THE CRISIS AND CONFUSION WITH WHICH MANKIND IS FACED THE WORLD OVER HAVE COME TO ASSUME IMMEASURABLY VAST DIMENSIONS: SO MUCH SO INDEED THAT NOBODY CAN FORETELL WITH EVEN APPROXIMATE ACCURACY WHAT WILL BECOME OF THE WORLD A TWELVEMONTH HENCE. NOR CAN WE SAY THAT THE VICTOR THREE YEARS HENCE WILL COME OFF VICTOR AGAIN TEN YEARS HENCE, AND STILL LESS CAN WE VISUALIZE THE CONDITIONS IN THE WORLD THIRTY YEARS HENCE. IT IS NOT, HOWEVER, SO DIFFICULT TO GET AT THE ROOTS OF THE CONFUSION INTO WHICH THE WORLD HAS BEEN PLUNGED. NOR IS IT IMPOSSIBLE TO OUTLINE, EVEN IF ONLY VAGUELY, THE NATURE OF THE NEW ORDER TO BE CONSTRUCTED AND OF THE CULTURE OF THE COMING GENERATION. MOREOVER, WE CONSIDER IT TO BE AS SIGNIFICANT AS IT IS URGENT TO SEEK THE PRINCIPLE AND FORMULA WHICH WILL ENABLE THE JAPANESE NATION TO CONTRIBUTE ITS QUOTA TOWARDS THE CONSTRUCTION OF A NEW WORLD ALONG LINES WHICH WILL ENSURE THE FUTURE OF OUR COUNTRY. THE THEORY OF ESTABLISHING A CO-OPERATIVE UNIT IN EAST ASIA—THE THEORY OF THE 東亞協同體 Tōakydōtai—, THOUGH NOT YET COMPLETE IN ITSELF, SHOWS NEVERTHELESS IN WHICH DIRECTION THE ENERGY AND EFFORTS OF THE JAPANESE PEOPLE ARE BEING TURNED.

WE MUST ADMIT, IT IS TRUE, THAT, IN VIEW OF WHAT PRECEDED IT, THE WAR NOW GOING ON WAS UNAVOIDABLE, BUT WE CANNOT POSSIBLY ADMIT THE IRRESPONSIBLE ARGUMENT THAT THINGS SHOULD REMAIN AS THEY ARE. IN VIEW OF THE HISTORICAL FACT THAT THE PRESENT ALWAYS INDICATES THE KEYNOTES OF THE FUTURE, WE MUST SEE TO IT THAT THE CHINA INCIDENT IS SETTLED WITH SAGACITY, A LONG VIEW AND A SPIRIT OF JUSTICE, SO THAT A SIMILAR CALAMITY MAY NEVER RECUR IN EAST ASIA; IT MUST NOT BE SETTLED MERELY AT THE DICTATES
of our ability and fancy. To reach an ideal settlement of this kind, Japan must of necessity give up most, if not all, of such demands as are born of self-centredness. The claims of both the Japanese and Chinese peoples, while both should be equally respected, must be toned down by compromise, in order that they may be settled, in the light of world history, with higher principles than would otherwise be possible. We are convinced that a real settlement of the present conflict can never be arrived at unless we aim at such a high level. It is with this object in view, then, that I propose to give a picture of the new order which Japan is grimly determined to construct in East Asia.

Some people are inclined to consider the present Sino-Japanese conflict as an attempt by Japan to achieve imperialistic domination over China. Japan, by her actions in China, by the losses she has sustained and the sacrifices she has made up to the present moment, has already proved herself to be too heedless of capitalistic calculation to justify such a supposition. It is only a small number of our capitalists who are in a position to explain matters on the basis of such calculations. The kind of calculation characteristic of capitalists may, on the one hand, give rise to a desire for some vague, uncertain settlement of the present hostilities, which such calculation cannot explain, and is, on the other, fraught with the danger of intensifying the antipathy and resistance of the Chinese people and consequently of making it increasingly difficult to settle the conflict. Even if it were possible to suspend the hostilities by such half-measures, the fundamental cause of the antagonism between the two nations would by no means be removed. In such a case, we cannot be sure that another disastrous affair would not occur again, and that Japan would not feel uneasy for a long period of time. The history of the world tells us that a settlement not founded on a rational basis is never of a lasting nature.

