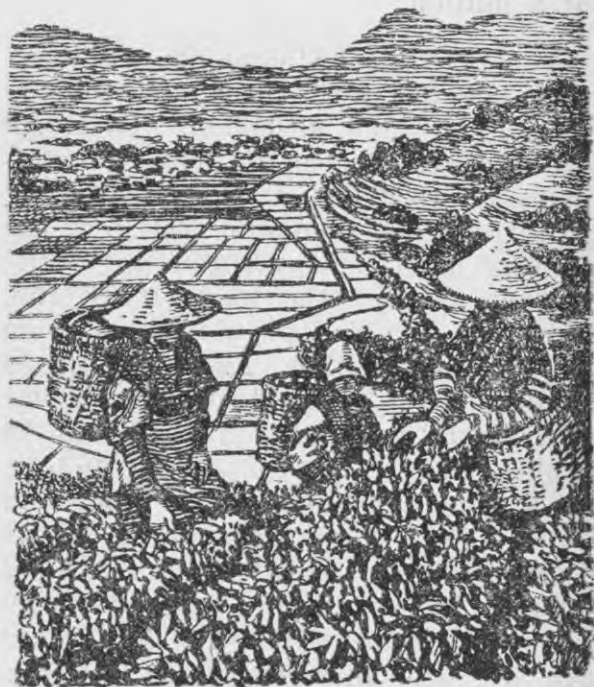


however, that the greatest advance was made, in line with improved technical methods and Japan's rearmament programme. Expansion was also observed in the manufacture of such products as rubber, paper, glass, pottery, chemicals and a number of miscellaneous consumption goods. To feed her industrial machine she had to import most of the necessary raw materials, such as iron ore, pig iron and scrap, non-ferrous metals and ores, pulp, rubber, vegetable oils and hides and skins.

Japan paid for her imports up to 1929 by a highly specialised export trade, sending her raw silk to America and her cotton textiles and a few other manufactured consumption goods to Eastern Asia, India and the South Seas. Raw silk exports fell sharply with the American slump, and thereafter Japan concentrated on exports of manufactured goods. She gained markets for other textiles, especially woollen and worsted and rayon goods, and at the same time there was a great expansion of exports other than textiles. As a result the standard of life increased in Asia, where impoverished peoples soon came to depend increasingly on the cheap manufactured consumption goods which Japan sent to them, and had the Japanese economy not been distorted by preparation for war the development would doubtless have been carried even further.

With the loss of her colonies, Japan will be faced with the need for obtaining essential foodstuffs from areas outside her own political control and currency system. In other words, what was previously her colonial trade will now become foreign trade, and even if she is allowed to do business on equal terms with other nations she will no longer be able to mould the economy of those countries to her own special advantage. To obtain raw materials Japan must have a big export trade, but in addition she may try

to reduce her food imports to a minimum by devoting more manpower to agriculture and fishing than she did before the war. However, in view of her already intensive cultivation and the likelihood of Russia denying her access to the fishing grounds in the northern seas, it would seem that the only solution left to her will be that of retracing part of the course she has followed since 1929, of concentrating her resources to an increasing extent on the consumption goods industries,



and of attempting to build up an export trade in those goods sufficient to enable her to buy the raw materials and food she needs.

In that connection there is one main fly in the ointment—nylon. About two-fifths of Japan's exports in 1929 consisted of raw silk, a trade unique in that it does not depend on imported raw materials. By 1937, however, silk imports had greatly diminished, and in view of the probable competition of nylon it is hardly likely that they will regain their former position. Thus, if Japan is to obtain foodstuffs and raw materials from abroad she will have to export