

ECONOMIC EXPANSIONISM AND THE MILITARY: WITH SPECIAL REFERENCE TO THE JAPANESE COMMUNITY IN SHANGHAI IN 1931

Harumi GOTO-SHIBATA

The period between the Washington Conference of 1921–22 and the Manchurian Incident of 1931 was the time when economic expansionism flourished in Japan.¹ Japan in the period put aside the ambitions it showed during the First World War and, instead, endeavored to further its economic interests. Shidehara Kijūrō, Japan's foreign minister from 1924 to April 1927 and from July 1929 to the end of 1931, believed that Japan had no other option but to industrialize and to make profits by exports. He regarded China as the most suitable market for Japanese industries because of its proximity. He was of the opinion that Japan should start from China, and then move on to Southeast Asia.²

Many Japanese actually went to China in order to do business and gain profits there. Among all treaty ports in China, the International Settlement of Shanghai was the center of foreign trade and investment.³ With its strategic location at the estuary of the Yangzi River and its protected harbor, Shanghai was ranked as the fourth largest port in the world in the 1920s. As far as business and trade were concerned, it was more important than the northeastern part of China, even for the Japanese. The typical Japanese in Shanghai was a businessman or a banker, while the typical Japanese in the Northeast was an official or an employee of the South Manchurian Railway.

In September 1931, however, Japan started to invade the Northeast and in January 1932 bombarded the Chinese area of Shanghai. This paper is a case study of the failure of economic expansionism and of the beginning of a more violent phase of Japanese imperial expansion. It mainly deals

¹ Akira Iriye, "The Failure of Economic Expansionism: 1918–1931," in *Japan in Crisis*, ed. Bernard S. Silberman and Harry D. Harootunian (Princeton, N. J.: Princeton University Press, 1974).

² *Shidehara Kijūrō* (Tōkyō: Shidehara Heiwa Zaidan, 1955), 331–32.

³ The history of foreign settlements in Shanghai can be traced back to the Treaty of Nanjing. In 1863, the American and British settlements became incorporated into the International Settlement, which adopted the administrative machinery of the British settlement, namely the elected Municipal Council.

with the men-on-the-spot,⁴ namely Japanese businessmen and the Japanese navy in Shanghai. It considers why the Japanese businessmen whose interest was predominantly economic came to rely on naval power in the summer of 1931.⁵

THE GROWTH OF THE JAPANESE COMMUNITY IN SHANGHAI

A considerable number of the Japanese came to and settled in Shanghai after the Sino-Japanese Friendship Treaty of 1871. Before the Sino-Japanese War of 1894–95, however, the Japanese population in the foreign settlements was only a few hundred. Among those, about fifteen were working for Mitsui Bussan, a trading company, and seven or eight for the consulate, while the majority of the male population consisted of small merchants who dealt in porcelain or fancy and sundry goods. The Japanese by no means belonged to the establishment of the Shanghai foreign settlements. Although Mitsui Bussan had its branch in the flourishing area of the International Settlement, even that was a small business by Shanghai standards. Yamamoto Jōtarō, who worked for Mitsui Bussan, wrote to a friend that he had influence only over other Japanese living in Shanghai.⁶

Its victory in the Sino-Japanese War enabled Japan to join the group of treaty powers and acquire most-favored-nation status. The Treaty of Shimonoseki, signed in 1895, permitted foreigners to establish factories in the treaty ports so that the economy of the treaty ports subsequently entered a new, industrial, phase.

⁴ What was happening in the period seems to be more easily placed in the explanation of D.C.M. Platt or J.S. Galbraith than the framework of a transition from an informal empire to a formal empire. In analyzing British imperialism in the mid-nineteenth century, they stated that “turbulence” on the frontier made the men-on-the-spot take action. See, for example, D.C.M. Platt, “The Imperialism of Free Trade: Some Reservations,” *Economic History Review* XXI (1968); J.S. Galbraith, “The ‘Turbulent Frontier’ as a Factor in British Expansion,” *Comparative Studies in Society and History* II (1960).

⁵ Since the 1980s, several historians have researched the Japanese community in Shanghai, and the period after 18 September 1931 has been well studied. See, for example, Murai Sachie, “Shanghai jihen to Nihonjin shōkō gyōsha,” in *Nenpō kindai Nihon kenkyū 6: Seitō naikaku no seiritsu to hōkai* (Tōkyō: Yamakawa Shuppansha, 1984); Yamamura Mutsuo, “Manshū jihen ki ni okeru Shanghai zairyū Nihon shihon to hai Nichi undō,” *Wakō keizai*, nos. 20–22, 20–23 (1988); Horimoto Naohiko, “Shanghai no kō Nichi undō to Nihonjin kyoryū min,” *Shindaishigaku*, no. 14 (1989).

⁶ Shanghai Kyoryūmin Dan, *Shanghai kyoryūmin dan sanjūgo shūnen kinenshi* (Shanghai, 1942), 42; Hara Yasusaburō, *Yamamoto Jōtarō* (Tōkyō: Jiji Tsūshinsha, 1965), 51–52.

