore, Japan and China should help each other to save the sovereignty of both countries<sup>2</sup>. In 1890, Tokyo Asahi Shimbun insisted that East Asia faced European invasion, and stressed that Japan should form an alliance with China. The Japanese people felt threatened by European imperialism and regarded China as Asia's regional power, and they hoped that China would cooperate with Japan<sup>3</sup>.

Economic cooperation has also been discussed since the Meiji era. Sei Arao thought that by increasing trade between Japan and China, people could strengthen the Sino-Japanese economic relations and realize political cooperation between the two countries<sup>4</sup>. In fact, Sei Arao established the Sino-Japanese Trading Research Center in 1890. A high number of Japanese students studied business, Chinese, and English there. One of the graduates, Ryuhei Shiraiwa, played an important role as a businessman in the modern Sino-Japanese economic relations<sup>5</sup>. The idea of economic cooperation has attracted Japanese people since the Meiji era.

During the 1930s, many people in both countries discussed economic cooperation. In 1931, the Manchurian Incident occurred, and the Japanese Army continued to invade north China. As a result, the Sino-Japanese war started. Despite the various adverse events, some people continued to investigate possible economic cooperation to improve Sino-Japanese relations.

Economic cooperation was discussed in the talks between diplomats of both countries. In

<sup>&</sup>lt;sup>1</sup> Yoshitake Oka (1993), 'Kokumintekidokuritsu to kokkarisei' ('The Nation's Independence and the State's Reason') in Yoshitake Oka, *Yoshitake Oka collected works* 6, Tokyo, Iwanami Shoten, pp. 248-249.

Komon Tada (eds.) (1995), Iwakura ko jikki gekan (The Biography of Prince Iwakura 2), Kuki, Shoshi Sawai, p. 1273.

<sup>&</sup>lt;sup>3</sup> Tokyo Asahi Shimbun, October 3 1890.

<sup>&</sup>lt;sup>4</sup> Yoshitake Oka, op,cit., p.253-254.

<sup>&</sup>lt;sup>5</sup> Tadashi Nakamura (eds.) (1999), *Shiraiwa Ryuhei Nikki (The Diary of Ryuhei Shiraiwa*), Tokyo, Kenbun shuppan, pp. 170-188.

1934, Soong Tzu-wen said that political issues were too difficult to resolve at the time, but economic cooperation was possible. The Ministry of Foreign Affairs of Japan regarded Soong's remark as important; as a result they made a plan for economic cooperation in a week<sup>6</sup>. Since then, politicians of both countries have referred to economic cooperation many times.

They believed it would be possible to cooperate in order to improve the cotton quality in Shandong. At the time, textile manufacturing was one of the most important industries in Japan and China. Japan was importing large quantities of cotton from India and the United States. Japanese enterprises wanted to increase cotton imports from China, but they determined that they would not use them without some quality improvements. The Chinese also recognized this problem, leading the Japanese decision-makers to believe that Japan's financial and technological support to develop China's cotton industry might lead to economic cooperation between the two countries.

In 1933, Japanese cotton mills in China decided to establish the "Cotton Improvement Association of Shandong" to work on the experiments and distribute the seeds to farmers in Shandong. They started the seed distribution in March 1934, and Chinese enterprises cooperated on the project. This project continued in 1935 and beyond. Japanese enterprises started economic cooperation without the Japanese government's support<sup>7</sup>.

Simultaneously, some Chinese elites were discussing economic cooperation. In 1932, Tsiang Tingfu insisted that economic and technical cooperation with Japan contributed to the state construction of China. In 1935, Tokyo Asahi Shimbun reported that Chiang Kai-shek had insisted on the importance of economic cooperation. Although he also emphasized that Japan had to make efforts to improve the Sino-Japanese relations before realizing economic cooperation, his statement promoted discussions about economic cooperation in the media of both countries<sup>8</sup>. A Tianjin newspaper, Dagong bao reported that they did not oppose Japanese suggestion about economic cooperation but feared that Japan might have an ambition to violate Chinese sovereignty<sup>9</sup>. While Chinese people recognized the importance of economic cooperation, they thought it was necessary to improve the Sino-Japanese relations.

