

# **Japan's Position in Near Eastern Countries**

## **Our Plan for Economic Development in the Near East**

**(1926)**

**By**

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**Translated from Japanese by Yukie Suehiro and Michael Penn**

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## **Abstract**

This is a translation of a Japanese-language article published in a journal called *Kokusai Chishiki* (International Knowledge) in August 1926. The author participated in the Near East Trade Conference in Istanbul in April of that year, and this essay reflected his own reaction to that event, and the thoughts that it inspired. The significance of the article derives from the fact that it is one of only a handful of accounts we have from the 1920s that discusses the role and the potential expansion of Japanese participation in what was then referred to as the “Near East.” The author lays out the political landscape of the European rivalries in the region, and discusses the impediments lying before Japan as it contemplates a substantial economic advance in the region. Much of what he encouraged actually reached fruition in the following decade and a half. According to Hasegawa, the main factor arguing for Japanese trade expansion into the Near East at that time was the perceived problem of overpopulation on the Japanese home islands.

**Fumihito Hasegawa** was an author in prewar Japan. In 1938, he also published a book in Japanese entitled, *Issues Surrounding a Tense Far East on the Verge of Catastrophe*.

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## **Introduction**

This is a translation of a Japanese-language article published in a journal called *Kokusai Chishiki* (International Knowledge) in August 1926. The author participated in the Near East Trade Conference in Istanbul in April of that year, and this essay reflected his own reaction to that event, and the thoughts that it inspired.

We are fortunate in already having a serviceable account of the Near East Trade Conference itself from Professor Masaru Ikei of Gakushuin University (see Footnote 1 on Page 26 for the full bibliographical reference). According to Ikei, the trade conference was the brainchild of Ambassador Yukichi Obata and more broadly of Foreign Minister Kijuro Shidehara, both of whom were keen to expand Japan's international trading links. Other notable participants in the conference were First Secretary Hitoshi Ashida of the Japanese Embassy in Turkey, later to serve briefly as Japanese Prime Minister in 1948; and Chishu Naito, who would emerge as one of the most important and talented prewar Japanese scholars of Islamic West Asia, and especially of Turkey.

The significance of the Hasegawa article derives from the fact that it is one of only a handful of accounts we have from the 1920s that discusses the role and the potential expansion of Japanese participation in what was then referred to as the "Near East." The author lays out the political landscape of the European rivalries in the region, and discusses the impediments lying before Japan as it contemplates a substantial economic advance on the region. Much of what he encouraged actually reached fruition in the following decade and a half. According to Hasegawa, the main factor arguing for Japanese trade expansion into the Near East at that time was the perceived problem of overpopulation on the Japanese home islands.

We now offer the full article in translation for your consideration.

## I

Since the Near East Trade Conference was held at the Japanese Embassy in Istanbul this April, an agenda for Japanese economic development of the Near Eastern countries has been discussed. In this meeting, some problems regarding the preparation for trade with the Near East were considered in order to find new markets; especially in Turkey, the Balkans, the coast of the Black Sea, and Egypt. Moreover, there is a desire to develop merchant services in this area and improve the international debt and credit conditions.<sup>1</sup>

The relationship between Japan and the Near Eastern countries began with the signing of the Lausanne treaty in 1923, and since then the basis for mutual economic development has been laid. According to my own observations, the reason for this is because the treaty led to the end of the fighting in eastern regions, and restored the peace between the Entente countries of World War I and Turkey. At the same time, it constructed the relationship between Japan and Turkey. In other words, until the treaty was signed, the Japanese government was not able to make an agreement with Turkey, in spite of some negotiations, because of the issue of extraterritoriality. With this treaty, Japan could establish friendship and a commercial treaty with Turkey, as well as with the Powers.<sup>2</sup>

The Japanese government is linked not only with Turkey, but also Greece, Rumania, Serbo-Croatia, Syria, Palestine, and Egypt, in order to develop its economic activities in the Near East. This is a rather broad area. Although Japan has many trade partners in this region, Turkey is the most important country for Japanese economic development.

The first reason for this is that Japanese government holds a good position to receive tangible and intangible benefits from Turkey with this treaty; although clearly there is a historical background in which the Turkish Empire had ruled most of the Near Eastern countries. Moreover, the large port city of Istanbul is very important for Japan from the viewpoint of its geographic position and convenience of transportation. Therefore, Turkey must certainly be considered the main country for Japanese trade in the Near East.

## II

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<sup>1</sup> Fortunately, useful academic work has been done on this conference, and this scholarship is now available in English. See Masaru Ikei, "The Near East Trade Conference of 1926," in Selcuk Esenbel and Chiharu Inaba, eds., *The Rising Sun and the Turkish Crescent: New Perspectives on the History of Japanese Turkish History*, Bogazici University Press, Istanbul, 2003, pp. 145-165.

<sup>2</sup> The issue of extraterritoriality had a larger effect than Hasegawa seems to have been aware of. In fact, Japan had been negotiating with the Ottoman Empire since the mid-1870s over a proposed bilateral treaty of friendship and trade. Time and again, the issue of extraterritoriality defeated these negotiations, and nothing truly substantial was ever accomplished in the diplomatic realm until 1923.

