

Two Kinds of Imperialism and the Asian Economic Order: British and Japanese Maritime Competition during the Late 1930s

Yu-Ping LEE

(Institute of Modern History
Academia Sinica, Taiwan)

1. Introduction

Around the 1930s, the relative shipping tonnage of British and Japanese ships that entered and cleared via the international shipping routes of China's ports underwent much change. The percentage of Japanese ships on Shanghai's international shipping-routes continually decreased, from 39.75% in 1927 and 36.07% in 1928 to 20.82% in 1936%. In contrast, the percentage of British ships on these routes continually increased, from 26.06% in 1927 and 29.03% in 1928 to 35.72% in 1936. The situation took a turn after 1936; in 1937, the percentage of Japanese ships on China's international shipping lines shot up, dramatically increasing from 19.18% and approximately 7 million tons in 1937 to 22.03% and 6.48 million tons in 1938 to 40.21% and 12 million tons in 1939. The percentage of British ships on China's international shipping routes slid downward, from 36.51% and approximately 12.94 million tons in 1937 and 41.97% and 12.35 million tons in 1938 to 27.82% and 8.299 million tons in 1939.¹

In certain respects, Britain's maritime shipping power remained greater than that of any other country until the mid-1930s. Most notably, it accounted for one third of the world's efficient ships, a far greater proportion than any other country. The ironclad proof of the strength of British merchant ships is their extremely high level of activity on the world's seas in the mid-1930s. Britain's merchant shipping power in England and Ireland, Africa, and South Asia far surpassed that of other countries, and these shipping routes were all under control of the Commonwealth or had close economic ties with Britain. Secondary to these were its shipping routes in Western Europe and the Western Mediterranean, the Central and South American Pacific, Central American Atlantic coast, and elsewhere. 60% of tonnage on

1 Gaimushou Tsushoukyoku, *Eikoku Tai Ka no Keizai Hatten [Britain and China's Economical Development]*, Tokyo, 1931, pp.131-132; Toua Kaiun Kabushiki Kaisha, *Shina no Kaiun [Chinese Sea Transportation]*, Tokyo, 1943, pp.22-23; Chousa Shiryou Kyokai ed., *Shina Saikin no Keizai Jijou [Recent Chinese Economic Situation]* (Naigai Shiryou Chousa, vol.7, no.4), Tokyo, 1935, pp.56-57; "Current Situation for Chinese Navigation", *Shanghai Mantetsu Kikan*, vol.1, no.2 (1937), p.199, Toua Kenkyujo, *Nanyou wo Chuushin to suru Toua no Kaiun [East Asian Shipping Centered on South, China Sea]*, Tokyo, 1943, pp.46-47, 90, 129-134.

these shipping routes was British, while in the Central and Eastern Mediterranean and on the Pacific coast of North America British ships accounted for 20-30% of the tonnage. Despite making less use of the Northern European shipping routes, British merchant ships nonetheless accounted for 35% of tonnage on these routes as well. These figures show that while fierce competition from other countries resulted in a relative reduction of British ships' shipping power, only Britain still maintained an important place on many shipping routes. Japan's natural territorial waters are in the Pacific and, apart from the many ships sent to China for war, the most important places to which Japanese ships were allocated were Australia, British India, the Dutch Indies, Malaya, and the Philippines.² Comparatively speaking, Japan's active expansion in Asian waters in the mid-1930s displayed the characteristics of developing regional imperialism, while what the declining British Empire displayed was the twilight of developed-world imperialism. This paper will demonstrate that, while the reality of regional and international imperialism displayed by Japan and Britain in the China — centered maritime area of the Pacific Rim in the late 1930s were no different, the decline and prosperity of the two sides had undergone vast changes.

