

# Japan-U.S. Trade and Rethinking the Point of No Return toward the Pearl Harbor

Ryohei NAKAGAWA<sup>\*</sup>

## Abstract

Despite America's strong antipathy against Japan's uncontrollable overrun in the 1930s, economic relations between the two countries were actually in increasing trend until 1940. Through the investigation of key actors and chronological progress toward the Pearl Harbor attack, two important "points of no return (PNR)" were found from the perspectives of Roosevelt's psychological determination and his decision to take bold actions. Because the European affairs had a higher priority for the United States than East Asian matters, the psychological PNR should have been the time when Japan signed the Tripartite Pact with Germany and Italy in September 1940. With the pact, Japan started to have direct impacts on the European front. The PNR of taking actions is considered to be the time when Germany's Russian Campaign started in June 1941, because Germany had to fight both in its east and west thereafter so that America's chance of winning the war in Europe increased. The triggers were always "Europe," not necessarily over China. Japan's southward advancements, both to the northern and southern French Indochina, came almost at the same time as the PNR, because they were closely linked to the situation in Europe. They created opportunities to impose sanctions on Japan, but were not necessarily the critical PNR by themselves. Since the United States was already determined to fight and had already started making bold actions, Franklin D. Roosevelt was buying time with the Japan-U.S. reconciliation negotiations in 1941. During the World War II, Japan, the United States, Germany, and the Soviet (at last) were fighting in both eastern and western sides of their lands, thereby connecting the dots around the globe. There were chain reactions, and the question was who was pulling America's chains.

---

<sup>\*</sup> Assistant Professor, College of International Relations, Ritsumeikan University, Kyoto, Japan

## **INTRODUCTION**

This paper examines the decisive causes that finally made the United States to decide to directly fight the Pacific War that started in December 1941 with Japan's Pearl Harbor attack. In order to achieve that goal, this paper will find out what were the "points of no return" (PNR) toward the suicidal war against the United States.

The most evident indicator is presumably a sharp decline in economic transactions between the both countries, particularly in exporting munitions-related goods. It should be a clear sign that the United States could no longer tolerate, or silently connive at, Japan's runaway in Asia and in international politics, especially concerning the impacts of Japanese actions to the ongoing combats in Europe.

We see an interesting trend in international trade statistics between Japan and the United States during the corresponding period: The trade volume did not decrease until the last minutes before the Pearl Harbor attack, albeit America's obvious distrust and antipathy to Japan in the 1930s. In fact, the volume generally increased until 1940, and then plunged thereafter. As an assumption, such a sharp decline would provide a clue for finding the PNR.

However, through investigations of causal relations in the key events, namely to sign the Tripartite Pact with Germany and Italy in September 1940, to occupy northern French Indochina in the same month, to form the Soviet-Japanese Neutrality Pact in April 1941, to dominate the even southern part of Indochina Asia in July 1941, and to delicately negotiate reconciliation with the United States in 1941 toward the Pearl Harbor attack, the fundamental motivations why the United States decided to fight were revealed.

Since key factors are widely investigated in a limited space, it is recommended to consult reference materials for more details.

## **PAST ANALYSES ON WAR CAUSES**

This paper attempts to have its own view on the causes of the Pacific War based on wealth of knowledge accumulated by great works in the past. Some of the past analyses are quoted hereby with brief comments on how each existing analyses are different from the viewpoint of this paper.

As the name of the author group literally means "Study Group on the Causes of the Pacific War, The Japan Association of International Relations," the seven-

volumed *Nihon Kokusai Seiji Gakkai Taiheiyo Senso Gen'in Kenkyubu* ed. (1963) provides extensive views on various war-cause factors from Japanese, Chinese, American, and other players' perspectives without finger-pointing specific PNR, starting from the Manchurian Incident in September 1931 to the Pearl Harbor attack in December 1941. There is no doubt that countless war-cause factors are intertwined and complex. In the light of the great work done in the past, nonetheless, this paper is an attempt to focus on the very decisive factors that finally disconnected the critical economic relations and led the two countries to fight at the end.

Kato (2007) describes that the Manchurian Incident that happened in September 1931 was the PNR toward the Second Sino-Japanese War that broke up in July 1937. Indeed, the Manchurian Incident is considered as the starting point of the "Fifteen Year War" in China today. However, it would be inappropriate to apply Kato's PNR of the Second Sino-Japanese War to the Pearl Harbor attack of December 1941 due to the following two reasons: 1) The fight between Japan (or the Kwantung Army) and China was only intermittent after the Manchurian Incident for several years; 2) America's attitude on Japan did not change drastically and decisively, as we see the progress of economic relations between the two countries. Yet Kato's explanation on the characteristics of the incident sheds light on further research in the future. The two relevant points Kato raised are that the incident was committed by military personnel who were not allowed to intervene into political decisions, and that even though they understood their action was against international law, it was schemed and conducted cunningly to dodge foreign accusations. These points clearly suggest that there were fundamental structural errors in leadership and a series of ad hocery follow-up measures in the prewar Japanese diplomacy.

Cohen (1989) focuses on American leaders' indecisiveness and their last minute triggers that changed their minds and that provoked them to take actions. American leaders, who were always concerned with the movements in Europe and had less interests in Asia, were taking cautious approach to antagonizing Japan by fully supporting China. Cohen points out that what finally pushed Roosevelt was Japan's attack on America's gunboat Panay in the Yangtze River. With that, he says America's security has finally become at direct risk by the threat of Japanese militants, and "(with the tung oil loan (to China) the United States, however modestly, began to act" by risking Japanese anger. However, it was too "modest," indeed. Although the first tung oil credit was extended to China in December 1938, Roosevelt did not ban oil exports, the lifeline of Japanese military,

to Japan until August 1, 1941, already twenty months after the incident of Panay.

