THE ROLE OF FRENCH INDO-CHINA IN
THE "NEW ORDER" FOR ASIA

by

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A Thesis
submitted in partial fulfilment
of the requirements for the degree of

MASTER OF ARTS

in the

DEPARTMENT OF ECONOMICS AND
POLITICAL SCIENCE

University of British Columbia
April, 1941
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THE ROLE OF FRENCH INDO-CHINA IN THE
"NEW ORDER" FOR ASIA

CHAPTER I

Background

The Japanese move into French Indo-China marks the opening of a new phase in the attempt to establish the New Order in Asia. Occupation of the French colony is the result of the economic, diplomatic and military progress of this New Order in the past ten years. It is another move in an old game.

The drive for political domination of continental Asia began just ten years ago with the now-famous Mukden "incident". Judged by the whirlwind pace of post-World-War-I diplomacy that event is now ancient history. It marked nevertheless a definite turning point in Japanese politics, and a new (but not entirely unpredictable) departure in that country's foreign policy.

The year 1931 saw the climax in the three-decade struggle of extreme nationalism against more liberal and democratic forces. Constitutional features peculiar to Japan provided the extremists with
strong initial advantages. World-wide depression resulted in an intensification of internal social and economic maladjustments. Political repercussions which enabled them to place the blame for internal conditions on their political opponents gave the reins of government into extremist hands. For ten years this group has retained its hold, reinforcing its position by political intrigue and personal violence. Since 1931 only two civilians have held office as Prime Minister. All important cabinet posts have gone to ranking officers of the services.

In the international field this change resulted in the substitution of power politics for the "friendship policy" of the twenties. To-day Japan is out to establish a "New Order" for Asia. Her own political and economic leadership is to be established on that Continent. Its political units are to be united into a "Co-Prosperity Sphere"; that is, coerced into "co-operation" in a Japanese "sphere" of influence, for the "prosperity" of Japan and Japan alone. That, as President Roosevelt remarked\(^1\), "is not new, and it is

\(^1\) Fireside Speech of February 16, 1941.
Machtpolitik in Asia, as in Europe, is to solve the complicated economic problems of a nation, with all their social and political ramifications. Most familiar in this regard is the much-discussed "population problem", which many regard as fundamental:

The pressure of a rapidly increasing population is (1930) the most fundamental problem of modern Japan. It underlies most of the country's perplexing difficulties. It explains the efforts that are being made to improve agriculture and reclaim waste land, to develop manufacturing, and to expand trade. It is the basis of Japan's foreign policy. It has become an important issue in internal politics ... in the press and periodicals it is being discussed ... more widely, probably, than any other subject. To understand the present-day economic condition of Japan, the full significance of the population problem must be appreciated.2

The shortage, real or anticipated, of foodstuffs is the most significant aspect of the population problem. Numbers press on domestic agriculture, which has reached the extensive and passed the intensive margins of exploitation. Japan cannot produce enough rice for her own needs, yet imported rice from the colonies undersells the home producer. The rice question has indeed in some ways become one of price: how to raise real

income.

Although the end of Japan's own population increase is in sight, her purchases of colonial foodstuffs are beginning to produce on these peoples the same effect as did westernization of Japan. As their living standard and numbers rise, it is not impossible that colonial exporters may some day experience a food shortage of their own.4

The rising Japanese standard of living introduces a further complication. This rise is stimulated both by national pride, and by a very natural desire to share in the world's material progress. One effect of western example has been to increase the consumption of "western" foods, which normally form a very minor part of Japanese diet.5 But since land cannot be spared in Japan, a large proportion of these "secondary" foods must be imported. The economic importance of this added burden is borne out by periodic exhortations to

"patriotic frugality" issued in every economic emergency. To pay for her imports of foodstuffs, both rice and other types, Japan must export. But so poor are the islands in natural resources that even the raw materials for the means of payment must be imported. Furthermore, equipment with which to work them up must come from abroad, either as raw materials or in the more expensive finished form. The rigid "link system" of foreign trading emphasizes the precarious balance of this house-that-jack-built national economy, and brings out strongly the vital need for markets and foreign purchasing power. One observer, indeed, is of the opinion that raw materials are more urgently needed than food:

Such a conclusion runs counter to what is perhaps the commonly held view... It implies that the compulsion to export is due to lack of command over raw material supplies rather than to lack of food. One has to consider, however, that the mere fear of food shortage -- even though that fear may prove in the end ungrounded -- is for Japan a sufficiently strong incentive to seek to attain a position in international trade which will give her

7. Silk is a notable exception.
an option on the surplus supplies of foodstuffs existing elsewhere in the world.

The continent of Asia is deeply concerned in this search for food, raw materials, and markets. From earliest times the adjoining mainland has been Japan's chief provider and customer. Trade with China has been almost unbroken. The majority of Dutch imports during the Seclusion Period were of Asiatic origin, exports likewise being re-traded to the south and west.

The present century has not altered materially this condition, for although Japanese trade has spread to every continent of the world, Asia still takes first place. World-wide trade recession of the early thirties, and especially the catastrophic collapse of the silk trade, provided a further incentive for the economic exploitation of the adjacent mainland.

Military operations begun in 1931 quickly resulted in the occupation of Manchuria and the setting up a bare year later of an "autonomous" state. Development of No.1 Victim of Co-Prosperity followed immediately, with results which to date have in many respects fallen

short of expectations. Far from rounding out the Japanese economy, the new satellite has caused further imbalance.

When Manchuria was occupied many of her resources were insufficiently developed to be of immediate export value. Foodstuffs were a notable exception. Her wealth was therefore largely potential, requiring development. Under pressure of military demands this development has emphasized activity of strategic value. Examples are road and railway building, heavy industry, the manufacture of construction goods, transportation equipment, chemicals, and the uneconomical attempts to get fuel oil from Manchoukuoan coal. These had all to be built up by Japanese capital, under an expensive military and administrative system.

Japanese investments during the five years after the occupation of Manchoukuo have been estimated at about 1,180,000,000 yen. During the same time military expenditures amounted to 1,067,528,000 yen. So every yen of invested capital has been almost matched by a yen of extra military and administrative expenditure.9

The condition of the peasant class in Japan, from which a large proportion of young army officers is recruited, was one of the original motives for the exploitation of Manchuria. In the fertile and

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sparsely settled plains was seen the opportunity for relief of agricultural over-crowding at home. However, grandiose schemes for settlement have yielded disappointing results, the settlers soon finding living conditions even less attractive than in Japan. In 1936 a twenty-year programme was planned to settle some five million persons in Manchoukuo. Five years later less than 3000 had responded.\(^{10}\)

For only one class has Manchoukuo proven an attractive field for employment. These are the technicians and skilled artisans needed for development of industries and exploitation of resources. But this class forms a small portion of the total population. Twenty-two per cent of the people of Japan are to this day engaged in agriculture\(^ {11}\); over half of the working population gains its living in agriculture and kindred occupations.\(^ {12}\) Moreover, the rural population supports directly and indirectly a large proportion of urban workers. The class most in need of aid has therefore benefitted least from emigration to Manchoukuo. This would seem to bear out the oft-repeated argument that

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Japanese will not emigrate in sufficient numbers to improve the lot of those who remain at home.

In 1932 Japan supplied 58.4% (by value) of Manchoukuo's imports. Succeeding years raised this to 65.8% and 75.4% respectively.\(^{13}\) By 1936 the limit of expansion seemed to have been reached, figures for 1936, 1937, and 1938 leveling off at 77.3%, 75.1%, and 77.9%.\(^{14}\) Although this proportion will probably not be increased, there is every indication that it will be maintained.

But these "exports" yield no foreign exchange. Since the occupation of the mainland Japan has greatly increased her trade with the Yen Bloc. If colonial areas are included, this group holds the following position\(^{15}\):

<table>
<thead>
<tr>
<th></th>
<th>1936</th>
<th>1937</th>
<th>1938</th>
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<tr>
<td>exports</td>
<td>43.2%</td>
<td>33.1%</td>
<td>61.3%</td>
</tr>
<tr>
<td>imports</td>
<td>34.9%</td>
<td>29.8%</td>
<td>44.7%</td>
</tr>
</tbody>
</table>

\(^{13}\) W.H. Chamberlin: *op. cit.*: p. 30.
\(^{14}\) Japan Year Book, 1940-41: p. 1019. It is further pointed out that a large part of the 1938 increase was due to a rise in prices.
\(^{15}\) G.C. Allen: *Japanese Industry, etc.*: p. 57.
Far from supplying adequate purchasing power, trade with the Yen Bloc threatens Japanese foreign trade with serious distortion. Hence the current restrictions on trade with this area, which in many cases have themselves aggravated the situation.\textsuperscript{16}

The situation in China is especially unfavourable. Imports from China of 116 million yen during the first seven months of 1937 rose only to 120 million for the same period in 1939. Exports to this area totalled 144 and 233 million yen for the same periods.\textsuperscript{17} Efforts to secure foreign exchange with the proceeds have yielded negligible amounts. Manipulation of currencies and efforts to get at Chinese bullion stored in the foreign concessions have likewise given small reward.

Neither the market potentialities nor the rich natural resources of China can be adequately exploited until peace is secured. In addition to the disturbed state of the country, military operations alone from the Japanese standpoint are a severe financial drain. A way must be found out of the military morass, which to

\textsuperscript{17} T.A. Bisson: "Japan's Position in the War Crisis", Foreign Policy Reports, Nov. 1, 1939: p. 197.
date has cost some 17,500,000,000 yen over and above ordinary expenses of the armed forces in China. The economic problem may in one respect at least be said to have become a military one.

Two solutions are possible. One is the establishment in China of some authority capable of maintaining order, yet willing to co-operate with Japan. The puppet government of Wang Ching-wei is a step in this direction. So far, however, this government has proven none too successful in securing the co-operation of the Chinese people. Its precarious existence depends on the Japanese army, but even so it does not control an area large enough to be of outstanding economic importance.

Great things were expected of the above method of solution to the Chinese stalemate. The following piece of wishful thinking gives a hint of the reaction of the Japanese commercial world:

In China, ... with the desire for peace gradually spreading among the people, the establishment of a new central government under the leadership of Wang Ching-Wei is expected in the near future as a first step to establish a new order in East Asia ...