II

The first question that claims our attention in our endeavour to settle the China Incident is: What does Japan want of China? Some
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may answer by saying that Japan desires China to co-operate in the defence against communism. But that is not what we want China positively to do. For until the outbreak of the present undeclared war the National Government of China did not support the Comintern, and yet Japan was by no means satisfied with that Government. Moreover, if communism is the only thing we are hostile to, then it would have been more sensible of us to go to war against the Soviet Union. What is it, then, that we really want in China? Every Japanese is perhaps conscious of the fact that what Japan cannot possibly tolerate is any attempt by the National Government to build up a anti-Japanese nation by obtaining support from European Powers and America or by co-operating with Soviet Russia. This consciousness varies, no doubt, with the extent of the knowledge and experience, as well as with the viewpoint, of each person, but none the less it is the consciousness of the Japanese people as a whole,—the consciousness that they cannot fundamentally exist without closely linking up with other Asiatic peoples, especially with the Chinese; and that, conversely, other Asiatic peoples, especially the Chinese, cannot achieve their emancipation without being closely linked up with the Japanese.

Such consciousness came to be felt at the back of the minds of the Japanese about 1930. This was perhaps attributable to the complete crumbling down of the world's free trade, which most clearly indicated that the capitalistic economy had come to a deadlock. This, coupled with the cessation of progress in the development of natural resources in Japan proper and with markedly diminishing and diminished returns in agriculture, constituted a fundamental menace to the national prosperity which had developed during the 70 years from the Restoration of 1868. This state of affairs has, naturally enough, made it necessary for us to effect a fundamental reform in our relations with other Asiatic countries,—relations as between liberalist nations possessed of eighteenth or nineteenth century characteristics. The question is as to what sort of relations Japan desires to establish with other Asiatic nations, and especially with China. It is indeed imperative for
Japan to enter into special relations with China. It makes no difference whether the political and economic conditions change or not; nay, to achieve this object it will be necessary to alter the political and economic character even of our own country. For, only by establishing a relationship of a special nature with China, can Japan obtain a new principle by which to rise to greatness. Hence the need for renovation.

On the face of it this would seem to be a very simple problem to solve, but in reality it is a very serious one. For, unless this is firmly grasped, things may come to such a pass, in settling the China Incident, that either concessions are made when they should not be or third countries are allowed to mediate when they should not be. Then again, unless due consideration is paid to this question, it is quite possible that Japan may either demand of China what she should not or fail to demand of her what she should. Some are inclined to think that it will prove very profitable for Japan to bring Chinese factories and private property under Japanese control or to compel the Chinese to sell their labour and merchandise at a low price; while others, who belong to the same category, contend that the present Chinese currency should be maintained and expect Great Britain to mediate, for they intend to utilize the fruits of the present war in Central and South China only in a limited way, if not to limit themselves entirely to North China. It is highly problematical whether such measures, if adopted, would prove commensurate with Japan’s object in carrying out the current hostilities, lead to a satisfactory settlement, and eradicate the age-old evils which have demanded considerable sacrifices from Japan.

“What does Japan want in China?” is, when all is said and done, no easy problem to solve. Ask those numberless people in the street what they are seeking, and you will find that their answers, even if at first sight as different as their faces, are probably, in the final analysis, one and the same; namely that they are all after their bread and butter. It is in accordance with this principle that we must consider and answer the question put above.

In the mountains of Shansi Province lie buried something like
132,000 million tons of coal. Nothing could be better, if Chinese labourers could bring, free of charge, this enormous quantity of coal to some place where Japan would be able to utilize it. But we might as well try to catch fish in the air as expect such a thing. Some suggest that the coal be transported at unprecedentedly low wages. Perhaps this could be done, provided that Japan gains a position of monopoly by virtue of her real ability. By a similar method we might be able to procure at low prices raw cotton, hides, salt, iron, hemp, peanuts, sesame, etc. Then again; it might also be possible for Japan to monopolize the Chinese market and sell the Chinese populace very expensive articles or to control, to a certain extent, their private property. But would such a course benefit Japan as a whole? It is, of course, imaginable that a section of the Japanese population would profit by such methods, but such profit is plainly negligible for Japan as a whole; too small to make up for the sacrifices Japan has so far made and for the expenses of more than 10,000 million yen she has been put to. If, therefore, we were to satisfy our claims by methods such as those mentioned above, productivity in the territory under Japanese military occupation would dwindle more and more, and the purchasing power of the Chinese would accordingly decrease. That would not be all. Japan would have to bear a colossal expenditure and make further sacrifices in order to maintain peace and order in China. This would not be a paying proposition for Japan. The unadvisability of adopting so short-sighted a policy becomes evident when it is pointed out that it may implant in the hearts of 400 million Chinese a bitter feeling of resentment and animosity and may cause similar conflicts to occur over and over again.