The Boxer Uprising in 1900 and Japan's victory in the Russo-Japanese War in 1905 afforded a further opportunity for Japan to consolidate its position as one of the treaty powers in China. Sino-Japanese trade started to develop and many Japanese settlers moved into China, seeking business opportunities. Shanghai became the center of Japanese investment in the cotton industry in China. In 1902 the Shanghai branch of Mitsui Bussan purchased a cotton mill which had been established by Chinese capital. The first Japanese cotton mill in China, Naigai Men mill, was established in Shanghai in 1911.⁷

In 1905, there were 12,000 foreigners in the foreign settlements of Shanghai, 30 percent of whom were Japanese. In order to offer a venue for social contact and the exchange of information, the Japanese Club was organized in 1906. Although there was already in existence the Shanghai Club, where leaders of the British community lunched and socialized, no Japanese, except the consul-general, could join it. This was partly because of the problem of language and partly because of the difference in the standards of living between the Japanese and the British who enjoyed predominant status in China.⁸

The number of Japanese increased even further by the outbreak of the First World War. Indeed, by 1915 the Japanese formed the largest national group, second only to the Chinese. Because of their numbers, the Japanese came to be represented by one councilor on the Municipal Council in 1916, when the Japanese division of the Municipal Police was established.⁹ Japan also gained an enormous economic advantage during the war because exports of the Western powers decreased and because Japan reached the stage where its industries, especially the cotton industry, were producing a substantial volume of exports. Japanese cotton manufacturing in China grew dramatically, partly as a result of higher tariff rates for cotton imports coming into China after 1918.¹⁰ By 1931, the Jap-

⁷ Takamura Naosuke, *Kindai Nihon mengyō to Chūgoku* (Tōkyō: Tōkyō Daigaku Shuppankai, 1982), 116; Charles Frederick Remer, *Foreign Investments in China* (New York: Macmillan, 1933), 97, 419, 426–27, 495.

⁸ Shanhai Nihon Shōgyō Kaigisho, *Go sanjū jiken chōsasho* (Shanghai, 1925), 599; Mark R. Peattie, "Japanese Treaty Port Settlements in China, 1895–1937," in *The Japanese Informal Empire in China, 1895–1937*, ed. Peter Duus, Ramon H. Myers, and Mark R. Peattie (Princeton, N. J.: Princeton University Press, 1989), 192–94.

⁹ Shanhai Nihon Shōgyō Kaigisho, *Go sanjū jiken*, 422, 446; Shanhai kyoryūmin dan, *Shanhai jihenshi* (Shanghai, 1933), 503.

¹⁰ Takamura, *Kindai Nihon mengyō*, 114–16; Richard C. Bush, *The Politics of Cotton Textiles in Kuomintang China 1927–1937* (New York and London: Garland Publishing, 1982), 23; Peter Duus, "Zaikabō: Japanese Cotton Mills in China, 1895–1937," in *The Japanese Informal Empire*, 81–83, and Peattie, "Japanese Treaty Port Settlements," 184.

anese increased even more, reaching about 20,000, and came to constitute 70 percent of the foreign population.¹¹

The division among the Japanese in Shanghai became noticeable in the early 1920s. One group was called the “Native Faction” and included numerous poor Japanese residents who had migrated to Shanghai dreaming of better lives and had come to possess their sole social and economic stake in Shanghai. About 60 percent were from western Japan, and among them more than half were from Kyūshū because of its proximity. Their occupations were various, including shopkeepers, gardeners, and doctors. Most of them lived in renovated Chinese houses and often turned the front parts into small shops. Their standard of living was the same as that of the Chinese populace.¹² A Japanese employee of a shop in Hongkou could possibly earn only C\$50 or C\$60 per month, while the monthly stipend of a member of the Shanghai Municipal Police was C\$80.¹³

The other group of Japanese consisted of the people who worked for the branches of big trading companies, banks, and cotton mills, so that it was called the “Company Faction.” The heads of the group were well educated and usually spent only a few years in Shanghai. Some of them had already had experience in the West. The group’s business was generally more stable than that of the “Native Faction.”¹⁴

The “Native Faction” was dissatisfied with the existing situation of the International Settlement. It resented both the predominant status of the British, and the stratification within the Japanese community. The franchise system of the International Settlement had been adopted to secure the retention of municipal control in the hands of those foreigners whose land-owning and business interests were paramount. It was based on property not on people, and thus most Japanese in the “Native Faction” were not eligible for voting in the International Settlement. Besides, since the official language of the Municipal Council was English, the councilors had to communicate in English, so that Japanese candidates were not selected from this faction. The “Native Faction” was aware that it was slighted.¹⁵

¹¹ Shanghai Nihon Shōgyō Kaigisho, *Shanghai Nihon shōgyō kaigisho nenpō*, no. 8 (Shanghai, 1925), 7; *Osaka shōkō kaigisho geppō*, no. 219, August 1925.

¹² Japanese Foreign Ministry Archives (hereafter, JFMA), Chōsho, Tsū 205, Tsū 255 and Tsū 262; NHK Shuzai Han, ed., *Dokumento Shōwa 2: Shanghai kyōdō sokai* (Tōkyō: Kadokawa Shoten, 1986), 35–51; Takatsuna Hirofumi, “Shanghai jihen to Nihonjin kyoryūmin” in *Nitchū sensō*, ed. Chūō Daigaku Jinbun Kagaku Kenkyūjo (Tōkyō: Chūō Daigaku Shuppanbu, 1993), 26–56.

¹³ “More Japanese Police,” *North-China Herald* (hereafter, NCH), 10 April 1926.

¹⁴ Ishii Itarō, *Gaikōkan no isshō* (Tōkyō: Chūō Kōronsha, 1986), 228, 235.

¹⁵ JFMA, 5.3.2.155–1, 20 May 1925, Yada to Shidehara, no. 385; Ishii, *Gaikōkan*, 246.