With the China incident approaching a successful conclusion... various unfavourable

factors, especially the irksome official control of materials, labour, shipping, and foreign trade will gradually be eliminated.¹⁹

Military activity one year later in Indo-China, directed against the Burma Road and the Tonkin-Yunnan trade routes, shows how ineffectual this policy has been. Outright military conquest of China, and its domination by force is the alternative, but this dream is likewise far from realization. Japanese attack has united China as never before. Chinese organization and military skill grows daily. Japanese equipment cannot operate to advantage in mountainous country, and her soldiers, although efficient and well-trained, are at a decided disadvantage against highly-organized guerrilla tactics. Supplies and money "in an ever-increasing stream" promise to build up China's military stores, and more important, her capacity to produce them herself. Japanese activity in Indo-China seems therefore to presage an attempt both to cut off this external aid and to find a more favourable avenue for attack on inland China.²⁰

²⁰. See below Chapter III.
If economic and military stalemate has supplied the motive for Japan's latest move, her policy of diplomatic opportunism has timed it. Expansion to the west and north is for the moment halted. China holds the western front; Russia Japan is not prepared to challenge. But ever since her initial success in outmanoeuvring the Great Powers over Manchoukuo, Japan has profited by every occasion to reduce their ability to obstruct the New Order.

The European war was, of course, an unprecedented opportunity. Advantage was taken of the situation to win concessions from Britain over the closing of the Burma Road, and at Tientsin and Shanghai. The Tientsin and Shanghai settlements involved also France and the United States. Moreover, official Japanese comment on the British part of the Tientsin agreement was significant:

The settlement at this time of the Tientsin question may do no more than create an impression that what ought to have been done has been done. The fact cannot be overlooked, however, that this question has been an impediment to a settlement of the questions of a broader and more urgent character. There are many matters in which Japan wants the co-operation of Great Britain and France in order to fulfil her national aspirations regarding East Asia. We expect that the attitudes of Great Britain and France as
manifested in connection with the solution of the Tientsin question will be more emphatically reflected in connection with various other problems.  

Premier Yonai on taking office issued a formal statement which referred incidentally to the inclusion of Indo-China and the Netherlands Indies in the "new order for Greater East Asia". The right to station "inspectors" in Indo-China had already been granted by French authorities, harassed by the progress of the Battle of France. With the fall of that country, pressure by Japan's European ally opened the way for the first steps in military occupation of Indo-China.

Thus the "New Order", having digested its first victim and found the second indigestible, has begun to prepare No.3 for consumption. With most of the work conveniently done by Germany (to say nothing of the Italian contribution) Japan is finding the French colony an easy prey. The extent to which it can satisfy her appetite for "Co-Prosperity" has yet to be determined.

CHAPTER II

ECONOMIC ROLE OF INDO-CHINA

French Indo-China is a rich prize for a rice-importing nation. Lying in the monsoon belt of south-east Asia, the French colony, with the adjacent areas of Siam and Burma, comprises the greatest rice-exporting area in the world.

In Indo-China itself, rice is the staple food, the most important agricultural product, and the most lucrative export. Rice makes up three-fifths of all agricultural produce in the colony. In Cochin China fifteen of the twenty-two provinces produce nothing else. However, the Mekong delta and the Cambodia rice areas supply most of the exports, since Cochin China's dense population consumes the total domestic production.

Density of population is an important factor in the production of rice, since the grain yields a large return per acre, but a low return per worker. This factor is particularly in evidence in Japan. But

Japan is interested only in growing her own food; Indo-China must also export rice for the benefit of her budget. In the latter country, as in the former, population is concentrated in those areas where rice can be most easily grown. Cochin-China, the only province to show an actual increase in rice production, now merely supplies its own needs. In Tonkin the rapid growth of population has resulted in an actual decline in exports, which noticeably reduces the purchasing power of that area.²

Up until the last few years, Indo-China had made the least contribution to the total increase in the world's rice production. Excluding China, world rice production increased 12% from 1917 to 1934. Siam expanded her production 45%, Burma 16%, and Indo-China 2%. Because of her growing population, the latter country gave way to her rivals in the export market:


<table>
<thead>
<tr>
<th></th>
<th>Burma</th>
<th>Siam</th>
<th>Indo-C.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925-9</td>
<td>7,277</td>
<td>3,112</td>
<td>3,508</td>
<td>13,898</td>
</tr>
<tr>
<td>1930-4</td>
<td>7,961</td>
<td>3,214</td>
<td>2,628</td>
<td>13,803</td>
</tr>
<tr>
<td>change</td>
<td>+ 9%</td>
<td>+ 4%</td>
<td>- 25%</td>
<td>+ 1%</td>
</tr>
</tbody>
</table>

² V. Thompson: op. cit.; p. 126.
Declining exports result chiefly from the failure of production to keep ahead of domestic needs. These three countries are all in the monsoon area, and are therefore dependent on the seasonal rains. Rice culture demands a well-regulated water-supply; too much or too little can be equally disastrous. Drought in the transplanting season stunts or kills young plants, rain in the flowering season destroys the blossoms.

Moreover, in the western regions of Cambodia the force of the on-shore monsoon frequently sends salt water back into the delta area, not only destroying the current crop, but rendering the land unsuitable for future planting without expensive fertilizing. Most serious of all are the numerous pests, against which French scientists have little headway. Insects, crabs, and rodents are especially active in dry seasons.

The human factor is familiar from Japanese experience. As in Japan, fragmentary land holdings prevent large-scale tillage. Natural fertilizers are scarce, because livestock is scarce. Ignorance prevents extensive use of chemicals, which in inexperienced hands frequently do as much harm as good. Methods of tillage are especially primitive, but thanks to the rich annual alluvial deposits in the
deltas this factor is of minor importance. Public works to combat flood and drought have been hindered by frequent changes in government policy and administrative personnel.

The greatest need is for a systematic and co-ordinated scheme of rice culture. Methods of production could be tremendously improved. As in Canada, the best growing lands are rapidly becoming exhausted by agricultural "mining". Production is being pushed onto poorer soils for want of a scheme to open up and develop the rich virgin "redlands" of the Mekong Valley.

The quality of the crop likewise leaves much to be desired, and was indeed the major factor in preventing full development of the French home market. At present over two thousand varieties are produced, only a few of which command a market outside the colony. A few planters have experimented in the standardization of fewer good varieties, and their aim, if achieved, would doubtless go far in solving the problem of declining exports. Until 1935, however, there had been little or no co-operation between individuals, no government attempts to unify the experiments, and above all no provision for much-needed technical and financial aid.

In 1935, as part of the French "prepared-
ness", these local small-scale enterprises were co-ordinated. Provision was made for technical aid and materials for irrigation works, the natives frequently supplying the labour free. Co-operative action by small farmers has been encouraged by granting loans at lower interest for communal projects, and by lower taxation on larger land holdings.

The result has been considerable reclamation. In northern Annam, for example, two new dams and two extensive dyking systems resulted in the reclamation of 88,920 acres in less than eighteen months. The most important result has been the increased ability of densely-populated areas to feed themselves. Not only is the real income of peasant farmers thereby increased, but more rice is released for export.

Regardless of her political future, regardless of who takes her output, Indo-China must continue to export rice. The purchasing power of her people and the revenue of her government depend on the sale of this grain.

China was formerly the largest and most

reliable market, taking nearly half of her former satellite's rice export. In the early thirties there were signs that China's own economic development might possibly lead to a decrease in this import, but a treaty negotiated in 1935 gave Indo-China considerable preference. The Sino-Japanese conflict unfortunately prevented its application, and caused the trade to suffer in addition from warfare in the thickly-populated coastal regions of China. By 1938, however, strategic storage of rice by neighbouring countries, plus the Japanese industrialization of Shanghai, revived the export market for Indo-China. Rice is also needed for feeding occupied China, and for the Japanese armed forces. The Chinese market is, however, seriously hampered by monetary instability.

France and her North African colonies are normally Indo-China's second best rice outlet. They fall far behind China, however, taking an average of about one-eighth of the export total. Efforts of Indo-Chinese exporters to expand this market during the depression were defeated by opposition of French grain-growers, and by the poor quality of the colonial product. Better

5. F.V. Field; Economic Handbook of the Pacific; p. 104.
success was gained in the African colonies, where a considerable market for feed rice opened up. Both these markets are, of course, entirely at the mercy of wartime conditions, which reduces their contemporary value to negligible proportions.

The Netherlands Indies, Singapore, and the Philippines are the only other markets of importance. Once again politics dominate the scene. In the Netherlands Indies, domestic rice production is being stimulated by a stiff tariff, as part of a belated self-sufficiency scheme. The Philippine crop has never equalled domestic needs, but again the desire for self-sufficiency is the excuse for a prohibitive tariff. Singapore can get better grades and larger quantities from British Burma, whose crop has the additional advantages of convenience and a preferred position.

Japan is therefore in a good position as regards Indo-Chinese rice, being directly or indirectly the only purchaser of importance. In Japan, poor harvests of 1939 offset the bumper crop of 1940. Faulty distribution and ineffective price controls caused hoarding.

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6. cf. recent provisions specifying fines up to 50,000 yen, ten years imprisonment, or both, for "economic crimes"; Vancouver Daily Province, March 20, 1941.
accentuated the shortage, and necessitated extensive imports over the past year. It is significant that over 40% of these imports came from Indo-China, with much smaller amounts from Burma and Siam. Apart from smaller crops in the latter countries, they are less accessible, an important point in conserving shipping space. From Japan, Bankok is 600 miles further than Saigon; Rangoon is almost exactly twice the distance of Saigon.7

Because of its proximity both to Japan and to the areas she must feed; because of Japan's domination of its market; and because of its rich potentialities Indo-China is likely to be an important rice producer in the New Order.

The extent to which the colony devotes itself to rice culture limits its production of "secondary" foods. Nevertheless, monoculture is to be expected. The standard of living among native peoples is low, despite the very considerable improvements wrought under French guidance. Therefore, as in Japan, only the cheapest and most productive crops can be raised, and frequently the best of these must be sold to provide

purchasing power for cheaper foods. This is especially true in Indo-China of articles less in demand than rice. As a result, most of the country's food products other than staple grains are produced only to satisfy a particular demand, or where conditions are especially favourable.

Corn illustrates both these conditions. This grain's chief virtue is that it can be raised on dryer land than can rice, or can be grown in rice fields during a dry season. By utilizing land unsuitable for rice the food production of a given farm can therefore be increased considerably. This scheme has the double advantage of providing an alternative or "emergency" crop, and of resting the soil. However, the latter result is largely theoretical. By correctly managing the irrigation cycle, the farmer can usually manage to raise two crops at once on the same land. The result is a cycle of declining fertility, smaller yield, and increased double-planting. This vicious circle is only one of the defects in native agriculture which intelligent guidance could correct.

