

JAPANESE-CHINESE IMPORT TRADE COMPETITION DURING THE 1930s CRISIS

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Abstract

In the Indonesian historiography, the contest for market between the Chinese and indigenous traders has long attracted much scholarly attention, however this issue was actually only part of the story. This article seeks to elaborate the Japanese and Chinese import trade competition in Java during the 1930s depression. Drawing upon both primary and secondary historical materials, it is argued that instead of creating a time of hardships, the crisis paved the way for Japan's import trade expansion. Benefiting from the creation of large market for cheap products among the customers in Java suffering from a decline in purchasing power and their owned trade networks, a great number of Japan products will soon control the market. The Chinese found that their well-established economic position was seriously threatened. Although Japan's fast rising market domination was eventually removed, it was due to the changing of the socio-political environment that created major obstacles for the Japanese to maintain its position, rather than that of the responses of the Chinese traders.

Keywords: 1930s crisis, Chinese traders, import trade, Japanese traders, Java

1. Introduction

The rebirth of Japan under the Meiji era (1868-1912) had radically changed Japan and its relations with other countries. Japan emerged as a modern powerful state both in military and economic terms and had an equal position to the western colonial powers (van Dijk, 1994). No less important, from 1899 the Japanese received "European status" in the Netherlands Indies (De Graeff, 1945; Fasseur, 1994). The modernization of Japan, however, posed a serious danger to the neighbouring countries because Japan began to demonstrate a strong territorial ambition (Aziz, 1955). This development inevitably placed Japan in a series of conflicts, including with China, one of its major sources of cultural influence. The two powers, for example, competed for a political hegemony over Korea and Formosa in 1894-1895. By the Treaty of Shimonoseki signed on 17 April 1895, Japan established its political control over the two territories (Hane, 1986; Storry, 1963). China was forced further to cede part of her territory, Shantung, which was previously colonized by Germany to Japan in 1919 (Mouw, 1937-1938; Aziz, 1955; Van Dijk, 1994).

The competition between the two powers was not only in the above geographical areas, but also in other places where Chinese communities developed. The article

looks at the Japanese-Chinese competition specifically in import trade. The geographical and temporal settings

of the article are Indonesia's most densely-populated island of Java during the 1930s crisis. It seeks to explain the Japanese import trade expansion in the island and to examine the responses of the Chinese business community. This article argues that Japan's import trade expansion in Java during the crisis was facilitated by combined factors of decline in population's purchasing power, competitive price of Japanese products, organizational and marketing strategies. The deterioration of the Japan's role in import trade market in Java was primarily due to the changing political environment in which Japan's business activities were run, rather than due to the loss of the Japanese in business competition to the Chinese enjoying benefits from the restrictive measures taken by the Dutch colonial government.

2. Methods

The research applies historical method. The choice is based on the fact that the research is categorized as a study of history. Therefore, historical method is the best way to address the subject matter. Historical method basically consists of four stages: 1) *heuristics* (collection of source materials); 2) external criticism (examining the authenticity of historical sources); 3) internal criticism (examining the credibility of