Ikeda (1992) claims that Japanese economy was cornered by China, the United States, the Netherlands, Great Britain and Latin American countries during the time period of 1926-37 (beginning of the Showa Period to the Second Sino-Japanese War). She also explains that “it is not simply a coincidence that in 1937, Japan’s imaginary enemy shifted from the Soviet Union to the United States” due to series of trade boycotts, unequal treatments, etc.<sup>1</sup> “Additionally, it clearly became one of the economic factors that Japan as a developing country was cornered economically and became close-minded toward the desperate World War II.”<sup>2</sup> However, Ikeda’s theory is one-sided focusing only on trade boycotts and incoming economic sanctions from the major powers, and overlooks the causal relations why these countermeasures were enforced against Japan. Her extensive work lacks the cause-and-effect analysis with Japan’s political and diplomatic fiasco or Japanese militants’ aggressiveness.

LaFeber (1997) provides interesting and broad perspective on the World War II, or on the Japan-US relations as a whole. He argues that “American diplomatic plans during most of the war revolved around hopes for China, much as Japanese plans for Asia had historically revolved around the Chinese.”<sup>3</sup> And as he concludes the characteristics of the Japan-US relations that “(a)t historic turning points (1910-1915, 1918-1922, 1931-45, the 1970s), the conflict between the two approaches centered on China.”<sup>4</sup> Nonetheless, the central question remains whether the World War II was a struggle between the two countries over China or not. As we investigate the causes of the war in this paper, the China factor should be a secondary issue for the United States, compared to the turbulent situation in Europe. Moreover, even though the United States possessed concession lands in Chinese cities and had certain degree of investments in China, its economic relations with China were by far smaller and thus had much less impact than the relations with Japan (see the “Asymmetrical Economic Relations” chapter).

---

1. Ikeda (1992). pp.25-26.

2. Ibid. pp.257-258.

3. LaFeber (1997). p.231.

4. Ibid. pp.396-397.

## ASYMMETRICAL ECONOMIC RELATIONS

### Trade and investment volumes

#### America's take

The first question that arises from **Figure 1** is why the United States continued its trade relations with Japan until the last minutes before the Pearl Harbor attack. These figures do not reflect the tense political relations based on America's distrust and antipathy to Japan's aggressiveness in China, especially after the Manchurian Incident in 1931. **Figure 1** also backs up the fact that there were groups of people in the US government and businesses who consider Japan as a growing economic partner, or who were at least adopting wait-and-see approaches. Those people included many business sectors and the Treasury Department, while the Department of State, most of the time headed by Cordell Hull, and labor unions of some industries, including textiles, cotton rug, pottery, matches, toys, and fishery that were causing trade frictions with Japan, were generally taking confrontational attitudes to Japan.

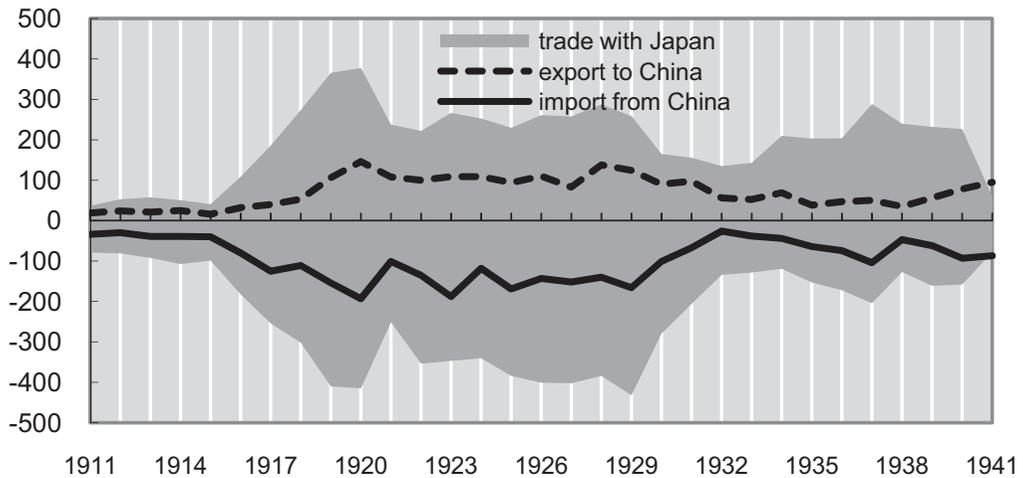
**Figure 2** illustrates that even essential munitions materials have been exported with an overall increasing trends (except for raw cotton) from the United States to Japan until the last minute. Restrictions had been constantly in bits and pieces and were barely effective to create remarkable impacts on Japan. Indeed, "the US State Department did not take any action until April 1936, when Secretary of State Cordell Hull finally started to put tin plate export under the license of the National Munitions Control Board."<sup>5</sup>

From the perspective of the United States, economic relations with Japan was by far larger than those with China. **Figure 1** clearly illustrates the difference between the two trade relations. America's trade with China had been hovering around less than a half of that with Japan. The significant difference in America's trade volume with Japan and China shows an implication that, on the one hand admitting that Chinese economy had a big potential to grow given its massive population size, estimated at 500 million in 1933, the United States was basically free from existing economic interest in China and thus could make political decisions without bothering too much about it.<sup>6</sup> In other words, political leaders in the United States did not have to be entangled with different layers of domestic interests regarding its China policy.

---

5. Wilkins (1971). pp. 183-184.

6. Maddison (2001).



**Figure 1. US trade with Japan and China, 1911-1941 (million dollars)**

Source: Bicentennial Edition – Historical Statistics of the United States, Colonial Times to 1970, the U.S. Census Bureau.

	raw cotton	crude oil	refined oil	scrap iron, copper*
1930	65,910	3,223	15,290	2,946
1931	79,843	3,518	12,821	843
1932	85,821	4,895	10,292	1,325
1933	86,699	5,505	8,476	4,739
1934	112,178	7,944	12,811	12,428
1935	98,587	11,781	13,519	10,844
1936	88,338	14,194	14,164	11,897
1937	61,724	22,103	20,644	37,418
1938	52,850	29,858	19,779	21,685
1939	42,498	20,924	23,833	32,526
1940	29,608	15,875	35,303	16,971
1941	6,566	6,939	21,113	0

\* tin scrap included in 1930-34

**Figure 2. US export to Japan in major items, 1930-1941 (thousand dollars)**

Source: Hosoya, Saito, Imai, Royama ed. (1971). “Japan-U.S. Relations - Ten Years toward the War (1931-41).” Vol. 3, p. 183.