For the above reason corn does find a place in native diet, despite its much lower per-acre
yield. The proportion consumed in the colony has been declining in favour of a growing export trade, but the absolute amount of this export is still small, and corn as yet forms an unimportant part of Indo-China's revenues. In the height of the colony's prosperity, between 1927 and 1931, corn contributed only 2.3% of the total value of exports, even though 36.8% of the crop was sent abroad. In 1939 corn was the only export to decline in value. Even this small export depended almost entirely on France and her colonies, where it was used mostly for feed.

Under present conditions, this product could make a modest but useful contribution to the Japanese diet. Corn is not so hard to standardize as is rice, there being much fewer varieties of corn. It also responds more quickly to improvements in quality. Moreover, the Japanese are familiar with the grain in their own country, where it has played much the same role in supplementing other crops. In addition, Japan possesses the great advantage of being in a position to dictate the

8. F.V. Field; op. cit., p. 104.
price of Indo-Chinese corn exports.

The third largest item in Japanese diet is animal foods, chiefly fish. The latter also forms an important part of the Indo-Chinese food supply, especially in the more densely-populated coastal areas. Unfortunately, production data is extremely vague, since in most cases the catch merely augments other forms of income. The generally accepted estimate, however, seems to be in the neighbourhood of 260,000 tons per annum.\(^\text{10}\)

There is no doubt that Indo-China could make a large contribution to the fish diet of her neighbours. The banks of the Cochin-China coast are being barely sampled by the present catch. Shellfish are particularly abundant and already command a good price in Hongkong and Singapore. The Cambodian lakes are also coming into prominence, especially the unique Toulé Sap. Although the French have lately been exploring the commercial possibilities of this harvest, no large-scale exploitation has as yet been undertaken. It is to be expected that the Japanese would take an interest in Indo-Chinese fisheries, with a view to

\(^{10}\) V. Thompson; *French Indo-China*; p. 112.

\(^{+}\) *sources consulted classified all food flesh as "animal foods"
supplementing their precarious privileges in Russian and Malayan waters.

Data on Indo-Chinese livestock is even less accurate. The natives are extremely reticent about the size of their herds, long experience having taught them the close connection between livestock and taxation. Even making this allowance, however, one can only indicate the smallness of the colony's animal population. It is interesting to note that Indo-China apparently has more animals than has Japan:11

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Indo-China</th>
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<tbody>
<tr>
<td>cattle</td>
<td>1,771</td>
<td>2,300</td>
</tr>
<tr>
<td>horses</td>
<td>1,432</td>
<td>100</td>
</tr>
<tr>
<td>swine</td>
<td>1,110</td>
<td>4,200</td>
</tr>
<tr>
<td>goats</td>
<td>292</td>
<td>75</td>
</tr>
<tr>
<td>sheep</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>buffaloes</td>
<td></td>
<td>2,250</td>
</tr>
<tr>
<td>elephants</td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

Against Indo-China's larger numbers must be set the decidedly inferior quality of the animals. Cattle and swine in particular are small, lean, and frequently diseased. Production in this field is almost entirely for native consumption, and therefore severely

11. U.S. Dept. of Commerce; Foreign Commerce Yearbook, 1938, pp. 322, 327. Meat animals only should be compared. Figures in thousands; figures for Indo-China estimated.
limited by climate, social custom, and religion. A few pigs and poultry have sometimes been exported to neighbouring parts of China.

If a market were available, Indo-China's now-unoccupied pastures could be utilized. The stock is so poor, however, that years of scientific breeding and the extensive importation of new blood would be necessary. Labour constitutes another problem, for Annamites and Khmers prefer group life and a fixed home to the loneliness and uncertainties of a herdsman's life.

Pepper and spices, tobacco, tea, coffee, and vegetables are produced in negligible quantities, some not even sufficient for home consumption. Only tea has any considerable future, but again there are too many varieties, with the poorest predominating. The excellent quality of Annam tea is well known, nevertheless, and ideal growing conditions indicate possibilities for development.

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Turning to industrial raw materials, we find rubber has become increasingly important in Indo-Chinese economy. The industry is of quite recent origin, the success of Malayan and Javan plantations after the
turn of the century having aroused interest in Indo-China's production potential. Sporadic official experiments paved the way for a small investment of private capital. In the rubber boom of 1910, however, French capital preferred the better-established plantations in Malaya, and Indo-Chinese rubber enterprise continued to depend chiefly on local funds. Government aid kept these small producers going until the Stevenson Plan caused an inrush of capital in the middle twenties. Since this could not all be sacrificed when the market collapsed, state aid was continued, and has indeed never been withdrawn.

The continuance of this policy has been a mixed blessing. By keeping the industry going, it has attracted more capital and built up a good rubber trade. By 1939, for example, 151,854,000 pounds were exported, 40% to the United States and 60% to France.12 A large share of credit for this development must be given the recent French drive for strategic self-sufficiency within the empire.

On the other hand, this very policy of

12. V. Thompson; cited, Far Eastern Survey, August 14, 1940.
state aid has weakened the industry, mainly by causing an undue dependence on a subsidized price and a protected market. This is especially dangerous in the present situation, since the removal of that market means the colony will have to sell where it can and for what it can get. The United States is unlikely to absorb much of the former French quota, since any increase in American purchases will probably take place in Malaya or the Netherlands Indies. Moreover, events which would deny her these sources would almost certainly cut off Indo-China as well. On the other hand, the possibility should not be overlooked of a Japanese attempt to use Indo-Chinese rubber as a means of acquiring dollar purchasing power for the Yen Bloc.

Japan could very profitably use the French colony’s rubber herself. Already it vies with coal as Japan’s most valuable purchase in Indo-China.\(^{13}\) Moreover, rubber is an important factor in the modern machine industry\(^{14}\), supplying washers, gaskets, grommets, insulation, shock mountings, and numerous other small but

\(^{13}\) of. R. Le'vy; La Politique Francaise en Extrême-Orient, 1936-1938; p. 64.

vital items. Aircraft production in particular uses a surprising amount of rubber. If, therefore, Japanese military activity should render British or Dutch-controlled sources inaccessible, a rubber producer would be a decidedly useful member of the "New Order". Political considerations are likely to imperil also the supply of scrap rubber from the United States, which normally sells about one-half her export of this commodity to Japan. The latter's synthetic industry is of negligible value, producing in 1938 only one hundred tons.\textsuperscript{15}

Events which would increase the importance to Japan of Indo-Chinese rubber would therefore at the same time make Japan indispensable as a customer. The future of the French colony's rubber industry would seem to a great extent dependent on its political fate.

Lack of iron and coal has been one of modern Japan's most serious industrial problems. From the very beginning of her industrialization domestic supplies have been inadequate or unsuitable. Very few of Japan's numerous iron ore deposits are large enough and of sufficient quality to be industrially important, and indeed before the acquisition of Manchuria or China

\textsuperscript{15} A. Barber; \textit{loc. cit.}
the islands produced only one-tenth of the ore consumed by their industries.\textsuperscript{16}

In Korea large deposits of fairly good quality contribute most of the imperial supply. They are concentrated and therefore economical to work, and their position on the coast makes transportation an easy matter. In past years, however, only about a third of their output has been exported, since it has generally been found more economical to erect smelters on the spot. For the present, therefore, these deposits are chiefly of local significance.

The acquisition of other mainland areas made a useful, but not very large addition to the "New Order's" iron resources. Regions now under Japanese control have been estimated to contain about 75\% of China's iron deposits, which the National Geological Survey in 1933 estimated at one billion tons total.\textsuperscript{17} Although Manchuria's share is mostly of very low quality, good quality iron has for some time been exported from the coastal area of China. For the present, at least, development of other deposits in occupied China seems

\textsuperscript{16} W.R. Crocker; \textit{The Japanese Population Problem}; p. 149.
\textsuperscript{17} F.V. Field; \textit{op. cit.}, p. 504.
to be awaiting more settled conditions.

Rather than await the slow development of Asiatic deposits\textsuperscript{18}, Japan has during the past decade been relying to an increasing extent on imports of scrap metal. The Asiatic supply is of course negligible, because of the industrial youth of the region. North America and Europe have in consequence been the main sources of supply, but the long hauls involved add appreciably to costs.

On the other hand, scrap iron has the immense advantage over ore or pigs that extensive smelting is not required. This is important, for while Japan has ample supplies of catalysts, such as limestone, manganese, etc., she lacks a good coking coal.

Iron ore without coke is virtually useless. A limited amount of iron is still made by using charcoal, but, having in mind speed, capacity of furnace and standard technology, no large iron industry can be expected to be developed except that based upon the use of coke\textsuperscript{19}.

Since most of Japan's own coal deposits are of bituminous grade or lower, hard coal has had to be imported in the

\textsuperscript{18} The iron mines of Malaya and New Caledonia are an exception to this statement.

\textsuperscript{19} H.F. Bain; \textit{Ores and Industry in the Far East}; (1933) p. 23.
high ratio of four (hard) to one (soft) for industrial use. Japanese mines are also expensive to work, and in general poorly located with respect to the big manufacturing centres. The Korean smelters are in a worse position still, having to import coal from China, Manchuria, and even from Japan itself. Fairly good quality coal is found in Sakhalin and Formosa, but again in extremely small amounts. Manchuria has in the past made some coal exports, while the Tientsin area of China is noted for its excellent anthracite. Nevertheless, these supplies are far from inexhaustible, and the "New Order" is still seeking coal reserves.

Industrial machinery requires not only coal and iron for its construction and upkeep, but lubricants and fuel for its efficient working. Together with an increasing use of automotive equipment, this factor has given petroleum products considerable importance in the Japanese economy. Modern transportation methods rely heavily on petroleum, while modern mechanized warfare is impossible without an adequate supply of fuel and lubricants.

At present experiencing the maximum peace-time and wartime needs, Japan is in a precarious position
with respect to petroleum. Domestic production is limited for geological reasons to a narrow belt in the western part of the archipelago. In this area production reached its peak as early as 1916. Reserves in Japanese-controlled territory are likewise small, Korea and North China being geologically unsuitable, and the Formosan field both small and expensive to work. Japanese concessions in Russian Sakhalin lead a precarious political existence. Further, every barrel of oil obtained from this field must be pumped, since none of the wells are gushers, while the shallow foreshore, lacking in harbours and swept by gales, makes loading of tankers hazardous and expensive.

