
The Economics of Exploitation: The Japanese in the Mariana, Caroline and Marshall Islands, 1915-1940

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The Economics of Exploitation

*The Japanese in the Mariana, Caroline and Marshall Islands, 1915-1940**

DAVID C. PURCELL JR

SINCE THE MIDDLE OF THE 17TH CENTURY FOUR FOREIGN POWERS—SPAIN, Germany, Japan and the United States—have attempted to exploit the resources of the Mariana, Marshall and Caroline Islands and develop the economy of the area. What follows is a description of the economic development of these islands by the Japanese, a consideration of the factors which made this development possible, and an assessment of what it meant for the Japanese, as well as the native population. In order to place the story in its proper perspective, however, a brief comment on Japan's predecessors, Spain and Germany, is necessary.

Spain's presence in the islands extended from the 1660s to the end of the 1890s, but Spanish activity was limited to the Marianas, where the emphasis was on saving souls and any effort at exploiting the area's resources was at best half-hearted. The Spanish were more interested in the economic potential of the Philippines and focused their attention there.¹

Germany annexed the Marshalls in 1885, and purchased the Marianas and Carolines from Spain in 1899. The Jaluit-Gesellschaft enjoyed a commercial monopoly in the islands after 1901, and in 1912 the future looked bright for the Deutsche Südsee-Phosphat-Aktien-Gesellschaft, which had special rights to mine phosphate on Angaur. Just as the Germans seemed to be making some progress, their activities were terminated by World War I. In retrospect all they succeeded in doing was paving the way for the Japanese by developing an infrastructure for commercial and mining enterprises.²

Japan's interest in the Mariana, Marshall and Caroline Islands dates from the 1870s when Japanese writers spoke of them as an arena for trade and peaceful migration.³ By the 1890s Japanese merchants on their small

* The author wishes to thank the American Philosophical Society and the University of Hawaii Intramural Research Grant Committee for financial assistance which made it possible to complete the research for this article.

¹ Douglas L. Oliver, *The Pacific Islands* (New York 1961), rev. ed., 334-42. Norman Meller, *The Congress of Micronesia: Development of the legislative Process in the Trust Territory of the Pacific Islands* (Honolulu 1969), 10.

² Stewart Firth, 'German Firms in the Western Pacific Islands, 1857-1914', *Journal of Pacific History*, VIII (1973), 10-28.

³ Akira Iriye, *Pacific Estrangement: Japanese and American Expansion, 1897-1911* (Cambridge, Mass. 1972), 36-40.

schooners had established a network of retail outlets throughout the islands, and subsequently entrepreneurs such as Nishimura Soshiro and Matsue Haruji attempted to grow and process sugarcane on Saipan. However, all efforts at developing Japanese interests in the islands were marked only by persistence in the face of frustration and failure until 1914, when Japan entered World War I against Germany.⁴ The Japanese Navy seized the islands in October of that year. In 1921 they were designated a Class C mandate by the League of Nations and were controlled as such by Tokyo until 1945. The nerve centre of the Japanese administration was the South Seas Bureau (Nanyōchō) located in Koror, Palau.⁵

Despite their earlier failures, the Japanese were aware of the area's economic potential, and immediately began exploiting it. This involved the mining of phosphate, the acquisition and management of land, the development of agriculture, the exploitation of ocean resources and the encouragement of commerce.

ONE of the fruits of victory in 1914 was a thriving phosphate mining operation on Angaur. The Germans had discovered rich deposits there in 1903, and in 1909 the Deutsche Südsee-Phosphat-Aktien-Gesellschaft tapped them for the first time, extracting 8,641 tons of ore. This increased to 40,000 tons in 1910 and to 90,000 tons in 1913.⁶

The Japanese Navy, after occupying Angaur on 9 October 1914, expelled the Germans for 'military reasons' by late November, and then granted exclusive rights to work the mines to the South Seas Construction Syndicate (Nanyō Keiei Kumiai), a private firm. By October 1915 about 48,842 tons of raw ore had been shipped to Japan. In anticipation that Germany would demand reparations at the end of the war, the Japanese government charged the company three yen per ton of ore, and the company agreed to additional compensation should German claims exceed the amount collected.⁷

⁴ David C. Purcell Jr., 'Japanese Entrepreneurs in the Mariana, Marshall and Caroline Islands', in F. Hilary Conroy and T. Scott Miyakawa, eds, *East Across the Pacific: Historical and Sociological Studies of Japanese Immigration and Assimilation* (Santa Barbara 1973), 56-70.

⁵ Gaimushō, Jōyakukyoku, Hōkika, *Inin Tōji Ryō Nanyō Guntō* (Tokyo 1962), 1, 19-21. Hereinafter cited as *Inin Tōji Ryō*. For administrative policies and procedures from 1914 to 1922 see microfilm of the Archives of the Japanese Ministry of Foreign Affairs, Washington, Library of Congress, MT 5, 2, 6, 22-2; Reel 515, 10-17; 49-118; 127-9; 131-48. A description of these Japanese Ministry of Foreign Affairs documents can be found in Cecil H. Uyebara (ed.), *Checklist of Archives in the Japanese Ministry of Foreign Affairs, Tokyo, Japan, 1868-1945 microfilmed for the Library of Congress, 1949-1951* (Washington 1954).

⁶ Kumaosa Takaoka, *Doitsu Nai Nanyō Tōji Shiron* (Tokyo 1954), 392.

⁷ Japanese Army and Navy. Reel 49(11)NT(F) No. 302, p. 01294. A description of these documents can be found in John Young (comp.), *Checklist of Microfilm Reproductions of Selected Archives of the Japanese Army, Navy and Other Government Agencies, 1868-1945* (Washington 1959).

Because of complaints from other companies that the South Seas Construction Syndicate was exercising a monopoly, its privileges were revoked on 8 October 1915 and the Japanese government assumed full responsibility for reparations. Thereafter the mining operation was regulated by the Navy Ministry until April 1922, when it was placed under the jurisdiction of the South Seas Bureau. From December 1915 to March 1922 the Japanese exported 397,565 tons of ore to Japan where total sales amounted to 8,258,421 yen.⁸

In 1922 Japan purchased from Germany the mining rights, buildings and equipment on Angaur, Fais, Peleliu and Togobai islands for 1,739,660 yen. At the time it was estimated that the mines on Angaur would yield about 2,230,000 tons of raw ore before they were depleted, and that the total combined deposits for Togobai, Fais and Peleliu were in the vicinity of 320,000 tons. By the end of 1936 about 1,230,000 tons of raw ore on Angaur had yielded 960,000 tons of refined ore, which had been sold at a profit of 14,400,000 yen. Most of it was destined for Japan where it was used in the manufacture of fertilizer. Private interests were granted permission to work the mines on Togobai in 1924, but due to a lack of capital and equipment were not able to begin extracting ore until 1931. The mines on Peleliu and Fais remained idle until the South Seas Development Company (Nanyō Kōhatsu Kabushiki Kaisha) took them over in 1934 and 1936 respectively. Then in April 1937 all mines were placed under the control of the South Seas Colonization Company (Nanyō Takushoku Kabushiki Kaisha), which at that time was also given jurisdiction over virtually every other enterprise in the mandate by the government in Tokyo.⁹

