

**The London School of Economics and Political Science**

**Images of Japan and Reflections of the UK in  
British Newspaper Coverage of Japan's 'Miracle'  
Economic Growth between 1952 and 1972**

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# Abstract

Over 150 years ago, Japan sought to industrialise whilst preserving her independence in the context of a British-dominated international economy. The Japanese admired and copied many features of British industry, and moved towards industrialisation in a relatively short space of time. In the early 20<sup>th</sup> century the relative positions of the two countries within the world economy began gradually to change, with Japanese goods challenging those from Britain in both British domestic and overseas markets, and Japan's economy finally overtaking that of the UK by the late 1960s during its economic 'Golden Age'.

This thesis looks at the images of Japan presented in British newspaper articles that covered UK trade with, and UK trade competition with Japan between 1952 and 1972, the time during which Japan finally overtook the UK economically. It focusses in particular on British reporting of the formal trade agreements between the two countries, UK exports to Japan and its imports from Japan, and Japan's economy itself. It also looks at reports on the two countries' performance in third markets, in particular the People's Republic of China, Malaya/Malaysia and Singapore. The images presented of Japan when related to trade are considered in conjunction with analysis of the actual trade performance of the UK and Japan. I conclude that historical and emotionally-based images of Japan (and the UK) were consistently presented by correspondents and commentators through this period of time as prevalent across British industry, although particularly by the early 1960s such images were increasingly challenged in articles as Japan's 'miracle economic growth' was becoming apparent. Analysis of these images and their presentation in articles has a broader significance in highlighting the likelihood of historical and emotional-based images having the potential to influence economic behaviour.

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## Note on names

As this is a thesis writing in English, in this thesis, the order of Japanese names and Chinese name appear same as the order of Western name in given name first and surname second.

## Acronyms and Abbreviations

*FBI*: Federation of British Industry.

*GATT*: General Agreement on Tariffs and Trade.

*MFN*: Most Favoured Nations.

*MOF*: Minister of Financial.

*OPEC*: Organisation of Petroleum Exporting Countries.

*PRC*: People's Republic of China.

*SCAP*: Supreme Commander for the Allied Powers.

*OPA*: Open Payment Agreement.

*1<sup>st</sup> SPA*: Sterling Payments Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Supreme Commander for the Allied Powers acting in respect of Occupied Japan, [with Exchange of Notes], signed on August 31, 1951.

*2<sup>nd</sup> SPA*: Sterling Payments Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan [with Exchange of Notes], signed on January 29, 1954.

*Anglo-Japanese Commercial Treaty*: Treaty of Commerce, Establishment and Navigation between the United Kingdom and Japan signed on November 14, 1962.

# Chapter 1

## Introduction of this research, Literature Review, Historical Background of Anglo-Japanese Relations, and Methodology

### 1.1 Introduction of this research

From the 1950s until the early 1970s, the UK experienced a ‘golden age’ of economic growth, bringing about increased standards of living in the country and a new culture of consumerism. However, a much greater ‘miracle’ golden age of economic growth simultaneously took place over the same time in Japan. By the end of this period in fact, the Japanese were to become a far more dominant economic global force than the British. As the first nation to industrialise, the UK had up until that time viewed Japan, economically, in terms of a subordinate student nation of British industrialisation. And ever since the English navigator William Adams first reached Kyushu in the spring of 1600, the Japanese were commonly viewed through a superior, ‘civilised’ Occidental gaze by the British; that gaze invariably met a colonially-informed image of a racially and culturally lesser Oriental ‘other’.<sup>1</sup> Come the Second World War, few British themselves had up to that point come into contact with Japanese people. Rather, the Japanese, were known by most by how they were presented in colonialist British popular culture, as ‘Nips’, ‘Japs’, racialised inferior figures of curiosity and light

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<sup>1</sup> The actual date when Japanese and English came into contact for the first time is difficult to pinpoint. However, according to Muto, Chozo, the one Englishman who is definitely known to have come to Japan earlier than any other is William Adams, who landed on the East coast of Kyushu in April 1600, and he is recorded in Japanese history as being the first Englishman to visit Japan.

Muto, Chozo. *A Short History of Anglo-Japanese Relations*, Postwar ed. Tokyo, 1977; Massarella, D. and Farrington, A. ‘William Adams and Early English Enterprise in Japan’, *International Studies* (Suntory-Toyota International Centres for Economics and Related Disciplines); IS/00/394, 2000, accessed from: [http://eprints.lse.ac.uk/6890/1/William\\_Adams\\_and\\_Early\\_English\\_Enterprise\\_in\\_Japan.pdf](http://eprints.lse.ac.uk/6890/1/William_Adams_and_Early_English_Enterprise_in_Japan.pdf)

ridicule. Japan's military successes over the UK's forces in the Far East in 1942 did not tally with this portrayal of the Japanese. Then came Japan's surrender in 1945, thousands of British men held captive in harsh conditions as prisoners of war returned with harrowing stories of their mistreatment by Japanese prison guards. First-hand experience in the UK of the Japanese was now commonplace for the first time in the two nations' mutual histories, and its negativity hardened many of the images held by the British of 'Japan'. Understanding of Japan was condensed into a national mood of loathing, fear, and resentment. Japan's reputation and image in the UK was at an all-time low.

How then, was the subsequent post-war 'miracle' growth of Japan's economy and trade portrayed in the business pages of the UK press? Hugh Cortazzi states that, 'Japan has never been popular with the owners and operators of popular media companies in Britain. They [the British media] don't like the Japanese and in many cases only want reports of a sensational kind which show Japan in a bad light.'<sup>2</sup> Which does not bode well for an answer. Yet business reporting does not generally fall under the category of 'sensational'. Its purpose, rather, is to relate what is in the main fairly mundane information, rationally and lucidly to its readers; readers who seek factual reporting to inform their decision making over their or their organisation's financial interests. And so, the image portrayed of Japan's economy by British newspapers might be expected to be close to reality. How indeed would it help the reader, or the paper's reputation as a source to be trusted by the reader, if the image portrayed of Japan in this context was anything but the reality?

There have so far been no academic studies that look at how Japan overtaking the British in the economic international hierarchy over the course of the 1950s, 60s and 70s was portrayed in the UK's newspapers. How was this former student's astounding success covered over the period by the press, in the country that was once the master? What might be reflected back in these images of the British themselves? This thesis seeks to try and answer these questions through analysing the images and realities of Japan's economy and trade performances portrayed in British newspaper articles published from 1952 to 1972.

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<sup>2</sup> Cortazzi, H. *Collected Writings of Sir Hugh Cortazzi*, Tokyo, Japan: Richmond, Surrey, Japan Library, 2000. p. 255.

Japan's industrialisation took seed in the early period of the Meiji government in the late 1860s when soon after re-opening to the West, the country sought to modernise whilst preserving its independence in the context of a British-dominated international economy. As just alluded to above, in many ways, Japan based its modernisation on the British industrial model, and would succeed in eventually becoming fully industrialised in a relatively short time. With this behaviour, Rotem Kowner observed and how raised questions in the late 19<sup>th</sup> century:

The Japanese seemed to defy, some felt, a part of the unwritten 'rules' of the colonial encounter: they were neither submissive nor uncivilized, and often not at all 'inferior'. Moreover, the Japanese proudly 'resisted' foreign labels, and were constantly on the move to shape their own national destiny. This was a novel experience for the people of the Occident, who at the heyday of their imperialist expansion viewed the world with tremendous supremacy. For this reason, questions regarding the racial identity of the inhabitants of Japan became the core issue of an intensive discourse: Who are they? What is their place in the racial hierarchy? How should they be treated?<sup>3</sup>

Kowner later finds that by the beginning of the twentieth century, by which time the Japanese had also shown increasing military prowess, to maintain the Caucasian self-image of racial superiority, Japan's successes and so threat to the Western status quo are explained away by those in the West as an anomaly, 'as if it were a retarded child who unexpectedly passed a college examination.'<sup>4</sup> However, when Japan's modernisation then crept inevitably into the next stage from 'retarded child' to 'adolescence', its achievements were then viewed decreasingly benignly, particularly by the 'parent' of its industrialisation the UK.

Demonstrating the timeline of the press' descent into hostility, Pardoe points out firstly that, 'in the 1920s the *Times* leader writers admired Japan as a 'great nation' whose capital was 'rising gallantly' from the ruins of the 1923 earthquake.'<sup>5</sup> Then, at the time of the enthronement of Emperor Hirohito in November 1928, the *Manchester Guardian* expressed the view that 'Japan's 'friendship with Great Britain is of long

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<sup>3</sup> Kowner, R. "Lighter than Yellow, but Not Enough': Western Discourse on the Japanese 'Race', 1854-1904", *The Historical Journal* 43, no. 1. (2000). p. 104.

<sup>4</sup> Ibid.

<sup>5</sup> Pardoe, J. 'British Writing on Contemporary Japan, 1924-1941: Newspapers, Books Reviews and Propaganda', in Daniels and Tsuzuki (eds.). *The History of Anglo-Japanese Relations, Vol.5*, p. 282.



standing, and did not end in 1923 when the Anglo-Japanese Alliance ended' but complained that 'Japan had been called a 'hell for proletarians'<sup>6</sup>; at the same time, the *Times* wrote that 'the substitution for the Anglo-Japanese Alliance of a broader arrangement had not in any way modified the strong sympathy with respect for the Japanese character and spirit.'<sup>7</sup> By May 1934, however, the *Times* leader writers had, according to Pardoe, changed in their attitude towards Japan, now perceived as the major threat to British financial interests in China.<sup>8</sup> Come May 1939, following nearly two years of conflict with China, that threat seemed more likely after the Japanese instigated the battle of Khalkhin Gol in Mongolia against the Soviets. The *Times* did not like what it saw, with the paper stating: 'two years, even one year, ago several nations still thought it worthwhile remonstrating with Japan, in the name of humanity and civilisation, against deliberately barbarous conduct towards non-combatants. The world knows better today.'<sup>9</sup> Pardoe's observations are useful for how one can see the image of the Japanese in these British newspaper articles is increasingly as 'other', as Japan is boldly taking steps to expand its empire militarily in Mongolia, and is so a direct threat to British economic interests in China. In the space of less than two decades, this goes from barely perceptible to categorical, the country transmogrifying from 'a great nation', through the Japanese people having a particular 'character and spirit', to abruptly, when they showed clear designs on militarily expanding their empire in a region close to British economic interests in China, being portrayed in the *Times* as a blatant, barbarous diametric to 'humanity and civilisation'.

Vexingly for the British, by 1939, the economic fortunes of the UK and Japan had long been reversing. In the early 20<sup>th</sup> century, Japan's industries had started to have a disruptive effect on UK industry, with Japanese goods challenging those from the UK both in British domestic markets and in overseas markets. Meanwhile this reversal was taking place within the larger context of the UK being usurped by the USA as the world's leading industrial power, which by 1940 had become 'the largest

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<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid., p. 284.

<sup>9</sup> Ibid., p. 286.

producer of goods in virtually every manufacturing sector.’<sup>10</sup> The Second World War then decisively altered the world order away from European colonial dominance to a new US-driven model that eschewed overt colonialism in favour of neo-colonialism and the nation state as standard political model.<sup>11</sup> Now the UK, whose might and status – and indeed self-image - as superpower or ‘great power’ had depended on its colonies, found itself no longer occupying that category.

UK press coverage between 1939-1946 regarding Japan’s economy was naturally concerned with the country’s war economy. An article in the *Manchester Guardian* on 26 October 1943 talked of the country’s war economy effort being put perilously at risk through “individualism trying to reassert itself”, threatening the nation’s unity behind the emperor. The article later pinpointed what it believed was the reason behind this breakdown of economic order, which was against the normal negative stereotypical British view of Japan at that time:

We think of Japan too much in terms of the Meiji Restoration, and forget the centres of anarchy that went before it. Much is heard of Japan’s beehive civilization, but tribe worship and the subordination of the individual life to tribal interest do not necessarily mean a capacity for social planning, while the technique of administration cannot be learned in two generations. Laws are passed in that country which are never obeyed and which everyone knows will never be obeyed, the Europeans who were in Tokio when war broke out tell stories of the extraordinary lengths that people went to get round regulations.

It is the wayward streak in the Japanese character which [prime minister] Premier Tojo has to overcome now.<sup>12</sup>

It is no surprise that even regarding economic matters, UK press coverage of Japan during wartime was negative. Or maybe also that the othering seen in the *Times* just prior to the outbreak of the conflict in 1939 has become more overt and dehumanising. It has also become more descriptive in detail yet contradictory when explained. The Japanese here are both subordinate to tribal interest, and anarchic with a ‘wayward

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<sup>10</sup> Smil, Vaclav. ‘Dominance, 1941–1973’, in Smil, Vaclav. *Made in the USA: The Rise and Retreat of American Manufacturing*, Cambridge, Massachusetts; London, England: MIT Press, 2013. p.67.

<sup>11</sup> Li, Xue, and Alexander Hicks. ‘World Polity Matters: Another Look at the Rise of the Nation-State across the World, 1816 to 2001’, *American Sociological Review* 81, no. 3. (2016). 597-599, p. 602.

<sup>12</sup> ‘Admiral Tojo’s New Task: The Crisis on Japan’s Home Front’, *Manchester Guardian*, October 26, 1943.

streak.’ Japan is a ‘beehive civilisation’ where people go to extraordinary lengths ‘to get around regulations.’ The image is of a Japan that readers should not be taken in by, as just beneath the surface of Japanese modernisation, and so industry, lurks something still inherently primeval and chaotic – and so inferior.

The UK’s own economy and industry come 1946, as Raymond F. Betts observes, was itself sorely ‘weakened by a war that drained its wealth and saw the quick defeat and surrender of its Far East bastion, Singapore, to the Japanese.’<sup>13</sup> It was these defeats in the Far East region by the Allies that led to more than 50,000 British servicemen being interned by the Japanese as prisoners of war (POW), of whom 25% died in grim conditions in forced labour camps. In these camps, as Felicia Yap notes, ‘physical injuries were often inflicted on the prisoners by the Japanese for misbehaviour or minor breaches of camp rules.’<sup>14</sup> Once home, the stories of the experiences of these British servicemen, particularly those who survived the harsh POW camps, were the image that gained traction in Britain in all levels of society as the dominant narrative of ‘the Japanese’.<sup>15</sup>

Pointedly, as these hard-won negative images of the Japanese were taking seed in the UK, the British in the early 1950s were faced with the indignity of their already diminished international standing being further challenged from an unexpected and bitterly unwelcome front. Within a relatively short time after its defeat to the Allies in 1945, Japan had embarked on a remarkable US-led post-war rebuilding of its economy, which by 1953 saw the country’s industrial output more than 50 per cent larger than in the mid-1930s, and real national income some 30 per cent higher.<sup>16</sup> This rapid post-war economic recovery by Japan, the UK’s former ‘pupil’ of

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<sup>13</sup> Betts, R. F. ‘Decolonization: A Brief History of the World’, in Bogaerts, Els, Raben, R., and Koninklijk Instituut Voor Taal-, Land- En Volkenkunde (eds). *Beyond Empire and Nation: The Decolonization of African and Asian Societies, 1930s-1960s*, Nederlands Institute voor Oorlogsdocumentatie. 2012. p. 26.

<sup>14</sup> Yap, Felicia. ‘Prisoners of War and Civilian Internees of the Japanese in British Asia: The Similarities and Contrasts of Experience’, *Journal of Contemporary History* 47, no. 2 (2012): 317-46. p. 319.

<sup>15</sup> Best, A. ‘The lion and the rising sun: UK and Japan’s 400-year relationship’, *BBC History Magazine*. Accessed August 9th, 2020: <https://www.historyextra.com/period/modern/UK-japan-relationship-through-history-key-moments/>.

<sup>16</sup> Allen, G.C. *A short Economic History of Modern Japan*, London: Macmillan. 1981. 4<sup>th</sup> ed. p. 191.

industrialisation and (technically) defeated wartime foe, soon rose to a height whereby multiple positions of the British and Japanese economies began to flip. For example, Japan in 1956 replaced the UK as the world's largest producer of ships, and by 1957 had become the world's top producer of steel.<sup>17</sup> In fact, between 1954 and 1972, Japan's economy would elevate itself to such an extent that it attained and would maintain the position as the world's third largest economy (by GDP), after the USA and, if Soviet data from the era is to be accepted (which it cautiously was at the time), the USSR; from 1967 until far beyond 1972 Japan's annual GDP indeed surpassed that of UK.<sup>18</sup>

## ***Research Questions***

What indeed is meant by an 'image'? This research is using Endymion Wilkinson's definition of the word 'image', which he describes as loosely covering:

two broad ranges of meaning. In the first sense, the emphasis is on the emotional attitudes---whether positive or negative--- prejudices or illusions which colour or even determine the pictures that we form of reality. In the second sense, an image is merely a picture of reality which may or may not have congealed into a stereotype, and may be either true or false.<sup>19</sup>

This thesis seeks to look at how the image of Japan was presented regarding its economy and trade in British newspaper business articles published during the country's post-war 'Golden Age' period of economic growth between 1952-1972. Three core questions are addressed and examined by using British newspapers systematically as a primary source:

- (1) How was the image of Japan presented in articles covering Japan's economy and trade, focussing in particular on the Sterling Payment Agreements (SPAs) and

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<sup>17</sup> Wilkinson. *Japan versus the West: Image and Reality*, p.135.

<sup>18</sup> Mills, Terence C. 'Business Cycle Volatility and Economic Growth: A Reassessment', *Journal of Post Keynesian Economics* 23, no. 1 (2000). p.111. Maddison, A. *The World Economy*, Paris, France: Development Centre of the Organisation for Economic Co-operation and Development, 2006. Historical data of World GD, Accessed from <https://countryeconomy.com/gdp?year=1966-1972>.

<sup>19</sup> Wilkinson, Endymion Porter. *Japan versus the West: Image and Reality*, Newly Rev. ed. Penguin Economics. London: Penguin, 1990. p. 34.

the Anglo-Japanese Commerce, Establishment and Navigation Treaty (Anglo-Japanese Commercial Treaty, 1962); Anglo-Japanese bilateral trade; and Anglo-Japanese trade competition in the selected third markets in East and Southeast Asia?

(2) What was the accompanying reflection or image of the UK or UK industry in these articles?

(3) To what extent were these images and reflections based on rational economic fact or emotions and memories?

These three questions will be answered through a focus on three particular topics:

(1) Reports of the negotiation processes on the regulations guiding UK-Japan-Sterling area trade, in particular the SPAs and the Anglo-Japanese Commercial Treaty.

(2) Reports on bilateral trade between the UK and Japan, mainly on UK exports to Japan.

(3) Reports on the two countries' exports in selected markets in East and Southeast Asia, focussing more specifically, on China (the PRC), Malaya/Malaysia, and Singapore.<sup>20</sup>

These specific subjects have been chosen because it is not possible within the constraints of this thesis to offer a detailed analysis of all aspects of British newspapers' reporting related to Japan's economy. Trade, especially exports, is by its very nature interactive, and was the main stimulus behind many of the reports in the British press. It was also fundamental to the changing global position of the two economies, and reflected the potential for competition between them. In this thesis I argue that throughout the period of 1952-1972, historical and/or emotionally-based

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<sup>20</sup> In this thesis, 'China' refers to the People's Republic of China (PRC) including mainland China, excluding Hong Kong, Macau, and Taiwan over the period under consideration. Meanwhile, the term 'Malaya' between 1952 and 1965 refers to the Federation of Malaysia and Singapore. The term 'Malaysia' refers to Malaysia including Singapore until August 1965, and excluding Singapore since September 1965. Detailed background information regarding the changes of names throughout this time can be found in Tomaru, Junko. *The Postwar Rapprochement of Malaya and Japan, 1945-61: The Roles of UK and Japan in South-East Asia*, Basingstoke: Macmillan Press, 2000; Buchanan, I. *Singapore in Southeast Asia: An Economic and Political Appraisal*, London: Bell, 1972.

views regarding Japan (and of the UK) are shown by British newspaper articles to have played a significant role in influencing views in the UK towards Japan's economic growth, and the approach in the UK towards Japanese trade competition and trading with Japan.

### ***Time Period Studied in this Research***

British newspapers circulated from 1952 to 1972 will be analysed in this study. However, it should be clarified that, although 1954 is commonly stated as the start of Japan's 'Golden Age', 1952 has been selected for this study as a starting point due to it crucially being the watershed year when Japan regained its sovereignty after the Occupation.<sup>21</sup> 1972 has been chosen as the endpoint for two reasons: firstly, this was the year just before the onset of the 1973 Oil Crisis when members of the Organisation of Petroleum Exporting Countries (OPEC) implemented an oil embargo, leading to huge rises in the global oil price from about \$3 per barrel to nearly \$12 globally by the end of the embargo in March 1974.<sup>22</sup> The Oil Crisis profoundly affected and changed both UK's and Japan's existing foreign trade patterns, including trade composition, trade partners and trade flows. In addition, in advance of the Oil Shock, following the 'Nixon Shock' the US unilaterally in 1971 abandoned part of the Bretton Woods international monetary system, which changed the relationship between the yen and the dollar. The early 1970s was therefore a time of transition in international monetary and economic relations, and this was important to Japan. Secondly, as this research will look at how British newspapers reported Japan's trade with China, 1972 was also the year that President Nixon visited the People's Republic of China (the PRC), an event which fundamentally changed Japan's relationship with the USA and China, and hence opinions in the UK.

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<sup>21</sup> Occupation period, August 28, 1945-April 28, 1952. The United States led the allied occupation of Japan with support from the British Commonwealth after the defeat of Japan in the Second World War. The occupation was led by Douglas MacArthur as Supreme Commander for the Allied Powers (SCAP). On 8<sup>th</sup> September 1951 Japan signed the San Francisco Peace Treaty, which was effective from 28 April 1952, and with this Japan regained its sovereignty.

<sup>22</sup> Issawi, Charles. 'The 1973 Oil Crisis and After', *Journal of Post Keynesian Economics* 1, no. 2 (1978): pp. 15-16.

## ***Primary Approach: Newspapers***

It is the representation of Japan's economy by British newspapers during this Golden Age that will be explored in this research. My focus on the British press will be discussed in more detail below, particularly regarding why it can be argued that articles from newspapers covering Japan's economy and trade offer a constant, trackable lens through which to assess some of the wider moods and opinions in the UK throughout the period. In fact, British newspaper and journal reportage as a primary source for gaining insight in the UK towards Japan as an economic and trading competitor have been used by other studies to look at time periods other than 1952-1972. For example, Jon Pardoe's work, 'British Writing on Contemporary Japan, 1924-1941: Newspapers, Book Reviews and Propaganda',<sup>23</sup> in some ways serves as a precursor to this thesis, through how it covers some of the views reflected in British newspapers in the interwar years. The next section will review the literature on Western images of Japan, most of which has focused on a broader context, applied different research approaches, and focused on different period from this research.

## **1.2 Literature Review**

Reviewing the existing literature, we find that, as is to be expected, the economies of two of the world's most industrialised countries of the twentieth century, the UK and Japan, have generated numerous scholarly works. Many books and articles already exist both in English and Japanese relating to the study of the two countries' economies and their economic relations, offering some comparison between them in the form of a narrative, analytical or otherwise. Conversely, there is a dearth of studies that focus on actual Anglo-Japanese trade, perhaps in part due to its volume having been relatively small when compared to both the UK's and Japan's post-war trade with other nations. This is as opposed to, unsurprisingly, the many studies of Japan's post-war trading relationship with the USA, due to the reality that both countries were

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<sup>23</sup> Pardoe, J. 'British Writing on Contemporary Japan, 1924-1941: Newspapers, Books Reviews and Propaganda', in Daniels and Tsuzuki. (eds.). *The History of Anglo-Japanese Relations*, Vol.5.

reciprocally one of the most important trading partners throughout the period.<sup>24</sup> Regarding Western images of Japan, as will be demonstrated in this literature review, there are very few works concerning how Japan is presented in, or viewed by, the British press, with even fewer of those concerned specifically with Japan's economy and trade. There are, however, a number of works which look at Western images of Japan in a broader context either concentrating on a different time period or applying a different research approach.

The literature most relevant to this thesis can be divided into three broad, but often overlapping, thematic categories: (1) literature concerning Western images of Japan, most of which is concerned with broader issues and/or a different time period from the focus of this research; (2) studies of the post-war economies of Japan; and (3) the limited literature concerning post-war the UK's and Japan's economic activities in third markets, in particular relating to UK and Japan's economic relations with China, and UK and Japan's post-war trade performance in Southeast Asia.

As the theme of this study is on analysing the images of Japan's economy as seen in British newspapers, the literature reviewed here in this chapter focuses on the existing literature related to the subject of Western views and attitudes towards Japan's economy and trade. Regarding the studies of the post-war economies, it is not possible within the constraints of this thesis to offer a comprehensive analysis of the substantial existing literature on the UK's and Japanese economies, nor is it the objective of the thesis to shed light on the development of the British and Japanese economies during this period; rather, the discussion here will focus on indicating the main sources that have been employed to establish the broader context of my research.

The English language literature on the development of the Japanese economy in the post-war period on which I have drawn provides information on the reality of what was happening in Japanese economic activity as well as a providing a context for understanding the attitudes of in the UK. Again, my focus in discussion of this

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<sup>24</sup> For postwar Japan and USA trade and relations, refer to Pyle, K.B. *Japan in the American Century*, Cambridge, Massachusetts; London, England: The Belknap Press of Harvard University Press, 2018. Rosecrance, R. 'The U.S.-Japan Trading Relationship and Its Effects', *Indiana Journal of Global Legal Studies*, no. 1 (1993): 139-53; Iokibe, Makoto, and Minohara, Toshihiro. *The History of US-Japan Relations: From Perry to the Present*, Japan Library, 2017.



literature will be on the key sources drawn on in this thesis. It is worth mentioning here, however, that the literature on the postwar Japanese economy poses something of a research dilemma. Firstly, some of the key texts are works that have been written by Japanese authors and translated from Japanese, for example, the work Takafusa Nakamura.<sup>25</sup> The academic approaches behind such work are likely to be distinct from those in which Western English language (British or American) scholarship is embedded. Secondly, and perhaps more challenging for this research, is the fact that a substantial part of the limited available literature by British scholars on Japan's economy during the period 1952-1972 was either written during the time under discussion, or else subsequently by individuals who were active during that time. Such studies therefore do not merely provide information and analysis on Japan's economic development and the country's trade; they also reflect academic views that might in turn have influenced the understanding of other groups and individuals. Such sources are, in this respect, both primary and secondary sources. By contrast the literature written after the time period of my study by scholars who have not been part of that story will reflect different academic approaches and are much more clearly secondary sources. The challenge of how best to make use of these sources is epitomized by the fact that by far the most prolific and respected British commentator on the Japanese economy through the time under consideration was G. C. Allen. Many of Allen's works have remained seminal sources of information for those interested in the postwar Japanese economy.

Allen's writings and opinions were highly influential at the time in circles concerned with understanding more about the Japanese economy. Allen also engaged in analysis of the British economy, raising the possibility of his engaging in direct comparison of the British and Japanese experiences, as well as having a strong interest in British-Japanese economic interaction. Given that the focus of my concern does not lie with academic interpretations and their influence, however, my main focus in using Allen's work is with its empirical content concerning Japan, and so will therefore be discussed in the section of methodology later in this chapter. It should be noted that his interpretations are also sometimes used as background evidence when analysing

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<sup>25</sup> Nakamura, Takafusa. *The Postwar Japanese Economy: Its Development and Structure, 1937-1994*, 2nd ed. Tokyo: University of Tokyo Press, 1995.

the newspaper articles utilised in the later chapters of the thesis. Given Allen's overall importance in the existing literature, therefore, a discussion of his work would seem an appropriate starting place. Meanwhile, additional literature at the beginning of relevant chapter will be used to offer supporting background information on Japan's economy and trade in Chapter 3, where newspaper reports on Japan's economy and UK and Japanese mutual exports are analysed, and in Chapter 4, which examines reports on the UK's and Japan's exports in the selected markets in selected countries in East and Southeast Asia.

### ***Literature Concerning Western Images of Japan***

Works related to Western images of Japan can be further divided into three categories based on the time period: (A) Works that have addressed the topic of the Western images of Japan and Anglo-Japanese relations from the Meiji period to the end of the Second World War; (B) Studies of Western images of Japan and Anglo-Japanese relations from the Occupation period through the high speed growth period; (C) Studies of Western images of Japan since the 1990s. We find that some of the literature in the third category shares similarities to this thesis in terms of approach, for example, utilising British newspapers as sources. Meanwhile, it also echoes some of this thesis's conclusions on the images of Japan's economy that are portrayed in British newspapers in the early period studied in this research, and is therefore very useful. I will next discuss each of these categories in turn.

#### **(A) Western Images of Japan and Anglo-Japanese Relations from the Meiji Period to the end of the Second World War**

An obvious place to start for works concerning this period is with *The History of Anglo-Japanese Relations 1600--2000*, a five-volume series published by Macmillan between 2000 and 2003, which was a combined effort from British and Japanese scholars.<sup>26</sup> The resulting comprehensive collection represents a major contribution to

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<sup>26</sup> Nish, I. and Kibata, Y (eds.). *The History of Anglo-Japanese Relations, 1600-2000. Volume 1, The Political-Diplomatic Dimension, 1600-1930*, Basingstoke: Macmillan, 2000; Nish, I., Kibata, Y., and Kuramatsu, T (eds.). *The History of Anglo-Japanese Relations, 1600-2000, Volume 2, The Political-Diplomatic Dimension, 1931-2000*; Basingstoke:

our knowledge and understanding of Anglo-Japanese relations. This body of work provides comprehensive explanations of the factors that lay behind the political, economic and cultural connections between the UK and Japan in the years from the re-opening of Japan to the West until the end of the 20<sup>th</sup> century. The first two volumes of the series address issues of political-diplomatic relations, with the remaining three covering military, economic and cultural relations. Within the series, a few chapters talk fairly broadly about British feelings and views of Japan and the reasons behind them. For example, ‘The era of the unequal treaties 1858-1899’ by James Hoare in Volume 1 alludes to a mutual unfavourable regard between both countries prevalent long before the Second World War:

There were plenty of reasons why many Japanese and Britons entered the twentieth century with a jaundiced view of each other. Such disillusionment might have been dispelled, but instead was often reinforced by developments in Korea and China in subsequent years. In the end, that was what would count in 1941.<sup>27</sup>

The above passage suggests that some untoward images in the UK of Japan at this time held fast rather than abating, due to negative attitudes having been routinely re-stoked by the behaviour of both nations in East Asia.

Volume 5 of the same series, *The History of Anglo-Japanese Relations 1600-2000*, offers a study of Anglo-Japanese relations from social and cultural perspectives. The work’s introductory article by Gordon Daniels studies some of the views shared by British elites, governments and citizens towards Japan from a social and cultural aspect. In this piece, Daniels addresses how British images of Japan from the mid-19<sup>th</sup> century to the end of the 20<sup>th</sup> century were continually remoulded by rapidly changing, complex circumstances, indicating that the transformations experienced by both Japan and the UK were cross-fed by both nations’ realities and perceptions. The author argues too that ‘clearly the events of the Pacific War produced anti-Japanese

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Macmillan, 2000; Gow, I., Hirama, Yōichi., and Chapman, J. (eds.). *The History of Anglo-Japanese Relations, 1600-2000. Volume 3, The Military Dimension*, Palgrave Macmillan, 2003; Hunter, J., and Sugiyama, S (eds.). *The History of Anglo-Japanese Relations, 1600-2000. Volume 4: Economic and Business Relations*, New York: Palgrave/MacMillan, 2002; Daniels, G. and Tsuzuki, C (eds.). *The History of Anglo-Japanese Relations, 1600-2000. Volume 5, Social and Cultural Perspectives*, London: Palgrave Macmillan, 2002.

<sup>27</sup> Hoare, J. ‘The Era of the Unequal treaties, 1858-1899’, In Nish and Kibata, Y (eds.). *The History of Anglo-Japanese Relations, 1600-2000. Volume 1*, p. 124.

propaganda in Britain, but it was the War's realities rather than works of propaganda that had the biggest impact on British perceptions.'<sup>28</sup> To further prove this argument the author looks at the work of Alfred Stead, a well-travelled journalist of the late 19<sup>th</sup> – early 20<sup>th</sup> century who was very much in favour of the Anglo-Japanese Alliance, describing the changes in British views. For example, after Japan won its war with Russia in 1905, UK initially praised the country. However, upon the Japanese military expansion in Manchuria in 1931 and then her creation of the puppet state of Manchukuo the following year, British interests were seen to be under threat. This in turn significantly undermined Japan's earlier reputation in the UK as a supporter of international cooperation.<sup>29</sup> Daniels' work shows that there were changing and different images held in the UK by different groups of Japan's social and cultural aspects, and that these were influenced by a range of issues that ultimately hinged on the safety of/danger to the UK's political and economic interests.

A similar focus is taken in Jean-Pierre Lehmann's *The Image of Japan*, which offers an account of some of the attitudes towards Japan in the West from the country's 'opening' to the Western world in 1854 up until 1905 and its victory in the Russo-Japanese war. The author collected materials from the writings of Westerners, mainly British and French, whether or not they visited Japan. Like the methodology applied in my research, Lehmann also used contemporary newspapers extensively, specifically the *Times* (of London), on the grounds that he considers this to have been the most influential and prestigious daily publication of the time.<sup>30</sup> A range of Western images of Japan are studied in this book, including those concerning the country's modernisation in general as well as women, politics, and industry, and Lehmann concludes that:

Most Western observers of Japan were keenly aware of this [tremendous change taking place within Japan]. Others, however, were not. Images do not necessarily change at the same pace as reality. One must be conscious of the Western prejudice of the day—many of which are still alive and well in the 1970s...Certainly in the Victorian period it was believed that there was a clear distinction between West and non-West, White and non-White, Christian and

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<sup>28</sup> Daniels, G. 'Elites, Governments and Citizens: Some British Perceptions of Japan, 1850-2000', in Daniels and Tsuzuki (eds.). *The History of Anglo-Japanese Relations, Vol. 5*, p. 13.

<sup>29</sup> Ibid., p. 12.

<sup>30</sup> Lehmann, J. *The Image of Japan: From Feudal Isolation to World Power, 1850-1905*, London: Allen and Unwin, 1978. p. 18.

heathen. It was firmly held - though obviously there were numerous exceptions - that Western civilisation, race and religion were possessed of certain properties, denied to members of non-Western civilisations, races and religions... This was certainly racialism, but was not necessarily always expressed as such... Although Japan was changing fairly dramatically, decade by decade, during the period we are dealing with, realisation in the West of these changes, if it existed at all, tended to come in fits and starts, although obviously there were exceptions.<sup>31</sup>

Lehmann's observation above of images not necessarily changing at the same pace as reality are directly relevant to this thesis, which seeks to find how much this was the case in British newspaper articles covering Japan's economy between 1952-1972. Another relevant observation to this work by Lehmann, through what some articles might portray about the writer/readership's own changing self-image, is how 'Western images of Japan have varied, reflecting not only the changes taking place in that country, but also the changing attitudes of people in the West towards themselves.'<sup>32</sup>

The book *Cultural difference, media memories: Anglo-American images of Japan*, edited by Phil Hammond, offers an account of Anglo-American media portrayal of Japan throughout the 20<sup>th</sup> Century. Hammond's work shares some similarities with my study, for instance, Western newspapers are used as one of the main research sources. However, it is a very different study in terms of time period and research focus - where my research pays special attention to images of Japan's economy and trade in British newspaper business reports, Hammond's work is on broader Western cultural representations of the Japanese in the US and UK media. 'The Making of the Yellow Peril: Pre-war Western Views of Japan' by Gina Owens, traces the pre-war history of Western attitudes towards Japan. According to the author, the ideology of race was paramount in the attitude of Western governments towards Japan in the pre-war period:

In the 1930s, the idea that the Japanese and other 'Orientals' lacked the rationality and capacity for independent thought necessary for modern society was expressed by all the key Western players. Increasingly, the conflict of US, British and Japanese interests in China was expressed through the idea that Japanese

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<sup>31</sup> Ibid., pp. 14-15.

<sup>32</sup> Ibid., p. 13.

motivation was irrational and alien...The moral inferiority of Japanese was a well-established notion in the early 1930s...<sup>33</sup>

The author points out that the 'yellow peril' was a vision of Japan which represented the worst fears of the Western powers, and from the end of the nineteenth century their fears were represented through the distortions of racial ideology.<sup>34</sup> The chapter further suggests that themes which emerged in the thinking of the Anglo-American élite in the nineteenth century were still strikingly evident even in the post-war period. Owens's analyses indicate that these images had historical roots, and that Western views of the Japanese were based on racial difference.

*Deficient in Commercial Morality?* by Janet Hunter also touches upon the topic of images of Japan during an even earlier period. The author identifies the origins of the accusations of Japan's low standards of business behaviour shared by the Western powers from the late nineteenth to the early twentieth centuries, and Japan's subsequent responses to these Western views. According to Hunter, Japan was criticised for a 'deficiency in commercial morality' by the West in the late nineteenth and early twentieth centuries, and Western portrayals of Japan's international commercial dealings over that time were of:

A nation whose citizens were prepared to cheat and deceive in the interests of personal gain, and whose standards of trading behaviour were inferior not just to industrial powers such as Britain and the USA, but to those that prevailed in many developing countries as well.<sup>35</sup>

Regarding this rather disparaging view of the Japanese, Hunter finds that, from the perspective of those in the UK:

The accusations against Japan were, in part, the outcome of a perceived failure on the part of many Japanese to act in accordance with the standards that the British themselves had set down, notwithstanding an acknowledgement that Western businessmen were themselves not immune to breaching those same standards.<sup>36</sup>

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<sup>33</sup> Owens, G. 'The Making of the Yellow Peril: Pre-war Western Views of Japan', in Hammond, P (ed). *Cultural Difference, Media Memories: Anglo-American images of Japan*, London: Cassell, 1997. p. 41.

<sup>34</sup> *Ibid.*, p. 43.

<sup>35</sup> Hunter, J. *Deficient in Commercial Morality*, London: Palgrave Macmillan UK, 2016. p. 2.

<sup>36</sup> *Ibid.*, p. 3.

The author later observes that these complaints were in response to a changing trade environment dominated by Western industrial economies. She then suggests this environment was one typified by a highly unequal balance of power in international economic relations, and within which, moreover:

As Japan progressed along the path to becoming the first non-Western industrialised economy and increased her involvement in international trade, some Western producers became increasingly fearful of the prospects of Japanese competition and drew on earlier criticisms as part of the articulation of their more immediate concerns.<sup>37</sup>

After the turn of the 20th century, it is further suggested by Hunter that:

Despite its obvious progress towards industrialisation, and the growing international recognition that culminated in the conclusion of the Anglo-Japanese Alliance in 1902, Japan remained firmly at the bottom of the commercial morality hierarchy. A reputation for cheating and fraud that had started in the earliest days of the treaty port trade persisted right through until the 1930s, and subsequently re-emerged in the early decades after the Pacific War...Evidence of Japan's growing success in world trade supports the suggestion that the criticisms were, at least in part, the outcome of a fear of growing Japanese competition.<sup>38</sup>

In her work, Hunter suggests that the image of low standards of business behaviour in Japan persistently being held in the West at this time indicates fears of the country's economic growth, pointing out that 'such perceptions might not necessarily be aligned with the reality of what was going on, but could nevertheless dictate attitudes and even policy.'<sup>39</sup> This description shares a similar argument with that of Endymion Wilkinson, who will be discussed later in this chapter, that such images were built on the past and so may not necessarily match the contemporary reality.

The literature specifically on British attitudes towards the impact of Japanese economic activity on the UK's economy is somewhat limited. A few chapters in the series of *The History of Anglo-Japanese relations, 1600-2000*, raise this issue, but most only touch upon the theme, concentrating on specific areas over a different period to that of this study. An article by John Sharkey in the second volume of the series, 'Economic Diplomacy in Anglo-Japanese Relations, 1931-41' addresses the economic factors that influenced the pre-war Anglo-Japanese relationship. In looking at the

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<sup>37</sup> Ibid.

<sup>38</sup> Ibid., p. 33.

<sup>39</sup> Ibid., p. 2.

economic aspect of Anglo-Japanese relations, the central question asked by Sharkey is whether economic factors drove policy choices, and if so, whether they formed a basis for cooperation or confrontation.<sup>40</sup> He analyses Anglo-Japanese disputes over the cotton trade which heightened the political tension between the two countries in the 1930s and concludes that economic questions were subordinate to political and military issues in the Anglo-Japanese estrangement of the decade, emphasising that ‘while economic questions occasionally strained Anglo-Japanese relations, they did not define the Anglo-Japanese confrontation in the decade before the Pacific War.’<sup>41</sup> A second chapter also by Sharkey in the fourth volume studies images in the UK of Japan’s economic development in the 1920s, again with special attention on Japan’s cotton industry. The two countries were strong competitors in cotton over that period, and regarding this particular industry, Sharkey pointedly argues that:

Whatever racial stereotypes the British held of the East, and of Japan in particular, these had little impact upon interpretations of Japanese economic development. Officials, commentators, and eventually the business community [in the UK] had at hand a robust and accurate model of Japanese economic and industrial developments. Thus, the British failure to compete against Japan—essentially the Japanese cotton industry—was not intrinsically due to British misperceptions but had more to do with failures within the British cotton industry.<sup>42</sup>

Interestingly, Sharkey finds that, whatever other images were held of the Japanese by the individuals involved in the UK’s cotton industry in the 1920s, those same individuals were likely rationally informed regarding Japan’s economic development at that time.

Collectively these works demonstrate the pre-Second World War changes in Western images of Japan, mainly British and American. They find that the Western images of Japan had their own historical roots, and seem to have been shaped by national interests and formulated within a broader international context. Their findings are directly relevant to this thesis, which will be looking at post-war images of Japan’s economy found in British newspaper articles between 1952-1972, and likewise what

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<sup>40</sup> Sharkey, J. ‘Economic Diplomacy in Anglo-Japanese Relations, 1931-41’, in Nish, Kibata, and Kuramatsu, (eds.). *The History of Anglo-Japanese Relations Vol. 2*, p. 101.

<sup>41</sup> *Ibid.*, p. 103.

<sup>42</sup> Sharkey, J ‘British Perceptions of Japanese Economic Development in the 1920s: with Special Reference to the Cotton Industry’, in Hunter and Sugiyama (eds.). *The History of Anglo-Japanese Relations, Vol.4*, p. 276.



factors – be they historical, contemporary, originating at home, in Japan or internationally - might have informed the images and their changes over the period under consideration.

The Second World War inevitably saw deteriorated opinions in the UK towards Japan. While there are a number of works that analyse Japanese behaviour and activity during the war that might have informed post-war British images, there are no studies that are directly concerned with British views of Japan during this period.

### **(B) Images of Japan's Economy and Anglo-Japanese Relations from the Occupation to the end of the 1980s**

As with the period preceding it, *The History of Anglo-Japanese Relations 1600—2000* is an obvious place to begin regarding literature concerning British images of the Japanese in the post-war period. Peter Lowe's essay 'Uneasy readjustment, 1945-58' in volume 2 of the series focuses on the Allied Occupation and the British fears of revived trade competition from Japan, particularly in Southeast Asia. While Lowe's chapter is mainly concerned with the British role in Japan's reconstruction following the Pacific War, the concept of British views of the Japanese is briefly considered. Lowe points out that it was essential for the UK to stimulate its exports and, accordingly, the prospect of encountering renewed Japanese competition in significant markets was not welcome. British anxiety centred particularly on potential Japanese threats to cotton textiles, shipbuilding and the Staffordshire potteries.<sup>43</sup> Lowe then argues that over that time, 'British economic decline, as shown in the experience of the cotton textile and shipping industries, accounted further for British resentment. These attitudes or prejudices [to Japan] were understandable but regrettable.'<sup>44</sup> The author then argues that 'Britain was too negative or carping in its approach to Japan in the later 1940s and 1950s (1945-58).'<sup>45</sup> This conclusion is borne out by the analysis in this thesis.

The fourth volume of *The History of Anglo-Japanese Relations 1600-2000* focuses on the economic and business history of Anglo-Japanese relations. The

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<sup>43</sup> Lowe, P. 'Uneasy readjustment, 1945-58', in Nish, Kibata and Kuramatsu, T (eds.). *The History of Anglo-Japanese Relations Vol. 2*, pp. 180.

<sup>44</sup> *Ibid.*, p. 180.

<sup>45</sup> *Ibid.*, p. 197.

introductory chapter by Hunter and Sugiyama is a thorough survey of the economic relations between the two countries from 1600 to 2000, and the authors describe that by comparison with the interwar period, the post-war period Anglo-Japanese relationship ‘was characterised more by friendship and mutual understanding.’<sup>46</sup> In this work, a range of sources are used to also note that ‘British perceptions of the Japanese economy have from the 1930s consistently depicted Japan as a potential threat to British interests.’ While some attitudes towards Japan may have begun to change during the 1950s, they did not, the authors argue, change dramatically in Britain until the 1980s after Margaret Thatcher’s government came to power. Hunter and Sugiyama state:

It is hard to dispute that this ongoing focus on Japan as the problem has hindered many in Britain from addressing very real problems within Britain itself. By the same token, it may be suggested that an ongoing perception of other players in the international economy, including Britain, as actual or potential threats to Japan’s prosperity, may also have served to defer consideration of very real problems within Japan’s own economy. Mutual perceptions of Britain’s and Japan’s economic place in the world tell us more about those who hold those perceptions than about those concerning whom they are held.<sup>47</sup>

Apart from suggesting that the understanding of Japan’s economy shared in Britain did not always match reality until at least the 1950s, other important issues are highlighted by these authors. Firstly, that images held by one economic power of another to some extent also reflect the view they hold of themselves, which aligns with Lehmann’s findings mentioned earlier.<sup>48</sup> Secondly, an awareness of the power of images is vital, as actions guided by an incorrect understanding of another economy may cause unwanted, negative consequences. Hunter and Sugiyama also point out in their work that images in the UK of the Japanese economy have, from the 1930s until the 1990s, consistently portrayed Japan as a potential threat to British interests, although this gradually became less so over time from the 1960s onwards – an argument which matches Lowe’s view that UK was too negative in its approach to Japan in the later 1940s and 1950s (1945-58).

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<sup>46</sup> Hunter and Sugiyama (eds.). *The History of Anglo-Japanese Relations, Vol. 4*, p. 2.

<sup>47</sup> *Ibid.*, p. 96.

<sup>48</sup> Lehmann, Jean-Pierre. *The Image of Japan from Feudal Isolation to World Power, 1850-1905*, Routledge Library Editions. Japan. London: Routledge, 2011. p. 13.

Two other relevant works are John Weste's 'Facing the Unavoidable – Great Britain, the Sterling Area and Japan: Economic and Trading Relations, 1950-60' in volume 4 of this same series, and also Weste's chapter 'Anglo-Japanese economic and military relations, 1945-1960' in the book, *Japan and Britain at War and Peace*.<sup>49</sup> Both papers discuss the complicated challenges faced by Britain between 1945 and 1960 in deciding how best to protect its interests in the former colonies while simultaneously coping with American and Japanese trade competition in those locales. Weste makes two points regarding the British role in Japan's reconstruction over that time, which reflect British images of the UK itself as well as of the Japanese. According to Weste, firstly, the UK saw itself as self-appointed tutor and mediator to Japan to help the country learn to participate responsibly in the international economy. Secondly, although there was an awareness in the UK of the complexities and potential damage from Japanese trade, a return of the Japanese to the Southeast Asian region was viewed, so long as this return was guided by the UK, as a means to promote local economic development; the UK was not in principle against Japan's expanding its trade. Weste in the second of these two works also argues that during the 1940s and 1950s a great deal of Anglo-Japanese economic competition was in fact mediated through Southeast Asia.<sup>50</sup> The images held in the UK of the British economy here, according to Weste, can be expressed as still one of confidence in the UK's superiority, through being positively receptive to Japanese trade with the Sterling Area and East Asia.