When the Japanese army started to invade north China, Chinese intellectuals criticized the nature of economic cooperation. A Chinese magazine, Dongfang Zazhi, in an article, pointed out that cooperation between China and Japan was unequal as China is an agricultural economy, while Japan has become an industrial one <sup>10</sup>. Other magazine articles also accused Japan of exploiting

Dagong bao, February 16 1935.

<sup>&</sup>lt;sup>6</sup> Tetsuya Sakai (1992), *Taisho democracy taisei no houkai (The Collapse of the Taisho Democracy System*), Tokyo, Tokyo university press, pp. 56-58.

<sup>&</sup>lt;sup>7</sup> Shintaro Yano (2019), 'Kahokumenkakaihatsu to nicchu''keizaiteikei'': 1933-1937' ('Cotton Development in North China and "Economic Cooperation" between Japan and China: 1933-1937'), *Japan's History*, 849, pp.41-42.

<sup>&</sup>lt;sup>8</sup> Tokyo Asahi Shimbun, February 17 1935.

<sup>&</sup>lt;sup>9</sup> Dagong bao, February 16 1935.

Bai Wei, Lun, 'Zhongri jingji tixie' ('Discuss Economic Cooperation between China and Japan'), *Dongfang Zazhi*, No.8, volume 32, April 16 1935, pp.29-44.

resources, such as steel, in China<sup>11</sup>. Tsiang Tingfu criticized Japan's attempt to remove support from Europe and US because China still needed investment from those countries to build a nation<sup>12</sup>. Another magazine showed suspicion toward Japanese intentions because the cooperation might be interpreted as a scheme to build an economic bloc among Japan, China, and "Manchukuo" <sup>13</sup>. Many Chinese people believed that, even if the Japanese government changed its policy on China, it would be impossible to achieve economic cooperation between the two countries.

In March 1937, a group, called Kodama Mission, was sent to China with some important persons from Japanese business sectors to discuss economic cooperation with their Chinese counterparts. They had a frank exchange of opinions about Sino-Japanese economic relations, but they were not able to reach a concrete decision. For example, the textile enterprises in China demanded the Japanese side to stop the cotton quality improvement project, because the project might disturb Chinese enterprises in cultivating cotton. In fact, the Japanese army intended to start a new cotton quality improvement project in Hebei without the Chinese government's approval. Chinese people regarded this act as an economic invasion in north China. As a result, the Japanese government could not stop the army's project<sup>14</sup>. People in Japan and in China not only failed to realize economic cooperation, but also failed to avoid the Sino-Japanese war.

When the war ended, the Japanese and the Chinese renewed their discussion about economic cooperation. Then, trade between the two countries began again in 1962, 10 years before the establishment of diplomatic relations. To resume the trade and improve the Sino-Japanese relations, many business people played important roles. The chairman of the Japan Chamber of Commerce and Industry, Aiichiro Fujiyama, was one of the most influential business people and a member of the Kodama Mission to discuss economic cooperation with China. He regarded China as a very important state for Japan and had an ambition to establish new Sino-Japanese relations. Therefore, Prime Minister Nobusuke Kishi appointed him as the Minister of Foreign Affairs in 1957<sup>15</sup>. He proposed that the Japanese private sector could talk with the Chinese side and contribute to improving the Sino-Japanese relations<sup>16</sup>. Japanese business people believed that economic cooperation could initiate friendship between Japan and China.

After China's economic reform, Deng Xiaoping promoted the expansion of this economic cooperation. It is interesting that in his statement in 1984, Deng Xiaoping shared some points

<sup>11</sup> Li min, 'Yonghu kuangquan' ('Defend the Rights of Mines'), Review Independence, 208, July 5 1936, pp. 9-12.

Tsiang Tingfu, 'Zheyixingqi (Dongjing de jinggao)' ('This Week (The Warning from Tokyo)'), *Review Independence*, 61, July 31 1933, pp. 2-5.