The Japanese relied primarily on a native labour force in the mines (see Table 1). To obtain labourers the South Seas Bureau worked through its native officials who had been appointed to assist with the implementation of policies and procedures at the local level. These officials went into the villages to collect workers who were supposed to be volunteers (*kibōsha*). However, when the number of volunteers did not satisfy Bureau quotas, the village assembly was called upon to select a sufficient number of able-bodied men. Individuals who had been convicted of legal offences were also prime

⁸ MF, Washington, Library of Congress, MT 5, 2, 6, 32-1; Reel 522, pp 573-4. In 1924 Japan informed the Permanent Mandates Commission of the League of Nations that phosphate exports in this period amounted to 397,894 tons, and that sales totalled 6,780,463 yen. Cf Japan, South Seas Bureau, *Annual Report to the League of Nations on the Administration of the South Seas Islands under Japanese Mandate for the Year 1924* (Tokyo), p 2 (hereinafter cited as *Annual Report for the Year*).

⁹ MF, Washington, Library of Congress, MT 5, 2, 6, 32-1; Reel 522, pp 588-622. *Inin Tōji Ryō*, I, 346. *Nanyōchō Shisei Jū Nen Shi* (Tokyo 1932), 324-7 (hereinafter cited as *Jū Nen Shi*). *Annual Report for the Year 1938*, 21, indicates that 94,769 tons of ore valued at 2,399,000 yen were exported in 1937, and that 95,593 tons valued at 3,760,750 yen would be exported in 1938.

TABLE 1
MINE LABOURERS

Year	Chamorro			Anguar	Palau	Yap	Kanaka		Fais	Truk	Mortlock	Total
	Japanese	Chinese	Angaur				Mokmok	Ulie				
1922	15	12	28	19	69	209	24	50	—	—	—	426 (399)*
1923	31	12	27	15	57	195	24	46	—	32	—	439 (396)
1924	63	12	22	14	67	162	25	44	—	66	—	475 (400)
1925	71	11	27	13	51	127	14	50	20	57	—	441 (359)
1926	67	10	25	6	47	89	13	46	20	91	55	469 (392)
1927	71	9	29	7	48	98	14	45	22	3	148	494 (414)
1928	70	6	27	9	34	106	13	46	18	131	—	460 (384)
1929	70	4	25	16	38	92	14	39	17	—	—	315 (241)
1930	76	5	23	14	37	77	13	38	16	120	—	419 (338)
1931	80	4	27	18	36	66	12	37	13	—	140	433 (349)
1932	80	4	28	24	70	57	11	36	13	120	—	442 (358)
1933	88	4	30	29	31	53	11	36	12	141	—	435 (343)
1934	90	4	26	33	32	58	20	70	11	—	159	503 (409)
1935	92	3	34	49	2	64	10	34	12	140	—	440 (345)
1936	87	2	32	51	1	55	11	43	12	200	—	494 (405)
1937	40	2	33	50	1	49	10	39	13	199	—	436 (394)
1938	340	2	30	49	—	56	—	37	—	—	239	743 (401)

* Islanders
Source: *Jū Nen Shi*, 330.
Nanyōchō, Chōkan Kambō Bunshoka, Dai Gokai Nanyōchō Tōkei Nenkan (Tokyo 1937), 122.
Dai Rokkai Nanyōchō Tōkei Nenkan, 122.
Annual Report for the Year 1937, 46-7.
Annual Report for the Year 1938, 41.
Data for 1939 and 1940 not available.

candidates for the mines, where they were required to work off their sentences.¹⁰

Two comprehensive sets of regulations, which were promulgated on 1 March 1923 and 1 May 1924 and amended from time to time, governed employment in the mines. Depending on the job performed, wages were paid either by the hour or according to the amount of work accomplished. There were provisions for modest wage increases when overtime was required and for work performed under hazardous conditions, for example at night or in the rain. The standard work day was from 6 a.m. to 5 p.m. six days per week with an hour and a half rest period daily. Seven holidays were observed each year. Miners in permanent employment were eligible for furloughs after 18 months of continuous service. Persons less than 15 years of age could not be employed in the mines, and there were safeguards against requiring work from people with serious illnesses.¹¹

The South Seas Bureau provided round-trip transportation for the labourers, and they had the option of either eating food provided by the government, in which case an appropriate deduction was made from their wages, or purchasing and preparing their own food. The latter practice was restricted almost entirely to the Chamorros who resided permanently on Angaur and the people from Peleliu. Labourers from Yap were required to spend anything from four months to a year in the mines, while those from the other islands were usually repatriated every four to six months, although those from Ponape agreed to remain for two years and sometimes longer.¹²

The intent of the South Seas Bureau was to exploit the phosphate on Angaur as rapidly and cheaply as possible. Therefore, despite increased profits from the mining operation, all mine workers, but particularly the islanders, were paid as little as possible. Maximum daily wages for Japanese dropped from 6.50 yen in 1922 to 5.70 yen by 1930. In the same period such wages for the Chinese decreased from 4.00 yen to 2.30 yen. Despite a modest increase from 2.50 yen to 2.70 yen for the Chamorros, they were paid considerably less than the Japanese, while the Kanakas, whose maximum daily wages in 1922 were 1.50 yen, could earn only 1.20 yen per day in 1930. From 1932 to the end of 1936 maximum daily wages for the Japanese, Chinese and Chamorros were increased slightly above the level which prevailed in 1930, but in 1937 these wages were reduced to 3.00, 2.50 and 1.81 yen respectively. The daily earning capacity of the Kanakas remained at a permanently depressed level after 1930. Wage discrimination was justified on

¹⁰ Yanaihara Tadao, *Nanyō Guntō no Kenkyū* (Tokyo 1935), 111-15.

¹¹ *Annual Report for the Year 1934*, 227-34.

¹² Yanaihara, 114-15. League of Nations, Permanent Mandates Commission, *Minutes of the Sixteenth Session*, Nov. 6 to 26, 1929, p 53 (hereinafter cited by number of session).

the grounds that the Japanese were supervisors and equipment operators, while the islanders, it was claimed, were unskilled and lazy.¹³

Opinions differ over whether the Japanese encountered difficulties in obtaining native labourers and over working conditions in the mines. Some claim conditions were favourable since they state no problems were encountered in recruiting islanders to work on Angaur.¹⁴ Others imply that the conditions of employment left something to be desired by pointing out that the islanders avoided the mines whenever possible. There are also indications that the Japanese resorted to bribing local chieftains to obtain labourers.¹⁵ Whatever the case may have been, by pressing islanders into service in the mines the South Seas Bureau solved one of the difficult problems frequently encountered in administering an island territory; namely, the acquisition of cheap labour.