Thus, although there can be no denying that we Japanese have some strong demands to make on China, we must remember at the same time that, if such claims are advanced in such a simple form as suggests itself directly from the nature of existing society, they will not help us much to attain our object, that is, to secure stability, promote welfare and strike at the root of the old evil. In other words, crude
claims born of a crude desire for profit do not help us to achieve our object, and Japan as a whole will not profit by taking such an attitude.

We Japanese have no choice but to maintain our prosperity through our rights and interests on the Asiatic continent—that is, for the time being, in China. It is absolutely necessary for us to keep up our prosperity in that way. For this reason, we must gradually rid our demands of whatever objectionable elements there may be found in them, so that they may become realizable. We shall presently see what those demands actually are. Whatever they may be, the proposed relations between Japan and China must not be such as to suggest exploitation of the one by the other, the bringing by the one of pressure to bear upon the other. We know from our own experience that such relations mean happiness for nobody. We must therefore purify, by the will of the whole nation, our crude demands springing from "profit-making on the part of individuals." This process of purification becomes possible only when the political and economic character of the nation concerned is renovated. Only when such efforts go far towards liquidating relations as between liberalist States and establishing instead a relationship of mutual aid on the basis of economy and morality can the demands which Japan must of necessity make on China be fulfilled. This will mean a new chapter in world history, marking the establishment of relations bound by moral principles. In this sense, Japan may be said to desire to construct a new order in East Asia. In this sense, too, the hostilities now going on in China may well be said to be a "holy war."

III

We feel the necessity of going into the reasons why we could not approve the ambition of the National Government to found a liberalist State of the eighteenth or nineteenth century type. We have not denied the State built by the Chinese people. Nor do we by any means intend to deny it in the future. Only we must point out that it is a conception belonging to past ages to think of liberalist countries
at the mention of the word "State." In the world to-day it is this old conception that has been, and still is, causing international conflicts. It would seem that the tendency among the various liberalist countries has been for business transactions, finance, production, transportation and all other branches of economic activity to be facilitated, hampered, restricted, or altered at the unilateral will of the wealthy producers, in particular the small body of influential capitalists, who are out for profit. The time-honoured conception has been to consider that a perfectly independent State is marked by the possession of this sort of liberty. The State which the National Government of China sought to establish was, after all, one of this type. We are evidently at a stage in world history where capitalistic economy, being in an impasse, is causing, on the one hand, blocs of old forces to be strengthened, and, on the other, is gradually liquidating antipathy between States as conceived in this sense by making several countries hang together. What happens in such a group of interdependent countries is that, internally, economic activities are not necessarily prompted by individual profit-making alone—they are largely directed by the object of the nation as a whole—, and, externally, the establishment of economic relations such as are required by the nation as a whole is demanded,—relations which are preceded by political relations. While countries based on liberalism are controlled by the profit-making of individuals, and all actions are regulated thereby, nations such as have just been described may be said to live a higher organic life, ever stressing the development of their respective peoples and eager to fulfil the mission of mankind, of which they are justly conscious. It is such nations that are capable of establishing the relations of a high order which befit the new age.

This is, in a sense, an extension of the scope of moral principles. At all stages of history the State has been regarded as the highest manifestation of moral principles. The present need is for the establishment of moral principles out of, as well as within, the bounds of the State. By moral principles we mean that spiritual basis upon which a concrete order conducive to the progress of the world and promotive
of the development of mankind can be constructed, and not a sort of abstract preaching calculated to patch up the situation. In order to inspire the people with moral principles all that is individualistic has to be reconsidered and reconstructed, and at the same time the nations that are bound to share the same fate should be required to make common property of moral principles on which to build a co-operative and co-ordinate relationship in the political, economic and cultural fields.

History cannot be built in a day. It all starts, as a rule, from a movement for the breaking down of the status quo, which is based on realities, and gradually reaches higher principles. It goes without saying that the presence of a good guiding theory and an able leader will minimize loss and sacrifice and render such a process highly effective. One of the most difficult tasks which mankind is up against is the tiding over of the deadlock in capitalism and nationalism. Marxism offers a simple solution of this problem. This theory argues that capitalism should be replaced by communism, so that consequently nations may cease to exist, the next community being ruled by forces represented by the labouring classes throughout the world. But this is easier said than done. Neither the problem of capitalism nor the race problem can be resolved as simply as Marx would have us believe. It is true that capitalism has come to a deadlock the world over; so much so that both in theory and practice a fundamental reform is being demanded. There is no country but has in some way or other tried its hand at such reform. It must be remembered, however, that, while in some cases capitalism has come to a deadlock in its form and the extent of its development, it still has, in other cases, a good deal of charm because of the deep-rooted attraction it has for mankind. Moreover, man is so trained for such a mode of life that he has not yet reached a stage of intellectual development where he will welcome a rapid and violent change in this respect. This is particularly so in the case of seeking a new system, not in the interests of humanity in general, but as a means of effecting class strife. This is a reactionary idea contrary to the cravings of mankind. The more advanced in culture a country is, the less likely
is such an idea to be translated into action.