RELATIONS BETWEEN THE JAPANESE IN SHANGHAI AND THE CHINESE

Most Japanese went to Shanghai seeking business opportunities. Although their intention was not violent, once in China they had to cope with hostile atmosphere. Japan's policy toward China had made Chinese anti-imperialist nationalism grow, and the Japanese residents thus found themselves on the front line in the confrontation between Japanese imperialism and Chinese nationalism.

Let us consider the situation within Shanghai first. Not only Japan but also China gained from the temporary retreat of the Westerners during the First World War when Shanghai capitalists expanded into manufacturing and modern banking.¹⁶ The competition worried Japanese manufacturers and became one of the reasons they started establishing cotton mills in Shanghai.¹⁷ By 1924, however, the "golden age" for the Chinese industrialists ended with a full return of foreign competition. The resulting economic crisis made them acutely aware and resentful of foreign economic encroachments.¹⁸ The greatest rival for China's growing economy was Japan's economic power rather than that of Western countries, including Britain, because industrialization of China and Japan started in the same fields, such as the cotton industry. Besides, the end of the war did not bring back the golden days of British industry and trade.

The relations of the Japanese with Chinese workers were not cordial either. Labor disputes in Japanese-owned cotton mills were rampant since the end of 1924. The first and most important cause of the troubles was deteriorating living conditions of Chinese workers. They demanded wage increases, because living expenses in Shanghai, especially food and housing prices, had surged sharply since the outbreak of the First World War. Second, between 1924 and 1927, Shanghai became a significant center for Chinese communism and the trade-union movement, and workers were influenced by communist cadres. Third, presented with this growth of communism, the foreign mill owners strengthened control.¹⁹

Another reason for the troubles was that the Chinese workers were strongly critical of the ill treatment they received from Japanese mill owners, although it is not clear whether the conditions in Japanese mills were actually worse than those in Chinese-owned mills. Many Chinese workers, who had migrated to Shanghai from the countryside, were new to the

¹⁶ Takamura, *Kindai Nihon mengyō*, 104–5.

¹⁷ Duus, "Zaikabō," in *The Japanese Informal Empire*, 81.

¹⁸ Parks M. Coble, *The Shanghai Capitalists and the Nationalist Government* (Cambridge, Mass.: Harvard University Press, 1980), 26.

¹⁹ NHK Shuzai Han, *Dokumento Shōwa*, 78.

experience and difficulties of an industrial society, as well as to the confrontation between management and labor. In the Chinese-owned mills, the conflicts were understood simply as those between the workers and owners, or as those between the pre-industrial life style and the industrial one, while in foreign-owned mills these facts were kept in the background, and the difference in race, nation and culture were emphasized.²⁰

Nevertheless, it is impossible to deny that the relations between the Chinese workers and the Japanese staff were hostile. This is underlined by the reminiscences of the Japanese who worked for the mills in Shanghai. They were actually frightened of the Chinese and tried hard not to show the white feather. According to them, it was "scary" to commute from the company accommodation to the mills; it was as if they were strong as long as they were in the mills but helpless once they went out of them; and it was "extremely unpleasant" to patrol the mills at night.²¹ Had relations been cordial, these worries of the Japanese would have been unnecessary.

Unfriendly relations and labor disputes resulted in the outbreak of the May Thirtieth Incident. In February 1925, the Naigai Men mill dismissed several workers, which led other workers to a protest strike. On 15 February, strikers made an attack on Toyoda mill, and one Japanese was beaten to death. Although these strikes were settled before the end of February, more troubles occurred. On 15 May, a collision between the Chinese workers, who were protesting against the discharge of yet another two workers, and the Japanese with the support of two Sikh policemen resulted in the death of a Chinese worker. On 30 May, the Chinese organized a memorial service for him, demanding compensation for his death and the start of an anti-Japanese boycott. Chinese demonstrators gathered on the Nanjing Road and approached the police station. The Shanghai Municipal Police under the command of a British inspector opened fire on the demonstrators. The Chinese community was enraged by the bloodshed, and it was decided to go on general strike as of 1 June.

Although the trouble originated in Japanese-owned mills, the target of the strike and boycott turned out to be the British.²² However, the leaders of the Japanese cotton industry were not pleased with the development. The unique characteristic of the Japanese cotton industry in China was that it developed without the assistance of the Japanese government. The mill owners were proud of their independence and did not expect much protection of Japanese government, while they believed the protection of

²⁰ Takamura, *Kindai Nihon mengyō*, 140.

²¹ NHK Shuzai Han, *Dokumento Shōwa*, 66–71.

²² For details, see Harumi Goto-Shibata, *Japan and Britain in Shanghai 1925–31* (London and Basingstoke: Macmillan, 1995), chap. 2.

the Municipal Council and British administrative power was indispensable. As they feared, the protection seems to have reduced after the May Thirtieth Incident. In September 1926, at a conference held at the Ōsaka Chamber of Commerce on the problems concerning China, one participant mentioned the change in the stance of the Municipal Police. According to him, the police used to prevent the occurrence of troubles, but since the incident, they would only intervene after something happened.²³

Let us now turn to the situation surrounding Shanghai. The greatest problem for the Japanese community in Shanghai was that their fortunes were seriously affected by Japanese policies toward Shandong and the Northeast. Despite their peripheral existence in the Japanese imperial power structure, the Japanese residents could not claim that they were good Japanese, totally irrelevant to the violent policies pursued by somebody else in Japan. As a result, they were presented with anti-Japanese boycotts several times. Especially after the reunification of China, the effects of the boycotts were considered to have become more serious than before.

