

What Japan Really Wants

by PAUL HUTCHINSON

FOR THE SIXTH time in a generation Japan has grasped at the shadow of power and lost the substance. As I write, her warships lie in full control of Shanghai, the greatest port of the Far East. Her soldiers hold Manchuria from the Great Wall to Harbin. Her diplomats shrug noncommittal shoulders as they listen with scarcely concealed superciliousness to the protests of Geneva, London, Washington. Never before has Japan held so firmly the outward semblance of power. Never before has she been so plainly marching toward ruin.

Six times, I say, has the "modernized" Japan seized what she thought to be power, only to find herself loaded with liabilities far weightier than any advantages she may have gained. Her first great cast for a place in the sun came in 1895 when, at the close of her war with China, she annexed Formosa. The war itself had proved a ridiculously easy conquest. And what is conquest for if not to add to a nation's territory and power? To be sure, certain European nations placed a veto — for which they later paid dearly — on the annexations that Japan most desired to make as her reward for that initial adventure in armed imperialism. But, balked of Port Arthur, there was Formosa, an island capable of supporting an immensely enlarged population, rich in natural resources, inviting in climate. Why not Formosa? And so, for the first time, the name of Japan entered the list of "powers" when Formosa and its attendant Pescadores were added to the island empire.

And what has Japan gained from Formosa? The temper of the natives has required the con-



stant vigilance of large military and police forces, not to mention several costly campaigns. The island has failed to attract that surplus population which is always pointed out by Japanese statesmen as requiring territorial expansion — and always refuses to leave home after the expansion comes! The camphor monopoly that once looked so promising as a source of easy money for the always hard-pressed empire went to pieces with the invention of synthetic camphor. Only

by an expert juggling of figures has the occupation been made to appear other than an endless drain on the Imperial treasury. Save for the single advantage that comes from holding territory which might possibly be seized for use as a base by some attacking enemy, plus the prestige that comes from holding conquered territory — a form of prestige that is fast losing its glamour — Japan has nothing to show for her first colonial venture but the birth of China's hatred and the beginning of that process of military expansion that has dragged her closer and closer to bankruptcy.

Fifteen years after the annexation of Formosa, Japan annexed Korea. Never was there an easier conquest, or one which seemed to offer more to the conqueror. Korea had become so helpless a pawn in the politics of the Orient that her dynasty accepted with gratitude the proffered refuge of incorporation in the Japanese nobility. Korean territory had acquired a high sentimental value in Japanese eyes through the sacrifices of the war with Russia; the Japanese authorities confidently believed that this might be quickly and easily translated into a colonial development of enormous

economic value. In the years since annexation, accordingly, everything possible has been done to speed the settlement of Korea by Japanese and to guarantee to these emigrants speedy and large financial returns.

But Korea has proved another disappointment. Comparatively few Japanese have migrated there — not enough to make any impression on the problem of surplus population at home. The methods by which Korean farmers have been edged off their land to make possible the operations of Japanese colonizing societies have engendered a deep and ceaseless hatred on the part of the Koreans. Once, at least, this has given rise to open insurrection. Always it has necessitated the maintenance in Korea of a costly military establishment, backed up by police and spy systems that are a constant drain on the Japanese budget. Viewed as an economic investment, Korea so far has been an undeveloped pioneer area, into which millions of yen have been poured in hope of future profits. But the day of profit-taking has not yet dawned, and there is no immediate prospect of its arrival. Viewed from the military standpoint, Korea, which was to have been a rampart against attack, has proved to be merely another exposed salient of empire, whose protection has involved the later and more costly operations in Siberia and Manchuria.

The decade that followed the annexation of Korea saw Japan embark upon her two most costly and most fruitless imperialistic adventures. The first involved the attempt to establish her control over the Chinese province of Shantung, and the second eventuated in her occupation of eastern Siberia. Looking back on these two incidents it is hard to understand why they seem to have had so slight an educative effect on the mind of Japan's dominant military caste or to have failed so largely to weaken the prestige of that caste. For in these two cases the military caste precipitated the empire into enterprises conducted according to the perfect pattern of nineteenth-century imperialism, and both signally failed to work out.

When Japan, seeing her opportunity in the outbreak of the World War, seized the German colony of Kiao-chao, she but followed the pattern that the Western powers had marked out. Putting pressure on the one hand to wring

acceptance of the hard-boiled Twenty-one Demands from a helpless China, and on the other to conclude a series of secret agreements with the hard-pressed nations of Europe, Japan was able to enter the peace conference in a position to exact the Shantung clauses of the Treaty of Versailles. Viewed from the standpoint of the militarists, her position was impregnable. But the storm of resentment which the Shantung awards stirred up, provoking the Chinese boycott and the open ill will of other states, made all the gains from the occupation of Shantung of such doubtful value that in less than four years the empire was ready to withdraw from a position which, regarded purely as a military problem, could have been held indefinitely.