Noriko Yokoi, in her book, *Japan's Post-war Economic Recovery and Anglo-Japanese Relations 1948-1962*, attempts to re-address what she views as a historically inaccurate rendering of British motives and events. In the book, the author firstly illustrates that the view of the UK's role in Japan's economic recovery was not entirely obstructionist as has often been thought.<sup>51</sup> She also refutes the view that the UK's

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<sup>49</sup> Weste, J. 'Facing the Unavoidable – Great Britain, Sterling Area and Japan: Economic and Trading Relations, 1950-60', in Hunter and Sugiyama (eds.). *The History of Anglo-Japanese Relations, Vol. 4*, pp. 283-414; Weste, J. 'Anglo-Japanese Economic and Military Relations, 1945-1960', in Dobson, and Kosuge. *Japan and Britain at War and Peace*, London: Routledge, 2009. pp. 125-136.

<sup>50</sup> Weste, J. 'Anglo-Japanese Economic and Military Relations', in Dobson and Kosuge. *Japan and Britain at War and Peace*, pp. 126-128.

<sup>51</sup> Yokoi, N. *Japan's Postwar Economic Recovery and Anglo-Japanese Relations, 1948-62*, London: RoutledgeCurzon, 2003. p. 3.

policy towards Japan was driven by fears that the latter's economic recovery through greater trade relations with Southeast Asia would cast a shadow upon British influence in the region. It should be emphasised here that Yokoi's book is highly informative for the years between 1948 and 1962, and my research has made considerable use of some of its insights, particularly in relation to the chapter which considers the negotiations and formal arrangements between the two countries. However, Yokoi's study focusses on economic diplomacy and policymaking towards Japan, and does not consider in any depth the images of Japan's economy reflected in the newspaper reporting that forms the core of this thesis.

Towle and Kosuge, in their edited book, *Britain and Japan in the Twentieth Century: One Hundred Years of Trade and Prejudice*, argue that after the experience of the war many British industrialists were even more prejudiced against their Japanese counterparts than they had been in the 1920s, and hoped that the United States would delay Japanese industrial recovery for as long as possible, seeing it as destructive of their interests rather than mutually beneficial.<sup>52</sup> They also find that those views seem to have become the mainstream in the contemporary study of American views of British policy towards Japan's economy. Lowe's chapter in this book points out that British policy towards the economic revival of Japan in the occupation era and after was predominantly negative because of memories of the intense Japanese competition in the 1930s.<sup>53</sup>

In addition, Kevin McCormick's chapter 'Post-War Japan as a Model for British Reform', describes how by the end of the 1980s, Japan could boast the second largest economy in the 'free' world and that, 'attention is switching from viewing Japan as a model for the less developed countries to puzzling about Japan's economic development as a model for the industrial countries.'<sup>54</sup> One aspect the author emphasises is the importance of perceptions:

British enthusiasm for Japan as a source of inspiration for institutional reform owed much to changing perceptions of the national and international context of Japanese economic achievements, growing disappointment about British

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<sup>52</sup> Towle, P. and Kosuge, Nobuko (eds.). *Britain and Japan in the Twentieth Century: One Hundred Years of Trade and Prejudice*, London; New York: I. B. Tauris, 2007. p. xvi.

<sup>53</sup> Lowe, P. 'Britain and the Recovery of Japan, Post-1945', in *ibid.*, p. xvi.

<sup>54</sup> McCormick, K. 'Post-War Japan as a Model for British Reform', in Daniels and Tsuzuki (eds.). *The History of Anglo-Japanese Relations, Vol. 5*, pp. 352-371.

economic performance, doubts about the efficacy of British institutions, and weakness in Europe and the USA.<sup>55</sup>

Another author to have touched on issues of British attitudes toward Japan is Hugh Cortazzi. In ‘Britain and Japan: A Personal View of Post-war Economic Relations’, Cortazzi, a British diplomat who served in Japan on several occasions from the 1950s, eventually becoming the UK’s ambassador to Japan in 1980, describes his experience of staying in Japan during that time; in particular the issue of the UK invoking Article 35 of the GATT that allowed the UK to withhold MFN treatment to Japan when Japan acceded to GATT in 1955; and trade frictions between the two countries from the 1950s to the 1980s. Cortazzi’s personal experience adds colour and depth to the analysis, in which he offers a personal view of economic relations between the UK and Japan from 1945 to the early 1980s. In discussing images in the UK of Japan’s economic conduct at that time, the author argues that without the 1962 Anglo-Japanese Commercial Treaty’s protocols and exchanges of notes, the British feared some industries, notably textiles, cutlery and pottery might be destroyed by Japanese goods if they were allowed free entry into the British market.<sup>56</sup> This particular topic will be looked at in Chapter 2 of this thesis. Cortazzi’s edited book *Japan Experiences* contains the comments and personal observations of five British journalists who worked as correspondents in Japan between the 1950s and 1990s. Of these five, observations from two journalists in particular — Hessel Tiltman (correspondent of the *Manchester Guardian* in Tokyo before and after the war) and Fred Emery (correspondent of the *Times* in Tokyo from 1964 to 1967) — are particularly related to my research, with the former, in the words of Cortazzi, being ‘justly considered in the immediate post-war years as the *doyen* of the press representatives in Japan.’<sup>57</sup>

Endymion Wilkinson’s book, *Japan versus the West, Image and Reality*, already noted earlier in this chapter, mainly addresses the shifts in the balance of economic power between Japan, the USA and Europe from the late nineteenth century until the end of the 1980s. At the same time, Wilkinson places these changes in a broader

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<sup>55</sup> Ibid., p. 369.

<sup>56</sup> Cortazzi. ‘A Personal View of Post-war Economic Relations’, in Cortazzi, H (ed.). *Collected Writings of Sir Hugh Cortazzi*, Tokyo, Japan: Richmond, Surrey: Japan Library, 2000. pp. 1-23.

<sup>57</sup> Cortazzi, H (ed). *Japan Experiences: Fifty Years, One Hundred Views: Postwar Japan through British Eyes 1945-2000*, Richmond, Surrey: Japan Library, 2001. p. 255.

context by tracing the development in Western and Japanese attitudes towards one another throughout the period. Wilkinson observes that ‘the Europeans have found it exceedingly hard to adjust to the rise of Japan and to their own diminishing role on the world stage.’ The Japanese, Wilkinson suggests on the other hand:

have also found it equally hard to alter an understated self-image as a poor and defeated people still “on the make”, nervously grabbing at every rung on the international status ladder and, having made it in this or that field, acting with what others perceive as arrogance.<sup>58</sup>

Wilkinson’s findings are built on a wide variety of sources, including books, journals, and official documents. Regarding the evaluation of the images held in Japan, Europe and the USA, Wilkinson emphasises that because ‘they have seen themselves as learners, the Japanese have been able to form more timely and accurate images of Europe and the USA than those which the Europeans and Americans, who saw themselves as teachers, formed of Japan.’<sup>59</sup> The author further argues:

Until the end of the 1980s, the image of the Europeans and the Americans towards Japan was composed of an arsenal of stereotypes founded on the shifting sands of indifference, ignorance, prejudice and fear, rather than based on the results of a serious effort to understand Japan.<sup>60</sup>

Another contribution of Wilkinson’s work closely aligned to the argument that I make in this thesis is his suggestion that, although there were connections between the economic reality and the images held by the Europeans and the Americans towards Japan, these images did not wholly match the reality, and were substantially guided by how favourable economic circumstances were for Western economies at any given time. Wilkinson further notes that:

Over the last hundred years such remarks [criticisms] have been repeated every time there has been a business recession in the West and every time Japan has launched an export drive or won a military victory. They show the basic fear that Japan is engaged in a perpetual struggle with the West, either by trade war or by military attack.<sup>61</sup>

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<sup>58</sup> Wilkinson. *Japan versus the West: Image and Reality*, p. x.

<sup>59</sup> *Ibid.*, p. xi.

<sup>60</sup> *Ibid.*

<sup>61</sup> *Ibid.*, p. 138.

Wilkinson perhaps hints here at scapegoating; that whenever Europe and the USA experienced economic crisis, one can observe a strong escalation in complaints over wrongdoing in Japan's trade activity. A few features of the Western images of Japan regarding broader aspects are also addressed in Wilkinson's work. For example, firstly, that by comparison with Japanese images of the West, attitudes in the West towards Japan were less objective, and secondly, that the latter were unyieldingly rooted in the past. Wilkinson's work obviously offers us insight into images held in the West and Japan of each other within a broader context, but his main focus is the shifting balance in economic power between Japan, the USA and Europe. In addition, although British views of Japan over a similar period are partially covered, Wilkinson's work generally looks at the wider European perceptions of Japan, though even the author himself admits that 'not all European countries have held the same images of Japan, and the US images of Japan have sometimes differed from the European.'<sup>62</sup>

As is evident from the above works, therefore, there is somewhat limited coverage of Western images held of Japan in the existing literature, and in most cases this literature has different concerns from those of this thesis, either in its theme, applying different research approach or in relation to the period on which it focusses.

### **(C) Western Images of Japan Since the 1990s**

The introductory chapter of *Cultural difference, media memories: Anglo-American images of Japan*, edited by Hammond, offers an account of Western images of Japan as being 'outside its universalistic discourse and ultimately oppresses Japan as "Other" in the West's celebration of Japan's particularism and difference.' Hammond sees the construction of the Anglo-American image of 1990s' Japan broadly in terms of global geo-economics and geopolitics. More specifically, he views the impetus of this image-making as stemming from the lessening of the Cold War and the rise of Japan's economic leadership. What results is an image of Japan in which, Hammond argues, 'weirdness is emphasized, and Japanese culture in its essentialised format, is racialised and naturalised.'<sup>63</sup> This volume is, of course, informative in as far as it seeks to analyse

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<sup>62</sup> Ibid., p. 34.

<sup>63</sup> Hammond, P. 'Introduction: Questioning Cultural Difference', in Hammond, P (ed.). *Cultural Difference*, pp. xi-xxiii.

the articulation in the media of images of Japan, and has much to offer, but its concern with the concepts of culture and cultural distinctiveness on the whole differentiate it from the economic focus considered in this thesis. Two chapters of the book, however, are particularly relevant to this study by applying similar research approach. One of them, entitled ‘Fear and loathing in the British Press’, uses a similar methodology to that used in my research to look at how the Japanese were portrayed as culturally different in the British printed press between 1994 and 1996. The authors, Hammond and Stirner, show how in this three-year period the British press essentially provided images of Japan that the readership wished to read, namely images in which the reader could acknowledge the ‘weirdness’ of the Japanese and feel morally superior. The authors point out that ‘in many press reports the perception of cultural otherness is itself what constitutes the newsworthiness of Japan.’<sup>64</sup> They show that in content this portrayal of difference was generally hostile to Japan through the application of double standards of judgment — different from the standards which Westerners applied in evaluating their own national histories. In this work, the authors suggest a number of shared characteristics in British press reporting of Japan’s economic issues. Firstly, examination of reports covering economic issues between 1994 and 1996 shows clearly that different newspapers reflected different views of issues regarding Japan’s economic matters. Secondly, the authors also suggest, even in reporting on business and economics, that media coverage of Japan can be ‘influenced by underlying assumptions about the nature of Japanese society and Japanese cultural difference.’<sup>65</sup> Furthermore, the authors point out that:

The roots of the hostility towards Japan [in 1995 reflected from reporting on the 50<sup>th</sup> anniversary of the Second World War] should be sought in the present—a time when economically powerful and politically ambitious Japan is increasingly seen by Western governments as their most dangerous rival around the world. If there was an unusual quality to the press coverage of Japan in 1995, it is that the wartime anniversaries provided a rare opportunity to recapture a “feelgood factor”.<sup>66</sup>

Another chapter in the book, by Mayes and Rowling, entitled as ‘The Image Makers: British Journalists on Japan’, is relevant to this study for some of its analysis covering

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<sup>64</sup> Hammond, P and Stirner, P. ‘Fear and loathing in the British Press’, in Hammond, P (ed.). *Cultural Difference*, p. 87.

<sup>65</sup> Ibid.

<sup>66</sup> Ibid., p110.



the differences in images of Japan found between economic and non-economic British newspaper reporting in the mid-1990s. Mayes and Rowling's chapter analyses the role of the reporter, editor, and reader in the creation of news relating to Japan in the early part of the 1990s. The authors suggest that:

Regular journalist postings in Japan generally lacked a specialised background in providing fine-tuned reporting, and those editors back home in the UK seemed more concerned with pleasing their readers, who were only interested in hearing what makes them feel good by having their prejudices of Japan confirmed.<sup>67</sup>

Mayes and Rowling find financial journalists' coverage of Japan to be widely considered one of the few areas of reporting to portray Japan truthfully and rationally. The authors cite examples of in-depth reports on the Japanese economy and articles exploring Japanese industry, business, banking and technology, stating the belief that 'economics reporting is less likely to be infused with a tone of moral superiority than other types of coverage.'<sup>68</sup> For example, they quote Bethan Hutton, a freelance reporter who covered Japan for the *Financial Times*, who explains, 'as a business newspaper with an international readership, it aims to give a balanced view of Japan: What the *FT* is about is providing information...It tries to be objective about things. '; the summary of Alex Brummer, Finance Editor of the *Guardian*, is that, regarding its representation, 'Japan doesn't do too badly on the business paper of this newspaper.'<sup>69</sup> Even so, Mayes and Rowling also hint that images of Japan's 'astounding' economic success in British press articles might in the past have been warped somewhat by fear. They cite ex-Tokyo correspondent and then editor of the *Economist* Bill Emmott's argument that 'the easiest way to deal with that fear was to compartmentalise Japan as a set of aliens following a different set of rules rather than a set of people that had lessons for the way we ran our own economies.' Emmott then ventures how, 'it's always easier when you're afraid of somebody to say that their success isn't because they do what they do better than you, but rather because they do something different.'<sup>70</sup> Emmott's comments give some indication of how the images of Japan's economy in the British press prior to the 1990s might not always have been purely based on the

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<sup>67</sup> Mayes, T. and Rowling, M. 'The Image Makers: British Journalists on Japan', in Hammond (ed.). *Cultural Difference*, pp. 115-138.

<sup>68</sup> *Ibid.*, p.133.

<sup>69</sup> *Ibid.*

<sup>70</sup> *Ibid.*, p.134.

factual, and that other additional aspects might be visible that have influenced and shaped the image. These additional aspects, if they are present in articles published in the British press between 1952-1972, will obviously be of direct interest to this thesis.

The previously mentioned Phil Hammond takes his analysis of reporting on Japan further in 'The Mystification of Culture, Western perceptions of Japan', which focuses on British media coverage of the 1995 Kobe earthquake and the 50<sup>th</sup> anniversary of the end of the Pacific War. Hammond repeats his argument that in 1990s British media coverage, Japan was portrayed as a country defined by its difference from the West and judged by double-standards, stating that:

The overriding image of Japan presented in the British press is of a country defined by its difference from the West. One obvious indicator of this is abundance of usually brief and trivial stories which highlight some bizarre event or exotic aspect of Japanese society or culture.<sup>71</sup>

He then argues that 'viewing Japan as the "Other" of the West unfortunately leads to an ahistorical and ultimately mystifying perspective', later continuing:

It seems highly implausible that contemporary Western fears of Japanese industrial strength are not at root a matter of economic and geopolitical rivalry, but are really the playing out of an ancient Greek script [of a fear of the Other].<sup>72</sup>

These observations by Hammond are interesting, for how they acknowledge fear and 'Othering' influencing images in the UK of Japan's economic success in the 1990s.

D.W. Anthony's 'How Japan is reported in the British Press' offers a discussion of Japan that is based primarily on a survey of British newspapers during the first six months of 1991. The author's survey monitored the British press to see how different newspapers treated their various Japanese stories and reports, examining the reporting of Japan by the British national daily and Sunday newspapers, as well as the regional press. Anthony finds that, with the exception of the *FT*, the national daily and Sunday newspapers devoted comparatively little space to items of Japanese news, and the approach of regional newspapers to the subject tended to be affected by regional relations with Japan, most notably the presence of multinational firms of Japanese

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<sup>71</sup> Hammond, P. "The Mystification of Culture: Western Perceptions of Japan", *Gazette* 61, no. 3-4 (1999): 311-25. p. 312.

<sup>72</sup> *Ibid.*, p. 320.

origin within their area.<sup>73</sup> Negative stories predominated in this period in national daily tabloid newspapers, with ‘most being items of the “funny Japs” variety designed to entertain at the expense of the Japanese rather than inform and very occasionally, a slightly more serious attempt was made to write about Japan.’<sup>74</sup> Regarding ‘quality’ newspapers, the author found that topics of the Japanese economy and the impact of Japanese organisations on the UK’s economy tended to predominate, suggesting these items were treated in a broadly neutral fashion, and that, therefore, the overall reporting of Japan as judged quantitatively could be said to be neutral. However, Anthony found that sometimes, ‘even when the subject matter was economic, and most often when it covered areas that can broadly be described as social and cultural, a surprisingly large number of stories appeared that were classed as negative.’<sup>75</sup> Anthony’s paper suggests that the images of Japan in the selected British newspapers in the first half of 1991 were still more or less dominated by negative images, especially in tabloid newspaper coverage.

As can be seen, the above existing literature regarding the images of Japan presented in English language writing, primarily from the UK and the U.S., find some common themes and threads running through articles they study. From the earliest writings, the images broadly presented of Japan and the Japanese are found to frequently be as different, non-Western ‘Other’, or an inferior exotic curiosity. When writings concern Japan progressing politically, militarily or economically, the presentation of Japan in this regard has been found in some cases to intensify, even hardening into the plain negative when Japan is perceived as a threat. Whether, and if so, how, these common themes are present in British newspaper articles concerning Japan’s economy published between 1952-1972 are something this thesis will itself explore in later chapters. To give some context to the period under concern the next section will look at the historical background of Anglo-Japanese relations prior to World War Two.

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<sup>73</sup> Anthony, D. W. ‘How Japan is reported in the British Press,’ *Japanese studies*, Cardiff Centre for Japanese Studies, Cardiff Business School, (1996): 1361-228. pp. 69-92.

<sup>74</sup> *Ibid.*, p. 76.

<sup>75</sup> *Ibid.*, pp. 92.

### **1.3 Historical Background of Anglo-Japanese Relations and Economies and Trade of UK and Japan, 1952-1972**

The UK's connection with Japan is thought to have begun in the spring of 1600 when Will Adams, after 18 months at sea, reached the country. Adams then assisted the English East India Company in establishing a short-lived trade link that came to an end in 1623.<sup>76</sup> It was then another two and a half centuries until formal diplomatic and commercial ties were established between the two nations. October 1854 saw the signing of the Anglo-Japanese Friendship Treaty, followed by the Anglo-Japanese Treaty of Amity and Commerce in August 1858. Although these treaties contained 'unequal' items in favour of the UK such as extraterritoriality, the opening of the Japanese ports of Hakodate, Kanagawa and Nagasaki to British commerce in July 1859 was part of the incorporation of Japan into the world economic system, and so too the country shifting from being a relatively closed to a more open economy. A bitter battle for the repeal of those 'unequal treaties' imposed on Japan by the British and other Western powers in the 1850s lasted from 1870 to 1898 or even beyond until 1911, though the breakthrough came with the signing of the Anglo-Japanese Treaty of Commerce and Navigation which granted Japan equal sovereign status for the first time when it came into force in July 1899.<sup>77</sup>

The limited Western 19<sup>th</sup> century writings that exist regarding Japanese business conduct tend towards describing it in an unfavourable light. When Japan was beginning its integration into the international trade market in the 1860s, the descriptions written by Westerners such as the British explorer Isabella Bird of Japanese businessmen's conduct were far from positive. In her Victorian travelogue *Unbeaten tracks in Japan*, Bird does not hold back:

If truth must be told, greed leads the Japanese into the most shameless impositions. Half the goods sold as foreign eatables and drinkables are compounded of vile and unwholesome trash, manufactured in Tokyo and elsewhere, put up in bottles and jars with the names and labels of such highly respectable makers as Bass, Martell, Guinness, and Crosse and Blackwell, upon them... But to secure themselves in their trade of forgery, these unconscionable

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<sup>76</sup> Nish, I. 'Forty Years of Diminishing Cordiality', in Best, A. *The International History of East Asia, 1900-1968 Trade, Ideology and the Quest for Order*, Routledge, 2010. p. 12.

<sup>77</sup> *Ibid.*, p. 13.

villains have establishments at Tokyo, not only for the manufacture of the compounds, but of the labels which give them currency, and some of these are such adroit forgeries as to be completely successful, while others would effectually deceive a purchaser were it not for certain inscrutable vagaries in spelling...<sup>78</sup>

And the English journalist and liberal politician Sir Henry Norman who travelled extensively in the Far East described in his 1892 book, *The Real Japan*, one of the repeated complaints by Westerners of Japan as:

In commercial matters the Japanese have exhibited their imitativeness in the most extraordinary degree. Almost everything they have once bought, from beer to bayonets and from straw hats to heavy ordinance, they have since learned to make for themselves. There is hardly a well-known European trademark that you do not find fraudulently imitated in Japan...<sup>79</sup>

Furthermore, Westerners at the time of treaty revision in 1899 labelled Japan's commercial morality at all levels as being far lower than 'that of Hindoos and Turks.'<sup>80</sup> Although commentators were less than convinced of the high standards of Chinese commercial agents, they agreed that 'in this area of life the Chinese were far superior to the Japanese.'<sup>81</sup> An example of this particular matter can be found in a statement by an American traveller, Alice Bacon, in 1902:

The employment of the merchant being formerly the lowest of the respectable callings, one does not find even yet in Japan many great stores or a very high standard of business morality... Hence English and American merchants, who only see Japan from the business side, continually speak of the Japanese as dishonest, tricky and altogether unreliable, and greatly prefer to deal with the Chinese, who have much of the business virtue that is characteristic of the English as a nation.<sup>82</sup>

As will become clear, these early writings contain themes that would become established common Western tropes regarding Japanese business practice. Hunter

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<sup>78</sup> Bird, Isabella L. *Unbeaten Tracks in Japan: An Account of Travels in the Interior Including Visits to the Aborigines of Yezo and the Shrine of Nikko*, New ed., Stone Bridge Classics; Publishers Group UK, 2007. p.236.

<sup>79</sup> Norman, Henry. *The Real Japan: Studies of Contemporary Japanese Manners, Morals, Administration, and Politics*, 2<sup>nd</sup> ed. T. F. Unwin, 1892. pp. 356-7.

<sup>80</sup> Cited in Hunter. *Deficient in Commercial Morality*, p. 33.

<sup>81</sup> Hunter. *Deficient in Commercial Morality*, p. 33.

<sup>82</sup> Bacon, Alice Mabel. *Japanese Girls & Women*, Houghton, Mifflin, 1902. p. 264.

finds that these early negative portrayals were convenient narratives to rationalise Japanese industrial progress when it was perceived as a threat:

As Japan further modernised and progressed along the path to becoming the first non-Western industrialised economy in the early twentieth century, some Western producers became increasingly fearful of the prospects of Japanese competition and drew on these earlier criticisms as part of the articulation of their more immediate concerns.<sup>83</sup>

It should be pointed out that not all Western perceptions of Japan's early industrial rise were so negative. In a letter to a friend written in 1893, a young British consul stationed in Japan (later to gain fame as Sir Cecil Spring Rice) expresses that, 'I am very much impressed with Japan as a power, and it will be interesting to see what it turns out to be – bubble or nugget...In England we regard [Japan] as a practical joker.'<sup>84</sup>

It is worth reiterating at this point that, for all the criticisms it faced from early on from many Westerners, Japan's modernisation was in fact heavily based on the British industrial model. Indeed, according to Wilkinson, 'from 1868 to 1900, about 2,400 foreign experts, the largest number of these being from UK, were invited to work in Japan as advisors to the new government ministries.'<sup>85</sup> Japan's importation of foreign technique and technology was a highly selective process that played an important role in the country's economic development, and many of her foreign models such as those in the fields of industry, shipbuilding and railways originated in UK.<sup>86</sup> Even so, Western technology was only part of the story, with Japan very much also building on the approaches and economic activities developed by its own pre-existing institutions. Towards the end of the 19<sup>th</sup> century Japan was already becoming an unwelcome competitor to the UK in third markets. The above-mentioned journalist Sir Henry Norman expressed in 1892 that, as well as being of interest through having 'become a first-class power due to its army and recent defeat of China,' Japan was:

of great interest to Western nations [as] a rival in manufactures. This is a far more serious question, especially to Great Britain, than is yet generally understood.

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<sup>83</sup> Hunter. *Deficient in Commercial Morality*, p. 6.

<sup>84</sup> Hunter. *Deficient in Commercial Morality*, p. 232.

<sup>85</sup> Wilkinson. *Japan versus the West*, p. 57.

<sup>86</sup> Nish, I. "Anglo-Japanese Relations", *The Contemporary Review*. 239, no. 1390 (1981): 231-236.

The truth is that our manufactures are actually being driven out of many markets of the East by the Japanese, and that the most competent observers prophesy the rapid development of this process.<sup>87</sup>

During the subsequent early decades of the 20<sup>th</sup> century, as Braddick observes, ‘relations between UK and Japan ran the gamut from uneasy allies to wary rivals, from bitter enemies to victor and vanquished, and finally to partnership, after another period as fierce competitors.’<sup>88</sup> The signing of the Anglo-Japanese Alliance in 1902 made the relationship of the two countries into an albeit relatively short-lived partnership. *The Times* reported how the Alliance provided the Japanese with ‘a new sense of confidence and stability following a period of astonishingly rapid economic development.’<sup>89</sup> Throughout the period from 1902 to 1923, the Alliance was the flagship policy of both governments. Although the Alliance formed the basis for positive trading and cultural exchanges between UK and Japan, ‘there were in fact complaints that the alliance was not yielding any substantial increase in trade or any commercial improvement to either side.’<sup>90</sup> Meanwhile, over time, Japan’s trade extended beyond what had been its original area of focus at the time the Alliance was first formed, for example, stretching into Manchuria in the Northeast of China. This placed Japan in a much stronger position from which to threaten British interests in the rich Yangzi area where the latter’s commerce was centred. Having been renewed in 1905 and again in 1911, this unwelcome expansion by Japan partially contributed to the alliance’s demise in 1921 and eventual official termination in 1923.<sup>91</sup>

At the same time, the nature of the global economy was integral to the international order and balance of power, and neither country could remain unaffected by the proliferation of international economic interactions and the nature of their own

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<sup>87</sup> Wilkinson. *Japan versus the West*, p. 162.

<sup>88</sup> Braddick, C. W. “UK, the Commonwealth, and the Post-war Japanese Revival, 1945-70”, *The Round Table* 99, no. 409 (2010): 371-89. p. 371.

<sup>89</sup> ‘The Anglo-Japanese Agreement’, *Times*, February 14, 1902.

<sup>90</sup> Nish, I ‘Forty years of Diminishing Cordiality’, in Best, A. *In The International History of East Asia, 1900–1968*, p. 13.

<sup>91</sup> For more information on Anglo-Japanese Alliance, refer to Nish, I. *Alliance in Decline: A Study of Anglo-Japanese Relations, 1908-23*, London: Bloomsbury Publishing Plc, 2013; Nish, I. *The Anglo-Japanese Alliance: The Diplomacy of Two Island Empires, 1894-1907*, 2<sup>nd</sup>ed. Bloomsbury Academic Collections: Japanese Politics and International Relations. 2012; Nish, I. *Japan's Struggle with Internationalism: Japan, China, and the League of Nations, 1931-3*, K. Paul International, 2009.

integration into what had become a global economy. Prior to the outbreak of the First World War in 1914, the UK was a leading player in the world economy, accounting for the largest share of world trade, whilst its former 'pupil' Japan was in the position of seeking to fully industrialise and preserve its own independence in a British-dominated international economy. The consequent disruption of the world economy by the First World War undermined what had up to that time been the established position of British manufactures and exporters, leading to the UK's once overwhelming power being gradually eroded in the interwar years by the rise of the United States. For instance, 'for almost any kind of manufactured good, the UK was far less important in world trade by the late 1930s than it had been at the end of the nineteenth century.'<sup>92</sup>

Regarding purely Anglo-Japanese trade, from the Meiji Restoration through to the First World War, Europe — chiefly the UK — was Japan's main supplier of modern goods ranging from munitions, factories and machines to textiles and cotton goods. In some years upwards of 70 per cent of all Japan's imports came from five European countries: UK, France, Germany, Belgium, and Italy. However, during the First World War, the UK was unable to maintain its exports to Japan, and from 1915 the USA usurped it as Japan's main supplier. In the inter-war period, the UK was the fourth largest market for Japanese exports behind the United States, China, and France and ahead of Hong Kong and India. Meanwhile, Japan was geographically far from the active theatres of the war, and opportunely, its industries had reached a stage where they were able to take advantage of markets which the European countries and the USA were unable to supply —in Asia or Africa, for example.<sup>93</sup> Conversely, due to the

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<sup>92</sup> Hunter. *Deficient in Commercial Morality*, p. 57.

<sup>93</sup> Wilkinson. *Japan versus the West*, pp.158, 163. For further information please refer to Brown, K. 'The Impact of the First World War on Japan', in Wrigley, C (ed.). *The First World War and the International Economy*, Cheltenham, UK, Northampton, MA: E. Elgar Pub., 2000; Nakamura, T, Odaka, K, and Brannen, S. *The Economic History of Japan, 1600-1990, Volume 3, Economic History of Japan, 1914-1955: A Dual Structure*, Oxford: Oxford University Press, 2003; Sharkey, J. 'British Perceptions of Japanese Economic Development in the 1920s: with Special Reference to the Cotton Industry', in Hunter & Sugiyama (eds.). *The History of Anglo-Japanese Relations*, Vol.4, p. 276. Hunter, J. 'Bankers, Investors and Risk: British Capital and Japan during the Years of the Anglo-Japanese Alliance', in Phillips O'Brien (ed.). *The Anglo-Japanese Alliance, 1902-1922*, Routledge Curzon, 2004.



war, as European countries found themselves unable to maintain their exports to Japan, the USA soon replaced them as Japan's main supplier.<sup>94</sup>

During the following interwar period, the growing economic achievements of the Japanese began to cause tensions with the UK, with Japan now a serious competitor in products such as cotton and shipbuilding, and having investments in a wider market that included China and the UK's own Southeast Asian colonies. The advance in exports of products from Japan to a variety of markets that the UK had previously dominated was viewed by the British as being at the cost to their own industry. In response came denunciation in the UK of Japan's supposedly unfair trading practices, which reached a peak during the early 1930s Depression when Japan alone of the industrial powers was able to increase its exports, two-thirds of which were textiles.<sup>95</sup> In an attempt to regain some of the market back from this Japanese competition, the affected British industries called for the closing of domestic and colonial markets or to increase measures of protection and exclusion against Japanese goods. When such pressures were unsuccessful, criticisms of Japan's 'unfair competition' and 'cheap labour' policies heard since the opening of Japanese ports were resorted to once more.<sup>96</sup> By this time, the 'unfair competition' can be seen being framed as an existential threat to Western civilisation itself. In a letter to the editor of the *Times* in 1925, the MP John H. Davidson claimed Japan was only a strong competitor to UK industry because:

Operatives in the Japanese textile mills work two shifts of 11 hours each for six days in the week, and one shift of 11 hours on the seventh day. Female and child labour is largely utilized. Factory regulations are virtually non-existent...Statistics show an increasing quantity of Japanese cloth being imported into our colonies and dependencies, cutting out similar cloth of British manufacture...There can be little doubt that countries which do not conform to the terms of the Washington Convention and whose standard of life is below that of our Western civilisation can cut us out, and are cutting us out, in markets within our own Empire.<sup>97</sup>

In the letter, Davidson also gave clear recommendations for what he believed should be the approach in the UK to dealing with the competition from Japan, suggesting:

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<sup>94</sup> Wilkinson. *Japan versus the West*, p.158.

<sup>95</sup> *Ibid.*, p. 164.

<sup>96</sup> *Ibid.*, p. 139.

<sup>97</sup> Davidson, J. H. 'Sweated Goods', *Times*, September 03, 1925.

Such goods [sweated goods produced by cheap labour] should be boycotted by the British peoples. Their attitude on this matter is very pronounced. The principle underlying it is one with which I find myself in whole-hearted agreement...In my opinion, especially in these days of acute unemployment and industrial unrest, it is their duty [the Conservative Party] to protect the interests of the British peoples...by taking the initiative without delay in dealing with the problem of foreign goods produced under conditions violating the Washington Convention and imported into our Empire.<sup>98</sup>

Notably, Davidson here sees no parallel and so no need to mention the extensive use of female and child labour (particularly in textile factories) made by the British in earlier times to achieve the country's former global economic dominance.

Not all interwar British views of Japan's achievement in its trade were this cynical. After a visit to Japan, the Federation of British Industry (FBI) in 1934 reported that Japanese industry had benefited from factors including the depreciation of the yen, lack of domestic inflation, and the absence of organized movements demanding increased wages. Despite the very poor conditions in the traditional sector of Japanese industry, the notion of 'sweated labour' was rejected. It noted, importantly, the high productivity of Japanese industry and warned that 'it would be unwise to assume that the future export activities of Japan will be limited to cheap goods of low quality.'<sup>99</sup>

Later on, of course, Japan declared war on UK from 1941 until 1945: in 1941 invading British possessions in Malaya and by 1942 securing the surrender of Singapore — a humiliating and symbolic defeat for the British. Robert McCrum describes the far-reaching consequences:

The defeat of a sizeable British imperial military force and the speed and humiliation with which it was inflicted, destroyed forever the icon of British invincibility and prestige. This fateful affair, most historians agree, was the catalyst that signalled the demise of the British Empire. The loss of the "island fortress" to an Asian military invader demolished the cultivated, centuries-old image of British infallibility.<sup>100</sup>

Inevitably events such as this, along with the experiences of British servicemen in the Pacific theatre of war were stimuli to anti-Japanese hostility in the UK following the war. The UK was one of the few countries that had a role alongside the Americans in

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<sup>98</sup> Ibid.

<sup>99</sup> Wilkinson. *Japan versus the West*, pp.164-165.

<sup>100</sup> McCrum, Ronald. *The Men Who Lost Singapore, 1938-1942*, Singapore: NUS Press, 2017. p. IX.

immediate post-war Japan, though the British role in the occupation was peripheral. What we can say, however, is that the Second World War unquestionably fundamentally broke Anglo-Japanese economic relations, which were only then cautiously and slowly rebuilt following Japan's defeat in 1945.

Regarding Anglo-Japanese bilateral trade, it is clear that between 1952 and 1972 Anglo-Japanese trade was relatively small: while the value of direct trade between the two countries rose, particularly during the expansionary period of the 1950s and early 1960s, the UK never accounted for more than 3 per cent of Japan's imports, or more than 4 per cent of Japan's exports throughout the period 1952-73.<sup>101</sup> However, one point deserves special attention, namely the reality that the UK lost its hold on Japan's market as the latter expanded. Whilst in this time Japan's economy and foreign trade experienced a golden age, the UK's market share in Japan shrank, with Anglo-Japanese bilateral trade only accounting for a small per cent of the total value of either country's foreign commerce. Analysis of articles relating to Anglo-Japanese bilateral trade, especially on bilateral manufacturing product exports, therefore, allows for an examination of British newspapers' interpretation towards 1) the UK's post-war failure to penetrate the Japanese market and 2) the concurrent increase in the Japanese share of UK imports that resulted in a British trade-deficit with Japan during most of this period - and hence, crucially, any disparity between the economic reality and coverage of the topic in these articles.

During this period, the UK was also concerned about Japanese competition in third markets. Compared with the distinctly lacklustre Anglo-Japanese bilateral trade activity, the competition between Japan and the UK in third markets remained fervent. Both the UK and Japan had strong economic connections and a long history of trading and competing in East and Southeast Asia, and this competition became increasingly fierce during the post-war period. After the Second World War, both countries were keen to re-build their economic connections in the area within the new context of the Cold War, the necessity of smoothing relations damaged by the war, and the gradual increase in movements for decolonisation. Since it is not possible within the constraints of this thesis to consider British newspaper reports regarding Anglo-Japanese trade competition throughout this region, the focus will be specifically on

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<sup>101</sup> Hunter and Sugiyama (eds.). *The History of Anglo-Japanese Relations*, Vol. 4, p. 76.

the markets of China, Malaya/Malaysia, and Singapore. There had been a long history of rivalry between the UK and Japan in the Chinese market, and this continued to shape British attitudes after the Second World War. The composition of the UK's and Japan's exports to China over the time under concern will be outlined in more detail later, but it is worth noting here that although in the late 19<sup>th</sup> century British firms were dominant in trade with China, Sino-Japanese trade grew exponentially through the early decades of the 20<sup>th</sup> century.<sup>102</sup>

Southeast Asian trade also remained important to both the UK and Japan in the post-war period, with the former's empire having long historical roots in the area and the latter close geographical proximity. Following the Second World War, both the British and Japanese had a strong desire to expand their trade in the region. Both needed markets for their exports, and in addition, Japan in exchange wanted access to the cheap raw materials available from Southeast Asia, while the British were seeking to shore up their own currency in the area. Malaysia ('British Malaya' until 1957) and Singapore have been chosen as an additional case study for exploring Anglo-Japanese trade competition in third markets over different parts of the period from 1952 to 1972 for two reasons: firstly, both were invaded by Japan during the Second World War, inevitably affecting attitudes in each (as well as in the UK) towards the re-building of economic relations with the Japanese after the war. Secondly, Malaysia and Singapore were during this time members of the Sterling Area under the financial auspices of the UK. In addition, for the UK, as mentioned towards the beginning of this introduction, this period was dominated by the widespread movement towards decolonisation in the area, a movement resulting in the gradual erosion of the once strong influence of the British Empire. British Malaya gained independence from the UK in 1957. Singapore remained as a British Crown Colony until 1959, after which it then became an internally self-governing state within the Commonwealth. Therefore, Anglo-Japanese trade competition in these countries had particularly major implications for the UK's own economic position and thus how Japan's own economy might be perceived in British newspapers.

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<sup>102</sup> Sladkovsky, M. I., and Price, Robert F. *China and Japan, Past and Present*, Forum Asiatica, VII.1. Gulf Breeze, Fla., Academic International Press, 1975. pp. 228-229.

## 1.4 Methodology: Primary Source and Research Approach

Regarding the readership of the publications analysed here it seems likely that, particularly throughout the first half of the period concerned, with the scarcity of individual travel between the two countries, a newspaper buyer in the UK who had first-hand experience of post-war Japan would be a rarity. Therefore, from 1952 the British media collectively, be it print or broadcast, were, in effect, by far the most important means of representing and reflecting images of Japan's post-war economy in the UK. I have chosen to limit the scope of my study to 5 major British newspapers: the *Times*, the *Financial Times*, the *Guardian*, the *Daily Mail*, the *Daily Mirror*, and journal of the *Economist*.

### ***Primary Sources: British Newspapers, Official Statistics, and Economists***

#### **Newspapers**

As mentioned earlier, selected national newspapers and journals have been used in this study as primary sources to learn how British newspapers reported on Japan's economic matters. The Second World War had made people hungry for news, leading to an increase in sales of newspapers. This increase continued until the early 1950s, with 1957 being the peak year for total national sales.<sup>103</sup> It is also worth emphasising here that in this research newspapers and selected journals are not really being used either as sources of facts, nor agents of change, although they can be both of these things. Rather they are being used as evidence of how the development of the Japanese economy and its trade with other countries were interpreted and presented by newspapers in the UK. The selection of articles in newspapers and journals issued over the 20 years concerned in this research offer a detailed and varied reflection of the

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<sup>103</sup> Seymour-Ure, C. *The British Press and Broadcasting: Since 1945*, 2<sup>nd</sup> ed. Oxford: Blackwell, 1996. p.16.

patterns and changes of the images of Japan's economy presented by British newspaper articles.

British newspapers are often categorised into two types: one is the so-called 'broadsheet' (sometimes also known collectively as 'the quality press'), and the other generally known as 'tabloid', which have tended to focus more on celebrity coverage and human-interest stories rather than economic and political reporting or overseas news. Regarding the views and interpretation of Japan's economy this research focuses on, I have chosen mainly 'broadsheet' newspapers as proxies for the British press coverage of Japan's economy, but have also augmented these with occasional use of tabloid publications. This research chiefly uses daily newspapers, as they were more frequent and consistent in terms of reporting Japan's economy in the UK. There were three broadsheet newspapers issued daily nationwide during the time under concern, namely the *Telegraph*, the *Times*, and the *Guardian* (known as the *Manchester Guardian* until August 1959). These three publications were (and more or less remain) trusted by their largely middle and upper-class educated readership as being authoritative in their analyses and commentaries on international affairs including business, finance, politics, and the economy. Both the *Telegraph* and the *Times* were politically conservative and shared similar attitudes towards issues at that time and so therefore, to avoid repetition, this research uses only the latter. Another reason justifying my decision to make use of the *Times* is because it had gained a reputation worldwide for its reporting, and in the process of this research, I find that the paper is deemed as a trustworthy source in much of the literature I have reviewed, which broadly seems when required to have cited predominantly from the *Times* rather than the *Telegraph*. *The Guardian* has also been used extensively, since it offered an alternative perspective and was closely associated with some of the industries most affected by Japan's growing economy. Meanwhile, as this study is concerned with economic issues, the daily *Financial Times (FT)* and weekly newspaper (published in magazine format) the *Economist*, which both specialised in financial, business, economic and industrial issues, have also been used extensively. The tabloid newspapers *Daily Mail* and *Daily Mirror* have on occasion been included in order to learn more interpretation of the wider general public issues arising from Japan's economy.

As well as the primary data collected from the selected publications, depending on the specific topic that is being dealt with, a range of other publications, including the journals of national and local trade associations, and publications of chambers of commerce and other commercial interests will on occasions be referenced, for example, those of the Manchester Chamber of Commerce. In addition to these, this research also makes occasional use of the English-language *South China Morning Post* as a source when applicable. Though not strictly a 'British newspaper' it is a useful means to garner a slightly more localised interpretation and view of Japan's economic affairs, through the paper having been written and distributed within what was at that time the UK's colony of Hong Kong.

There are a few more reasons to justify the preference for collecting data from newspapers for the purpose of this research. For the time under consideration, as a means to view and, crucially, track the change and pattern of some of the images held of a foreign country's economic matters, daily business newspaper archives are possibly the most comprehensive source for the period in question. Along with radio and, later, television, newspapers were one of the most effective means for people to acquire national and international business news. In addition, for the purposes of this research, newspapers have a distinct advantage in that they have been comprehensively and systematically archived in detail. All of these publications can be accessed electronically and the majority remotely, and support my research across multiple areas of interest including economy, business and numerous other subjects with coverage of all major international historical events relevant to this study.

Official documents, on the other hand, may record events in ways in which government, officials and institutions wish for those events to be presented and historicised, and may normally be expected to be more in line with the opinions of those in power. This is by no means to suggest that official documents do not reflect reality, however, compared with newspapers, by their very nature, the language and format of official documents may impose constraints on their ability to illuminate broader interpretation and understanding in British society. Also, issues recorded in official documents may be those of importance to the state, but not necessarily to the public at large.

One has to acknowledge bias, and it can be assumed that in any given newspaper article, then as now, more is sometimes at play than simply the relaying of rational

fact. While newspapers often take up issues discussed in official documents, they will offer their own interpretation of them in line with their audiences, agendas etc. It makes commercial sense too that any newspaper will consistently ‘play to the crowd’, carefully keeping editorially within the safe parameters of the ‘comfort zone’ of what their readers find desirable or acceptable, in order to maintain the vital symbiotic relationship between a reliably healthy circulation and a loyal readership. Therefore, this study acknowledges that the views and reports that we are looking at are bound to include some bias, whether negative or positive.

A degree of caution is certainly required in taking what is written as a reflection of the readership’s opinion, rather than an attempt to influence that readership. Newspapers might of course seek to influence and steer opinion in line with their proprietor’s viewpoint and favour. Even so, to retain readers (and this influence), the editorial narrative is unlikely to stray beyond a certain particular ‘bandwidth’. As Curran and Seaton note, each broadsheet was shielded from a need to expand circulation beyond its niche target audience, and so kept within certain editorial bounds, through two-thirds of its revenue coming from advertisers who had a specific interest in reaching that same defined audience.<sup>104</sup> Therefore, one can assume that even when a paper is seeking to influence with an article, for that influence to succeed, views will be evoked and played upon that are known to be held by the readership as a collective group. Editorial interference by the owners of publications was almost expected prior to the Second World War, though such intervention frequently resulted in a failure to achieve its intended purpose.<sup>105</sup> In the post-war environment, particularly by the mid-1950s, there was a move away from this ownership involvement to a new era of editorial independence.<sup>106</sup> As a whole then, the national press is an important arbiter of public opinion in UK, even if an individual publication, within its permissible parameters, proactively might be seeking to mould its readers’ views. In addition, one further dimension newspapers are able to display is a lively

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<sup>104</sup> Curran, J. and Seaton, J. *Power without Responsibility: The Press and Broadcasting in UK*, 3<sup>rd</sup> ed. London: Routledge, 2010.

<sup>105</sup> Williams, Kevin. *Get Me a Murder a Day!: A History of Mass Communication in UK*, London: Arnold, 1998.

<sup>106</sup> Curran, James., and Seaton, Jean. *Power without Responsibility: The Press, Broadcasting and New Media in Britain*, 6th ed. London: Routledge, 2003. pp.106-107.



interactive process between the interpretation of the individual or groups they represent and of the views of the sub-group of the population that is their readership.

### **Information on the Selected Newspapers**

This project has collected information mainly from five British newspapers and one weekly journal: the *Guardian*, the *Times*, the *Financial Times*, the *Daily Mail*, the *Daily Mirror* and the *Economist*. Newspapers can be easily stratified into hierarchical typologies, for example daily papers and weekly magazines, political orientation of left and right, high or low circulation figures, national or regional distribution, popular and quality, or according to ownership. The choice of these newspapers has ensured analysis of a range of news and represents diverse characteristics for this study and seeks to establish a balance between different intellectual orientations and purposes. Table 1.1 offers a broad overview of the political stance of the daily newspapers examined in this research, and also their circulation figures in the years 1956, 1961 and 1966. For example, among national daily newspapers there is a spread of opinion ranging from the left-leaning liberal *Guardian* to the right-wing *Times*, and also the *FT* and the *Economist* which seek to avoid party politics by focusing on business.<sup>107</sup> Across this political spectrum, the daily newspapers were able to report events frequently, consistently and quickly, including those concerned with the contents of and the reactions and consequences to official documents. As this research covers a period spanning 20 years, therefore, collecting the data from newspapers and journals allows the tracking of the changes of the images they portray of Japan's economy.

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<sup>107</sup> Silberstein-Loeb, J. 'The Political Economy of Media' in Conboy, M and Steel, J (eds). *The Routledge Companion to British Media History*, Routledge Companions. 2015. pp. 75-76.