Li Gongpu, 'Zhongri jingji tixie de quanti' (The Prerequisite of Economic Cooperation between China and Japan'), *Life of reading*, No.12, volume 1, 1935, pp.41-43.

<sup>&</sup>lt;sup>14</sup> Shintaro Yano, op.cit., pp. 47-49.

Masataka Matsuura (2017), 'Zaikaijintachi no seiji to ajiashugi' (Politics and Asianism for the Three Leading Japanese Businessmen'), *St. Paul's Reviews of Law And Politics*, 95, pp. 25-31.

<sup>&</sup>lt;sup>16</sup> *Asahi Simbun*, June 20 1958.

similar to the discussion on economic cooperation in the 1930s. He expected that more Japanese enterprises would invest more in China. This is because China possesses valuable resources but lacks funds to develop them. He considered that China's economic growth could act as an advantage for the Japanese economy because China began to cooperate on the provision of energy resources and rare metal<sup>17</sup>. In the 1930s, Japan needed various resources in China and a large number of enterprises existed in China's cities such as Shanghai, Qingdao, and Tianjin. These were common points between the 1930s and the 1980s.

On the other hand, there were differences between these two periods. In the 1930s, some of the Japanese people hoped that Japan could gain various profits through economic cooperation. The Ministry of Foreign Affairs of Japan demanded lower tariff rates on China, and the Japanese army intended to remove the Chinese government's influences on north China. In the 1980s, both the Japanese and the Chinese people regarded the Sino-Japanese relations as very important; therefore, they did not want to hurt the mutual profit for Japan and China. Based on this, one can say that the nature of political intention has a great influence on the success or failure of economic cooperation.

Currently, most people consider Sino-Japanese economic relations as very important. According to the Genron NPO's report, although 86.3% of the Japanese people and 42.2% of the Chinese people have bad impressions of each other, over 70% of people from both countries consider Sino-Japanese relations to be important, and 36.6% of the Japanese people and 67.4% of the Chinese people expect that Sino-Japanese economic relations will continue to develop in the future 18. A high number of people understand that trade and investment between the two countries are essential for their lives.

In fact, a high-level dialogue between Japan and China was held in Beijing last month. The Minister of Foreign Affairs of Japan and the Premier of China discussed to expand trade between the two countries. Both governments agree that more trade will contribute to national interests 19.

Comparing the 1930s and the present, we can find some reasons to expect to more economic cooperation. One similarity and two differences exist in the two period.

The number of Chinese students studying in Japan and that of Japanese students studying China are increasing. In the 1930s, many Chinese politicians, such as Chiang Kai-shek and Liao Chengzhi, studied in Japan. Although Japanese experts on China could not contribute to improve the Sino-Japanese relations, they played an important role after the war. Nowadays, exchange students are increasing between the two countries<sup>20</sup>. During their exchange studies, they could

<sup>&</sup>lt;sup>17</sup> Asahi Shimbun, March 26 1984.

The Genron NPO, ANALYSIS PAPER: The 14th Joint Public Opnion Poll between Japan and China, Japan-China Public Opinion Survey 2018, October 2018, <a href="http://www.genron-npo.net/en/archives/181011.pdf">http://www.genron-npo.net/en/archives/181011.pdf</a>, (Retrieve 15 May, 2019).

<sup>&</sup>lt;sup>19</sup> Nihon Keizai Simbun, April 15 2019.

<sup>&</sup>lt;sup>20</sup> Japan Student Services Organization, International Studentsin Japan 2018, April 2019,

learn various aspects, such as culture, and lifestyle. I think that mutual understanding promotes more economic collaboration.

The structure of economic relations between Japan and China has changed significantly since the 1930s. Currently, Japan exports a large quantity of semiconductors to China, and China exports various product, such as cellphones, to Japan<sup>21</sup>. In addition, Japan and China depend on each other in agriculture and marine resources<sup>22</sup>. The Japanese investment in China is larger than the Chinese investment in Japan, but the latter is rapidly increasing. The trade relations are no longer those between an agricultural country and an industrial country.