Moreover, Japan's problems with the Permanent Mandates Commission over the mining operation were negligible. Prior to 1931 the Japanese were usually slow in responding to the Commission's requests for information, and on some occasions were either so evasive or inaccurate in their replies as to appear purposefully deceptive. This was particularly true with respect to inquiries about health conditions, which seem to have been generally bad. After 1931 the mines barely figured in the deliberations of the Commission. The Japanese went through their annual ritual of indicating the number of workers, their wages, and the benefits paid due to sickness, injury or death without any critical comment.¹⁶

To summarize briefly, several factors enabled the Japanese to exploit the phosphate deposits in the mandated islands with relative ease, and at a considerable profit. In the first place, they were able to purchase at a very reasonable price mines which had huge reserves and machinery which was in operating condition, thus avoiding the time-consuming and costly tasks of prospecting, as well as transporting and assembling machinery. The islanders served as a source of cheap labour, and there was a good market for phosphates in Japan. Finally, the League of Nations asked few questions about what the South Seas Bureau was doing.

¹³ *Annual Report for the Year 1922*, p 8. *Annual Report for the Year 1926*, p 75. *Annual Reports for the Years 1930 through 1938*, pp 99, 102, 124, 81, 42, 40, 45, 47, 41 respectively. The Japanese discriminated against native labour, not only in the mines, but also with respect to other occupational classifications, and as far as wages were concerned made no distinction between skilled and unskilled native labour. E.g., from 1930-35 maximum daily wages paid to native skilled labourers employed throughout the mandate as carpenters, shipwrights, sawyers and plasterers were half those of their Japanese counterparts, and practically identical to those of Kanaka miners, who were classified as unskilled labourers. Nanyōchō, Chōkan Kanbō Bunshoka, *Dai Ikkai Nanyōchō Tōkei Nenpō* (Tokyo 1933), 230. Nanyōchō, Chōkan Kanbō Bunshoka, *Dai Rokkai Nanyōchō Tōkei Nenkan* (Tokyo 1938), 110.

¹⁴ Paul H. Clyde, *Japan's Pacific Mandate* (New York 1935), 142.

¹⁵ *Sixteenth Session*, 53. *Nineteenth Session*, 66. Yanaihara, op. cit., 113.

¹⁶ *Tenth Session*, 203. *Annual Report for the Year 1926*, 76. *Sixteenth Session*, 48.

THE ownership and management of land in the mandate were of crucial importance to Japanese economic planning and development. During January 1916 the commanding officer of the South Seas Temporary Defence Garrison issued several proclamations which placed all land under his control and specified that only Japanese officials were permitted to engage in any transactions with the natives relative to the sale, purchase or transfer of land. Any such transaction not expressly authorized by the military authorities was automatically null and void. On the other hand, natives were permitted to buy and sell land among themselves with impunity.¹⁷ These regulations remained in effect until 1 September 1931, when they were modified to permit anyone with prior approval from the South Seas Bureau to engage in real estate transactions with the native population. In such cases the contracting parties had to appear in the government office which had jurisdiction over the land in question within 30 days of receiving permission for the transaction, in order to register the sale and contract. This was the law until 1940.¹⁸

By article 257 paragraph 2 of the Treaty of Versailles, which the Germans signed in June 1919, all land in the Mariana, Caroline and Marshall Islands which belonged to Germany was ceded to Japan. Article 2 of the mandate, which defined the terms under which the islands were to be governed, stated that they were to be treated as 'an integral portion of the Empire of Japan', and that the Japanese government could 'apply the laws of the Empire of Japan to the territory, subject to such local modifications as circumstances may require'.¹⁹

Therefore the South Seas Bureau issued a proclamation on 8 July 1922 which placed all property and land in the islands under the provisions of the National Resources Law (*Kokuyūzaisanshō*), which had gone into effect in Japan during 1921. The Japanese proceeded on the basis that *mutatis mutandis* this law applied to the mandate, while adhering to the principle that unoccupied land was state land. The South Seas Bureau recognized native land rights acquired before 1922, but would not register these rights until a comprehensive land survey was completed.²⁰

The ownership of land and other property in the mandate was also related to Articles 118, 119, 120 and 297 of the Treaty of Versailles.²¹ Because of this, and also due to the fact that the Permanent Mandates Commission

¹⁷ *Second Session*, 45.

¹⁸ *Inin Tōji Ryō*, I, 169.

¹⁹ Clyde, *op. cit.*, 37.

²⁰ *Inin Tōji Ryō*, I, 299-320. *Second Session*, 12-13. *Third Session*, 85.

²¹ For the Treaty of Versailles see Fred L. Israel (ed.), *Major Peace Treaties of Modern History, 1648-1967* (New York 1967), 11, 1265-533. Articles 118, 119, and 120 appear on p 1348; for Articles 257 and 297 see p 1424 and 1449 respectively.

wanted some assurance that native land rights were being respected, the Japanese were repeatedly questioned about their land policies after 1923. In response to this questioning Tokyo steadfastly adhered to the following position. First of all, it refused to offer its opinion on how articles 118, 119 and 120 applied to the mandate on the grounds that the wording of these articles permitted a variety of juridical interpretations, and the Japanese did not want to take an isolated stance on the matter. Secondly, Tokyo stated that it recognized two categories of property in the mandate; that covered by paragraph 2 of Article 257, and property which came under Article 297. All property was administered as an integral part of the 'Japanese Empire' in accordance with paragraph 6, Article 22, of the Covenant of the League of Nations. Thirdly, each time the Commission expressed concern about native land rights, it was referred to the January 1916 ordinance prohibiting the alienation of native property. Finally the Japanese refused to provide any information about a land survey inaugurated in 1925, other than to state that it was in progress.²²

This caused the Permanent Mandates Commission to complain in 1924 that German laws which

... clearly defined the rights of all concerned, have been replaced under the Japanese mandate, so it would appear, by a vague and elastic procedure which greatly facilitates the acquisition of land by Japanese immigrants, whose numbers have increased to an extraordinary degree during the last five years.²³

On 9 November 1936 the Chairman of the Commission, dissatisfied with the vague answers he was getting in response to questions about land policies that day, asked, 'What is the main legislation on land tenure in the islands under Japanese mandate?' Ito Naotake, Japan's representative to the Commission, responded that there was no legislation on the matter.²⁴

Despite further questioning after 1936, particularly with reference to communal land ownership, the Japanese continued to be evasive, and there the matter rested. In the meantime, the South Seas Bureau had proceeded with its comprehensive land survey.

According to estimates made in December 1923 there were 530,823 acres of land in the mandate.²⁵ In order to survey and register this land the Bureau at first defined only two categories of property: Japanese and foreign on the one hand, and native on the other. Guidelines for a land survey were es-

²² *Fourth Session*, 45. *Sixth Session*, 85. *Sixteenth Session*, 55. *Twenty-Sixth Session*, 101.

²³ *Fourth Session*, 44.

²⁴ *Thirteenth Session*, 187.

²⁵ *Jū Nen Shi*, 281.

published in October 1925, and were followed by revised procedures in April 1926, which classified all land into 14 categories. The land survey was conducted in the following manner.