**Table 1.1 Newspaper Quality, Politics and Circulation**

Name	Format	Political Orientation <sup>a</sup>	Circulation in 1956 <sup>b</sup>	Circulation in 1961 <sup>c</sup>	Circulation in 1966 <sup>d</sup>
<i>The Times</i>	Broadsheet	Right-wing	220,716	253,000	282,000
<i>The Guardian</i>		Centre-Left / liberal	163,585	245,000	281,000
<i>The Financial Times</i>		Economically liberal	80,518	132,000	152,000
<i>Daily Mail</i>	Tabloid	Right-wing	2,071,708	2,610,000	2,318,000
<i>Daily Mirror</i>		Left-wing	4,649,696	4,561,000	5,123,000

Sources: Seymour-Ure, C. *The British Press and Broadcasting: Since 1945*, pp. 28-29.

*The Times*, founded in 1785, is one of the UK's oldest daily newspapers and still published in London. Colonel John Jacob Astor had bought the *Times* in 1922, the paper was sold to Lord Thomson in 1966.<sup>108</sup> Over time, the paper used contributions from significant figures in the fields of politics, science, literature, and the arts in order to build its reputation. The historian and journalist Allan Nevins, writing at the end of the 1950s, summarised the importance of the *Times*, through its access to government, in both shaping and reflecting the view of events of London's elite as follows:

For much more than a century the *Times* has been an integral and important part of the political structure of Great UK. Its news and its editorial comment have in general been carefully coordinated and have at most times been handled with an earnest sense of responsibility. While the paper has admitted some trivia to its columns, its whole emphasis has been on important public affairs treated with an eye to the best interests of UK. To guide this treatment, the editors have for long periods been in close touch with 10 Downing Street.<sup>109</sup>

In summary, the *Times* was regarded in effect as the newspaper of the establishment.

*The Guardian* (entitled the *Manchester Guardian* between 1821 and 1959) was founded in 1821 by the successful Manchester cotton merchant John Edward Taylor. By 1952, the paper had a long and broadly centre-left/liberal stance, being controlled by the Scott Trust which was dominated by relatives of the former owner-editor (and

<sup>108</sup> Seymour-Ure. *The British Press and Broadcasting*, pp. 35-39.

<sup>109</sup> Nevins, A. 'American Journalism and its Historical Treatment', *Journalism Quarterly*, (1959), 36#4: 411-422. pp. 413-414.

Liberal MP) C.P. Scott.<sup>110</sup> The paper was particularly concerned with the interests of British traditional industry, largely due to its original base being in Manchester. Over the time concerned in this research, A. P. Wadsworth was editor up until 1956 when he was then succeeded by H. A. Hetherington, who remained in the post until 1975. On 24 August 1959 the title of the newspaper was changed to the *Guardian* to reflect its national distribution and news coverage, and in 1970 the main editorial offices and production facilities moved from Manchester to London. The left-of-centre liberal *Guardian* developed a strong niche market of left-of-centre professionals and had the youngest readership profile of all the quality broadsheet newspapers.<sup>111</sup> Between 1952 and 1972, the UK's traditional industries, such as textiles and shipbuilding, faced strong competition from Japan, and so the *Guardian* tended to cover these kinds of issues more extensively than other publications. This makes the paper a valuable resource for ascertaining British understanding of the challenges faced by the UK's traditional industry from strong Japanese competition in the world trade market.

The *Financial Times* (hereafter *FT*) and the weekly magazine the *Economist* will be utilised as sources for their expertise in the fields of business and economic concerns. The *FT*, founded in 1888 by James Sheridan and Horatio Bottomley, was initially a newspaper for the City of London, the capital's financial district. In 1952 the paper was owned by the Crosthwaite-Eyre family, and then in 1957 was bought by Pearson Westminster Press.<sup>112</sup> The core expertise and main focus of the paper is on economics and business. *The Economist*, established in 1843, is a London-based weekly publication that, as its name affirms, focuses on economic journalism. It has long been a 'leading magazine for business and political leaders, politicians, diplomats, bankers, journalists, and other influential people throughout the world.'<sup>113</sup> This research looks at the *FT* for daily newspaper-format reportage of an event, and at the weekly *Economist* to view a more considered assessment of that event. Also, the two

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<sup>110</sup> Seymour-Ure. *The British Press and Broadcasting*, p. 35.

<sup>111</sup> The *Guardian (Manchester Guardian)*, information accessed from: <https://www.theguardian.com/info/2017/jun/26/how-to-access-guardian-and-observer-digital-archive>.

<sup>112</sup> Seymour-Ure. *The British Press and Broadcasting*, pp.35-39. In 2015, *FT* was bought by the Nikkei, Japan's largest media group which also publishes the Japanese equivalent of the *FT*.

<sup>113</sup> The *Economist*, information accessed from: <https://www.gale.com/intl/c/the-economist-historical-archive>.

publications have different styles of journalism, with the *FT* regarded as avoiding having a strong agenda, preferring to focus on sober reporting of news and events, whereas the *Economist* is much more open in expressing its opinions, explicitly supporting free markets, globalisation, free movement of labour, and the legalisation of drugs to name but a few. Its stance on many issues can be described as neo-liberal.<sup>114</sup>

The *Daily Mirror*, by 1945, was the UK's most widely read newspaper, having successfully built up a relationship with British working people during the war. It has been argued that the paper played a crucial role in the post-war reconstruction, through representing the opinion of many working people regarding the kind of society that should be rebuilt following the decimation caused by the conflict. According to Kevin Williams, 'The seeds of the social change that swept through British society in the 1950s and 1960s were planted during the war years and the *Mirror* was at the forefront of articulating these changes.'<sup>115</sup> The historian A. J. P. Taylor argued that "the *Daily Mirror* was popular in a 'special sense': 'the previous popular newspapers, the *Daily Mail* and *Daily Express*, were created by their proprietors, Northcliffe and Beaverbrook — men not at all ordinary. The *Mirror* had no proprietor. It was created by the ordinary people on its staff.'<sup>116</sup>

The *Daily Mail* was chosen because it is a tabloid which has a strong right-wing perspective. The paper was originally the UK's first daily newspaper aimed at the newly-literate lower-middle class market. It was also the first British paper to sell a million copies a day. The *Daily Mail* was established in 1898, and then from 1952, as it is today, owned by Lord Rothermere's Associated Newspapers.<sup>117</sup> Heavily conservative, the paper also absorbed the last remaining Liberal British daily newspaper, the *News Chronicle*, in a merger in 1960 without any resulting wavering in its own political stance.<sup>118</sup> Regarding the overall role of newspapers in the post-war British cultural landscape, Williams states:

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<sup>114</sup> 'I have the Economist historical archive, why do I need *the FT*?', accessed from:

<https://www.gale.com/intl/c/the-economist-historical-archive>. <http://gale.cengage.co.uk>

<sup>115</sup> Williams, K. *The British Press and Broadcasting: Since 1945: A History of the British Newspaper*, London: Routledge, 2010. p. 182.

<sup>116</sup> Cited in Williams, *Read All about It*, p. 185.

<sup>117</sup> Seymour-Ure. *The British Press and Broadcasting*, pp. 36-37.

<sup>118</sup> *Ibid.*, p. 21.

The newspapers in the 1950s and 1960s reflected the changing pattern of life of post-war UK. The initial years of austerity that accompanied the efforts to rebuild the UK gave way to renewed affluence. The late 1950s ushered in a period in which British people were told [by their Prime Minister Harold Macmillan that] they had ‘never had it so good.’<sup>119</sup>

Across these newspapers, each had its own particular political orientation. Rather than being a hindrance, this is in fact of fundamental use to this research; analysing a set of different publications provides a spectrum of view representing various political interests which official documents alone could not begin to reflect.

## Statistics

While this thesis is not, as already noted, an analysis of British-Japanese trade as such, providing the empirical context relating to trade is essential if the research questions are to be addressed. I am making use of primary sources for my statistical data. The actual situation of the UK and Japan’s exports to each other is analysed based on the official statistics issued and circulated between 1952 and 1972, specifically the *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions* and *Japan Statistical Yearbook*. *Malayan External Trade Statistics* between 1952 and 1965, and the official *Singapore External Trade Statistics* from 1966 to 1972 will also be used to analyse Anglo-Japanese trade competition in Malaysia and Singapore.<sup>120</sup> The data that I make use of will mainly focus on exports of manufactured products, as during the time under consideration, these became the major competition ground for the UK and Japan. However, as this thesis is not directly concerned with the intricacies of trade or actual economic reality, the level of detail of the economic and trade data used will be such that it gives the general picture of Japan’s economy and trade, offering insight into the levels of the UK’s and Japan’s exports, the main types of manufacturing products those exports were comprised of, and any changes in the economy of importance to views represented in the British press.

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<sup>119</sup> Williams. *Read All about It*, p. 181.

<sup>120</sup> *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions*, London: HMSO, 1952-1972; *Japan Statistical Yearbook*, Tokyo: Nihon Tokei Kyokai: Mainichi Shinbunsha, 1952-1972; *Malayan External Trade Statistics*. Malaya States, 1952-1965; *Singapore External Trade Statistics: Including Trade with West Malaysia*, Singapore, Department of Statistics, 1966-1972.

It is worth mentioning here that the analysis in this study of Anglo-Japanese trade competition in China is based on the data of China's trading partners, namely the UK and Japan, as the two countries' trade returns with China for this period are both detailed and accessible. The reasons for not using Chinese official data are twofold. Firstly, in this period, Chinese economic data were not recorded systematically, and secondly, the credibility of such data as do exist is questionable due to China's political circumstances at the time. For example, during the Great Leap Forward and the Cultural Revolution, claimed economic performance was exaggerated. However, apart from these two official data sources, works by Chinese and British scholars from the time have also been utilised.

### **The Economist's View: G.C. Allen**

Apart from the newspapers and official statistics, another source on post-war UK and Japan's economy at that time is G.C. Allen's works. When searching for articles concerning Japan's economy written during or about the time under consideration, Allen's works will invariably dominate the results: Allen was a renowned British academic specialising in Japan's economy, who had first-hand experience of the country through having lived, studied and worked there before the war.

George Cyril (G.C.) Allen (1900-1982) was one of the UK's leading academic economists from the 1950s through to the 1980s. Allen took his first academic post as an English lecturer at the Higher Commercial College in Nagoya, Japan from 1922 to 1925 after graduating from the University of Birmingham. It was from there that he began his continuous sixty-year study of Japanese economic affairs, and of Japan as a nation.<sup>121</sup> Allen's works offer a valuable understanding on these topics, based on his expertise in the study of and his personal experience in Japan. His publications, spanning over five decades, not only reflect changes in Japan's economy and society, but also the progression in his understanding of them over that time. Although the

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<sup>121</sup> This information about G.C. Allen is generally based on: Allen, G. C. *Japan's Place in Trade Strategy: Larger Role in Pacific Region*, 2<sup>nd</sup> ed. London: Atlantic Trade Study, 1968. p. iii; Allen, G. C. and Okano, Yukihide. *How Japan Competes: An Assessment of International Trading Practices with Special Reference to 'dumping'*, London: Institute of Economic Affairs, 1978. pp. 7-9. Allen also produced a reminiscence on his life in relation to Japan: Allen, G. C. *Appointment in Japan: Memories of Sixty Years*, London: Athlone, 1983.

period covered in my research is between 1952 and 1972, I also consider here some of Allen's earlier works as they help to locate his post-war scholarship in the longer-term context. As a British rather than Japanese scholar, Allen's writings will themselves inevitably still reflect certain British images of Japan's economy, but his works also were, and remain, a major source of information on that economy itself.

By the early 1950s Allen had already authored or co-authored five books on Japan. *Modern Japan and its Problems*, first published in 1928 then re-issued in 1990, was the result of the author's own observations and studies during the period of his residence in Japan where he was engaged for several years as a lecturer. In the book, a range of aspects of Japan's society are studied, though the most relevant to my research are regarding economic issues. Allen describes the immense power of public opinion over the individual in Japan, and he also pays a tribute to the strength and solidarity which the family and social system lends to Japanese society. Allen suggests that 'it is fooling to imagine that an Eastern people... should respond politically in the same way as a Western people to the stimulus of economic change.' Allen described Japan's economic development as 'the only example of an Eastern country which while maintaining its traditional social system has at the same time attempted to introduce systematically modern forms of Western industrialism.' Allen traces the predominant role of state initiative in industry to the absence of a powerful mercantile class in Japan, this in turn an outcome of the feudal system, and argues that Japan's industrialisation and civilisation may have been influenced by the UK, but that the Japanese had been highly selective of these influences which they then duly adapted to form their own hybrid methods. The author portrays how there was a gradual integration of industrialisation into what was predominantly an agricultural economy.<sup>122</sup> In *Japan: the Hungry Guest*, published in 1938, Allen insisted that despite the increased power of the army and the adoption of certain measures characteristic of European fascism, there was as yet no personal or party dictatorship in Japan, and no totalitarian state. He also sought to identify the domestic economic problems that had contributed to Japan's aggression in China. According to Allen:

Commercial circles in Japan had been inclined to oppose military adventures across the Yellow Sea. But these moderates had dwindled, one reason being the intense resentment felt by Japanese businessmen...at the restrictions imposed by

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<sup>122</sup> Allen, G. C. *Modern Japan and Its Problems*, London: Athlone Press, 1990.

powers with great empires on Japan's exports...the doors were being slammed against her by those very countries which preached so loudly about respect for international treaties and a peaceful settlement of international disputes.<sup>123</sup>

Published in 1940, *Japanese Industry: Its Recent Development and Present Condition*, was primarily concerned with the results of the impact of the on-going Sino-Japanese war on Japan's industrial structure. Allen described how shifts had occurred in the economic policy of the period from 1937 to 1939, especially with the extension of state intervention and the movement towards a controlled economy. He suggests that even before the war with China began, the direction of Japan's industrial development had been determined to a steadily increasing extent by governmental intervention designed to carry out the Japanese Army's policy.<sup>124</sup>

The issue of the concentration of economic power in Japan as the country entered a period of war economy was further developed in the volume Allen co-authored with Elizabeth Schumpeter, *The Industrialization of Japan and Manchukuo, 1930-1940*. While much of the discussion in this volume was concerned with population issues, Allen provides analysis of the shifting organisation and structure of Japanese industry during prior to 1937. Allen addresses Japanese economic issues and suggests that at that time Japan's industry had become less specialised, the textile industries had declined in relative importance, some of the industries supplying traditional consumption goods had also declined, and there had been a rapid growth in the metal, machinery and chemical sectors, particularly after 1932.<sup>125</sup>

The first edition of *A Short Economic History of Modern Japan*, which was to be re-issued in multiple editions over subsequent years and remains in print to this day, was published in 1946. The first version of the book evaluated the Japanese economy between the time of the beginnings of Japan's industrialisation and the outbreak of the war with China in 1937. It was then published again in 1962 as a second edition in which the author made some changes to include an additional chapter on Japan's economic recovery after the Second World War. In the third edition published in 1972, Allen added a supplementary introductory chapter to call readers' attention to the

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<sup>123</sup> Allen, G. C. *Japan: The Hungry Guest*, London: G. Allen & Unwin, 1933. p. 235.

<sup>124</sup> Allen, G. C. *Japanese Industry: Its Recent Development and Present Condition*, New York: Institute of Pacific Relations, 1940.

<sup>125</sup> Allen, G. C., and Schumpeter, E. B. *The Industrialization of Japan and Manchukuo, 1930-1940: Population, Raw Materials and Industry*, New York: Macmillan, 1940.



results of research into Japan's economic history at that time. My study has used the information in the fourth edition which was published in 1981. In this fourth edition, Allen replaced the former chapter on the history of the economy after the Second World War with six new chapters on Japan's economy from 1945 to 1979. In this edition, regarding the tariffs and quantitative restriction, Allen pointed out that they did not play an important part in the earliest stages of industrialisation and only a moderate role later when they were used for reasons of war economy and balance-of-payments difficulties. Meanwhile, certain industries were aided directly by government extensive subsidies. The book also described the impact of the Great Depression and the economic policies of the government, saying the spectacular recovery later was aided by the elimination during the depression of much inefficiency and unsound growth. Allen insisted that Japan's post-war expansion of foreign trade had not been export-led. To some degree, he suggested, it had been bound up with Japan's structural changes from the first decades of the Meiji era, and the fact that the Japanese authorities chose to pursue a vigorous expansionist policy, even though they understood that this might lead to trouble regarding the balance of payments.<sup>126</sup>

Allen continued to publish regularly on Japan throughout the period with which this thesis is concerned. In *Western enterprise in Far Eastern economic development: China and Japan*, published in 1954 and co-authored with Audrey Donnithorne, Allen emphasised the existence of contrasting reactions of Japan and China to the stimulus of Western enterprise and Western entrepreneurial activity. The authors suggested that compared with China, modernisation was accepted early on as the condition of national survival by those in positions of power in Japan, and the government's major task was regarded as hastening the introduction of Western economic and legal forms and Western technical devices.<sup>127</sup>

*Japan's Economic Recovery* published in 1958 offers an examination of the factors that were responsible for Japan's rapid economic recovery from the effects of the Second World War and covers the years from 1945 up until 1954. In this book, Allen compared and contrasted the prewar and postwar economies, paying special

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<sup>126</sup> Allen, G. C. *A Short Economic History of Modern Japan*, 4<sup>th</sup>ed. London: Macmillan, 1981.

<sup>127</sup> Allen, G. C., and Donnithorne, A. *Western Enterprise in Far Eastern Economic Development: China and Japan*, London: George Allen and Unwin, 1954.

interest to manufacturing and industrial organisations including the decline of Japan's textile and mining industries. Allen argues that important structural changes accounted for the total growth in industrial output and that Japan's recovery from the war could be attributed to good management. Regarding the latter he also highlights the good fortune for the Japanese of external factors such as, notably the Korean War, which saw massive 'special procurements' from Japan being made by the USA to facilitate its war effort. Meanwhile, Allen in the book also recognised the importance of trade for the Japanese economy. As he points out, the international trading landscape at that time had changed due to the war, with restrictions on trade with China and technical advancements leading Japan to form new trading partnerships with the US and in Southeast Asia.<sup>128</sup>

More importantly for the subject matter of this thesis, *Japan's Economic Expansion*, published in 1965, which is a revised and extended work based on *Japan's Economic Recovery*, offered an evaluation of Japan's economy through the post-war period until 1964.<sup>129</sup> The book is a useful introduction for understanding Japan's contemporary economy, as two of the chapters provide overviews of the economy in the 1930s, followed by the author's discussion of post-war Japan's economic recovery, economic planning, and also some analysis of specific industries such as textiles and chemicals. Three years later, Allen offered a more in-depth analysis of Japan's agriculture sector in his work *Japan as a Market and Source of Supply*. In this book, Allen offers a comprehensive analysis of Japan's trade position at the time it was written and its likely future. He carefully examines the changes in methods and materials of Japanese products, and consumption, as the result of both industrial and social pressures, pointing out that:

The prospects are that ...she will be buying from abroad 50 per cent more goods than in 1964, and Japan will by then have become one of the leading markets of the world...for manufactured goods, oil and certain foodstuffs. At the same time she will have confirmed her position as one of the world's chief suppliers of manufactures.

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<sup>128</sup> Allen, G.C. *Japan's Economic Recovery*, London; New York: Oxford University Press, 1958.

<sup>129</sup> Allen, G. C. *Japan's Economic Expansion*, London: Oxford University Press, 1965.

For the UK, Allen believes, these prospects of Japan would seem to represent as much a trading opportunity as competitive challenge.<sup>130</sup>

Published in 1968, *Japan's Place in Trade Strategy: Larger Role in Pacific Region*, offered a comprehensive analysis of Japan's participation in Pacific region trade. In this book, Allen discussed the structure of Japan's foreign trade and also the kind of goods that comprised the country's imports and exports from the early 1950s until about the middle of the 1960s. He stated his belief that although there were still formidable obstacles to Japanese participation in the Pacific area, the advantages, political as well as economic, of greater participation were also substantial, both to Japan and to her trading partners.<sup>131</sup>

In *Japan's Economic Policy*, published in 1980, Allen analyses the institutions he believed had contributed to Japan's economic development from the late 19<sup>th</sup> century until the early 1970s. The first five chapters, some of which were originally written in the pre-war years, offer an overview of the period up until the end of the war, and include more detailed consideration of the role of the state, the textile industry, and institutions such as the *zaibatsu*. The focus of the remaining chapters is on analysing the causes of Japan's economic progress in the post-war period up until the time the writing of the book was completed, such as financial policy, social institutions, education, and a British view on Japan's post-war economic prospects.<sup>132</sup> At the end of the book, Allen suggests that 'after the end of the war, a deep pessimism about both Japan's short-run and her long-run economic prospects permeated the circles in which British policy towards her was being shaped.'<sup>133</sup>

## ***Content Analysis: Quantitative and Qualitative Content Analysis***

This section outlines the methodology used to analyse the contents of reports related to Japan's economic issues in the British newspapers used. A mixed research method

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<sup>130</sup> Allen, G. C. *Japan as a Market and Source of Supply*, Pergamon, 1967. p.134.

<sup>131</sup> Allen, G. C. *Japan's Place in Trade Strategy: Larger Role in Pacific Region*, 2<sup>nd</sup> ed. London: Atlantic Trade Study, 1968. p. v.

<sup>132</sup> Allen, G. C. *Japan's Economic Policy*, London: Macmillan, 1980.

<sup>133</sup> *Ibid.*, pp. 193-194.

combining quantitative and qualitative content analysis is applied to examine and analyse the content of the reports from the selected publications.

Quantitative and qualitative content analyses are used in tandem to include sampling of British newspapers/journals and in-depth textual analysis. The research approach applied in this study starts with quantitative content analysis as a preliminary phase followed by qualitative content analysis in the second phase. More specifically, the first step is to rely on the information obtained from the quantitative content analysis, which assesses the number and extent of reports in the newspapers and journals on a range of issues related to Japan's economy. Such an analysis provides measurable information such as how many, and what proportion, of articles are published about a specific subject during the study timeline. The result of quantitative analysis provides a useful method for gathering information from a large number of articles, however, quantitative content analysis is limited in that its findings do not say anything about the meaning of that content. Therefore, qualitative content analysis is applied building on the results of the quantitative content analysis. In Bauer's definition, qualitative content analysis is 'a research methodology that utilises a set of procedures to make valid inferences from text; these inferences are about senders, the message itself, or the audience of the message.'<sup>134</sup>

Quantitative and qualitative content analyses are used in tandem, allowing us to undertake sampling of British newspapers and some more in-depth textual analysis. Sampling in the quantitative content analysis has been used to narrow the selection of content to be analysed. The processing of the quantitative content analysis consisted of a simple count of the number and percentage of reports on Japan and Japanese economic related issues. To carry out the quantitative content analysis, the first task was to code the keywords and to collect relevant samples. A common sampling strategy for regular publications is the use of calendar dates as a reliable sampling frame allowing for a strictly random selection. However, random dates may include Sundays, when some newspapers are not printed, or papers may run coverage in a cycle, such as focussing on sport on Wednesdays. Moreover, when I first made some informal searches using obvious word combinations such as 'Japanese + trade', or

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<sup>134</sup> Bauer, M.W. 'Classical Content Analysis: A Review' in Bauer, M.W., and Gaskell, G. *Qualitative Researching with Text, Image and Sound: A Practical Handbook*, London: SAGE, 2000. p. 133.

‘Japan + economy’, it soon became apparent there were some substantial periods between 1952 and 1972 where no or very few articles were returned, particularly in the earlier years. To avoid distortions or missing any relevant articles, therefore, this study has used as its basic sample unit the keyword of ‘Japan’, and the first step was to search for every single article returned using the single fundamental keyword ‘Japan’. The results of such a search would simply include every article including the words ‘Japan’ or ‘Japanese’ regardless of its relevance for my research.

I therefore decided to retrieve all relevant articles including the keyword ‘Japan’ rather than drawing a strict random sample with a fixed number of articles for every year. This retrieval strategy for newspaper articles as primary sources for this project was not always easy, but it was clear that as thorough a method as possible had to be undertaken in light of concerns about the possibility that the lack of search returns for some times within the period might be due to relevant articles being missed through their not containing the exact matching phrase, such as ‘trade with China’ or ‘Anglo-Japanese trade’, even if they were somehow in effect covering those topics but making use of different language. Taking this step also helps to determine other factors relating to the reports, for example, how many reports related to Japan were published, the proportion of all reports related to Japan or Japan’s economy in relation to total reports published at that time, and what types of issues regarding Japan were addressed. Following this quantitative analysis, I then went through every article including the keyword ‘Japan’, rejecting those that were not related to the research questions, and placing those that were in a database. Articles in the database related to economic issues in Japan were then examined by applying qualitative content analysis. The results of quantitative content analysis, shown in Table 1.2-1.3, indicate the number of articles in the selected British press recording events, values, rules and norms regarding topics related to Japan’s trade and economy that are the focus of this research.

Checking each article was, as was to be expected, a lengthy process, but once finally completed produced interesting and also reassuring results. The patterns of gaps, clusters, peaks and troughs in the number of relevant articles returned across the time period mirrored those seen in the initial informal targeted searches combining ‘Japan’ with keywords such as ‘trade’ and ‘economy’. Meanwhile, the scale of this ‘fundamental’ search and the sheer number of articles involved allowed for greater

familiarity with the type of language, words, terms and styles favoured by journalists. This proved very helpful later on in enabling me to confidently select the best combinations of keywords with which to find representative articles on a given issue.

Following the completion of the first formal newspaper database searches of just 'Japan' outlined earlier, I selected a number of keywords and phrases in order to search for articles and reports that might shed light on how particular topics regarding Japan's economic issues were reported by different publications to their readerships. The words and phrases that are listed in the Table 1.2 and Table 1.3 below are examples of key words/phases used in this study for searching relevant articles in the newspapers. In total, this study applied about 55 keywords/ phases to identify the relevant articles, although eventually every article including keyword of Japan has been checked. Table 1.2 indicates the number of appearances in British newspapers of some selected key phrases related to reporting on Japan. The period between 1952 and 1972 has been divided into two sub-periods 1952-1959 and 1960-1972. Because of the streamlining of the title of the newspaper the '*Manchester Guardian*' in 1959 to the '*Guardian*', all the figures have been separated into two time periods, namely before and after this name-change, and I have rounded them to the nearest tenth of a percent. This also roughly divides the time studied in this research into the 1950s and the 1960s, and the results show the trend in these two different decades in the reporting of issues related to Japan's economy. Columns 1 and 2 indicate the number of articles searched by using the keywords 'Japan' and 'Japanese trade', respectively. The percentages indicated in the brackets of column 2 denote the articles identified using the key phrase 'Japanese trade' as a proportion of the total articles identified using the term 'Japan'. Columns 3 and 4 of the Table give the numbers and percentages for articles searched by using individual keyword of 'dumping' and 'threat UK' within the articles searched by using key phrase of 'Japanese trade', respectively.

**Table 1.2 Number and Percentage of Articles Returned by Using Different Keywords, 1952-1972**

<b>Newspaper/Journal</b>	<b>Time Period</b>	<b>(1) Japan*</b>	<b>(2) Japanese trade*</b>	<b>(3) Dumping*</b>	<b>(4) Threat UK*</b>
<b>The Manchester Guardian</b>	1952-59	5,669	1,593 (28.1)	62 (3.9)	55 (3.5)
<b>The Guardian</b>	1960-72	7,931	1,702 (21.5)	42 (2.5)	129 (7.6)
<b>Total</b>	1952-72	16,954 (16.3)	3,295 (24.2)	104 (3.2)	184 (5.6)
<b>The Times</b>	1952-59	6,985	271 (3.9)	8 (3.0)	0
	1960-72	16,852	537 (3.2)	12 (2.2)	29 (5.4)
<b>Total</b>	1952-72	23,837 (22.9)	808 (3.4)	20 (2.5)	29 (3.6)
<b>The Financial Times</b>	1952-59	10,151	4,031 (39.7)	78 (1.9)	71 (1.8)
	1960-72	24,608	9,286 (37.7)	175 (1.9)	173 (1.9)
<b>Total</b>	1952-72	34,579 (33.2)	13,317 (38.5)	253 (1.9)	244 (1.8)
<b>The Economist</b>	1952-59	2,358	580 (24.6)	12 (2.1)	28 (4.8)
	1960-72	8,299	2,450 (29.5)	48 (2.0)	101 (4.1)
<b>Total</b>	1952-72	10,657 (10.2)	3,030 (28.4)	60 (2.0)	129 (4.3)

*Source:* Calculated based on search results of different keyword from digital archive of the *Economist*, the *FT*, the *Guardian* and *Manchester Guardian*, and the *Times*. \*The figures in brackets are the average number of articles per week using each search term.

The results of the quantitative content analysis, showed in Table 1.2, highlight a few key points: firstly, the number of reports on Japan is higher in the second period compared with that of the first period. Meanwhile, there was clearly an interest in the selected newspapers and journal in reporting on Japan and Japan's economic issues, particularly in the financial press, as the average mention of Japan in the *FT* was about

33 instances per week, and over 10 per week in the *Economist*. *The FT* is in the top position for instances of articles in each of these selected search terms shown in Table 1.2. This is perhaps no surprise due to the publication being specifically concerned with the economy, business and finance. The same can be said of the *Economist* that, though a weekly journal, it also has such a relatively high number of instances of these search terms. Secondly, the *Manchester Guardian* and the *Guardian* show a far stronger interest in Japan's trade compared with the *Times*. This is possibly due to the newspaper representing British traditional industrial interests which were affected strongly by expanding Japanese exports, and so therefore the topic became an important issue for the newspaper to cover. Thirdly, whilst the *Manchester Guardian/Guardian*'s coverage remains about the same over the two time periods, the reporting of issues regarding 'Japanese trade' jumps drastically in the *Times*, the *FT* and in particular the *Economist*, suggesting the topic was deemed by these publications to be of far greater relevance to their readership in the 1960s than it had been in the previous decade. Meanwhile, perhaps highlighting that matters of Japanese trade were more likely to be covered when considered to be of direct relevance to UK, there is a higher frequency of reports on the specific term 'threat UK' than there are on the general negative issue of Japan's exports 'dumping'. As we will see, the increase or decline in the coverage of certain issues was not necessarily tied to changes happening in reality, and as will also be seen, there were other intangible factors influencing the representation by the newspapers of certain key issues.



**Table 1.3 Numbers of Articles Returned by Using Different  
Keywords,1952-1972**

<b>Newspaper / Keywords</b>	<b>The Times</b>	<b>The Guardian</b>	<b>The Financial Times</b>	<b>The Economist</b>	<b>Daily Mail</b>	<b>Daily Mirror</b>
<b>Japan</b>	23,837	16,954	34,579	10,657	4,495	2,206
<b>Treaty with Japan</b>	296	826	162	68	4	61
<b>Agreement with Japan</b>	410	1,974	487	78	8	76
<b>Trade with Japan</b>	979	4,726	1,504	217	30	325
<b>Anglo- Japanese trade</b>	109	164	155	24	15	10
<b>UK and Japan trade</b>	392	1,915	392	118	16	187
<b>Trade with China</b>	1,104	3,855	1,262	280	8	505
<b>China trade</b>	1,104	4,241	1,262	280	89	505
<b>UK and Southeast Asia</b>	3,665	198	1,740	710	35	175
<b>Japan and Southeast Asia</b>	2,248	106	1,908	514	7	12
<b>Trade with Sterling Area</b>	259	2,273	400	107	2	2,635

*Source:* Calculated based on search results of different keyword from digital archive of the *Economist*, the *FT*, the *Guardian* (including the *Manchester Guardian*), and the *Times*.

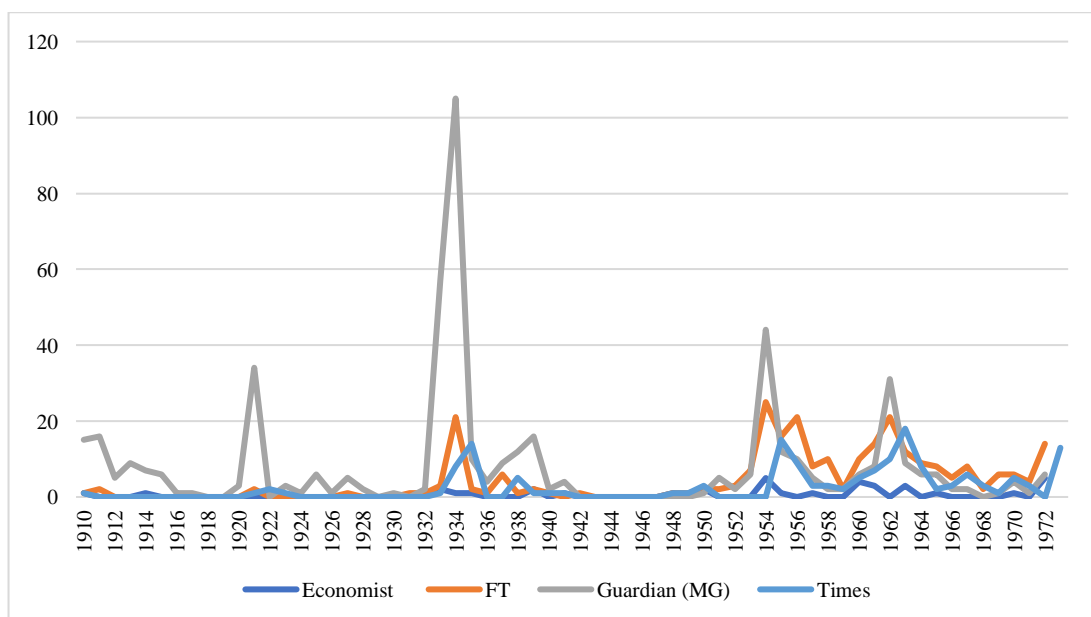
Table 1.3 shows the number of articles in the newspapers generated by searching some other relevant keywords and phrases related to the theme of this research. Looking at Table 1.2 and Table 1.3 we find that from 1952 to 1972, the *FT* takes the lead in reporting on ‘Japan’ in general, and the *Times* also shows a general interest, followed by the *Times*, the *Guardian*, and the *Economist*. A number of other features are conspicuous: (1) There are different interests regarding to Japan’s economic matters within and across newspapers. For instance, the *Guardian* had stronger interest in the issue of ‘Treaty with Japan’ compared with the *Times*; on other hand, the *Times* seems to have been more interested in reporting on economic aspects in relation to ‘Japan and Southeast Asia’, with 2248 articles on this matter compared with 106 articles in the *Guardian*. The *Daily Mail* showed more interest in the issue of Japan’s economic aspect related to ‘trade with China’ compared with the issue of ‘Agreement with

Japan'. Meanwhile, similar to the search results of Table 1.2, the *Guardian* seems to show the strongest interest in reporting on issues relating to 'UK and Japan trade' when compared with other papers. As we mentioned above, the reason for the *Guardian*'s strong interest in reporting on Japan's economic issues is likely to be mainly due to the background of the newspaper, which was founded by a successful cotton manufacturer, and the paper possessing a left-liberal political orientation. Meanwhile, even allowing for the fact that the *Economist* is a weekly publication, the results also indicate a very strong interest by the publication in Japanese economic issues. (2) Compared with the quality newspapers, the popular newspapers showed more interest in reporting on Japan from a broader context rather than in focusing on economic issues, which is understandable given that the themes of the quality papers focused more on politics, international affairs, economy, business, while popular newspapers were more likely to focus on broader social aspects, such as the society of Japan. However, it must be emphasised here that the *Daily Mirror* did show a stronger interest in reporting on aspects of Japanese economic issues than the *Daily Mail*, and demonstrated a proportionately stronger concern about those issues. (3) The table also indicates that individual newspapers regarded different aspects of Japan's economy or trade important to its readership, for example, the *Guardian* shows a strong interest on the topic of 'trade with Japan', with about 4,726 mentions of this issue, while in the *Daily Mail* there were only 30 mentions of the topic throughout the entire period. Also, the *FT* was more interested in reporting on issues related to the 'UK and Southeast Asia' and 'Japan and Southeast Asia' than the *Guardian*. This might be because papers other than the *Guardian* published much more relating to Japanese politics, foreign policy, and other things in general.

The various features discussed above reflected from quantitative content analysis, ascertained from the analysis of Table 1.2 - 1.3, therefore show that the range of selected newspapers are good primary sources by which to observe some features of the images presented by British newspapers and journals of Japan with regards to economic matters throughout the period of focus, as they represent what is deemed relevant to each publication's different readership demographics through a sufficiently large number of reports. It is worth mentioning here that there is, of course, the possibility of missing articles that might be found by using different keywords, or of overlap between searches; for instance, it seems that in the *Daily Mail* only two reports

can be found using the key phrase of ‘Trade with Sterling Area’. Some articles may be missed even though related to this topic if they do not have the key-phrase exactly as ‘Trade with Sterling Area’. Meanwhile, there may be overlaps between the results, for example, there may be duplicated articles from the search using keywords of ‘Trade with China’ and ‘China Trade’. Regarding such duplication, however, this can be easily addressed when articles are analysed in the relevant chapter of the thesis. There is, of course, an inherent risk of exaggerating the actual number of the articles obtained using each search word or set of search words. On occasion duplication might occur when using very closely related search terms, but in practise this is unlikely to be at a level that significantly changes the frequency of articles found from any given search criteria. Meanwhile, as the initial search was undertaken by using the keyword ‘Japan’, I have attempted to minimise the possibility of missing articles related to this research.

**Figure 1.1 Number of Articles Relating to ‘Anglo-Japanese Trade’ in Selected Newspapers and Journal, 1910-1972**

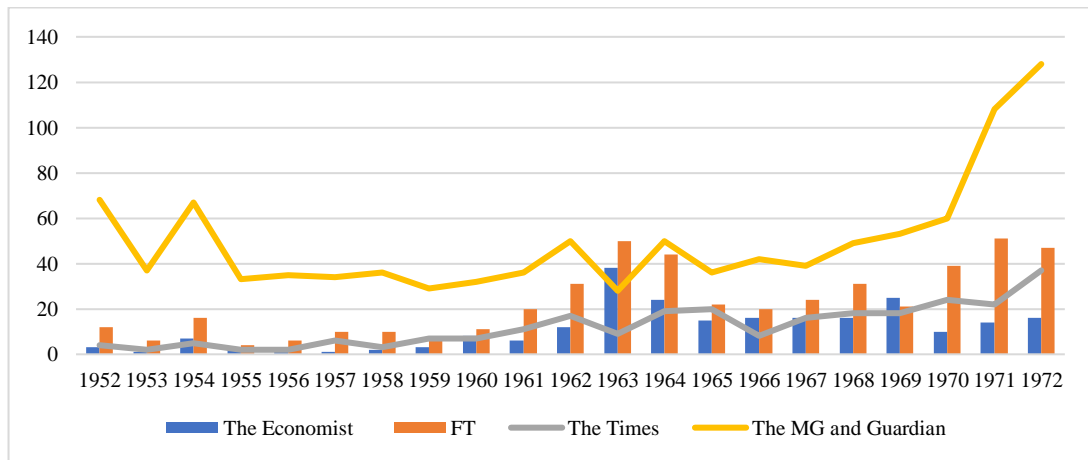


*Source:* Calculated based on search results of the keyword ‘Anglo-Japanese Trade’ from digital archive of the *Economist*, the *FT*, the *Guardian (and Manchester Guardian)*, and the *Times*.

Given that the focus of my analysis is on issues of trade, looking at the extent of coverage historically (to include articles published before 1952) by the British press of Japan’s trade can provide some helpful historical context. Figure 1.1 shows an overview of the number of articles found through searching with the keywords ‘Anglo-

Japanese Trade' in the *Economist*, the *FT*, the *Times*, and the *Guardian* (including the *Manchester Guardian*) from 1910 through to 1972, to help put my period into historical context. As already stated, in terms of overall imports and exports, Anglo-Japanese trade throughout this entire period did not account for a significant share of either country's foreign trade in terms of value, and so therefore not surprisingly, the number of reports on this issue is on the whole relatively small. Even so, as a subject, it still drew a fair amount of interest from the press during certain periods throughout 1910-1972. Analysing the search results more closely, the large surge in reporting on Anglo-Japanese trade for the years between 1932 and 1934 clearly reflects the reality of a time when the UK faced fierce competition from Japan in both domestic and overseas Empire markets, and when Japan was showing recovery from the Great Depression. The upsurge of interest is particularly apparent in the *Manchester Guardian*, which directly represented the interests of industries in the north such as the cotton industry, which felt particularly affected and under threat by Japan's encroachment onto its business territory. Compared with the first half of the 20<sup>th</sup> century, we can see that aside from this specific 1932-1934 'spike', over the post-war years, the frequency and number of articles on Anglo-Japanese trade was significantly higher than before, particularly come 1952 when Japan regained its sovereignty. This may well indicate that the greater degree of freedom from the US associated with Japan's economic policy may have meant that the issue became more freely discussed in the UK. Significantly, the peaks of coverage in the post-war period seem to align with whenever there was a drive in Japan's exports, the British economy itself experienced difficulties, or there was for some reason general interest in trading with Japan. For example, we find such an increase at the time when the 2<sup>nd</sup> SPAs were negotiated and signed between 1953 and 1954, and also from 1960 until early 1963, spanning the negotiations of the Anglo-Japanese Commercial Treaty until it was applied in 1963. As indicated in Figure 1.1, the *Guardian* was more interested in reporting on issues of Anglo-Japanese trade. This might be because, compared with other newspapers studied in this research, the paper represented the interests of traditional British industries such as textiles, which were heavily impacted by Japanese exports. However, it might also be because the *Guardian* was just more inclined to use the term 'Anglo-Japanese Trade' than other papers.

**Figure 1.2 Number of Articles with Keyword ‘Japanese Economy’ in the Selected Newspapers and Journal, 1952-1972**



Source: Calculated based on search results of the keyword ‘Japanese economy’ from digital archive of the *Economist*, the *FT*, the *Guardian* (the *Manchester Guardian*), and the *Times*.

In light of the historical context just discussed which established that after 1952 there was an increase in press interest in the topic of trade between the UK and Japan, Figure 1.2 focuses on the number of articles found using the slightly different keyword combination ‘Japanese economy’ from 1952 to 1972 in the same publications featured in Figure 1.1. The figure shows that there was a substantial number of reports regarding the ‘Japanese economy’ between 1952 and 1954, particularly in the *Manchester Guardian* and the *FT*, which was possibly due to the second SPA being negotiated and finally signed in that year. The coverage of ‘Japanese economy’ increased again between 1959 and 1962 in the broadsheet *Times* and the *Guardian*, to levels that were to a degree broadly maintained, though with fluctuations, up until 1968. *The Times* then continued at this level until 1971 when it can then be seen to substantially increase its coverage in 1972. Meanwhile, the *Guardian* from 1968 to 1970 gradually increased its coverage of ‘Japanese economy’ after which it then jumped steeply between 1970 and 1972. From 1959 to 1963 the more specialist financial publications the *Economist* and the *FT* seem to have exponentially increased their coverage of the ‘Japanese economy’ in a period that covers the Anglo-Japanese Commercial Treaty in its intense negotiation stage, being signed in 1962, and then applied from May 1963. After this point the *Economist* generally declines in its coverage. By contrast the *FT*, though also initially declining, from 1966, though with fluctuations, eventually increases back to the same level of coverage in 1971 as it had

featured in 1963. Each separate line could be said to show in the rawest form at any given time the apparent level of interest by the publication in the relevance of economic issues regarding Japan for its readership. Putting the profiles of the individual publications into one graph shows a more collective overview, illustrating the variance in coverage between the publications over the same time period on this same subject, underlining the importance of studying a broad cross-section of newspapers.

Keeping in mind that some newspapers perhaps might editorially be more inclined to use the term ‘Japanese economy’ than others, if we look more closely at the possible reasons already suggested above behind the overall movements in the level of interest and coverage of the ‘Japanese economy’, it seems likely that it was related to a number of trends. Firstly, Japan was not treated as a potential market for the UK until the later 1950s, which probably explains the relatively small level of coverage in the early period compared to that of the 1960s. Secondly, from the late 1950s to early 1960s was the period when the Anglo-Japanese Commercial Treaty was discussed heavily, as in order to enter Japan’s market, the UK in turn had to lift many protectionist restrictions that it had previously placed on Japanese imports. As will be shown in chapter 2, in which reports on the SPAs and the Anglo-Japanese Commercial Treaty are analysed, during the time when the treaty was negotiated we can see a good deal of coverage about a fear in British industry that lifting some restrictions to allow Japanese goods into the British market would threaten British interests. Then, once the treaty was signed, with only the details of this new agreement needing to be reviewed annually, from 1963 until 1968 instances of coverage evaluating ‘Anglo-Japanese trade’ declined. Reports on ‘Japanese economy’ also initially declined. By the late 1960s however, with Japan’s extraordinary rate of economic growth showing little sign of abating after more than a decade, as will be discussed in more detail in the following chapters, there was therefore a resurgence of interest and newspaper coverage compared to the coverage in the 1950s.

The quantitative content analysis thus indicates the significant extent of reporting in the selected British publications on issues related to Japan’s economy, and the qualitative content analysis in the chapters that follow shows that there are frequent traces of conflicts and arguments across different articles within and between the different newspapers. Considering and comparing these reports over a twenty year

period allows us to detect fluctuations and irregularities in the content, and also offers a good-sized and systematically collected sample.

So far, the approach has been conventional content analysis, by which this research has counted and studied the quantity and percentage of the reports including different selected sampling units, such as ‘Japan’, ‘Anglo-Japanese trade’ and so on. The qualitative data collection and analysis allows us to build on any quantitative findings by exploring the meaning of the data in more depth.<sup>135</sup> Qualitative content analysis allows us to draw comparisons between selected topics and to explain the underlying context.

## 1.5 Thesis Structure

This thesis includes five chapters in total. The remainder of this introductory chapter outlines the structure of the thesis.

Chapters 2 to 4, which constitute the research core of the thesis, look at different aspects of the reports in British newspapers on Japan’s economy and trade. The post-war success of Japan’s economy was through shifting further away from a reliance on agriculture towards industry, and the export of manufactured goods as the core of its economic structure - the same method upon which the UK had effectively pioneered and risen to superpower status through its Industrial Revolution, and maintained a dominant position with up until the outbreak of the Second World War. Therefore, this research naturally focuses on the post-war competition between the UK and Japan in this field of the export of manufactured products. Starting with the broader regulatory framework, chapter 2 examines how the British press presented the image of Japan in articles related to the negotiation processes and contents of the SPAs signed in 1954, and the Anglo-Japanese Commercial Treaty signed in 1962. These regulations covered Japan’s trade in the sterling area and Anglo-Japanese trade throughout much of the period under concern.

The focus of chapter 3 is to look at how the image of Japan was presented in British newspapers in their coverage of the UK’s trade with Japan, and of the Japanese

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<sup>135</sup> Creswell, John W. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 3<sup>rd</sup> ed. Thousand Oaks, Calif.: Sage Publications, 2009.

economy. At the beginning of the chapter, a brief introduction of the reality of the two nations' economy and their exports to each other will be presented through descriptive statistics. With Japan's economic growth came changes in the composition of bilateral trade with the UK, with the UK running a deficit in the period 1952-1972; accompanying this was the gradual increase in the importance of Japan as an export market within which the British had already lost their place to other competitors such as the US and Germany.

Chapter 4 then looks at the images of Japan presented in newspaper reports relating to the British and Japanese exports in Asia, looking in particular at China, Malaya/Malaysia and Singapore. Between 1952 and 1972, there was acute competition between the UK and Japan in these markets; both countries had had a long history with these regions before and during the Second World War. Therefore, the post-war period saw both trying to rebuild economic connections. The realities of the UK's and Japan's trade in the region will, as in the previous chapter, be presented through descriptive statistics, followed by the analysis of press reports in the UK on British and Japanese exports to these markets during this period.