The coal fields of Manchoukuo contain a certain amount of oil-bearing shale, which is being exploited for military use. Because of the almost prohibitive cost of extraction and the low grade of the product, this source is at most of local importance. The bulk of Japanese petroleum consumption must therefore be taken care of from extra-imperial sources, and crude and refining oil is indeed the country's third largest import. Attempts to build up reserves have taken the form of severe regulations compelling importers to
carry stocks sufficient for increasingly long periods. In view, however, of the fact that most of these stocks originate in British, American, or Dutch-controlled areas, these measures are at best of temporary significance.

The importance of coal, iron, and petroleum in the Japanese economy emphasizes the relatively minor role Indo-China must play in supplying Japan's industrial needs. Coal is the only one of the above commodities produced in exportable quantities by the French colony.

Various estimates\(^20\) place Indo-China's deposits at about twenty billion metric tons of excellent quality anthracite. Most of the mines are in Tonkin, close to the shore of the Bay of Along, whose deep water and good harbours facilitate loading. Indo-China ranks as first coal exporter of the Orient by exporting over two-thirds of her output, although the total production represents only 2% of the annual total for east Asia.\(^21\) Domestic consumption is small. Because of the climate, very little coal is needed for heating; it supersedes wood as a cooking fuel only where readily available;

\[^20\] e.g. H.F. Bain; op. cit., p. 76; F.V. Field; op. cit., p. 481, etc. No exact survey has been made.
\[^21\] H.F. Bain; op. cit., p. 29.
industries using coal as a fuel are relatively undeveloped. More important, the coal industry itself is in its most elementary stage.

Yet Tonkin's rich coal deposits were one of the chief reasons for early French interest in Indo-China. Several expeditions were sent surveying in the 1880's, and despite many difficulties sufficient information was gained to indicate a considerable store of mining wealth. Unfortunately, the prospecting which followed was stimulated chiefly by entirely fictitious reports of gold deposits. As a result, the few hastily-begun coal mining operations were soon abandoned, and by the turn of the century only the Hongay mines remained in operation.

Although subsequent surveys have confirmed the quantity and quality of Tonkinese deposits, no serious programme of development has been undertaken. Local conditions have likewise contributed to the general backwardness of the industry. Most of the mining, for example, is still done in open pits, with little exploitation of deeper veins. The almost exclusively export character of the industry renders it in addition particularly susceptible to exchange fluctuations, and
in this respect recent monetary instability of the two best customers, China and Japan, has proven particularly harmful.

It is to be expected that Japan will make every effort to exploit the Indo-Chinese coal deposits. In Manchoukuo her technicians have worked miracles with low-grade ores. In Japan proper every mine has been exploited to the limit under all manner of adverse conditions. The rich, easily accessible surface deposits of Indo-China should therefore present no technical difficulties. Abundant labour supply is also at hand, for the mines are located in the most densely-populated part of Tonkin.\(^{22}\)

Japan has long been an important buyer of Indo-Chinese coal. For the past decade this commodity has been rivaled in value only by rubber among Japanese purchases from the French colony.\(^{23}\) Only China was a larger customer in this period, but since most of the areas to which these purchases went are now in Japanese hands, the latter is in effect the only important buyer of Indo-Chinese coal. If the above areas of China can

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23. R. Lévy; *loc. cit.*
be developed according to plan they will require increasing coal supplies. The demands of Japanese heavy industry will in any case increase as military operations expand. Most important factor of all may well be the strategic advantages Japanese ships could gain by refuelling in Indo-Chinese ports.

As indicated above, one reason for Indo-China's small domestic coal consumption is the underdevelopment of the iron and steel industries in the colony. The chief reason for the latter condition is again the small domestic demand for the products of heavy industry. Structural steel is used only in the westernized cities, and in mines and factories. Railways are few, with a total mileage in 1937 of only 2088. Since most industrial processes are fairly light (i.e. processing of raw materials) it has usually been found easier and cheaper to import completed machinery.

In 1938 the export of iron and manganese from Indo-China was prohibited, the French government wishing to reserve these minerals for the creation of munitions industries. A certain amount has nevertheless continued to find its way into the Japanese market, which

would no doubt be glad to absorb any further contributions. In view of the very much greater importance of Japanese-operated concessions in Malaya, it would seem that only in an emergency is Indo-China likely to become an important source of iron for the "Co-Prosperity Sphere".

A wide variety of minerals of lesser importance is characterized by small scattered deposits. Indo-China ranks among the major tin-producers of the world, but her actual output is extremely small. The best deposits are in the north, where the important south China field extends into Tonkin. An independent field also occurs in Laos. The small and irregular export suffers from its own insignificance in the world market, while remoteness of the mines, and poor transportation facilities, put them at the mercy of their Burmese and Siamese competitors. Under the stimulus of the Mandel Plan Indo-China is (or was) producing annually two to three thousand tons of tin.25

French Indo-China was formerly the only East Asiatic producer of zinc, which is likewise dependent on a world market. Germany was her principal customer until 1914, being replaced during the war by

Japan. After the peace, Japan turned to the cheaper Bolivian market, and the one and only Indo-Chinese producer went into liquidation. Lately, however, the colony has benefitted from her own and French re-armament, and from a general improvement in the world zinc market.

Finally, it should be noted that Indo-China has almost no petroleum resources.

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Under normal conditions, Japan is a relatively unimportant competitor in the Indo-Chinese market. During the last decade, only Germany sold less to the French colony, and only Germany and the Netherlands Indies bought less of its goods. Excluding the German contribution, Indo-China normally buys least from Japan and most from France. 26

Japanese goods find small market because they compete with the same type of French goods, and for a very limited trade. Both countries cater almost exclusively to the richer natives, the official class, and the small Occidental colony. For example, typical imports from France are wines, fancy foodstuffs, cosmetics,

26. Foreign Commerce Yearbook; p. 325.
perfumes and toiletries, luxury textiles, and medicines. Japan sells the same type of textiles, chiefly silk and silk tissues, and small quantities of pottery, glassware, and ornaments. 27

In competing for this limited market, Japanese goods have been at a big disadvantage, thanks to the colony's bomb-proof shelter of tariffs. Even under the latest revisions this tariff seriously distorts the colony's natural trade channels:

Indo-China's economy is inextricably bound up with the Far East, and its rigid tariff ties with France are thoroughly artificial and unrelated to her vital needs. 28

Indo-Chinese trade with the mother-country in 1937 (2,039 millions) francs is still greater than that of Indo-China with the countries of the Far East (1,320 millions). 29

Working under such disadvantages, Japan has every incentive to try to supplant France in the colonial market. From 3% to 53% is an attractive jump, even if the absolute amount be not large. Moreover, with the virtual disappearance of the all-essential French support, the colony's trade is laid open to the political

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28. V. Thompson; French Indo-China; p. 204.
and economic pressure which Japan is now in a position to apply.

The long-neglected native trade is probably the most attractive field for immediate profit. As far back as the seventeenth century the Japanese have sold firearms in Cambodia. Today a small business in glass beads, ornaments, and cheap silk prints is carried on in most of Cambodia, Tonkin, and Laos. The range of native requirements is narrow, and at present the amount of Japanese goods sold is small. However, in view of the ability she has shown to cater to low-standard markets, Japan could probably expand this volume considerably. Her cheap textiles find a ready market among native peoples of Asia, where they already sell in considerable volume in Burma, Siam, the Netherlands Indies, Malaya, and especially India. The tariff barrier is apparently the only obstacle to similar sales in Indo-China.

In gaining control of Indo-Chinese markets, Japan will be aided by internal weaknesses in the colony, political and economic pressure, and the severance of Indo-China's economic relations with France. In dealing with the natives themselves, however, the problem is not so easily solved. The native trade of Indo-China,
and to a lesser extent that of the Netherlands Indies, is almost entirely in the hands of Chinese. The former country may therefore serve as an indication of what Japan may expect to encounter in the richer market.

Prospects of rich trade with Tonkin was one of France's first incentives in the penetration of Indo-China. When economic penetration became military conquest, the ubiquitous Chinese merchant proved invaluable as provisioner of the invading armies. In the unsettled years which followed French occupation, he vanished to safer regions, but with the cessation of hostilities he returned to blight the hopes of his former ally.

French traders found competition with the Chinese impossible. The Oriental knew every inch of the country and the needs of every individual. He sold joss-sticks, native charms, Chinese drugs and potions, and numberless other articles indispensable to native life but quite impossible of reproduction in the Occident. The natives could use his simple barter system, while western banking methods merely frightened them. Chinese merchants could live and make a profit under conditions no white man could stand. Most important, the racial
solidarity of the Chinese was in itself enough to defeat the selfish and disunited French traders.

This is the situation a prospective seller must face. Chinese traders, firmly rooted in Indo-China's economy, are the indispensable middlemen in any trade with the native population. It is not suggested, of course, that Japanese traders would attempt to replace their rivals directly. They would certainly not put up with the life the Chinese trader leads. It is more probable that any direct Japanese participation in Indo-Chinese trade would take the form of wholesaling, importing and exporting, and financing. But the strategic position of the Chinese would still be maintained, and its importance should not be overlooked. When the French were occupying Indo-China the Chinese gave them every aid, hoping thereby to increase China's influence in her former satellite. This time the newcomer is an enemy of China, invading the southern country to threaten China itself. Chinese in Indo-China seldom lose their identity, nor their sentimental ties with home, and their government fosters this attitude.

30. But they have partially done so in the Netherlands Indies, under somewhat similar conditions. cf. R. Emerson; "The Outlook in Southeast Asia", Foreign Policy Reports, Nov. 15, 1939.
By means of this racial solidarity, tremendously augmented by China's new sense of nationalism, consciously directed by an able government, Chinese traders may be expected to hinder their enemy in every way possible. In Indo-China this can be accomplished not only by a monopoly on trade channels, but by controlling the purchasing power of the market. The native's buying power depends on agriculture. Rice and other grains are grown for food, but with minor exceptions only rice produces a surplus for sale. The importance of Chinese dealers in marketing this rice is only exceeded by the stranglehold of debt they have on its growers.

Low-grade goods must go to the mass of peasant farmers, whose income, for practical purposes, seldom exceeds living costs. The lavish fertility of tropical nature encourages careless and extravagant cultivation. The Khmer has a rooted objection to innovation or enterprise, while the Annamite's greater activity is offset by an inborn love of gambling that can dispose in a night of the meagre savings of a whole

31. For ways in which this has been done elsewhere, cf. R. Emerson; *op. cit.*
year. It is important also that throughout the country payment for labour is normally in kind. There is therefore very little purchasing power as such in the hands of the native.