Japanese officials designated when a particular district would be surveyed, and within 30 days from the date on which the operation commenced all property owners and claimants to land had to enter the location, classification and acreage of the property on government records, in order to have their ownership confirmed. If there were rival claims to the same piece of property, the claimants could petition the government to arbitrate the matter. Any land surveys conducted as a result of rival claims were witnessed by a government official whose decision was final. Any losses or damages to rival claimants due to the policies and procedures of the South Seas Bureau were indemnified by an amount determined by the director of that agency.²⁶

This procedure, which was implemented between 1923 and 1932, applied only to non-native claimants to property, and certainly gave these interests an excellent opportunity to have their existing property rights confirmed. At the same time, all land which these parties did not claim, and which clearly did not belong to the islanders, was registered as government property. It seems that this procedure was used for the following reasons. In the first place, it was necessary for the South Seas Bureau to ascertain the minimum amount of land available to it, in order to plan the economic development of the islands in a realistic manner. Secondly, it would have been more difficult to confirm private ownership of native land if what the government owned had not been determined first.²⁷

It was not until 1933 that an investigation of native land ownership was undertaken. A directive on 7 October established the South Seas Bureau Land Investigation Committee (Nanyōchō Tochi Shinsa I-Inkai) and specified the procedures which were to be followed. Thirty days after the surveying of an area was completed, the director of the South Seas Bureau publicly announced who owned what, and if any interested party disagreed, a request that the decision be reconsidered had to be filed within the next 30 days. A native involved in a dispute concerning the ownership of land had the choice of either taking his case to a Court of First Instance, which usually meant having an administrative official decide the issue, or to a higher court presided over by a jurist. In the absence of any such request the property owner, as determined by the South Seas Bureau, was confirmed in his ownership of the land.²⁸ By mid-April 1937 the investigation of native land

²⁶ *Inin Tōji Ryō*, I, 339.

²⁷ Yanaihara, *op. cit.*, 266-7.

²⁸ *Inin Tōji Ryō*, I, 171-3. *Second Session*, 13.

ownership had been completed for all the islands except those in the Yap and Truk districts; nothing was ever done in these areas.

By mid-1937 the South Seas Bureau had surveyed 229,677 acres of land. Registered native ownership amounted to 52,072 acres (21,341 acres in forests and woodlands, 4,638 acres in gardens and fields and 2,970 acres unclassified), and an additional 71,987 acres in the Yap and Truk districts, which had not been surveyed, were also registered to native ownership. The South Seas Bureau claimed ownership of 171,500 acres of land.²⁹ At that time 12 Japanese companies were leasing 62,052 acres from the Bureau. The South Seas Development Company with 50,335 acres and the South Seas Trading Company (Nanyō Bōeki Kaisha) with 6,825 acres together accounted for 91% of the total.³⁰

Coconut groves were generally leased for 30 years, while the lease period for farm land, pastures and residential land did not exceed 20 years.³¹ The lease fee for agricultural land was based on several factors, but the most important was whether the land was cultivated. Every three to five years the land was surveyed and the lease fee adjusted to conform to the actual condition of the land at the time. There were certain ground rules which had to be followed in leasing land: the lessee had to begin clearing it within six months of signing the lease, and had to demonstrate that it was being used productively within two years; he could not sublease, transfer the rights to, change the natural contour, cut or sell any trees on, or use it for any purpose other than that declared in the lease without the approval of the South Seas Bureau. Failure to comply with these conditions resulted in immediate forfeiture of the land with no compensation for any investment in it. Furthermore, the South Seas Bureau could require the renegotiation or surrender of a lease if the land was necessary for public use.³²

The South Seas Bureau was able to acquire and utilize an extensive amount of land for several reasons. While operating on the principle that all unoccupied land was state land, and delaying the survey of native land ownership until 1933, the benefit of any doubt about who owned what was always in favour of the Japanese. Furthermore, the League Covenant, which enabled the Bureau to apply Japanese property and land laws to the

²⁹ Uehara Tetsusaburo, *Shokuminchi to shite mitaru Nanyō Guntō no Kenkyū* (Tokyo 1940), 47-9. This leaves the status of 6,105 acres of surveyed land unaccounted for.

³⁰ The other principal companies which leased land are as follows: Hirazaka and Co., Ltd (152 acres); Kokuko Industrial Co. (309 acres); The Japan Tallow and Oils Co. (15 acres); The South Seas Cocoa Co. (255 acres); The South Seas Electric Power Co. (3,273 acres); The South Seas Coffee Co. (647 acres); The South Seas Agricultural Co. (51 acres); Shibata Enterprises (240 acres); Matsubara Enterprises (10 acres). Uehara, *op. cit.*, 39-40. For details on these companies see Nanyō Keizai Kenkyūjō, *Nanyō Kankei Kaisha Yōran* (Tokyo 1939), 36, 52, 77, 120-1, 141.

³¹ Uehara, *op. cit.*, 39.

³² *Ibid.*, 43.

islands, was a decided advantage in two respects. It legitimized what at best appears to have been a dubious procedure and thus made it difficult for anyone to successfully complain about Japanese policies.³³ Moreover, the Japanese were familiar with the laws whereas the native population was not. Finally, the Japanese were never held accountable for being dilatory in providing information about their activities.

THE acquisition of a vast amount of land enabled the Japanese to implement a comprehensive agricultural development programme centred around the sugarcane industry which was located on Saipan, Tinian and Rota. By 1931 98% (or about 15,000 acres) of the land planted in cane on these three islands was under the jurisdiction of the South Seas Development Company. This land was utilized free of charge or leased at a nominal fee, courtesy of the South Seas Bureau. For example, lease fees were not collected for land on Saipan until October 1930, and no such fees were required for Tinian and Rota until after 1932.³⁴

As early as 1922 the South Seas Development Company was operating a milling and processing plant on Saipan capable of handling 762 tons of cane per day. The modification of this facility in 1928 increased its daily capacity to 1,219 tons. Two additional plants on Tinian with a combined daily capacity of 1,219 tons were established in 1931. Five years later another processing facility with a 610 ton daily capacity was built on Rota;³⁵ at the same time the company expanded its sugarcane fields from 4,168 acres in 1922 to 30,388 acres by 1937. This acreage yielded 38,337 and 737,969 tons of raw cane respectively.³⁶ Moreover, the South Seas Development Company diversified into areas related to the sugarcane industry. By 1926 it was capable of producing 896 gallons of alcohol per day on Saipan, and the same amount on Tinian by mid-1934.³⁷

In return for preferential treatment by the South Seas Bureau, on 1

³³ As far as the author can determine only one complaint about land being illegally confiscated by the Japanese reached the Permanent Mandates Commission, which concluded that it could not deal with the petition because the petitioner had not exhausted the legal means open to him.

³⁴ *Jū Nen Shi*, 333. Yanaihara, op. cit., 393, says that at the end of 1934 the South Seas Development Company leased the majority of the 14,700 acres of arable land on Saipan, and that 8,391 acres were actually under cultivation. The company leased all the arable land on Tinian, which amounted to 17,150 acres, and had 12,648 acres of that under cultivation. On Rota it leased 4,083 acres of the 12,250 acres of arable land there, and had 137 acres under cultivation. Furthermore, this company leased 6,860 acres of land on other islands, which had yet to be developed.