Chapter 5 of the thesis summarises the findings of this research.

The next chapter will now look at how the selected British newspapers presented the image of Japan in reports covering the negotiations and contents of the official documents that regulated trade between the two countries throughout this period, namely, the Sterling Payment Agreements of 1951 and 1954, and the Anglo-Japanese Commercial Treaty of 1962.



## **Chapter 2**

# **Newspaper Reports on the Sterling Payment Agreements and Anglo-Japanese Commercial Treaty**

### **2.1 Introduction**

To help contextualise the attitudes and images that might be seen in articles in the British press covering Japan's trade and economy during the 'golden era' of growth, it is helpful to look at the range of official documents that guided the UK's and Japan's bilateral trade and their trade in the Sterling Area throughout the period. These are notably the annual Anglo-Japanese Trade Agreement, the Sterling Payment Agreements (SPAs) signed 1951 and 1954 respectively, and the Anglo-Japanese Commercial Treaty signed in 1962. The annual Anglo-Japanese trade agreement had the primary purpose of setting targets for bilateral trade and agreeing quotas to restrict or limit certain imports and exports between the two countries for the coming trading year. For most of the years concerned in this research, this agreement, as its name suggests, was simply renewed annually with some adjustment of trade targets and quotas, but without any major revisions. In the context of each of Japan's and the UK's own individual overall foreign trade activities throughout this period, the annual Anglo-Japanese trade agreement was given scant attention or priority by either country's government. The fact that little priority was given to the agreement by either party in comparison to their other economic affairs might be explained by the value of Anglo-Japanese trade being relatively small in comparison to both UK's and Japan's foreign trade overall, and consequently of low priority to both governments. For instance, between 1952 and 1972, although the value of direct trade between the two countries rose during the expansionary period of the 1950s and early 1960s, UK never

accounted for more than 3 per cent of Japan's imports, or more than 4 per cent of Japan's exports throughout the period 1952-73.<sup>136</sup>

Two far more significant sets of official documents were the SPAs and the Anglo-Japanese Commercial Treaty. After the Second World War, expanding trade with nations in the Sterling Area became important to both the UK and Japan. The war had, of course, brought about severe dislocation in the international economy, and Japan in particular only slowly began to re-establish its international trading activities. By the early 1950s, facing a dollar shortage in the early postwar period and endeavouring to hold back the tide of the US dollar becoming the international trading currency of choice, the UK saw a potential role for Japan in revitalising sterling as the trading currency of choice in East and Southeast Asia. This, it hoped, would occur through Japan becoming the region's 'workshop' and stimulating intra-Asia trade, and so the country was introduced to the established Sterling Area trading system. For Japan, this in return was an opportunity to purchase scarce raw materials from and, in turn, re-establish commercial relations with, the pre-war trading partners, such as Malaysia and Singapore. Therefore, this chapter focuses on the study of the SPAs signed in 1951 and 1954, respectively, and the Anglo-Japanese Commercial Treaty signed in 1962. In addition, through analysing the images of Japan they contain, newspaper coverage of the two SPAs and the Anglo-Japanese Commercial Treaty will also provide context to the images of Japan that will be seen in subsequent chapters on newspaper reports of the UK and Japan's economies and their exports to each other and Anglo-Japanese trade competition in Malaya/Malaysia and Singapore, which were countries in the Sterling Area in Southeast Asia.

This chapter looks at how newspaper reports present the image of Japan (and any accompanying image of the UK) when covering the move from a simple payment agreement and annual trade agreement to a full commercial treaty as terms of major guidance of economic relations. British newspaper reports of the negotiations leading up to the conclusion of the SPAs in the 1950s and the Anglo-Japanese Treaty of Commerce and Navigation in the 1960s, as well as their exchanges of notes and protocols, provide a unique angle on how Japan was viewed in the UK in the context of its economic rise. Table 2.1 shows the timeline of the trade regulations guiding trade

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<sup>136</sup> Hunter, J and Sugiyama, S (eds.). *The History of Anglo-Japanese Relations, Vol. 4*, p. 76.

between the UK and Japan from 1952 to 1972. The SPAs set the key guiding parameters of Anglo-Japanese-Sterling Area economic and financial activities during most of the 1950s and the Commercial Treaty regulated the UK's and Japan's bilateral trade from 1963 to 1968. Although the period between 1948 and 1951 when the Open Payment Agreement (OPA) was in use falls before the years under consideration, in fact Japan re-opened official trade with the UK and sterling area countries on 31 May 1948 in the form of the OPA. Some information and analysis related to this agreement is therefore essential, as it served as a marker from which to measure movement in the specific interest, tone and mood of coverage in newspapers regarding Japan's economy and its trade under the two subsequent SPAs. There will therefore be some short commentary on the topic of the OPA as and when relevant. Meanwhile, although the Anglo-Japanese bilateral trade agreement was also in place before and after the Commercial Treaty, as mentioned earlier the trade agreement was simply renewed each year, with any adjustments made limited to trade targets and quotas for each coming year.

**Table 2.1 Timeline of the Trade Regulations**

<i>Regulations</i>	<i>Time period</i>
<b>OPA: Open Payment Agreement</b>	<b>May 1948 - August 1951</b>
<b>SPA: Sterling Payment Agreements</b>	<b>August 1951- March 1957</b>
1 <sup>st</sup> SPA	August 1951- August 1952
Extension of 1 <sup>st</sup> SPA	August 1952 - December 1952
Formal review of the 1 <sup>st</sup> SPA	December 1952 - January 1954
Signing of the 2 <sup>nd</sup> SPA	29 January 1954
2 <sup>nd</sup> SPA, renewed 3 times every 3 months	December 1954 - September 1955
2 <sup>nd</sup> SPA, renewed for another year	17 October 1955 - September 1956
All the SPAs ended	March 1957
<b>Anglo-Japanese Bilateral Trade Agreement</b>	<b>1952-1962, 1969-1972</b>
<b>Anglo-Japanese Commercial Treaty</b>	<b>1963-1968</b>

Source: Yokoi, N. *Japan's Postwar Economic Recovery*, p. 154; Akita, S. 'The East Asian International Economic Order in the 1950s' in Best, A (ed.). *The International History of East Asia, 1900-1968*, pp. 155-164.

So far, although these three sets of documents have been covered by some academic works relating to the UK and Japan, there is no single piece of research that has focused on newspaper reports in order to help understand some of the underlying attitudes towards Japan's economy and motivations in the UK articulated around the agreements' construction and negotiations during the period in which they were in force. Therefore, as well as the images of Japan's economy itself, newspapers also offer a unique angle, through the frequency of articles published throughout negotiation processes, to track some of the attitudes in the UK throughout the negotiation process, rather than just at the time of final agreements. They thus perhaps show more of the underlying British motivations in relation to the outcomes reached.

So far, studies related to the SPAs and the Anglo-Japanese Commercial Treaty have been carried out mainly through the use of official documents. For example, Noriko Yokoi's and Shigeru Akita's works are largely based on documents from the Colonial Office and Foreign Office. Noriko Yokoi's comprehensive work, *Japan's Postwar Economic Recovery and Anglo-Japanese Relations 1948-1962*,<sup>137</sup> certainly mentions and discusses the three documents in some depth, but a major purpose of her study is to argue against the traditional opinion that the UK was opposed to Japan's return to Southeast Asia. Nicholas J. White's work, 'Complementarity, decolonisation, and the Cold War: British responses to Japan's economic revival in Southeast Asia during the 1950s and 1960s', covers the SPAs, and White suggests that:

There is no doubt that British policy-makers saw advantages for the strengthening of the sterling area, and reviving the UK's influence in the Asia-Pacific region. But these considerations were largely ancillary to the bigger geo-strategic picture, namely the containment of communist China and the stabilisation of decolonising Southeast Asia.<sup>138</sup>

Shigeru Akita's work, 'The East Asian International Economic Order in the 1950s', provides a more specific study on the OPA and SPA, but focuses mainly on the role of the SPA within Japan and its impact on economic development in East Asia,

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<sup>137</sup> Yokoi, N. *Japan's Postwar Economic Recovery and Anglo-Japanese Relations, 1948-62*, London: Routledge Curzon, 2003.

<sup>138</sup> White, N. 'Complementarity, Decolonisation, and the Cold War: British Responses to Japan's Economic Revival in Southeast Asia during the 1950s and 1960s', in Best, A (ed.). *The International History of East Asia*, p. 178.

highlighting the Japanese perspective.<sup>139</sup> In a few other works, the Commercial Treaty has been analysed either from personal or legal perspectives through other resources such as official documents and government documents. For instance, Gray's work, 'The Anglo-Japanese Commercial Treaty of 1962: A British Perspective', is an account that seeks mainly to recall the circumstances under which the treaty was concluded and to note some of the implications of the process for trade relations between the two countries.<sup>140</sup> S, Hanaoka's work 'Memories of the Anglo-Japanese Commercial Treaty: A Japanese Perspective', also offers observations on the Anglo-Japanese commercial treaty, but this time, as the title indicates, proffers a Japanese perspective, describing Hanaoka's personal memories of the negotiation process of the commercial treaty between the UK and Japan.<sup>141</sup> Another work by Almond studies the content of the treaty's legal terms only.<sup>142</sup>

Under the main research questions outlined in chapter one, more specifically the research questions answered in this chapter are:

- (1) How was the image of Japan presented in articles covering the SPAs and Anglo-Japanese Commercial Treaty?
- (2) When visible, what was the accompanying reflection or image of the UK or UK industry in these articles?
- (3) To what extent were these images and reflections based on rational economic fact or emotions and memories?

As pointed out in chapter 1, newspapers and journals offer a key advantage over official archives through their wider representation of disparate groups in society, and by being able to reflect more quickly the changing attitudes and/or economic situation at any given time. In this chapter I argue that throughout the period of 1952-1972,

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<sup>139</sup> Akita, S. 'The East Asian International Economic Order', pp. 153-167.

<sup>140</sup> Gray, R. 'The Anglo-Japanese Commercial Treaty of 1962: A British Perspective', in Nish, I (ed.). *Britain and Japan, Biographical Portraits Volume II*, Richmond, Surrey: Japan Library, 1997. pp. 301-317.

<sup>141</sup> Hanaoka, S. 'Memories of the Anglo-Japanese Commercial Treaty: A Japanese Perspective', in Nish, I (ed.). *Britain and Japan, Vol II*, pp. 318-326.

<sup>142</sup> Almond, H. 'The Anglo-Japanese Commercial Treaty of 1963', *International and Comparative Law Quarterly* 13, no. 3 (1964). pp. 925-68.

historical and/or emotionally-based views regarding Japan (and of the UK) are shown by British newspaper articles to have played a significant role in influencing views in the UK towards Japan's economic growth, and the approach in the UK towards Japanese trade competition and trading with Japan.

The textile industry, especially the cotton and wool industries, will be major concerns of this chapter. The reason for focusing on this particular industry is that textiles were an important sector of Japan's economy during the lifetimes of the payments agreements and the negotiation period of the commercial treaty. Textiles accounted for 37.3 per cent and 29.8 per cent of the total value of Japan's exports in 1953 and 1959, respectively.<sup>143</sup> Issues relating to the textile industry, especially cotton and wool, became a sensitive and predominant topic between the two countries during this period, and were a crucial topic when treaty terms were discussed. In general, the UK's textile industry had faced strong competition from Japan since the interwar period, and, as Sharkey has noted, 'By the 1920s the Lancashire cotton industry, UK's major exporter, was losing out to Japan and there were heated conflicts between British and Japanese producers.'<sup>144</sup> Textiles in 1953 accounted for about 12.6 per cent of the total value of the UK's exports, halving to 6.3 per cent by 1963.<sup>145</sup> This decline was at least in part due to competition from Japan in the world market. Hence during the negotiation process of the Anglo-Japanese Commercial Treaty from 1958 to 1962, the Board of Trade faced significant complaints and pressure from both the cotton and woollen textile industries for all textile manufactures and parts of the textile industry to be included in the treaty's so-called 'sensitive list' of sectors that would be protected and given special consideration when trading with Japan. We should also remember that rather than being considered simply as just an industry in the UK, textiles were regarded as one of the symbols of UK's great achievements during her earlier economic prosperity. To some extent, therefore, to protect a traditional industry such as textiles from foreign competition during the early post-war decades was also important in terms of protecting the British self-image — and so self-confidence — regarding their economy, as many in the UK were reluctant to accept that their

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<sup>143</sup> Calculated based on *Japan Statistical Yearbook*, years of 1954 and 1960.

<sup>144</sup> Sharkey. 'British Perceptions of Japanese Economic Development in the 1920s', p. 252.

<sup>145</sup> Mitchell, B. R. *British Historical Statistics*, Cambridge: Cambridge University Press, 1988. p.15.

dominant position in the world economy had been lost, initially to the U.S. and later on additionally to other countries such as Japan. This importance of the textile industry at the time in the UK was also reflected in the amount of newspaper articles on this specific topic, with the industry's views on the SPA and treaty dominating much of the reporting concerning the regulatory framework.

This chapter is divided into four sections. Following this introductory section, the next section will look at the OPA and SPAs, analysing the image of Japan in British newspaper reports as these agreements were negotiated and finalised between Japan and the UK (and the Sterling Area) throughout the period under concern. The third section will do the same as the second, but looking at the Anglo-Japanese Commercial Treaty. Finally, section four will be the conclusion of this chapter.

## **2.2 The OPA and the SPAs**

### **Background of the *OPA (1948-1951) and the SPAs (1951,1954)***

After the Second World War, the UK faced a dollar shortage, having lost much of its gold and dollar reserves as well as overseas assets, whilst simultaneously accumulating huge sterling liabilities with countries in the Sterling Area due to its need to finance the war.<sup>146</sup> On 15 July 1947 the convertibility of sterling was restored under pressure from the US government, leading to, unsurprisingly, the UK's dollar reserves being rapidly depleted due to the dollar shortage faced by most countries in the world. Consequently, the UK's government had to once again suspend convertibility just a month later on 20 August 1947, with full convertibility not taking effect again until more than a decade later in 1958. In further response to this unsteady financial environment, to help strengthen its currency and to restrict convertibility of sterling into dollars, for the first half of its period of inconvertibility the UK divided the Sterling Area into a trading bloc with four different 'account' areas, as indicated in Table 2.2, the sterling account, the American account, the transferable account and the

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<sup>146</sup> Yokoi. *Japan's Postwar Economic Recovery*, p.13.

bilateral account.<sup>147</sup> With the exception of those in the bilateral bloc, members of all the other blocs could transfer sterling currency to those within their own bloc, as well as to those in the sterling bloc. Those in the bilateral bloc, which included Japan, were the most restricted, being only able to transfer sterling automatically to a member of the sterling bloc; the use of sterling for settlements with another bilateral account country was only allowed with the approval of the Bank of England. Countries in the transferable bloc were slightly less constrained by being allowed to transfer sterling both within their own account group as well as into the sterling account, but were, however, not permitted to transfer sterling to the American account group. American bloc members enjoyed the most flexibility, for as well as being permitted to trade in sterling with both transferable and sterling bloc members, they were also able to exchange any sterling they held into dollars and vice-versa.<sup>148</sup>

**Table 2.2 Sterling Area Account System, April 1952**

<b>Account</b>	<b>Countries</b>
Sterling Account	Australia, New Zealand, South Africa, India, Pakistan, Ceylon, Burma, Iceland, Jordan, Libya, Persian Gulf territories, British colonies
American Account	USA, Bolivia, Canada, Central America, Venezuela, Ecuador, Philippines, Colombia, Dominica
Transferable Account	Austria, Chile, Czechoslovakia, Denmark, Egypt, Ethiopia, Finland, West Germany, Greece, Italy, The Netherland, Norway, Poland, Spain, Sweden, Thailand, USSR
Bilateral Account	Argentina, Belgium, Brazil, China, Formosa, France, East Germany, Hungary, Iran, Israel, Japan, Lebanon, Paraguay, Peru, Portugal, Romania, Switzerland, Syria, Tangier, Turkey, Uruguay, Yugoslavia

*Source:* Schenk, C. R. *Britain and The Sterling Area, from devolution to convertibility in the 1950s*, London and New York: Routledge, 1994. p.14.

Although Japan was in the bilateral bloc during the period of the OPA, with what was referred to as the ‘dollar convertibility clause’, SCAP was allowed to convert surplus sterling into dollars on the country’s behalf at six-monthly intervals (on 30 June, and

<sup>147</sup> Schenk. *Britain and The Sterling Area*, p.14.

<sup>148</sup> *Ibid.*, pp. 8-10.



31 December), which meant that Japan was in some respects regarded in the same way as the members of the American account.<sup>149</sup> In its early stages (up until 1950) the OPA had been a useful agreement to the UK in a number of ways, one of which had been as a means of discouraging the use of the dollar by Sterling Area countries through enabling them to buy non-dollar textiles from Japan. However, with an expansion of Japanese exports, the OPA became a much more troublesome issue for the UK, as it gradually began to restrict Japan to trading in the types of goods the UK deemed essential within the Sterling Area. The reason for this restriction was that the British were wary that any serious trade imbalance in favour of Japan could result in a dollar drain from the area due to the dollar convertibility clause, even though the clause was in fact never utilised during the time the OPA was effective.<sup>150</sup> The UK, already facing a dollar shortage, therefore needed a long-term strategy for sterling payments with Japan to replace the short-term nature of the OPA, one that could fulfil the aim of achieving a trade balance with Japan with neither a loss of dollars nor threat to the UK's industry and its interests in the Sterling Area.

On 1<sup>st</sup> August 1951, the first SPA was signed between the Government of the UK (on behalf of the entire Sterling Area) and SCAP (on behalf of Japan). Then, three years later on 29<sup>th</sup> January 1954, a second SPA was signed directly between the governments of the UK and Japan. Each Sterling Payment Agreement was initially to last for a year, with the option of extension or renewal by mutual consent.<sup>151</sup> When we look at the content of the two SPAs, we find that both consisted of 9 articles, with an additional four exchange notes in the first and two in the second. Article 1 of both the SPAs indicated that 'all payments between residents of Japan and residents of the

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<sup>149</sup> Akita. 'The East Asian International Economic Order', p. 155.

<sup>150</sup> Yokoi. *Japan's Postwar Economic Recovery*, pp. 19, 21.

<sup>151</sup> U.K. Parliament. (1951). Japan no. 4 (1951). *Sterling Payments Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan [with Exchanges of Notes]*, accessed from:  
<https://parlipapers.proquest.com/parlipapers/result/pqpdocumentview?accountid=9630&groupid=107924&pgId=03f3f3ee-a763-4b6c-8cef-953efc9b3d32>.

U.K. Parliament. (1954). Treaty Series No. 17 (1954). *Sterling Payments Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan [with Exchange of Notes]*, accessed from:  
<https://parlipapers.proquest.com/parlipapers/result/pqpdocumentview?accountid=9630&groupid=107924&pgId=c3dd656c-0de6-4e3b-a5ca-1a0440b53a6b>.

Scheduled Territories, other than such as must necessarily be made in yen, should be settled in sterling',<sup>152</sup> in doing so serving the function of promoting the use of sterling. Article 2 of both SPAs required that SCAP (1<sup>st</sup> SPA), and the Government of Japan (2<sup>nd</sup> SPA) should ensure that their appropriate authorities should buy and sell sterling. Articles 3, 4, 5 and 6 all related to issues regarding the transfer of sterling. Article 7 clarified the definitions of the Scheduled Territories, Japanese account, and payments in respect of direct current transactions. Article 8 made clear that the authorities in charge of the agreements were the Bank of England representing the government of the United Kingdom, the Japanese Foreign Exchange Control Board as agent of SCAP in the 1<sup>st</sup> SPA, and the Bank of Japan as the agent of the Government of Japan in the 2<sup>nd</sup> SPA. Article 9 mentioned that either contracting party could give notice to the other of its intention to terminate the agreement and that the agreement should cease to have effect three months after the date of such notice.

The exchanges of notes within the SPAs indicate the changes in concerns in the UK regarding Japan's sterling reserves between the time when the 1<sup>st</sup> and 2<sup>nd</sup> agreements were negotiated and signed. In the exchange notes relating to the 1<sup>st</sup> SPA, the main priority at that time seems to have been to ensure the smooth working of the Agreement. The governments of the UK and SCAP mutually recognised the desirability of keeping Japan's sterling balance within reasonable limits, and this was renegotiated each year by both parties. We can see from Table 2.3 that Japan's sterling reserve increased fairly steadily from 1950 and reached its peak of about £127 million in June 1952. However, circumstances were different by the time the 2<sup>nd</sup> SPA was negotiated and signed, with there being a huge decline of almost £25 million in Japan's sterling reserve in the last quarter of 1952. The drop in Japan's sterling reserve shifted the main concern in the UK from keeping Japan's sterling balance within reasonable limits to, in the 2<sup>nd</sup> SPA, there then being the desirability of Japan holding sufficient

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<sup>152</sup> According to the Exchange Control Act of 1947 the world was divided into Scheduled Territories and the rest. The Scheduled Territories were the countries of the British Commonwealth and British Protectorates and Trust Territories plus Iceland, Jordan, Kuwait, Libya, South Africa and South Yemen, 'Exchange Control Act, 1947, 10&11 GEO.6.CH14. Information Accessed from:

[http://www.unesco.org/culture/natlaws/media/pdf/gb/uk\\_act\\_chap14\\_1947\\_orof.pdf](http://www.unesco.org/culture/natlaws/media/pdf/gb/uk_act_chap14_1947_orof.pdf).

sterling to meet her requirements at all times without, however, accumulating an excessive amount.

**Table 2.3 Japan's Sterling Reserves, January 1950-December 1953**  
(£, Thousands)

<b>Month</b>	<b>1950</b>	<b>1951</b>	<b>1952</b>	<b>1953</b>
<b>January</b>	15,417	16,332	82,152	78,228
<b>February</b>	14,653	15,542	91,738	66,856
<b>March</b>	15,024	15,650	99,668	50,500
<b>April</b>	17,687	30,366	109,784	40,821
<b>May</b>	17,181	41,797	120,644	35,856
<b>June</b>	16,991	43,643	126,889	33,025
<b>July</b>	17,612	38,173	126,124	32,690
<b>August</b>	20,969	38,054	120,987	28,030
<b>September</b>	20,930	40,573	120,302	32,829
<b>October</b>	21,796	49,148	113,979	31,375
<b>November</b>	20,714	61,892	103,970	30,554
<b>December</b>	19,442	75,455	88,992	42,523

*Source:* Ministry of Finance 1978, 127. Cited in Yokoi. *Japan's Postwar Economic Recovery*, p. 50.

The signing of the SPAs was to facilitate Sterling Area-Japan trade from both sides. Although it must be acknowledged that all the payments had to be paid in sterling, which on one level seems 'unfair', I would also suggest that, perhaps surprisingly, the SPAs do not appear to have been significantly biased in favour of either the UK (on behalf of the Sterling Area) or Japan. Sterling was after all the currency with which these countries traded, and taking into consideration Japan's economic and political position at that time, it was surely therefore appropriate for the country to use that same currency for trade settlements within the area.

## *Images of Japan in Newspaper Reports on the OPA and the SPAs*

After about 3 months of negotiation, on 1 August 1951, the 1<sup>st</sup> SPA was signed between the government of the UK and SCAP, with the agreement to be valid for a year until August 1952. The ‘dollar convertibility clause’ of the OPA that the SPA was superseding was removed due to the scheduled termination of the occupation by SCAP of Japan.

As already discussed, during this period one of the key issues related to the SPA was Japan’s sterling reserve. If we look again at Table 2.3, we see Japan’s sterling reserves increased quickly from the last quarter of 1951, reaching nearly £127 million at its peak in June 1952. As explained in a *note verbale* issued by a Ministry of Foreign Affairs (MOFA) official of the Japanese government, aside from the special procurements acquired by the US to support its Korean War effort, there were three reasons for the increase of sterling reserves and why Japan was importing less from the Sterling Area than from the U.S. Firstly, Japan claimed there was a lack of availability of required goods in the Sterling Area. Secondly, it was argued that the higher price of British goods compared to the Dollar Area discouraged Japanese buyers.<sup>153</sup>

The situation of dramatic accumulation by Japan of sterling holdings caused concern to both the British and Japanese governments. On 3 March 1952, Japan announced the decision to take unilateral restrictions on its exports of steel and textile products to the Sterling Area, which had, up to this time, made up 60-70 per cent of its exports to the area.<sup>154</sup> Japan’s announcement of her decision to take unilateral action in order to restrict its exports to the Sterling Area was reported by the British press. For example, the *Daily Mail* on 29 March 1952 reported that: ‘Japan has been accumulating a lot of sterling. Figures issued in Tokio this month put the total of Jap sterling balances at £100,000,000 and they might soon be £130,000,000.’<sup>155</sup> The article later then states how:

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<sup>153</sup> Yokoi. *Japan’s Postwar Economic Recovery*, pp. 53-54.

<sup>154</sup> *Ibid.*, p. 53.

<sup>155</sup> Williams, L. D. ‘Japs Pay £20,000,000 Deposit’, *Daily Mail*, March 29, 1952.

British and Japanese finance experts have been conferring in Tokio this week on the subject of Japanese rapidly increasing sterling balances which are not convertible to dollars. Both sides agree that the best way of halting the growth of these balances would be the expansion of British exports to Japan.<sup>156</sup>

Amongst this fact-based reporting of the findings of the talks and of the data for Japan's increasing sterling balances is the othered of the image of the country through the use of the word 'Jap'.

Meanwhile, in order to increase Japanese receipts of sterling, as Akita finds, the Japanese government requested the relaxation of import restrictions on its goods entering the Sterling Area that had been introduced in the 1930s and temporarily tightened in 1952 to counteract the Japanese accumulation of sterling.<sup>157</sup> However, in response to this request, Hugh Thomas, Financial Counsellor at the British Embassy in Japan and also one of the main negotiators of the payments agreement, claimed that Japan's adverse trade balance was mainly a result of the 'failure by the Japanese authorities to plan their importing policy properly with a view to effecting the maximum switch from dollar to sterling purchase.'<sup>158</sup> Therefore, it indicates that Japan felt these problems were through the externally imposed restrictions, whereas the British camp believed that it was not the restrictions, but Japan's own approach within the restrictions that was the problem.

The 1<sup>st</sup> SPA with Japan was originally intended to be valid for one year and to be renewed annually, according to the results of trade and sterling balances. It was extended from 15 August 1952 to the end of December 1952 and automatically for another year on 27 December 1953. Prior to the expiry of the 1<sup>st</sup> SPA of 1952, the negotiations to renew it took place in London from 3 December 1953 to 29 January 1954.<sup>159</sup> The negotiations were undertaken for a sustained period and took place in light of what had by then become a drastic decline in Japan's sterling balances. Referring to Table 2.3, we see that Japan's sterling reserve declined dramatically from the last quarter of 1952. The British press provided information about the circumstances of Japan's sterling balance during that time. According to an article in

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<sup>156</sup> Ibid.

<sup>157</sup> Akita, S, 'The East Asian International Economic Order', p. 160.

<sup>158</sup> Yokoi. *Japan's Postwar Economic Recovery*. pp. 53-54.

<sup>159</sup> Akita. 'The East Asian International Economic Order', pp. 158,160, 162.

the *Times* in December 1952, Hisato Ichimada, governor of the Bank of Japan, had warned:

Japan might run short of sterling... Last May, Japan was restricting exports to the sterling area in view of the excessive accumulation of her sterling holdings, sterling exchange in her hands reached \$377m. Japan's exports have since declined to below \$27m. in November compared with more than \$85m. in the previous month.<sup>160</sup>

Through directly quoting Ichimada in detail, the *Times* gives its readers a factual, data-based presentation of Japan and its predicament regarding its steadily depleting reserves of sterling. And we can see from Table 2.3 that Japan's sterling reserve declined further in 1953, and this consequently caused significant concern to the Japanese government, a concern it reported to the UK, and which was covered by the *Economist* in January 1953. The article reported a warning by the governor of the Bank of Japan that Japan's sterling reserves were expected to drop down to a level of about £76 million by the end of March.<sup>161</sup> As Table 2.3 shows, the rate of decline was far steeper than this, with the figure by March in fact far lower - £50 million - than even the Japanese estimates. The *Economist*, however, was cynical about the Governor of the Bank of Japan's claims and took issue with his use of language that the country's sterling holding by March would have fallen to 'a level of considerable stringency.' According to the article's author:

It is difficult to see why this should be called a "stringency level." The gloomy prognostications made by the Governor of the Bank of Japan may therefore have been intended as a tactically appropriate Greek chorus to the negotiations on Anglo-Japanese payments that were recently held in Tokyo. In the course of these negotiations the Japanese representatives pleaded strenuously for modification of the restrictions on imports of Japanese goods that were imposed by many sterling countries earlier this year.

The payments agreement has now been renewed until the end of 1953. It follows the pattern of the 1951 agreement, and provides that trade between Japan and the sterling area shall be carried on in sterling; if, contrary to present expectations, Japan's sterling balances again rise to an unwieldy level, there will be further consultation on this point. In any case, the Bank of England will continue to grant Japan a wide measure of administrative transferability both as a payer and recipient of sterling. On the whole, this is a satisfactory agreement. The warnings

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<sup>160</sup> 'Japan And Sterling Trade', *Times*, December 22, 1952.

<sup>161</sup> 'Japan's Sterling', *Economist*, January 03, 1953.

from Tokyo about Japan's sterling holdings had an immediately unfavourable effect on prices of Japanese bonds in London, but a spokesman of the Japanese Embassy in London has promptly – and properly – emphasised that these warnings have no bearing on Japan's intention and ability to honour the debt agreement.<sup>162</sup>

The *Economist's* image of Japan is of an economy playing hard-done-by regarding the conditions, being 'tactical' by overexaggerating the negative impact of the current terms of the trade agreement. The reality revealed by Table 2.3 is that rather than exaggerating, the Japanese government were being conservative in their estimates. The decline of Japan's sterling levels had been a downward trajectory of a rate of approximately £10million per month since October 1952, so the predicted figure in March 1953 of £76 million was optimistic to say the least. The accompanying image of the UK as having a good grasp of the situation, judging the agreement being satisfactory, and instead offering financial facilities as a quick remedy - namely simply buying and reselling sterling against dollars – is shown by the data to be wide of the mark.

Just a few months later in April of the same year, the *Economist* can then be seen to have updated both its image of Japan and tone regarding the country's balance of sterling:

Since July 1952, Japan has run a persistent deficit with the sterling area, largely because of the import restrictions that sterling countries have recently applied to Japanese goods...It is not surprising, therefore, that last week's financial talks between the U.K. and the Japanese Government were held at Japanese request. The only published outcome of these talks has been an undertaking by the United Kingdom to recommend to the Colonial Governments "certain limited relaxations" in the restrictions upon the import of Japanese goods into the colonies; Japan accepted this very vague agreement on the understanding that its working will be reviewed after four or five months.<sup>163</sup>

The *Economist* is now presenting the concerns of both sides, the British, and the Japanese, equally regarding the negotiations. Japan's concerns with the import restrictions are shown sympathetically framed as legitimate. In addition, the UK's dominant position in the negotiations is made clear through being shown as having accepted a 'very vague agreement' on an understanding – rather than guarantee - from the British that its 'working will be reviewed after four or five months'.

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<sup>162</sup> Ibid.

<sup>163</sup> 'Japan and Sterling Markets', *Economist*, April 11, 1953.

The following month the *Economist* again covered this topic, in May 1953 illustrating that the British government understood full well that there were a number of reasons for what the publication described as the ‘extraordinary decline of Japan’s sterling balances’. The article declared that ‘the most important reasons [for the decline in Japan’s sterling balance] have been the severe restrictions on imports from Japan that were applied in most of the sterling area countries’ after January of 1952. The consequence of this, the *Economist* informed its readers, was that:

Japan has run into a heavy deficit in its balance of payments with the sterling area. The import restrictions aimed against Japanese goods are already being relaxed in some Commonwealth countries; but this will not have an appreciable effect until the end of the year, and more immediate steps have therefore had to be taken to remedy this position.<sup>164</sup>

The article then goes on to describe the complicated system of currency ‘swaps’ and credit structures Japan would be implementing in its own attempts, while no major easing of restrictions seemed to be forthcoming from the British, in a hope to alleviate the situation by later that same year, though the author concludes how ‘it will be interesting to see what will happen if its sterling accounts have not after all swung back by then in their expected surplus again.’<sup>165</sup> The *Economist* presents a ‘Japan’ proactively taking steps to resolve the problem of its low sterling reserves, and the publication can be seen to now share Japan’s consistent explanation that the primary reason for the problem is the external restrictions imposed, whether directly or effectively, upon it by the British. The perspective here is that although the UK government is now accepting the restrictions are too severe, this is not translating into much action; although the restrictions are already ‘being relaxed in some Commonwealth countries’ the UK itself is not as yet changing its position in this regard.

Unsurprisingly, later that year Japan again asked the UK to relax import restrictions. According to the *Times* later that year in November 1953, the Japanese government invoked the understanding in the SPA by which consultations might be requested by either country to hold official discussions on the problems arising out of the sharp fall in the amount of sterling held by Japan. The article noted that ‘the future

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<sup>164</sup> Japan's Sterling Shortage’, *Economist*, May 09, 1953.

<sup>165</sup> *Ibid.*



of the Anglo-Japanese sterling payments agreement, which expires at the end of this year, will be the main subject for discussion in the forthcoming negotiations between the two Governments.’<sup>166</sup> Later the paper gives an assessment of the payments agreement that stands at odds with that reached by the *Economist* by this time, namely that ‘the actual provisions of the payments agreement negotiated in 1951 have worked well enough, and will doubtless be embodied in a new agreement of a simple extension of the present one without much alteration.’<sup>167</sup> *Times* readers are then informed that:

substantial changes, however, have taken place in the balance of payments between the sterling area and Japan since the negotiation of the original agreement, and even since its last extension less than a year ago.<sup>168</sup>

with the article then later reflecting how the effect of this change has been that ‘Japanese exports have decreased in value, partly on account of sterling area import restrictions, while her purchases from the sterling area have not altered much.’<sup>169</sup> The images of Japan and the UK the *Times* is presenting to its readers seem fairly straightforward. The Japanese are experiencing some problems with their sterling balance, and so logically are seeking negotiations with the head of the sterling area, the British, to help resolve this. The tone is such that, as there has been no decrease in sterling area exports to Japan, the agreement is working well and so no major adjustments are required. UK restrictions on Japanese exports are downplayed as being ‘partly’ the cause of Japan’s low sterling balance, at odds with the *Economist*’s analysis earlier that year that the primary cause was ‘the severe restrictions on imports from Japan that were applied in most of the sterling area countries.’<sup>170</sup>

It should be clarified here that the initial depletion of Japan’s sterling reserve from the last quarter of 1952 onwards was the consequence of both Japan and the UK purposely taking measures to reduce it, albeit for different reasons. With its sterling balance having been rapidly on the ascent for the previous twelve months, Japan in March 1952 took the decision to reduce exports of steel and textile products to the

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<sup>166</sup> ‘City Notes, Anglo-Japanese Payments’, *Times*, November 30, 1953.

<sup>167</sup> *Ibid.*

<sup>168</sup> *Ibid.*

<sup>169</sup> *Ibid.*

<sup>170</sup> ‘Japan's Sterling Shortage’, *Economist*, May 09, 1953.

Sterling Area as a measure to reduce its trade excess. Meanwhile, in May of the same year, the UK temporarily tightened restrictions on imports of Japanese goods to the Sterling Area in order to balance the region's trade deficit, or, in other words, counteract the Japanese accumulation of sterling. The above-mentioned May 1953 article in the *Economist* makes it clear that the British government understood it was the latter factor - its own restrictions against Japanese goods - that was the cause of Japan's sterling reserve now depleting at an undesirable rate. However, the outcome of the financial discussions mentioned earlier indicates that the Japanese view that modification of these restrictions was now the best means to rectify its sterling shortage was markedly absent in the second article from the *Times*. The images of Japan and the UK were slightly detached from each other in this way in a number of articles in 1953: though recognised to be the primary cause of the Japanese shortage of sterling, there was little or no responsibility placed on the British to lift restrictions on Japan's exports to the Sterling Area.

The *Economist* can be seen later in 1953 to be challenging the presentation of Japan as an economy whose exports to the sterling area were rightly restricted. In its November 21<sup>st</sup> issue that year, the publication framed the country in a broader, more balanced economic context:

Although shrill complaints about sweated labour die hard, Japan's export prices are not fully competitive in the sterling area today; the cheapest textiles now on offer in West African markets are not of Japanese, but of Southern European, origin. The balance of payments between Japan and the sterling area makes it more than ever difficult to understand Britain's churlish attitude towards the inclusion of Japan in GATT and the attempts that it is still making to discriminate against Japanese imports into colonial territories.<sup>171</sup>

What is being addressed here is 'Japan' being associated in the UK with 'sweated labour' and cheap textiles. As shown in chapter 1, within the news articles about 5.6 per cent reports in the *Guardian*, 3.6 per cent in the *Times*, 1.8 per cent in the *Financial Times*, and 4 per cent in the *Economist* covered the topic of 'Japanese trade threat UK' through the 20-year period. One image of the UK reflected in this article is of the harbouring of prevalent, persistent out-of-date negative views of Japan's economy. There is the implication in the article's attempt to contradict these unfavourable

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<sup>171</sup> 'Japan Searches for Sterling', *Economist*, November 21, 1953.

perceptions with up-to-date facts that those incorrect views require correcting to prevent them influencing decision making. The author is strongly vocal in questioning whether there is any economic basis for Japanese goods being discriminated against by British government restrictions within the sterling area, implying instead that non-economic, non-rational factors such as out-of-date tropes influence decision making.

After long negotiations, the 2<sup>nd</sup> SPA was signed in London on 29 January 1954, with a trade allowance for both the UK and Japan of £209 million for the following 12 months. In March 1954, a single rate was established for transferable sterling, and all bilateral account countries became transferable accounts. Japan therefore became a transferable account country by default.<sup>172</sup>

A statement quoted in the *Bulletin of the Manchester Chamber of Commerce* in 1954 illustrates the British Government's view of the situation surrounding the 2<sup>nd</sup> SPA:

While we were in balance of payments difficulties with Japan, Colonial Governments assisted us by restricting their purchases of Japanese goods to a level below what they would otherwise have imported. Now that such balance of payments difficulties no longer exist, and in view of the Japanese assurances on trade, we have informed the Colonial Governments that there is no longer, on these grounds, any need to restrict their imports of Japanese goods. In 1954, they will, therefore, be able to import up to their own estimated requirements (as previously notified to us), both for internal consumption and for the entrepôt trade where that exists.<sup>173</sup>

The statement later concludes that 'Her Majesty's Government consider that this Agreement will be to the benefit of United Kingdom trade as a whole and of the sterling area generally.'<sup>174</sup> The UK government's proclamation that 'balance of payments difficulties no longer exist' pays no heed to Japan's still low sterling balance, which can be seen in Table 2.3 to have finally bottomed out towards the end of 1953. Restrictions are stated to now have been eased in 'Colonial Government'

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<sup>172</sup> Yokoi. *Japan's Postwar Economic Recovery*, p. 91.

<sup>173</sup> 'Japanese Trade in the Sterling Area: H.M. Government Agrees to Ease Import Restrictions', *Bulletin of Manchester Chamber of Commerce*, VOL. LXV NO.2, February 1954.

<sup>174</sup> 'Ibid.

territories, though imports levels from Japan to the sterling area in reality remained heavily controlled by the UK.<sup>175</sup>

The marginally increased allowance of imported goods from Japan to the Sterling Area permitted in the 2<sup>nd</sup> SPA can be seen in the UK press at the time to have been viewed as a betrayal by the British government of many UK industries. For instance, the agreement gave rise to fervent criticism from the Lancashire textile industry, particularly over the lack of any prior consultation before what was considered a reversal of policy. According to the *Manchester Guardian* in February 1954, Harold Wilson, who was Labour MP for Huyton constituency to the east of Liverpool, had been President of the Board of Trade (1947-51) and later became Prime Minister (1964-70 and 1974-76), condemned the record of the government and particularly that of the President of the Board of Trade in its contacts with Lancashire. He said that ‘no government had less ministerial consultation with the industries affected by this agreement than this one’, and further condemned the government for failing to secure fair trade practices as part of the new agreement and declared that the pirating of industrial designs had increased to an alarming extent in the last few months.<sup>176</sup> The article then relates how:

Mr Maudling, the Economic Secretary to the Treasury, who negotiated the agreement on the British side, described it as the best possible agreement with the minimum possible disturbance to British industry.

Citing the *Manchester Guardian*, Wilson then attacked the government’s defence of the 2<sup>nd</sup> SPA in parliament:

Mr. Wilson, who made frequent quotations from the "Manchester Guardian" (which, he said, had at first been friendly towards the agreement until all its implications were plain), condemned the record of this Government and particularly that of the President of the Board of Trade in its contacts with Lancashire. No Government, he said, had less Ministerial consultation with the industries affected by this agreement than this one. He condemned the Government for failing to secure fair trade practices as part of the new agreement

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<sup>175</sup> White, Nicholas J. ‘Britain and the Return of Japanese Economic Interests to South East Asia after the Second World War’, in *South East Asia Research*, vol. 6, no. 3, 1998, pp. 281–307. p. 283.

<sup>176</sup> ‘Tories Win Battle on Japanese pact: “wait-and-see” amendment carried by 39 votes’, *Manchester Guardian*, February 11, 1954.

and declared that pirating of industrial designs had increased to an alarming extent in the last few months.<sup>177</sup>

The above is a powerful demonstration of newspapers representing the interests of particular groups, in this case the *Manchester Guardian* representing a readership that included British industries in Lancashire. This article presents the image of Japan as a ‘threat.’ ‘Japan’ is associated with terms such as ‘pirating’, ‘alarming extent’, and (through negative connotation) ‘fair trade practices’. The paper’s coverage of Wilson quoting the *Manchester Guardian* in parliament to attack the government indicates how Japan was viewed at this time by Lancashire industries.

Wilson is reported in the article as agreeing that Lancashire must be ready to face any ‘natural competition.’ However, it is then made plain that in Wilson’s eyes Japan is not ‘natural competition,’ due to the country operating a special exchange rate which encourages the dumping of her exports in British colonial territories. While the possibility of Japan practising dumping in this early period cannot be ruled out, Wilson’s angry accusation regarding the technique suggests in addition an ‘othering’ of the Japanese, painting them as somehow unnatural.

The same article also reports how Sydney Silverman, the Labour member for Nelson and Colne, a constituency in northeast Lancashire, argued that:

since the object of the agreement was to enable Japan to sell more textiles to the Colonies it would be bound to do Lancashire some harm. Every time confidence began to return to the cotton textile industry the Government struck a new blow at it.

And Ernest Thornton, a British Labour Party politician who was between 1952 and 1970 the MP for the Farnsworth constituency in Lancashire, is also quoted protesting passionately against the agreement: ‘it was a fundamental mistake of the Government not to have consulted the industry...The Government had written off Lancashire as part of the economy.’<sup>178</sup>

Although both Silverman’s and Thornton’s ire was directed at the UK government, behind that anger is Lancashire industry’s fear of Japanese competition. For *Guardian* readers, the central image of Japan threaded through the article is as the

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<sup>177</sup> Ibid.

<sup>178</sup> Ibid.

cause behind the industry's woes. Thornton considers Japanese imports the nemesis of Lancashire industry. Like the *Times* article from November of the previous year, crucial information of the kind given in the *Economist's* analysis of the situation throughout that year is not being presented. In the *Times'* case, the competent, neutral image given of the UK government airbrushes out the central role of the British in Japan's plummeting sterling balance. In this *Guardian* article, it is the global economic context in which the UK textile industry is no longer competitive (and in which Japan is not the competitor the British should be concerning themselves with) that is left out. As discussed in chapter 1, the *Economist* is a specialist publication for a small specialist readership, dwarfed in size by the circulation figures of the *Times* and *Manchester Guardian*. Whilst the *Economist* is presenting a considered version of the economic landscape surrounding the 2<sup>nd</sup> SPA, readers of the establishment *Times* and the traditional UK industry-supporting *Manchester Guardian* are being shown alternative, more two-dimensional images of Japan (and the UK government) that perhaps chime more comfortably with their existing views of the country (and of the UK).

There was no shortage of disappointment and concern with the 2<sup>nd</sup> SPA in other parts of the British press either. According to the *Times* in February 1954, 'The new Anglo-Japanese payment and trade agreement, under which quotas of certain Japanese goods will be admitted to this country [UK] for the first time since the war, is to be debated in the House of Commons on Wednesday.'<sup>179</sup> The paper predicted that:

The debate will take place on an official Opposition motion which will probably express some qualified criticism of the agreement and of the Government's failure to consult representatives of industry while the negotiations were in progress... A group of Labour backbenchers tabled a motion earlier in the week deploring the agreement and regretting that organisations of workers and manufacturers who are liable to be adversely affected were not consulted by the Government before it is signed.<sup>180</sup>

*The Times*, even though the paper of the establishment, in the case of the perceived threat against Japan, concedes that the Labour opposition's criticism of the 2<sup>nd</sup> SPA and its lack of consultation with traditional industry in the negotiations of the

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<sup>179</sup> 'Debate on Japanese Trade Agreements', *Times*, February 05, 1954.

<sup>180</sup> *Ibid.*

agreement is ‘qualified.’

The *Daily Mirror* also reported Harold Wilson’s criticism of the agreement, and reported him as saying:

I suggest [the President of the Board of Trade] Mr. Thorneycroft comes to Manchester and debates this agreement with me...the agreement had been made without consulting beforehand the industries concerned. There were no assurances that Japan would not go back to “unfair” trade practices. Memories of Japanese competition and the effect of it have burned deep into the hearts of every Lancashire worker.<sup>181</sup>

Japan’s image is again entwined with ‘unfair trade practices’. The article suggests that this unfavourable image of Japan is ‘burned’ into the psyche of those associated with Lancashire’s industries, and will therefore be very difficult to dislodge.

It should be acknowledged here that Japan had indeed been one of the UK’s major competitors in the world trade market since the 1930s, particularly in the area of textiles. For example, as previously noted, by 1933, Japan had overtaken Lancashire as the world’s largest exporter of cotton piece goods.<sup>182</sup> As the Lancashire cotton industry found itself no longer the leader, its representatives began to accuse Japan of dumping goods, exploiting its labour, and providing heavy state subsidies to Japan’s cotton industry. Yokoi in her work has noted that in the immediate postwar period, the British textile industry continued to have a voice in government policy, as cotton textile exports played a vital role in balancing the UK’s trade in those years.<sup>183</sup> The newspaper articles above, however, suggest that by the time of the 2<sup>nd</sup> SPA, though being loudly voiced in the press, the industry’s influence was waning. It would be true to say that the British government publicly acknowledged the fears of these industries, making statements to that effect. For example, the *Bulletin of the Manchester Chamber of Commerce* in February 1954 reported that their Board’s Executive Committee had given immediate consideration to the implications of the SPA and issued a statement to the press stating that: ‘from the facts announced in the Press, it seems clear that United Kingdom trade in cotton and rayon textiles and apparel is likely to be seriously

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<sup>181</sup> ‘Jap Envoy Hears Pact Challenged’, *Daily Mirror*, February 11, 1954.

<sup>182</sup> Yokoi. *Japan’s Postwar Economic Recovery*, p. 18.