### China’s take

On the other hand in China, relative trade volume was not an important factor for choosing which country to seek assistance, security and sovereignty at the end. Difference between the Sino-Japan and Sino-US trade volumes was not

as significant as that between US-Japan and US-China (see **Figure 3**). Trade with Great Britain was remarkably higher than that with other countries in the late 19<sup>th</sup> century, but it decreased to around one-half the volume of Sino-US trade after the beginning of the 20<sup>th</sup> century.

	China's export			China's import		
	Japan	US	Britain	Japan	US	Britain
1871-73	1.7%	14.1%	52.9%	3.7%	0.5%	34.7%
1881-83	2.4%	12.4%	33.3%	4.9%	3.7%	23.8%
1891-93	7.2%	9.8%	11.3%	4.7%	4.5%	20.4%
1901-03	12.5%	10.2%	4.8%	12.5%	8.5%	15.9%
1909-11	15.9%	9.0%	5.1%	15.5%	7.1%	16.5%
1919-21	28.6%	14.4%	7.6%	29.2%	17.6%	14.0%
1929-31	26.2%	13.8%	7.1%	23.4%	19.2%	8.6%
1936	15.2%	26.4%	9.2%	16.6%	19.6%	11.7%

**Figure 3. China's trade with Japan, the US, and Britain, as % of total**

Source: Kubo, Tohru (1991). "Chugoku Keizai Hyakunen no Ayumi (One Hundred Years of China's Economic Progress)." pp.103-104, Soken Shuppan.

Meanwhile, the United States accounted for less than 10% of China's total inward foreign direct investments, which was much less significant compared to that of Japan or Great Britain. Therefore, other than insisting on its "Open Door Policy," the United States was again not in a position to concern too much to protect its vested interests from the investment perspective. Most of Japan's investment headed toward Manchuria, where Japan created a puppet state in March 1932 (included in the **Figure 4**) and does not reflect that China could seek stronger ties with Japan. Indeed from the current Chinese perspective, China has been at war with Japan since the Manchurian Incident in September 1931. Additionally, even though a pro-Japan faction, including Chiang Kai-shek, existed in the Kuomintang (Nationalist) government, it was extremely difficult for China to directly negotiate peace with Japan. The Great Britain, who held extensive interests including Hong Kong and concessions in Chinese cities, accounted for more than one third of inward direct investments, but it also did not have strong motivation to mediate reconciliation between China and Japan, as Britain was silently acknowledging Japan's control over Manchuria to certain extent in order to stop the Soviet to come southward.

	from Japan		from the US		from Britain	
	\$ million	% of total	\$ million	% of total	\$ million	% of total
1902	1		20	3%	260	33%
1914	220	14%	49	3%	608	38%
1931	1,137	35%	197	6%	1,189	37%
1936	1,394	40%	299	9%	1,221	35%

**Figure 4. Inward direct investment to China from Japan, the US, and Britain**

Source: Kubo, Tohru (1991). "Chugoku Keizai Hyakunen no Ayumi (One Hundred Years of China's Economic Progress)." p.109, Soken Shuppan.

Based on these observations, the United States did not simply support the Chinese side with regards to Sino-Japanese conflicts until the late 1930s. The United States had to coordinate delicate balance among the following four factors: 1) The idealistic principle of the Washington system in the name of the "open door policy"; 2) Realistic economic interests such as concession lands in Chinese cities; 3) Business interests in growing economic transactions with Japan, and; 4) To certain degree, reluctant acquiescence of Japanese control in Manchuria as a containing power against the Soviet. Additionally, rising power of the Chinese Communist Party was another headache for the United States, putting brakes on fully supporting the Chinese side.

Due to the asymmetrical economic relations and other various factors, the United States had been indecisive and had to take a wait-and-see approach for several years even after the Second Sino-Japanese War broke out in 1937.

#### **Japan's munitions capacity and its dependence on the US**

Japan in the 1930s was, and still is today, the country that fully benefited from international trade, as the Japanese archipelago lacks most of the natural resources. The concept of having the yen-bloc economy after the Showa/Great Depression was not only a measure to create a protective bloc economy but also to explore natural resources from annexed Taiwan and Korea and from its puppet state of Manchuria. However, there were not enough natural resources that could be directly utilized for Japan's munitions purposes, other than some few materials such as magnesite. **Figure 5** clearly illustrates the fact that Japan was heavily dependent on imports from the non-yen bloc economies, particularly in the most essential materials: Oil and iron.

	Japan's import dependency ratio	Import from non-yen bloc countries
Petroleum	82%	99.09%
Coal	10%	42.69%
Iron ore	89%	84.01%
Scrap iron	72%	97.05%
Bauxite	100%	100.00%
Magnesite	100%	0.70%
Raw cotton	100%	99.04%
Wool	100%	99.82%
Pulp	68%	100.00%
Salt	75%	62.70%
Soybeans	75%	0.00%
Wheat	30%	90.33%
Rice	15%	1.89%
Sugar	88%	15.72%
Machinery	46%	46.00%

**Figure 5. Japanese import dependency ratio and import from non-yen bloc (1936)**

Source: Takeda, Haruhiko; presentations from the coursework “Gendai Nihon Keizaishi (Modern Japanese Economic History),” The University of Tokyo, 2004; <http://www.e.u-tokyo.ac.jp/~takeda/gyoseki/GAKU00-12.htm> (browsed 26 October 2010).

As the imperial Japanese government has been in rush preparing for the coming wars toward the late 1930s, demands of the munitions products, such as iron, petroleum and copper, were soaring. Iron and petroleum supplies were particularly critical for Japan, because Japan almost totally depended upon imports in these items.

Regarding scrap iron imports, Japan was relying on the United States for almost three-fourth of the total imports, as the statistics shows in **Figure 6**. It was also relying on British colonies, particularly India in this case. Japan was to start fighting against the major suppliers of scrap iron, which would, of course, choke the country’s production capacity. On the other hand, supplies from Manchuria and China were so low that they did not substitute the growing risk of America’s embargo on iron export to Japan.