In May 1928, an anti-Japanese boycott was started in Shanghai as a protest against the Sino-Japanese military clash at Jinan.²⁴ An Anti-Japanese Association was organized to halt transactions in Japanese goods. It advised Chinese merchants to cancel contracts with the Japanese and demanded that merchants should register goods already kept in stock by 31 May. If merchants made donations to a national salvation fund, the association would issue certificates allowing them to sell the Japanese goods. Trade in Japanese goods was still possible, but it became markedly more difficult and expensive. The rate of contribution to the fund differed according to the commodities involved, and basic necessities that could not be substituted by Chinese products were exempted.²⁵

²³ Ōsaka shōgyō kaigisho geppō, no. 233, October 1926, 3–10.

²⁴ On the anti-Japanese boycotts, see Kikuchi Takaharu, *Chūgoku minzoku undō no kihon kōzō* (Tōkyō: Daian, 1966); Charles Frederick Remer, *A Study of Chinese Boycotts* (Baltimore: Johns Hopkins Press, 1933); Banno Junji, "Japanese Industrialists and Merchants and the Anti-Japanese Boycotts in China, 1919–1928," in *The Japanese Informal Empire*; Donald A. Jordan, *Chinese Boycotts versus Japanese Bombs* (Ann Arbor: University of Michigan Press, 1991); Harumi Goto-Shibata, "Japanese and British Perceptions of Chinese Boycotts in Shanghai," in *The Growth of the Asian International Economy, 1850–1949*, ed. Kaoru Sugihara (Oxford: Oxford University Press, forthcoming).

²⁵ "Japanese Boycott Revival," NCH, 4 August 1928; "The Anti-Japanese Boycott" and "Boycott Seizures to be Returned," NCH, 11 August 1928; Nihon Shōkō Kaigisho, *Shina nan'yō ni okeru saikin Nikka haiseki no keika narabini eikyō* (Tōkyō: Nihon Shōkō Kaigisho, 1929), 20–25.

The anti-Japanese boycott continued for more than a year, and its aim and character changed over time. The Chinese tried to further Chinese industries by stimulating the production of certain articles which had been imported from Japan by using the national salvation fund. Their intention was not only to boycott Japanese products, but also to protect and develop national industries.²⁶ Japan's economic power had come to be regarded as the greatest obstacle to China's economic independence, and a boycott served the same purpose as protective tariffs against imports from Japan.²⁷ Furthermore, the boycott was the only effective measure against the products of Japanese cotton mills flourishing in Shanghai.

The methods of the boycott also developed and became more rigorous. On 15 January 1929, the Anti-Japanese Association stopped issuing certificates acknowledging contributions to the national salvation fund. Instead, it decided that Japanese goods should be confiscated and sold at public auctions. Transactions involving Japanese goods became almost impossible in Shanghai. The profits from the auction were paid into the national salvation fund.²⁸

The Japanese in Shanghai began to feel as if they were victims. In June 1928, the Japanese Chamber of Commerce and Industry in Shanghai organized a series of meetings for Japanese business representatives in Shanghai. As the meetings were to be held on Fridays the organization was named *Kin'yōkai* (Friday Club). Members of the consulate, the commercial attaché, and the resident naval and military officers were also expected to attend these sessions. At the first and second meetings, on 26 June and 6 July 1928, many representatives insisted that Japan should take a strong stand against the Chinese, while a consul, Shimizu Tōru, argued that it was impossible to protest against the anti-Japanese boycott because the Chinese had liberty of choice in making purchases.²⁹ At the meeting on 13 July, however, Shimizu mentioned the possibility of using naval power, an idea to which the naval attaché was well disposed.

It is not recorded what kind of naval power Shimizu contemplated using, and probably his idea was limited to patrols by the navy. The Japanese merchants became very keen on the idea of relying on naval power

²⁶ League of Nations, *The Report of the Commission of Enquiry of the League of Nations into the Sino-Japanese Dispute* (Geneva, 1932), 117; Kikuchi, *Chūgoku minzoku undō*, 326; Kubo Tōru, "Kokumin seifu ni yoru kanzei jishuken no kaifuku katei," *Tōyō Bunka Kenkyūjo Kiyō*, no. 98 (1985): 350–57.

²⁷ Remer, *Chinese Boycotts*, 153, 240; Kubo, "Kokumin seifu," 376.

²⁸ League of Nations, *The Report*, 117; "Japanese Boycott Measures," NCH, 27 October 1928; Nihon Shōkō Kaigisho, *Shina nan'yō*, 82.

²⁹ Tōkyō Shōkō Kaigisho Shōkō Toshokan, *Kin'yōkai hōkoku* (hereafter, *Kin'yōkai*), nos. 1 and 2.

and repeatedly mentioned it, so that Shimizu, who suggested it first, now attempted to instil them with caution.³⁰ As the boycott continued, however, naval power ceased to be mentioned, probably because no positive response from the navy was forthcoming.

On 31 July 1929 the Guomindang banned the anti-Japanese movement. Although the boycott was not resumed in Shanghai until the summer of 1931, the Japanese in Shanghai could not be confident about the future prospects of their businesses. As most of the world was hard hit by the Great Depression in this period, with the exception of the Japanese cotton industry in China, business was bad. Besides, the Japanese in Shanghai gained the impression that the Nanjing government was making considerable efforts to promote China's economic independence. For example, Nanjing raised tariffs to provide revenue to stabilize government finances, but a protective effect was inevitable. Nanjing also held conferences and formulated various policies in order to protect and develop national industries.³¹ The situation seemed especially bleak for small-scale Japanese merchants in Shanghai.