2. Changes in the Center of Maritime Market and Shipping Routes

By mid-1930s the center of the world economy had already shifted from the Atlantic to the Pacific Ocean. The countries of the Pacific Rim were becoming increasingly dependant on trade with countries within the Pacific economic sphere, with the proportion of trade with European countries decreasing. Before the 1937 Sino-Japanese War, China's maritime shipping market was monopolized by Britain, with Hong Kong as its base of operations. Britain's maritime power began with its dominant monopolization of the colony's shipping market, spreading further into the south Pacific, and its monopoly extended from here to Europe and the Atlantic.³ Japanese maritime shipping power, therefore, was established on the basis of the monopolization of the sea market near Japan and long distance sea routes centered on Japan, through which it demonstrated its dominance of the entire maritime shipping market on the Pacific stage.⁴

The influence of the center of the world economy over maritime shipping power can be seen in the changes in the distribution of British and Japanese shipping routes. Britain's

2 Ming-Yuan Chen, trans., "The Trend of British Shipping," *Jiaotong Zazhi*, vol.5, No.6 (1937), pp.70-75. Dudley B. Donald, "The United States and the Shipping Crisis in the Pacific," *Far Eastern Survey*, vol.9, no.6 (July 31, 1940), pp.184-189

3 "The New Phase of the Maritime Control", *Osaka Mainichi Shinbun*, Sep. 12, 1940. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-049).

4 Heihachiro Aso, *Kaiun to Kaiun Seisaku [Shipping and Shipping Policy]*, Tokyo, 1942, pp.479-480.

maritime shipping into East Asia took place along two routes. One route to East Asia passed through the Suez Canal and on to the Cape of Good Hope, while the other route was between the territories of East Asia and the east and west coasts of North America, passing through the Panama Canal, going from North America along the horizontal route of the Pacific to the ports in the Northeast Pacific, which are Japan and the Philippines. In 1934, Britain and Japan were the most dominant maritime countries in shipping to East Asia through Panama, with British and Japanese ships accounting for 1/3 and 2/5 of such shipping tonnage respectively. In 1938 and 1939, Japan accounted for approximately 2/5, while British merchant ships slid from 1/3 to 1/5. At the same time as Japanese ships were successfully moving beyond their existing area of domination and further into the waters of the British Empire, the number of British merchant ships sailing on round-the-world shipping lines linking more than two continents had begun to slide downward from the number, 967 British ships (totalling 764,266 tons) in 1937, comprising 41.7% of the world total. The results of the active deployment of Japanese merchant ships to shipping lines within Asia during the same period are apparent.⁵

At the beginning of the Sino-Japanese War, Japanese and British ships moved towards the Southwest Pacific, with this area and the colonies there becoming the focal point for maritime competition between the two countries. Britain strove to maintain its monopoly over shipping in the West Pacific, while Japanese maritime shipping, in order to create the conditions necessary to monopolize the Chinese shipping market, continually extended its reach into Southeast Asia. With the expansion of the war in Europe after 1939, ships massed in the Atlantic, British ships gradually withdrew from Hong Kong, and Britain's maritime power in the Far East was declining.⁶ The waters of the Far Eastern Pacific Rim had already become a monopolistic market for Japanese shipping.

The shift of the battle for supremacy of the seas influenced the distribution and fortunes of round-the-world shipping routes. After 1939, various countries enacted Neutrality Laws that restricted their ships from entering war zones, and the merchant ships from those countries actively sought ways to continue business operations in the Pacific. This caused British merchant ships and companies such as P&O Steam Co. and the Blue Funnel line, famed for operating along round-the-world shipping routes, to discontinue some of their voyages to the Far East and gradually disappear from the waters of the Far Eastern Pacific. Frequent incidents

5 *Kaigai Keizai Jijou [Overseas Economic Affairs]*, no.12 (1939), p.131; no.10 (1938), p.96; Yu-Ping Lee, "Two Kinds of Imperialism and the Asian International Order: Maritime Competition between Britain and Japan in the Asian International Sea Area in the Early 1930's", in Satoru Nakamura ed., *The Origin and Development of Modern Economy in East Asia*, Taiwan, Taipei: Center for Asia-Pacific Area Studies, Research Center for Humanities & Social, 2005, pp.193-232.