Over 60% of the people in Japan and China agree on the cooperation between the two countries on Asian issues<sup>23</sup>. This means that people from both countries regard their counterpart as Asia's regional power. This atmosphere did not exist in the 1930s. It is common knowledge that global issues cannot be resolved by a single country; therefore, it is necessary for Japan and China to deal with various problems together. We can expect a new type of economic cooperation.

For example, Japan and China can cooperate on environmental problems. After the war, Japan faced various instances of environmental pollution. Then, the Japanese people considered many countermeasures. Nowadays, environmental problems, such as global warming and air pollution, turn into global issues. The Chinese government, along with the private sector, is also dealing with these problems, but it is very difficult for a single country to resolve such a complicated issue. I am of the opinion that Japan's experiences in dealing with the environmental problem in the past can contribute to resolving the same problem in China. This could be a new type of economic cooperation.

In 1930, many people discussed economic cooperation to avoid the Sino-Japanese war, but its fruits were not realized. Japanese political intention interrupted the progress of discussion between the private sectors of Japan and China. Also the unequal relationship between these two has become an obstacle hindering the cooperation. Now, these issues are no longer a problem, and people in both countries regard the other country as very important. Therefore, there is room for Japan and China to initiate a new type of economic cooperation in order to resolve various global issues.

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<sup>&</sup>lt;a href="https://www.jasso.go.jp/en/about/statistics/intl\_student/\_\_icsFiles/afieldfile/2019/04/19/data18\_brief\_e.pdf">https://www.jasso.go.jp/en/about/statistics/intl\_student/\_\_icsFiles/afieldfile/2019/04/19/data18\_brief\_e.pdf</a> (Retrieve 15 May, 2019).

<sup>&</sup>lt;sup>21</sup> Japan External Trade Organization, Annual Report 2018: China, <a href="https://www.jetro.go.jp/ext\_images/world/gtir/2018/01.pdf">https://www.jetro.go.jp/ext\_images/world/gtir/2018/01.pdf</a> (Retrieve 15 May, 2019).

Ministry of Agriculture, Forestry and Fisheries, General condition about trades of agriculture and forestry products 2018, March 23 2019, <a href="http://www.maff.go.jp/j/tokei/kouhyou/kokusai/attach/pdf/houkoku\_gaikyou-15.pdf">http://www.maff.go.jp/j/tokei/kouhyou/kokusai/attach/pdf/houkoku\_gaikyou-15.pdf</a> (Retrieve 15 May, 2019).

<sup>&</sup>lt;sup>23</sup> The Genron NPO, op.cit.

### Comparing the Economic Cooperation between Japan and China : The 1930s and the present

At Beijing University

31 May 2019

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#### Main topics

- Economic Cooperation in the Meiji era
- Discussion in 1930s
- Economic relations after the war
- Comparing the 1930s and the present
- Conclusion

# Tomomi Iwakura (1825~1883)

- He played an important role in the Meiji Restration.
- Russig was the biggest threat.
- Japan and China should help each other.



### Tokyo Asahi Shimbun (1890)

- East Asia faced European invasion.
- Japan should form an alliance with China.



## Economic Cooperation in the Meiji era

- Sei Arao (1859~1896)
- In 1890, he established the Sino-Japanese Trading Research Center.
- Ryuhei Shiraiwa (1870-1942)
- One of the graduates
- He played an important role as a businessman in the modern Sino-Japanese economic relations.

Sei Arao

#### Sino-Japanese Relations in the 1930s

- 1931.9.18: The Manchurian Incident
- 1932.3.1: Manchukuo was established
- 1933.5.31: Tanggu Truce