The Siberian episode was even more humiliating in its final outcome. There Japan took advantage of a condition of near-anarchy, one in which the public opinion of the rest of the world held that she was confronted by an outlaw state, to seize a vast stretch of territory that apparently offered every inducement for just such a policy. Economically, Siberia offered resources of enormous potential value. Strategically, occupation increased tenfold the margin of protection for the empire against the advance of an enemy as dangerous socially as politically. The simplicity of the occupation proved all that the Tokyo general staff promised. But the outcome was so disastrous, from the standpoint of the national budget and the industrial prospects of the empire, that, without ever experiencing any important military resistance, Japan was finally glad to draw her troops out of Siberia, give up her grip on the railway, and write the whole adventure off to profit and loss.

It is amazing that, in the face of experiences of this kind, the military clique should, within another decade, have been able to induce the nation to embark on two more adventures of the same sort. But the facts are what they are. Not content with the dominant position which she had held in Manchuria ever since 1905, Japan has now undertaken a complete military subjugation of the entire southern part of that vast territory and is, as these words are written, sending her troops northward to seize Harbin and so to establish herself athwart the Russian railway to Vladivostock. And, as if that were not enough bite to be digested at one time,

with the turn of the year she has dispatched her forces to Shanghai, which she is now in process of subduing, and from which she doubtless expects to move to capture control of the Yangtze valley.

THE DREAM OF DOMINATION

IN VIEW of the risks which Japan takes in embarking on these latest ventures, the only conclusion possible is that her actual rulers are still under the spell of the ideas inculcated by the armed imperialisms of the nineteenth century, which were at the height of their prestige in the period when Japan was transforming herself from the isolated medievalism of the shogunate to the "modernized" state which now confronts the world. The term "actual rulers" is used with deliberation, for nothing is more clear than that the formation of a parliament, the extension of the franchise, and all the other developments in the direction of democratic government have not as yet succeeded in upsetting, or even seriously weakening, the actual authority of the military caste. Commercial interests have, on some occasions, dared to oppose the military lords. But in the pinch, the army and navy still have the impregnable strength of the elder statesmen and aristocratic clans at their backs, which means control of the throne. Which still means, in Japan, control of everything.

One by-product of the present Japanese policy in Manchuria has been the education of most of the rest of the world as to the nature and power of Japanese militarism. It is now widely understood in the West that control of the army and navy in Japan remain the prerogative of the empire's two most ancient and powerful clans — the Satsuma and Chosu — and that these two branches of the government, although represented in the cabinet, are in no vital sense responsible to the cabinet, but, under the form of direct relation to the throne, are in practice almost free to follow their own desires. The only important civilian check on military and naval programs is budgetary — which has had its part in precipitating the present crisis — and that check, as the veriest political tyro knows, can be removed by the simple expedient of creating an international imbroglio in which it is necessary to keep army and navy at maximum strength.

It is not hard to understand, when all the

elements are taken into account, why this ruling military clique in Japan remains obsessed with the ideas that governed the imperialisms of the last century. Any pupil is likely to treasure the precepts of his instructors. This is particularly true in the Orient, where the maxims of the Confucian philosophy are so deeply ingrained — among others, the sanctity of the relationship which should exist between teacher and pupil. During the years of her tutelage, say from 1854 to 1894 or to 1904, Japan's teachers were the European imperialists of that period. Undoubtedly she was impressed most of all by the precepts and practice of Bismarckian Germany, as the arrangement of her political institutions and the status of her army and navy show. Far from having been disillusioned by the outcome of the World War, the members of Japan's ruling clans honestly believe that that war demonstrated the superior efficiency of the Hohenzollern empire, since it was overcome only after more than four years of terrific struggle by a combination of almost all the rest of the world. The present Japanese policy in Manchuria and at Shanghai is therefore, in a sense, simply testimony that Japan's ruling clans believe that the lesson taught by Germany at Tsingtao in 1898 is as applicable to world conditions in the fourth decade of the twentieth century as it was in the last decade of the nineteenth.