<sup>183</sup> *Ibid.*

affected.’<sup>184</sup> It is unclear what publications are being referred to by ‘Press’, nor what facts had been announced. The basic narrative, however, suggests that the Board’s acknowledgement of the strength of feeling on the issue may have been influenced by articles in publications such as the *Manchester Guardian*, the *Times*, and even the *Mirror*. If that is the case, here would be images of Japan in the press directly affecting industry policy and direction regarding Japan. There were, after all, still a substantial level of restrictions on Japanese textile imports into the UK following the signing of 2<sup>nd</sup> SPA. However, these images did nothing to reverse the easing of restrictions of Japanese imports; in fact, as will be seen, import restrictions would in time be loosened further.

The above articles in the *Manchester Guardian*, *Times* and *Daily Mirror* propagate an image of the Japanese as ‘unfair’ competitors and that certain restrictions on the imports of goods from Japan were required to protect British domestic industries — an image seen to be fuelled by negative memories of the interwar period. Historical fears of Japan’s textile products flooding back into British and Sterling Area markets are presented to readers as a contemporary cause for strong resistance and protests at the government’s decision to lift some restrictions on Japan’s imports. Japan is presented as an entity from which UK industry must be protected, with no reference to the broader economic context, for example the extent to which the lifting of limitations on Japanese imports would, or would not, have an adverse effect on other sectors of the UK economy. These images appear to be forged more by emotions stemming from memories than by present fact. Lancashire in particular symbolised the great achievements of the British economy from industrialisation through until the early 20th century. Therefore the survival of the county’s industry was psychologically important, especially at a time when national pride had been wounded through the loss of the UK’s dominant position in the world economy.

Although the officially stated principle of the government’s policy toward Lancashire’s textile industry, as seen in daily newspapers, was to protect it from Japan’s competition when the 2<sup>nd</sup> SPA was negotiated and signed, an article in the weekly *Economist* published the previous year had hinted that even prior to the

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<sup>184</sup> ‘Japanese Trade in the Sterling Area’, *Bulletin of the Manchester Chamber of Commerce*, Vol. LXV No.2. February 27, 1954.



agreement being signed government policy-making had already shifted to a wider view of the UK economy when it came to the level of restrictions that might have an adverse impact. The journal's 11<sup>th</sup> April 1953 issue had reported that the British government recognised that:

The Agreement about colonial imports, and possible extensions of it to Japan's trade with the independent dominions, may mean that some British exporters will lose some sterling markets; but if agreement had been refused, other British exporters would certainly have lost their markets in Japan. The British economy as a whole should therefore not lose from this sensible, if cautious, advance towards liberalisation; and colonial consumers will clearly gain from it.<sup>185</sup>

Perhaps aware of the raw emotions for some regarding the topic, the author was careful not to mention the specific industries that might 'lose some sterling markets.' Their cautious and diplomatic analysis is that, overall, there would be no loss to the UK economically from the forthcoming 2<sup>nd</sup> SPA, and that indeed there would be some benefits.

In the same *Manchester Guardian* issue that covered Harold Wilson quoting the paper in parliament to express the feelings of betrayal felt by Lancashire industry at the 2<sup>nd</sup> SPA's easing of restrictions on Japanese imports, the paper featured another report that gave the government's side. Titled 'No Apology for Japanese pact: Minister's Assurance to the Cotton Textile trade', the article relates the government being aware of the problems faced by Lancashire, but argues that 'in the long run, Lancashire's only protection against other countries lay in the effort she made to reach the highest possible level of production and marketing.'<sup>186</sup> Peter Thorneycroft, President of the Board of Trade, who subsequently became Chancellor of the Exchequer in 1957, declared to the Lancashire textile industry that: 'We make no apology for this agreement... We believe it to be a good agreement.'<sup>187</sup> He further argued:

I know 'Japan' is a word which has an emotional as well as an economic content, and that memories there go back to Japanese competition before the war[.] I know the feeling that Japanese wages are only 40 per cent of our own[,] the fear, 'How

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<sup>185</sup> 'Japan and Sterling Markets', *Economist*, April 11, 1953.

<sup>186</sup> 'No Apology for Japanese pact: Minister's Assurance to the Cotton Textile trade', *Manchester Guardian*, February 11, 1954.

<sup>187</sup> *Ibid.*

can one meet competition over such a margin?'.] We are not the only people in the world to have these fears about other people. The gap between Japanese and British wages is about the same as between British and American wages. We should remember these things[.] When one is considering matters of this kind one wants to judge them coolly and calmly.<sup>188</sup>

This quote from Thorneycroft demonstrates how the British government by this time is recognising Lancashire industry's view of Japanese competition as being informed more by emotion than fact. *Manchester Guardian* readers are presented with an image that questions common British explanations of 'unfair' Japanese competition. The Japanese are recognised as being othered, with the rationale of British 'fears about other people' – i.e. the Japanese – being countered by the comparison with USA industry, which manages to flourish despite a wage gap with British workers similar to that between British and Japanese workers. This image articulated by a Conservative minister may have had a mixed reception among many readers of the *Manchester Guardian*.

The wider benefits regarding Japan and the 2<sup>nd</sup> SPA were also reported in the *Bulletin of the Manchester Chamber of Commerce* in 1954, which cited Reginald Maudling, who later became President of the Board of Trade, but in 1954 was still Economic Secretary to the Treasury. When questioned by the publication about the concern felt in Lancashire about the Agreement, particularly with regard to the export of cotton and rayon textiles to colonial markets, Maudling answered that he knew that there was considerable worry and that it was a very important matter, but further clarified that:

The agreement as a whole was in the general interests of this country and of the sterling area, and this had not been seriously disputed in any quarter. There were growing markets in the Far East available to our traders which, if the present agreement had not been concluded, would have been cut off from us because they would not be able to afford to buy our goods. We would see more textiles in Japan than the Japanese would sell for consumption in Britain. Under the agreement, our oil and shipping would not be discriminated against by Japan. Those were among important gains to British trade. We would have between the United Kingdom and Japan not only a large surplus over-all in trade but a surplus

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<sup>188</sup> Ibid.

of visible trade alone, which was “quite extraordinary.”<sup>189</sup>

Maudling’s depiction of Japan is of an opportunity for UK industry, rather than a threat to it. There is little evidence here of the influence of lobbying from traditional industries. Considering some of the images seen in earlier articles, claiming that the 2<sup>nd</sup> SPA would have the positive effect of a textile trade surplus with Japan is a bold statement during this period.

If we look briefly at the two SPAs and compare them, we find firstly that they were signed by different parties. The 1<sup>st</sup> SPA was signed between the Government of the UK and SCAP; and the 2<sup>nd</sup> SPA was signed between the Government of the UK and the Government of Japan. On the one hand, Japan’s own government might have had less involvement or less power to let its own voice be heard during the preparation and negotiation of the 1<sup>st</sup> SPA, but on the other hand it may well be that the Japanese side might have had more power when it had negotiated with the UK on the 1<sup>st</sup> SPA under the control of SCAP, due to the direct support from America, which was by that time firmly established as the leading player in the world economy. For example, although the convertibility clause of the OPA was abolished in the 1<sup>st</sup> SPA, the two sides agreed to an exchange of notes in which they would both take responsibility for maintaining Japan’s sterling balance within reasonable limits.

The 2<sup>nd</sup> SPA appeared to give the Japanese government more power to be involved in and negotiate the SPA but, considering the economic positions in the world economy of the UK and Japan in the early 1950s, it would not be inappropriate to state that the Japanese government had less power to negotiate and bargain with the UK in comparison to when the 1<sup>st</sup> SPA was negotiated. During the period that the 2<sup>nd</sup> SPA was being negotiated, although some manufacturing industries, like shipbuilding, were already displaying the potential of becoming leading industries of Japan’s economy, labour-intensive products including textiles were still important to Japan’s economy as a whole. As G. C. Allen later noted:

Throughout the 1950s, the revival of Japan’s exports was much slower than the revival of her production, and it was not until 1959 that the volume of exports

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<sup>189</sup> ‘Japanese trade in the Sterling Area’, *Manchester Chamber of Commerce*, VOL.LXV NO.2. February 27, 1954.

exceeded that of the middle 1930s, and Japan did not regain the share in world exports she had held before the war until 1963.<sup>190</sup>

Therefore, when the 2<sup>nd</sup> SPA was negotiated, without direct US involvement and based on Japan's economic circumstances at that time, it can be suggested that although the UK lifted certain restrictions on Japan's imports in the 2<sup>nd</sup> SPA, this was more likely due to their seeking to balance Japan's sterling payments, rather than a move to increase the potential of Japan as an export market for British goods.

The fact that the UK signed the agreement as the head of the Sterling Area representing 'the Scheduled Territories' under the Exchange Control Act, 1947, indicates that the Government of the U.K. was considering the wider benefit to the U.K. and 'the Scheduled Territories' as a whole rather than that solely of the UK. From the very beginning, the UK believed the SPA was beneficial to Japan and the Sterling Area, especially the less developed countries of the Sterling Area in Asia. However, ultimately their underlying motivation was for the agreement to promote the use of sterling. In fact, although the value of direct trade between the two countries rose, as we have seen, the UK never accounted for more than a very few percent of Japan's imports and exports. In the newspaper articles analysed so far, Japan has not been presented or viewed as a potential main supplier or a major export destination for British goods. As Hanaoka later described, 'since the 1950s until early 1960, it was a time when Japan's largest export to the UK was tinned salmon, and it was in no one's mind that transistor radios, cameras, motorcycles were coming into prominence as new items.'<sup>191</sup>

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<sup>190</sup>Allen. *How Japan Competes*, p. 11.

<sup>191</sup> Hanaoka. 'Memories of the Anglo-Japanese Commercial Treaty', p. 320.

## 2.3 Images of Japan in Newspaper Reports Covering the move from the 2<sup>nd</sup> SPA to the Anglo-Japanese Treaty

### *The Desire for a Treaty*

From the end of December 1954 to September 1955, the 2<sup>nd</sup> SPA with Japan was renewed three times at three-monthly intervals, and on 17 October 1955 the UK and Japan signed an exchange of notes prolonging the SPA until 30 September 1956. By this time, however, the SPA had effectively lost most of its function due to the UK's restoration in 1955 of convertibility between Sterling and the US dollar within the Sterling Area.<sup>192</sup> The incongruity of the agreement's continual renewal was recognised in the British press, with the *Manchester Guardian* in January 1957 noting that 'since the transferable account area came together in its present form in March 1954, all the payment agreements with countries within the area were allowed to run off, with the exception of that with Japan.' The paper further stated that:

It is difficult to see why the exception was made, for the actual agreement is obsolete. It [SPA] provides, for example, that all payments between the two countries should be in sterling and that payments should be made to "Japanese accounts" (which no longer exist), and on their side the Japanese agreed to maintain proper cross-rates with the dollar which is an IMF obligation in any case. All this is quite unnecessary now.<sup>193</sup>

With just the technical aspects of the 2<sup>nd</sup> SPA being discussed, the image of Japan is markedly straightforward compared to that seen in the previous *Manchester Guardian* articles. In fact, in this context, there is almost a sympathetic tone to the article, which recognises that the 2<sup>nd</sup> SPA is causing Japan to be hindered by being singled out as the only country with an out-of-date payment agreement in the transferable account area, for which there is no economic reason.

The 2<sup>nd</sup> SPA had continued to apply throughout this period, with each renewal of the agreement continuing to be based upon very strict quantitative import

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<sup>192</sup> Akita. 'The East Asian International Economic Order', pp. 161-162.

<sup>193</sup> 'Steel Chief Rebels: Industry and the Government', *Manchester Guardian*, January 8, 1957.

restrictions on both sides that limited any expansion in trade. When seeking to assuage the fears of Lancashire industry, the President of the Board of Trade Peter Thorneycroft stated in the 1954 *Manchester Guardian* article mentioned earlier that “Japan” is a word which has an emotional as well as an economic content’ and so ‘when one is considering matters’ such as economics, ‘one wants to judge them coolly and calmly.’<sup>194</sup> With no economic explanation of why Japan was the only country whose payment agreement had not been allowed to run off in the transferable account area, the UK government themselves might too at this time have been subject to the emotional content of the word ‘Japan.’ At government level, relations remained characterised by distrust and uncertainty. Between 1958 and 1962, Anglo-Japanese annual trade arrangements were renewed every year, and in the words of Katsumi Ono, the Japanese Ambassador to the UK in 1958-64: ‘the fact that detailed negotiations over goods took over half a year to reach an arrangement that would only last for one year caused the business world trouble over cancellation of transactions.’<sup>195</sup> Thus, there was a desire in Japan to form a long-term treaty with the UK, and as early as December 1955, Japan had handed an aide-mémoire to the UK that indicated Japan’s wish to see the two countries conclude a treaty of friendship, commerce and navigation in the near future.<sup>196</sup> In addition, by 1959, under the pressure of the GATT agreement, the trade liberalisation process in Japan was having to accelerate, and so the Japanese sought increased British relaxation of import restrictions on Japanese goods that were in place to counterbalance the rapid opening-up of Japan’s own market. By now, although in its infancy, the postwar industrial push by Japan that would see it rise to the world’s second largest economy had already begun, and the country was seeking to tap into the potential of the UK market for its exports. At the same time, the global status the UK enjoyed prior to WWII had clearly weakened through the loss of influence it was experiencing in what were once its colonies. Hence Japan’s potential as a market for UK exports was beginning to be recognised by some in the UK government.<sup>197</sup>

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<sup>194</sup> ‘No Apology for Japanese pact: Minister’s Assurance to the Cotton Textile trade’, *Manchester Guardian*, February 11, 1954.

<sup>195</sup> Hanaoka. ‘Memories of the Anglo-Japanese Commercial Treaty’, p. 322.

<sup>196</sup> Yokoi. *Japan’s Postwar Economic Recovery*, p. 104.

<sup>197</sup> *Ibid.*, p. 6.

In addition, the British were also increasingly finding the annual negotiations with Japan for short-term trading arrangements a burden and desired a special bilateral arrangement with the Japanese in order to normalize trade relations between the two countries. There were also further reasons behind this desire. Firstly, when Japan joined the GATT in September 1955, the UK and another 13 countries invoked Article 35 of the GATT, an action that effectively vetoed the extension of Most Favoured Nation (MFN) rights to Japan.<sup>198</sup> This move was made with the intention of protecting the UK's market share in the Commonwealth bloc against Japanese competition, through the implementation of a preferential tariff system that discriminated in favour of Commonwealth goods.<sup>199</sup> However, over time the UK understood that its use of Article 35 against Japan's MFN rights would not last long due to international pressure to lift some restrictions on Japan's exports to UK.<sup>200</sup> This desire by the UK to move from the annual bilateral agreement to a bilateral treaty was reported by the *Economist* during that time, which, covering the last renewal of the SPA in December 1961, noted first that:

Within the self-imposed limits of the Board of Trade – that trade between Britain and Japan should balance and not “disrupt” the business of manufacturers in this country – the agreement signed at the end of last week was fairly ambitious. Trade should reach about £40 million in each direction this year; the new agreement might lift it to £50 million in 1962 – approximately one per cent of Britain's total imports.

Japan can still be seen to be in a passive position with the UK, continuing in 1961 to ‘voluntarily’ curtail any exports to the UK that might be considered to harm UK industry. This voluntary self-imposing of limits by the Japanese to not ‘disrupt’ the

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<sup>198</sup> The UK and another 13 countries invoked Article 35 of the GATT were the United Kingdom, Australia, New Zealand, South Africa, the Federation of Rhodesia and Nyasaland, Belgium, the Netherlands, Luxembourg, France, Brazil, Cuba, Haiti, Austria and India. Norioko, *Japan's Postwar Economic Recovery and Anglo-Japanese Relations* p. 201. GATT was established in 1946: the two aims behind the GATT were 1) multilateral and non-discriminatory approach to international trade and 2) condemnation of quantitative trade restriction.

<sup>199</sup> Commonwealth imperial preferences originated back in August 1931, which allowed goods trade within Commonwealth countries with a preference tariff, compared with the other countries outside the Commonwealth area. This information can be found from Yokoi, N. *Japan's Postwar Economic Recovery*, p. 6.

<sup>200</sup> *Ibid.*, p. 140.

business of UK industry can be seen in previous articles covering the SPAs, particularly those in the *Manchester Guardian*, to be an additional aspect omitted from their presented image of 'Japan'. A by now familiar of image of Japan in the *Economist* as being singled out by the UK government for lesser treatment is then seen in this article, when the author predicts that the days of the SPA are numbered:

The "annual" negotiation of Anglo-Japanese trade is unlikely to be repeated. A full commercial treaty will probably be signed before, or soon after, the expiry of the current agreement. This would give Japan the coveted "most-favoured-nation" status and remove the stigma of having its exports to this country restricted under article 35 of GATT.<sup>201</sup>

The article later illustrates the level of mistrust of Japan by the UK government, and the slow tit-for-tat easing of restrictions in place due to mistrust that still has the British in the dominant position. In this final renewal of the SPA:

A token import of £150,000 of wool yarns and piece goods, unrequited by assurances that allegedly unfair practices by Japanese exporters will stop, has upset the wool textile industry here. But wool textiles are Britain's largest export to Japan, and import controls on these goods into Japan have been eased or removed. The largest category of Japanese manufactures entering this country is textiles.

The *Economist* outlines how complaints by the UK wool industry are irrational and hypocritical. UK traditional industry in 1961 is shown to be very much guided by hostile emotions fuelled by memories, rather than economic argument, regarding Japanese competition.

Meanwhile, Japan also requested increasing British relaxation of import restrictions on Japanese goods to counterbalance the rapid opening-up of her own market. The Japanese Ministry of International Trade and Industry (MITI) put pressure on Japan's Foreign Ministry to confine some or all of the coming liberalisation measures to those countries that did not invoke Article 35 of GATT, and those who discriminated against Japan would themselves be discriminated against. In 1960, Japan showed clear signs of increasing confidence in its global economic position by announcing that it would exclude the UK from its first round of import liberalisation in April as a counter-measure to the UK's import restrictions against Japanese

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<sup>201</sup> 'Planned Expansion', *Economist*, December 30, 1961.



goods.<sup>202</sup> The British side was obviously alarmed by this announcement. For instance, the *Economist* in 1961 noted that ‘Japan has hinted those countries that continue to impose special restrictions on imports from Japan—the United States, United Kingdom, France and Italy have been singled out for special attack—will receive unfavourable treatment when Japan liberalises its trade.’<sup>203</sup> This is a less passive, more confident image of Japan on display than has been seen so far even within the pages of the *Economist*. Japan up to this point has been presented at best as a passive party in the context of the UK. The country’s state-led industrial drive was by 1961 at the tipping point into what would become Japan’s ‘Golden Sixties’ economic era.<sup>204</sup>

Articles in the press at the time indicate that some in the British government and British industrial circles increasingly recognised the opportunity presented by Japan, with its economic growth and trade liberalisation, to become a large export market for the UK, which could potentially supply an immensely wide range of goods. However, by the time it came to realise that there were indeed significant export opportunities in Japan, the UK was already lagging well behind the United States and Germany in many key export areas such as machinery, chemicals and technical assistance. Alan Green, the Minister of State at the Board of Trade, noted in 1962:

The short term and uncertain basis of the Trade Arrangements between the two countries, with all the doubts and inconveniences caused by the need to negotiate their renewal annually, was hampering the business of traders in both countries. And, last, but not least, the Japanese market had begun to assume much more importance for our exporters in view of the remarkable progress of the Japanese economy, bringing with it a rapid increase in the demand for imports, and the Japanese Government’s declared intention greatly to extend the liberalisation of Japan’s import trade over the next few years. To ensure the United Kingdom’s ability to take advantage of these increased opportunities in the future it was necessary that we should be free from the possibility of discrimination against us in favour of our competitors in the Japanese market, and that there should be a permanent framework for our commercial relations within which our exporters could be encouraged to develop their trade. For all these reasons the Government was convinced that our trade relations with Japan should be put on a normal and settled basis as soon as possible, and that this should include the exchange of guarantees of most-favoured-nation treatment, provided that a satisfactory

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<sup>202</sup> Yokoi. *Japan’s Postwar Economic Recovery*, pp. 13-14.

<sup>203</sup> ‘Threat from Japan?’, *Economist*, September 30, 1961.

<sup>204</sup> Nish, I.H. ‘Japan’s Economic Development 1951-1961’, *Australian Outlook*, vol. 15, no. 3, 1961, 280–294., pp282-284

system of safeguards in the event of an increase in imports under conditions which might threaten or cause serious injury could be worked out.<sup>205</sup>

Two visits to Japan by high-ranking British officials also convinced the UK of the need to conclude a commercial treaty with Japan. Sir Norman Kipping, Director-General of the Federation of British Industries (FBI) and J. R. M. Whitehorn, one of the Duty Overseas Directors of the FBI, in their report drafted after a visit to Japan in 1961, also indicated that ‘the present trading arrangement [with Japan] should be superseded by a commercial treaty, and it is essential to the full development of UK’s export potential.’<sup>206</sup> Kipping was much respected and carried significant authority in the UK during that time, and his report underlined the potential of Japan as an export market and the fact that Japan was no longer a low-wage country. This gave focus to the interest of British industry and a large mission from the London and Birmingham Chambers of Commerce visited Japan in April 1962. In the same month the President of the Board of Trade, Frederick Erroll, also visited Japan. He had been Minister of State at the Board of Trade since 1959, served as President of the Board of Trade from 1961 to 1963, and was personally convinced of the opportunities of the Japanese market after the visit.<sup>207</sup> In April 1962, it was reported in *the Guardian* that Erroll had suggested at an informal press conference that:

There are big opportunities for an increase in exports of British chemicals and machinery —particularly specialised machinery for use in the manufacturing process. As the Japanese standard of living rose there would also be greater opportunities to sell British-made higher-class consumer goods, and there was a good deal of British ‘know-how’ which could be made available to Japanese manufacturers.<sup>208</sup>

The image of Japan’s economy in the above *Guardian* article, through quoting Erroll, is a move away from that generally presented to its readers in reports on the SPAs in the 1950s; it was after all the *Guardian* which consistently voiced fears of unfair

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<sup>205</sup> ‘Board of Trade, ‘Government statement on the Anglo-Japanese Commercial Treaty, Parliament: 1962-1963’, *20<sup>th</sup> Century House of Commons Sessional Papers*. Cmnd. 1875, Volume 31, accessed from:

<https://parlipapers.proquest.com/parlipapers/docview/t70.d75.1962-051391>.

<sup>206</sup> Kipping, V and Whitehorn, J. *A Look at Japan: Report of a Visit ... October 1961*, London: Federation of British Industries, 1961. p. 3.

<sup>207</sup> Gray. ‘The Anglo-Japanese Commercial Treaty of 1962’, p. 309.

<sup>208</sup> ‘More Trade with Japan: Mr Erroll's View of the Prospects’, *Guardian*, April 17, 1962.

Japanese trade practices on behalf on the British textile industry throughout the period in which the SPAs were negotiated and signed. This image of Japan in 1962 is positive to some extent, framing the country as a potential market rather than simply a threat to be contained. By 1962 most of the large trading nations in the West already had similar treaties in force with Japan that the British government was now seeking, such as the Japanese-US treaty of 1953. The *Guardian* is reporting the UK government's desire, seemingly aware that it was lagging behind other economies, to expedite the process of concluding a formal commercial treaty with Japan to guarantee itself an equal opportunity to enter and thrive in the expanding Japanese economy.

### ***The Negotiation Process of the Anglo-Japanese Commercial Treaty***

Given the desire to enter the rapidly expanding Japanese market without being discriminated against, British officials proposed revoking Article 35 of the GATT and offering MFN rights to Japan. Receiving the UK's proposal, the Japanese negotiators were surprised at the UK's intention to finally revoke Article 35 of the GATT and expressed a willingness in return to offer voluntary export restrictions as a solution to the UK's concerns. However, Reginald Maudling, now President of the Board of Trade (1959-61), was aware of how sensitive industries were when Japan became a member of GATT in 1955, and fully understood that the British needed an assurance that traditional industries, such as the textile industry, could be safeguarded against any unacceptably large rise in imports from Japan. Therefore, Maudling further proposed in 1960 that the UK and Japan sign a treaty on the condition that the two sides drew up two sensitive lists of products which would be excluded from GATT arbitration, consisting of both indefinite and definite safeguards. The commercial treaty negotiations, according to British newspaper reports at the time, proved to be far more complex than initially anticipated. The issue on which detailed items should be included caused some argument.

The UK thought that the sensitive list should include items that were believed to be in immediate danger and items that could be harmed by Japanese competition in the future. However, by this time exhibiting some increased confidence in its negotiating position, Japan was only willing to accept a list of products that would

most definitely suffer from Japanese competition during the time when the treaty was being negotiated. *The Guardian* in 1961, had written that the Japanese Foreign Minister (Zentaro Kosaka) had responded to questions about fears of Japanese competition, particularly in the textile and radio fields, by emphasizing his country's attachment to the principle of orderly trade. Citing trade with the United States as an example, he stated that 'Japanese industries had imposed voluntary controls on exports to avoid market disruptions.'<sup>209</sup> Through directly quoting Kosaka, the *Guardian's* image of Japan is more 'open' than that seen in the publication's articles covering the SPA negotiations, allowing the minister's conciliatory words to be heard directly by its readers.

The on-going Japanese liberalisation, and pressure on the UK for reciprocity through the annual trade arrangements, led to reductions in the scope of the original sensitive list proposed by the UK, causing concerns in the UK's textile industry. *The Times* in August 1962 indicated that 'to replace this escape clause (GATT's Article 35) the UK is hoping for a safe-guard clause which will cover a fairly wide range of "sensitive items" and such a move is probably very necessary.'<sup>210</sup> The paper further explained:

Although Japan is scheduled to liberalise tariffs and barriers on some 90 per cent of her import items at the beginning of October this year the remaining 10 per cent forms a fairly long list which could well be longer and of as much value as the "sensitive items" for which Britain wants provision to be made. One of the central items is, of course, textiles in which sector Britain wants safeguards against disruptive Japanese competition.'<sup>211</sup>

As with coverage of the SPAs, Japan is still deemed - and so presented - as a threat to the UK textiles industry. And textiles can be seen to be considered a 'central item' in negotiations, even though, or perhaps because, the industry in the UK is now on the decline.

In the same vein, the *FT* reported in September 1962 that the Prime Minister, Macmillan, in a letter to Geoffrey Hirst, the MP for Shipley, had stated that 'I can assure you that the Government has given the most careful consideration to the

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<sup>209</sup> 'Anglo-Japanese Treaty Problems', *Guardian*, July 07, 1961.

<sup>210</sup> 'Implications of Anglo-Japanese Trade Treaty', *Times*, August 17, 1962.

<sup>211</sup> *Ibid.*

representations made by the wool textile industry and is satisfied that the industry's vital interests will be fully protected against disruptive Japanese competition under the arrangements which are contemplated.'<sup>212</sup> In both *The Times* and *The FT*, the image of Japan being presented to readers is as a 'disruptive' threat to what are emotively deemed 'sensitive' key industries in the UK which therefore require protection.

In the end the representatives of the woollen industry, which was in 1962 a traditional UK industry 'mascot' clearly now in trouble, managed to convince Macmillan with their arguments that they should be protected from Japanese competition. Ministers therefore agreed that woven woollen cloths would be included in the sensitive list but that wool tops, yarns and garments of woven cloth would be excluded from it. Consequently, the Japanese, who refused to liberalise their woollen cloth import restrictions without British reciprocity, on hearing the UK's decision on woollen cloths decided to exclude woollen cloths from their 1964 liberalisation list.<sup>213</sup>

In addition, given the extent of concerns over earlier complaints from the Lancashire textile industry, this time before the treaty was signed, six members of the wool industry's organisation, the Wool Textile Delegation, led by its chairman George Birkenshaw, travelled to London for talks with Frederick Erroll. *The Times* covered this in November 1962, reporting that 'woollen textile industry leaders, fighting any move to let unrestricted Japanese wool textiles into this country under the proposed Anglo-Japanese commercial treaty, have been invited to meet the President of Board of Trade, Mr. Frederick Erroll, who has been under fire from West Riding M.P.s.'<sup>214</sup> The language that is associated with Japan's wool trade in this article for readers of *the Times*: 'fighting', 'unrestricted', 'into this country', 'under fire' is emotive.

There were also concerns in the Lancashire cotton industry at the prospect of unlimited imports of Japanese cotton cloth. *The Guardian* noted in November 1962 that 'There is much concern in Lancashire at the prospect of unlimited imports of Japanese cotton cloth for re-export after finishing, and it would not be surprising to learn that it is regarded with no pleasure by cotton textile producers.'<sup>215</sup> The paper

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<sup>212</sup> 'Mr. Macmillan's Assurance on Wool Textiles', *Financial Times*, September 28, 1962.

<sup>213</sup> Yokoi. *Japan's Postwar Economic Recovery*, pp. 153-154.

<sup>214</sup> 'Mr. Erroll To See Wool Men', *Times*, November 07, 1962.

<sup>215</sup> 'Safeguards for Cotton and Wool Industries', *Guardian*, November 16, 1962.

further explained that concern arising in Lancashire was because ‘traders are not confident that the authorities keep any effective check on what happens to cloth imported for re-export. There is a widespread belief that, in fact, much of it remains in this country.’ The paper also stressed that:

In Yorkshire as well as in Lancashire, moreover, traders are sceptical of the value of the provisions in the treaty for dealing with imports which arrive “in such increased quantities and under such conditions as to cause or threaten serious injury to producers of like or competitive products.”<sup>216</sup>

For the *Guardian*'s readers in November 1962, Japanese cotton was equated with ‘unlimited imports’, ‘sceptical’, ‘threaten serious injury’. However, by this time, *Guardian* readers were receiving mixed messages about Japan's trade. In a letter to the editor of the *Guardian* in August of the same year, Reginald Cudlipp, formerly editor of the *News of the World* and now Director of the Anglo-Japanese Economic Institute, had reassured readers about the potential opportunities in Japan's market for British exports by giving detailed figures. According to Cudlipp, Japan had been buying British goods at the rate of nearly £1 million a week in 1962. Within these goods, apart from wool, large items exported to Japan had been non-electric machinery, metal ores and scrap, road vehicles and aircraft, and chemicals. Cudlipp further stressed that ‘British exporters have good reasons to be satisfied with this sort of business ---and trade is, after all, a two-way venture.’<sup>217</sup> Another positive view – and image of Japan - coming out of a survey conducted by the London and Birmingham Chambers of Commerce was reported by the *Times* in August 1962. The article pointed out that:

There are great opportunities for developing mutually advantageous trading arrangements. Japan can in fact become an important trading partner rather than a commercial rival though certain obstacles would first have to be overcome.<sup>218</sup>

By looking at these articles, we can see that the issue of negotiating the new treaty raised diverse concerns, arousing hostility from certain sectional interests, particularly in the textile industry, but also in parallel a growing enlightenment edging in regarding

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<sup>216</sup> Ibid.

<sup>217</sup> Cudlipp, R. ‘Letter to the Editor: Trading with Japan’, *Guardian*, August 15, 1962.

<sup>218</sup> ‘Implications of Anglo-Japanese Trade Treaty’, *Times*, August 17, 1962.

the trading opportunities with Japan. Ultimately, articles show that whilst facing strong protest from traditional industry, with the wish of securing benefit from trading with one of the world's fastest growing economies and to guarantee itself equal opportunities to enter and thrive in the expanding Japanese market, the Board of Trade, which traditionally had been very anxious about Japanese competition, ultimately placed the UK's overall export opportunities above the protectionist interests of its diminishing domestic textile industry. As in the period when the 2<sup>nd</sup> SPA was signed, although the idea of Japan's potential as a market for British industry as a whole was occasionally related to its readers, articles in the *Guardian* mainly focused on the British textile industry's concerns at the possibility of an invasion by Japan's textile exports of the UK's market due to the new treaty. The *Times* and the *Financial Times* also gave ample coverage to fears in the UK of the potential impacts of the new Anglo-Japanese treaty on British traditional industry, but these images of Japanese industry given to their readers were tempered more frequently with Japan's growing economy presented as a potential market for UK business. It seems likely that these differences in framing of the same topic regarding Japan's economy may reflect the newspapers' different readership demographics. However, one crucial aspect missing from the images of Japan in all publications bar *the Economist* up to 1962 in articles concerning negotiations over the treaty is a recognition of quite how much and how quickly the country had already expanded its economy, for instance how its GDP annual growth rate by this time had for a good few years been far above that of the UK. Regarding this topic, in September 1962 *the Economist* published two articles titled 'Consider Japan' which were later included in a book of the same title, in which the writer sought to explain the high growth rate of Japan's economy following the end of WWII.<sup>219</sup> According to the book, from 1953 to 1961 just before the original articles' publication, 'Japan marked up the biggest rate of growth in both production and exports in the world (217 per cent increase in industrial production, 232 per cent increase in exports).

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<sup>219</sup> The *Economist*, in its issues of 1st and 8th September 1962, the articles titled 'Consider Japan' written by Norman Macrae (uncredited at the time) during a visit to Japan attempted to explain the high rate of growth of the Japanese economy since the war. The articles were then compiled with two additional articles by the publication's resident correspondent in the Far East into the book: *Correspondents of The Economist. Consider Japan*, Gerald Duckworth & Co. Ltd, 1963.

The UK, however, marked up one of the slowest rates of increase in both (28 per cent increase in production, 42 per cent increase in exports).<sup>220</sup>

### ***The Completion of the Anglo-Japanese Commercial Treaty***

As has been established concerning the SPAs and the negotiations over the treaty, by April 1953 articles in *the Economist* were already taking a straightforward, rational approach to Japan's economic rise, and presenting a lucid image of the country's economic achievements and the opportunities this might hold for the UK's economy and industry. The focus here is therefore on the other British newspapers (with far higher circulations than the *Economist*) being analysed in this study and their coverage following the treaty's completion.

After more than two years of negotiations, with great expectations of expanding commercial and trade relations from both sides, the Treaty of Commerce, Establishment and Navigation between the United Kingdom of Great Britain and Northern Ireland and Japan (Anglo-Japanese Commercial Treaty) was signed on 14 November 1962. The Anglo-Japanese Commercial Treaty came into force in May 1963 and was valid for six years. The essence of the treaty was the exchange of MFN rights and, in some cases, national rights between the two countries as regards the treatment of persons, companies, shipping and goods. Safeguards against disruptive competition were provided in the associated arrangements. The protocol of the treaty, as indicated in Appendix 2.1, consisted of a safeguard including two sensitive lists which included items under voluntary export controls and items under British import control supervision. The eight categories of goods in the sensitive list which were under Japan's system of voluntary export controls included a wide range of textiles and clothing, some radio apparatus and some pottery. The sensitive list under import restriction in the UK included cigarette lighters, cutlery, sewing machines and parts, fishing tackle, binoculars and parts, microscopes and parts, certain toys and games, and domestic pottery. The British agreed to remove all their import controls on

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<sup>220</sup> *Ibid.*, pp.14-15.



Japanese goods, in most cases by 1965 but in some cases earlier and in others later, with the whole process to be completed by 1968.<sup>221</sup>

The Anglo-Japanese commercial treaty itself comprised 33 articles in total.<sup>222</sup> Some brief information on the articles offers some context for the treaty's operation. Articles 6 to 14 in particular regulated the rights and privileges of carrying on business within the other country including access to resources, production, marketing and finance. For example: article 8 was related to double taxation in the two nations for companies of one of the contracting parties in any territory of the other, while article 13 was concerned with the introduction of foreign capital or technology to the other contracting party. Articles 15, 16, 17, 18, and 26 re-defined the regulations covered in the GATT. Articles 15 and 16 laid down provisions with respect to:

Customs duties and charges of any kind imposed on or in connection with importation or exportation or imposed on the international transfer of payments for imports or exports, and with respect to the method of levying such duties and charges, and with respect to all rules and formalities in connection with importation and exportation.<sup>223</sup>

Article 17 concerned the non-discriminatory administration of quantitative restrictions, and Article 26 re-defined the rights and obligations in the event of conflict. Importantly, article 18 stipulated that once goods had been imported and paid any import duty, no other special charge could be levied unless the same charge was also imposed on home products. Thus, in those days the British could levy their purchase tax on imports and home products alike, but it had to be at the same rate in each case. Article 25 (2) implemented protection for the prevention of the false indication of origin on goods by calling on each party to provide suitable civil remedies and, in cases of fraud, suitable penal sanctions. Article 28 offered an interpretation for construing most favoured nation treatment.

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<sup>221</sup> 'Anglo-Japanese Trade Treaty, MFN Treatment with Safeguards', *Bulletin of the Manchester Chamber of Commerce*, VOL. LXXIII NO 11, November 1962; Board of Trade, 'Government statement on the Anglo-Japanese Commercial Treaty, Parliament: 1962-1963', *20<sup>th</sup> Century House of Commons Sessional Papers*. Cmnd. 1875, Volume 31, Accessed from <https://parlipapers.proquest.com/parlipapers/docview/t70.d75.1962-051391>.

<sup>222</sup> Almond. 'The Anglo-Japanese Commercial Treaty of 1963', pp. 925-68.

<sup>223</sup> Ibid.

As seen earlier, the treaty had already caused serious anxieties in the textile industry, and these grew especially in the period between it being signed and coming into force. Francis Boyd, political correspondent of the *Guardian*, in an article published just the day after the Treaty was signed, also described these anxieties and mentioned that President of the Board of Trade Frederick Erroll's views had not been well received by members from textile constituencies. Boyd went on to state that Geoffrey Hirst (Conservative MP for Shipley), Donald Wade (Liberal MP for Huddersfield West) and W. J. Taylor (Conservative MP for Bradford North), had all expressed the concern of the woollen industry, and 'were particularly concerned about the Japanese "dual price" system by which exports have been subsidised.'<sup>224</sup>

Under the treaty, wool tops and yarn that could enter the UK from Japan would be subjected to import duty at the MFN rate, but would be able to come into the country quota-free. Therefore, the treaty caused widespread dissatisfaction in the wool textile industry. Commenting in the *FT* in 1962, George E Birkenshaw, chairman of the Wool Textile Delegation, was highly critical of the terms of the agreement, suggesting that:

The interests of the industry are indivisible and serious injury to the home market, the basis of export earnings of £160m. a year, could quickly occur if protection is given to one section and not others. If any section is injured by the disruptive effect of Japanese imports, inevitably the whole of the worsted industry will suffer.<sup>225</sup>

Birkenshaw had further stated that 'the industry does not share the Board of Trade's confidence in the general safeguard procedure for use in the event of disruptive competition developing in any sector of trade.'<sup>226</sup> Through quoting Birkenshaw, 'Japan' is associated with 'serious injury' and 'the home market' being 'injured', and presented as having wider implications. If one section of industry is not protected from it, then all sections will be affected. And according to the *Times* in November 1962:

members on both sides of the Commons who represent the textile areas showed some uneasiness when Mr Erroll, President of the Board of Trade, made a

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<sup>224</sup> Francis B. 'Textile MPs anxious over trade treaty: Japan's Six-Year Agreement', *Guardian*, November 15, 1962. The MFN rate on tops was 10 per cent, and on yarns it was 7.5 per cent. The MFN rate on wool cloth from Japan, which would be controlled by voluntary import quota administered in Japan, would be 17.5 per cent.

<sup>225</sup> 'Aire Wool Company', *Financial Times*, December 13, 1962.

<sup>226</sup> *Ibid.*

statement on the Anglo-Japanese commercial treaty. The mood of Minister and backbench questioners was caught in one particular exchange. Mr. Arthur Tiley (Bradford West, C. and Nat. L.), spoke of anxiety that the Japanese should not pull wool over our eyes.<sup>227</sup>

Here 'Japan', according to Arthur Tiley, is a source of 'anxiety' as it is likely not to be trustworthy.

Then later that same month, the *Guardian* in November 1962 stressed that the Treaty caused more alarm and anxiety in the British wool textile industry than anything that had happened in the industry since a postwar Chancellor of the Exchequer had tried unsuccessfully to impose a statutory Development Council on it. It described how:

Yorkshire traders find it hard to believe that a Conservative administration would impose on the industry a treaty which could not only seriously damage large and small textile mills which have been in business for decades, but also could completely shatter the economies of villages and areas, many of them small and thriving communities which have been dependent wholly and for generations on "the local mill".<sup>228</sup>

'Japan', by implication of the UK lifting restrictions on the country's textile imports, will 'seriously damage' and 'shatter' the work of generations of 'thriving communities.'

The above articles from the *Guardian*, the *Times* and the *Financial Times* published during the time between the Anglo-Japanese treaty being signed and implemented, as during the negotiations, directed their ire towards the British government, but in the process one can see Japan being framed in a particularly negative light through mistrust of Japan; any ire at the government is down to fear and mistrust of Japan's trading practices, whether real or perceived.

Early in 1963, still before the treaty's implementation, the wool industry's fears of an untrustworthy Japan's possible influx of cheap wool imports of tops and yarns under the new Anglo-Japanese trade treaty can be seen to be abating slightly in the *Guardian*. The article was clearly in support of UK industry, stating:

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<sup>227</sup> 'Anglo-Japanese Trade Treaty Signed', *Times*, November 15, 1962.

<sup>228</sup> 'Yorkshire Anxiety about Imports from Japan', *Guardian*, November 26, 1962.

The industry made its views quite plain to the Government before the treaty was signed at the back end of last year but to little avail. Though cloth is still protected, quotas on tops and yarn have been lifted completely leaving them fully exposed to what the industry claims are subsidised imports.<sup>229</sup>

The paper further emphasised that:

Whether these fears will be borne out by events has yet to be seen. Some think that the Japanese exporter will exercise restraint in the interests of maintaining goodwill and if the imports do reach a level that threatens the livelihood of their topmakers there is always the escape clause which enables the Government to clamp down and stop the rot.<sup>230</sup>

The words ‘goodwill’ and ‘Japan’ are connected to give an unfamiliar image in the *Guardian*, one of a Japan that might perhaps be trusted. However, a month later the story makes the pages of the tabloid *Daily Mirror*, who, reporting the same month on the AGM of one leading company, described how:

the industry is disturbed owing to the possible impact of the recently signed Anglo-Japanese Trade Treaty. It is difficult to see how the worsted spinning section of the industry can escape some evil result from undesirable and unfair competition, particularly in white yarn and bulk plain colours. The authorities have chosen to ignore the warning of the industry, and the result will have to be very closely watched if the safeguards which were inserted in the Treaty are not to prove illusory.<sup>231</sup>

*The Mirror* is unequivocal in its use of othering language in the presentation of Japanese trade to its readers, framing any lessening in the fortunes of the UK’s worsted spinning section of the textile industry in the months to come as an ‘evil result’. The same concern can be also found expressed to the *FT*’s readers the same month, but in less hysterical language, when it reported R.Y. Holdsworth, President of the British Wool Federation, was arguing that ‘the treaty could result in serious damage to the industry.’<sup>232</sup>

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<sup>229</sup> ‘Bradford’s fears not yet calmed: Lord Wilmot on Japanese Treaty’, *Guardian*, January 23, 1963.

<sup>230</sup> Ibid.

<sup>231</sup> ‘Illingworth, Morris & Company Limited’, *Daily Mirror*, February 15, 1963.

<sup>232</sup> ‘Talks Urged on Japan Treaty’s Effect on Wool’, *Financial Times*, February 26, 1963.

As might be expected, and also touched upon previously, it was not only the woollen textile industry that had concerns, but cotton producers as well. Sydney Silverman (Labour MP for Nelson and Colne) was reported as stating that ‘the cotton industry had no confidence in Erroll’s capacity to assess what was fair or not fair to them.’<sup>233</sup> In another report in the *Guardian* on the day that the Anglo-Japanese commercial treaty was signed, the paper’s commercial editor was easier on Erroll, commenting that:

It seems clear from the inclusion of cotton and man-made fibre textiles on the list of sensitive items to which restrictions are applied that some regard has been paid in official quarters to representations made on Lancashire’s behalf. After all, cotton has probably had a longer experience of Japanese competition in manufactured goods than any other British manufacturing industry and its views should have carried some weight with the Government.<sup>234</sup>

Here, Japan’s industry appears, to the *Guardian*’s readers, as something that Erroll had perhaps taken some of the necessary actions to protect the UK cotton industry from. Meanwhile, as was reported in the *FT* in March 1963, the Silk and Man-Made Fibre Users’ Association had warned in its annual report that ‘although the Anglo-Japanese commercial treaty is signed, it is still essential to maintain the utmost vigilance.’<sup>235</sup> The article further stated that ‘it must be in a position to take swift action in the event of disruptive imports from Japan which would enable the Board of Trade to invoke the safeguard clauses in the treaty.’<sup>236</sup> With the treaty signed, Japan’s trade is presented to the *FT*’s readership as something from which it is still essential to ‘maintain the utmost vigilance’ against ‘disruption’.

Concerns regarding the treaty from other traditional areas of British industry can also be found relayed to readers across different publications. According to a report in the *FT* in April 1963, the chief problem for the pottery industry was how to define articles of traditional Japanese design, which under the Anglo-Japanese Commercial

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<sup>233</sup> Francis Boyd. ‘Textile MPs Anxious over Trade Treaty: Japan’s Six-year Agreement’, *Guardian*, November 15, 1962.

<sup>234</sup> ‘Japan’s Access to UK Market for Cotton Goods’, *Guardian*, November 15, 1962.

<sup>235</sup> ‘Keeping Watch on Effect of Japan Treaty’, *Financial Times*, May 09, 1963.

<sup>236</sup> *Ibid.*

Treaty were allowed quota-free entry to the U.K.<sup>237</sup> This problem, it reported, had been solved negatively by setting down in an agreement what was not traditional ware. According to the paper, S.H. Jerrett, who was director of the British Pottery Manufacturers Federation and a member of the British pottery delegation that had visited the city of Nagoya in Japan to discuss the core problem, had said that:

British industrialists hoping to do business with Japan should recognise that there is another side to the coin. The Japanese are never happy with the quotas they have, whatever country is involved, or with their export performance in any market.<sup>238</sup>

However, the report also indicated that Jerrett understood that:

There were aspects of the Treaty that we tried to modify for the benefit of important sections of our industry, but we had to make some concessions to win others, which we are satisfied will benefit the industry as a whole.<sup>239</sup>

This article's image of Japan is markedly different from reports so far on traditional British industry's concerns on Japan, particularly where quoting an industry representative. Japan's ambitions as an economy are given recognition, and straightforwardly. There is also a lack of blaming of Japan in this article, unlike in many others, and instead an awareness that some compromise by UK industry has been necessary with the treaty. This is, perhaps, indication of a gradual shifting of attitudes under way in the UK towards looking beyond traditional industries regarding trading with Japan.

It is important to note that although the articles from 1962 onwards in the *FT*, *Times* and *Guardian* generally presented the treaty as not being sufficient to stop what was constantly framed as an inevitability of Japan's imports decimating the home market, there were articles from the same period that veered more towards covering the UK government's approach to the treaty, Anglo-Japanese trade and the opportunities Japan might offer as a market for British industry as a whole. On 15 November 1962, just after the treaty was signed, the *Times* published an article with the title of 'Anglo-Japanese trade treaty to end discrimination'. The article began with

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<sup>237</sup> 'U. K.-Japan Talks on Pottery Imports', *Financial Times*, April 17, 1963.