Discussion of economic cooperation

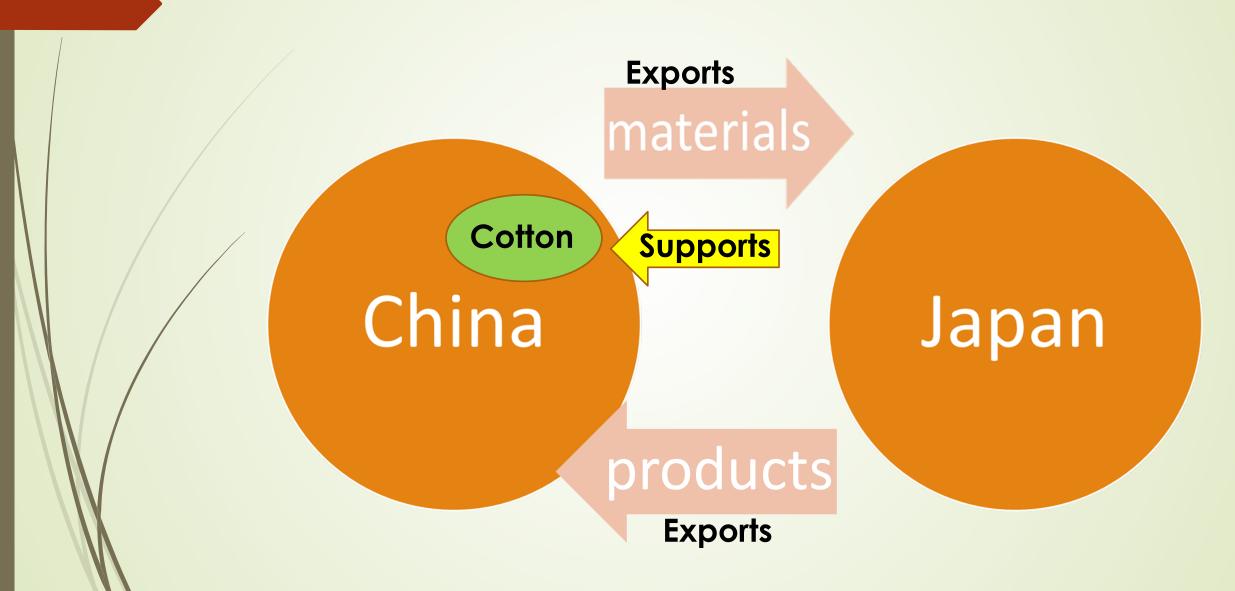
■ 1937.7.7: The Sino-Japanese war

# Soong Tzu-wen (1894-1971)

- The Minister of finance (1928-1933)
- Political issues were too difficult to resolve at the time, but economic cooperation was possible.
- The Ministry of Foreign Affairs of Japan made a plan for economic cooperation.



#### Improve the cotton quality in Shandong



#### Tsiang Tingfu (1895-1965)

- 1929: Professor of history at Tsinghua University
- 1936: The Chinese ambassador to the Soviet Union
- Economic and technical cooperation with Japan contributed to the state construction of China.

和。」調查團對於所負任務預先定了一種態度,報告是效應解决的方法,「務須對於兩國之根本利益,予书二:一個是調查中日衝突的遠因,近因,及現狀;

· 調查團雖把兩種任務都作了,確自定了輕重的區別問對於鄰求防止將來再發生此類行動之方法,堅持較「摘要說:「該團幫明業が已名不重之責有」!!!

- 3

### Chiang Kai-shek (1887-1975)

- He insisted on the importance of economic cooperation
- He also emphasized that Japan had to make efforts to improve the Sino-Japanese relations







Tokyo Asahi Shimbun, February 19 1935

#### Dagong bao (1935)

- It did not oppose Japanese suggestion about economic cooperation.
- It feared that Japan might have an ambition to violate Chinese sovereignty.



### Criticizing economic cooperation

- Cooperation between China and Japan was unequal.
- Japan exploited resources in China.
- Japan attempted to remove support from Europe and US.
- Economic cooperation was interpreted as a scheme to build an economic bloc among Japan, China, and "Manchukuo".

Life of reading, No.12, volume 1,

## Kodama Mission (1937)

- It included important persons from Japanese business sectors.
- They discussed economic cooperation with their Chinese counterparts.
- They were not able to reach a concrete decision.