	1929-32 (ave.)		1933-36 (ave.)		1937		1938	
	metallic tons	% of total						
Manchuria	9,600	2.1%	13,500	1.0%	43,900	1.8%	47,200	3.5%
China	13,900	3.0%	17,200	1.2%	10,700	0.4%	30,200	2.2%
British colonies	111,800	24.4%	132,800	9.5%	200,100	8.3%	81,700	6.0%
Netherlands East Indies	25,200	5.5%	40,600	2.9%	97,400	4.0%	66,700	4.9%
United States	163,500	35.7%	942,100	67.2%	1,777,000	73.4%	1,006,700	74.1%
Australia	11,600	2.5%	27,200	3.4%	84,000	3.5%	30,400	2.2%
Others	122,400	26.7%	210,200	15.0%	206,700	8.5%	95,000	7.1%
Total	457,900	100%	1,403,800	100%	2,419,800	100%	1,357,900	100%

**Figure 6. Japanese imports of scrap iron by source country, 1929-38**

Source: Mantetsu, Tokyo Shisha, Chosashitsu, Nichi-Bei Tsusho Kokai Joyaku Haki no Eikyo Narabini Sonotaisaku (Tokyo, 1939); Barnhart, Michael A. *Japan Prepares for Total War - The Search for Economic Security, 1919-1941*, p.145.

As for the case of oil imports, again, “(t)he United States supplied roughly two thirds of the total petroleum imports into Japan in 1939, Netherlands India about one quarter (...), while British possessions supplied the bulk of the remainder.”<sup>7</sup> Japan’s position was so vulnerable that its lifelines were in the hands of the Allied countries, particularly the United States.

As we see in **Figure 7**, the difference of munitions production capacity between Japan and the United States was extremely evident. The Japanese Empire dared to fight the war against the country that had such a huge difference in economic capacity and wealth, and that it totally depended upon. Even if a hypothesis, such as that of Ikeda (1992), that Japan was entangled to start the war from external pressures could be explained, there is no persuasive evidence to justify the decision to start the war. And even if the Imperial Navy held out a slim hope, not a concrete plan, to win the war in short period of time, it was substantially a suicidal decision to fight against them. It, however, happened. It happened even though most of the Japanese leaders were aware of the evident power gap.

---

7. Newcomb (1940), p.268.

	1929	1933	1938	1941	1944
Coal	16.1	10.5	7.2	9.3	13.8
Petroleum	501.2	468.0	485.9	527.9	956.3
Iron ore	416.8	55.6	37.5	74.0	26.5
Pig iron	38.9	9.2	7.3	11.9	15.9
Steel ignot	25.0	7.4	4.5	12.1	13.8
Copper	12.4	3.1	5.3	10.7	11.3
Zinc	26.0	9.5	7.5	11.7	9.5
Lead	208.0	37.9	31.3	27.4	11.6
Aluminum	–	–	8.7	5.6	6.3
Mercury	–	41.6	24.8	–	–
Phosphate	254.7	72.3	45.2	–	–
Total (arithmetic ave.)	166.6	71.5	60.5	77.9	118.3

**Figure 7. Japan-US comparison of commodity production (Japan = 1)**

Source: Kokumin Keizai Kenkyu Kyokai “Kihon Kokuryoku Dotai Soran” (Research Institute on the National Economy “Directory of Basic National Power”), excerpt from Ando Yoshio “Directory of Modern Japanese Economic History,” The University of Tokyo Press.

Why, again, did the United States keep exporting even war essentials to Japan until the last minutes before the Pearl Harbor attack, as we saw in **Figure 1** and **Figure 2**? Hereafter, the focus will be on the triggers of the United States embargo on export of the critical two materials, iron and oil. First, we will see how key actors in the United States played their roles toward the war. Secondly, the analysis will be on chronological key factors of American leaders’ resentment against Japan that finally pushed them to burn their bridges.

## KEY ACTORS IN THE UNITED STATES<sup>8</sup>

Back then, the principle of America’s policy on China, including Manchuria, was based on the Nine-Power Treaty at the Washington Naval Conference in February 1922, affirming China’s sovereignty and equal access (“Open Door Policy”) by foreigners to the market with huge potentials. However, although this policy was the country’s ultimate core principle at last, there were groups of people who treated the principle more flexibly in reality and sought business interests in Japan, while there were people who were persistently loyal to the spirit of the Washington system’s ideal.

8. Japanese, Chinese, and other leaders also made significant impacts on America’s decision to fight against Japan. Analysis on these actors is omitted due to a space constraint.

### **Actors tolerating Japan's overrun to certain extent**

The first group of people is who tolerated Japan's overrun in Manchuria and China to some extent. These people can also be broken down to two categories: The first group consists of those who sought and who already had economic interests in Japan and Manchuria, and did not want to lose the market, and; the second is the group of people who had concerns of the Soviet coming south to Manchuria, therefore passively admitting Japan's control over Manchuria to certain level, or who simply made no action.

Except for those who experienced trade frictions with Japan, such as labor unions in textile and small toy industries, business circle was generally seeking economic interests in Japan as a rapidly-growing emerging market. Large American firms, such as Ford, General Electric, Westinghouse, and Dunlop, already had strong business bases in Japan, and in many cases they were operating business with local business partners, such as Shibaura Electric (now Toshiba), Mitsubishi, and Sumitomo. The US Treasury Department was also, in general, trying to separate economic and political issues, therefore tolerated Japan's overrun to certain level, at least in the early 1930s. It was the time when the United States had difficulties turning things around from the Great Depression.

President Herbert Hoover belonged to the one who did not take action, as he thought there is no "measurable, tangible interests of the United States in North China, Ethiopia or Spain, and now the rest of China, were worth the risk of war."<sup>9</sup> Although China has constantly been asking for America's military support, Hoover was staying away from the troubles in East Asia. Meanwhile, Hoover was concerned with the rise of the Communist Party in China, which made a room for him to sit idly while Japan was gradually increasing its influence in Manchuria and northern China, where there was always a risk of the Soviets coming south.