Cash income from the sale of rice is therefore important. But native agriculture depends on credit — easy credit and plenty of it. A low rate, to the unbusinesslike native mind, is not nearly so important as getting what wants on postponed payment. As a consequence he will cheerfully mortgage to the rice dealer his lands, his crop, and even his person for years in advance. This overhead of debt is therefore an effective means of absorbing any surplus the peasant may accidentally make, while at the same time the barter trade of the Chinese merchant is not affected.

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As a market for Japanese goods Indo-China presents some difficulties. Nevertheless, its potential power to absorb the type of merchandise Japan can best export makes an effort to secure this market seem well worth while.

Besides absorbing Japanese goods, the
French colony can supply rice in abundance, and certain other foodstuffs in smaller amounts. The rubber industry is already fairly well developed, and with coal and perhaps tin can contribute materially to Japan's industrial needs. Depending on political conditions, there is also a possibility that some of these goods might be exported to furnish a limited amount of foreign exchange.

These things Indo-China could furnish to the "New Order". But she has no petroleum, and petroleum plays an important role in the establishment of that "New Order".
CHAPTER III

INDO-CHINA'S ROLE IN JAPANESE STRATEGY.

The past three years have seen a steady advance to the southward by Japanese armed forces. The "North China Incident" soon spread to the sea in a southward direction, enveloping Pekin and Tientsin en route. Capture of Shanghai and the southern capital of Nanking was followed by the fall of the coastal towns Wenchow, Foochow, Amoy, and Swatow, until Canton itself was reached and British Hongkong threatened. The seizure of Hainan and the Spratly and Paracel Islands barely preceded Japan's open expressions of concern over Tonkin.

This military activity was, of course, directed primarily against China. It was nevertheless accompanied by various other activities designed to weaken the hold of the Western Powers on their Far Eastern possessions. But the real issue for Japan in Asia is the Chinese war, which is having increasingly serious social, economic, and political results at home.¹

¹ cf. the speech of Premier Konoye to the Diet in January 1941; Vancouver Daily Province, Jan. 28, 1941.
During the past year it has become more and more urgent to find a way out of the deadlock on the mainland.

This might be accomplished by a military victory or by diplomatic means. Alternatively, Japan might go on to new conquests, in the hope of recouping her military, diplomatic, and economic losses of the past three years. To some extent these courses of action might even be combined. In any event, French Indo-China can serve as a springboard for Japanese military activity in south-eastern Asia -- under certain conditions.

Despite the very considerable progress made in the reorganization of Chinese national economy the country is obviously not in a position to prosecute unaided its war with Japan. Enforced concession of the coastal areas has given China time to organise a more effective resistance. But resistance alone, however successful, cannot bring about a military decision. If China is to free herself by military means from Japanese domination the latter's armed forces must be defeated in China.

Fortunately, the areas still held by the Chinese National Government are capable of considerable contribution to the support of their inhabitants. A
more serious problem is the acquisition of the required military equipment. Facilities in China for the manufacture of arms are as yet inadequate for the country's needs. Arms, and equipment to service and replace them, must be imported, and are indeed being supplied in increasing volume by those interested in keeping Japan occupied. These arms must be paid for -- now, or ultimately. Even shipments on credit require at least a token payment and the provision of collateral for the loans under which they are made.

Thus, not only China, but also her creditors are interested in maintaining communication between free China and the outside world. Thus also is it very much in Japan's interests to close these avenues as soon and as completely as possible.

From Indo-China the two most important routes are accessible to military action. The first to receive attention was the Yunnan-Tonkin route, which provides Yunnan's only outlet to the sea. Through 1939 and the Spring of 1940 considerable shipments of arms, ammunition, and machinery were made over this route, balanced by outward shipments of Chinese goods, notably tungsten. The Indo-China-Yunnan Railway is the most
important link, and after the fall of Canton took a large share of traffic formerly routed via Hongkong. Road traffic has been a useful supplement to the railway, and even the rivers have been pressed into service on occasion.2

The Burma Road has likewise been an important supply line, although opinion on its value is divided. It should be pointed out, however, that there is not one Burma Road, but two. China has also begun construction of a railroad, although the Burmese are not anxious to facilitate the migration of Chinese into their country. In January of 1939 air service was established between Chunking, Kunming, and Rangoon, linking up with the British Imperial Airways routes at the latter city.3

The occupation of Tonkin by Japanese troops presaged more active measures to be taken against China. The arms trade over the border into Yunnan and Kwangsi was of course stopped immediately. From newly-acquired airfields in Tonkin Japanese aircraft are within

3. J.L. Christian; "Trans-Burma Trade Routes to China"; Pacific Affairs, June, 1940.
bomber distance of the Burma Road throughout its entire length. Both termini are vulnerable, as is Chungking, whence China's war effort is directed. Tonkin likewise provides a base for widespread air activity in the southern provinces of China generally. This air attack might well be supplemented by a land drive, should the opportunity present itself.

An alternative (and corollary) to a frontal attack on China is the further extension of Japanese control over other countries of south-eastern Asia. Japanese domination of Indo-China, Siam, Burma, and Malaya would at one and the same time prevent access to China from the south, and prevent the resources of those countries being used for China's benefit. So far Japanese penetration of this area has been more or less peaceful. It is not inconceivable, however, that in face of an "emergency" such activity west of Indo-China might be speeded up by direct military action. Indo-China could be a useful jumping-off place for such an attack.

Geography prevents extensive land operations in this region. Five mountain ranges extending southward from China divide the Indonesian peninsula into a series of parallel valleys. The existence of separate
and distinct civilizations in these valleys emphasizes the lack of lateral communication between them. Even to-day east-west movement across the interior of the peninsula is almost impossible. The southern Cambodian-Siamese border is an exception. Movement is similarly easy from Siam into Malaya, but almost impossible from Siam into Burma.

Major transportation by sea, with naval protection, would be inevitable in the case of a large-scale military movement westward from Indo-China. Even the southern land routes, lying close to the coast, are vulnerable to attack from the sea.

The strategic advantages to be gained in Siam are a yet more advanced sea base at Bangkok, airfields in the south that could be used against the Straits Settlements, and airfields in the north for use against the Burma Road. At the same time, Siam's huge shipments of rice, livestock, and tin to Singapore could be diverted for Japanese use.

Lack of a natural frontier favours movement from Siam to Malaya. Moreover, a good railway runs the length of the peninsula from Bangkok to Singapore.

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4. See below, Chapter IV.
If protected by air bases in southern Siam or northern Malaya this line would facilitate attack on Singapore's only vulnerable side.

The defences of Singapore are, of course, a military secret. Its landward side may be geographically vulnerable, but it certainly is not neglected. The movement of several large contingents of Allied troops into Malaya during the past year indicates a defence system of considerable depth, probably sited well north on the peninsula. Moreover, the length of the railway, plus its proximity to the coast, detracts materially from its military value, unless protected simultaneously by land, sea, and air.

The seaward approaches to Singapore are reputedly well protected by land batteries, mine-fields, and natural barriers of reefs and islets. The harbour offers excellent facilities for aircraft, and these have been augmented by several newly-constructed land fields. The war in Europe has demonstrated the deadly powers of modern bombing and torpedo-carrying aircraft when used against ships in narrow waters. On the purely defensive side, air attack on the port can be handled both by anti-aircraft guns and by recently-increased numbers of
fighting aircraft.

Singapore is not only a naval base, but also the chief entrepot of its area. Goods collected from Burma, Malaya, and Siam meet in Singapore the contributions of the East Indies and the islands of the southern Pacific. From Singapore the produce of Europe, Asia, and America is distributed to Indonesia and the Indies. The city itself is the export point for the rubber and tin on which the economy of the Malayan states is based. Moreover, Singapore must import a great part of its own food supply. Livestock and rice come from Siam and Burma; "western" foods from Europe, India, and the Antipodes. Through the Straits must pass all ships travelling between the Indian and Pacific Oceans. Even without the reduction of the naval base itself, considerable damage could therefore be done to merchant shipping by aircraft based in Indo-China or Siam.

The third possible direction of a Japanese thrust is against the Netherlands Indies and the British possessions in Borneo. From the Japanese viewpoint, nature has grouped these islands in a convenient semi-circle around French Indo-China, with the three most important within bombing distance of Cambodia. Directly
across from Singapore lies Sumatra, second largest of the
Dutch islands in area, but with one of the smallest
populations. Java to the eastward is the centre of Dutch
activity in the Indies, and contains the most important
towns. North of Java lies Borneo, a bare five-hundred
miles by sea and air from the Indo-Chinese coast, with
the Spratly Islands half-way across.

The acknowledged wealth of the Indies has
been considerably developed by official measures designed
to combat the recent depression. Oil is, of course, the
chief attraction in wartime. Sumatra and Borneo have the
largest fields, in the latter case on the north coast,
significantly close to Indo-China. Rubber is also of
military importance. Among minerals produced, tin ranks
first in both quantity and value, with manganese and
bauxite coming rapidly to the fore. Since 1936 nickel
has become important, the Japanese evincing considerable
interest. Oil, rubber, and tin, together with agricul-
tural products such as tea, coffee, sugar, tobacco, etc.,
are the most important exports. 5

The widely-scattered islands present an
easy target for "piecemeal" attacks from the north. From

5. J.S. Furnivall; Netherlands India; ch. X, XII.
Indo-China aerial attacks could be directed against all the important cities, including the only large naval base at Soerabaya. From Indo-China or the Spratly Islands aerial convoys could be provided to northern Borneo. The Japanese mandated Carolinas, Marianas, and Yap provide bases for attack on the outer islands, in which Japan has for a number of years been trying to establish a foothold. The latter route is also an easy road to Australia.

Dutch defences in the Indies are based on three considerations. Lack of money has been the chief factor in restricting the size of naval forces, and the Islands are therefore provided with a small but highly mobile force of destroyers, submarines, and other light craft designed to delay and harass an attacker. In this task the navy would be aided by an airforce considerably augmented by recent purchases of newest-type American equipment.

A decisive blow could not be struck without the assistance of capital ships which the Indies do not possess. The second principle of Netherlands Indian defence is therefore co-operation with Britain and perhaps the United States. Before the invasion of the Low Countries this co-operation was considerably hampered by
strict Dutch neutrality. To-day, of course, the Netherlands Government in Exile is whole-heartedly co-ordinating its forces with those of Great Britain. Presumably such British ships as are available in the southern Pacific would be used against an enemy wherever he might strike. Reciprocal co-operation of Dutch small craft might be expected in such operations as hunting commerce-raiders. On the other hand, it is very unlikely that any British capital ships can be spared in the Orient for some time, and indeed the despatch of such units at the present time might well be provocative rather than preventive of Japanese action.