<sup>238</sup> *Ibid.*

<sup>239</sup> *Ibid.*

the sentence ‘The Anglo-Japanese commercial treaty... puts an end to a discriminating attitude by Britain which, in the words of the Government’s White paper, “was becoming progressively harder to justify, particularly in view of the firm and continued attachment which Japan had shown to us and our friends in her international policies.”’<sup>240</sup> The framing of Japan in this first sentence is that of a nation that has previously behaved badly, but whose recent actions have been conciliatory and therefore deserving of being taken into account in negotiations. The article continues that:

The British negotiators have succeeded in obtaining a formal undertaking from Japan to end all discrimination against United Kingdom exports while at the same time securing safeguards for the British industries most threatened by Japanese competition on the home market, as well as a list of items on which British restrictions could be maintained for the moment.<sup>241</sup>

The image of Japan expands to one that is, although still a threat, essentially a more passive party in relation to the more powerful British negotiators, and one that having shown constant good behaviour can now be rewarded with a degree of trust. In fact, British dominance did seem to be illustrated in the final agreement; though Japan was entitled to invoke the same general safeguard clause as the UK, it had no such list of special items written into the treaty.<sup>242</sup>

A debate held in the House of Commons on December 1962 not covered by the printed press highlights the satisfaction of the government towards the Treaty’s terms for the UK, and in the process painted a warm image of Japan to those present in parliament. Alan Green, Minister of State at the Board of Trade, stated during the debate that ‘the Treaty marks a constructive change in our commercial relations with a friendly power.’<sup>243</sup> Green further argued that ‘the discrimination that we have

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<sup>240</sup> ‘Anglo-Japanese Trade Treaty to End Discrimination’, *Times*, November 15, 1962.

<sup>241</sup> *Ibid.*

<sup>242</sup> *Ibid.*

<sup>243</sup> ‘Anglo-Japanese Treaty’, *HANSARD*, HC Deb 05 December 1962 vol 668 cc1335-443. Accessed from: <http://hansard.millbanksystems.com/commons/1962/dec/05/anglo-japanese-treaty>.

practised against Japan has become increasingly undesirable on general grounds, and is no longer necessary on grounds of commercial policy.’<sup>244</sup> He later continued:

With our exports to Japan already up by about two-thirds in the last two years, and with these opportunities to expand them in future, it has become urgently necessary to ensure that our exports are in the best possible position to take advantage of the market. We have, therefore, needed a settlement which would normalise our relations with Japan and fulfil three requirements.<sup>245</sup>

These three requirements were:

Firstly, a permanent guarantee of most-favoured-nation treatment for our goods in the Japanese market. Secondly, we had to do away with the system of annually negotiated trade agreements, which caused anxiety and inconvenience to all concerned in trade with Japan and was a quite unsuitable framework..... Thirdly, Japan, is much less well known to British industry as a whole than other industrial markets of comparable importance, and our competitors have cultivated it much more actively than we have. The conclusion of a long-term treaty covering establishment and all commercial matters might be expected to encourage British industrialists to commit themselves to this market by export, sale of “know-how”, or establishment of joint ventures, whichever means might be the most profitable.<sup>246</sup>

One year after coming into force, the Anglo-Japanese commercial treaty did seem to be operating in favour of British industry’s exporters. An article in the *Guardian* in July 1963 contradicted its other contemporary articles presenting Japan as a threat, stating that ‘so far the overseas trade returns have contained nothing to support earlier beliefs that the Japanese would flood the British market with wool textiles once the Anglo-Japanese Commercial Treaty came into effect.’<sup>247</sup> According to the article, ‘Total imports of all clothing from Japan in May were actually less than in May last year. Textile fibres and their waste, which are also allowed free entry by the treaty, fell in May.’ Most importantly, the report emphasized, ‘little is heard in Yorkshire at present of the threat of unrestricted entry of Japanese wool textile.’<sup>248</sup> Rather than being a threat, the paper presents raw economic data to the contrary. *The Guardian*

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<sup>244</sup> Ibid.

<sup>245</sup> Ibid.

<sup>246</sup> Ibid.

<sup>247</sup> ‘Textile Imports from Japan: The New Arrangements’, *Guardian*, July 15, 1963.

<sup>248</sup> Ibid.



followed up with the story in 1964, approving of the fact that the Anglo-Japanese Commercial Treaty seemed to be operating in favour of British industry's exporters. The article reported that:

The government was criticised on the grounds that the treaty would provide the Japanese with an opportunity to sell yarns and fabrics in the British home market. In the event, though the threat is still there, imports from Japan since the treaty was signed have been small enough to arouse little adverse comment.<sup>249</sup>

The report further suggested that 'on the other hand exports of wool cloth to Japan have been rising.'<sup>250</sup> For the *Guardian's* readers here, Japan resorts back to being presented as a threat, though the aspect of it being an opportunity for UK business is retained.

In summary, around 1962-1964 once the treaty has been signed, there are small signs of movement in the image of Japan's economy presented in the *Times*, *Guardian* and *FT*. 'Japan' does continue to be associated with being unfair, untrustworthy, and a danger to UK industry to be contained. However, joining this image in some articles are elements that present the threat as not as bad as has been suspected, and even in a few cases the argument that working with Japan could bring opportunities. One aspect remaining absent is a full awareness of the reality of the extent of Japan's economic rise.

### ***The Realities of the Anglo-Japanese Commercial Treaty***

Having analysed a cross section of British newspaper coverage of the treaty, it is revealing to look a little deeper at the realities of the treaty itself. Comparing the original sensitive list proposed by the UK and the final sensitive list in safeguards of the Treaty, we see that the proposed sensitive list covers a wider range of goods compared with the final sensitive list of the Treaty. For example, some goods such as pencils and jewellery listed in the original sensitive list were no longer on the final sensitive list of the Treaty. The reduced number of goods in the final safeguards perhaps indicates a slightly stronger bargaining power of Japan due to the improvement of its economy over time and in conjunction with the eagerness of the

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<sup>249</sup> 'Wool Textile Trade with Japan: Large Exports of Cloth', *Guardian*, July 16, 1964.

<sup>250</sup> *Ibid.*

British government's intention to take advantage of the potential Japanese market. I would also argue that when the list was first made in 1960 in parallel with the annual trade agreement negotiation, at the beginning of negotiations, the primary reason behind making the sensitive list for the Board of Trade was still to protect British domestic industries as much as possible when they were trading with Japan. However, when the intention became one of expanding entry into the Japanese market, the British had to rethink the list carefully, and to include only the items that were deemed to be absolutely necessary.

Also worth noting is that it was the on-going Japanese liberalisation and pressure on the UK for reciprocity through the annual trade arrangements, which led to reductions in the scope of the final sensitive list. The situation in 1962 was, on the one hand, one in which Japan was cautiously preparing under GATT auspices to remove the bulk of her remaining controls on imports of industrial products. On the other, although Japan had been reducing her import controls, there were still a great many in place. It is this scenario that partially explains why the UK believed that the sensitive list was necessary during the time the treaty was signed.

In addition, if we consider the apprehensions of the textile industry in the UK at that time, which was under great pressure in the world trade market, competition did not only come from Japan; the UK, the US and even Japan itself also faced competition from newly developed countries in Southeast Asia. However, as previously mentioned, for the UK the textile industry was one of the most important symbols of glorious economic achievements in the past, and had long been regarded as an object of national pride. The loss of the wool and cotton industry could be seen as a precursor of deindustrialisation.<sup>251</sup> In addition, we might notice that the original sensitive list proposed by the UK made no mention of the duration of the sensitive list. There were discussions about the initial duration of the treaty—the Japanese side preferred five years but the British side preferred seven years. According to Robin Gray:

The Japanese saw possible difficulties with the Diet if the safeguard provisions lasted too long, but the British President of the Board of Trade, Erroll, equally

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<sup>251</sup> Singleton, J. *Lancashire on the Scrapheap: The Cotton Industry, 1945-1970*, Oxford; New York: Oxford University Press, 1991. p. 45.

foresaw difficulties with Parliament if the safeguards to British industry were of too short a duration.<sup>252</sup>

In the end, the sensitive list of the final commercial treaty required the whole process to be completed over six years, by 1968. This compromise between the two sides, I would argue, indicates the increase in Japan's negotiating power and the eagerness of the British government's desire for British goods to explore the Japanese market.

It is also worth pointing out that although the commercial treaty shows Japan's negotiating power to have become stronger than it was in the 1950s, the contents of the treaty still did not match the positions of the two economies in the world economy during that time. For example, although changes to more specific categories and fewer items were included in the final safeguards, indicating Japan's increasing negotiating power over time, Japan was still willing even when not requested by the British side to offer voluntary restrictions on some exports to the UK. These mainly covered textile products as well as radio and television apparatus, domestic pottery and ceramic, and toys. In addition, according to the treaty, if particular imports from Japan came in in such increased quantities as to cause or threaten material injury to British producers, there would be consultations between the two countries. If no solution were found within thirty days (and in extremity sooner) the British could override the MFN parts of the treaty and impose restrictions. Therefore, although in a protocol to the treaty a general safeguard was established reciprocally, there is no doubt it was, ultimately, biased to protect British interests over those of the Japanese. Meanwhile, although both English and Japanese versions of the commercial treaty were signed, the negotiations were conducted in the English language, rather than Japanese: an important detail noted by Robin Gray.<sup>253</sup> This clearly posed particular difficulties for the Japanese, who were having to negotiate in a language other than their own, and to handle detailed and sensitive wording.

In the treaty, the U.K. government waived its right not to support Japan's MFN rights, and the fact that UK became the first country in Europe to withdraw the invocation of Article 35 of GATT was an indication to Japan of some changes in British perceptions of their economy. However, the change was not without reason;

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<sup>252</sup> Gray. 'The Anglo-Japanese Commercial Treaty of 1962', p. 310.

<sup>253</sup> *Ibid.*, p. 312.

the primary motivations behind the change were to gain advantage for British goods in the Japanese market and to protect British goods from discrimination in the Japanese market. With Japan's economic growth, British attitudes towards this growth were becoming more positive. It is not correct to claim that the Anglo-Japanese commercial treaty put a complete end to discriminating attitudes on the part of the UK, but the treaty does show the existence of an increased trust from the British side in Japan's trade behaviour.

Similar with the circumstances of the SPA, the process of negotiation and the treaty itself also indicate that, as we have seen, there was a difference in attitudes to the Japanese economy and trade with Japan among different groups, especially the Board of Trade, and different industries in the UK. The UK's textile industry heavily campaigned against the Treaty, but the Board of Trade, which had traditionally represented the textile industry's concerns, seems to have become more inclined to ignore their pleas this time, due to its desire to open up wider access to the Japanese market for a range of British goods.

Across the newspaper articles issued during that time, we find some evidence of gradual increasing confidence in Japan regarding negotiations with the UK. Even so, as we have seen, Japan's negotiating power in many respects still did not match its growing economic power. The content of the sensitive list indicated the changing nature of Japan's economic structure, and the British government fully understood the fact that Japan's economy was getting stronger and more competitive. However, the negotiation process of the treaty indicated a dominance by the UK at odds with its actual status when compared to Japan's rising economic position in the world market at that time. It seems likely that this disparity was partly down to an ambivalence by Japan regarding her confidence, stemming from her successful economic growth since the Meiji period being countered by her failures in the Second World War, and also partly due to still harbouring a respect for the British for having been the first industrialised nation.

## 2.4 In Conclusion

Newspaper articles on the official documents looked at in this chapter firstly indicate a distinct difference in the image of Japan's economy presented in the weekly *Economist* compared to that in the rest of the publications analysed. *The Economist* consistently from April 1953 rationalises the reality of Japan's economic progress and how this might relate to UK concerns: the image of Japan is of an economy growing after WWII, relating to which it regularly laments there were misperceptions and stereotypes applied by many in the UK to the detriment of rational response and engagement. This is in contrast to the coverage in the daily newspapers analysed, which have a tendency to present Japan from one of two positions. The first is from the perspective of UK traditional industry, which is shown to view Japanese competition as an untrustworthy danger that is the source of its troubles, and whose 'unfair' imports it must therefore be protected from to survive. The second is from the perspective of the UK government with their national and global level economic concerns. In the period of the SPAs, these concerns relate mainly to the sterling area and the sterling balance of Japan. Then comes the period of the Anglo-Japanese Commercial Treaty, which appears to mark the beginning of some consideration of Japan as an economic opportunity. In fact, regarding the latter, if we consider as a whole the coverage in these other publications, the *FT*, the *Times*, and the *Guardian* (and also the *Mirror*) from the OPA to the two SPAs and the Anglo-Japanese Commercial Treaty, it is apparent that there is from around the time of the signing of the Treaty some 'widening' of the image of Japan in their coverage to encompass the country's economy being a possible opportunity as well as simply a threat. As seen in the analysis of the reality of the Treaty itself, this gradual broadening of Japan's image into something less than one dimensionally negative yet passive is shown ultimately to have been triggered by economic forces winning out over the negative stereotypical images of Japan's unfair economic practices. Namely, the government-level big-picture perspective of Japan's economy proved ultimately more persuasive to UK negotiators than the emotional, protectionist lobbying stance of traditional British industries. It should however be noted that, though the government are seen to admonish traditional UK industry for being led by their emotions rather than economics regarding Japan, as pointed out in some *Economist* articles, the restrictions

on Japanese imports throughout the SPAs and the Treaty are consistently at a higher level than can be justified purely by economic concerns.

Regarding UK negotiators' stance, during the time between 1951 and 1962 when the two Sterling Payment Agreements and the Anglo-Japanese Commercial Treaty were negotiated, the UK's and Japan's economic influence did not in fact match their relative economic power. The reason for this particular phenomenon, I would suggest, is that although the two SPAs and the commercial treaty themselves were purely economic matters, the negotiating powers of the two nations were not balanced due to each party's emotional perspective. Even though the UK was no longer an imperial or great power, so soon after losing this status many in the UK still viewed the nation as its old superior 'self'. And for Japan, despite its own profound economic achievements during the time under consideration, the memory and aura of the great British economic power of the past and indeed the fact that the UK had been a model for many aspects of Japanese society since the Meiji period - combined with the Japanese defeat in the Second World War to the Allies - likely all to some degree point towards why the country was never as assertive as it perhaps could have been in claiming a position of equality during negotiations.

Therefore, the slow, subtle broadening in the image of Japan in British newspaper articles that covered the SPA and Treaty to include the nation as an economic opportunity might be seen in one sense to illustrate the very beginnings of a growing realisation in the UK by the 1960s of the real position globally of Japan's economy, though still below the relative position of the UK's. Notably, the UK's own economic achievements in the industrial revolution, the memory of fierce Japanese competition and unfair trading performance since the interwar period, and most recently British first-hand experiences of the Japanese in the Second World War, do seem to permeate these newspaper's images of Japan's economy, and any accompanying British self-image. This phenomenon will be explored further in the next chapter, which considers British newspaper coverage of the bilateral trade between the UK and Japan.

## Chapter 3

# Newspapers on Japan-UK Bilateral Trade

### 3.1 Introduction

Japan, like Great Britain, depends upon expanding world trade for the maintenance of a civilised standard of living for her people...Unlike in the pre-war days, the trade between the two countries today is more of complementary rather than competitive character. Our mutual trade is showing a healthy and steady progress, and I am confident that there is a growing possibility of further co-operation in this field between the two nations.<sup>254</sup>

Ōno Katsumi, (Japanese Ambassador to the UK in 1958-64)

The above statement from 1960 articulates a positive approach by Japanese ambassador Ōno Katsumi towards building a strong bilateral trade between the UK and Japan in the future. The economic links between the two countries had been damaged due to the fierce competition between them during the interwar period and the Second World War. After the war, the UK had been slowly rebuilding her economic relations with the Japanese, with a general initial approach, at least throughout the earlier period concerned in this research, that Anglo-Japanese trade was more beneficial and important to Japan's economy than it was to the British. Indeed, Noriko Yokoi in her work accepts this approach in the UK, finding that 'it was not crucial to Britain to trade with Japan at least in the early stage.'<sup>255</sup> Some of the newspapers issued during that time relate this view that Anglo-Japanese trade was more to the benefit of Japan, with for example a 1954 article by the *Economist's* Tokyo correspondent expressing a belief that the Anglo-Japanese trade agreement just discussed in chapter 2, 'was a vital trade agreement, designed to restore and increase Japan's dwindling sterling reserves and to boost its languishing and over-priced export trade.'<sup>256</sup> The article further found that 'few Japanese manufacturers and exporters can

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<sup>254</sup> 'The New Japan', *Guardian*, February 29, 1960.

<sup>255</sup> Yokoi. *Japan's Postwar Economic Recovery*, p. 13.

<sup>256</sup> 'Japan and Its British Markets', *Economist*, February 27, 1954.

yet properly estimate the potential benefits of the agreement.’ The article also gives a revealing counter Japanese view of some of the attitudes in the UK at that time towards trading with Japan, by quoting the *Asahi* — Japan’s leading newspaper — as saying:

There was evidence of British “distrust of Japan” and “fear of unfair Japanese business practices” without specific detail, that Japan had counter grievances against Britain and should also draw attention to Britain’s “defects and insincerities” in the interest of friendlier understanding.<sup>257</sup>

In the nineteenth and twentieth centuries British attitude towards Japan, as Daniels has noted, were moulded and remoulded by complex and rapidly changing circumstances.<sup>258</sup> Hugh Cortazzi, in his work in 1992 comments that ‘the economic relations between the UK and Japan since the end of Second World War have frequently been acrimonious.’<sup>259</sup> Cortazzi highlights this being so in the early part of the period covered in this research, through quoting a lecture to the Japan Society on 27 September 1955 by Hessel Tiltman. Tiltman, correspondent of the *Manchester Guardian* in Tokyo before and after the war and justly considered in the immediate post-war years as the doyen of the press representatives in Japan, stated:

Interest in Great Britain concerning Japan appears to be permanently centred upon that country as a trade competitor — never as a customer. Yet for most years of this century to date, Japan has bought abroad more than she has sold. ‘Cheap labour’ and ‘dumping’ are stressed, with, often, the underlying suggestion that if the Japanese are not closely watched and hedged in with tariffs, quotas and other restrictions, they are likely to revert to the unorthodox trading methods which resulted in so much resentment and bad feeling in the thirties.<sup>260</sup>

Tiltman’s stated awareness of Japan as a trading partner being misunderstood in the UK through preconceptions is in marked contrast to that seen in articles by UK-based correspondents in *the Guardian* concerning the SPA and treaty negotiations analysed in chapter 2.

Regarding official Japanese frustration with attitudes in the UK towards Japan during this period continuing to be based on the past, Julian Ridsdale, who had been in Japan as an army language officer before the war and served as MP for Harwich

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<sup>257</sup> Ibid.

<sup>258</sup> Daniels. ‘Elites, Governments and Citizens’, p. 3.

<sup>259</sup> Cortazzi, H. ‘Britain and Japan: A Personal View of Postwar Economic Relations in Collected writing’, in Cortazzi (ed.). *Collected writings of Sir Hugh Cortazzi*, p. 9.

<sup>260</sup> Cortazzi. *Japan Experiences*, p. 256.



until 1992, recalled his personal feelings when he paid his first visit to Japan after the war in 1960. According to him, his old friend General Sugita described British views towards Japan at that time as: ‘The trouble with your country is that you forgive but never forget. Will you do something to improve Anglo-Japanese relations?’<sup>261</sup>

Knowledge of the extent of Japan’s economic rise and the potential benefits this might bring to the UK began slowly filtering through in the early 1960s, in no small thanks to the *Economist* ‘Consider Japan’ articles published in 1962 mentioned in chapter 2. Regarding these, Patrick Jenkin, (Lord Jenkin of Roding) said:

However, perceptions were by the late 1960s beginning to change. For me, the moment of truth came with an astonishing series of articles by Norman Macrae in the *Economist* in the 1960s. Japan was not only rising from the ashes of defeat; her economy was beginning to outpace the West’s and her exports were penetrating the world.<sup>262</sup>

Meanwhile, the extent to which wartime memories might have been a key factor in both shaping attitudes in the UK in the mid-1960s towards trading with Japan, and limiting knowledge as to the extent of Japan’s economic rise, is revealed in a quote by Denis Healey, Lord Healey of Riddlesden, who was the Labour party spokesman on Defence in 1964, concerning his visit to Asia in April in 1964. As he explained: ‘my tour started in Tokyo. At that time Japan was little known in Britain, and most people found the memory of its war-time atrocities a real barrier to understanding how it had changed since 1945.’<sup>263</sup> Even so, scholars such as Hunter and Sugiyama in their work argue that in the post-war period Anglo-Japanese relations gradually came to be characterised more by friendship and mutual understanding.<sup>264</sup>

Having explored the images of Japan (and the UK) seen in articles relating to the formal frameworks guiding for Anglo-Japanese trade in the previous chapter, this chapter now surveys newspapers to analyse how Japan was presented in articles concerning Anglo-Japanese trade. In chapter 2, it was shown that the image of Japan regarding its trade, bar in the *Economist*, was often presented as something to be feared, ‘unfair’, a ‘threat’ (even, ‘evil’ by the tabloid *Daily Mirror*, which did not use

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<sup>261</sup> Ibid., p. 280.

<sup>262</sup> Ibid., p. 256.

<sup>263</sup> Ibid.

<sup>264</sup> Hunter and Sugiyama (eds.). *The History of Anglo-Japanese Relations, Vol 4*, p. 76.

as diplomatic language as the broadsheet newspapers). This image is then shown, by the time of the Treaty in the 1960s, to have become less one-dimensional and, although the earlier images are not replaced, they are augmented with the idea of Japan's economy perhaps also being an opportunity for the UK's. Chapter 2 looked at trade agreements between the UK and Japan which are shown to have been viewed by many, particularly by those with a vested interest in British traditional industry, as the opportunity to curtail Japan's 'unfair' exports. Readers of articles found the negotiations to be a chance for the British Government to step up and protect the UK from being undercut and 'flooded' with products made through 'sweatshop' labour in a country with far inferior living standards than theirs. Meanwhile, the *Economist* readership were on a regular basis shown that the picture painted in daily newspaper publications was often driven by emotions stemming from memories of the past rather than the current economic situation. By the early 1960s, the image of Japan also as an economic opportunity, though not the sheer remarkableness of its growth, was seen to begin to seep through in the daily newspapers.

Having established this as the scenario in articles concerning specifically government-level trade agreements up to around the mid-1960s, in this chapter the scope now broadens to look at whether the same types of images of Japan are present when analysing articles concerning either purely the Japanese economy or Anglo-Japanese trade (when not concerning trade agreements) throughout 1952-1972. Similar to the approach in chapter 2, I look at the manner in which topics relating to the Japanese economy and then Anglo-Japanese bilateral trade were reported and also examine the contents of articles in order to discover whether there were any particular features, trends or biases in the images of Japan. I also look at any shifts there may have been in the nature of the image of Japan's economy and trade portrayed in these articles, and suggest various factors which may have influenced these changes.

Likewise, this chapter seeks to answer a similar set of three questions to those in chapter 2 and as per those questions, all three questions are themselves shaped by the main research questions outlined in chapter 1.

- (1) How was the image of Japan presented in articles covering Japan's economy and Anglo-Japanese bilateral trade?

(2) When visible, what was the accompanying reflection or image of the UK or UK industry in these articles?

(3) To what extent were these images and reflections based on rational economic fact or emotions and memories?

As pointed out in the previous chapters, newspapers and journals offer a key advantage over official archives through their wider representation of disparate groups in society, and by being able to reflect in some detail the changing economic situation at any given time. I argue that throughout the period of 1952-1972, historical and/or emotionally-based views regarding Japan (and of the UK) are shown by British newspaper articles to have played a significant role in influencing views in the UK towards Japan's economic growth, and to the approach in the UK towards Japanese trade competition and trading with Japan.

The chapter is divided into four sections. In the section 2, a brief overview of the two nations' economies and their bilateral trade will be provided for the purpose of understanding the context of the reality of the two nations' economies. Following that, section three examines newspaper articles on the two economies and their exports to each other over the time under consideration. A conclusion will be drawn in the final section.

## **3.2 The two Economies and their Bilateral Trade**

### ***Overview of UK and Japan in the World Economy***

The rare period of worldwide rapid economic growth from the beginning of the 1950s to the early 1970s produced striking changes in the economies of both Japan and the UK, both domestically and in relation to the world economy. For the UK, by the early 1950s, the country had largely left behind the most immediate effects of the Second World War. It has been acknowledged by scholars that the period from the end of the war up until the early 1970s was a golden age of the UK's sustained economic growth, as growth rates were much higher than in previous or subsequent periods.<sup>265</sup>

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<sup>265</sup> Kitson, M. 'Failure followed by Success or Success followed by Failure?' in Floud, R. and Johnson, P. (eds.). *The Cambridge Economic History of Modern Britain. Vol. 3*, Cambridge University Press, 2004. p. 31.

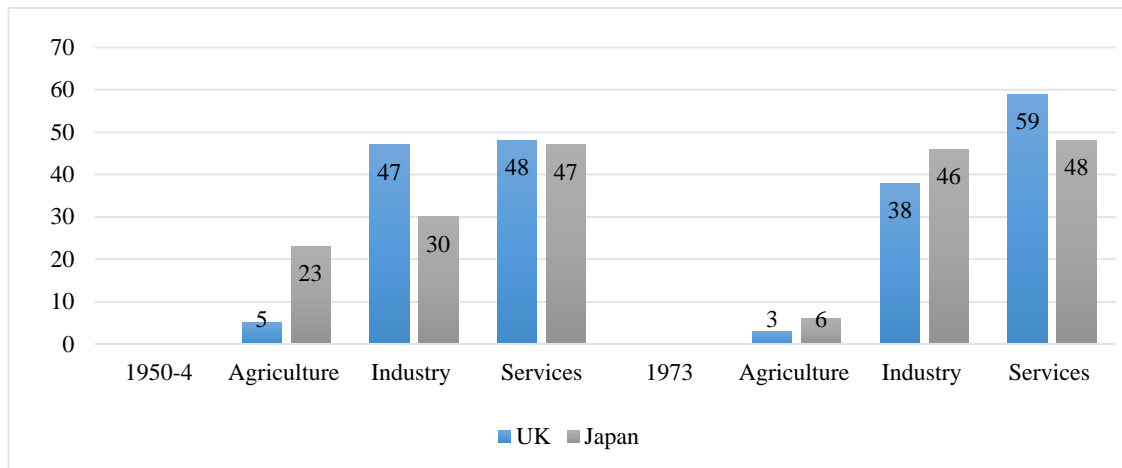
Compared with the UK, however, Japan's economy underwent even stronger development, often termed an 'economic miracle'. According to Alford, the UK's annual GDP growth rate was 2.9 per cent in the first half of the 1950s and 2.5 per cent from 1955 to 1960, which was less than half the level of Japan: 7.1 and 9 per cent respectively. Although the gap in GDP growth per annum between the UK and Germany narrowed between 1960 and 1973, the UK lagged far behind Japan, with UK GDP growth of 3.1 % between 1960-4, 2.5 % from 1964-9, and 3% from 1969-73. The corresponding data for Japan in these same periods was 11.7, 10.9 and 9.3% respectively.<sup>266</sup>

Economic growth in both the UK and Japan was accompanied by massive changes in economic structure. Figure 3.1 shows, between 1950 and 1954 the output of the agriculture sector in Japan accounted for about 23 per cent of the total output in terms of value; but in the UK this sector only accounted for 5 per cent during the same period. The value of agricultural output declined steadily in Japan, falling to 6 per cent of the total value of output around 1973, and in the UK to an even lower level, accounting for 3 per cent in the same year. Japan experienced a big rise in the output of the industrial sector, from accounting for 30 per cent of the total value of output between 1950 and 1954 to 46 per cent by 1973. By comparison, over the same period, in the UK the value of industrial output dropped from accounting for 47 per cent of the total to 38 per cent. The value of output in the service sector would account for the largest share of both countries' economies by 1973; 59 per cent in the UK and 48 per cent in Japan. These changes reflect the different economic structures of the two countries going through this period; more specifically, UK started the period already with a very small agriculture sector, whereas Japan underwent significant structural change following the wartime destruction, and by the early 1970s the Japanese economy was no longer dominated by agriculture.

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<sup>266</sup> Alford, B. *British Economic Performance, 1945-1975*, Basingstoke: Macmillan, 1995. p. 5.

**Figure 3.1 Structure of Output (% of Value), Selected Years, UK and Japan**



Source: Booth, A. *The British Economy in the Twentieth Century*, New York: Palgrave, 2001. p. 90.

If looking at the productivity performance of manufacturing industry of the two economies, a greater improvement in Japan than in the UK is apparent. Referring to Table 3.1, we find that in 1953, labour productivity in manufacturing industry in Japan was only half that of the UK. Over the next decade, however, Japan increased her productivity dramatically and by 1970 had overtaken the UK.

**Table 3.1 The Relative Productivity Performance of UK Manufacturing Industry Output per Hour**

	UK	Japan
<b>1953</b>	100	55.9
<b>1960</b>	100	63.2
<b>1970</b>	100	115.2

Source: Kitson. 'Failure followed by success or success followed by failure?', p. 35.

Looking at this change in economic structure in a wider context, following the boom triggered by the Korean War (June 1950— July 1953), 1954 saw a crisis in the balance of international payments in Japan. Then in 1955 the economy in Japan began to improve once again, and by 1956 another boom, normally referred to as the *Jinmu boom*, was in full swing. The change in economic climate was dramatic and launched an era of capital investment led by shipbuilding, steel, electrical machinery,

petrochemicals and other heavy industry. On the heels of a recession in 1958, Japan was visited by another, greater frenetic boom that lasted through 1959, 1960 and 1961, widely known as the *Iwato boom*. The 'Textile' industry had lost its dominant position in Japan's economy by 1972, and instead the 'Machinery' industry, 'Chemicals', and 'Transport equipment' became the major industries over time.<sup>267</sup> The quality as well as quantity of Japan's metal, engineering, and chemical products was already being noted in the early 1960s. Sir Norman Kipping, Director of the Federation of British Industries (FBI) and John Whitehorn, Deputy overseas director of the FBI, in their report, *A Look at Japan*, written following their visit to the country in 1961, stated 'Japanese industry employs now as many as British or German industry, but is growing much faster. The range of products is almost as wide, and their quality good. Industrially, Japan has graduated to first-league status.'<sup>268</sup>

### ***Overview of UK's and Japan's Exports in the World Trade Market***

The global economy grew rapidly between 1952 and 1972, and the reduction of trade barriers and the initial boost to growth powered by the worldwide recovery from the devastation of the Second World War provided a demand boost for the UK economy.<sup>269</sup> With Germany and Japan removed from the international market immediately after the war, the UK was almost the only major country still in possession of a significant industrial capacity, and so thereby having a unique opportunity to re-establish herself quickly as a major international trader. Even so, the reality was that the UK's share of world trade steadily fell throughout this time, from 16.5 per cent in 1960 to 10.8 in 1970, compared with Japan 6.9 per cent in 1960 to

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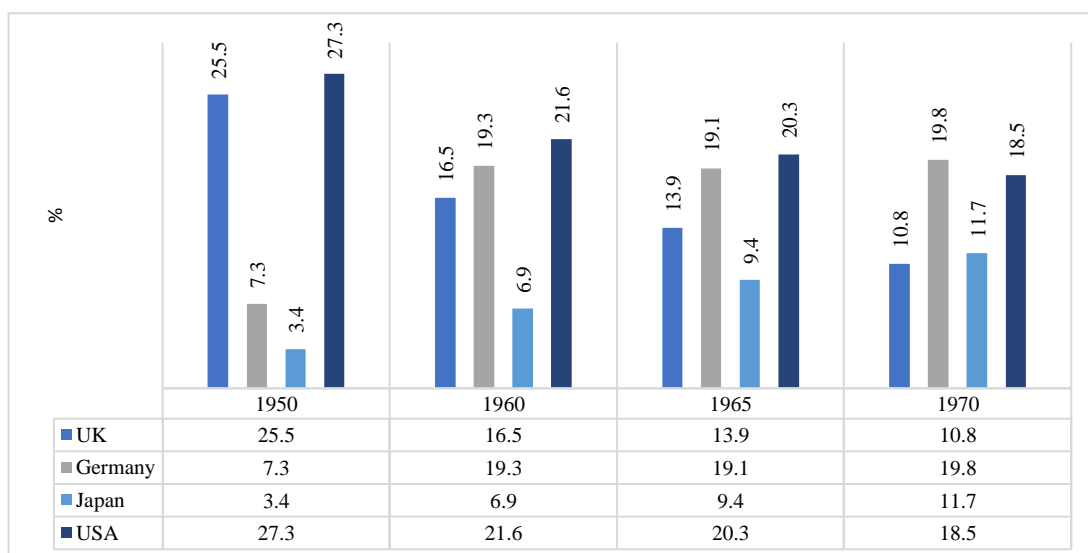
<sup>267</sup> The *Jinmu boom* is named after the nation's first Emperor (*Jinmu*, accession traditionally dated 660 BC) indicating the fact that the boom marked the first truly widespread prosperity in Japan's history. Nakamura, Takafusa. *Lectures on Modern Japanese Economic History*, 1926-1994, Tokyo: LTCB International Library Foundation, 1994. pp.206-208.

<sup>268</sup> Kipping, N.V. and Whitehorn, John R. M. *A Look at Japan: Report of a Visit ... October 1961*, London: Federation of British Industries, 1961. p.3.

<sup>269</sup> Kitson. 'Failure followed by success or success followed by failure?', in Floud and Johnson (eds.) *The Cambridge Economic History of Modern Britain*. Vol.3, pp. 45-46.

11.7 per cent in 1970.<sup>270</sup>

**Figure 3.2 Comparative Trade Performance: Shares of World Exports of Manufacturing Goods by Value, Selected Countries, Selected Years (%)**



Source: Maddison. *Dynamic Forces in Capitalist Development*. pp. 322-323.

Although sometimes Maddison’s data can be controversial, so far Maddison’s findings on this field are still widely used in research and study. Figure 3.2, based on Maddison’s data, shows the world share of manufacturing exports of the UK and Japan in a slightly broader context of comparing them with the USA and Germany. We can see that the UK lost ground in her manufacturing exports in relation to all these economies. In 1950, the UK was a dominant player in world manufactured exports, second in ranking only to and only slightly below the USA in percentage share. These two countries then show a relative declining trend in their shares of manufacturing exports, but with the decline in the UK’s share being far more drastic, shrinking to account for only 10.8 per cent by 1970. Meanwhile, as we have already seen, Japan’s share of world manufactured exports was smaller in 1950 compared to that of the UK and the USA, but by 1970 its share had surpassed that of the UK. Moreover, unlike in the USA and UK, Japan’s share of manufacturing exports increased year on year over this period. In addition, by comparison with Germany’s experience, the growth rate of

<sup>270</sup> Maddison, A. *Dynamic Forces in Capitalist Development: A Long-run Comparative View*, Oxford: Oxford University Press, 1991. pp. 322-323.

Japan's share of world manufacturing exports was much higher year on year, especially after 1960.

Economic structural change fundamentally transformed the patterns of the foreign trade of both the UK and Japan between 1952 and 1972. Regarding UK exports, our focus here is on the country's deteriorating competitiveness in exports of manufactured products driving down its share in world trade. In the early post-war years, UK textile manufacturers came under pressure from the resurgence of the Japanese competition. Later on, with Japan's economic structural change, especially from the 1960s, as an exporter the country gradually overtook the UK in many sectors.

**Table 3.2 UK Manufactured Merchandise Exports  
in selected Years (by Value)**

Year	Textiles	Non-electrical machinery	Transport equipment	Iron and Steel	Chemicals	Electrical machinery	Scientific instruments	Minerals fuels, Lubricants
1952	12.6	15.4	14.4	5.3	6.9	6.7	1	5.7
1963	6.2	21	15.4	5	9	7.8	1.8	4
1972	4.7	19.4	12.5	3.5	10.4	6.5	2.8	3

*Source:* Calculation based on *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions*, Years of 1952, 1963, 1972.

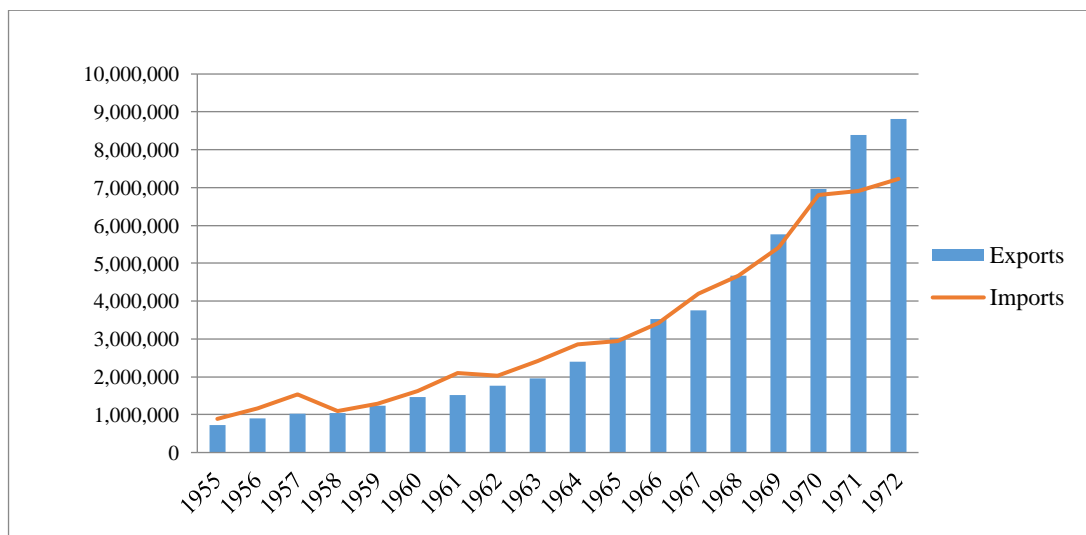
In terms of manufactured product exports, Table 3.2 presents changes in the composition of the UK's exports of manufactured merchandise goods from 1952 to 1972. The share of 'Chemicals' exports jumped from accounting for 6.9 per cent of the total value of manufacturing products the UK exported in 1952 to 10.4 per cent in 1972. In addition, Table 3.2 shows that the sector of 'Non-electrical machinery' accounted for the largest share of exports in terms of value throughout these two decades. During this period, there were slight declines in the export shares of 'Transport equipment', 'Iron and steel', 'Electrical machinery' and 'Minerals, fuels and lubricants'. The fundamental change in the UK's exports happened in the export of 'Textiles', which, having accounted in 1952 for 12.6 per cent of UK total export value, 10 years later in 1963 then only accounted for 6.2 per cent. By 1972 this figure had shrunk even further, with 'Textiles' exports only accounting for 4.7 per cent of the total value of the UK's manufactured merchandise exports. The decline in the UK's exports of textiles matched the internal adjustment of the British economic



structure as well as external changes in the world market. Textiles became less and less of a priority of UK government's economic plans due to both the transformation of the domestic economic structure analysed earlier and externally strong competition from the newly developing countries in Asia. This situation of the UK's foreign trade performance offers a strong contrast with the reality of Japan's foreign trade, as will be discussed in the following section.

By comparison with the UK's foreign trade performance, Japan's foreign trade displayed spectacular growth. Figure 3.3 indicates the increase in the value of Japan's foreign trade between 1955 and 1972, and it shows that for most of the years from 1955 until 1972, the value of Japan's imports was higher than that of its exports; that is, Japan had in most years a slight deficit on commodity trade.

**Figure 3.3 Japan's Foreign Trade by Value, 1955-1972 (in Million Yen)**



Source: Japan Statistical Yearbook, 1952-1972.

**Table 3.3 Structure of Japan's Export Trade (as Percentage of Total Value)**

Year	Textiles	Metals and metal products	Machinery and vehicles	Food and drink	Chemicals	Ceramics	Toys	Other goods
1955	37.3	19.2	12.3	6.8	4.7	4.2	2.1	13.4
1959	29.8	11.6	23.4	7.6	4.8	1.7	2.2	18.9
1970	12.5	19.7	46.3	1.3	6.4	1.9	0.7	11.2

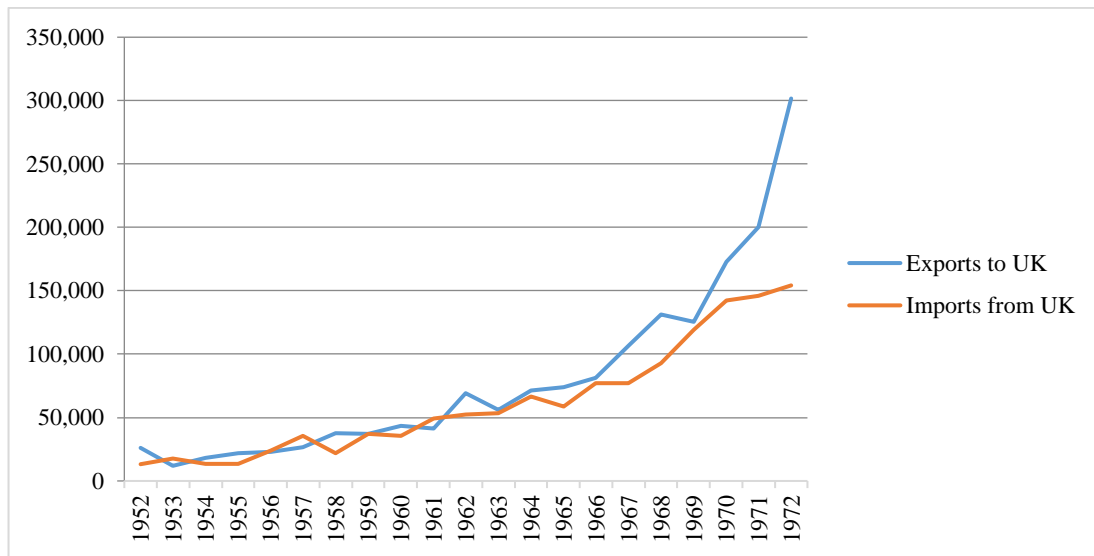
*Source: Allen. A Short Economic History of Modern Japan, p. 271.*

Regarding Japan's exports, as Table 3.3 shows, 'Textiles', which had dominated Japan's exports for many years, steadily declined as a share of exports from 37.3 percent in 1955 to 12.5 percent by 1970. The decline can be attributed to a range of reasons, but is largely associated with the economic structural change in Japan and strong competition from other newly developing countries in Asia. As Japan extended the scope of her industrial production, she built up large exports of industrial goods, machinery and transport equipment, with particularly ships and automobiles becoming leading exports. For example, the share of Japan's exports of 'Machinery and vehicles' jumped from accounting from 12.3 per cent in 1955 to 46.3 per cent in 1970 in terms of total value.

### ***Overview of UK and Japan's Exports to Each other, 1952-72***

In terms of the exports between the two nations, the UK ran a deficit on her trade with Japan during most of the 1950s and 1960s, as displayed in Figure 3.4, even though the value of the UK's exports to Japan increased over time.

**Figure 3.4 Value of Japan's Trade with the UK, 1952-72 (Million Yen)**



Source: *Japan Statistical Yearbook, 1952-1972.*

To study the UK's and Japan's exports towards each other in more detail, I divide the research period into two different phases: 1952-1964 and 1965-1972 regarding Japan's exports to the UK and UK exports to Japan over the period of 1952-1962 and 1963-1972. The reason for this is that the data I have used to evaluate Anglo-Japanese trade were recorded into different categories in Japan from 1965 and in the UK from 1963. Therefore, the analysis of the reality of Anglo-Japanese trade will be divided into these two different periods to avoid unnecessary miscalculation. In addition, in order to make comparisons clearly, my analysis has also calculated the value of Japan's exports to the UK into British pounds by using the yen-pound exchange rate for each year. From 1949 until 1971 the yen was pegged to the US dollar with a fixed exchange rate. At the very end of the period with which we are concerned, in 1972, a flexible exchange rate was introduced, and the yen's exchange value went from being ¥360=\$1 to just over ¥308=\$1. Throughout this period up until then, fluctuations of the British pound against the Japanese yen mirrored those against the US dollar.<sup>271</sup>

<sup>271</sup> Pacific Exchange Rate Service, *Foreign Currency Units per 1 British Pound, 1950-2016*, accessed from: <http://fx.sauder.ubc.ca>

**Table 3.4 Summary of Value and Main Products of Japan's Exports by Kind to Britain, 1952-1964 (Million Yen)**

Year	Aquatic products	Tea	Lumber and allied products (wood)	Raw silk	Fish oil and whale oil	Plywood	Cotton fabrics
1952	3	7	1,584	2,801	0	106	8,968
1953	0	15	586	1,069	57	258	1,697
1954	2,888	698	2,334	1,128	47	1,522	3,676
1955	1,289	575	2,541	685	100	1,786	2,817
1956	7,586	164	1,543	491	1,455	897	2,005
1957	7,955	163	1,071	479	997	1,722	2,983
1958	22,207	15	1,087	417	1,996	1,522	2,233
1959	16,569	54	1,411	820	1,806	2,659	2,306
1960	17,547	78	1,628	677	1,836	2,179	3,297
1961	9,857	47	1246	493	755	1,309	3,035
1962	31,476	24	924	542	1,258	1,734	1,479
1963	15,286	19	787	635	1,725	1,299	1,138
1964	15,479	11	829	398	1,748	2,113	1,953

Source: *Japan Statistical Yearbook, 1952-1964*

Between 1952 and 1964, as indicated by Table 3.4, which shows generalised data based on the *Japan Statistical Yearbook*, there was a big jump in terms of Japan's exports of 'Aquatic products'. We find that in 1956 the value of Japan's exports of 'Aquatic products' to the UK was reported as being ¥7.6 billion (£7.5 million) and then by 1964 it had risen over five-fold to ¥ 15.5 billion (£15.4 million), accounting for 19.2 per cent of total value of Japan's exports of this type. The UK was also one of the major markets for Japan's exports of 'Fish oil and whale oil'. In 1964 its value was reported as being ¥ 1.7 billion (£1.7 million), accounting for over 20 per cent of the total value of Japan's exports in this category. In addition, the UK was also one of the big importers of Japanese 'Plywood', accounting for 9.8 per cent of the total value of Japan's exports of 'Plywood' in 1952 and 8.6 per cent in 1964.

In the interwar period the British textile industry had faced fierce competition both in its domestic and in world markets from its Japanese counterpart, and as will be seen later in this chapter, in the minds of many in the UK, after the war this competition soon picked up from where it had left off at the outbreak of the conflict. However, regarding for now just the specific matter of Japanese exports to the UK of

this type of product, these can be seen to be steadily decreasing during the time under concern. Between 1952 and 1964, the UK was one of the destinations for Japan's 'Raw Silk' products and 'Cotton fabrics', although the value of Japan's exports of this type of product to the UK dropped dramatically over the period. For instance, the share of Japan's exports of 'Raw Silk' to the UK declined from accounting for 17.8 per cent, 3.7 per cent, and 4.1 per cent of the total value of Japan's exports of 'Raw Silk' in 1952, 1960, and 1964 respectively. The value of Japan's exports of 'Cotton fabrics' to the UK stood at ¥9 billion (£8.9 million) in 1952, down to ¥3.3 billion (£3.3 million) in 1960, and even further to ¥2.0 billion (£1.9 million) in 1964, which accounted for 13.8 per cent, 2.6 per cent, and 1.8 per cent of the total value of Japan's exports of 'Cotton fabrics' in 1952, 1960, and 1964, respectively.

Looking now at Japan's exports to the UK from 1965 to 1972, Table 3.5 below indicates that the total value of Japan's exports to the UK increased over time. Over this period the share of the total value of Japan's exports to the UK accounted for by 'Foodstuffs' declined from 33.6 per cent in 1965 to 5.3 per cent in 1972. There was a small increase in exports of 'Non-metallic mineral products' to the UK, which in pounds was at about ¥ 1.3 billion (£1.3 million) in 1965, growing to approximately ¥ 1.5 billion (£2 million) by 1972.