Great Britain, at the earlier stage, also was passively neglecting Japan's control over Manchuria, due to the same reason. Yet its passivity was sustainable only if Japan was not threatening its own economic and political interests in China. Britain already held enough amount of interest in China to worry about Japanese aggressions, therefore it was only a question of time.

---

9. Cohen (1989), p.21.

### **Actors against Japan's aggressions**

The second group of people was those who were clearly against Japan's aggressions. Some people were against Japan due to frictions in business with Japan, but in most cases people stuck to the principle of the Washington system as a new world order after the World War I, as well as the "Open Door Policy" in China. Japan was considered to breach both propositions.

Thomas Lamont, the Morgan partner who had close friendships with Kijuro Shidehara, a liberal diplomat who represented at the Washington Conference, Junnosuke Inoue, ex-Bank of Japan governor and finance minister, and Takuma Dan, Director General of the Mitsui zaibatsu, was an important figure for Japan to issue bonds overseas, particularly in New York. However, when he felt Japan was no longer controllable after the January 28 Incident in Shanghai, where most of the powers held concessions and other economic interests, in 1932 and the Ketsumeidan Incident (assassination of Inoue and Dan by a ultra-right terrorist group), Lamont no longer supported Japan's bond issuance thereafter. Lamont's disappointment made a big impact on disconnecting Japan and the United States from the financial perspective.

When Hoover was dormant and had never been willing to use forces or economic sanctions, Henry L. Stimson, who was Secretary of State from 1929-33 and Secretary of War twice, he "continued to indict the Japanese for destroying the hopes of men and women of goodwill throughout the world."<sup>10</sup> Stimson was anxious about behaviors of Japan and Germany, so was Cordell Hull, who served as Secretary of State over eleven years under Roosevelt's presidency and one of the inventors of the United Nations. Hull was consistently loyal to the principle of the Washington System.

Roosevelt's secondary stance on East Asia did not change from the beginning till the end, but his action has shifted gradually from passivism to, finally, activism by mid-1941. Primarily, he always wanted China "to fend for themselves when American policies affected them adversely,"<sup>11</sup> indicating that he had little time and will to dwell on China and was not inclined to stir up matters with Japan. Additionally, there is a period of pause in Roosevelt's East Asia diplomacy, as 1935 was the time for the campaign for his reelection, and he was busy "creating a Supreme Court friendlier to the New Deal, and of purging disloyal Democrats." Including the disastrous effects of silver outflow from China to the

---

10. Ibid. pp.12-13.

11. Ibid. p.16.

United States in 1935, Roosevelt's attitude on diplomatic issues was basically benign neglect. "Neither China nor Japan could compete for Roosevelt's attention" around that time.<sup>12</sup>

Yet "there are numerous indications that his suspicions of Japan increased, that he returned to the viewpoint that he had acquired while assistant secretary of the navy under Woodrow Wilson, that the United States and Japan would one day be at war."<sup>13</sup> Although he was more sympathetic to China than to Japan, Roosevelt avoided his country to be entangled in the affairs across the Pacific until the prospect of winning the war across the Atlantic improves. The number of victims in China was increasing dramatically. With an earnest demand from Soong May-ling, or Madame Chiang Kai-shek, the United States finally took decisive action in 1941 by sending "Volunteer Army" to China, and even supplied weapons to the Chinese Communist Party after the Pearl Harbor.

### **Leadership**

Notwithstanding such different layers of interests in the United States, American president had the explicit power to make final decisions, which was crucially different from the leadership reality in Japan back then. In that sense, Roosevelt's mixed message gave a room for Japanese militants and the militant government to act adventurous incursions in Asia (regardless of how unreasonable they were), even though there was a risk of Germany's further encroachment in Europe and the United States had a priority to deal with that.

Needless to say, however, the leadership problem of Japan was the most critical issue, as debated in various analyses. Layers of interests, of course, existed in Japan, but decision-making process toward the Pacific War had been structurally inconsistent. Power of prime minister was in parallel with other ministers, therefore prime minister did not have power to dismiss army and navy ministers even in the cases of unreasonable misconduct. Emperor was supposed to be the supreme commander, but in reality, Emperor Showa, Hirohito, basically never wanted to exercise his power in political decisions, and never did, except for twice in his lifetime. First was when he practically dismissed Prime Minister Giichi Tanaka, who compromised in punishing the criminals of the assassination of Zhang Zuo-lin in 1928, and second time was when Japan finally decided to surrender, so-called the "holly decision," in August 1945. There was a loophole in the Meiji system. Militants took advantage of it.

---

12. Ibid. pp.19-20.

13. Ibid. p.16.

## CHRONOLOGY OF KEY FACTORS

### The “Asian Monroe Doctrine” and the Amou Statements

The Japanese Empire’s posture in international politics was starting to deteriorate by the series of its disturbing behaviors particularly in the late 1920s and early 1930s. These events include the Huanggutun Incident (assassination of Zhang Zuo-lin) in June 1928, the Manchurian Incident in September 1931, the January 28 Incident (the 1932 Shanghai Incident) in 1932, establishment of the puppet state of Manchuria in March 1932, and its withdrawal from the League of Nations in February-March 1933.

An unofficial statement made by Eiji Amou, head of intelligence unit in the foreign ministry, in April 1934, emphasized Japan’s “special responsibilities” of military and financial affairs in East Asia by excluding other foreign assistance, in line with so-called the “Asian Monroe Doctrine.” As a background of the announcement, there was a rise of chauvinism flared by domestic social unrest caused by increasing severe income disparity, estimated at 46%-64% in Gini coefficient (depending on estimates), and poverty in rural area.<sup>1415</sup> Because the statement was to challenge the Washington system, Great Britain demanded a clarification of this announcement and the US Secretary of State Cordell Hull issued a defense of American rights in China.<sup>16</sup> However, Hull was basically reluctant to respond to the announcement in order to avoid frictions with Japan, even though the statement was obviously against his policy.<sup>17</sup>

Around the mid-1930s, Hull, as well as Roosevelt, did not give much attention to East Asia. Moreover, the United States would not simply support China by giving up its much larger economic relations with Japan. Additionally, America’s naval power was considered not as powerful as to easily winning a battle with Japan, as there was also a risk of war coming across the Atlantic. Hence, while showing concern on surface, “benign neglect” was considered as the most appropriate attitude toward Japan around that time.