Land defences of the Indies include a small but well-trained and equipped army, and extensive fortifications around possible points of attack. Oil fields in particular, along with other areas of economic or military value, are popularly supposed to be mined and otherwise prepared for destruction, should they fall into enemy hands.

The most serious menace in this area is the possibility of commerce-raiding. Even "short of war" Japan could do much in this line to aid the Axis in the southern Pacific. Fast, armed merchantmen, allowed to fit out and provision in Indo-Chinese ports, could work
havoc in the neighbouring shipping lanes. All traffic between the Pacific and Indian Oceans could be reached, as well as the routes between the Antipodes and Asia, Africa, and Europe. The Japanese mandates provide bases for similar action against Antipodean trade with North and South America, and through the Panama Canal. Tracking down these raiders and locating their bases would be a prodigious task among the archipelagoes of the southern Pacific.

The obvious weakness of Japanese offensive action in south-eastern Asia is, of course, the problem of communications. The above courses of action presuppose a force based on French Indo-China. But that country is not itself capable of supporting such a force. Food supplies might indeed be purchased or confiscated in the coastal areas, but the quality of such produce would not be high. Moreover, the country's newly-created munitions industries were totally inadequate to supply even her own requirements. This does not take into consideration the possibility of active or passive resistance, should Japan attempt forcible direction of Indo-Chinese economy.

Japan must bring all the men and munitions she requires in Indo-China from the north. These must
come by sea, since the Japanese have not linked their footholds on the Asiatic coast by adequate land routes. Shipments must be convoyed, which reduces the effective naval strength available for offensive action elsewhere. If troop landings were attempted anywhere beyond Indo-China still more convoying would be necessary, although land-based aircraft could give considerable assistance. Moreover, supplies bound for Indo-China must pass through certain well-defined channels. West of Formosa the route leads past Hongkong; east of Formosa transports would have to pass Manila. Finally, Japan would have the problem of finding enough extra shipping for transport and supply purposes.

The unknown quantity in the Pacific naval situation is, of course, the United States. American forces based on the Philippines could harry Japanese supply lines from Formosa to Saigon. The whole route could be covered from Manila on, over, and under the sea. The Japanese naval and air bases in southern Formosa are within bombing range of aircraft based in Luzon.

From the Philippines to Guam it is possible to throw a screen across the outer islands of the Netherlands Indies, simultaneously blocking the way to the Antipodes. Wake and Midway Islands complete this
screen across to Pearl Harbour. It should be noted, however, that such a line is itself vulnerable from the Japanese mandates.

The possibility of American ships operating from Singapore has been discussed ever since the attendance in 1938 of American naval units at the opening of the Singapore graving dock. It is significant that the United States navy has no repair facilities west of Pearl Harbour comparable to those of Singapore. Another aspect of the Singapore question is the aforementioned shortage of capital ships. These may not be necessary for defensive action, but without them effective countering of a Japanese move against the Netherlands Indies is impossible. Lighter craft, especially cruisers and aircraft carriers, would be useful for hunting commerce-raiders. It is not unlikely that the current Anglo-American "deals" in military and naval equipment will affect also the southern Pacific.

But the United States can do a great deal in the Pacific without resorting to war. Aid to China

6. The United States House of Representatives recently voted $242,000,000 for the development of naval aviation bases at Guam, Samoa, and other unspecified points in the Pacific. Vancouver Daily Province, Feb. 19, 1941.
helps keep Japanese troops occupied, and prevents their being used further south. Strengthening of the Hawaiian Islands by increases in air and naval personnel and equipment complements the announcement of intention to create a "two-ocean" navy. Canadian-American defence schemes provide stepping-stones to Alaska, where American naval and air bases are creeping westward along the Aleutian Islands. "All-out aid to the democracies" has been celebrated by visits of American warships to the Antipodes on a "training cruise".

The severance of economic relations with Japan is, of course, the United States' best weapon in any conflict between these two countries. But "sanctions" alone are not enough. Backed by American armed forces such a blockade would be extremely effective. Used alone, it would merely give Japan additional incentive (and excuse) for hastening the southward extension of the "New Order".

CHAPTER IV

INDO-CHINA IN ASIATIC POLITICS.

The Indonesian peninsula is one of the most confused ethnic regions of Asia. Its people are a mixture of many races, and their civilizations are drawn from equally diverse sources. Geography has played the most important role in peopling this peninsula, whose impassable mountain ranges divide it into five distinct areas. Running fan-wise southward from a base in southern China, these valleys widen out towards the sea, where each ends in a rich delta.

From time immemorial these valleys have been the pathways for southward migration into Indonesia. Since the impassably wooded dividing ridges have prevented lateral communication, each valley area has developed, more or less independently, a typical agricultural river valley civilization. This broad general resemblance is, however, their only common characteristic, except in the few cases where local geographical peculiarities have permitted lateral contact.

Into these cul-de-sac valleys have come
successive migrations, each wave driving before it the indigenous inhabitants. Although many groups have preserved their identity to a certain extent by retreating into isolated regions, mixture and modification of peoples and cultures alike has been the general rule.

The Indo-China of to-day contains two of these valley highways, with both the flanking and the intervening mountains. In the north, the Red River cuts Tonkin into two plateau regions, with a thickly-populated delta between. The Mekong River, rising farther west, flows south along the Siamese border for some distance, then turns south-east into Cambodia and Cochin China. Between these two streams the dividing ridge covers most of Laos and Annam. Lateral spurs from this range break the coast of Annam into a series of isolated valleys fronting on the sea.

The people known to the Annamites as "Moi" are descendants of the earliest known inhabitants of Indo-China. This name covers a number of widely differing and very primitive groups scattered through the mountainous back country of Laos, Annam, and Tonkin. French scientists have tentatively classified them into
Negritos, Malayans, and Tibetans, according to origin.¹ Diverse and vague traditions make this classification at best little more than surmise. Physical characteristics of these natives offer little assistance; religious theories are in most cases a conglomeration of broad precepts found in nearly every Oriental faith; religious practice is often extremely superficial. Unlike other peoples of Indo-China, the Moi are fast losing both their original characteristics and those acquired from subsequent overlords. A low standard of culture, with a total lack of literary or dramatic art have been major causes of the scantiness and confusion even of legendary history. Geographical isolation and a nomadic life are important contributory causes.

Lack of a definite background, together with undeveloped institutions, made these people easy prey for the next invaders. Two races of Hindu origin, Khmers and Chams, were the first migrants of whom we have definite knowledge. The latter group descended the Red River valley and established themselves on the coast of what is now Annam. Here their civilization underwent

¹ H. Russier and H. Brenier; L'Indochine française; p. 116.
rapid disintegration. Exposed to attack by Annamites to the north, Khmers to the south, and Chinese pirates by sea, the Kingdom of Champa had no leisure for cultural or spiritual development.

Lacking a cohesive influence the group soon broke up, sections falling to its northern and southern neighbours, and the remainder retreating to the mountains of the interior. The Chams therefore had little influence on Indo-Chinese institutions, and their transitory reign left only material relics.

More important to the present is the legacy of the Kingdom of Founan, founded on the lower Mekong by the other section of the Hindu invasion. After developing to a position of tremendous political and cultural importance throughout the west this kingdom suddenly declined in the thirteenth and fourteenth centuries. A subordinate Khmer state in what is now Cambodia took over its political and cultural heritage. The renaissance that subsequently took place in every branch of Khmer culture surpassed even the glory of Founan, and made itself felt over the whole of western Indo-China. This new vigour found expression chiefly in architecture, of which the most famous survival is
the colossal Angkor ruin.

The Hindu peoples were in turn overwhelmed by a wave of immigrants from southern Tibet. Entering by the familiar Tonkin routes, this wave also split in two. The Thais moved slowly south and west, leaving a strong impression on the inhabitants of the western mountains. By the twelfth century the Mekong valley had led the invaders to Cambodia, where they shortly afterward acquired sufficient strength to overrun the Khmer Kingdom. After pillaging the country, and incidentally absorbing much Khmer culture, the Thai invaders moved westward to their present headquarters in southern Siam. Since then only the strength of French rule in Indo-China has restrained their efforts to re-assert Thai suzerainty over the western provinces.

The second division of this Tibetan horde pushed eastward down the Red River, mingling with indigenous peoples en route. Pressed themselves by the Chinese to the north, the invaders quickly overthrew the Kingdom of Champa and established in its place the Annamite Empire. This empire was in turn subjected to ten centuries of Chinese domination, during which Annam acquired much of its present political and social structure,
and adopted whole sections of Chinese culture.

Emancipation from the Chinese yoke was eventually secured during a period of bitter internal warfare in the Annamite Empire. From these struggles the Nguyen dynasty emerged as champion of Annam, suppressing its Trinh rival and at the same time pushing vigourously southward. When the French arrived Annam had both Tonkin and Cochin China as vassals and was commencing the penetration of Cambodia.

This was the origin of Indo-China's present native population. On a varied background of indeterminate origin both Indian and Chinese peoples have made a strong impression. To-day Khmer and Annamite civilizations predominate in a medley of races, creeds, and cultures. An Occidental culture has begun the metamorphosis of this Oriental conglomerate, but although the short Occidental rule has considerably modified native institutions these are still of fundamental importance in the practical administration of the country.

This chaotic background is responsible for the course of French conquest, and for the illogical government which has resulted. Cochin China is a French département, and like Algeria is (?) directly represented
in the Chamber of Deputies. Annam, being a kingdom in its own right, is a protectorate of France, as are Laos and Cambodia. Tonkin, nominally under the rule of the Emperor of Annam, is governed in fact by the French Resident Superior. Cambodia has a native king and Laos a sort of semi-royal ruler whose indefinite political authority over the interior regions is giving way to increasing de facto economic control by the French. The Governor-General of the Indo-Chinese Union is responsible to the Minister of Colonies in (since 1940) Vichy.

Such an "organization" seems strangely out of keeping with the usual conception of French colonial policy. It is at once the result of historical events and a mark of the artificiality of French rule. The conquest of Indo-China was typical of nineteenth century tropical imperialism. Exploration of Tonkin in search of commercial and economic advantages was followed by missionary activity in both Indo-China and China. French missionaries were the means, both willingly and unwillingly, of furthering material ends in both countries; but as a general rule few have been so sincere and devoted as

2. Morse and MacNair; Far Eastern International Relations; especially ch. XVIII.
these early French missionaries, and few indeed have accomplished so much. Behind their work the greed and jealousy of other Europeans has sheltered, not the least blameworthy being their own countrymen. Starting with Tonkin, France on one pretext or another absorbed the five countries of the present Union, in piecemeal fashion, very much as modern "New Orders" are being created. Desire for economic and diplomatic gain provided the incentive; protection of native peoples, and the need to forestall other powers, the excuse; and suppression of internal disorder and banditry, the method.