6 Deijirou Toda, *Beikoku Kaiun Shiyou [The History of American Shipping]*, Osaka: Osaka Shosen, 1939, p.281; Heihachiro Aso, *Kaiun to Kaiunsensoku*, pp.479, 481, 487.

in Europe and the Atlantic forced British merchant ships operating on round-the-world routes to either reduce their voyages or stop sailing. Furthermore, Japanese merchant shipping companies such as Osaka Shosen Kaisha (OSK), Nippon Yusen Kaisha (NYK), Kokusai Steamship Co, the "K" Line, Mitsui OSK Lines (MOL), with the Far East not affected by war, were able to develop ambitiously, expanding into a number of new round-the-world and intercontinental shipping routes.⁷

3. Changes in the Monetary Spheres and Shipping Routes

This section demonstrates that while the British pound became a soft currency after the world maritime shipping market shifted from London to New York and at the end of the 1930s, affecting the development of British merchant shipping and shipping routes, the US dollar was still not a strong currency, creating an opportunity for the Japanese yen, a situation which was helpful to the development of Japanese merchant shipping and round-the-world and intercontinental shipping routes.

In the early 1930s, the international shipping market was centered on London. The core shipping routes were the grain shipping route from Argentina to Europe, the soybean shipping route from Dalian to Europe, and the wheat route from the Northern Pacific to Europe. The freight fees for shipping along these main routes became an index for the shipping fees along other routes, with the main standard for pricing being the British pound, followed by the US dollar.⁸ At the end of the 1930s, after New York became the center of the world shipping market and the cotton and scrap shipping route from the Gulf of Mexico to Japan and the sugar route from the Philippines to the North American Pacific became the core shipping routes, the US dollar became the standard for shipping fees and remittances.⁹ In the era when London was the center of the world shipping market, the London shipping market could regulate shipping costs in the East Asian market;¹⁰ after the shift to New York, the New York shipping

7 British Shipping Committee, *Toyo ni okeru Eikoku Kaiun [British Shipping in the Orient]*, Osaka, 1939, translated by Osaka Shōsen Kabushiki Kaisha, p.188; Mitsubishi Keizai Kenkyūjo, *Taiheiyō ni okeru Kokusai Keizai Kankei [International Economy about the Pacific Ocean]*, Tokyo, 1937, pp.191-193; Shizuo Yoneda, *Higashi Indo no Kaiun [The Shipping in East India]*, Tokyo 1943, p.18; Osaka Shōsen Mitsui Senpaku Kabushiki Kaisha and Nihon Keieishi Kenkyūjo, *Sougyō Hyakunenshi [One Hundred Years of Enterprise]*, Tokyo, 1985, pp.67-91; Donald, "The United States and the Shipping Crisis in the Pacific", pp.184-189.

8 Yukitoshi Okazaki, *Kaiun [Shipping]*, Tokyo, 1938, pp. 20-21, 180-181.

9 "The European War and Our Country's Shipping Industry", *Keijō Nippō*, Sep. 20-22 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-142)

10 "British Shipping March to the Orient having the advantage of Weak Japanese Shipping Force", *Kūmūin Shinbun*, May 20, 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-105).

market's prices for shipping to East Asia also produced an immediate ripple effect. In 1939, NYK's price for shipping scrap and cotton to Shanghai and then heading to the Philippines to pick up and transport sugar rose. This was because the cost of shipping from the Gulf of Mexico to Japan increased to USD \$1.25 per ton, more than double what it had been at the beginning of the 1930s. During the same period, the fee for shipping from the North American Atlantic to Japan increased to USD \$9 per ton, twice what it had been before the war. But after the centre of the maritime market shifted to New York, Japanese ships, their shipping routes mainly using the British pound to calculate shipping fees, were considerably inconvenienced; although the New York shipping market could influence pricing trends in the East Asian shipping Market, the US dollars was still not a strong currency payment means. Japanese merchant ships' making use of the devalued yen caused significant loss of business to the British P&O Steam Company. Ultimately, benefits from the exchange rate and higher income from shipping was favourable for the expansion of Japanese shipping routes.¹¹