---

14. Moriguchi and Saez (2006).

15. The Great Depression pushed down Japan’s silk exports, which even intensified rampant poverty in rural area. Many low income peasants considered Manchuria as a land of hope and started immigrating. Territorial expansion, on the back of populist propaganda, was supported by citizens to a certain extent.

16. Cohen (1989), p.17.

17. Details can be found in Borg (1964), pp.46-99.

### **The 1934 Reciprocal Trade Agreement Act of the US**

In the aftermath of the protectionist Smoot-Hawley Tariff Act of 1930 that dramatically raised America's import tariff, Roosevelt was authorized to negotiate reducing tariffs bilaterally with selected countries in order to turn back the introverted trends among the major economies and promote freer and more active trade. However, Japan and Germany were not in the list of the special treatment countries in this case.

The Act was seemingly useless for Japan. Due to such an exclusivist and discriminatory trade law (in line with other boycotts by Allied countries), Ikeda (1992) notes that Japan was economically driven into a corner and became blinkered, and emphasize that it was one of the economic factors of causing the World War II.<sup>18</sup> In the reality, however, the trade between Japan and the United State was increasing thereafter, as seen in **Figure 1**. Even without special treatment, Japan did enjoy the benefit of the trend of America's freer trade, regardless of how much economic recovery has impacted the volume of bilateral trade.

In the mid-1930s, Japan was busy investing into Manchuria and equipping itself with munitions supplies. Despite voluntary boycotts and other economic countermeasures against Japan by private sectors, Japan continued importing necessities from the United States, even the most essential war-related products.

### **The Second Sino-Japanese War and the US Neutrality Acts**

Even after the Second Sino-Japanese War broke out by the Marco Polo Bridge Incident in July 1937, both Japan and China did not declare war against each other. It was because the Neutrality Acts of the United States were considered to benefit both countries, as well as the US itself.

The Neutrality Acts "required the president to determine whether a state of war existed and if so, to ban the export of arms and munitions from the United States to any belligerent. American goods were not to be transported to belligerent ports in American bottoms. No citizen of the United States could extend credits to governments at war."<sup>19</sup> Particularly after the World War I, there was a rise of non-interventionism in the United States, and in response to the growing tensions in Europe and East Asia, such laws were passed in the 1930s in order to stop itself to be entangled in conflicts.

---

18. Ikeda (1992), p.257-258.

19. Barnhart (1987), p.119.

For China, assistance from the United States was crucial. “China needed credit to continue the fight; Japan did not. China had no ships to transport; Japan did. Japan could manufacture its own armaments; China could not. To apply the neutrality acts, therefore, would be to apply economic sanctions against the victim of aggression.”<sup>20</sup> For the United States, there was a need to support China to fight against Japan and, at least, to sustain the status quo until the situation in Europe improves. American leaders had vital interests in Europe and wanted to stay away from East Asia until there was a strong connectivity between the two separate regions. For Japan, it could continue importing munitions from the United States. While some exceptional companies, such as DuPont, voluntarily stopped exporting munitions-related materials to Japan and China to avoid criticism, most companies tried to expand their exports to both Japan and China, taking advantage of strong demand from the *de facto* war.<sup>21</sup> The Neutrality Acts were not “neutral” in reality, but they were functional so as to buy some time for America.

Since the Second Sino-Japanese War was never a war by international law, Prime Minister Fumimaro Konoe had to build an after-the-fact justification of the combats in Asia, in the name of building the Great East Asia Co-Prosperity Sphere, as there was no hope of ceding of territory or reparations even if it wins.<sup>22</sup>

Neutrality Acts were mostly replaced by the Lend-Lease Law in March 1941 when the United States finally decided shifting from neutrality to getting involved in wars, allowing to supply weapons and munitions to Allied countries.

### **September 1940: Northern Indochina and the Tripartite Treaty**

During the period between 1939 and 1941, there occurred diplomatic revolutions in Japan, which lasted temporarily, and in the United States, which lasted permanently, according to Iriye (2002).<sup>23</sup> With Foreign Minister Yosuke Matsuoka’s leadership, Japan withdrew its traditional hostile stance against the Soviet, and signed the Japan-Soviet Neutrality Pact after forming the Tripartite Pact with Germany and Italy. On the other hand, the United States shifted from its earlier attitude of isolationism or “benign neglect” to entering into *de facto* alliance with Great Britain.

In September 1940, the Imperial Japanese military headed south from China

---

20. Ibid. pp.119-120.

21. Wilkins (1971), pp.185-186.

22. Kato (2002), pp.276-286.

23. Iriye (2002), p.125.

and invaded northern French Indochina, followed by Japan's signing of the Tripartite Pact with Germany and Italy in the same month. As a retaliation, the United States decided to put iron ore and scrap iron, vital materials of munitions, to the list of full licensing system. Prior to that, the trade treaty of 1911 was abrogated in January 1940, laying the ground for the United States to make bold actions in the future.

Japan's southern expansion was considered as threats to Britain, the Netherlands, and the United States. Moreover, it was conducted right after the fall of Paris by Nazi Germany in June 1940, colluding with Vichy France, who possessed considerable part of the Indochina Peninsula. Additionally, it also tried to block aid supplies to China from the south. However, the most decisive factor for Roosevelt to determine should be Japan's signing of the Tripartite Pact, which directly impacts Europe. If Japan's advancement to northern French Indochina happened without the Tripartite Pact almost at the same time, the United States may have imposed sanctions of iron on Japan but it is still unclear whether Roosevelt was determined to fight.

These two vital actions taken by Japan almost at the same time in September 1940 were the manifestation that Japan was directly entangled in the war in Europe, and that the United States became an enemy. Foreign Minister Matsuoka had an intent to challenge the United States, indeed. The US also expanded its supports to the Nationalist China to fight against Japan and also to avoid the influence of the Communist Party. Roosevelt was already determined to fight against Japan. But the question was when. He was still trying to buy some time by withholding oil embargo, the last resort, until he sees the chance for the US to commit to the European front.