RELYING ON THE NAVAL LANDING PARTY

The Anti-Japanese Boycott in the Summer of 1931

The Wanbaoshan Incident and the Korean Incident led to the revival of agitation against Japanese goods in Shanghai. At Wanbaoshan near Changchun in the northeastern part of China, a conflict had continued since April 1931 between migrated Korean peasants and Chinese peasants over disputed irrigation ditches. On 2 July, the armed Chinese clashed with the Korean peasants, and this escalated into an exchange of gunfire between the Chinese and the Japanese police. The Wanbaoshan Incident caused anti-Chinese riots in Korea from 4 to 7 July, in which, as revenge, 119 Chinese were murdered and more than 200 injured.

Since Korea was Japan's colony, it was reported in Shanghai that Japan suggested that the Koreans should persecute the Chinese,³² and the two incidents resulted in the revival of the anti-Japanese boycott in Shanghai. On 13 July, various Chinese industrial and commercial organizations, the

³⁰ *Kin'yōkai*, nos. 3, 4, 6, 7, and 8, respectively 13 July, 20 July, 3 August, 10 August, and 16 August 1928.

³¹ Arthur C. Young, *China's Nation Building Effort* (Stanford: Hoover Institution Press, 1971), 49, 307; *Kin'yōkai*, *Shanghai hai Nikka jitsujō*, no. 50, 10 January 1931.

³² See for example, *Shen bao*, 7 July 1931, 4, 13.

Shanghai Guomindang, and the Chinese in Shanghai held a meeting where the Shanghai Municipal Anti-Japanese and Protect Overseas Chinese Association (AJPOC) was organized. This declared a boycott of Japanese goods and the permanent severance of economic relations with Japan. On 16 July, it ordered newspaper companies not to carry advertisements for Japanese commodities. On 19 July, the actual boycott started, although the scale was small.³³ As usual, transactions in Japanese goods increased first, because some Chinese merchants tried to gain profits before another full-scale anti-Japanese boycott made dealings difficult.³⁴ On the afternoon of 23 July, the registration of Japanese goods started. One point that differed from the former boycotts was that the confiscation of goods at the checkpoints overseen by the AJPOC pickets was adopted as the main method from the beginning.³⁵

At this time, there were several different opinions among the Guomindang members and merchants.³⁶ Nanjing kept its distance from the boycott, stressing that the agitation was a private initiative directed from Shanghai. Jiang Jieshi wished to avoid another source of conflict. Furthermore, the financial situation did not allow the Nanjing government to be too favorable to the anti-Japanese boycott, because both trade with Japan and Japanese manufacturing within China were rich sources of revenue. As a result, both Murai Kuramatsu, the consul-general in Shanghai, and Captain Kitaoka Haruo, the naval attaché, reported that the Chinese were not very keen on boycotting Japanese goods. The Japanese authorities hoped that, lacking encouragement from the Nanjing government, the anti-Japanese agitation would remain ineffective and soon die out. On 22 July, Shigemitsu Mamoru, who became the minister to China on 6 August 1931, urged the Chinese foreign minister to halt the boycott. Accordingly, a letter by Jiang which urged caution upon the nation was published on the next day.³⁷ In total contrast to the stance of Nanjing, the Shanghai

³³ *Shen bao*, 14 July 1931, 13, and 17 July 1931, 13; *Nihon gaikō monjo*, Shōwa ki I dai 1 bu dai 5 kan (hereafter, NGM), no. 676, Murai to Shidehara, 14 July 1931; JFMA, A.1.1.0.20–2 (hereafter, JFMA, A), vol. 1, Murai to Shidehara, no. 328, 17 July 1931, and military attaché to Army Vice-Minister, no. 750, 20 July 1931.

³⁴ *Shen bao*, 20 July 1931; *ibid.*, 26 July 1931, 13.

³⁵ "The Boycott Demand," NCH, 21 July 1931; *Shanghai Nichi Nichi Shinbun* (hereafter, SNNs), 21 July 1931, evening 2.

³⁶ NGM, no. 688, Shigemitsu to Shidehara, 27 July 1931; JFMA, A, Murai to Shidehara, 4 August 1931, no. 386.

³⁷ NGM, no. 675, Murai to Shidehara, 13 July 1931; NGM, no. 681, Shidehara to Shigemitsu, 21 July 1931; NGM, no. 683, Shigemitsu to Shidehara, 23 July 1931; JFMA, A, Murai to Shidehara, 15 July 1931, no. 321–1; JFMA, A, vol. 1, military attaché to General Staff, 21 July 1931, no. 7; JFMA, A, vol. 1, military attaché to General Staff, no. 772 (1,2), 22 July 1931.