Before the arrival of Europeans, Khmer and Annamite civilization imposed a precarious but effective unity on Indo-China. To-day the influence of the former is confined to the south and the west, where a semi-feudal social structure prevails. The three strata, freemen, serfs, and slaves, reflect the conditions under which they had their origin, and the administrative problems arising therefrom.

Military service was the origin of the first class, which owed a theoretical and frequently tenuous allegiance to the King. With the stability and order resulting from French rule the military basis of
Khmer feudalism has been destroyed, but so far this upper class has not become blurred with its inferiors.

Serfdom arose out of the need for labour for the colossal building schemes which marked the zenith of Khmer culture. Such works were a means of expressing a high degree of civilization. Public works under the French are an unromantic modern necessity. But the French have continued to use the native corvée system for recruiting labour, a practice which has frequently led to grave abuse. Thus, although serfdom has in theory been replaced by wage-labour, it in fact continues in existence under much the same conditions as before.

As is frequently the case in the Orient, debt was the raison d'être of slavery among the Khmers. Under the influence of nineteenth century European political ideals and humanitarianism slavery was officially abolished when the French took over the protectorate of Cambodia. In fact, however, the change is legal rather than actual. Economic slavery still flourishes among the agricultural peasantry, with improvident native landowners hopelessly indebted to Chinese and Indian money-lenders. This situation has indeed been aggravated by the French-

3. cf. ante, Chap. II.
inspired trend towards production for export.

The legal structure which bound Khmer society together was early a target for French "reform". Heredity was, of course, the cohesive influence in this feudal society, but weakened by religious custom and by lax exercise of royal authority. Brahman and Buddhist precept supplied the philosophical basis of law, but general principles have through centuries of legislation by royal proclamation become lost in a mass of detail. Varied local custom filled the gaps in this system. Since the bulk of such law related to the economic and social structures, modifications with an entirely different and foreign basis have had far-reaching effects.

Nevertheless, the Khmers have reacted more favourably to French rule than have the Annamites. When the French arrived in Cambodia the country was in danger from both Thais and Annamites. Cambodia spontaneously sought French protection, and has maintained excellent relations with its Occidental overlord ever since. Under the French Cambodians have enjoyed increased prosperity, better health, and a revival of native culture. Although some institutions, particularly the legal system and the position of the King, have sometimes
been needlessly and tactlessly interfered with, French rule has in general prevented too rapid disintegration of an already declining civilization.

Such excellent relations provide little basis for anti-French propaganda. Nationalism among the Khmers prefers the contemplation of past glories to the bustle of contemporary politics. As the past few months have indicated, the nationalism to be exploited in Cambodia is not that of the Khmers, but that of their neighbours.

Annamite civilization is of greater importance in the contemporary administration of French Indo-China. Annam still dominates the political, social, and cultural scene in three important provinces on the eastern seaboard. Two of these, Tonkin and Cochin China, contain the most densely-populated regions of the Union. The influence of Annam has moreover been felt in interior regions far beyond the boundaries of the old Empire.

The French found in the Annamite countries a social and political structure strongly marked by the centuries of Chinese domination. The absolute despotism of the Emperor of Annam was based on the "heavenly mandate" familiar in Chinese history. A quasi-divine figure,
aloof in his geographically-isolated capital at Huế, approachable only by elaborate ceremonial, the Emperor of Annam was the object of awe and reverence. The French in their efforts to deal with this court had all the difficulties experienced by Westerners in dealing with China in the nineteenth century.

But although much of this mysticism has been dispelled by the conqueror, the present Emperor of Annam retains tremendous influence in the every-day life of his people. With a European education and an Annamite background, Bảo Đại has turned his duality to good account. The royal person now provides a buffer between the two civilizations, guiding the evolution and development of the old, and softening the harsh materialism of the new.

In old Annam the Emperor ruled by means of extremely democratic institutions. Annamite aristocracy, for example, consisted of five ranks, with hereditary titles which automatically "demoted" one grade per generation. Since appointment was theoretically made as a reward for public service, such a device was ostensibly a stimulus to patriotism. In true Oriental fashion it was actually used for the much more practical purpose of preventing the formation of feudal cliques.
and court parties.

The administrative system was likewise under the influence of China. Mandarins were chosen by the same pedantic methods as in China, and were similarly expected to govern their personal and official conduct according to Confucian precept. Thus their authority was largely moral, reinforced by the shadow of the Emperor's prestige. This fact had important results when the French came to interfere in the native administration.

The unit of Annamite society is to this day the commune, a completely self-contained social, religious, economic, political and administrative entity. It originated as a subdivision of the clan, which in Indo-China appears to have preceded even the family as a social unit. With the end of migration these sections of the invading clans took root as communes, and because of the nature of the country, developed into self-contained societies. The Chinese-influenced use of the commune as a colonizing unit further promoted individuality.

The local equivalent of the Mandarins were the village Notables. In theory selected for experience and ability, these officials early came to
represent the small peasant landowning class from which they were recruited. They were therefore intimately and personally interested in every aspect of life in their respective villages, and since the communal boundaries even to-day mark the intellectual horizon of their inhabitants, the Notables became much more important as leaders of local society than as representatives of the distant Imperial government. The French utilized this condition to separate local and central authorities, changing fundamentally the former, and reducing the latter to negligible importance.

Despite their present state of transition and confusion the native institutions remain the traditional authority in government. French rule, though superficially effective, does not touch the moral and psychological basis of native life. Only through native institutions can an outsider govern the masses, and his political relations with them are most successful when indirect.

For this reason, the attitude of Annamites toward their immediate French rulers has an important bearing on the extent and strength of French control over Indo-China, especially since the backing of the Métropole is now ineffective. Annam made its first
contacts with the French on the characteristic assumption of the superiority of the Oriental over the Occidental. This was shown in the usual ways, for example by the wording of diplomatic documents. The materialism and venality of the first French traders strengthened this feeling in the minds of the more idealistic Annamites. The latter particularly resented the brusque treatment of their Imperial Court by impatient Europeans.

In the eyes of the scholarly Annamites, who already despised their warlike Tonkinse vassals, French military prowess was no recommendation. The Russo-Japanese War confirmed this opinion by creating the impression that an Oriental could easily learn from an Occidental and beat him at his own game. Moreover, the persistent refusal of French officials to learn native languages placed them from the outset at the mercy of unscrupulous native interpreters, and helped to show up the Westerner as an easy dupe.

This feeling of inherent superiority has not been overcome. Rather has it been strengthened by the way in which French administrators have overridden age-old native institutions purely for the sake of material expediency. To a people steeped in tradition, whose
lives are ruled by the philosophical Confucian, Buddhist, and Taoist principles, there is no point in modernization and innovation as such. The customary easily becomes the right, and from this it is an easy step to regard deliberate alteration of the traditional as something approaching sacrilege. To the peasant masses in particular, out of touch with the finer points of Gallic culture, but very intimately concerned with the daily routine, alteration of time-honoured institutions needs a lot of justification.

The native administrative system was found indispensible while the French were struggling to establish themselves in Indo-China. But this period was also the era in France of assimilationist theories of colonial government. As soon therefore as Indo-China was sufficiently subjugated its new masters began trying to bring the indigenous government into line with current French political theory.  

Mandarins and communal officials suffered most from this policy. French inability or unwillingness to understand the native viewpoint resulted in needless

changes and personal indignities. French administrative machinery created parallel to the native system wielded the real power and absorbed an increasing proportion of local revenues. Native officials lost their usefulness and their income simultaneously. Their attempts to recover the latter by increased levies helped to lessen their moral authority, and to brand them, not the French, as superfluous. The result was the transformation of the Annamite official into a cheap and very subordinate fonctionnaire. The French official who replaced him was not an improvement, since language difficulties and rapid rotation of personnel prevented the all-important personal contact.

Stability and consistency in government is likewise regarded as a virtue by Chinese peoples. Change of policy by an official is as objectionable as changing the official himself. In Indo-China, unfortunately, the Governor-General has often been appointed because his views are unwelcome at home. French political intrigues have frequently resulted in the sudden recall of colonial officials and the appointment of quite unexpected successors. Application of the spoils system, has caused thorough administrative shake-ups every few
years. The consequence has been general disturbance, vacillation, contradiction, disappointments and broken promises in a country which demands order, stability, and ethics in government.

In a few cases the contact of civilizations has gone very deep. The application of French judicial theories, for example, has struck at the roots of the Annamite social structure. Native legal machinery, and native law itself were effective because they grew out of the economic and social structures themselves. It is impractical therefore to try to make them conform to principles and theories suitable to the Third Republic, yet this was often just the result of over-enthusiastic "reforms". Clumsy judicial review, for example, destroyed the dignity and authority of native judges. Property and personal relationships envisaged by the Code Napoléon do not suit Annamite society. For instance, in the desire to spread French law natives were encouraged to appeal to French courts over the heads of communal and even parental authority. Likewise, the most advanced labour legislation will not restore semi-feudal relationships destroyed by wage-labour and the migration of workers
to town and mines. 5

On the other hand, many substantial benefits have resulted from the French administration of Indo-China. Outstanding in this respect are the suppression of native warfare and banditry; economic development, aided by public works; improvement in native health through sanitation, medical care, and education; and the splendid work of French missionaries. The Ecole française d'Extrême-Orient, founded in 1898, has done much to promote interest and research in Far-Eastern culture:

It is at once a gravitational centre for those who, in Indo-China or neighbouring countries, are interested in the problems presented by the origin and evolution of Far-Eastern societies; and a centre for the diffusion of the results obtained. It is destined to become a sort of outpost of the Métropole in regard to studies in the Pacific area, and is already a focal point in the world-wide network of scientific research. 6

Western education of Annamites has had one unfortunate result. Centering around the University of Hanoi, the Indo-Chinese educational system has laid

5. For a French view of colonial administration cf. G. Pelletier and L. Roubaud; Images et réalites coloniales. The views of one of the most successful Governors of Indo-China are to be found in Albert Sarraut's La Mise en valeur des colonies françaises.

too great stress on academic culture and theory. The
effect has been to create a small class of highly-educated
natives, eager, impatient, idealistic, but frequently
impractical. They were encouraged to seek a western
education in order to qualify for administrative posts,
but the higher positions remained firmly closed to them
by a tacit assumption of superiority on the part of the
French.