³⁵ *Jū Nen Shi*, 333. Yanaihara, op. cit., 92. *Inin Tōji Ryō*, II, 354-60. For details on the growth of the sugarcane industry on Saipan and Tinian see Matsue Haruji, *Nanyō Kaitaku Jū Nen Shi* (Tokyo 1932), 70-189.

³⁶ *Dai Ikkai Nanyōchō Tōkei Nenpō*, 228. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 110. *Nanyōchō*, Chōkan Kanbō Chōsaka, *Dai Hachikai Nanyōchō Tōkei Nenkan* (Tokyo 1940), 85.

³⁷ *Jū Nen Shi*, 339-41. Yanaihara, op. cit., 92-3. Matsue, op. cit., 202-5.

June 1922 the company began paying a harbour clearance tax (*shukkōzei*) on sugar and alcoholic spirits exported from the mandate to Japan or to any port in the Japanese colonial empire, which at that time included Korea, Taiwan and the southern half of Sakhalin. This harbour clearance tax was equivalent to the excise tax on sugar and alcoholic spirits in Japan, but it was not passed on to the consumer. Moreover, when these items were shipped directly to a foreign country or to another port in the Mariana, Caroline or Marshall Islands, they were not subject to the harbour clearance tax. After September 1926 alcohol shipped directly to Japan either for use there or for re-export was exempt from the harbour clearance tax. By August 1933 a similar provision was made for molasses, also produced from the processing of sugarcane, if the molasses was earmarked for use as a raw material to make alcohol.³⁸

Until 1925 harbour clearance fees accounted for less than 5% of the earned revenue of the South Seas Bureau, and then fluctuated between 10 and 13% until 1930, when there was an increase to 24%. Harbour clearance fees as a percentage of earned revenue from 1931-39, which are listed below, suggest the vital role of the sugarcane industry in the economy of the islands.³⁹

Year	% of Earned Revenue
1931	39
1932	38
1933	36
1934	33
1935	43
1936	35
1937	49
1938	60
1939	51

The South Seas Development Company relied almost exclusively on Japanese and Okinawan labour in the sugar industry. In 1927, for example, only three natives were employed in it. Sato Naotake, Japan's representative to the Permanent Mandates Commission in 1928, explained this by claiming that 'Generally speaking, the natives were little fitted for this work'.⁴⁰

One type of employee, ideally a married man with two children, was referred to as a *kosakunin* or *kosakusha*. He signed a three-year contract which he could abrogate with six months' notice. The company provided

³⁸ *Inin Tōji Ryō*, II, 239-42.

³⁹ *Dai Ikkai Nanyōchō Tōkei Nenpō*, 404-14. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 152-9. *Nanyōchō*, Chōkan Kanbō Bunshoka, *Dai Nanakai Nanyōchō Tōkei Nenkan* (Tokyo 1939), 140-3.

⁴⁰ *Fourteenth Session*, 203.

him with transportation to the islands, housing, farm implements and a loan of 1,000 to 1,800 yen to help him meet his expenses during the first year. He leased a piece of land ranging from 12.25 to 14.70 acres, which was cleared at company expense, with the understanding that a minimum of 9.80 acres had to be planted in sugarcane. The remaining acreage could be used to cultivate vegetables or, if the lessee so desired, additional sugarcane. The lease fee varied from 15-20% of the crop, and the company guaranteed purchase of the remainder of it at a price determined by the Director of the South Seas Bureau. In case of a poor crop yield due to insect or weather damage, an appropriate reduction was made in the lease fee.⁴¹

The company also employed a group of people referred to as *ichi chobu* farmers. While these individuals received the same incentives and benefits as the *kosakunin*, each leased only 2.45 acres which had to be used exclusively to grow sugarcane. The *ichi chobu* farmer was required to grow two crops of sugarcane every three years, which he sold in the same manner as the *kosakunin*. He was also expected to work as a field hand or mill hand as the need for his services arose.⁴²

The *sagyofu* were men and women between the ages of 18 and 40 employed as labourers or as field hands on acreage directly under company management. They paid their own transportation to the islands and purchased their own food, but were provided with housing. Usually they earned one yen for a 10-hour day, but could occasionally work for the *kosakunin* for slightly higher wages, usually 1.2 to 1.3 yen per day.⁴³

There were also independent sugarcane producers, generally islanders, who owned their land and sold their crop under the same conditions as everyone else. However, because the sugarcane industry was a government monopoly, the independent growers had to contend with policies and regulations which did little to encourage their survival. One such regulation stipulated that if they did not or could not comply with the government production schedule they were liable to a fine and forfeiture of their land. Under these conditions, it is not surprising that the number of independent growers was never very large. In 1932 there were 169 such households

⁴¹ Uehara, op. cit., 52. Matsue, op. cit., 78-90, 197-9, remarks that the interest rate on the loans was seven rin per month (1 yen = 1,000 rin), and says that the loans did not have to be repaid until the family was settled and gainfully employed. Clyde, op. cit., 135-6, says that 'all lands which were originally conceded to the company as a rent-free concession were cleared at company expense and the tenant is charged 15 percent of his crop as land rent, though this charge may vary somewhat according to the fertility of the soil'. *Annual Report for 1933*, 83, says that the lease fee varies according to the productive capacity of the land, but was generally two-tenths of the crop raised.

⁴² Matsue, op. cit., 200-2. The lease fee which the *ichi chobu* farmers were charged is not clear. Uehara, op. cit., 52, mentions that they paid a portion (*ichibu*) of their crop as a lease fee.

⁴³ Uehara, op. cit., 52. *Annual Report for the Year 1923*, 27-31.

working 1,666 acres, but by 1939 their numbers had declined to 49, and they cultivated a mere 499 acres of land.⁴⁴

The Director of the South Seas Bureau, in conjunction with the South Seas Development Company, determined the price at which sugarcane was purchased on the basis of the average yield of cane per 2.45 acres and the annual cost of living for a family of four leasing 12.25 acres of land (the ideal *kosakunin*). The former was 13,300 pounds and the latter was pegged at 300 yen. The price offered for this amount of cane equalled the annual cost of living, which meant that the company paid 30 yen per 1,330 pounds, which was the basic unit of purchase. Furthermore, when the amount of refined sugar produced or its market price exceeded minimal standards established by the South Seas Bureau, the company, on the basis of a profit-sharing plan, granted a bonus, which served as an incentive for increasing productivity and achieving greater efficiency in the sugarcane industry. Wages for field hands and mill workers were a function of the standardized annual cost of living for the *kosakunin*. This was possible, of course, because there were no other agricultural commodities on Saipan, Tinian and Rota which could influence the market price of sugar; these three islands were one vast cane plantation.⁴⁵

In its annual report to the League of Nations in 1930 the Japanese government explained this matter in somewhat different terms:

In determining the price of sugar cane, the market price of sugar and that of other agricultural crops is not made the standard, as is done in other centers of the sugar industry, but the ordinary profit of the cultivators is taken into consideration. In other words, the expenditure and revenue of an ordinary cultivator are investigated, and the price is determined after allotting him a fair margin of profit to make his means of subsistence easy.⁴⁶

While both the sugarcane growers and the labourers clearly owed their souls to the company store, the Japanese government indicated in 1924 that:

The company experiences no insuperable difficulty in recruiting workers. The wages earned in the islands only represent one-half or two fifths of the amount which can be earned in Tokyo. The conditions of life, however, are very advantageous (dwellings and allotments provided by the company, medical assistance, regular increases in salary, etc.), and it is possible to save a good deal.⁴⁷

Yet there are indications that all was not well as far as the labourers were concerned. They began to organize in 1925 because of disagreements

⁴⁴ Yanaihara, op. cit., 108-10. Nanyōchō, Naimubu, Kikakuka, *Nanyōchō Tōkei Nenkan: Dai Kyū Kai* (Tokyo 1941), 85.