The comparative advantage of the yen in Asian shipping routes at the end of the 1930s can be seen from the crowding-out effect on the British pound and US dollar in the calculation and payment of shipping fees. This also proves the advantage that Japanese ships and shipping lines held relative to their British counterparts. At the end of the 1930s, when rice from Saigon was no longer being sold on the European market, and war and natural disasters prevented Korea from continuing to export large quantities of rice to Japan, Shanghai and Japan supplanted Europe as the largest importers of rice from Saigon. The majority of rice imported to Japan was shipped from rice-producing countries in Southeast Asia to Shanghai, and then in turn sold on to Japan. When rice from Saigon was imported to these markets, payments of both shipping fees and the cost of the goods were made in yen. The British government would not allow British ships to stop in French Indochina, and French Indochina placed a ban on the use of the British pound in transactions for rice shipments. Japan's dual advantages in maritime shipping and remittances abroad allowed it to, in essence, monopolize French Indochina's rice market, making the territory part of the Japanese economic sphere in the latter part of the 1930s.¹²

11 Kurt Bloch, "Rubber and Tin Trends Reflect War Conditions", *Far Eastern Survey*, vol.9, no.7 (March 27, 1940), pp.81-82.

12 Kurt Bloch, "Rice in the New Order", *Far Eastern Survey*, vol.10, no.3 (Feb. 26 1941), p.35; idem, "Japan's New Rice Granary in Southeast Asia", *ibid.*, vol.9, no.14 (July 3, 1940), pp.159-164; idem, "Rubber and Tin Trends Reflect War Conditions", *ibid.*, vol.9, no.7 (March 27, 1940), pp.81-82.

4. Changes in the Grain Spheres and Shipping Routes

We will first discuss the changes in shipping routes for wheat in the Atlantic and Pacific Oceans to observe its unfavourable effects on British shipping. The decline of British shipping in the latter part of the 1930s can be observed from the effects of changes in the grain spheres on round-the-world shipping routes. In the early 1930s, because of the influence that supply and demand in North and South American, Australian, and other world grain markets had on the direction of the movement of cargo shipments, the world's main routes for the shipping of grain were the wheat shipping routes between the North American Atlantic and Britain and continental Europe, South America and Britain/continental Europe, and Australia and Britain/continental Europe.¹³ According to reports, 1937's poor wheat harvest resulted in an excess oversupply of cargo space, and tramp vessels with empty cargo holds sailed between Australia and Chile or North America. These circumstances illustrate the frequent plight of British ships in the near sea areas. Britain's merchant ships led by far in terms of total shipping tonnage among those merchant ships sailing round-the-world shipping routes linking more than two continents. It is therefore obvious how countries' pursuit of self-sufficiency in grain during the spread of war in the late 1930s, leading to a disconnect between Atlantic and Pacific shipping lines, was a deadly blow to the British round-the-world merchant shipping routes that spanned the seven seas.¹⁴

Next, we will discuss changes in Asian and Pacific shipping routes and their effects on British Shipping. After the turning point of the 1937 outbreak of the Sino-Japanese War, East Asia, Southeast Asia, and Australia were gradually distanced from the European economic sphere, and inter-Oriental trade circles were formed. The aforementioned main round-the-world and intercontinental shipping routes for wheat naturally declined, and were supplanted by minor shipping routes for wheat, such as those between the Pacific and East Asia and Australia and East Asia, which became the main channels for the shipping of grain within Asia. British merchant ships accounted for a large proportion of the shipping tonnage along Pacific offshore shipping routes to East Asia — 29% in 1937, and 24% in 1938. This was because the quantity of exports far exceeded that of imports, a distinctive feature of offshore trade in the Pacific; for this reason, large quantities of goods to be shipped from the Pacific or Australia to the Far East were often encouraged to make use of tramp vessels and round-the-world shipping routes. Tramp vessels could flexibly begin another voyage from any other port from which cargo was available to be shipped, or engage in important port-to-port

13 Wilfred Malenbaum, *The World Wheat Economy, 1885-1939*, Cambridge MA: Harvard University Press, 1953, p.98; Osaka Shōsen Kabushiki Kaisha Kikakukyoku, *Kaiun to Kokumotsu Unchin [Shipping and the Freight Fees]*, Osaka, 1943, pp.51, 69-70.