Kenji Kodama and Chiang Kai-shek

#### After the war

1945.8.14

The end of the war

1962.11.9

Trade between the two countries began again

19/2.9.29

China-Japan Joint Communiqué

1978.8.12

China-Japan Peace and riendship Treaty



高碕団長(左)と廖永志氏=ANS

阿者の間で五カ年間に年平均翰出入約三千六百万

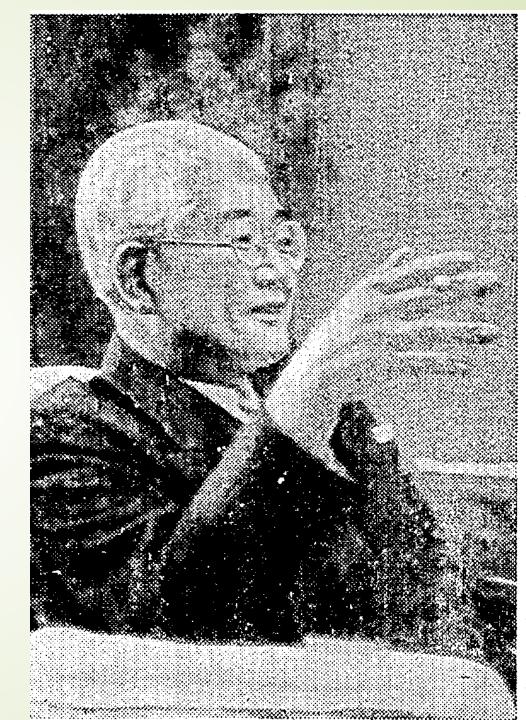
は水形氏と高路辺と切氏は

双方の主要輸出品次のとお

Asahi Shimbun November 10 1962

### Aiichiro Fujiyama (1897-1985)

- Businessman and politician
- A member of the Kodama Mission
- 1957.7~: The Minister of Foreign Affairs
- The Japanese private sector could talk with the Chinese side and contribute to improving the Sino-Japanese relations



### 経済協力拡大を要請 大企業の進出期待 「中国は信用を守る国」





Asahi Shimbun March 26 1984

Deng Xiaoping

He expected that more

invest more in China.

Japanese enterprises would

China's economic growth

could act as an advantage

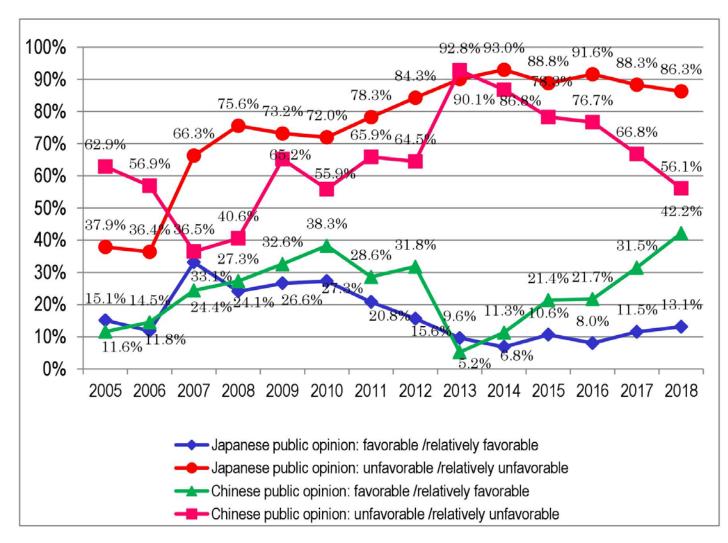
for the Japanese economy.