### **June 1941: Germany's Russian Campaign**

Despite many oppositions, Matsuoka also signed the Japan-Soviet Neutrality Pact in April 1941. Even Joseph Stalin came to a train station in Moscow to see him off and hugged each other. Matsuoka took the Trans-Siberian Railway to go back to Japan.

While Matsuoka was abroad, negotiations got underway between Japanese Ambassador to the US Kichisaburo Nomura and Cordell Hull, exploring the possibility of agreeing on a compromise to avoid, or at least to delay, the direct war. When Matsuoka arrived back in Japan, he refused seeking such a concession plan. There were two reasons behind his rejection. First, Matsuoka was strongly against the idea of making the Tripartite Pact a dead letter, because it was his pet

project. Secondly, he was dissatisfied with the fact that such negotiations were taken place in his absence. Emperor Hirohito was increasingly disappointed at Matsuoka's attitude.<sup>24</sup>

Only two months after Matsuoka's big hug with Stalin, Nazi Germany started its deadliest Russian Campaign in June 1941. Matsuoka's hope was to bring the Soviet into the Tripartite Pact and create a trans-Eurasian pact, which proved to be an illusion at this point. When he visited Berlin prior to Moscow, German Foreign Minister Ribbentrop whispered the German plan to attack on the Soviet, but Matsuoka did not pay attention to it. The Soviet transferred its troops from Far East to the west, thanks to the Japan-Soviet Neutrality Pact. Consequently, Japan helped the Soviet, instead of its ally, Germany.

Now Roosevelt was ready to take any action, as Germany was supposed to fight both in its east and west so that the United States had a higher chance to win. With regards to the relations with Japan, he just needed a reason to issue an ultimatum by oil embargo.

#### **July 1941: Occupation of southern Indochina**

Despite the warnings of further sanctions from the Allied Forces, Japan went even further to southern French Indochina to pressure the Burmese route of America's supplies to China and to have easier access to Malaya, Singapore, and the Netherlands India in near future. Defeating these three territories also fitted Hitler's hope. The United States needed to stop Japan in order to save Britain.

According to Tsunoda (1963), there were four types of attitudes toward the United States that co-existed in Japan, and the following was the order from the most aggressive to the most conciliatory: 1) Navy's willingness to fight; 2) Matsuoka's aggressive diplomacy; 3) Army's wiliness to avoid direct conflict, and; 4) conciliation negotiations by civilians.<sup>25</sup> However, the divide was so complicated that the southward expansion plan was never overturned.

At last on August 1, 1945, "America, The British Empire and Holland declared economic war on Japan in reprisal for Japanese occupation of Indo-China." These three countries froze all the Japanese assets in their lands and, finally, imposed an oil embargo. In addition, "President Roosevelt also ordered the armed forces of the Philippines to be incorporated with those of the United States, and General Douglas MacArthur was appointed Commander-in-Chief,"<sup>26</sup>

---

24. Terasaki, Hidenari ed. (1995).

25. Tsunoda (1963), pp.117-118.

26. Far Eastern Survey "The Fortnight." Vol. 10, No. 15 (Aug. 11, 1941), pp.169-170.

showing that the United States was geared up for the war against Japan. Hence, Japan's occupation of southern French Indochina gave an opportunity for Roosevelt to impose oil embargo, but not necessarily the trigger to take bold actions toward the direct conflict. The light was already green when Hitler headed east.

There was a basic consensus in the Japanese military that the war against the United States is unavoidable. They also considered that in order to avoid direct war, restarting imports of oil and other munitions from the United States would be necessary so that Japan need not advance further south. Although both Japan and the United States thought the circumstance was already on a collision course, Iriye (2002) stresses if the United States accepts partial renewal of the trade relations in order to buy some more time, and if Japan promises to abandon southward advancement, both countries could have shared a mutual interest and have come to a certain level of temporal conciliation.<sup>27</sup> However, even with such a temporal measure, it is doubtful if the direct confrontation could have been delayed. Because there were frequent disconnect among institutions in Japan without any functional leadership, and because the history provides the lesson that such an inter-governmental promise could easily be breached, can we imagine the Japanese military sitting still during a moratorium with additional oil and iron in their hands? Additionally, Chiang Kai-shek was strongly against the reconciliation plan. From the Chinese point of view, this plan was America's "dirty deal with Japan at the expense of China."<sup>28</sup>

### **Delaying the inevitable**

Thereafter, the reconciliation negotiations were losing substance. Since the United States was already determined to fight and had already started making bold actions, it would have been very difficult to win a favorable deal for Japan in the negotiations. In any case, the level of winning concession from the United States could have been on par with so called the "Hull note," the final US official letter sent to Japan before the Pearl Harbor attack. Japan did not accept the letter, indeed. However, the negotiations worked as to delay direct combats.

Throughout the period of time this paper is questioning, Asian affairs were always on the back burner. The United States was prioritizing Europe, therefore intended to avoid having battles both across the Atlantic and the Pacific. Because Roosevelt was buying time, economic sanctions against Japan had been in bits

---

27. Iriye (2002), pp.131-132.

28. Luo (1990), p.276.

and pieces. Technically speaking, he could buy time because he could see through most of Japanese tricks by cryptanalysis called Magic.

## CONCLUSION

When Japan signed the pact with Germany and Italy, there came the time when the United States was determined to fight against Japan. Roosevelt put an economic sanction on Japan by practically banning iron exports. When the German battleship Bismarck sunk in May 1941 and Germany started the Russian Campaign to attack on the Soviet land next month, there came the time when the United States could make bold actions. Roosevelt froze Japanese assets in America and imposed an oil embargo.

In short, signing the Tripartite Pact was the PNR in terms of Roosevelt's psychological determination to fight against Japan, and Germany's Russian Campaign was the PNR in terms of taking actions in fighting against Japan. The triggers were always "Europe," not necessarily over China. Japan's southward advancement, both to the northern and southern French Indochina, were closely linked to the battles in Europe, and gave chances to the United States to impose sanctions. However, they were not the critical PNR. The reason why the United States did not send the practical ultimatum, or oil embargo, to Japan at the point of signing the Tripartite Pact was because they wanted to buy time by withholding the last resort. After all, both the Japanese and American decisions were at the mercy of the Europeans.