14 *Ibid.*, pp.30-31.

transport services. Therefore, as long as exports continued to far exceed imports, there would always be demand for one-way services in Pacific trade to the Far East, and British ships would have opportunities to do business.¹⁵ Despite this, the proportion of British merchant ships on East Asian shipping routes in the Pacific could not equal the total and proportion of shipping tonnage represented by Japanese merchant ships sailing the route from the Gulf of Mexico to East Asia, as discussed in the next section.

Let us return to discuss the changes in Asia's intra-regional shipping routes and its beneficial effect on Japanese shipping. With the outbreak of war, there was a trend towards all rice formerly exported to Europe and the Americas shifting to being consumed within the region, and intra-regional rice consumption tended to supplant consumption of items from Europe and the Americas, such as wheat. There was a shift from foodstuffs being supplied via intercontinental shipping to the consumption of local products shipped within continental regions. This clearly offered British merchant ships fewer opportunities to ship goods than Japanese ships. However, British merchant ships sometimes made use of the East Asian and Southeast Asian legs of their round-the-world shipping routes to undertake intra-regional shipping.

British ships used their round-the-world shipping routes to undertake a portion of the shipping of foodstuffs within Asia, the distinct characteristics of which were again especially apparent in export trade. In addition, British ships also undertook transnational trade shipping. British ships not only took on most of the trade between the Empire and Indochina, but a large share of the trade between France and its colony and Indochina's Far Eastern trade as well. Because French ships mainly only engaged in trade between France and Indochina, and, of this trade, only undertook the shipment of imports to Indochina, their share of the shipping in this trade was only 2/5 of the total. Japanese ships also only carried cargo that was part of trade between Japan and Indochina. Other international trade, such as the export of rice from Indochina to colonial France, and trade between China, Hong Kong, and Indochina, was undertaken by British ships. Because Indochinese rice could not be imported into the British pound area after 1939,¹⁶ and rice from Saigon and Burma was no longer being supplied to the countries' European colonizers, these two territories shipped large quantities of rice to Japan, becoming part of Japan's economic sphere. Because they only needed to use shipping routes within Asia, the proportion of Southeast Asian rice transported by Japanese ships shot up rapidly.¹⁷

15 Walter A. Radius, *United States Shipping in Transpacific Trade, 1922-1938*, New York: Greenwood Press, 1968, pp.69, 80-81, 167.

16 Kurt Bloch, "Rice in the New Order", p.35.

17 H. M., "British Shipping Leads in Trade of Indo-China", *Far Eastern Survey*, vol.4, no.25 (Dec. 18, 1935), p.206.

5. Changes in the Raw Material Sphere and Shipping Routes

First, when business on the wheat shipping routes in the Atlantic and Pacific was depressed, after 1936 military-use industrial materials like iron ore, coal iron and steel-centered shipping increased sharply, creating strong demand for ships, as shown in the rapid increase in the number of Europe and North America to East Asia routes, creating a new shipping market.¹⁸ This influenced the fortunes of British and Japanese shipping. Of the iron and steel and hardware exported to East Asia, the low grade steel was mainly from Belgium and Luxemburg, with the high grade steel coming from Britain and Germany. From 1939, supplies from Europe became scarce and European Atlantic routes became less important for shipping iron and steel. US iron and steel gained a foothold in the market and the US became the main supplier, making Far Eastern Pacific routes ever more important. In 1938, the quantity of iron and steel and scrap metal exported from the Gulf Coast of Mexico increased sharply, and the origin of ships carrying the main materials from North America to East Asia, which had originally come from European third countries like Norway and Britain,¹⁹ underwent a change. On this route, the tonnage carried by British ships in 1938 was 27% of the total and others countries' ships accounted for 66% of the total, with Japanese ships especially showing a rapid increase in the tonnage carried.²⁰