(1904-1997)

## Differences between the 1930s and the 1980s

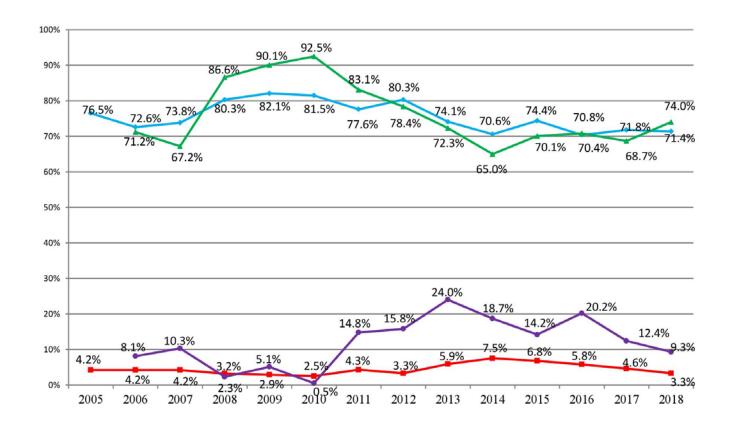
- The 1930s
- Some of the Japanese people hoped that Japan could gain various profits through economic cooperation.
- The 1980s
- People did not want to hurt the mutual profit for Japan and China.

Impression of the other country



The Genron NPO, ANALYSIS PAPER: The 14<sup>th</sup> Joint Public Opnion Poll between Japan and China, Japan-China Public Opinion Survey 2018

Importance of Current Japan-China Relations



Japanese public opinion: Important + relatively important
Japanese public opinion: Unimportant + relatively unimportant
Chinese public opinion: Important + relatively important
Chinese public opinion: Unimportant + relatively unimportant

The Genron NPO, ANALYSIS PAPER: The 14<sup>th</sup> Joint Public Opnion Poll between Japan and China, Japan-China Public Opinion Survey 2018

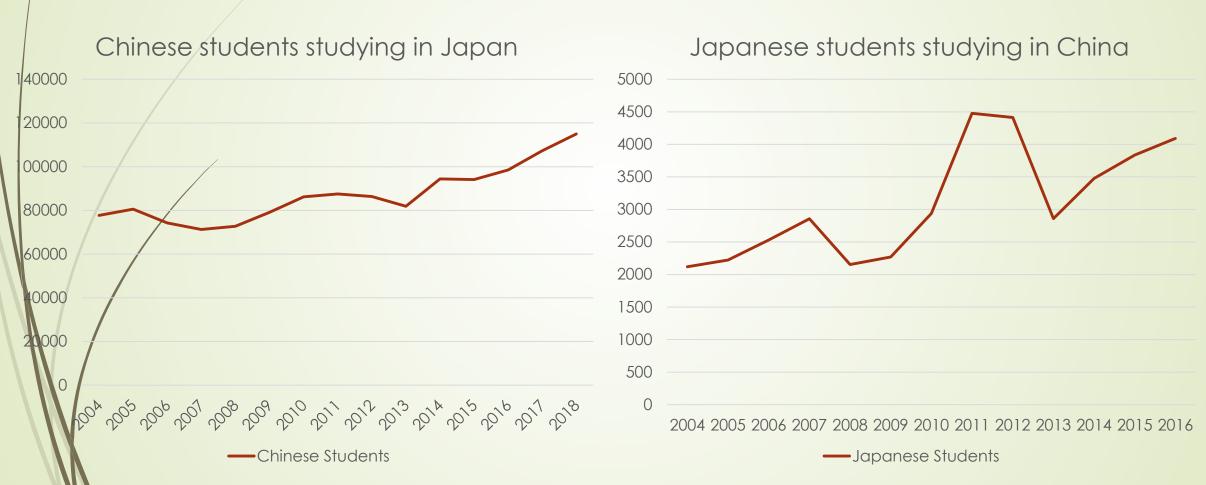
High-level dialogue between Japan and China