This group has produced the only positive
reaction to the shortcomings of French rule in the
Annamite states. This sentiment has been gradually
transformed into a mild sort of nationalism, but it is
doubtful whether it would lend itself to exploitation
by an outsider. The real grievances are too intangible
to become the objects of aggressive political action.
Broken traditions, hurt pride, and discrimination are
seldom expressed in specific actions or legislation
which can be attacked.

Moreover, the number of persons affected
is relatively small, and the attitude of the masses
toward political problems is unimportant. Centuries of

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7. e.g. The short-lived attempt to make acquisition of
French nationality a prerequisite to government
employment.
isolated, self-centered group life have limited their intellectual horizon. The fortunes of political theories have little effect on a hand-to-mouth existence, and a change in the character of the ultimate political authority would therefore excite little interest if subordinate institutions were left alone. Also, the "heavenly mandate" theory of government makes political change its own justification.

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The conclusion to be drawn is that Indo-China cannot play more than a passive role in Asiatic politics. Indeed, through the course of history the Indo-Chinese have played a passive role in their own politics, for diversity of race, creed, and culture has continually put them at the mercy of vigorous neighbours.

The influence of geography is largely responsible for directing individual loyalties toward groups too self-centered to unite, yet too small to be of independent political importance. What is true of Indo-China is in a measure true of the whole Indonesian peninsula. Nationalism is introspective, for example in Siam, and gives little encouragement to a pan-Asiatic
Khmers and Annamites respectively impose a degree of unity on two sections of Indo-China. French rule has united five distinct political entities into a superficial union held together by a cumbersome and illogical administrative structure. Apparently this structure would be easily disintegrated by direct pressure in Asia and indirect pressure in Europe.

The spread of western education in Annamite countries has created a small class whose personal vanity and ambition and memories of past indignities might be exploited in the establishment of a puppet rule in part at least of Indo-China. On the other hand, the ambitions of this group are personal rather than national, while the masses, utterly lacking in political sense, would seem to furnish little support for a forward movement. In Cambodia amicable Franco-Khmer relations have strengthened rather than weakened, and the placid, peacefully declining Khmer civilization provides no basis for active nationalism.

It seems that if indirect Japanese rule

8. cf. V. Thompson; "The Landward Side of Singapore"; Pacific Affairs, March, 1941.
is to be established over Indo-China its basis will not be Indo-Chinese nationalism but the aspirations of her neighbours. China's grip on her former vassal is considerable, especially in the economic sphere, but China is too busy to be concerned with territorial expansion. Neither is the National Government likely to further Japanese plans by helping to partition buffer states.

The resurgence of Siamese national vigour has found expression in irredentist claims on parts of Laos and Cambodia. These western provinces are incidentally much more valuable economically to Siam than to Indo-China, and an important part of Siamese nationalism during the past decade has been the attempt to develop a national economy. During the past year Japan has redoubled her efforts to improve relations with Siam. Trade agreements, a "Treaty of Amity", and the recently inaugurated Tokyo-Bangkok air service are typical examples. German propaganda is active in furthering the Axis cause, and Siam is daily reported to be "on the point of formal entry into the Axis Alliance".

On the other hand, such diplomatic

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leanings do not entirely coincide with Siam's economic interests. Most of her rice and tin, and all her exportable livestock are marketed in the Straits Settlements. Her industries and public works are largely dependent on British capital, and the entire Siamese national debt is held in Great Britain. Chinese are also prominent in Siamese internal economy, and have already demonstrated the power of anti-Japanese boycott.

Japan's "mediation" award in the Indo-China-Siamese conflict is at once a bid for Siamese co-operation in the "New Order" and an indication of how Indo-China may expect to share in "Co-Prosperity".
CHAPTER V

CONCLUSION.

It is evident that should Japan succeed in establishing the "New Order" in East Asia the political unit now known as French Indo-China would as such be a very unimportant part of that order. In the event of Japan's achieving her aim, not only would Indo-China become politically insignificant, but would probably cease to exist as a separate unit.

The reason is that there is no internal force, such as nationalism, to hold the French colony together in its present form. The Indo-Chinese Union is an artificial political structure, whose component units show an astonishing geographic, racial, and cultural diversity. At least two distinct native political systems exist, together with large areas which neither these nor the French have brought under effective control.

One of the native groups, the Annamites, might supply Japan with the means of establishing a puppet rule over the east coast provinces, although French rule has seriously impaired the vitality of
Annamite institutions. Popular support for such a move is also extremely doubtful, while those who might lead it are inspired more by selfish motives and a mild anti-French feeling than by positive nationalism. In any case, an Annamite state would be a satellite either of Japan itself or of a Japanese-dominated China.

The Khmer state, declining, pressed by its enemies, deprived of effective French support, cannot stand alone. Its usefulness to Japan is not as the nucleus of a puppet state, but as a bribe in bringing Siam into the Japanese orbit.

French Indo-China's resources can make a useful but small contribution both to Japan, while creating the "New Order", and to that order itself, should it become an established fact. Japan's normal economic requirements are food, raw materials, and markets. Because of the nature of her economy, war merely accentuates these same needs. With minor exceptions Japan's economic requirements in peace and in war are similar. Most noteworthy of these exceptions are the extreme importance of petroleum in wartime, and the greater consumption of "secondary" foods during peacetime expansion of the living standard. Significantly
enough, these two items are the most conspicuous deficiencies in Indo-China's economy.

In other respects, Indo-China, though important, is on the whole less rich than her neighbours. Rice is the most important single item in the French colony's economy, but her exportable rice surplus, besides being at the mercy of unpredictable climatic and human factors, is both smaller and of lower quality than that of Siam or Burma. Rubber is of increasing importance in mechanized warfare, and Japan's present sources of supply are open to hostile political action. The rubber industry of Indo-China is steadily growing, but in volume of production still lags behind that of Malaya and the Netherlands Indies. Coal for smelting purposes, one of Japan's greatest needs, is also one of the few items in the production of which Indo-China has no rivals. The Tonkinese anthracite supply is large, easily worked, conveniently situated, and of excellent quality.

In some cases Indo-China's inferiority of resources is nearly absolute. Zinc, tin, and tungsten are important to the colony but Indo-China's output is insignificant in a world market. She has little iron, and no nickel, chromite, bauxite, manganese, or petroleum,
all of which are found in large quantities in one or more neighbouring countries.

These countries are also superior to Indo-China both actually and potentially, as markets for Japanese goods. On the other hand, although Chinese control of peasant economy is the chief bar to development by Japan of the Indo-Chinese market, Chinese nationals have an even stronger grip on the internal economy of Siam, Malaya, and the outer islands of the Netherlands Indies.

Influencing Japanese interest, two points strongly in Indo-China's favor are her comparative closeness to Japan, and the latter's dominant position, direct and indirect, in the colony's markets.

Indo-China's most apparent value to Japan is, of course, in the field of strategy. The fate of East Asia, the whole future of the "New Order", depends on the outcome of the Sino-Japanese struggle. Japan can go on indefinitely extending her military, political, and economic hegemony over the continent of Asia and the islands of the southern Pacific, but the Chinese war remains the vital issue. As long as this "incident" remains unsettled, it will pre-occupy and embarrass Japan.
in any and every move she makes. A Sino-Japanese settle­
ment which at least does not diminish Japan's present
prestige and power is indispensible to the final and
complete establishment of "Greater East Asia".

French Indo-China provides a means both
of helping to bring about such a settlement, and of
promoting further Japanese expansion in south-eastern
Asia. Occupation of Tonkin cuts one of the most important
supply routes into southern China, menaces the other,
and provides a possible base for direct attack on the
southern provinces. Should diplomatic and economic
pressure fail to achieve the required results in Siam,
Japanese military and naval operations across the
Cambodian frontier would be comparatively easy. The
possibilities of a flanking operation against the Burma
Road are rather remote, but Japanese control of China's
southern neighbours would at least prevent their resources
going to aid China and her allies.

The Indonesian countries are moreover an
excellent springboard for a Japanese attack on Singapore.
Such a movement is almost a prerequisite to effective
operations against the Netherlands Indies, and a necessity
to undisturbed Japanese exploitation of south-eastern
Asia. Moreover, Indo-China itself is a particularly
good base for an attack by Japan on the oilfields on the
north coast of the island of Borneo. The French colony
has a similarly high value as a base for commerce-raiding
in the China Sea and, in conjunction with Japan's Pacific
mandates, in the Netherlands Indies.

It appears therefore that French Indo-China
is of greater value to Japan in the establishment of her
"New Order" than it would be if and when "Co-Prosperity"
becomes an accomplished fact. This is even more apparent
in the diplomatic sphere.

Japanese leadership, economic, military,
political, and spiritual is the cardinal point in the
Japanese conception of the "New Order". The realization
of this ideal involves the definite elimination of actual
or possible rivals. Excluding China and Russia, both
doubtful at the present, the Western Powers Britain,
France, the United States, and Holland, are definitely
Japan's opponents. Their enterprises in China were her
greatest competitors in the markets of the East. Their
influence diverted the small Asiatic countries from the
Japanese orbit. Their jealous monopoly of the development
of their Asiatic and Pacific colonies excluded Japan
from this highly desirable field. In short, it is the Western Powers which compete with Japan for the privilege of developing the Orient.

In Manchoukuo the Occidental hold was soon broken, American interests being the last to be eliminated. In the Concessions, especially at Shanghai and Tientsin, Westerners have had to yield point by point to Japanese demands. These diplomatic incidents, small in themselves, point a significant trend: the steady elimination of the Westerner in the Orient.

Thus far the downfall of French Indo-China is the most important single step in this process. True, it was not a Japanese, but a German victory, with Japan playing the ignominious role of an Asiatic Mussolini. True, the scope of Japanese military activity in Tonkin was a flagrant violation of agreement, and an indication of the value of Japanese promises. But against this is the tremendous concrete advantage to Japan of having broken the European connection of the most important Occidental colony on the Pacific coast of Asia.

The blow is all the more significant in that Indo-China was not just a sphere of influence, but a French colony, an integral part of the French Empire.
It was the most important of France's Pacific colonies; the heart of French diplomatic activity in the Far East. From Indo-China every form of French culture and influence was radiated to China, Indonesia, and the islands of the Pacific. By the downfall of French Indo-China Japan has achieved her first decisive victory over the Western Powers in the Orient.

Siam's reaction shows that the fall of Indo-China is already affecting the prestige and influence of other Occidentals in the countries earmarked for "Co-Prosperity". Control of French Indo-China is an important step in the establishment of the "New Order" for Asia.
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