

CHAPTER VI

WITH Japan dominant in the affairs of North China, these western powers, if they behave themselves and act decently, will have a chance to do business in the Orient; but I venture to say if they continue in the policy they have pursued, of hindering Japan and giving comfort to her enemies, red and otherwise, the time will come when Japan is master, when she will say: "Go and do business elsewhere. You would have destroyed what we have saved from destruction; now you cannot enjoy the fruits of our labors." It is only natural, what England or America or any other nation would do under the circumstances, that, after dragging China out of the Red chaos, and striking the chain of war lord rule and graft from her that Japan will seek to defray the cost of this war, and will be given, by right of her position, concessions that otherwise Britain and other powers, helping Chiang Kai-shek, would have taken if Chiang Kai-shek had won; the pledges his ministry made to certain European powers for munition credits would, as we have said, impoverished his country and his people for many generations. Japan on the other hand will

build and better as she has done in Korea and Manchuria and here is where the little old United States of America comes in.

Behind the armies of Japan moving across China against the retreating war lord and Red, I saw engineers and builders laying plans for railroads and highways, for factories and for plants, for cities and for towns that have been destroyed in the rush of war. Behind this move in China I saw one of the most gigantic movements of modern times, the development of Manchuria, an empire to be likened to our early West. To complete this, Japan needs agricultural instruments, railroad supplies, a thousand and one things that are turned out of the factories of the western nations. And that, she will get, once firmly on top, from some country. This can be our own.

If America wakes up and ceases to be the pawn of another nation's propaganda she can have this business. In my travels through Japan I found the kindest of feeling for Americans, the highest admiration for us but at the same time, a hurt and puzzled surprise among many Japanese that without question, without seeking to understand we had allowed ourselves to be victimized by enemy propaganda and to generally take sides against her.

The Japanese people are really at a loss to quite understand this attitude which we have taken. They owe much to America. They acknowledge

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this. They owe much to America in that their young men have been educated here and have adopted many of our ways of living and of doing business. Of all the foreign nations, we are more akin to the Japanese in their eyes. They like us. There is no doubt of that. But do we like them? Can we like them? Can we understand the Japanese? I believe we could if we tried, if we wanted to, if we would stop and think and balance the things we read. If we did this, opportunities would open to us in the Far East, for trade and commerce that would prove an immense boon, for whether we like it or not, whether other nations like it or not, Japan is coming out on top of the pile in Asia. There is no stopping her. The Japanese do not know the meaning of the word failure.

There are certain other nations who do not want us to get along with Japan. They are afraid if we did we would fall heir to the business and the trade which Japan will be in a position to throw our way and the first interests of these certain nations is to have that trade themselves.

Shortly after the start of the Sino-Japanese undeclared war there was every indication that a great European power with huge financial stakes in China wanted us to go in and pull their chestnuts out of the fire. By subtle propaganda, we Americans were being framed to go in and do this nation's dirty work. The Panay incident almost completed this job. But Japan promptly apolo-

gized, paid indemnity. For a time the sinking of the Panay was Russia's and England's and Chiang Kai-shek's great hope. The surest and simplest answer to the oft repeated charges that the Japanese planned the sinking of the Panay is that the catastrophe played for the moment right into the hands of Japan's worst enemies.

Japan was genuinely sorry over the Panay sinking. She has since been trying to avoid by every means a repetition of it. But this country and other foreign powers have not taken precautions against its repetition. We and they have sent our gun boats nosing between the lines of Japanese and Chinese fire, we have allowed a handfull of stubborn nationals to remain in the danger zones, we would allow a few people by their folly to drag our nation into the fight. Individually, if we saw a gang fight across the street, we would not rush into it to see who was getting hit. Under the circumstances, we might be hit ourselves. But internationally, we thrust ourselves into the danger zone. I happen to know that to save anything like the Panay sinking happening again, or the injury of American nationals the Japanese have sacrificed the lives of many of their soldiers by uncovered and roundabout moves. And while these Japanese soldiers are sacrificed on the altar of this precaution on the part of their government, we and others persist in aggravating the situation. The Panay incident was brought on largely by the Chinese war

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lords themselves, their penchant for flying foreign flags over their retreating troops and ships. Also, it is not generally known the Panay was convoying at the time two Standard Oil tankers loaded with gasoline for the Chinese air bases. Not that it actually made any difference. The Standard Oil tankers were American ships and as there had been no actual declaration of war our ships had a perfect right, of course, to carry gas to the Chinese bombing planes. However, common sense tells us the danger. Even with this, and had they known it, the Japanese certainly would not have risked intervention and trouble with this country and played so frankly into the hands of their enemies. The wisdom of our government and the common sense and surprising understanding of our people on the whole saved us from going to war and sinking Asia eventually into the pit of a Communistic hell.

Japan is and has been straining every nerve to hold peace with this country and that in face of the most vicious and insidious propaganda here against her. For one thing, there was launched in this country a boycott against her goods. The impression was given out, and is generally believed by the average American, that Japan has been flooding our markets with cheap goods. As a matter of fact, and statistics from our own commercial bureaus in Washington, D. C., bear this out, Japan has been a better customer, a bigger buyer from us than we have been to her. In comparison to the business

we have been doing with China, Japan, so far as our business with her is concerned, at our end of the line in exports, ranks high. Japan, incidentally, is our third best foreign customer. The boycott of Japanese goods in America may have a serious effect on our own industrial system, no doubt will. It was originally inspired and is still kept alive by the Communistic elements in this country, encouraged by the Chiang Kai-shek propagandists and certain foreign countries which, as I have said, would like to see America and Japan kept apart.