#### Comparing the 1930s and the present

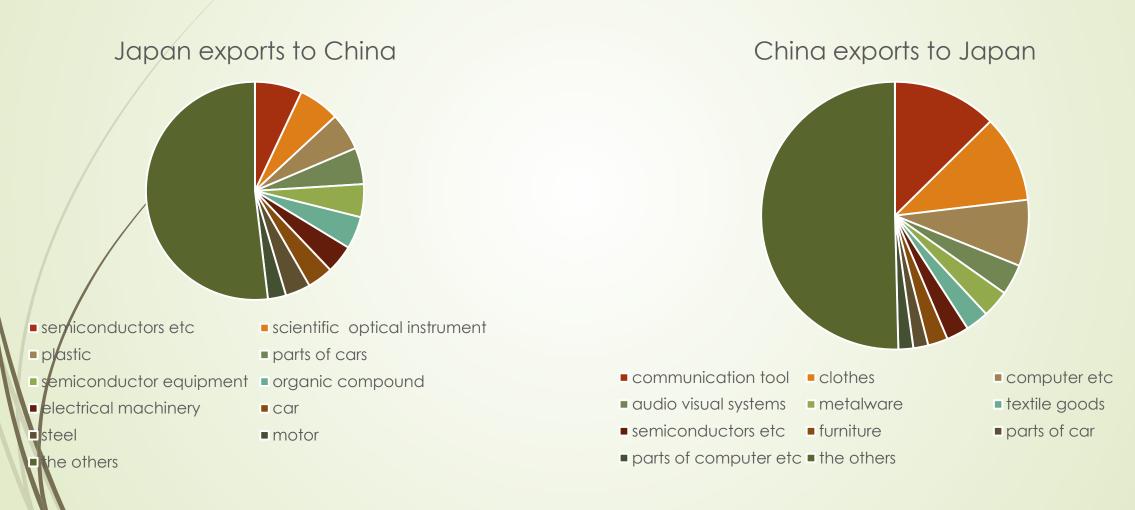
- One similarity
- Chinese students studying in Japan and that of Japanese students studying China
- Two Differences
- The structure of economic relations
- Regarding their counterpart as Asia's regional power

#### Exchange Students



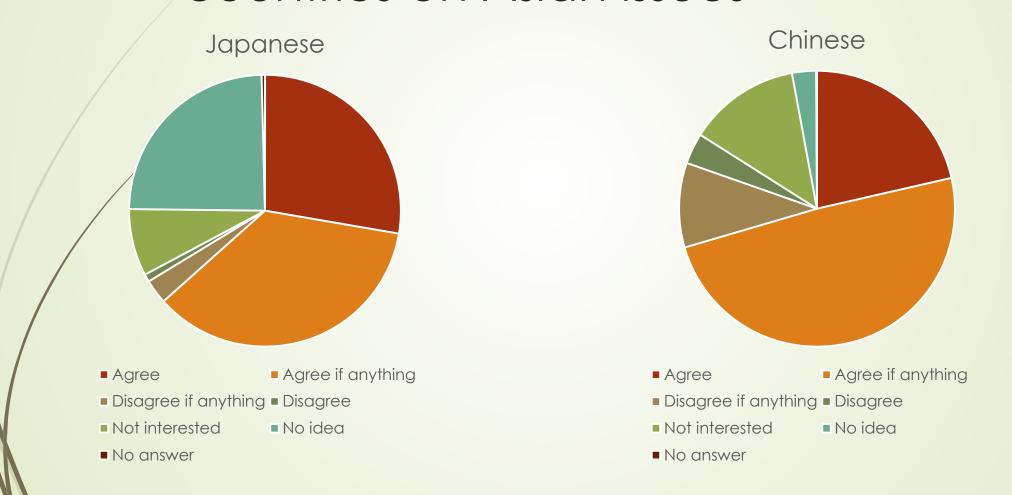
Japan Student Services Organization, International Studentsin Japan 2018

#### The structure of economic relations



Trade Statics of Japan, Recent trend of trades

## The cooperation between the two countries on Asian issues



The Genron NPO, ANALYSIS PAPER: The 14<sup>th</sup> Joint Public Opnion Poll between Japan and China, Japan-China Public Opinion Survey 2018

#### A new type of cooperation

- Japan faced various instances of environmental pollution.
- Environmental problems turn into global issues.
- Japan's experiences can contribute to resolving the same problem in China.

#### Conclusion

- In 1930s, Japanese political intention and the unequal relationship interrupted the progress of economic cooperation.
- Now, people in both countries regard the other country as very important.
- A new type of cooperation to resolve various global issues is expected.

Thank you for listening!