⁴⁵ Yanaihara, op. cit., 108-9.

⁴⁶ *Annual Report for the Year 1930*, 102.

⁴⁷ *Fourth Session*, 44.

with management over labour regulations and land lease fees, and a strike involving 4,000 Okinawans erupted in January 1927. In July 1929 the South Seas Bureau issued the South Seas Islands Peace Preservation Regulations (Nanyō Guntō Chian Keisatsu Kisoku) as a precaution against future disturbances. If there were any such disturbances, there is no record of them.⁴⁸

Next to sugar, copra was the most important agricultural commodity in the mandate. The experience which the Japanese had with the copra trade when the islands were under German control made them keenly aware of its commercial possibilities. Thus as soon as the islands were occupied by the Japanese Navy specialists in tropical agriculture completed an inspection of the coconut groves in the Marianas with a view to determining how copra production could be increased. A similar study for the Yap and Ponape districts was completed between December 1927 and February 1928. The reports indicated that the groves on Saipan, Tinian and Rota, which had suffered considerable typhoon damage in 1914, would not fully recover until 1931. Moreover, the groves on Yap, in addition to being the victims of general neglect, had been extensively damaged from constant exposure to sea water, while the majority of those on Ponape consisted of very old trees.⁴⁹

By 1919 the Japanese began to weed and reforest the groves in the areas mentioned above. After 1922 the South Seas Bureau broadened the scope and increased the pace of the weeding and reforestation programme to include the Marshall Islands, while exercising complete control over the production of copra. The Bureau's programme, plus the fact that there was minimal storm damage to the coconut groves after 1922, enabled the Japanese to expand the area of these groves from 59,430 acres in 1922 to 83,162 acres in 1935, and in the same period to increase the amount of copra exported annually from 4,733 tons valued at 562,495 yen to 13,703 tons valued at 1,745,573 yen. From 1936 to the end of 1939 there were 58,308 tons of copra valued at 10,859,533 yen exported from the mandate.⁵⁰

The South Seas Bureau not only engaged in agricultural research and development, but also offered subsidies to individuals working with certain crops and types of livestock. There was a sugar research institute established on Saipan in 1930, and on Palau there were three research stations. The

⁴⁸ *Jū Nen Shi*, 197-8. Matsue, op. cit., 156-8. The strike is said to have received wide publicity in Japan, where it aroused the sympathy of intellectuals and labour leaders, who made financial contributions and encouraged the strikers in their cause. The dispute lasted several days and was settled amicably, but no details are given.

⁴⁹ *Jū Nen Shi*, 297-304. *Inin Tōji Ryō*, II, 322-30, includes numerous proclamations and regulations concerning the improvement of coconut groves and the production of copra.

⁵⁰ *Dai Ikkai Nanyōchō Tōkei Nenpō*, 262-3, 368. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 116-17, 144. *Dai Nanakai Nanyōchō Tōkei Nenkan*, 112-13, 134. *Dai Hachikai Nanyōchō Tōkei Nenkan*, 102, 122. *Nanyōchō Tōkei Nenkan: Dai Kyū Kai*, 102, 120.

staff at one of these, established in 1923, specialized in studying pineapple and cassava, while after 1927 a 245-acre tract was used to develop reforestation techniques. In 1930 the South Seas Bureau began experimenting with fruit trees at the third station.⁵¹

The cultivation of sugar, vegetables and coffee was subsidized. As far as sugar was concerned the South Seas Bureau would totally subsidize the importation of seeds and seedlings for experimental purposes, and pay 100 yen for every 2.45 acres utilized as seed beds. A subsidy of 30 yen per 2.45 acres was offered as an incentive to plant sugarcane on cultivated land being used for other crops. There was also a subsidy of 75 yen per 0.245 acres used for growing a green manure crop.⁵²

Because it was difficult to import a sufficient amount of staple vegetables such as burdock (*gobo*), white radishes (*daikon*), carrots, onions, potatoes and cabbage from Japan, individuals who grew these at the request of the South Seas Bureau were paid 0.10 yen per 8.33 pounds. With official approval, a person cultivating these vegetables for his own consumption was given the seeds and could either lease farming tools or purchase them at half price. The subsidy programme for vegetable growing was such that planting was restricted to the month of April each year.⁵³

Beginning in 1927 efforts were made to assist coffee growers. The South Seas Bureau paid six yen per quarter acre to help defray the expense of clearing virgin land for growing coffee, 12 yen per quarter acre to raise coffee tree seedlings and 0.40 yen to purchase the seeds, in addition to two yen per quarter acre when coffee trees were planted on cultivated land being used for other crops. The purchase of the seedlings was guaranteed at one yen each, at least in the early stages of this programme. When it was necessary to employ specialists for either the growing or the milling of the coffee, the government paid 50% of the specialist's salary and 20% of the purchase price of any equipment required.⁵⁴

The agricultural subsidy programme also included the raising of livestock. Farmers were paid 45 yen for each cow they raised in excess of the two which they had to maintain for breeding, and under the same arrangement each pig brought a subsidy of 20 yen. Calves and piglets brought a subsidy of 10 and three yen respectively when the farmers raised more than two of each.⁵⁵

⁵¹ *Jū Nen Shi*, 369-72.

⁵² *Ibid.*, 336.

⁵³ *Ibid.*, 288-9.

⁵⁴ *Ibid.*, 285-6.

⁵⁵ *Ibid.*, 290-1.

From 1922 to the end of 1937 the South Seas Bureau granted a total of 5,104,471 yen in agricultural subsidies, which were distributed in the following manner reflecting its developmental priorities.⁵⁶

Sugar	4,803,782
Copra	138,699
Coffee	63,436
Vegetables	47,096
Livestock	51,458

The percentage of total subsidies provided to the native population in the sugar, coffee and vegetable categories were 0.004%, 0.010%, and 0.018% respectively. On the other hand, 86% of the total subsidy for coconuts went to the native population, and 24% of the total for raising livestock.

Nearly all of the subsidies to islanders were granted before 1927, when they began to fall off considerably. In 1928, when the Permanent Mandates Commission inquired into this, the Japanese explained that if the islanders did not comply with the regulations governing the granting of such subsidies they were withdrawn; therefore the total amount of subsidies varied from year to year.⁵⁷

In their annual report for 1928 the Japanese provided more detailed information on this matter.⁵⁸ Subsidies to natives for the cultivation of sugarcane had decreased, because 'the natives being generally weak in agricultural feeling and knowledge, few of them take up the cultivation of sugarcane, which needs a comparatively intense method'. With respect to vegetables it was explained that 'In the course of years agricultural tools have been fairly extensively diffused among the natives and consequently occasions for granting such subsidies have been steadily decreasing'. Reforestation had progressed so well that there was no need for extensive subsidies to develop coconut groves. Finally, the islanders were 'very indifferent stockfarmers'.