As the Japanese government makes an effort to extend its commercial rights in the Near East, there will be some difficulties. The first one is the balance of power among the European Powers. In this area, there are certain political and economic power games among the European countries such as Britain, France, Italy, and others. If a relatively backward country like Japan goes there in order to carry out commercial activities—finding new markets, establishing local companies, and gaining commercial rights—they will receive interference from the Powers.

However, when the Japanese government lends support to these commercial activities vis-à-vis the European Powers, Japanese economic activities will not be restricted by treaty. The Japanese government must be treated as equally as a Power itself. In this sense, it is natural for us to go to Turkey and the Near Eastern countries and live and work there just as the other Powers do. If the Japanese government supports our commercial activities, the Powers cannot *openly* object to Japanese behavior because they don't have the right to disturb such Japanese activities. However, in reality, it is difficult to say that Japanese activities won't be controlled by someone, like when one enters some wilderness on your own.

The balance of power among the Powers in the Near East was quite complicated before the war and during the war. However, after the territories of Turkey were divided by the Lausanne Treaty, each Power received its own distribution of land. In other words, Turkey was obliged to return to its Asian motherland, and the vast territories which Turkey had possessed before the war were divided up among the Powers.

Britain became the mandatory power for Mesopotamia and Palestine. France became the mandatory power for Syria. Some anti-Turkish countries in the regions of the Red Sea were created under the power of Britain,<sup>3</sup> and Egypt became independent. Morocco, Tunisia, and Algeria were ruled by France; and Libya accepted the power of Italy.

Although Britain and France had struggled for supremacy over the Near East for a long time, they were able to reach an agreement and shook hands with the government in Ankara. This was a drastic change for British foreign policy. Although Britain never neglected the

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<sup>3</sup> The "anti-Turkish countries in the regions of the Red Sea" would seem to be primarily a reference to the short-lived Hashimite Kingdom of the Hijaz, and perhaps Yemen and the Saudi Nejd as well. The Hashimites of the Hijaz were defeated in 1925; and, in 1932, Abd al-Aziz ibn Saud united the Hijaz and the Nejd into the modern Kingdom of Saudi Arabia.

position of Greece, it was no longer necessary for Britain to interfere as a friend of Greece because of its agreements with the other Powers.<sup>4</sup>

In fact, France was the practical winner of the struggle. France signed an exclusive peace treaty with Turkey in the Ankara Agreement of 1923.<sup>5</sup> France withdrew its troops from Syria, and it gave Turkey about ten thousand square miles of territory in Syria and Asia Minor. Moreover, France agreed with the Turkish government on the rights of transportation. In this way, France gained the right to use the Baghdad Railway within the territories of Syria and Turkey for military transportation. This was a serious problem for the Britain, which ruled Mesopotamia. If there is any trouble between Mesopotamia and Turkey, Turkish troops will be able to move into Mesopotamia easily through Syria, which is ruled by France. The British government protested against this agreement, but to no avail.

### III

The French government anticipated its rival Britain in making this treaty with the Turkish government, and thus the French government succeeded in restraining British power in Near Eastern regions such as Istanbul and the Straits. However, the rebellion of the Druze which broke out in Syria last July shocked the French. The French government couldn't neglect this rebellion because it aimed at the independence of Syria. Moreover, the Turkish government, which supported Syria, could by its very power in Asia Minor inspire the Syrians' fighting spirit. In Ankara on February 18th of this year, as a result of this rebellion, France and Turkey signed an agreement which regulated the relationship between Syria and Turkey. Although it was not clear whether this agreement threatened British influence over the Iraqi kingdom under the British Mandate, it demonstrated the strong intention of France to reestablish peace in this region.

This French behavior influenced the policies of the British government. Concretely, Britain signed the Anglo-Turkish Agreement with Turkey on June 6th of this year in order to solve the issue of Mosul. Britain had been struggling over the issues of the Iraqi borders for a long time. Britain was forced to moderate its demands in order to gain the right to rule the lands of

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<sup>4</sup> The Ottoman Empire ended World War I with its capital, Istanbul, being put under occupation by Entente forces. In May 1919, Greek forces, with strong British support, occupied Izmir and the Aegean coast of Anatolia. The Turkish War of Independence (1919-1923) ended with a complete victory for the newborn Republic of Turkey, under the leadership of Mustafa Kemal. This was also a defeat for British policy.

<sup>5</sup> In the original article, the archaic spelling "Angora" is referred to, rather than Ankara.

the Mosul region. The British government compromised with Turkey in order to construct a better bilateral relationship. This is a signal that the British government has now changed its policy in the Near East. In other words, the British government thought that it was to its own disadvantage for them to keep stirring up trouble over matters such as the Mosul question.

While it is remarkable that both France and Britain reached an agreement to reconstruct peace in the Near East; it is, in fact, impossible for them to realize their full ambitions in this area, and moreover there is no room for them to do so. It seems that each country will make efforts in the economic sphere in order to expand their power in this area instead of simply using raw political power.