Second, as for Asian and Pacific routes, the distribution of Japanese ships and tonnage was relatively unaffected by the European war. Their natural home waters were in the Pacific. Apart from the many ships that sailed between Japan and China to allow the war in China to be prosecuted, they were mainly distributed around Australia, Dutch East Indies, Malaya and the Philippines.²¹ Inter-Oriental trade became the direction of ship distribution adjustment, and triangular trade and routes between North American, Australia and China and Japan in the Far East, taking iron ore from the US Atlantic coast, then carrying timber from the US Pacific coast, then on to Australia, then carrying iron ore and wheat through South-East Asia to Japan and China, increased.²² The cutting off of shipping links between East Asia, the South Pacific and Europe led to the concentration of shipping in the eastern Pacific. Japanese ships made a better use of this route. The East Asian and South Pacific routes sailed by British ships were

18 Osaka Shōsen Kabushiki Kaisha Kikakukyoku, *Kaiun to Kokumotsu Unchin*, pp.30-31, 51, 69-70.

19 "The Scrap in U.S.A.", *Osaka Mainichi Shinbun*, July 27, 1940. Retrieval to Newspaper Article of Kobe University Library, 46 (130-10585).

20 Radius, *United States Shipping*, pp.70-71; "The European War and Our Country's Shipping Industry", *Keijou Nippou*, Sep. 20-22 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-142).

21 Donald, "The United States and the Shipping Crisis in the Pacific", pp.184-189.

22 British Shipping Committee, *Toyo ni okeru Eikoku Kaiun*, pp.58-61; Kevin Burley, *British Shipping and Australia, 1920-1939*, Cambridge: Cambridge University Press, 1968, pp.37-41.

mostly a leg of their round-the-world routes,²³ however, because the Mediterranean-centered seas were off-limits, Britain gradually withdrew its round the world routes. The time was ripe for the development of Far Eastern routes and triangular routes that were legs of round-the-world routes, and the number of Japanese ships increased.

In terms of East Asian shipping routes, in the early period after the outbreak of the Sino-Japanese War, a small quantity of low grade iron and steel was shipped to Shanghai by Japanese businesses but supplies were soon cut off and purchases began to be made in Shanghai for Japanese military use. Because of the sharp increase in the purchase of spot goods by Japanese merchants in Shanghai, imports from the US increased.²⁴ The Japanese shipping tonnage increased substantially due to the successful strategy that forced Japanese shipping to; as it moved into the Asia-Pacific region, begin to change from a Japan-centered goods movement direction to a China-centered shipping market.²⁵ Because of the increase in transport of military equipment, British ships were insufficient to meet these needs, and reliance on ships from other countries increased, with the percentage of the total tonnage of ships in the world that British ships accounted for 10% less than before the war in Europe broke out.²⁶ The result was that British shipping, which had continually enjoyed a dominant position along the coast of China, was faced with the prospect of withdrawal.²⁷

6. Conclusions

There were two branches of world trade, the imperial and the international, which developed in contrasting ways. At the end of the 1930s, the great powers all had the same tendency to strengthen economic ties with subordinate regions within their empires by increasing the importation of agricultural products and primary goods from their colonies and possessions. Britain was no exception, but the scale of its economic and trade relations outside of its empire

23 Toua Kenkyujo, *Nanyou wo Chuushin to suru Toua no Kaiun*, p.90.

24 Institute of Economics, Shanghai Social Science Academy eds., *China's Foreign Trade: 1840-1949*, Shanghai, 1989, pp.51, 122.