THE Japanese were equally assiduous in capitalizing on the ocean resources available to them. Immediately after occupying the islands they implemented measures to protect these resources with a decree promulgated in September 1916 which prohibited all fishing and gathering of shells without the permission of the commanding officer of the South Seas Temporary Defence Garrison.⁵⁹ Immediately after its establishment the South Seas Bureau

⁵⁶ *Dai Ikkai Nanyōchō Tōkei Nenpō*, 274-80. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 122-7. *Dai Nanakai Nanyōchō Tōkei Nenkan*, 118-21. Due to changes in accounting methods, this information is not available after 1937.

⁵⁷ *Fourteenth Session*, 201.

⁵⁸ *Annual Report for the Year 1928*, 125-6.

⁵⁹ *Inin Tōji Ryō*, II, 332-41.

TABLE 2
MARINE LIFE: Annual Haul (Tons)

Year	Tuna ¹	Mackerel	Mullet	Shark	Miscellaneous Fish	Sea Turtles*	Sea Cucumbers	Shellfish* ²
1922	18	50	12	—	318	1,100	264	3,200
1923	15	30	7	3	280	755	388	3,089
1924	33	38	5	7	195	666	835	6,399
1925	53	40	3	6	173	780	677	12,048
1926	163	63	10	4	199	1,676	273	11,294
1927	118	73	18	3	206	2,261	208	11,363
1928	361	52	15	14	201	1,014	515	12,255
1929	705	44	37	3	145	811	711	19,692
1930	1,592	41	53	6	199	798	193	14,172
1931	3,331	90	297	26	516	665	106	171
1932	5,528	93	61	7	317	487	18	205
1933	7,765	75	33	2	396	616	308	17,323
1934	10,066	48	25	54	384	396	186	12,603
1935	13,422	70	374	2	232	316	345	95
1936	16,338	90	37	25	277	299	201	280
1937	38,215	110	14	23	364	147	91	4,788
1938	16,750	103	21	23	334	165	195	112
1939	21,319	86	5	37	532	176	780	—

* Number

¹ After 1929 bonito comprised 92-98% of the annual tuna haul.

² From 1924 to the end of 1930, as well as in 1933, 1934 and 1937, pearl

oyster comprised 98% of the annual shellfish haul.

Source: *Dai Ikikai Nanyōchō Tōkei Nanpō*, 266-71. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 120-1.
Dai Nanakai Nanyōchō Tōkei Nenkan, 116-17. *Nanyōchō Tōkei Nenkan: Dai Kyū Kai*, 108-9.

embarked on a programme to develop commercial fishing by sponsoring research and granting direct subsidies to this industry, while encouraging its domination by one company. This programme resulted in steadily increasing annual hauls (see Table 2).

By 1924 the Japanese initiated a comprehensive survey of all the islands in order to determine which marine products could be developed commercially. This was completed for the Saipan district in March 1925, but was continued in the Palau and Ponape districts until 1932. In the meantime, research on pearl and sponge fishing was undertaken with particular reference to the waters surrounding Truk. To facilitate these investigations, the South Seas Bureau purchased three research vessels between 1925 and 1930, and by 1931 had established a Marine Products Research Centre.⁶⁰

Between 1922 and 1937 the Bureau provided direct subsidies to the fishing industry amounting to 256,580 yen. A considerable portion of this went in technicians' salaries and the subsidization of exports, while the remainder was used for the purchase of boats, fishing tackle and processing equipment. The islanders received a mere 0.02% of these funds.⁶¹

The South Seas Development Company dominated the fishing industry through its subsidiary, the South Seas Marine Products Company (Nanyō Suisan), which was established in 1932 by amalgamating several smaller companies in this line of business. By 1934 this company was operating processing plants on Saipan and in Palau, and through another subsidiary, the South Seas Ice Company (Nanyō Seihyō), was producing about 150,000 pounds of ice per month on Saipan.⁶²

By mid-1939 there were 674 fishing vessels under the jurisdiction of the South Seas Bureau. Of these, 524 were crewed exclusively by 2,918 Japanese seamen, while the remaining 150 had native crews involving 268 individuals. The boats crewed by the Japanese included 303 sailing vessels under five tons, and 221 of the diesel powered variety; 215 of these were between five and 20 tons, while the remaining six ranged from 20 to 50 tons. The islanders manned 144 sailing vessels, and six diesel powered boats in the five to 20 ton range.⁶³

While the results of the Bureau's efforts to exploit the ocean resources of the mandate were impressive, the role of the islanders in commercial fishing was marginal. They received a meagre portion of the subsidy funds,

⁶⁰ *Jū Nen Shi*, 305-23.

⁶¹ *Dai Ikkai Nanyōchō Tōkei Nenpō*, 286. *Dai Rokkai Nanyōchō Tōkei Nenkan*, 128-9. *Dai Nanakai Nanyōchō Tōkei Nenkan*, 121. Due to changes in accounting methods, this information is not available after 1937.

⁶² *Nanyō Kankei Kaisha Yōran*, 123.

⁶³ *Nanyōchō Tōkei Nenkan: Dai Kyū Kai*, 107.

and only a few found employment as fishermen. When asked why this was the case, the Japanese offered the following explanation. Subsidies to natives to help them participate in the fishing industry had fallen off after 1927 because prior to this date fishing equipment had been extensively distributed to them and they no longer needed any more. In addition many of the natives had given up fishing in order to work in other enterprises which the Japanese had developed.⁶⁴

WHILE there were a number of Japanese companies engaged in commerce throughout the islands, such activity was dominated by the South Seas Trading Company, which started operating in the Marianas, Marshalls and Carolines in 1908 by transporting freight, mail and passengers, trading in copra and selling items for everyday living to the natives and the Japanese through a chain of retail outlets. Between 1908 and the eve of World War I the company increased its assets from 150,000 to 300,000 yen.⁶⁵

In 1914 the South Seas Trading Company was placed under the protective wing of the Navy Ministry and by 1915 had inaugurated scheduled sailings between Japan and the islands, in order to transport military provisions and personnel with its fleet of four steam powered ships and five sailing vessels. With guaranteed earnings of 42,000 yen per month from the Japanese government until 1922 for performing this service—and with no rivals—the company's capitalization, profits and scope of operation expanded rapidly. It continued to monopolize the marine freight business, and by the mid-1930s, in addition to having 32 retail stores throughout the mandate, handled 6-7% of the copra exports, leased coconut groves on several islands, and operated a marine products processing plant on Ponape.⁶⁶

By the end of 1934 the company was utilizing the services of 1,100 islanders, as compared to 170 Japanese and 30 Koreans. About 400 of the islanders were engaged in clearing land for planting coconut trees. Such labourers were acquired in the same manner as those who worked in the mines, but their term of service was usually for one month rather than the six months to a year required of the latter. The remainder of the natives were employed on a day-to-day basis as stevedores, but the South Seas Bureau gradually replaced them with Japanese dock workers on the grounds

⁶⁴ *Annual Report for the Year 1928*, 125-6.