A continuation of this senseless boycott movement means we will "cut off our noses to spite our faces." It means that the boycott in reality is a boomerang which will in time strike us. It would breed an economic war besides, at the start, losing us an immense export trade to Japan which we have so far enjoyed. Merchant, farmer, capitalist and laborer in this country would eventually feel it. Japan has been buying almost as much from the United States as the entire twelve South American countries put together. In the year 1937, Japan bought \$288,377,000 worth of goods from us and South American countries \$318,384,000. Great Britain and Canada alone among the powers of the world are the only nations buying more from us than Japan. Japan, in fact, buys more goods from the United States than China, and all the rest of Asia with the Philippines, Java, Ba-

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tavia, Borneo and Sumatra combined. Some years have shown that for every dollar we paid to Japan, Japan has paid \$20 to the United States. Japan bought 41 per cent more from the United States in 1937 than she sold this country.

When you hear the talk of boycotting Japanese goods recall these figures:

1936—Japan	
U. S. sells to Japan.....	\$204,186,000
U. S. buys from Japan.....	172,395,000
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Total U. S. Business with Japan.....	\$376,581,000
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U. S. favorable balance of trade with Japan.....	\$ 31,791,000

1936—China	
U. S. sells to China.....	\$ 46,535,000
U. S. buys from China.....	73,352,000
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Total U. S. Business with China.....	\$119,887,000
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U. S. unfavorable trade balance with China.....	\$ 26,817,000

The year of 1937 is still more enlightening.

1937—Japan	
U. S. sells to Japan.....	\$288,377,000
U. S. buys from Japan.....	204,201,000
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Total U. S. Business with Japan.....	\$492,578,000
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U. S. favorable balance of trade with Japan.....	\$ 84,176,000

1937—China	
U. S. sells to China.....	\$ 49,697,000
U. S. buys from China.....	103,616,000
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Total U. S. Business with China.....	\$153,313,000
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U. S. unfavorable balance of trade with China.....	\$ 53,919,000

The American favorable trade balance with Japan increased approximately \$52,385,000 in 1937 over 1936, an increase of 164 per cent. The American unfavorable trade balance with China in that time increased \$27,202,000 or ten percent.

Foreign trade can be said to be the life blood of industry. It is a thing based on mutual benefits. No country can escape the effects of stopping an import trade. Our principal imports from Japan are not more than ten per cent competitive. From Japan we have been importing raw silks, tea, pyrethrum, camphor and general merchandise. We cannot buy the silk we have been getting from Japan elsewhere. The silk industry in the United States is an American industry with American capital invested and American labor employed. If we stop buying silk from Japan we strike directly at ourselves. In a recent year the United States imported \$90,000,000 worth of raw silk from Japan. This raw silk went into finished goods here, its retail sales approximately \$580,000,000. More than \$500,000,000 of American capital is invested in that industry in this country. More than 250,000 Americans are employed in the silk industry. Indirect employment is given to a quarter of a million more workers in the transportation, the distribution, the merchandising of that industry. For every ten cents in raw silk this country spends with Japan, a product is manufactured which sells for approximately 70 cents. If through the influ-

ence of others who have not our real interests at heart we were to really boycott silk from Japan, the silk manufacturers in this country would have to close down a \$580,000,000 industry, equal in itself to five sevenths of the entire American investment in the Far East. In cotton, too, we stand to lose heavily, for Japan buys the greatest amount of raw cottons from this country. Raw cotton is first in American farm imports. During 1935 to 1936, 25 per cent of all the cotton imported from this country went to Japan. In 1936-37 Japan took 28 per cent of all the cotton we exported, 12 per cent of the entire United States cotton crop reaching in value \$106,365,000. The Japan market is a vital asset to the American cotton farmer.

Our cotton is dependent on foreign markets. It is the leading agricultural industry in the United States. At one time, Europe was our great cotton market. The rise however of the cotton textile industry in the Far East shifted world production across the Pacific. Practically all of the American cotton sent to the Far East is consumed by Japanese mills. The advance in Japan exports of cotton textiles has naturally increased the Japanese demand for foreign cotton and enriched the American cotton farmer. The increased demand from Japan for American cotton overbalances any losses in American cotton textile exports. Not only the Southern farmer, but the California cotton grower would suffer if Japan struck back and did not buy

our cotton. The Californian exports 80 per cent of his crop to Japan. Japan always buys deeply into our lumber market. It is all very well for foreign powers and foreign influences in our midst to encourage us to boycott Japanese goods, but is there any remedy these powers and influences can put forth to fill the gap and close the breach if Japan, boycotted by us, decides to stop buying goods from us. These false friends of ours are and have been only too quick to take advantage of any foreign trade we lose and there is no doubt that after getting us in bad with the Japanese they would take the business we sacrificed for themselves. I have heard salesmen from other countries who walking into Japanese offices and putting their hands on American typewriters with which Japanese business houses abound say laconically: "Why buy American goods when the Americans are not your friends? Now we have just as good typewriters as the Yankees. . . ." Our third best customer abroad is Japan. We stand to lose her if we do not understand her and her people, if we listen to false prophets. Japan has been lied about and we have not taken the pains to find it out.