The same may be said a fortiori of a nation which is constituted by people of the same race, language and character, and of the same manners and customs, a people who, having developed historically under natural and cultural conditions common to all, lives a gregarious life in a spirit of co-operation. It is but natural that such a people should hang together with the tenacity of an individual for his life. For this reason it is as unpractical as it is incorrect to deny or belittle what constitutes nationalism. To-day when nations must be united in some form or other, a relationship of co-operation and co-ordination of a high order must necessarily be established between nations by respecting each other's nationalism and rising above money-making on the part of individuals. The conception of the proposed co-operative unit in East Asia is therefore in no wise "super-national" and "super-State"; it is an expression of the desire to solve international problems by regarding nationalism with due respect. Nationalism is not a tool of capitalism as Marxism makes it out to be. On the contrary, nationalism shows a great craving for the reform of capitalism.

This does not mean, however, that we admit nationalism of the eighteenth and nineteenth centuries type, or international relations based on liberalism. As everybody knows, the prevailing world tendency towards the formation of blocs is nothing but a world-wide manifestation of historical movements to achieve greater development and prosperity by making enlarged units of nations, each with a guiding nation as its centre, now that it has become extremely difficult, if not impossible, for any individual nation, even with the highest efficiency of autarchy, to remain independent and hold its own. It is in accordance with such a tendency that Japan has come to feel the absolute necessity of maintaining its prosperity by combining with the other nations in Asia—or, for the time being, with China. Without such a combination Japan could no longer enjoy a feeling of safety and stability. Nor could China enjoy a similar feeling without readjusting her relations with Japan. The attempt by China to reconstruct her own country by
provoking Japan shows how blind she is to the change in the historical conditions and to Japan's ardent and time-honoured demands. Such an attempt is doomed to failure.

IV

Enough has been said to indicate that the idea of establishing a co-operative unit in East Asia is based on a consideration of the essential nature of the Sino-Japanese conflict. It is a new type of nationalism springing from the existing form of nationalism. We are not sure that it is not the most realistic and most applicable of all forms of nationalism. We have already stated that it is based on those moral principles which are of greater significance than what is conveyed by the words "ethics" and "justice." The question that suggests itself is: Will not this conception of establishing a new East Asia bring profit and prosperity to Japan, apart from its demand for impartiality with regard to the economic life of the Japanese nation? Our answer to the question is decidedly yes. But our aim and methods are necessarily quite different from those of Western nations.

Time was, before the Great War, when imperialism was successful, and there was a time when imperialism actually meant emancipation and progress. This is but a memory now: the world situation of to-day tells a different tale. The historical conditions have undergone a complete change. Sagacity has permeated the world and made itself felt. Not only is imperialism being denied by advanced nations, but the awakening of younger nations is gradually rendering it virtually impossible. This is particularly noticeable in China. Since the World War there has been a remarkable nationalist movement in China. The Chinese are no longer what they were. Changes have also taken place in the history of the development of colonies. The days of primitive accumulation of capital have passed. Inordinate profit-making akin to plunder is no longer possible nowadays. Slumps in the prices of farm produce, the vast difference in price between industrial products and agricultural produce, as well as other factors, have
contributed their quota in reducing margins of profit. This speaks eloquently of the fact that a stage has been reached in history where, from the moral and economic points of view, it has become impossible to seek excessive profits, whether it be attempted internally or externally. Hence we are faced with several serious economic problems. How can the highest economic efficiency for the whole nation be achieved? How can international relations based on moral principles be established with a view to inducing nations or all the members of a single nation to offer voluntary co-operation? These and other questions must be answered.

From such angles, too, capitalism should be criticized and reformed. In extending and improving the economic relations between Japan, Manchoukuo and China, we cannot help feeling forcibly the need for the reform of capitalism. The present defective nature of capitalism is noticeable in the lack of smoothness in the operation of banking organs between the three countries,—a defect which hinders the inflow and outflow of goods and consequently renders productivity difficult. Upon analysis we find that this defect is caused by that profit-making impulse of individual capitalists which prompts economic activity. So long as the profit-making impulse on the part of capitalists, in whatever form it may be manifested, is of the first consideration, it stands to reason that both the financier and the financed should think more seriously of their own profit than they do of the ultimate object of their own country. Moreover, when the prospect is gloomy, the chances are that capitalists, who are out for profit, will intentionally refrain from extending credits, will hesitate to invest money in enterprises which are urgent from a national standpoint and which are likely to prove profitable in the long run, and that they will use capital for other undertakings, less important but more lucrative, if they do not cause a waste of capital through the overlapping of investments.