This tendency is not entirely new for some countries. Germany bought the rights to a railroad factory in Asia Minor in 1888, and received rights on the Baghdad Railway in 1898. On the other hand, in 1914 Britain received preferences to extend the Baghdad Railway to the Persian Gulf in exchange for raising tariffs. Although Germany had already been granted these rights, the Turkish government persuaded Germany to abandon them and promised in return to give them an outlet through Alexandretta. France gained mining rights in the Harchite Valley in the Ankara Agreement of 1921. America gained an interest through the Chester Railroad Project to railroad and mining rights in the regions Ban, Mosul, and elsewhere. From these facts, it is easy for us to imagine the severe competition among the Powers in the recent past.

#### IV

As for the amount of natural resources in the Near East or the Balkan states, it is said that Turkey possesses the most resources in Europe or West Asia, and second is Greece or Rumania. The Powers are interested in obtaining both the underground and the above-ground resources of these areas. It is a well-known fact that a French company runs the Zonguldak coal mine which can produce more than 500,000 tons of coals per year, and invests their money in the oil field of Ban. In fact, there are many kinds of mining rights in Asia Minor, numbering about 850.

It therefore seems difficult for us Japanese to take part in this severe competition because most rights have already been secured by the Powers. It is easy for us to imagine that the Japanese government stands in a precarious position in developing the market in this area.

Indeed, there are three problems for us to solve. First, we have to do research about the people living in these areas and their necessities. Next, we must establish trading and banking facilities there. Finally, we have to promote trade with this area with direct transportation networks. However, the single most important thing is to prepare a huge amount of money sufficient to endure the severe competition with the Powers.

In general, most regions of the Near East are agricultural and the level of people's lives is comparatively low. Therefore, it is said that daily goods are sold there much more than luxury goods. Japanese cotton cloth is imported there via Istanbul, Salonika, and Egypt; and its volume is about 780,000 straw bags worth every year. Poor farmers in this area want to buy Japanese goods because they are cheaper than British luxury goods. However, the Japanese trading volume can't reach that of Britain because the British have been able to obtain a superior position as an advanced country, and thus British cotton goods have been expanding all over this area in spite of their expense.<sup>6</sup>

France, Britain, and the U.S., which are devoted to trade in the Near East, have their own trading facilities in Turkey. For example, the French government has a trading office in Istanbul, and has branches of the French mercantile agency in Istanbul and in Smyrna. The British government has had a commercial attaché there from long ago. The U.S. government also has a mercantile agency there with both a commercial attaché and a trading administrator in the office.

As for monetary facilities, they invested a huge amount of money in order to found their own banks, or else establish branches of their banks in order to invest in the local markets. Needless to say, these developing connections to this region are very important for their trade expansion. European countries now have convenient shipping lines to Near Eastern countries. On the other hand, Japan doesn't have a direct shipping line to this area yet, and thus the amount of exports is much less than that of Europe. As a result, the Japanese export trade with the Near East is slumping now.

Indeed, Japan stands in an inconvenient position. For example, Japanese cotton cloth which is exported to the Kingdom of Serbs, Croatia and Slovenes is sent there via the port of Salonika; and the exports for Syria and Palestine are sent via Egypt. It is said that a company in Greece which deals with Japanese straw goods buys them in Switzerland. The

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<sup>6</sup> It might be worth noting that this situation changed in the 1930s when Japanese textiles indeed sold very well in the region. However, Britain then used heavy-handed protectionist measures to force the Japanese products out of the market.

quick delivery of goods is necessary. It is needless to say that a direct shipping line is crucially important for trading with the Near East.

## V

We must consider the merits of trading with the Near Eastern countries as we weigh the problems mentioned above. Since the Near East has become peaceful, powers such as Britain, France, and Italy have become active. Moreover, it is said that Germany is developing in this area and the U.S. is making a positive effort to expand its markets too.

However, it seems that Russia doesn't have enough time to focus on economic policy in the southern countries due to their own domestic problems. Nevertheless, the Moscow Agreement of 1921 demonstrated that Russia and Turkey have established a new political relationship and they abolished the previous treaties. They have also instituted international regulations on the rights of passage in the Black Sea and the Straits. Moreover, both countries have asserted their neutrality last December. As a result, after Russia sorts out its domestic politics, it is likely that mutual economic activities will become lively.

The Japanese government is expected to make an effort to solve its own problems based on the results of the Near East Trade Conference because Japan now has difficulties in regard to its population. We are gradually losing hope in solving the population problem through emigration. In fact, Brazil has more Japanese immigrants than any other country in the world; and yet the anti-Japanese bill (1923-1924) was proposed in the Brazilian congress. Japanese immigrants may lose their New World because of illogical behavior such as asking them to assimilate. Japanese immigrants are different from other countries' people in terms of race, habits, and custom. From this situation, the Japanese government can't solve the population problem by means of emigration. Unfortunately, we also cannot use the power of labor effectively in our own country. Because of the dullness of Japanese industry, we must improve the conditions at home and abroad rather quickly. It seems that the most effective way to deal with the excess population is to increase our export trade and develop Japanese enterprises in foreign countries. From this point of view, our plan of developing trade with the Near East has political meaning and an important value to us.