Guomindang decided that it should participate in the AJPOC and lead the movement, although it should do so through individual members taking active roles, not as a leadership unit.³⁸

Chinese business interests in Shanghai naturally thought that they should make the most of this opportunity in order to compete effectively with Japanese producers, to promote their own business, and to expand the movement which would advocate the usage of national products. Yet, there were divisions between the old commercial elite in Shanghai and the younger party-oriented and nationalistic merchants.³⁹ The boycott, once enforced, would hurt many Chinese traders who profited from dealings in Japanese industrial and consumer goods. Thus some merchants were dissatisfied with the overly rigorous method of the boycott.⁴⁰

The stance of Yu Qiaqing, the honorary AJPOC chairman, was complicated. He had been participating in various boycotts since 1898 and as recently as the 1928–29 anti-Japanese boycott. His shipping interest was in a position, according to Japanese intelligence, to take advantage of the boycott, so that he was thought to be attacking his competitors, such as the Nisshin Kisen. But he had visited Japan on business, and some Japanese asked him to prevent “economic severance.” Yu did not attend the inaugural meeting of the AJPOC and stated that “only a boycott which was voluntarily instituted by merchants could bring about the desired results.” He preferred the merchants handle the boycott without the intervention of the Shanghai Guomindang. Aside from his advocacy of the manufacture and use of national products, the opinion of Yu as a capitalist was incompatible with the attitudes of the Shanghai Guomindang and radical young merchants.⁴¹

The Stance of the Japanese Navy

Although Chinese opinion was not united, the Japanese in Shanghai felt that their business was in danger. As such commodities as cotton yarn, soap, and glass bottles were confiscated by the AJPOC, the Japanese in Shanghai became extremely agitated.⁴² At the Friday Club meeting on 24

³⁸ *Shen bao*, 16 July 1931, 12.

³⁹ See Kaneko Hajime, “Shōmin kyōkai to Chūgoku Kokumintō (1927–1930),” *Rekishishi Gaku Kenkyū*, no. 598 (1989).

⁴⁰ JFMA, A, vol. 1, Shigemitsu to Shidehara, no. 660, 20 July 1931; Jordan, *Chinese Boycotts*, 32–37, 41–42, 56.

⁴¹ *Shen bao*, 18 July 1931, 13; and 26 July 1931, 14; Kikuchi, *Chūgoku minzoku undō*, 384.

⁴² NGM, no. 686, Murai to Shidehara, 25 July 1931; JFMA, A, vol. 1, military attaché to General Staff, no. 772 (1,2), 22 July 1931; SNNS, 25 July 1931, 7; SNNS, 27 July 1931, evening, 1; SNNS, 30 July 1931, 9; SNNS, 31 July 1931, evening, 2.

July 1931, the representative of the Association of Japanese Cotton Piece Goods Merchants in Shanghai observed that the powerful Chinese cotton piece goods merchants had joined the anti-Japanese association and that the effect of the anti-Japanese agitation would be serious. The consulate, however, emphasized that the Nanjing government was not supporting the movement and that even the members of the Shanghai Guomintang were joining in merely on an individual basis.⁴³

Since the founding of the Friday Club in June 1928, the Japanese army and navy officers residing in Shanghai had been expected to attend its meetings. The Japanese First Expeditionary Fleet, whose commander had the authority to decide whether to use force at Shanghai, was more active in this period than during the period of the anti-Japanese boycott of 1928–29. At the Friday Club meeting on 24 July 1931, a resident naval officer, Kuwabara Shigetō, asked the participants to report the situation of the anti-Japanese boycott to the navy as well as to the consulate, because the navy intended to protect the lives and the property of the Japanese in concert with the consulate.⁴⁴

The main reason for this change in the stance of the First Expeditionary Fleet was the personality and attitude of the naval commander, who had been Rear Admiral Shiozawa Kōichi since 1 December 1930. The second possible reason was the change in the Japanese navy. In 1930, the navy had experienced a fierce internal confrontation over the London Naval Conference and the question of disarmament. One group, the so-called “Treaty Faction,” insisted that Japan should accept the proposal of the United States and Britain in order to maintain harmony with those countries. The other, the “Fleet Faction,” insisted that Japan should not accept the disarmament proposal. It was this latter group which gained in strength in the course of the confrontation. It is not known to which faction Shiozawa belonged, but his firm attitude might have been related to the general trend of the Japanese navy.

In the meantime, Shigemitsu was asking Foreign Minister Shidehara whether he was allowed to protest against the anti-Japanese boycott officially. He was of the opinion that boycotts would be harmful if they were to be repeated to put pressure on every Sino-Japanese negotiation. Surely the Guomintang was not supporting the boycott, but, he noted, neither did they make any efforts to control it.⁴⁵

⁴³ JFMA, A, vol. 3, Murai to Shidehara, no. 404, 14 August 1931; *Kin'yōkai*, nos. 113 and 115, respectively 24 July and 5 August 1931.

⁴⁴ *Kin'yōkai*, no. 113, 24 July 1931.

⁴⁵ NGM, no. 688, Shigemitsu to Shidehara, 27 July 1931; NGM, no. 690, Shigemitsu to Shidehara, 4 August 1931.

In grappling with the anti-Japanese boycott in the summer of 1931, the lack of trust and communication between the Japanese Foreign Ministry and the navy was serious. Each organization was working in isolation, pursuing its own objective. At the Friday Club meeting on 31 July, the representative of a shipping company asked Kuwabara whether the navy could patrol the canals or not.⁴⁶ Kuwabara did not give any answers during the meeting, but on 3 August 1931, Shiozawa issued an order concerning the anti-Japanese movement to the units under his command:

When Japanese goods are to be confiscated in Shanghai, ... sailors should be dispatched ... in order to control the disorderly activities. The Timing of the Dispatch.