25 "Japanese Shipping on the Way to Sea Power", *Chuugai Shougyou Shinnpou*, Feb. 11-15, 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-088); "Easy-to-Understand Guide for A National Policy toward the Rise of Asia Economy", *Chuugai Shougyou Shinnpou*, Sep. 28-Oct. 13, 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (36-43).

26 "British Economy Facing the Crisis", *Yomiuri Shinbun*, June 2-7, 1940. Retrieval to Newspaper Article of Kobe University Library, Europe (24-052).

27 "The Future for the Japanese Shipping Industry", *Kokumin Shinbun*, July 19-21, 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-126); "The British Economy confronting the Crisis", *Yomiuri Shinbun*, June 2-7, 1940. Retrieval to Newspaper Article of Kobe University Library, Europe (24-052).

remained considerable, as demonstrated in this paper's discussion of the tendencies of British merchant ships. As for Japan, although it was unable to achieve self-sufficiency in resources within the empire, and continued to rely to a considerable extent on the United States, Britain, and France, Japan was still tied extremely closely to its colonies, much more so than other empires.²⁸ Because Britain simultaneously undertook both imperial and international trade, military developments and stalled international trade threatened the status of world imperialism and the scale of global shipping routes. Japan made a great deal of effort to strengthen economic ties to its colonies and subordinate regions and thereby develop Asian Pacific Rim maritime shipping as a lifeline for its industry. In the first half of the 1930s, expanding from the base of its Asian shipping routes, Japan continually developed the East Asian legs of round-the-world shipping routes as it marched onward towards the goal of the large-scale expansion of regional imperialism.

In the latter half of the 1930s, changes occurred in the dominance of foreign merchant ships in the waters of the Asia-Pacific and Pacific Rim that Euro-American capitalism represented. Japan moved towards the rest of the world from the periphery, consolidating its advantageous position in maritime shipping and constructing a new maritime imperialism order. First, because most ports of call in the distant seas were located in territory colonized or dominated by Britain, the development of Japanese shipping had to take changing the British colonial-centric distribution of maritime shipping as its central goal.²⁹ Before the 1930s, the development of British maritime shipping power in Asia was based in Hong Kong and China's maritime shipping markets, and then further expanded into the South Asian Pacific. Japan's maritime shipping deployment attempted to affect a shift from development centered on Japan-centric development to development centered on all of Asia, making China a base of operations and causing British maritime shipping to pull back from Hong Kong. This would have great significance in terms of achieving Japan's hope of making numerous British colonial territories available for use as ports of call, breaking through Britain's dense maritime transport network, and building a new maritime imperialism order. Second, in the latter half of the 1930s, Japan attempted to reduce demand for British sterling in exporting and shipping, and did not show support for the London international financial order that British wealth had created. Third, traditionally, British maritime shipping was involved in providing services for multilateral transactions between economic entities or countries all over the world, and the British Empire was more concerned with the balance of services than it was with the balance

28 Kazuo Hori, "The Industrial Division of Labor in East Asia during the Interwar period: The Analysis of Mechanic Trade", in Nakamura ed., *The Origin and Development of Modern Economy in East Asia*, pp.158-159.

29 "Marine Japan's Dominant Area," *Osaka Asahi Shinbun*, Sep. 3, 1939. Retrieval to Newspaper Article of Kobe University Library, Marine Transportation (33-133).

of trade. In the latter half of the 1930s, British maritime transport declined in the world, but the continuation of a several of these characteristics could be seen, as suggested by the fact that British merchant ships could accept engaging in one-way, import-export imbalanced, and multilateral transnational maritime shipping services. The development of Japan's maritime shipping, however, was not based on universal or mutual economic benefit. Because Japan's shipping and manufactured goods trade developed in tandem, maritime shipping was closely tied to foreign markets for raw materials and Japanese goods. As the empire most heavily dependent on its colonies, Japan ambitiously developed its own material-processing industries and other industries through its conquered territories, which became the impetus for the continual expansion of its shipping lines.