One of the key geopolitical clues in this paper's analysis was that the World War II was the first war in human history that was fought around the globe. Japan, the United States, Germany, and the Soviet (at last) were fighting in both eastern and western sides of their lands, thereby connecting the dots around the spherical earth. There were chain reactions. The question was who was pulling America's chains.

## REFERENCES

- Barnhart, Michael A. (1987). *Japan Prepares for Total War - The Search For Economic Security, 1919-1941*. Ithaca: Cornell University Press.
- Borg, Dorothy (1969). "The United States and the Far Eastern Crisis of 1933-1938: From the Manchurian Incident through the Initial Stage of the Undeclared Sino-Japanese War." Cambridge, Massachusetts: Harvard University Press.
- Bureau of the Census (1975). "Historical Statics of the United States: Colonial Times to 1970,

- Bicentennial Edition.” Washington, D.C: U.S. Department of Commerce.
- Cohen, Warren (1989). “*American Leaders and East Asia, 1931-1938*,” American, Chinese, and Japanese Perspectives on Wartime Asia 1931-1949. Wilmington, Delaware: A Scholarly Resources Imprint.
- Far Eastern Survey (1941). “*The Fortnight*.” Vol. 10, No. 15 (Aug. 11, 1941), pp.169-170. New York: Institute of Pacific Relations.
- Fukuda, Shigeo (1963). *Amerika no Tainichi Sansen (America’s Entry to the War against Japan)*. Nihon Kokusai Seiji Gakkai Taiheiyo Senso Gen’in Kenkyubu ed. “*Taiheiyo Senso he no Michi (Path to the Pacific War) Vol. 7. Nichibei Kaisen (The Japan-US War Outbreak)*.” Tokyo: The Asahi Shimbun.
- Hosoya, Chihiro; Saito, Makoto; Imai, Seiichi; Royama, Michio ed. (1971). “*Nichibei Kankei-shi, Kaisen ni Itaru Ju-nen(1931-41) (Japan-U.S. Relations: Ten Years toward the War (1931-41))*.” Vols.2 & 3. Tokyo: The University of Tokyo Press.
- Ikeda, Michiko (1992). “*Tainichi Keizai Fuusa (Economic Blockade on Japan)*.” Tokyo: Nihon Keizai Shimbun Sha.
- Inoue, Toshikazu (1987). “*Amazu Seimei to Chuugoku Seisaku (The Amazu Doctrine and Japan’s China Policy)*.” Departmental Bulletin Paper, 97(5): pp.661-679. Tokyo: Hitotsubashi University Repository.
- Iriye, Akira (2002). “*Beichu Kankei no Imaji (Aspects of the US-China Relations)*.” Heibonsha Library 448. Tokyo: Heibonsha.
- Kato, Yoko (2007). “*Manshu Jihen Kara Nicchu Senso he (From the Manchurian Incident to the Second Sino-Japanese War)*.” Tokyo: Iwanami Shoten.
- Kato, Yoko (2002). “*Senso no Nihon Kingendaishi (The Modern War History of Japan)*.” Kodansha Gendai Bunko 1599. Tokyo: Kodansha.
- Kobayashi, Tatsuo (1963). *Kaidai (Annotation)*. Nihon Kokusai Seiji Gakkai Taiheiyo Senso Gen’in Kenkyubu ed. “*Taiheiyo Senso he no Michi (Path to the Pacific War) Vol. 7. Nichibei Kaisen (The Japan-US War Outbreak)*.” Tokyo: The Asahi Shimbun.
- Luo, Rongqu (1990). “*China and East Asia in America’s Global Strategy, 1931-1949*,” American, Chinese, and Japanese Perspectives on Wartime Asia 1931-1949. Wilmington, Delaware: A Scholarly Resources Imprint.
- Maddison, Angus (2001). “*The World Economy: A Millennial Perspective*.” Paris: The Organisation for Economic Cooperation and Development (OECD).
- Moriguchi, Chiaki and Saez, Emmanuel (2006). “*The Evolution of Income Concentration in Japan, 1886-2002: Evidence from Income Tax Statistics*.” NBER Working Paper Series 12558. Cambridge, Massachusetts: National Bureau of Economic Research (NBER).
- Newcomb, Robinson (1940). “*Japanese-American Trade in Its Latest Phase*.” Far Eastern Survey Vol. 9, No. 23 (Nov. 20, 1940). New York: Institute of Pacific Relations.
- Nihon Kokusai Seiji Gakkai Taiheiyo Senso Gen’in Kenkyubu ed. (1963). “*Taiheiyo Senso he no Michi (Path to the Pacific War) Vol. 1-7*.” Tokyo: The Asahi Shimbun.
- Newcomb, Robinson. “*Japanese-American Trade in Its Latest Phase*.” Far Eastern Survey Vol. 9, No. 23 (Nov. 20, 1940).
- Terasaki, Hidenari ed. (1995). “*Showa Tenno Dokuhakuroku (Monologues of Emperor Showa)*.” Tokyo: Bunshun Bunko.
- Tsunoda, Jun (1963). “*Nihon no Taibei Sansen (Japan’s Entry to the War against the US)*.” Nihon Kokusai Seiji Gakkai Taiheiyo Senso Gen’in Kenkyubu ed. “*Taiheiyo Senso he no Michi (Path to the Pacific War) Vol. 7. Nichibei Kaisen (The Japan-US War Outbreak)*.” Tokyo: The Asahi Shimbun.
- Wilkins, Mira (1971). “*Amerika Keizaikai to Kyokuto Mondai (American Business Community and the Far East Issues)*.” Hosoya, Chihiro; Saito, Makoto; Imai, Seiichi; Royama, Michio ed. (1971). “*Nichibei Kankei-shi, Kaisen ni Itaru Ju-nen(1931-41) (Japan-U.S. Relations: Ten*

Japan-U.S. Trade and Rethinking the Point of No Return toward the Pearl Harbor  
*Years toward the War (1931-41)*, Vol. 3." Tokyo: The University of Tokyo Press.