The big jump in Japanese exports to the UK came in 'Machinery', which increased from a value of ¥ 12.5 billion (£12.4 million) in 1965 to ¥ 210 billion (£280 million) in 1972, accounting for 16.9 per cent of the total value of Japan's exports to the UK in 1965 and as much as 70.2 per cent in 1972. The category of 'Machinery' mainly comprised sewing machines, radios, motor vehicles, and ships and boats. In terms of the value of Japan's exports of sewing machines to the UK, these increased gradually from £1 million in 1965 to £3.5 million in 1972, although as a share of the total value of Japan's exports of 'Machinery' to the UK, they declined. In 1965, exports of radio receivers were valued at £0.5 million, accounting for only 3.9 per cent of the total value of Japan's exports of 'Machinery' to the UK. However, by 1972, this had increased by over twenty times to reach a value of £13.8 million. For motor vehicles, Japan only exported to the value of £0.1 million to the UK in 1965, increasing to £2 million in 1970, and there then followed a big jump between 1971 and 1972 from £9 million to £46 million. In percentage terms, motor vehicles had only accounted for 0.8 per cent of the total value of Japan's exports of 'Machinery' to the UK in 1965,

but then had soared to 16.5 per cent by 1972. Japan's exports of ships and boats increased dramatically: in 1965 the value of exports of this category to the UK was £4.6 million, rising to £12.8 million in 1966, and then £104 million by 1972. This accounted for about 37.0 per cent of the total value of Japan's exports of 'Machinery' to the UK between 1966 and 1972.

In terms of 'Textiles and textile products', although the value of Japan's exports of these to the UK increased from approximately ¥ 6.1 billion (£6.1 million) in 1965 to roughly ¥ 11.3 billion (£15 million) in 1972, its share of the total value of Japan's exports to the UK declined from 8.3 per cent in 1965 to 3.8 per cent in 1972. Meanwhile, the value of Japan's exports of 'Chemicals' increased by a factor of about 2.2 between 1965 and 1972. However, as with Japan's exports of 'Textiles and textile products', its share of the total value of Japan's exports to the UK declined, accounting for 7.5 per cent in 1965, then down to 4.1 per cent by 1972.

It is apparent that the varying composition of Japan's exports to the UK indicates the changes taking place in the two economies. Firstly, Japan was no longer an economy mainly producing labour-intensive products; by increasing its exports of a new range of manufacturing products, the country had gradually transferred its economy to a more capital-intensive economy. Secondly, Japan's economic structural change had been more profound and successful compared with any equivalent change in the UK. As we can see, by 1972, 70 per cent of the value of Japan's exports to the UK was manufactured goods such as ships and cars and machinery, areas in which the British had once held a leading position as an exporter.

**Table 3.5 Summary of Value and Composition of Japan's Exports to the UK, 1965-1972 (Million Yen)**

Year	Total	Foodstuffs	Textiles and textile products	Chemicals	Non-metallic mineral products	Metals and metal products	Machinery	Other
1965	73,840	24,836	6146	5,506	1,300	5,571	12,516	17,966
1966	81,167	18,225	7403	6,267	1,324	6,097	23,804	18,017
1967	106,473	21,867	6,820	5,616	1,710	6,006	51,853	12,603
1968	131,251	24,381	6,883	6,006	1,583	8,145	69,636	14,618
1969	125,442	16,960	7,622	8,727	1,346	8,302	67,198	15,288
1970	172,753	20,911	6,366	13,603	1,374	14,505	100,293	15,700
1971	200,030	20,081	10,584	12,475	1,397	22,368	109,664	23,461
1972	301,641	16,075	11,353	12,242	1,517	22,877	211,816	25,760

*Source: Japan Statistical Yearbook, 1965-1972.*

*Notes:* Composition of main products under each category: **Foodstuffs:** (1) wheat (2) maize (3) sugar; **Textiles and textile products:** (1) wool (2) raw cotton (3) cotton fabrics (4) synthetic fibre fabrics (5) rayon filament and spun rayon fabrics (6) clothing; **Non-metallic mineral products:** pottery; **Metals and metal products:** (1) Iron and steel (2) metal products; **Machinery:** (1) sewing machines (2) radio receivers (3) motor vehicles (4) ships and boats (5) scientific and optical equipment (from 1967); **Other:** Toys.

If we now look in the opposite direction, at the UK's exports to Japan, we find that in the reports by the Japanese statistical authorities, the UK does not appear in the list of Japan's major trade partners between 1952 and 1964, indicating that the British were not one of the bigger suppliers of major items imported by Japan during this period. According to UK data in the *Annual trade returns of the UK* indicated in Table 3.6, we find that during the first period from 1952 to 1962, the total value of the UK's exports of merchandise to Japan increased from approximately £9.4 million in 1952 to about £45 million in 1962, although there were fluctuations in some years.

**Table 3.6 Summary of the Value and Composition of the UK's Exports to Japan, 1952-1962 (£)**

<b>Year</b>	<b>Food beverages and Tobacco</b>	<b>Basic materials</b>	<b>Mineral Fuels and lubricants</b>	<b>Manufactured goods</b>	<b>Total value of all categories</b>
<b>1952</b>	1,202,343	1,422,198	14,350	6,557,259	9,351,662
<b>1953</b>	1,673,712	3,728,952	9,925	12,461,058	18,277,086
<b>1954</b>	1,067,656	1,485,459	199,310	9,025,240	11,980,855
<b>1955</b>	743,405	2,861,719	157,669	10,444,212	14,393,712
<b>1956</b>	1,216,349	7,271,212	386,536	14,722,832	23,863,060
<b>1957</b>	1,548,094	7,259,051	435,256	19,522,259	29,038,093
<b>1958</b>	1,335,854	5,026,083	107,219	13,511,693	20,232,453
<b>1959</b>	1,491,607	12,278,627	394,910	18,781,441	33,190,606
<b>1960</b>	1,592,937	51,44,821	578,505	21,880,451	29,196,714
<b>1961</b>	1,710,561	8,189,900	636,148	31,882,294	43,085,119
<b>1962</b>	1,617,297	7,638,312	581,040	34,314,770	44,898,518

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, 1952-1962.* Note: The 'Total' value for each year includes a small residual amount of 'other' category exports not shown.

The relatively small value of the UK's exports to Japan perhaps also hints at the Japanese government's policy of limiting the imports of unnecessary manufactured goods to protect its own domestic industry in its early stages. Allen finds that the Japanese government made active use of a number of instruments in its efforts to press



forward with economic growth. These included elaborate trade and exchange controls designed to stimulate exports and to restrain imports in the interest of the trade balance. Meanwhile, regarding the fluctuation in the value of Japan's imports from the UK, as a general rule, the government sought to regulate the business cycle, and if foreign currency reserves declined, the state introduced a tight-money policy.<sup>272</sup>

While this may in part account for the small value of UK exports to Japan, it does not explain how the British gradually lost out in the Japanese market to other competitors —especially during the second period concerned in this research when there were significant overall increases in Japan's imports. The data indicated in Table 3.6 above show that exports of manufactured goods took the largest share in terms of the value of UK exports to Japan, and this was partially associated with the increased demand generated by Japan's economic development. For example, in 1952 the value of the UK's exports of manufactured goods to Japan was at about £6.6 million, jumping to approximately £34.3 million in 1962, accounting for 71.7 per cent and 76.4 per cent of the total value of UK exports to Japan in 1952 and 1962, respectively.

Between 1963 and 1972, the value of UK exports to Japan increased about 3 times, although as mentioned earlier, UK imports only accounted for about 2 per cent of the total value of Japan's imports over this period. Looking at the data in Table 3.7 below, it can be seen that manufactured goods (displayed as 'Other manufactured goods') still accounted for the largest share of the UK's exports to Japan, which took about 75.5 per cent and 66.6 per cent of the total value of UK exports to Japan in 1965 and 1972, respectively, and grew 2.86 times in value over the period. The value of UK exports of 'Food & live animals' also increased from about £1.4 million in 1963 to approximately £12 million in 1972. The value of UK exports of mineral fuels can be seen too to have increased, though this category only accounted for a very small percent of the total value of the UK's exports to Japan. This was, of course, largely due to Japan mainly importing fuel from the Middle East and also because, apart from coal, the UK had very little fuel to export. It is apparent that the UK also exported a high value of 'Chemicals' to Japan, valued at about £6.4 million and accounting for 11 per cent of the total value of UK exports to Japan in 1964, increasing to about £28.8 million and accounting for 16.8 per cent in 1972. In addition, the value of UK exports

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<sup>272</sup> Allen. *A Short Economic History of Modern Japan*, p. 193.

of 'Crude minerals except fuels' was £9 million, accounting for 18.2 per cent of the total value of the UK's exports to Japan in 1963, but declining to £5.9 million in 1972.

**Table 3.7 Summary of the Value and the Composition of UK Exports to Japan, 1963-1972 (£)**

<b>Year</b>	<b>Food, live animals</b>	<b>Beverages, tobacco</b>	<b>Crude minerals except fuels</b>	<b>Mineral fuels, lubricants</b>	<b>Animal and vegetable oils and fats</b>	<b>Chemicals</b>	<b>Other manufactured goods</b>	<b>Total</b>
<b>1963</b>	1,368,830	912,526	9,310,314	247,284	62,232	5,365,906	33,356,250	51,184,582
<b>1964</b>	1,546,130	1,117,915	3,800,436	180,780	48,173	6,357,041	44,644,413	58,253,365
<b>1965</b>	1,657,481	1,208,964	3,256,274	266,231	33,181	5,967,811	39,921,675	52,892,450
<b>1966</b>	2,477,387	1,697,900	4,727,357	249,383	36,723	9,981,818	49,138,517	68,965,337
<b>1967</b>	3,204,579	2,002,551	5,231,128	334,656	130,686	12,771,855	62,973,591	87,446,107
<b>1968</b>	5,130,676	2,745,159	5,286,851	390,597	136,731	13,883,042	69,893,920	98,409,119
<b>1969</b>	7,010,623	3,557,946	6,344,091	392,642	235,471	20,740,939	89,262,629	128,541,190
<b>1970</b>	7,691,000	4,654,000	7,445,000	455,000	225,000	23,346,000	102,453,000	147,789,000
<b>1971</b>	8,813,000	6,836,000	4,003,000	564,000	176,000	25,940,000	108,827,000	156,545,000
<b>1972</b>	12,099,000	7,934,000	5,971,000	605,000	129,000	28,789,000	114,260,000	171,533,000

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, 1963-1972.* Note: The 'Total' value for each year includes a small residual amount of 'other' category exports not shown.

With this background knowledge of the UK's and Japan's foreign trade, and also Anglo-Japanese bilateral trade, we will now look at how this trade and Japan's economy in general was reported by British newspapers.

### **3.3 Newspaper Coverage of Japan's Economy and Anglo-Japanese Trade between 1952-1972**

Against the above overview of the UK's and Japan's economies, this research now looks at the image presented of Japan in British newspaper articles concerning the Japanese economy and the two countries' bilateral trade between 1952 and 1972. As Anthony points out, reporting is a subjective process, and journalists and editors may have a working definition of what constitutes news, but they certainly do not have an objective one.<sup>273</sup> As discussed in chapter 1, the symbiotic relationship between a publication and their reader often means that the former has to not stray too far from the latter's expectations. Therefore, the particular topics British newspapers chose to report on regarding the Japanese economy and the way in which they chose to report them are to some degree mirroring the attitudes and views prevalent in their readerships regarding Japan throughout that time. And in parallel, through their frequency of being published, whilst acknowledging there will always be some degree of bias, the newspapers' version of events is an additional means to build a picture of or 'fill in some of the blanks' of that period.

#### ***British Newspaper Coverage of Anglo-Japanese Bilateral Trade and Japan's Economy***

##### **1952-1962**

As we have seen from Figure 3.4, there was a significant trade imbalance between the UK and Japan in Japan's favour for most of the twenty years considered in this research. For Japan, its exports to the UK were at first traditionally confined to humble

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<sup>273</sup> Anthony, D. W. 'How Japan is reported in the British Press,' in *Research papers in Japanese studies*, Cardiff Centre for Japanese Studies, Cardiff Business School, 1996-1361-228. 69-92. p.70.

items such as tinned mandarin oranges and salmon and textiles. Then, as its industry expanded and its exports to the UK grew in sophistication and quality, electronic goods, motorcycles, cars, ships and even robots found a ready market in the UK but Japanese exporters were forced to agree to ‘Voluntary Restraint Arrangements’ (VRAs) as British manufacturers could not compete.<sup>274</sup>

Meanwhile, as seen in chapter 2, British suspicion of Japanese working practises and fears of Japanese competition seem to have been deeply seated. The *Economist* summed up the reasons for this situation in 1952, when it argued that, unlike in the case of Germany, the UK’s views of Japan had shifted little since the Second World War:

It must be admitted at the outset that there is no very lively interest in this country and no great fund of friendly feeling. Japan is an ex-enemy nation in relation to which wartime attitudes have not been radically altered as they have with regard to Germany by the urgent sense of danger in Europe.<sup>275</sup>

Proceeding to talk more specifically about the competition faced from Japan’s trade in the past, the paper was direct in its description not only of negative British feelings, but also that harbouring these feelings was not for most people a result of first-hand experience of the Japanese:

The competition of the Japanese in foreign trade means that the picture of that people most widely accepted by the British public is that of dangerous industrial rivals. The number of people in this country who have had close acquaintance with them has never been large and the days of the Anglo-Japanese alliance are now remembered only by a few.<sup>276</sup>

The majority of this article focuses on what the author saw as the on the whole negative feeling towards Japan at that time in the UK, even choosing the word ‘dangerous’ regarding its industry, although it does end on its own more optimistic note, concluding ‘there are, nevertheless, favourable opportunities for a fresh start in relations.’<sup>277</sup> That final, more positive sentence aside, the overall image of Japan given by this *Economist* article from 1952, the first year of the period covered by this

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<sup>274</sup> Cortazzi. ‘Britain and Japan’, in Cortazzi (ed.). *Collected Writings of Sir Hugh Cortazzi*, p. 9.

<sup>275</sup> ‘New Start with Japan’, *Economist*, May 03, 1952.

<sup>276</sup> Ibid.

<sup>277</sup> Ibid.

research, is rather othered, being ‘that people’ much criticised and mistrusted in the UK. In addition, the article highlights the distinction in the UK in attitudes towards its wartime enemies by this time, with those towards Germany beginning to warm versus those towards Japan remaining resolutely cold.

How the two countries viewed each other in 1952 was also well recorded in the daily newspapers. For example, an article in the *Daily Mail* covering the Japan Society’s dinner in London that year, aired British hesitation in terms of re-building Anglo-Japanese trade beside the enthusiasm and high hope found in Japan for such an initiative. The article firstly relays the complaint made by Shunichi Matsumoto, Japan’s first post-war Ambassador to the UK, in his speech to those attending about the misperceptions prevailing in the UK at the time:

The Japanese Government are doing all in their power to prevent unfair practices...One reason why we hear much about Japanese competition is that English people generally hold the view that Japanese goods are cheap, and the standard of living low. The fact is, the cost of living in Japan is very high.<sup>278</sup>

The article then gave space to the view that “cheap labour” was rife in Japan, a notion widely held in the UK at the time, about which Matsumoto went on to argue how Japan’s legislation matched that of the UK’s:

Another somewhat popular misconception is that slave labour conditions prevail in Japan, but, ... it does not follow that we work 24 hours a day. Japan’s labour legislation has been established along the lines of the best modern example in the world.<sup>279</sup>

Of note is the article relaying Matsumoto’s veiled reference (and compliment) regarding Japan’s labour legislation being based on the UK’s, ‘the best modern example in the world’. Having relayed the Japanese ambassador’s grievances, the article then emphasised that ‘Mr. Matsumoto was convinced the aim of both the UK and Japan should be to promote and not to restrict trade.’ In response to Matsumoto’s comments, Sir Edward Crowe, who had for some years been commercial counsellor at the British Embassy in Tokyo, was reported as commenting that: ‘There were people who cannot forget the horrors of the war and prisoner-of-war camps and all that they signify. Yet others have still longer memories and remember the days of alliance with

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<sup>278</sup> ‘Japan to End the Imitating’, *Daily Mail*. July 24, 1952.

<sup>279</sup> Ibid.

trustworthy and gallant allies.’<sup>280</sup> It is worth noting that Sir Edward then clarified that he belonged to this latter group, and that he ‘cannot believe that the Japanese government will not do their most to make up for all the miseries which our prisoners of war and their dependents suffered.’<sup>281</sup> Matsumoto’s comments served as an indication of a Japanese desire to change British attitudes towards Japan in order to strengthen economic relations between the two countries. The words spoken by Crowe indicate a lack of confidence in the UK regarding the strengthening of economic connections with Japan, although he himself was positive about this being able to change. Through reporting a diplomatic event in London where both sides are seeking to rebuild economic bridges, this *Daily Mail* article relates an image of Japan as misunderstood, as well as apologetic, complimentary and enthusiastic towards the UK.

In this early period, it can be seen that what has been established in the previous chapter by 1953 as generally a lucid voice lamenting the negative stereotyping of Japan - the *Economist* - was not averse to legitimising British mistrust of Japan, with an article in that same year stating:

The British people has grounds in recent experience for being wary and suspicious with regard to Japan, and there is good cause for alarm among British manufacturers at the prospect of a renewal of intensive Japanese commercial competition in world markets.<sup>282</sup>

However, this image of Japan as ‘suspicious’ is then tapered rather with some detailed reasoning for why the British public might in fact want to change their view of Japan:

Britain is not isolated from Japan in another world, but is involved over a wide range of export markets in a commercial competition which is likely to become more intense. Britain cannot avoid having relations with Japan, and if they are not good, they will be bad. Unfortunately, a series of recent events has given ground for believing that possibilities of improving them have been neglected... It is most undesirable that war-time feelings should be permitted to influence British policy towards Japan at a time when it is being rearmed as a part of the defensive structure of the free world... Many Japanese still look back with pleasure to the days of the Anglo-Japanese alliance as the most successful period of their modern history; British institutions are more congenial, Britain’s national problems are more comparable and Britain’s experience more applicable from a Japanese angle of view than those of the United States. There is no reason why

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<sup>280</sup> Ibid.

<sup>281</sup> Ibid.

<sup>282</sup> ‘Britain and Japan’, *Economist*, November 14, 1953.

the contacts of the two island countries should not be greatly extended if there were a will for closer relations.<sup>283</sup>

The image of Japan turns from suspicious to being an opportunity, painted as a better fit for economic relations than the USA, even though the latter are closely tied to the rebuilding of the Japanese economy. Japan is framed as a country wistfully looking back to its pre-war relationship with the UK. Importantly, the author confirms how much of an influence wartime memories were having on British attitudes towards trading with Japan, even at government level. This might explain the UK government's negotiating stance throughout much of the period of the SPAs and Treaty as reported in the newspaper articles analysed in chapter 2.

Early on, some journalists seem to have effectively taken on the mantle themselves of seeking to correct the misinformation and misperceptions about Japan's economy, by relating to readers their own personal experiences of living or visiting the country. Hessel Tiltman, mentioned earlier, was one of those who sought to contribute to a better understanding in the UK of Japan during the post-war period. Writing in the *Manchester Guardian* in 1953, Tiltman passionately revealed to British readers how popular the UK was in Japan, writing:

The amount of favourable sentiment towards Britain in Japan outweighs "pro"-Japanese sentiment in Great Britain...The influence of Britain's example is evident at all levels of the social scale. If they dislike all foreigners, and mistrust foreign ideas and habits, they respect the British more than others. Many Japanese would revive the Anglo-Japanese alliance tomorrow if they could, for they regard such a step as a national insurance policy.<sup>284</sup>

Here for the *Manchester Guardian's* readers, the Japanese are presented as being not so dissimilar to the British colonial attitude in how they 'dislike all foreigners, and mistrust foreign ideas and habits'. Not only that, Japan is seen as a country that singles the British out as worthy of the most respect amongst non-Japanese, applying mimicking as the sincerest form of flattery through appropriating much of 'Britain's example' in life. This is to say that, through his writing, Tiltman implied a high level of Japanese respect for the UK, emphasising the great influence it and its culture had on Japan. Essentially, a positive personal experience of Japan is being relayed.

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<sup>283</sup> Ibid.

<sup>284</sup> Tiltman, Hessel. 'British prestige in Japan: High regard for gentlemanly virtues and visiting rigger teams', *Manchester Guardian*, September 29, 1953.



In the summer of 1954, the *Economist* continued its informed analysis of Japan's already remarkable economic growth, describing to its readers how:

Japan is once more or soon will be, a major Asian power, and the example of Germany is there to show how easy it is to miscalculate the time a country takes to recover from defeat and how important for others to recognise recovery when it dawns.<sup>285</sup>

Here the specialist weekly publication presents a straightforward image of Japan as a fast-growing economy to be watched, much like Germany is already proving its economic mettle in Europe.

However, the more widely circulated daily 'establishment' newspaper, the *Times*, a few months earlier had published a series of three articles, all of which presented Japan as an economy in grave difficulty 'suffering crisis.' The three articles published on 1 February, 2 March and 3 March, 1954, argued that a 'serious economic crisis' had arisen in Japan due to 'unchecked inflation' within the country and 'unwise spending', as well as a positive balance on U.S. Aid.<sup>286</sup> A few months later in August, under the title 'Saving Japan', the paper continued to express its 'deep concern' about Japan's economy, describing the country's economic situation as nearly on the brink of disaster: 'Washington is suggesting Anglo-American consultation on ways of saving Japan's economy from the collapse now threatened by her trade deficit.'<sup>287</sup> With choices of titles such as 'Saving Japan' and phrases 'unwise spending', 'unchecked inflation', and 'collapse', the image of Japan's economy is that of incompetence and in need of outside intervention to restore order. The *Times* readership here is being shown a very different image of the Japanese economy to that presented to *Economist* readers in the article just above predicting Japan to be the next economic power.

Almost pre-empting the *Times*' framing of Japan's economy, with some self-awareness, the *Economist* had in February 1954 summed up the forces in play:

When trade with Japan is under discussion all kinds of emotions are bound to be unleashed. They are a compound of wartime hatreds and memories of prewar

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<sup>285</sup> 'Japan's Place', *Economist*, July 03, 1954.

<sup>286</sup> 'Japanese Economic Difficulties', *Times*, February 01, 1954; 'Japan's Economic Crisis', *Times*, March 02, 1954; 'Japan's Economic Crisis', *Times*, March 03, 1954.

<sup>287</sup> 'Saving Japan', *Times*, August 12, 1954.

Japanese dumping, of fabulously low export prices quoted on the strength of allegedly sweated and underpaid labour.<sup>288</sup>

The *Economist* can in fact be seen in 1954 to already be taking a real interest in Japan's economy and the opportunities there might be for the UK. Another article from September that year indeed presented Japan's own frustrations at the proactive stifling of its exports by the UK:

The disappointing level of their exports to sterling countries is due not so much to their inability to compete in price and quality as to their inability to compete at all- because since in many markets, including the United Kingdom, the Colonies and the Dominions, they are shackled by quotas and other forms of quantity restrictions against which no competitive virtues will avail... The Japanese representative will, therefore, try to persuade the British authorities to concede a further relaxation of British and Colonial import restrictions on Japanese goods.<sup>289</sup>

As seen in chapter 2, the UK authorities were angered by how Japan itself was of course applying its own protectionist measures. The reality seems to have been that whilst both the UK and Japan were both using protectionist measures that might have stifled bilateral trade between the two countries, each seems to have viewed their own actions as justified but the opposite party's as unfair. Writing during the following decade, Allen confirmed that, regarding the issue of import controls, in their efforts to press forward with economic growth the Japanese government had in fact been making active use of a range of instruments, including import and exchange controls.<sup>290</sup> Even so, the language the *Economist* uses in its reading of the situation in 1954 for its readers such as Japan being 'shackled by [British] quotas' implies that the balance of these mutual restrictions was weighted in favour of the UK.

The British were in fact proactive in their own curtailing of Japanese exports beyond its own agreements with Japan, highlighted in a 1955 *South China Morning Post* article in the British colony of Hong Kong. The author reported how the UK, as noted in chapter 2, voted in favour of Japan's admission to GATT but then invoked the provisions of Article 31 in order to ensure that the rights and obligations of the agreement did not apply to bilateral Anglo-Japanese trade or Japanese trade with

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<sup>288</sup> 'Trade with Japan', *Economist*, February 06, 1954.

<sup>289</sup> 'Anglo-Japanese Trade Disappoints', *Economist*, September 04, 1954.

<sup>290</sup> Allen, C. *Japan as a Market and Source of Supply*, Pergamon, 1967. p. 50.

British overseas colonial territories. More specifically the article then describes the fears that have been assuaged in the British textile industry by this move:

Raymond Streat, Chairman of the Cotton Board, heartily welcomed the reservations which the British Government has made, retaining its freedom of action in various vital matters. Leaders of Lancashire's textile industries received the news of Japan's admission to GATT with some anxiety, although they had known it was coming. Textile circles, apprehensive over competition from low-priced Japanese goods said that Government assurances on these lines would be eagerly welcomed in Lancashire and would "take the chill off the reception" of tonight's news from Geneva.<sup>291</sup>

As seen in chapter 2, through extensively relating the views of those in UK traditional industry, Japan is associated with negative language such as 'anxiety', 'apprehension', and 'chill'.

In 1956, *the Economist* continued its bold stance on the frontline of British newspaper publishing of clearly recognising and relaying Japanese economic achievements, as well as simultaneously lamenting the out-of-date perceptions shared by many in the UK of Japan's business practices. In the October 20 edition that year, one article described how the prevalent view of Japan in the UK was still one of:

A low-standard country run by unscrupulous monopoly capitalists who ruthlessly exploit their working class...An unfair competitor who floods the market with his cheap goods, and a bad customer who buys goods only to copy them and then undercut their original manufacturers.<sup>292</sup>

Exploring this view further, the article then emphasised how it was in fact an out-of-date stereotype. In its continued critique and description of these widely held ideas of Japan in the UK at the time, this article clearly illustrates how far this image of Japan was out of step with the reality of the development of the Japanese economy in the early decades following the Second World War.

From the late 1950s, under international pressure, Japan started to liberalise its own foreign trade, but at what seemed a rather slow speed. In 1956 the *Manchester Guardian* reported that 'Japan's Finance Minister Hisato Ichimada, in a statement to the Diet, promised a more liberal foreign trade policy, including reduced tariffs and a

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<sup>291</sup> 'Japan's admission to G.A.T.T.: Britain votes in Favour but will not...', *South China Morning Post*, August 13, 1955.

<sup>292</sup> 'Anglo-Japanese Motes and Beams', *Economist*, October 20, 1956.

relaxation of controls on imports and foreign exchange.’<sup>293</sup> In this article, a neutral image of Japan was presented by the publication’s Tokyo correspondent. Though, as shown in chapter 2, with Japan being presented by the *Manchester Guardian* so much during this early period as a threat rather than economic opportunity, the above was perhaps a slightly incongruous image for readers to collate with that shown in other articles.

In 1957, many daily newspaper images of Japan centred around persistent claims of malpractices in Japan’s trade, such as dumping, copying, a dual price system between the domestic market and international market, and also complaints of a government subsidy policy to motivate Japanese exports and Japan’s controls on its imports continued to be presented elsewhere. For instance, regarding the issue of copying, an article in the *South China Morning Post* in Hong Kong (referring to a report by the *Daily Express* in the UK) covered a visit to the UK by Japan’s Foreign Minister Aiichiro Fujiyama; the article noted that the trip was made with the intention of seeking frank talks with British Government leaders over a wide range of political and economic problems. Citing comments made by the *Daily Express* on this event, the *South China Morning Post* described Mr Fujiyama as an “unwelcome guest” in the UK. The article then further explained the reasons behind this view:

The last Japanese Minister to visit London was Yoshida, then Prime Minister. He came three years ago bringing assurance that if only Britain would help lift restrictions on Japanese goods he would see to it that piracy of British designs would be stamped out. Britain was foolishly taken in. Now Japan sends another envoy to talk trade. And Mr Fujiyama arrives during a month when a whole series of incidents on Japanese sharp practice have been exposed. Japanese factories are not merely copying British designs. They are deliberately trying to pass off their own inferior imitations as British brands. Wide damage has been done to sales and reputations of British firms. Let Mr Fujiyama be told at the outset he is wasting his time here. He should settle his country’s last bargain before he comes seeking a new one.<sup>294</sup>

Although this disparaging image of Japan as untrustworthy and having tricked the British was initially articulated in the *Daily Express*, the decision by the *South China Morning Post* to cite the original article and echo its stance indicates that its own ex-

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<sup>293</sup> ‘Japanese trade policy: Liberalisation promised’, *Manchester Guardian* January 31, 1956.

<sup>294</sup> ‘Britain and Japan: To open new phase of Co-operation foreign minister’, *South China Morning Post*, September 28, 1957.

patriate colonial readership may well have connected with some of these feelings about trading with Japan at that time.

March 1958 saw the daily financial specialist publication the *FT* feature an article that looked purely at Japan's economy under the headline 'No Recession Yet in Japan but Indications of a Severe Setback Later'. In what on the surface looks to be a pessimistic prediction of US economic troubles about to have a knock-on effect on Japan, the report stated, 'although the U.S. recession has so far not had many noticeable effects on Japan, the indications are just beginning to make themselves felt that Japan is in for a severe recession later this year.'<sup>295</sup> However, it then goes on to describe a picture of Japanese economic resilience: 'the reason that there has not been a slump earlier is largely because of the structure of the Japanese economy. In fact, the last three months have been a substantial improvement over Japanese economic activity for the previous three or four months.'<sup>296</sup> Here within the factual reporting of Japan's economy, so intrinsically linked to that of the USA, about to be sorely wounded by the latter's misfortunes, Japanese economic performance is an image of competence and growth in the midst of troubled waters.

A year later, the *Guardian* (having now removed the 'Manchester' half of its name) in 1959 published a commentary by its financial editor highlighting the realities of the structure of the Japanese economy which contradicted some of the prevailing stereotypes in the UK. The image of Japan can be seen to fit within the arc observed in chapter 2 of the *Guardian's* reports that by the early 1960s was being presented to readers in a more positive light regarding its potential for UK industry. The article offers a clear picture of Japanese economic success, highlighting the changes in the country's economic structure as follows:

The Industrial Bank of Japan has drawn up a "league table" of Japanese industry. It may surprise those who are inclined to think of Japan only as a source of cheap textiles and cut-price toys. There is only one textile firm among the ten largest Japanese firms and it is at the bottom of the list. There are only five in the first 50, and fifteen in the first 100. The largest Japanese industrial company, Yawata Iron and Steel of Tokio, explains its interests by its name, and five others in the first ten are also engaged in iron and steel, heavy engineering, or

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<sup>295</sup> 'No Recession yet in Japan', *Financial Times*, March 26, 1958.

<sup>296</sup> *Ibid.*

shipbuilding...Only one oil company (fifth) and one car manufacturer (thirteenth) are in the first twenty.<sup>297</sup>

The image seems to be methodically correcting misperceptions - the author suggests on the one hand that textiles, still such a focus to many in the UK, had obviously declined in importance in Japan, but on the other, that the importance of heavy industry, for instance iron and steel, had increased in conjunction with Japan's economic transformation. The latter is an image related for the first time to *Guardian* readers, so used to seeing Japan framed in articles about the SPAs and Treaty as merely a textiles producer. Additionally, indirectly indicated by this article is that some parts of heavy industry, like car manufacturing, were still not yet well developed in Japan by the end of the 1950s.

By 1959 Japan was the world's biggest exporter of toys – a position held by the UK in the past – and it was therefore perhaps unsurprising that the British toy industry had a rather unfavourable view of Japan's trade in toys. Vincent Mulchrone, an English journalist who had spent time in Japan and worked with the *Daily Mail* for three decades, and had the reputation of being one of the best writers on Fleet Street, described how a Mr. Kishi, the president of the Asahi Toy Company, had turned up with three other Japanese toymakers at the Brighton Toy Fair a couple of months previously, and some stallholders had given him a cold welcome. Mulchrone's view was, however, that this negativity was not justified. He described how he was amazed by the high quality and design of Japanese toys which he saw in the departure lounge of Tokyo's 'modern international airport' before departing to England. Mulchrone described the toys in glowing terms, noting that 'they are so good, and there is no need for Japan to copy Britain. I have never seen such wonderful toys in my life...Never again will anybody sell me the story of little yellow men sneaking around English toy fairs trying to copy our designs.'<sup>298</sup> He went on to quote Japan's Prime Minister, Nobusuke Kishi, as saying:

In Brighton I received the impression that the British toy industry is at such a low level that we would not even begin to think of copying its products...It may be said that the accusation of plagiarism against Japan is without grounds. I believe

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<sup>297</sup> 'City Comment: Stability and Growth Economics for the voter', *Guardian*, September 14, 1959.

<sup>298</sup> Mulchrone, V. 'Mr Kishi (Prime Minister) Backs Mr Kishi (The Toymaker)', *Daily Mail*. April 11, 1959.

that a toymaker has nothing to lose by showing his workshop to foreign competitors. I even offered to arrange an inspection of our factories by British toy men if there were interested.<sup>299</sup>

The Japanese Prime Minister was again later quoted in the same article as stating ‘Britain still has great influence on Asian countries. I think it necessary to get the correct British viewpoint concerning the changing international situation. I want to have frank talks with the British Government.’<sup>300</sup> A number of salient facts look to have been deliberately delivered by Mulchrone in his article, even by beginning with the innocuous observation that Tokyo’s international airport was ‘modern’. Following this, the journalist then makes no attempt to hide his admiration of the design and quality of Japan’s toys. And, although he did not complain directly about the relative backwardness of the British toy industry, by proclaiming the high quality of Japan’s toys industry alongside the perceptions held by that in the UK of Japan’s plagiarism of British design, Mulchrone was in fact able to imply this. Moreover, Prime Minister Kishi’s statement, though using diplomatic language, laments the existence of misperceptions shared in the UK towards Asia, and in particular towards Japan. For *Daily Mail* readers, an unequivocally positive image of Japan’s economic and trading prowess is presented to them.

A similar positive, and lucid, image of Japan’s economy can also be seen in an article in 1960 from another journalist with first-hand experience of Japan, this time the *Guardian*’s Hessel Tiltman, who praises Japan’s economic achievements, describing how ‘fourteen years after the surrender, [Japan] appears now to be on the threshold of new peaks of productivity, consumption, and wellbeing, with the biggest and most widespread boom in the nation’s history.’ He further called what was happening in the country from the end of the Second World War until 1960 as amounting to:

A second industrial revolution, with the emphasis steadily shifting from “bazaar goods” to the products of heavy industry and an advanced technology in which Japan is half a century ahead of its most important competitors in Asia...Japanese technical products are rapidly winning an increasing measure of respect abroad. The shoddy workmanship (and, at times, prejudice) that caused Japanese products formerly to be indiscriminately dismissed as “cheap and nasty” is on the

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<sup>299</sup> Ibid.

<sup>300</sup> Ibid.

way out now that, to an increasing extent, they compare favourably in range and quality with Western products.<sup>301</sup>

Here Tiltman gives a useful round up of the economic scenario regarding Japan up to this point, acknowledging there being faults on Japan's part in its post-war industrial approach, countered by prejudice now unwarranted due to the country's progress. One month later, the success in Japan's booming industry was again a main theme in the *Guardian* with an article expressing a belief that 'Japan's industrialists today are not so much concerned about recovery from war damage as about the sustained expansion of industry.' The article then mentioned a few crucial industries more specifically:

Great Britain still leads the world in terms of shipbuilding orders. In tonnage launched [in shipbuilding orders], however, Japan was the first in the world in 1956 and 1957. In 1958, launchings declined sharply, but were still the highest in the world... Most of the ships built in Japan are for export, principally to the dollar area... And export ships usually account for about one-seventh of Japan's total exports in terms of value... Ships are followed by rolling-stock in the export of industrial equipment and machinery by Japan...Japan's motor-car industry and the manufacture of cameras and other optical instruments also had lately aroused much interest in the world.<sup>302</sup>

Whilst clarifying the 'pecking order' with the UK remaining leader, the image of Japan is that of a nation challenging the UK's position in shipbuilding and expanded manufactured products. The reader is being shown the reality of Japan as a fast-growing, powerful economy capable of competing with the UK in industries far more significant economically than merely textiles. In addition, they find that many other Japanese industries are arousing interest in the world in many other different types of manufactured products.

Meanwhile, elsewhere in 1960, expats far away in Hong Kong were still being shown 'textiles' Japan, with the *South China Morning Post* covering a press conference in which J. Douglas Hood, Chairman of the National Wool Textile Export Corporation, listed some of the unfair practices carried out by Japan in relation to other exporting nations:

Low-priced Japanese textile products were seriously undermining world trade in woollen goods... The introduction of a system of subsidisation which had resulted

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<sup>301</sup> Tiltman, Hessel. 'Japan never had it so good Coming power in world trade', *Guardian*, January 02, 1960.

<sup>302</sup> 'Industry Expands after Recovery', *Guardian*, February 29, 1960.



in the price level of Japanese wool textile exports being much lower than goods sold on the home markets. The deceptive marking of Japanese cloth which broke the “international code of fair trading” and tended to “deceive buyers and consumers.” The British wool textile industry would like to make “responsible public opinion” aware that subsidised Japanese competition in wool textiles had caused trade barriers to be maintained and even raised against goods of all countries.<sup>303</sup>

The paper then further warned that ‘any move to reduce tariff barriers must inevitably take into account the possibility of imports of cheap Japanese goods.’ It also reported that the issue of dumping had been stressed in a statement issued by the Export Corporation, which represented all British woollen exporters. The statement called for:

An end to the “dumping” of Japanese wool textile goods on her overseas market and urged the British Government to continue to invoke article 35 of G.A.T.T by which they are able to control the entry of Japanese goods by quotas. Japan’s dual price system, by which domestic consumption subsidises exports, indicates that reliance on article 35 is both justifiable and essential to safeguard western producers.<sup>304</sup>

One can get a sense of how this image of Japan for British ex-patriate readers is out of step with the wider economic picture of Japan. It is worth noting that this article featured on the front page of the newspaper, indicating how relevant the *South China Morning Post* believed this issue to be to its readers. Japan is centred within the British textile industry’s fear of the country’s exports, with issues of Japan’s unfair trade operations such as dual pricing, government subsidies and dumping all cited.

The same year, following on from Victor Mulchrone’s eulogy about the Japanese toy industry the previous year, the idea that more trade with Japan would benefit both British consumers and industry was again presented in another *Daily Mail* article written in 1960 by the paper’s City correspondent Patrick Sergeant:

At first our main tariff and quota concessions would be for imports that would not hurt British manufacturers—e.g., cameras, where the Japanese would be competing with the Germans for British sales... In return we should have large Japanese markets for our specialised manufactures—industrial equipment, cars, whisky, tools, etc. The able new men of the Board of Trade realise there is a great deal of prejudice and fear about increasing our tightly controlled trade with Japan.

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<sup>303</sup> ‘U.K. Attack on Japan’s wool textile trade’, *South China Morning Post*; July 29, 1960.

<sup>304</sup> *Ibid.*

But it could be a large new market for Britain and one well worth going for. Moreover, the idea that the Japs can beat us hollow is something of a myth. Much has been made of pirating designs and dumping of cheap goods: more should be said about how well British exports compete with Japanese goods in neutral markets like Burma and the U.S.<sup>305</sup>

Enthusiastic about the potential of Anglo-Japanese trade, London-based Sergeant's image of Japan builds on that presented by Mulchrone in 1959 of being an opportunity. And his reflection back of British industry is that it is defeatistly picturing it cannot compete with its Japanese counterparts, due to its perception of the latter 'pirating designs and dumping of cheap goods'. The reality is revealed that UK products are competing against the Japanese in some markets. There may have been problems in the past, but Japan is nevertheless here framed as a problem that UK industry, with its superior expertise, can surely manage.

By this time the thought of losing the Japanese market was doubtless beginning to worry the Board of Trade in the UK, and there was no lack of newspaper articles calling for a change in British attitudes in order to better fit the changing economic needs of the time. A good example of this new stance can also be found in the *Guardian* in a 1960 article by Norman Roberts, which pointed out that:

In view of Japan's extremely protectionist policy the opportunities for British exports to find a market in Japan are limited. A market does exist for specialised machinery and machine tools, for Japan, as a manufacturing nation, must keep abreast of the most modern techniques, but the United Kingdom has so far failed to gain a representative share of the opportunities which exist. We are far outdistanced at present by the United States and by West Germany. One reason for this is the comparative lack of interest, or the legacy of actual distrust, felt by British business representatives as regards Japan, with the result that Japanese manufacturers are apt to consider either that we lag behind other countries in modern industrial processes or that our attitude towards them is hostile... This touches on what has probably been one of the principal causes of British distrust of Japan in the commercial field: the widespread belief that Japanese manufacturers unblushingly copy foreign patents, designs, and trade-marks. It has been the common tasks of British and Japanese official representatives, in their successive trade discussions since the war, to tackle this impediment to mutual trust and better relations and to devise means of dealing with it.<sup>306</sup>

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<sup>305</sup> 'More and cheaper Japanese goods are coming', *Daily Mail*, February 19, 1960.

<sup>306</sup> Roberts, N. 'Increasing Business with Britain', *Guardian*, February 29, 1960.

In a clear analytical overview of the forces at work preventing the meaningful expansion of Anglo-Japanese trade, illuminating images of both the Japanese and British are on display. Whilst Japan on the surface is associated with ‘unblushingly copying’ and being untrustworthy, this is contextualised by the accompanying image of UK industry as having ‘so far failed’ in comparison to their US and German counterparts in exploiting the trading opportunities the latter are plainly proving exist with Japan. Although lack of ‘mutual trust’ is diplomatically cited by Roberts as the impediment to the opening up wider trade with Japan, it is clear this impediment is stemming largely from the UK side. Here, Roberts brings to life for the reader how Japan’s growing industrial might truly could be an opportunity for the UK if the approach by British industry was informed more by economic considerations and less by negative stereotypes and emotions.

This theme was also taken up by the *Economist* the same year, though in its more ‘detailed’ house reporting-style, in an article entitled ‘Little by little’:

Many items that previously were completely or partially restricted have been freed... Japan, which has belatedly started to liberalise imports, is less guilty of discrimination than Britain. It is now providing larger opportunities for sales of cars and crawler tractors, machine tools, certain office machines, knitwear and woven apparel, plate and sheet glass and sports goods...The Board of Trade reckons that if exporters take full advantage of their opportunities, British exports to Japan may increase by about three and half million pounds a year.<sup>307</sup>

Again, as per Roberts’ *Guardian* article, the *Economist*, with its analysis and through relaying the Board of Trade’s reading of what the removal of particular restrictions in Japan might entail for UK industries, paints the Japanese as a nation proactively opening up their market to exporters. Whilst Japanese import restrictions are acknowledged, it is then gently pointed out that with the updates Japan has now made to these, UK exporters face fewer barriers than their Japanese counterparts. The image of Japan being presented carefully takes into account the *Economist*’s more informed readership, being one of a reformed, now opportune market for the UK.

A year later in 1961, the *Times* reported that ‘Japan’s machine tool industry is experiencing a great boom, reflecting the current brisk investments in industrial machinery and equipment.’ The article further referred to the latest data from the

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<sup>307</sup> ‘Little by Little’, *Economist*, July 23, 1960.

*Japan Information Bulletin*, a journal published by Japan's Ministry of Foreign Affairs, saying that 'in the past five years, the industry's production value has increased substantially and its productive capacity now tops the pre-war peak.'<sup>308</sup> In being willing to relay information from a publication produced by one of Japan's own Ministries, effectively self-praise of Japanese industry's expansion, the *Times* bestows on Japan's image an element of trustworthiness.

Meanwhile, in the same year the country's continuing high economic growth was lent a degree of context in an article in the *FT*, with the author commenting:

Despite a steadily growing deficit in Japan's international trading balance and obvious signs of overheating in the domestic economy, Mr. Ikeda's government is sticking to its policy of promoting a high rate of economic growth. It is, as government spokesmen tacitly admit, a calculated gamble.'<sup>309</sup>

In this article, the *FT* is essentially relaying the (correct) image of Japan being in 1961 an economy still importing more than it is exporting. This is a useful intervention for our purposes by the *FT*, having so far in this chapter viewed many newspaper articles giving the impression of Japan as an export-economy, and a good midway point to review the background behind some of the major dynamisms of Japan's economy throughout the period covered by the articles analysed so far. In 1954, although there had been a crisis in the balance of international payments in Japan following the boom triggered by the Korean War, as Allen points out:

Even after the collapse of the war boom Japan's industrial output continued to expand. By 1953 it was probably more than 50 per cent larger than in the middle 1930s, and the real national income some 30 per cent higher.<sup>310</sup>

In addition, Nakamura emphasises that during the 1950s and 1960s, the Japanese government had a policy of regularly cutting back on the possibility of bank lending to firms, in order to regulate the business cycle and avoid overheating in the economy.<sup>311</sup> It is widely accepted that in the early post-war period up to 1954, American aid and 'special procurement' expenditure resulting from the Korean War was of vital importance to Japan's economy and was described by G. C. Allen as not

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<sup>308</sup> 'Japan's Thriving Machine Tool Industry', *Times*, July 17, 1961.

<sup>309</sup> 'Mr. Ikeda's Gamble', *Financial Times*, August 15, 1961.

<sup>310</sup> Allen. *The Course of Recovery and Expansion*. p.191.

<sup>311</sup> Nakamura. *The Postwar Japanese Economy*, pp. 55-57.

only providing foreign exchange for imports, but also indirectly affecting investment. However, by the mid-60s when American ‘special procurement’ ceased to be a major ingredient of Japan’s foreign income, Japan would begin to attract foreign investment.<sup>312</sup>

In terms of the matter of inflation, it is arguable whether Japan suffered from high inflation during the early 1950s (the claim made by a *Times* article analysed earlier from 1954). The backdrop behind this issue is that the Japanese economy in the 1950s and early 1960s was subject to a business cycle of boom and bust. Subsequent scholarship, as noted above, has suggested that Japanese government intervention was effective in regulating the business cycle, restraining the economy when it looked as though the growth was likely to generate inflation. Allen suggested that wholesale prices actually tended to fall during the 1950s, although there was a rise in consumer prices. Japanese economic expansion in the 1950s, he argues, was accomplished without inflation, although the period was by no means one of steady or stable growth. In fact, Allen was later to emphasise that the deflationary measures were so successful due to the Japanese authorities exercising effective control over the money supply, making it possible for the economy to grow very rapidly without giving rise to troubles with the balance of payments that were resistant to remedial measures. This responsiveness to deflationary pressure was an important element, he indicates, in Japan’s economic success.<sup>313</sup> Japan did suffer recession in 1958, but then, as previously mentioned, was then shortly after visited by the frenetic *Iwato* boom that lasted from 1959 until 1961. Although it could be argued that this boom took place approximately a year later than the article published by the *FT* on 26 March 1958 (predicting a possible knock-on effect on the Japanese economy from US economic troubles), it is clear from the prior analyses of Japan’s economy that by that year there was an understanding that it was already displaying dramatic change in its structure, with improvement of productivity and manufacturing output.

Why, we may ask, did many of the views in the UK seen so far - whether directly highlighted by articles, or within the images the articles themselves project - not match the reality of Japan’s economy? One of the likely factors, I would suggest, is that both the fierce competition during the inter-war period and the lingering bitterness from the

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<sup>312</sup> Allen. *Japan's Economic Expansion*, p. 23.