⁶⁵ Purcell, op. cit., 59-60.

⁶⁶ Gō Takashi, *Nanyō Bōeki Go Jū Nen Shi* (Tokyo 1942), 86-98. Yanaihara, op. cit., 96-101, says that as of March 1933 the company's paid in capital was 2,000,000 yen with 40,000 shares and 482 stockholders. The Kawasaki family held 15,132 shares, which meant that the company was tied closely to the Bank of Japan. By March 1933 it leased 9,947 acres of land from the South Seas Bureau of which 6,640 were in coconut groves, 2,062 acres in cultivation, and 1,245 acres undeveloped land.

that, in addition to demanding double time for Sundays and holidays, the islanders could not be relied upon to work regularly or very hard. And in view of the wages, which ranged from 0.50 to one yen per day plus food, or in some instances simply food in return for labour, this is not surprising.⁶⁷

Clearly, phosphate mining, sugar and copra production, and the exploitation of ocean resources and commercial operations under the Japanese resulted in a high level of economic development throughout the Marianas, Carolines and Marshalls after World War I. Several factors were responsible for this state of affairs.

In the first place, the Japanese were persevering, thorough, and as imaginative as possible in their efforts at economic development. Their plans were long-range in nature, and directed at specific ends, and they were sure of their overall objectives.⁶⁸ Furthermore, the Japanese were able to operate with the absence of any outside competition. Because the islands were a Class C mandate, Tokyo was not obliged to follow a policy of economic equality; that is, the Japanese did not have to grant access to the area's resources to other nations.⁶⁹

Land and labour were of critical importance in the level of prosperity achieved. A labour supply for its various enterprises was never a problem for the South Seas Bureau. The native population was pressed into service in the mines with a minimum of difficulty, and the demand for cheap labour on an even larger scale for the sugar industry was easily satisfied by recruiting labourers and cultivators from Okinawa and Japan. As far as can be determined the Japanese had no difficulty in acquiring and utilizing vast amounts of land, including coconut groves, which were vital to the success of the sugar industry and the production of copra.

Moreover, with respect to land and labour the South Seas Bureau avoided the kind of economic relationship with the native population which has stifled the activities of other colonial powers in the Pacific Islands. This was done by restricting the natives' role in the labour force to a relatively small number of people who were used in the mines or by the South Seas Trading Company, and treated as peons. The role of the natives in the sugar industry and commercial fishing was also marginal. And there is no evidence to indicate that a concern for native land rights was allowed to interfere with any of the agricultural activities in which the Bureau chose to engage.

⁶⁷ Yanaihara, *op. cit.*, 117.

⁶⁸ Carl Heine, *Micronesia at the Crossroads: A Reappraisal of the Micronesian Political Dilemma* (Honolulu 1974), 62-3.

⁶⁹ *Third Session*, 83.

The importance of land, labour and the mines to the economy of the islands is striking. As Table 3 indicates, receipts from the sale of phosphates

TABLE 3

	A	B	C		
	<i>Total Annual Receipts:*</i>				
	<i>Harbour Clearance Tax</i>				
Year	<i>Sale of Phosphates Sale of Copra</i>	<i>Total Annual Earned Income</i>	<i>Total Annual Expenditures</i>	<i>A as a % of B</i>	<i>A as a % of C</i>
1922	1,027,885	1,300,543	5,393,475	79	19
1923	1,152,857	1,390,069	3,741,808	82	31
1924	1,440,771	1,674,449	3,992,327	86	36
1925	2,050,838	2,334,144	3,658,974	87	56
1926	2,084,058	2,399,369	3,948,574	87	53
1927	2,425,912	2,731,313	4,617,569	89	53
1928	2,484,024	2,834,212	4,534,110	88	55
1929	2,393,471	2,839,480	4,501,999	84	53
1930	2,975,705	3,402,321	4,658,845	87	63
1931	4,218,713	4,699,058	4,576,436	90	92
1932	4,307,085	4,819,299	4,733,743	89	91
1933	4,345,389	5,011,281	5,282,495	87	82
1934	4,471,202	5,118,466	5,393,762	87	83
1935	5,815,609	6,555,755	5,825,649	88	99
1936	5,586,715	6,505,478	6,606,539	86	85

* all figures in yen.

Due to changes in accounting methods by the South Seas Bureau, data for 1937-40 not available.

and copra, as well as the harbour clearance tax levied on sugar exports, consistently accounted for more than 80% of the South Seas Bureau's earned income after 1922, and comprised over 50% of its total annual expenditures by 1925. Six years later these receipts accounted for 92% of total annual expenditures.

Japan's successful economic exploitation of the islands can be attributed partially to the fact that the Germans left a solid foundation on which to build. The Japanese had access to phosphate mines with huge reserves and machinery in operating condition, and could engage immediately in extractive economic activity, which in the Pacific Islands has usually yielded quick and substantial profits. In addition, the South Seas Trading Company with seven years of experience in the islands simply assumed the role of the Jaluit-Gesellschaft and expanded on the commercial infrastructure created by the Germans.

In reviewing Japanese economic activity in the islands the words monopoly and subsidy immediately come to mind. Both the South Seas Development Company and the South Seas Trading Company were heavily subsidized by the Japanese government, and each enjoyed a monopoly in its sphere of activity; the former in the sugarcane industry and the latter

in commerce. It should also be noted that all phosphate, sugar and copra exports went to Japan, which was also the source of all imports for the mandate. With the creation of the South Seas Colonization Company in 1936, the Japanese government was able to exercise total control over the economy of the mandate through one organization. It is quite clear that monopoly conditions, government subsidies and the absence of outside competition were all part of the formula for economic development.

Viewed strictly in economic terms, however, the islands were low on Japan's list of priorities when compared to China, Korea, Manchuria, and Taiwan, which offered unlimited opportunities for Japanese ingenuity and capital, and the Japanese behaved accordingly. By bringing expenditure into line with earned income, and supplementing the former with a cash subsidy to maintain them at a level which made it possible to comply in a limited way with the native welfare requirements of the mandate agreement, the Japanese accomplished two important objectives. First, they did not permit the islands to become a major economic liability, and instead transformed them into a limited asset. Secondly, they stayed out of trouble with the League of Nations, although this was probably a secondary consideration after March 1933, when Japan served notice that it would withdraw from that organization after the required notification period of two years had elapsed.

Of what significance to the natives was this high level of economic development? It undoubtedly made them aware of what is possible when efficient administration is combined with modern technology by a colonial power committed to well-defined objectives; namely, commercial agriculture and fishing, electrification, adequate communication and public works facilities, and improved roads. Moreover, it resulted in aspirations to a higher standard of living, and therefore increased dependence on a money economy. It is important to remember, however, that any benefits which the natives derived from the prosperity of the 1920s and the 1930s were indirect, and did not result from a policy of calculated beneficence; they were the secondary results of the South Seas Bureau's concern with utilizing the islands in the best interests of the Japanese.