In trade relations, too, the traffic in goods is destined to increase constantly and considerably, since the demand may be considered to be almost unlimited, but actually the reverse in the case, because of the
short-sightedness of the profit makers. Trade war and the destruction of trade among liberalist countries are eloquent illustrations of this phase of world commerce. Care must be taken to prevent a recurrence of such a state of affairs in establishing a tripartite economic relationship between Japan, Manchoukuo and China.

Then again, in the industrial field there are instances of colossal capital not intended for the augmentation of production being used mainly for securing rights to monopolies in new markets in order to prevent rival companies from being created in those districts. In such cases, production is carried on only perfunctorily, the demand being met by goods turned out in Japan proper. This corruption among some of our captains of industry out for monopoly cannot be pardoned. When Chinese labourers are employed, the tendency is for the employer to take advantage of their low wages, although in fairness to him it must be said that sometimes their wages are raised. As long as such a tendency continues to exist, it will be impossible for us to inspire other peoples with a new sense of morality and a new outlook on the world. If, in consequence, our activities of keeping order are obstructed, then more and more expenditure will be become necessary in the work of restoring peace and order,—an expenditure which will far exceed the total profits accruing from the investments of our capitalists. Furthermore, measures calculated to prevent the purchasing power of the Chinese multitude from increasing are, from an economic standpoint, tantamount to restraining productivity. If this leads to a falling off in Japan’s production efficiency, Japan’s demand for China’s products will decrease proportionally. That, in turn, will curb productivity in China. If such inactivity affects the whole of the production and the traders of both countries seek markets in a third country or countries, then the relationship of mutual aid and co-ordination will break down. It is therefore necessary to reform the character of capitalism in order that the possibility of such economic evils be obviated and the economic relations between Japan, Manchoukuo and China raised to the highest level of efficiency.
What is, then, the aim of economic co-operation in East Asia? It is to lift the relations between the nations of Asia—between Japan, Manchoukuo and China for the present—to a high level such as has never been attained in the relations between liberalist nations, so that productivity in each of the three nations may expand and the economic life of the people of each country improve. This they will be able to achieve by political and social forces born of a new relationship of co-operation and co-ordination,—forces which will do much to conquer financial and trade difficulties, opportunism in the commercial and productive fields caused by the money-making impulse or the get-rich-quick fever, economic panics due to reckless production carried out without any plan, and other undesirable factors leading to economic uncertainty.

Japan’s phenomenal development in the past 72 years is regarded as a marvel in the modern history of the world. Since the Restoration of Meiji (1868) the population of Japan has increased by 40 millions, and a considerable advance has been made in the national life. This is remarkable as compared with the progress of the country during the Tokugawa Shogunate (1603–1868), when there was an increase of only 10 millions in population and the improvement in the standard of living was negligible. This surprising progress is due to several causes. One of the determining factors was the adoption of scientific methods of production. What was, however, of greater moment was the fact that Japan’s economy was placed under a unitary system, which resulted in the raising of productive efficiency to the highest point attainable.

It goes without saying that Japan’s development was realized within the limits of capitalism. But we are now no longer in the age of liberalistic capitalism; we are in search of some outlet for development beyond the limits of this type of capitalism. Where monopolistic capitalism is in evidence, efficiency will not be raised in any economic relations to the maximum height to meet the claims of the nation, unless economy is safely guided by good government.

The various policies enunciated above presuppose a change or
changes in the character of the government. Whether an enterprise be undertaken by the State or privately is not important. What counts for much is to know what bulks large in the eyes of the government, which is said to be "a collective expression of economy." We need such government as is regulated by a consideration of the benefit of the nation as a whole, without being influenced by individuals such as a few profit-seeking capitalists: the sort of government in which the greatest respect is shown, not for the possession or control of capital, but for the initiative of individuals, which should be duly rewarded.

In short, the conception of creating a co-operative unit in East Asia,—and that is what we must aim at in settling the Sino-Japanese hostilities—may be said to have historical significance, in that it purports to be at once a solution of the problem of nationalism and of that of capitalism. Only by translating the conception into practice can we hope for the final settlement of the China Incident.