Intense as is the resentment now being felt in this country against the course which Japan is following, fairness should compel recognition that the dream which animates the Japanese is the same dream that has possessed the Anglo-Saxon nations — domination over a major geographical area. Just as the United States conceives itself as the unchallenged leader of the Americas, and as England is unhappy when she is not playing the leading rôle in Europe, so Japan believes that fate has marked her for first place in the mighty future that is opening before Asia. She has a keen sense of her lack of resources for such a part, but she can see no reason why, if an island kingdom no larger than Britain can build history's mightiest empire and make her word received with respect in every court of Europe, Nippon should not be able to accomplish as much in relation to the Asiatic mainland.

Latterly, also, it is only fair to acknowledge

that Japan has acquired a certain measure of Messianic complex. Many of her leaders honestly conceive their nation to-day as the champion of the tinted peoples in an inevitable struggle to redress the racial balances which were tipped so heavily toward white world control by the events which fell between the departure of Columbus from Cadiz and the battle of Adowa. This factor of race championship must not be left out of account in any appraisal of Japanese policy. It has been, for example, responsible for much more of the Japanese defiance of the League of Nations than can be easily computed. For whatever the reasonableness of the League's proposals, Japan simply does not mean to accept dictation longer from any white-controlled international body.

Humanitarians may feel that Japan has taken a peculiar method of securing leadership, either in Asia or as champion of the non-white peoples. Her high-handed course, they will point out, has earned her the suspicion of Siberia and India, the hatred of China, and the bitterness of the Koreans. Neither do the Filipinos nor the Malays trust her. How much leadership can a nation exercise under such circumstances? The answer of the ruling caste in Japan is that leadership is generally enforced rather than entrusted; that nations and races, like smaller communities, are divided into lions and sheep, and that rule is reserved for the lions. The methods by which the British empire established its power were not, in many cases, distinguished for sweet reasonableness. No more were the methods of the United States in the Caribbean. Even Lenin perceived that power is a prerogative of dictatorship.

This is the basis on which most Japanese conceive the policy of their nation toward China justified. Japan has no enmity against China. That, I think, any dispassionate observer will concede. But she sees in China a sprawling, helpless child-nation, her own worst enemy and, because of her helplessness, a constant temptation to the cupidity of the rest of the world. What China needs, as Japan sees the case, is discipline — someone to come in and whip her into shape. Because of the size of the problem, this may involve a measure of practical subjugation extending over years, or even generations. But this is all, in the long run, for China's own good. It keeps the danger

of further Western penetration of the East at bay. It delivers China from further despoliation at the hands of her own military freebooters. And it will so organize China's potentialities that, when the period of tutelage is at an end, China will take her place easily and without dispute among the world powers. In the meanwhile, is not the tutor worthy of his hire?

Now that, roughly speaking, is the most common attitude of Japanese toward China, and it should not be difficult for Americans, who have formed the habit of acting a similar tutorial rôle toward Nicaragua, Haiti, Cuba, or Mexico, to comprehend. The Japanese, it is true, become considerably exasperated when China fails to respond to what they regard as the fundamental good will of Japanese policy. But almost any outsider who tries to do business with China in these days is likely to grow exasperated before the attempt is finished. I remember hearing a distinguished American, on his return from representing his nation at an international conference in Peking (as it then was), close his friendly comments on China by saying, "Of course, no American can be over there long without itching to take forty thousand marines in and set the country in order."

Well, that is much the attitude of Japan, given added point in her case by the fact that the progressive disintegration of China constitutes a nuisance on her own doorstep. It is to set China in order, to set the whole East in order, and to set in order the color bloc that is to confront the white world that Japan has grasped for power.

THE HIGH COSTS OF THE WAR

BUT WHAT is power? Practitioners of the *realpolitik* of the nineteenth century would have found it difficult to understand why that question should be raised. Power was possession. To the politician, power was the possession of territory or of the authority of arms. To the industrialist, power was the possession of markets or of natural resources. The whole clash of competing interests in Africa, the Near and the Far East that led to the cataclysm of 1914 grew out of those conceptions. The statesman of the nineteenth century never considered himself to have acquired power in any given territory until he had run a flag up over it. The trader never felt himself on firm

ground until he could write the tariffs and land titles of a region.

That was the teaching of the imperialism in vogue when Japan entered the school of the nations, and that is unfortunately the teaching that Japan still follows. To attain the fulfillment of her dreams she must have power, and power is possession. The trouble is, of course, that the old formula is not working in the post-war world, and the Japanese mind has not proved elastic enough to grasp the fact. It has been a good many years since the Western nations felt actual territorial possession necessary to economic advantage. The way of the colonial power has been too hard to make colonizing attractive of late; moreover, American experience with the indirections of a Platt Amendment or certain Central American loans and treaties has proved that results quite as conclusive can be attained by means that are (seemingly) much more pacific and certainly much cheaper.