When the Consulate requested, or when the sufferers requested directly and the units admitted the necessity.⁴⁷

Two days later, the consulate in Shanghai found out that the above order had been issued, and was extremely shocked because it had not been consulted in advance. Murai immediately protested through the naval attaché. The consulate was of the opinion that since the Chinese authorities stated that they would control the situation, it was too early even to let a steam launch with an armed unit patrol the Huangpu.⁴⁸ However, crossing the protest of Murai, an order was issued by the commander of the naval landing force in Shanghai, who was a subordinate of Shiozawa, to prevent the confiscation of the Japanese goods.⁴⁹ At the meeting of the Friday Club on 7 August, Kuwabara reported that the navy had decided to prevent violence.⁵⁰

The Ministry of Foreign Affairs believed that these orders of Shiozawa and the naval landing party in Shanghai were contrary to the Orders for Expeditionary Fleets which had been issued by the Navy Ministry in 1898. Article 23 of the order read as follows:

That the commander should resort to arms, only when the life, freedom and property of imperial subjects are in great danger and the government of the involved country does not fulfill her duties and there is no other way of protection but to use our arms. In this case, the commander should consult our diplomats residing in the country or the consuls in advance. However, when he is faced with a great

⁴⁶ *Kin'yōkai*, no. 114, 31 July 1931.

⁴⁷ NGM, no. 692, Murai to Shidehara, 5 August 1931.

⁴⁸ NGM, no. 692, Murai to Shidehara, 5 August 1931.

⁴⁹ JFMA, A, vol. 3, Murai to Shidehara, no. 950, 6 August 1931.

⁵⁰ *Kin'yōkai*, no. 116, 7 August 1931.

emergency and does not have time to consult our diplomats or consuls, he may be exempted from this requirement.⁵¹

On 8 August, Murai visited Shiozawa on his flagship, *Ataka*, and discussed the matter. Shiozawa told Murai that he did not intend to resort to arms immediately. However, he continued, if Japanese goods were detained near where the Japanese fleet was at anchor, to let the Chinese do whatever they wanted would damage Japan's prestige. In that situation and if it should be found necessary, the navy intended to stop the disorderly deeds.⁵²

Shidehara also found Shiozawa's order distasteful, because it was issued without consulting Shigemitsu or Murai, and also because it declared that the navy could take action only after a direct request from the victims. Shidehara believed that this condition was contrary to the Orders for Expeditionary Fleets and decided to discuss the matter with the Navy Ministry.⁵³

On 14 August 1931, the Navy Ministry cabled Shiozawa that, although it generally agreed with the order, there seemed to have been some misunderstanding between Shiozawa and Murai. Shiozawa should solve this misunderstanding and, from then on, should discuss the situation in Shanghai with the consulate even more thoroughly than before.⁵⁴ Since Shiozawa's order was so obviously contradictory to the Orders for Expeditionary Fleets, the Navy Ministry yielded to the opinion of the Foreign Ministry, but Shiozawa's order itself was not withdrawn.

Shiozawa's order remained in effect and, on 19 October 1931, at the fourth meeting of the First Expeditionary Fleet, it was explained to the captains of ships. The interpretation given at the time was that since the Orders for Expeditionary Fleets decided that, in peacetime, fleets should act in conjunction with the diplomatic authority, the captains should always keep contact with diplomats. However, the First Expeditionary Fleet decided that "keeping contact" and "being ordered" were two different things, and it was determined that the navy would judge the situation and take necessary steps on its own: the Fleet under Shiozawa would not take orders from the diplomats.⁵⁵

⁵¹ JFMA, A, vol. 3, Gunkan gaimu rei.

⁵² NGM, no. 695, Murai to Shidehara, 10 August 1931.

⁵³ NGM, no. 697, Shidehara to Shigemitsu, 13 August 1931.

⁵⁴ JFMA, A, Navy Ministry to the commander of the First Expeditionary Fleet and Kitaoka et al., no. 115, 14 August 1931.

⁵⁵ National Institute for Defense Studies, Japanese Naval Archives (hereafter, JNA), 10/Kōbun bikō/s6-112, 19 October 1931, Dai ichi kengai kantai, no. 31-4.

The Japanese Community's Opinion of the Navy and the Consulate

While the two ministries were negotiating, the naval landing party was called out several times in accordance with the order of Shiozawa, so that the expectation of naval protection grew among the Japanese in Shanghai. On 11 August, the hempen bags of a Japanese trading company were confiscated on the Suzhou Creek in the International Settlement. The members of the consulate negotiated with the Chinese of the AJPOC, and it was decided that the bags would be released. However, before the actual release, three officers and twenty sailors were dispatched from the naval landing party without the knowledge of the consulate, because a Japanese who witnessed the detention directly informed the navy of the trouble. The members of the AJPOC were shocked to see the navy and released the detained goods.⁵⁶

On 12 August, when 171 bags of Japanese cotton yarn were to be shipped off by a ship of Butterfield and Swire moored at Pudong, about thirty Chinese, who belonged to the AJPOC, assaulted a Japanese and tried to detain the bags. A launch of a Japanese shipping company happened to pass by and informed the Ataka of the emergency. Consequently, one officer and fifteen sailors set off on the launch, seized four Chinese and took the commodities back. The AJPOC men were handed over to the consulate.⁵⁷ On 13 August, Shiozawa reported on these two successful missions to the Navy Ministry, which on the next day cabled back that Shiozawa should solve the misunderstanding between himself and the consulate.⁵⁸

On 14 August, a meeting of the AJPOC was held in order to discuss how to carry on the anti-Japanese agitation. At this meeting, the differences of opinion among the Chinese became even clearer. The ideas of the powerful merchants in Shanghai including Yu Qiaqing were not shared by the lower ranks of the Guomindang and students. On 21 August, Yu proposed that he should withdraw from the committee of the AJPOC.⁵⁹

The effect of dispatching sailors was impressive to the Japanese in Shanghai. Although the Foreign Ministry believed that the problem had been settled as it wished, even it came to think that the stance of the navy was understandable, especially because the control of the situation by the Chinese authorities was incomplete.⁶⁰

⁵⁶ NGM, no. 696, Murai to Shidehara, 11 August 1931.

⁵⁷ JFMA, A, vol. 3, Murai to Shidehara, no. 399, 13 August 1931; *Kin'yōkai*, no. 117, 14 August 1931; *Shen bao*, 14 August 1931, 13.

⁵⁸ JNA, 10/Kōbun bikō/ s6-60, Shiozawa to Navy Ministry, no. 106, 13 August 1931.

⁵⁹ *Shen bao*, 22 August 1931, 14, and 28 August 1931, 14; SNNS, 22 August 1931.

⁶⁰ NGM, no. 700, Murai to Shidehara, 17 August 1931; NGM, no. 701, Shidehara to Murai, 24 August 1931.

The Japanese in Shanghai were not informed of this stance of the Foreign Ministry, so that they were extremely dissatisfied with the lackluster response of the consulate. One example is the consulate's reaction on 12 August, when the marine products of a trading company were confiscated by the AJPOC. Although the company reported the confiscation to the consulate, the latter was unwilling to help. On the contrary, the consulate reproached the company for its carelessness. The company was told that it should negotiate for the return of the goods by itself.⁶¹

On 20 August, the *Shanghai Nichi Nichi Shinbun* criticized the "incompetence and shamelessness" of the Japanese diplomatic authorities. It reported that people were dissatisfied with four "so-called strong protests" made by the diplomats, because no commodities had been returned and the protests themselves had not been officially presented by the minister, Shigemitsu. In addition, it continued, the consulate was wrong to criticize the naval protection.⁶²

Firm opinions were expressed by the majority at the 118th meeting of the Friday Club held on 21 August. Members had come to think that merely continuing negotiations with the Chinese would not solve anything. Shidehara's peaceful negotiations and friendship were less attractive to the Japanese in Shanghai than assertive measures by Shiozawa.

Consul-General Murai, who was caught in the middle of this situation, was criticized both by the indignant Chinese⁶³ and the Japanese businessmen in Shanghai. He attended the Friday Club meeting on 28 August and reported that he had seen the mayor of Shanghai, Zhang Qun, on 22 and 27 August. He had requested that Zhang see to the return of captured Japanese goods within the week; if the goods were not returned, the victims might take some countermeasures, but Murai could not take any responsibility for that. Zhang agreed to return the goods. Murai insisted that the dispatch of the sailors had strengthened the anti-Japanese movement, but the remark was far from convincing to the members of the Friday Club.⁶⁴ On the same day, the Chinese decided to return the detained Japanese goods, and this decision was carried out by 29 August.⁶⁵

⁶¹ *Kin'yōkai*, no. 117, 14 August 1931.

⁶² SNNS, 20 August 1931, 1.

⁶³ *Shen bao*, 15 August 1931, 13. According to this report, the mayor of Shanghai, Zhang Qun, protested against the dispatch of sailors.

⁶⁴ *Kin'yōkai*, no. 119, 28 August 1931.

⁶⁵ JFMA, A, vol. 4, Murai to Shidehara, no. 442, 29 August 1931. The dispatch of the sailors was not the only reason why the AJPOC decided to return the detained Japanese goods. The following developments should also be taken into consideration: the withdrawal of the Japanese police from Wanbaoshan on 8 August 1931; floods in central China; and sympathies shown by the government, the Imperial Household, and the people of Japan for the sufferers of the floods.

SOME CONCLUDING THOUGHTS

To the Japanese residents in Shanghai, the situation went from bad to worse after the outbreak of the Manchurian Incident. Naturally enough, the incident drastically strengthened the anti-Japanese feeling of the Chinese, while the Japanese government was preoccupied with the problems in the Northeast. The frustration of the Japanese in Shanghai became total, with the result that they urged naval intervention. It was not the Japanese government which decided to employ naval force. The men-on-the-spot brought about the hostility.

There was one significant difference between the development in Shanghai and that in the Northeast or European imperial expansion in and after 1880s. The Japanese government did not accept the situation created by the men-on-the-spot. First of all, it did not have any strategic reasons to be fully involved in the problems of Shanghai at this stage. Shanghai was not even a buffer zone in the protection of the "special" interests in the Northeast. Second, the international repercussion made the government worry. Third, economic motivation for intervention was not high. Business interests in Shanghai were mostly private and developed without the protection of the government. Although the Japanese Foreign Ministry had made great efforts in keeping China's tariff rate as low as possible, it was not prepared to play a larger role. A cease-fire agreement was reached on 3 March 1932. The Japanese troops were withdrawn in May 1932.

Presented with the rise of anti-imperialist nationalism, the Japanese in Shanghai came to the conclusion that, despite the motto of economic expansionism, the Japanese diplomatic authorities were not interested in assisting their enterprises. Therefore, they decided to rely on the navy which had been assertive since 1930. The sole object of the Japanese in Shanghai was to protect their commercial rights and expand their business. However, the attack upon Chinese nationalism did not achieve their desired goal. Security for trade was not established. Instead, it only resulted in the failure of Japan's economic expansionism. It might be true that Japan occupied a militarily stronger position after the conflict, but the anti-Japanese feeling intensified further, the anti-Japanese boycotts continued, and no Chinese willingly bought commodities from their enemy any longer.