Of course, one cannot pretend that the Western powers have entirely forgotten the *realpolitik* of the pre-war period. Certain events in Syria, in Samoa, and India prove otherwise. But at least this has happened: they have learned that another technique is conceivable. And while this new technique is still being tried out somewhat crudely, it is showing results more satisfactory than those of the old order. The United States, for example, has every reason to believe that it has found a surer way to power in its dealing with Mexico through the bankers' technique introduced by the late Dwight Morrow than it possessed when President Wilson was forced to rely on General Pershing's flying column. And in years to come the United States will probably find the possession of the defaulted bonds of the South American republics a "persuader" superior to visits from battle squadrons and threats of the marines. For even though the process of defaulting has been an uncomfortable one for certain of our citizens, it cannot begin to compare in costliness with a single military expedition. If that sounds cynical, all I can say is that international politics continues to be a cynical business, even in this blessed post-Versailles era.

It is a general observation on the Japanese that they are an imitative, rather than an originating, people. Almost any traveler in

Japan can tell of the ways in which minor Japanese officials, attempting to follow rules that have been patterned on foreign models, have been reduced to helplessness by the appearance of circumstances of an unexpected nature. The bewilderment of the Japanese policeman when called on to deal with a problem "not in the book" is a by-word among wanderers in the Orient. Japan's diplomatic book was written in the days when the European powers were scrambling for territorial acquisitions all over Africa and Asia; it is too sadly in accord with the Japanese nature that her rulers should have failed to perceive that a new set of circumstances has arisen for which the old rules are inadequate.

By following the old rules Japan, in her desire for power, has gained an enormous increase in territorial control. It is of interest to note, for example, that Manchuria, and Inner Mongolia over which Japan is just now establishing her authority, do not differ much in size from the territory which the United States took as its prize from the war with Mexico. In addition, Japan has gained natural resources of great importance to her industrial ambitions, and the control of populations with high market potentialities. And it is obvious that, at least for the present, she has attained a position of unquestioned dominance in the Far East. Add these three gains together, and it will be understood why the Japanese have felt the risks of their policy worth taking.

But against these gains the Japanese will shortly come to see that there are certain losses to be entered. There is, for one thing, the enormous increase in the national budget, and hence in the tax burden, that is involved in any continued policing of a territory as large as Manchuria. The Japanese budget last year totaled more than \$800,000,000, which represented an increase of 180 per cent over the year of the outbreak of the World War. It was the attempt of the cabinet to reduce this by cutting the cost of one corps out of the army estimates that, in the opinion of many observers, determined the military clique to precipitate the crisis in Manchuria last September. The cost of the operations in Manchuria and the Yangtze valley will add an enormous burden to the budget for next year; the cost of administering any territory thus seized will serve to keep the total at new heights. When

it is remembered that forty out of the sixty million Japanese are peasant farmers; that 93.1 per cent of the families live on a monthly income not exceeding 100 yen, it can be seen how serious is any addition to a tax burden that already averages almost 14 yen a year for every man, woman, and child.

On the debit side of the ledger Japan must also enter the questionable nature of the titles attained by the means she has been following. Mr. Stimson pointed out in his note of January 7 that titles, either to territory or to any other form of property, acquired by the use of force in defiance of the provisions of the Kellogg pact are void. That may have sounded like an empty form of words when Mr. Stimson employed it, but Japan's financiers will soon awaken to its importance. A Shanghai periodical recently listed several hundred commercial establishments of one kind and another which Japan has seized in Manchuria. But the successful development of these properties depends upon securing funds in the world's financial markets, Japan being a debtor nation. It would be a bold banker who would furnish funds to develop a title that the United States had specifically pronounced bad.

A third fact with which Japan must reckon is the hatred of her neighbors. There is always a temptation for the armed strong man to despise the expressed outrage of those on whom he has trampled, setting it down as the fruitless compensation of weakness. But force has never yet found a satisfactory way of dealing with a boycott, and no amount of military pressure can make an enraged nation buy. If Japan is to develop an industrial strength in the East in any way comparable with that which Britain has built in the West, she must have successful access to the markets of China. She may be able to command raw materials at the point of a gun, but of what use are materials unless there are markets in which to dispose of the manufactured goods into which the materials are transformed?

Last of all, Japan has managed, by her course since last September, to plant in the minds of all the rest of the world suspicion of her good faith. In an industrialized world, where credit is one of the necessities of expansion, this loss of confidence is an intangible

loss that may eventually do more than all the others combined to check and hamper the progress of the island empire.

THE IMPENDING REVOLUTION

THE BALD fact, therefore, is that Japan, holding Manchuria, storming Shanghai, defying the protests of the rest of the world, is compounding for herself a perfectly impossible future. The power that she has grasped is, again, a mirage, an illusion. Garrisons scattered along the far-flung borders of Manchuria may look like power, but if those garrisons close the entrance to the China market they merely make bankruptcy inevitable. It may seem pusillanimous for the other nations to allow Japan to seize Shanghai — or even, as it may turn out, the Yangtze valley — without doing more than register a formal protest. But those nations can well afford to accept the momentary rebuff and, by settling back and sealing up the sources of further financing, let Japan compass her own exhaustion.

Once before, at the time of the Siberian expedition, the inability of military conquest to pay its own way was finally made clear to the commercial elements in Japan. At that time these intervened to force the retreat of the expedition, vehemently as the army staff protested against the loss in prestige involved. For the time being, that lesson seems to have been forgotten. Japanese business interests are supporting the pouring of troops into Manchuria and the Yangtze valley, dazzled by the scattering of the sunrise flags over the map of the Asiatic mainland. But let the Chinese boycott continue in force for another six months. Let the financial springs of Wall Street and Threadneedle Street go dry. It will not take long once more to awaken the business interests of Japan to the fact that, in the world as it now is, military glory is commercial suicide. Out of that awakening there will come a new revolution in Japan.

But after that revolution has been won, Japan will find it a hard and bitter task to undo the harm that her granite-headed militarists have done. For power, in the modern world, must be fashioned by international coöperation out of good will. And good will is a slow growth.

Next Month — "What Germany Really Wants," by George N. Shuster

Taxes, Taxes, Taxes!

by JAY FRANKLIN

TWO YEARS ago, when it was still good politics to pretend that taxes need not be increased and when our business leaders insisted that a cheerful whistle was all we needed to see us through the economic graveyard, one of our younger political economists wrote a paragraph which deserves to be written in letters of fire upon the brow of every American Secretary of the Treasury and every investor in government, state, and municipal bonds — and which will be so written unless the advice is heeded:

The greatest challenge to scientific American government and to political engineers, great and small, is the orderly organization and simplification of our tax system. As matters stand, government simply sets up a set of toll gates at the points where money passes — estates, customs, ticket offices and the like — and takes a crack at cash in passing. We have customs duties, income taxes, excise taxes, sales and luxury taxes, entertainment taxes, inheritance taxes, poll taxes and general property taxes — all writhing together in a matted mass of conflicting jurisdictions and governmental cross-purposes.

To-day we find the American tax system in chaos. Great cities like Chicago are bankrupt. State taxes are rising. The government at Washington is down on all fours scrambling for pennies, and billions of funds are being pumped into our anæmic banking system, while hundreds of millions more are being appropriated for relief and reconstruction: relief for the victims of our own economic stupidity, reconstruction of the very system which created the victims which we are now required to relieve. Andrew Mellon had scarcely headed in the direction of the Court of St. James and the statutory satin knee-breeches, when Ogden Mills coarsely remarked that the government deficit for 1932-33 would be about half a billion dollars greater than had been expected. Mr. Mills followed up that statement with a proposal to raid the traditional source of state revenues by imposing a federal gasoline tax

and to tax electric light and gas bills at the handsome rate of 7%, gross, which is considerably more than the malevolent "Power Trust" squeezes out of the helpless consumers.

A crisis in American taxation is rapidly approaching. Every governmental agency has power to tax everything within its borders, excepting imports, while the only things which the government can't tax are exports and real estate. The states and the Federal Government wrestle for the income tax and the inheritance tax, the government is going after the gasoline tax, and in the ensuing struggle for solvency the underlying cause of the disorder — the extravagant cost of American government — will be lost to sight. Congress, dragooned by fear lest the United States be forced to abandon the Gold Standard, which, together with the Holy Ghost, is the greatest mystery of modern life, is rushing through bills to attach the banking system to the tank of inflative laughing gas at the same time that it votes down measures to relieve the destitute. This is the stuff of which little revolutions are made, and when high taxes are added to the formula the Treasury experts will have their work cut out for them.

In the last thirty years the cost of American government has been multiplying out of all proportion to the growth of American wealth. Since 1900, our wealth has increased from about ninety billion dollars to about three hundred and sixty billion, an increase of 300%. In the same period the cost of Federal Government has increased from a little over half a billion to over four billion dollars, an increase of 700%. State levies on general property have increased from \$725,000,000 to nearly four billion dollars, an increase of nearly 500%, and municipal taxation for all cities over 30,000 in population now amounts to well over three billion dollars. The cost of government in the United States to-day is