<sup>313</sup> Allen. *A Short Economic History of Modern Japan*, p. 236.

Second World War had a huge impact on shaping British views of Japan when the latter returned to the world economy in the early post-war period. This claim by no means indicates that British views of Japan's economy were all negative, rather it helps underline the observation already made in this research regarding there being a spectrum of different views of and interests held by different groups, rather than any one single coherent view. Furthermore, it also indicates that sometimes any given group or even individual might harbour contradictory views simultaneously, both admiring the economic achievements of Japan but also continuing to hold hostile or outdated views.

### **1962-1969**

As we have seen, in the *Economist* there was no shortage of articles up to this point highlighting the above problem. To its limited, specialist readership, from 1952-1961 Japan's growth and economic structural change, and how out-of-step or even ignorant the views were of so many in the UK towards Japan's industry and trade soon became almost a mantra. In September 1962 this mantra then upped in intensity with the publication of the two articles 'Consider Japan' already touched upon in the previous chapter. The following quotes give an idea of the extent to which by 1962 the *Economist* felt that an opportunity had been missed through so much of business and industry in the UK doggedly basing their opinions on negative preconceptions and stereotypes of Japan. In the decade between 1951 and 1961, the articles found Japan had:

seen its real national product increase at an average pace of over 9 per cent a year, its industrial production and rate of manufacturing exports more than quadruple...Japan in the last eight years has marked up the biggest rate of growth in both production and exports in the world (217 per cent increase in industrial production from 1953 to 1961, 232 per cent increase in exports). Britain, by following an almost diametrically opposite policy, has marked up one of the slowest rates of increase in both (28 per cent increase in production, 42 per cent increase in exports). Obviously in these circumstances the British economy has lessons to learn from the Japanese, not the other way round.

The main things in which Britain ranked as the principal supplier to the Japanese market in 1961 were whisky, sweets and other confectionery, and woollen fabrics

(plus some other textiles). In machinery and other “modern” exports, American and Germany beat us right across the board.<sup>314</sup>

The language used in ‘Consider Japan’ is fairly dry and heavily dependent on copious citing of economic statistics, but the message is clear to its specialist readership – Japan’s economic and industrial growth has been and continues to be extraordinary, is something that other Western powers such as the USA and Germany have long recognised and proactively engaged with to their great advantage, and that industrially and economically Japan – rather than the UK – is now the master in the student/pupil relationship in which the two nations have long been intertwined. The last aspect is perhaps the most sobering in 1962 to any British reader still nurturing the colonial mindset of the UK’s former pre-war glory days of superiority.

At the core of the *Economist*’s motivations for publishing ‘Consider Japan’ was likely, as noted earlier, the fact that by 1962 Anglo-Japanese trade still only accounted for a very small percentage of both the UK’s and Japan’s foreign trade. With the gulf that can be seen to have formed between the attitudes towards Japan’s economy in the UK and the reality, it is of no surprise to find that there was sometimes conflict between British and Japanese reasoning regarding what was behind this disappointing level of bilateral trade. Much of British traditional industry maintained that the reasons were down to the existence of unreasonable Japanese controls on importing from abroad, and Japanese government support for Japanese exporters. Writing in the *Guardian* in 1962, following his ten-day visit to Tokyo that year, Frederick Erroll, President of the Board of Trade, stated that:

British industry would find the withdrawal of special restrictions against Japanese imports much easier to accept if the Japanese Government dropped its schemes for stimulating exports...Britain was against tax incentive schemes and subsidies to stimulate exports.<sup>315</sup>

Later that same year, yet another article in the *Guardian* reported on the argument put forward by the Federation of British Industries and the London and Birmingham Chambers of Commerce that from the British point of view, one of the main obstacles to Anglo-Japanese trade was the Japanese practice of import control and subsidising

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<sup>314</sup> *Consider Japan*, 1963. p. 55.

<sup>315</sup> ‘Anglo-Japanese Trade Prospects’, *Guardian*, April 27, 1962.

exports.<sup>316</sup> One estimate of the extent of Japan's import restrictions in our second sub-period, from 1962 to 1968, is given by Ehrlich and detailed in Table 3.8.

**Table 3.8 Japanese Import Quota Restrictions, 1962-1973**

<b>Date</b>	<b>Number of items under quota restriction</b>	<b>Number of items under residual restrictions under the GATT</b>
<b>April 1962</b>	490	-
<b>April 1963</b>	229	-
<b>April 1964</b>	174	136
<b>October 1965</b>	161	122
<b>May 1966</b>	168	126
<b>October 1968</b>	164	121
<b>October 1969</b>	161	118
<b>September 1970</b>	133	90
<b>April 1972</b>	79	33
<b>April 1973</b>	83	32
<b>October 1973</b>	82	31

*Source:* Ehrlich, Eva. *Japan, A Case of Catching up*, Budapest: Akademiai Kiado, 1984. p. 211.

Elaborate trade and exchange controls implemented by the Japanese were designed to stimulate exports and to restrain imports in the interest of the trade balance, although these were relaxed after 1960 under pressure from customers and international organisations such as GATT. Japan had been a member of GATT since 1955, however, it retained exemptions to some GATT articles, permitting it to keep in place stiff quota restrictions until the early 1960s. During the 1960s Japan was persuaded to ease her trading and exchange restrictions, and after admission to Article 11 status under the GATT, the country began to discard quantitative restrictions on imports and devices for stimulating exports. However, according to Allen by 1970 a quarter of Japan's imports would still be subject to quota restrictions.<sup>317</sup> These controls had the advantage for Japan of enabling her to carry a restrictive policy further than would have been possible in conditions of freer trade. Many articles in British newspapers,

<sup>316</sup> 'End of Japanese Export Subsidies in 1964—Mission', *Guardian*, November 02, 1962.

<sup>317</sup> Allen. *A short Economic History of Modern Japan*, p. 200.



by focusing on the UK industry lobbying perspective, suggested that these controls were one-sided — even though the British themselves were using similar tactics — thereby perpetuating an underlying negative general narrative in the UK rooted in war-time bitterness and the interwar period’s fierce trade competition that painted the Japanese as a bitter, untrustworthy foe.

Curiously, more articles across different papers began to appear from 1962 with an updated narrative of Japan as a potential market rather than as a threat to British goods. The *South China Morning Post* in Hong Kong published an article in July of that year relating how a report from Lord Kilmarnock, President of the London Chamber of Commerce and leader of a British trade mission to Japan earlier that year – said to be the first to visit the country since the end of the Second World War – was eagerly awaited. Kilmarnock, it reported, ‘hoped it [the report] would remove many misconceptions about the new Japan which existed today.’ He had then gone on to stress that:

Wage rates and living standards are rising. Japan’s plans for the future are impressive, and economic expansion and liberalisation of trade are likely to go hand in hand during the next few years. We must be alive to the business prospects in this important and growing market... There are problems which must be solved, but there are great opportunities for developing mutually advantageous trading arrangements. If British commerce and industry will seize them, Japan may well become a valuable trading partner rather than a trade rival. It is clearly in the interests of both countries that this should happen.<sup>318</sup>

The article gave the lion’s share of its space to reporting Kilmarnock’s desire to change the misperceptions existing at that time in the UK, for example:

The impression that Japanese goods were cheap, and their quality therefore suspect, was a generalisation “not true today.” Many of the factories in Japan are equipped with modern high-grade machinery and employ excellent manufacturing techniques. No British buyer need fear to purchase goods from a reputable firm so long as the quality grade and specifications required are clearly understood by the Japanese seller and normal safeguards inserted in the contract. In exporting “know-how” (techniques, processes and inventions) and in negotiating licensing arrangements and joint ventures, British manufacturers had

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<sup>318</sup> ‘Britain’ Trade with Japan: Great opportunities for Mutual Development’, *South China Morning Post*, July 13, 1962.

been generally backward while many in other countries had been actively earning valuable sources of revenue.<sup>319</sup>

Through so extensively quoting Kilmarnock, the *South China Morning Post*'s image in 1962 of Japan is transformational, associated with labels such as 'impressive', 'modern' 'economic expansion', 'living standards are rising', and, crucially, 'important and growing market'. British business is now urged in no uncertain terms to update any out-of-date views it might harbour regarding Japan's economy and of the Japanese as trade partners. The *South China Morning Post* also reflects in 1962 a rather scathing image of British manufacturers back to its readers, as 'backward' compared to its competitors. Kilmarnock's overall tone in the article gives his choice of words asking of the UK that 'We must be alive to the business prospects' the connotation that he sees the UK being the odd one out for being dead to the business prospects presented by Japan compared to the 'many other countries' that 'had been actively earning valuable sources of revenue.'

This same tone is also visible in the *Times* the following year, in its report on Lord Home, the Foreign Secretary (1960-63) who had visited Japan in 1963, responding to a question regarding whether he had discussed Japanese 'unfair' business practices. His reply was the brutally frank 'we have no complaints in this respect now, and therefore it did not form any part in our discussion.' That the question was posed by the *Times* indicates in 1963 'unfair business practices' were still very much a central narrative in the UK regarding Japan. And yet that the answer so categorically dismisses the image as not even featuring in the reality highlights the yawning chasm that has formed separating still prevalent images of Japan based on negative outdated stereotypes, and the reality. Asked what steps should be taken to expand Anglo-Japanese trade, Lord Home simply replied that 'politicians had created a framework, and it was now up to British and Japanese businessmen to exchange visits and see as much as possible of the prospects in each other's countries.'<sup>320</sup> At this point in April 1963, the Anglo-Japanese Treaty signed the previous November was about to take effect the following month. Lord Home implied that blame could no longer be laid by UK industry at the door of trade legislation, and was diplomatic in his language through effectively laying equal responsibility on both British and

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<sup>319</sup> Ibid.

<sup>320</sup> 'Closer Relations with Japan in Prospect', *Times*, April 05, 1963.

Japanese businesses to create opportunities. This when, as has been shown, Japanese industry had proactively sought closer business ties with the UK since the early 1950s.

As can be seen from this, and the previous *South China Morning Post* and *Economist* articles, a number of those with a national-level overview of the poor level of Anglo-Japanese trade in comparison to many of the UK's Western competitors such as the USA and Germany, have identified that the UK is by this time lagging drastically behind.

Come the end of 1964, the *Times* readers were being told that 'the period of rapid economic expansion in Japan has ended.' In an article titled 'Japan's Growth Slackens', the newspaper's city correspondent stated:

Although there has so far been no real indication of cost-push inflation on a European scale, the steep rise in consumer prices over the past four years is a result of the growing tightness of the labour market and clearly shows that the future expansion cannot be maintained at the phenomenal rates of the past decade.<sup>321</sup>

This image of Japan's economy while using upbeat descriptive language such as 'phenomenal rate', does reflect the reality that the tightening labour market could slow the high growth rates seen up to this point. Even so, the article's tone is based on a slightly selective interpretation of data published in the most recent *Fuji Bank Bulletin*. Rather than 'clearly showing' Japanese economic growth will slow, the bulletin's report is a comparison of Japanese post war exports with pre-war, with the latter accounting 'for only 4 per cent of total world trade, compared with 4 1/2 per cent in the prewar period'.<sup>322</sup> As can be seen in the data at the beginning of this chapter, Japan's economic growth in 1964 is showing no signs of abating.

It should be noted here that 1964 saw Japan hosting the summer Olympics in Tokyo, by which time over 83% of British households had a television set on which to view the BBC's broadcasts of the games.<sup>323</sup> An expensive endeavour to plan and undertake, the Olympics have long been viewed as a means of soft power by host countries to project a positive image of themselves to the international community.

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<sup>321</sup> By our city staff. 'Japan's Growth Slackens.' *Times*, December 04. 1964.

<sup>322</sup> Ibid.

<sup>323</sup> Television ownership in private domestic households. Accessed from: <https://www.closer.ac.uk/data/television-ownership-in-domestic-households/>

Even so, Japan's image can be seen to retreat back into familiar territory in a report in the *FT* in April 1965, which described how nearly 100 British cutlery and flatware manufacturers had met to organise action against unfair competition from low-wage countries in the Far East. Mentioned in the article was John Price, 34-year-old managing director of a Birmingham company who spent three weeks in Japan and Hong Kong, describing 'the Japanese standard of living was only one-third of our own...They had very little originality in design and there was not a single American or Scandinavian-style they had not imitated.'<sup>324</sup> Price was further reported as saying that:

The Japanese had cheaper raw material, did not have to pay designers or popularise patterns. Distribution costs were very small, taxes were lower, they had few overheads in the provision of amenities for workers, and their machinery was copied from German, British and American machines.<sup>325</sup>

Through quoting Price's reference to lower Japanese living standards, Japan is presented here in the *FT* as a less advanced country than the UK. Also, whether or not real or perceived by Price, the common image of Japan having an unfair advantage through operating a business model based on imitation of Western techniques and designs is once again repeated and given centre-stage.

The bumpy journey of Japan's image being presented in an increasingly fair light can be seen to take an upswing in 1966 in a *Guardian* article which described the UK's disappointing share of Japan's imports - at only 2 per cent of the total. Emphasizing the need to try and open up Japan's markets to British goods, W. H. Solf, managing director of a company seemingly with a direct vested interest in improving the British attitude towards trading with Japan called 'Anglo-Japanese Industrial Service,' is quoted heavily in his argument that there were three reasons for the UK's slowness in tackling the Japanese market. The first on his list was a long "post-war hangover" in the British attitude towards the Japanese. Solf then continued that there also remained:

A traditional, but now mistaken, view that the Japanese are flagrant copyists, and that it is dangerous to export goods to them. This, too, is dying except among the ignorant and prejudiced, because Japanese Government regulations have

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<sup>324</sup> 'Plea to Ban Japanese Cutlery', *Financial Times*, April 08, 1965.

<sup>325</sup> *Ibid.*

virtually eliminated copying. The third reason is frustration among businessmen who have gone to Japan since the war and found too many impediments to doing business there – with the exception of a small group trading there regularly. This third difficulty still persists, and is perhaps the hardest to overcome.<sup>326</sup>

Here, as well as Japanese economic achievements being recognised and presented positively, their negative ‘traditional’ image of being ‘flagrant copyists’ is being challenged. Solf’s careful reflection of the British business community is that only those amongst them who are ‘ignorant and prejudiced’ will find it difficult to overcome the first two hurdles to trading with the Japanese of the ‘post-war hangover’ and out-of-date views on Japanese copying. Once these psychological hurdles are overcome, according to Solf, the real hard work begins in navigating the actual practical impediments of doing business in Japan. That Solf in his effective sales pitch in 1966, 20 years after the end of the war, still cites the ‘post-war hangover’ – i.e. bitter memories of WWII - as the first barrier British businesses have to conquer before they might begin trading with Japan, reveals this still in reality being an issue having to be considered.

Realistic and complimentary portrayals of Japan’s economic achievement (and no signs of the slackening economy forecast three years before by the *Times*) continue to appear in other corners of the press. The *Daily Mirror* in the previous chapter can be seen in the 1950s associating Japanese industrialism’s threat to UK traditional industry with the word ‘evil’. In 1967 however, in an article co-written by John Pilger, at that time a journalist on the paper, and Roland Hurman, the publication’s industrial editor, the two complimented Japan’s economic achievements, in particular those of the shipbuilding industry:

Ships are symbolic of the New Japan. Twenty years ago there was no shipbuilding industry... Today Japan builds almost half the world's ships— against eight per cent. built by Britain. Her rise from an emaciated feudal patchwork to one of the world's richest nations, from a land once sealed off to all foreigners and all trade to one of the world's great traders and, finally, from the atomic cataclysms of 1945, is a feat without parallel in human history... No other non-Western country has so completely absorbed Western ideas and techniques and has so steadfastly refused to bow down to the ways of Western life... Britannia’s last claim to rule the waves vanished ten years ago. In 1956

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<sup>326</sup> ‘Why British Trade Lags in Japan’, *Guardian*, August 02, 1966.

Britain was dethroned from her historical seat as the biggest shipbuilding country in the world by Japan.<sup>327</sup>

Simultaneous admiration for Japan's economic success and disappointment regarding British industry is nakedly displayed in this article. The image of Japan for the *Daily Mirror*'s readers here is the unequivocal success story, with any residual mindset of Britannia ruling the waves readers might be tempted to project onto that image reflected back as out-of-date fantasy.

Also in 1967, the *Economist* upped its praise and recognition of Japan's economic achievements, saying that it could now be considered as the next great power:

One of these days there could be a third superpower. Not probably a unified Europe; not China; but Japan. This country of 100 million people already produces more steel per head than Britain. It uses more computers than any country except the United States. It builds half the world's ships. Its vehicles industry is now (somewhat after it made the claim) third in the world. It invests roughly twice as large a proportion of its gross national product as Britain or the United States, and its national income grows, on average, four times as fast.<sup>328</sup>

In this article, like that of the *Daily Mirror* in the same year, Japan is now front and centre as a leading industrial power. And by its omission in a discussion of superpowers, reflected back is that the UK's days in this league are gone.

The impression given by most of this last selection of articles regarding the UK's and Japan's relative economic standing is one of there being a clear image of Japanese achievements being impressive and in fact superior to those of the British - even though the latter's economy was still achieving a higher standard by comparison with its own past history.

Come the 1960s, even the *Times* can be observed to have been updating its presentation of Japan's economy. As mentioned earlier, back in 1954, the paper published a number of articles questioning Japan's economic development. However, if not always enthusiastically or straightforwardly, it then begins to at least acknowledge Japan's economic achievements to its readers. Its tone of reticent praise, tempered with caveats, is continued in 1968:

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<sup>327</sup> Pilger, J and Hurman, Roland. 'All nations have their time', *Daily Mirror*, July 07, 1967.

<sup>328</sup> 'The Next Great Power', *Economist*, September 30, 1967.

There is little doubt that the Japanese economy will continue to fare well by international standards, provided that the overall environment does not deteriorate greatly... One's optimism about the future of her economy rests fundamentally on an appreciation of what had been achieved in the past. Between 1957 and 1967 her economy grew least rapidly in 1958 and 1965, when the expansion rate was only 3.7 per cent in each year. In the good years the rate of growth was over 15 per cent, in real terms. Even in a so-called recession year like the present one, the rate of growth will exceed 10 per cent if the experts are right.<sup>329</sup>

In the same article, the proportionally disappointing growth of the British economy is even noted, though in a slightly wounded, acrimonious tone: 'By contrast, the performance of her [Japan's] competitors has been rather less good. One is a little tired of Japanese who impute that the UK is finished as a major nation because of the low rate of economic growth.'<sup>330</sup> With this statement, though perhaps reluctantly, the author clearly acknowledges in the same breath both Japan's economic achievements and the UK's diminishing economic status on the world. In fact, 1968 should be noted for two reasons. The first being that, as mentioned in chapter 2, it is the year that the Anglo-Japanese Commercial Treaty came to an end, with both countries returning to merely each year renewing the mutual Annual Bilateral Trade Agreement as per the late 1950s/early 1960s. Secondly, and far more significant for Japan, 1968 was to be the watershed year that the country's economy grew to be the world's third largest by GDP after the USA and the U.S.S.R.

The startling latter statistic was perhaps the motivation behind a move by the British government the following year to proactively promote Anglo-Japanese trade. The government-backed promotional 'British Week' was held in Tokyo in March in 1969, with the *Guardian* reporting that it was hoped that the outcome of the event would be a substantial rise in British sales in the booming Japanese market. According to the paper, Hugh Cortazzi, commercial counsellor at the British Embassy in Tokyo at that time, was reported as saying that 'if Britain can only increase its share of Japan's purchases to 3 per cent, given the growth rate of the Japanese market, the difference would be staggering.'<sup>331</sup> Yet the author of the article, Michael Bladen, who was also Chair of the Asia committee of the British National Export Council (1969-72), argued

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<sup>329</sup> Stokes, H. S. 'Will the miracle last?', *Times*, October 23, 1968.

<sup>330</sup> *Ibid.*

<sup>331</sup> Bladen, M. 'Japan a Market UK Cannot Ignore', *Guardian*, March 13, 1969.

that ‘there seemed to be a serious danger that unless many British businessmen were prepared to take a good deal more time and trouble about tackling the Japanese market, much of this effort would go to waste.’<sup>332</sup> Here, the image of Japan’s ‘booming’ economy is made unmistakably clear to the *Guardian*’s readers. Made clearer still is how much of an opportunity Japan could be for UK businesses, but that there remains a real widespread reticence and lack of engagement by the latter to exploit that opportunity.

That the Japanese market could be an opportunity lost for so many in British business through their misperceptions and unwillingness to engage with it was expressed in another article in 1969, in the *FT*, written by Reginald Cudlipp, Director of the Anglo-Japanese Economic Institute. In the article, Cudlipp firstly expressed the notably optimistic view that ‘there could hardly be a happier trade success story than the growth of Anglo-Japanese economic relations during the decade now coming to a close.’<sup>333</sup> He then went on to express regret that the success of Anglo-Japanese trade in the 1960s had not been a “success story all the way”, that in fact:

At the back of their minds was the thought that post-war Japan might hark back to the ways of pre-war Japan and disrupt delicately poised sections of British industry and commerce. “The Japanese will flood the British market with dumped goods” was a phrase that tripped easily off many a businessman’s tongue. The “new” Japan had shown an earnest of her good intentions by joining GATT, with its mutual obligations towards other nations; but Britain adapted a somewhat lofty attitude and would not grant Japan “most favoured nation” treatment readily given to others. The loss, I feel, was ours and it has taken a long time to make up the leeway.<sup>334</sup>

Whilst the image of Japan is favourable and shown as misunderstood, this image is almost overwhelmed by the disparaging presentation of the British as the ‘loser’ in the Anglo-Japanese relationship through having stubbornly clung onto a ‘lofty’ mindset.

Even with readers of different publications more and more being presented with real self-awareness in articles regarding Japan’s economy and the UK’s very low levels of bilateral trade compared to that of all its closest competitors, old familiar voices can be still heard, even from the mouths of those at the top of government. For

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<sup>332</sup> Ibid.

<sup>333</sup> Cudlipp, Reginald. ‘Happy Success Story in Anglo-Japanese Trade’, *Financial Times*, September 22, 1969.

<sup>334</sup> Ibid.



example, the *Daily Mirror* reported in 1969 that ‘Premier Edward Heath yesterday said that the tycoons in Japan must play fair in trading with Britain...and they will have to take more British exports—or face retaliation from the enlarged and more powerful Common Market.’<sup>335</sup> The paper then later continues:

British businessmen are worried about a flood of cheap luxury goods from Japan. Mr. Heath did not spell out what action would be taken if nothing was done to offset the disruptive effect of Japanese sales. But he left them in no doubt that it would mean higher import duties.<sup>336</sup>

Interestingly in 1969, prior to which we have observed attitudes of those in government and/or with an economic national overview long being reported as favourable regarding trading with the Japanese and furthermore, dismissive of stereotypes of the Japanese as ‘unfair’ or ‘untrustworthy’, these threatening comments by the British Prime Minister Edward Heath seem a conspicuous reversion back to old narratives of Japan seen particularly in chapter 2 in articles covering SPA and treaty negotiations. However, tellingly in 1969 these old narratives are repositioned in a new diminished image of the UK’s economic clout no longer strong enough in isolation, but now instead dependant on the strength of a larger trade bloc of the European Common Market.

Leaving aside the final piece, these last few articles not only indicate a real understanding and perspective of the degree of Japan’s continuing economic achievements held by business journalists and those they quote who have an overview of the UK’s own economy, but also hint of a realisation and acceptance that the Japanese economy had progressed far beyond being dependent on exports from its agricultural sector or from labour-intensive products. They also show a growing awareness both of the reality in these circles of the UK losing Japan’s market for its manufacturing exports, and that expanding Anglo-Japanese bilateral trade would benefit the UK’s economy. Towards the end of the 1960s, newspapers are increasingly updating both their image of Japan and its growing economy, and, notably, that of the UK no longer being the leading global power it once was. Even so, the article above from the *Daily Mirror* in 1969 perhaps gives an indication of how even by the end of the decade, out-dated and unsubstantiated narratives framing the Japanese as an

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<sup>335</sup> ‘Heath warns the tycoons of Japan’, *Daily Mirror*, September 19, 1969.

<sup>336</sup> *Ibid.*

untrustworthy threat the UK are so dominant as to be voiced by those in power on behalf of the business community.

## **1970-1972**

Come the beginning of the next decade, the tide continues, at least initially, to turn for how both Japan and the UK are portrayed regarding their economic might. In 1970, the *Daily Mail* featured a short article titled “‘Watch Japan’ alert for British firms.’ The writer begins by notifying readers that ‘Japan has ousted America and Germany as the country to be watched by British industry in the 1970s.’ It then later breaks the news that:

Japan has now overtaken Britain in the production of machine tools and our firms have failed to get a proper share of the Japanese market. Mechanical engineering firms will be warned [in a forthcoming report by the National Economic Development Council] that Britain’s share of world trade has declined from 19 p.c. in 1960 to 13 p.c in 1968, and that Japan is aiming to significantly increase exports in the future.<sup>337</sup>

No data is related as to Japan’s current levels of exports, but the *Daily Mail*’s business section readership is given two clear, distilled images: firstly, of Japan’s increasingly dominant strength in manufacturing, and secondly, of the UK’s rapidly diminishing importance in this regard.

Then the following August in 1971, a potentially momentous turning point arrived in Japan’s economic fortunes in the shape of the ‘Nixon shock’. This was President Nixon’s televised announcement of a radical fiscal policy which included unpegging the convertibility of the US dollar with the price of gold, and imposing a 10% surcharge on all imports into the USA. Not only did the latter have massive implications for Japan’s exports through the USA long having been Japan’s biggest overseas market, but also with the former came firm expectations from Nixon’s government for the Japanese administration to float the yen. Japan’s industry had long enjoyed the protected position of the yen being pegged at the fixed rate of ¥ 360 to the dollar, far ‘weaker’ than its actual worth. Floating the yen would allow it to rise in relation to the dollar to reflect the increased relative strength of Japan’s economy, and

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<sup>337</sup> Meth, Monty, Industrial Correspondent. ‘Watch Japan’ alert for British firms’, *Daily Mail*, February 04, 1970.

so making Japanese exports more expensive for overseas purchasers, in the US or elsewhere.

This seismic economic event for Japan was covered by the *Daily Mail* in an article titled 'Bitter and betrayed: Japan's mood as a love affair is ended,' with the strapline 'The current dollar crisis has brought chaos to Japan. *The Mail* gives you the facts, and the facts go beyond the realms of finance.'<sup>338</sup> Dermot Purgavie, the paper's Tokyo correspondent first sets the scene for readers with:

When the last train pulled out of Ginza this morning, it bulged with hostesses, pearl-white faced with white powder and wearing £150 kimonos, going home from the world's most extravagant eight blocks of expense account indulgence. They had spent another ritual night providing flattery, entertainment and the usually unfulfilled promise of seduction to the managers of Japan.

And as the Ginza girls rode home, the executives of the banks and the industrial empires called for company chauffeurs and took themselves back to their wives and the outrageous bills back to the office accountants.<sup>339</sup>

This montage of orientalist images of Japan is a precursor to the kernel of the story, which finally arrives a few paragraphs later:

"The Japanese people's feelings towards the United States have changed," said Mr. Shishido, for three years Japan's Economic Attaché in Washington. "We feel betrayed. The whole of Japan is angry." The image of America as an old, paternal friend was shattered abruptly when President Nixon announced he was imposing a 10 per cent. Surcharge on all imports.

Later on, the article then sensationally notes the effect this surcharge is having on the ground in Japan:

Initially there was panic and confusion. In the perpetual dust of the city's pollution, the more decisive got Tokio's kamikaze cab drivers to take them down to the store, where they bought whatever they could find made of gold – teapots, sporting trophies, medals and even blocks of bullion. A spokesman for the 32 toymakers in the town of Mibu, who export 60 per cent. of their output, said frantically: 'it's a death sentence.'<sup>340</sup>

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<sup>338</sup> Purgavie, Dermot. 'Bitter and betrayed: Japan's mood as a love affair is ended', *Daily Mail*, August 23, 1971.

<sup>339</sup> Ibid.

<sup>340</sup> Ibid.

A few paragraphs beyond, Purgavie returns to the devices of ‘weird Japan’ and orientalist imagery used in his introduction to explain to *Daily Mail* business section readers the Japanese government’s position regarding its expected response from the US:

In Washington yesterday, Finance Ministry advisor Yusuke Kasaiwagi said that Japan had no intention of revaluing the yen. But things are not always what they seem, especially in Japan. At the opening of the country’s first nudist colony on Friday, at police insistence the campers wore flesh-coloured bikinis and loin cloths.<sup>341</sup>

Here in the business section of the *Daily Mail* in 1971 is a marked change in tone to previous articles seen from the paper’s coverage of Japan’s economy. There is a voyeuristic exuberance on display through meticulously detailing reactions in Japan at what looks to be a decisive reversal of fortunes for the Japanese economy. The article does add balance by acknowledging Japan’s extraordinary post-war economic achievements, yet even this is delivered in mildly condescending, othering tones such as: ‘The Japanese revival has bred in them an energy drive and self-confidence, and if the super-boom has temporarily cooled, it has probably hardened their sense of national determination.’<sup>342</sup> Absent in this long article are any references to, and so images of, the UK’s relative economic position or having lost out to Japan’s industry, which had grown to become staples of business coverage in the previous few years.

Curiously, it seems that the change in approach and tone in press coverage of Japan’s economy in 1971 seen above in the *Daily Mail* may not be solely tied to the ‘Nixon-shock.’ Earlier in the same year, elsewhere in the press a distinctly orientalist tone regarding Japan can be seen creeping into the *Guardian’s* business section. A special article written for the paper in April by Derek Davies, editor of the *Far Eastern Economic Review*, begins by observing: ‘For the last decades, Japan has seemingly viewed the outside world with bespectacled myopia, bent in a perpetual, half-apologetic bow and intent only on the national profit-and-loss accounts.’ Davies then later finds that,

As a people, the Japanese are rapidly regaining confidence, walking on foreign pavements with a more upright stance and looking others more directly in the

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<sup>341</sup> Ibid.

<sup>342</sup> Ibid.

eye. Japanese manufacturers, who have hitherto regarded the United States and Europe as the ultimate source of all modern ideas, are discovering that they have little to learn in the fields of research and development, manufacturing techniques, modern management, or marketing.<sup>343</sup>

In this business section piece, in the process of praising Japan's success, Davies demarks the country as Other, using othering terminology such as 'as a people' and stereotypical orientalist imagery such as 'bowing' to frame the Japanese viewing the 'foreign' West of the USA and Europe as 'the outside world', from an occidental perspective. Like in the *Daily Mail* article above, the framing of the UK's economy and trade within the context of Japan which has been a staple of late-1960s reports is absent. The image now presented of Japan is as an economy having been dependant on the West for modern ideas, and although having now caught up in modernity, still remains a distinct, separate entity to the West within the global economy.

In the same month as the above *Guardian* article, and so also pre-Nixon Shock, the *Times* raised the issue of Japan being viewed in a patronising light by the west (although in doing so it somewhat demarks Japan as a separate, distinct entity). In an article titled 'Japan - Unquestionable power but no settled policy', the author alerted the *Times*' business section readers to how:

A good many people pay attention to Japan these days. ... What is new is the political interest. Having acknowledged Japan's formidable economic advance-and the probability of a continuing economic advance-having acknowledged that all this has made Japan into a power, western political circles wonder how Japanese power will be used and what effect it will have on the world balance at present dominated by America and Russia. And what then about the lurking power of China?

For some time the less informed western observer-and that often means those who hold office in governments-took a patronizing view of Japan.<sup>344</sup>

Japan's formidable global economic status is unequivocally acknowledged, and through its absence of any mention in this context, the diminished status of that of the UK. The image of Japan is that of a nation having attained a level of economic power high enough to disrupt the global world order politically.

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<sup>343</sup> Davies, Derek. 'Far-sighted myopia', *Guardian*, April 14, 1971.

<sup>344</sup> Harris, Richard. 'JAPAN a special report.' *Times*, April 29, 1971.

The same article later continues regarding the western view of Japan, and Japan's own view of its position:

By now some better idea of Japanese opinions has made itself felt. The Japanese have no wish to be patronized. They are quite capable of dealing with the world on their own terms. They are well aware of their power. There is a national self-confidence that looks on America or Europe or on Asia with eyes unblurred by the past. The Japanese are going to follow their own course, without the benefit of the advice of others.<sup>345</sup>

Here the image of Japan is painted by the author as a nation admirably freeing itself from Western opinion and its low comparative status. The method of relaying this image, however, has the effect of othering Japan through the use of distinguishing the Japanese as 'they' and demarking the West occidentally as, literally, 'others'.

Come the following year (and the final year with which this study is concerned), the broadsheet *Guardian* published an analytical piece with a distinctly demanding, authoritative tone, focusing on what lessons Japan might be learning a few months later after the Nixon-Shock, and what the wider implications for the country might be. Titled 'Social Priorities for Japan', it stated:

Japan's economy enters a new year in 1972, one in which many of the goals, policies, and practices of the post-war recovery period must be replaced or significantly modified.

Failure to make rapid, measurable progress could result in a return to conditions similar to those prevailing in 1971, a year in which the course of Japan's economy was determined more by events than by design.

Japan's Government and business leaders have arrived at a general consensus of what is necessary in the country's immediate economic future: the goals of the economy must be predominantly qualitative rather than quantitative.<sup>346</sup>

The article later summarises the above point as 'in short, the Japanese seek to become what is referred to as a post-industrial society.'<sup>347</sup> The image of Japan here, though drawing its information from Japanese government sources, is presented in a harsh tone as a country whose previous economic approach has been revealed by the Nixon-shock as somewhat limited, needing to advance to a new holistic approach that takes

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<sup>345</sup> Ibid.

<sup>346</sup> 'Social priorities for Japan', *Guardian*, January 18, 1972.

<sup>347</sup> Ibid.

account of wider societal issues. And whilst it does not do so, the nation teeters perilously on the brink of instability. Japan, although still comfortably the third largest economy in the world by GDP and a manufacturing powerhouse, is by that latter aspect is implied to have now reached the challenges of transition to a post-industrial economy that Britain (and others) have already had to start to cope with.

The *Times* in 1972 frequently covered the transformational after-effects of the Nixon Shock on Japan's economy, with towards the end of the year, the opportunities for UK business reappearing as centre of the narrative. One article published on the 10<sup>th</sup> of November described the situation for Japan as: 'Embarrassed by a huge trade surplus, yet striving to forestall a second revaluation of the yen, the Japanese Government is pursuing its policy of opening the country to foreign goods and capital.'<sup>348</sup> After then outlining in detail some of the specific different measures and approaches that are being proposed to achieve this, the author later on begins to look at what the current scenario in Japan might entail for UK exporters:

The desire for self-sufficiency is expressed in the Japanese ability to take a technique from outside and turn it to good use within the country. This means that an exporter who was selling successfully a few years ago may now find that the Japanese are producing something similar, if not improved, version of this product. The gap has been closed.

There is also the difficulty of selling to a country which, like Britain, imports most of its raw materials and exports finished products. With greater capital investment and higher productivity than Britain the Japanese can invade the British mass market whereas British goods tend to be confined to the luxury bracket in Japan.

Third, there is the expense of doing business at the other end of the world in a country where the cost of living is high and where £1m may have to be spent to finance the sale of £1.5m of goods, or £50,000 a year to keep a representative in Tokyo whose salary at home would be £5,000.

The problem of communicating with a people whose language and customs are so different from the British is acute.<sup>349</sup>

The article then goes onto describe how another hurdle to UK businesses exporting to Japan will be the different nature of the country's distribution system, though 'it is worth pointing out that it is not so great a deterrent to the British exporter as it first

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<sup>348</sup> Plummer, Simon Scott. 'Japan as an export market', *Times*, November 10. 1972.

<sup>349</sup> *Ibid.*

seems.’ However, after some analysis of the national-level trade figures, the belief is expressed that ‘Japan could become the biggest importer in the world,’ with the article then making its ultimate conclusion for the reader that Japan in 1972 is ripe in opportunity for UK exporters:

The implications for the British businessman are obvious. This is a market of immense potential on the brink of an exciting new phase of development. For too long Japan has been regarded as the end of the road, with the result that Britain’s commercial presence there is lamentably feeble. From now on any company which considers itself export-minded should turn to Japan as naturally as it would to Europe or the United States.<sup>350</sup>

Japan’s image in this article in one key aspect matches that of the other articles seen from 1971 onwards, through being presented as ‘different’. However, there is in addition a self-awareness whereby commonly cited reasons by UK businesses for Japan being a challenging market are systematically acknowledged by the author, before they conclude for the reader how these same reasons should not be a deterrent. Beneath this is a firm undercurrent that these reasons must not be used as excuses: the phrase ‘Britain’s commercial presence there [in Japan] is lamentably feeble’ starkly places the UK in the context of its other competitors, all facing the same challenges but whose commercial presence in Japan is less lamentable. The final sentence too is an interesting choice of language; whether intentionally or not, many UK exporters are ‘naturally’ uncomfortable turning to Japan as they would to Western markets, viewing Japan as negatively different.

The *FT* and the *Economist* meanwhile in 1972 continued their straightforward representation of Japan to their readers. Observed above is the *Daily Mail*’s thinly disguised celebratory zeal in August 1971 when reporting what looked to be a final reversal of fortunes for the Japanese economy in the immediate aftermath of the Nixon Shock. The *FT* in April 1972, however, showed those celebrations to be rather premature in an article titled ‘Trade with Japan: Why Europe is asking for respite’ that covered frantic to-ings and fro-ings by top British officials including the Prime Minister meeting with their Japanese counterparts throughout the first half of the year, in response to intensive UK industry lobbying. Having had its largest export market, the USA, severely impacted by the country’s new import tariffs (and the revaluation

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<sup>350</sup> Ibid.



of the yen in relation to the dollar), Japan then set its sights on proactively increasing its exports to Europe. Charles Smith, the *FT*'s Far Eastern Correspondent, reports how this move has led to 'the unbridled growth of Japanese exports to Europe and the U.K. during the past few months.'<sup>351</sup> Rather than Nixon's policies being good news for the UK regarding Japan, within less than a year they had the indirect consequence of severely impacting some key British industries through a targeted export drive by the Japanese. Certain U.K. industries are reported to now be under genuine threat from Japanese manufacturers 'using the tactic which brought them such success in the U.S. in the 1960s of attacking on a very narrow front to make maximum use of their modern manufacturing facilities and production methods and the economies of large-scale integration.'<sup>352</sup> One industry already under grave threat is the ball bearing industry, in which the *FT* reported earlier that year in a separate January 1972 article that '780 workers had lost their jobs ... because of Japanese competition, and that another 880 could be dismissed this year unless restraints are applied.'<sup>353</sup>

Even so, there are larger UK industries feared to be in danger, with Smith reporting in his April 1972 article not only how 'concern is perhaps greatest in the consumer electronics field', but also that:

The DTI has been monitoring the situation in up to 30 sectors, including cars, where Japanese imports quadrupled again so far this year. Britain is therefore hoping to hear from the Japanese this week how they propose to anticipate problems similar to those which have already arisen in the U.K. ball bearing industry.'<sup>354</sup>

Smith later notes that, because of this growing strength and impact of Japanese imports:

The Department of Trade and Industry is apparently quite prepared to initiate anti-dumping procedures against Japan, or to invoke the "safeguard" clause in the Anglo-Japanese Commercial Treaty of 1962. This allows Britain to place a unilateral curb on imports from Japan which can be shown to be "injuring" British industries, though consultations must first be held with Japan.

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<sup>351</sup> Smith, Charles. 'Trade with Japan: Why Europe is Asking for Respite', *Financial Times*, April 24, 1972.

<sup>352</sup> *Ibid.*

<sup>353</sup> Bolter, Harold, Industrial Correspondent. 'Eden to Consider Plea on Japanese Bearing Imports', *Financial Times*, January 19, 1972.

<sup>354</sup> Smith, Charles. 'Trade with Japan', *Financial Times*, April 24, 1972.

However, he finds that although Japan targeting these UK industries is having an adverse impact on some UK industries, 'it does not really look as if dumping or indeed any kind of explicitly "unfair" competition is the fundamental problem here'. Rather, regarding those UK industries considered most seriously under threat, Japan in fact 'simply seems to have gained a lead over other countries in initiating the mass production of a new consumer product.'<sup>355</sup>

The article also points out that the Japanese approach is a considered one, characterized by an awareness in Japan that it has the potential to backfire through triggering restrictions:

For their part, the Japanese have been far from oblivious to the worries their export successes have bred. Although they see Western Europe's markets as offering substantial scope for growth in their export sales, both leading business and government officials in Japan recognise the risk of provoking a protectionist reaction and thus jeopardising longer-run opportunities.

To place all the above matters into some perspective, Smith elsewhere in the piece laments the continuing low level of Anglo-Japanese trade in 1972, stating that:

it is almost ridiculous that the two countries [Japan and the UK] which stand third and fourth in the world ranking of exporting nations should do so little business with each other - only 2 per cent. of the total exports of each. There is ample scope here for substantial growth in both directions-over a period of time and at a digestible pace.<sup>356</sup>

This article is useful firstly for showing how lobbying from UK industry feeling under threat from Japanese exports has taken the UK government full circle back to the kinds of attitudes and activities of the 1950s SPA and Treaty agreements seen in chapter 2. Secondly, through its analysis, the *FT*'s image of Japan is that of a government-led economy methodically and expertly reading and responding to the patterns and trends of the global market post-Nixon Shock. Thirdly and tied in with the first point, the image reflected back of the UK could be said to be the opposite to that of Japan. Supposedly innovative industries in the UK such as electronics and car manufacturers are resorting defensively to the same tropes used by traditional industries that Japanese 'dumping' and 'unfair practices' are the reason they themselves are struggling to compete in the domestic UK market – claims which Smith finds to be unfounded. Also

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<sup>355</sup> Ibid.

<sup>356</sup> Ibid.

of note is this article's talk - with the exchange rate of the yen and British sterling at its most favourable rate for 20 years - of Japan's potential as an export market for UK industry.

### 3.4 In Conclusion

In the previous chapter, when analysing newspaper coverage of the SPAs and Anglo-Japanese Commercial Treaty from 1952 until the early 1960s, the accompanying reflections back of UK industry revealed emotions and memories, rather than economic fact, commonly informing their image of 'Japan'. In this chapter that has looked at newspaper articles concerning Anglo-Japanese trade or the Japanese economy across the whole period of 1952-1972, this phenomenon can be seen in more detail.

As seen in the *Daily Mail* article covering a Japan Society dinner, the former commercial counsellor at the British Embassy in Tokyo, Sir Edward Crowe, acknowledged that when concerning trade with Japan, in 1952 'there were people who cannot forget the horrors of the war and prisoner-of-war camps and all that they signify'. And that year there is found by the *Economist* to be a widely-held view UK industry of Japanese competition as not to be trusted and 'dangerous' even though, the publication noted, this image of Japan for most was not born of first-hand experience. The publication did not quite contest these images at this point, but as in the previous chapter, come 1953, perhaps armed with more data the *Economist* serves as a useful benchmark through its balanced and insightful analysis of Anglo-Japanese trade and Japan's economy. In 1953 the publication is seen to establish a phenomenon seen in many of the articles analysed throughout this first decade of the period under concern, both in its own pages and in that of many of the daily newspapers studied: of negative images of Japan based on negative emotions, memories or stereotypes being presented in an article but, rather than being condoned, acknowledged as prevailing in the UK, lamented for stifling British businesses' engagement with Japan, and then challenged with rational facts or data. Reflected back in each case is UK industry's views and so approach to Japan being too much informed by emotion and negative memory rather than economic fact.

Come the period from 1962-1970, this phenomenon can be seen to be almost the default format of articles concerning either Anglo-Japanese bilateral trade or just Japan's economy, whilst also the addition of there more commonly being direct praise of Japan's economic achievement. This latter aspect often serves to amplify the gulf between the reality of Japan's economic rise and the opportunities it might present for exporters, and the emotionally-fuelled views by UK industry stifling proactive engagement with Japan that are reflected back. On that same note, early on in this period the UK sorely lagging behind its main competitors such as the USA and Germany is broached by articles questioning British industry's level of engagement in trading with Japan. Which is not to say that negative images were always challenged by articles in this period, but generally publications by the end of the 1960s are seen to be recognising the sheer undeniability of Japan's economic progress, with the country by then having become one of the world's largest economy by GDP. By this time, the overall reflection back of UK industry being reticent to engage in trading with Japan is summed up by the *FT* in 1969 as the 'loser' in the Anglo-Japanese relationship due to having stubbornly clung onto a 'lofty' mindset. This is demonstrated, rather than contradicted in the *Mirror's* coverage that same year of the UK Prime Minister, influenced by industry lobbying as per the SPAs, painting Japan as 'unfair' or 'untrustworthy' whilst now having to rely on sheltering under the umbrella of the greater power of the European Common Market to lend his words weight.

Then in 1971, images of Japan in daily newspapers can be seen to curiously shift towards to beginning to negatively "other" Japan, as if struggling to rationally explain the sheer level of extraordinary success of the Japanese economic miracle. This othering then shifts up a gear following the 'Nixon Shock', the press reaction to which is summed up by the *Daily Mail*. The publication is seen previously throughout the whole period under concern to present a relatively balanced image of Japan in its business coverage, whereas in this case, it gleefully and voyeuristically relays what seems to be, in tone, a relishing of the reversal of fortunes for Japan's economic miracle. Japan's exports faced unprecedented challenge overnight following Nixon's announcement.

One year later though, the *FT* presents a lucid image of Japan having already adapted to the challenges presented to it by Nixon's policy, with the unwelcome reflection back of the UK having misjudged both Japan's economic predicament following the Nixon Shock, and the country's capability to be flexible. Unfortunately for the UK, this flexibility has taken the shape of key British industries now being targeted and negatively impacted by a Japanese shift in export focus, having lost some of their foothold in the US market. Dumping and unfair competition are cited, but once again, this image of Japan is challenged by the author, who finds this not to be the problem. Rather, he counters these reasons with the informed image of Japan as, rather, clever, considered, proactive, advanced - simply being ahead of the UK in mass manufacturing capability. Reflected back is UK industry still in 1972 being informed by old memories and emotions, and that rather than blaming Japan, Britain should be looking at how to improve and modernise British competitive capabilities.

# **Chapter 4**

## **Reports on Anglo-Japanese Trade Competition in East and Southeast Asia: China, Malaya/Malaysia and Singapore, 1952-72**

### **4.1 Introduction**

Compared to the value of their bilateral trade, during the period from 1952 to 1972, Anglo-Japanese competition in third markets was far more active. In this chapter, I analyse British newspaper reports on Anglo-Japanese trade performance in third markets in East and Southeast Asia. Of the newspapers used, the *FT* features prominently due to it more consistently covering this topic, which was perhaps of more relevance to its readership due to their more specific interest in economic matters. To give a broad picture of the UK's and Japan's economic performance in these markets, a brief analysis of their trade performance in selected countries in these areas will be made, namely that with China (1952-1972), Malaya (1952-1965), and Malaysia and Singapore (1966-1972).

Between 1952 and 1972, both Sino-British trade and Sino-Japanese trade were relatively small in terms of the total value of the UK's and Japan's foreign commerce. However, one reason for paying special attention to British reporting on the two countries' trade activities in China is because the competition between the UK and Japan in this market had a long history. From the second half of the 19<sup>th</sup> century, UK economic interests were concentrated in the rich Yangzi area; the British enjoyed a dominant position in almost every branch of the Chinese economy in this region, including trade, banking, shipping, and railways—a position which it continued to enjoy until the beginning of the First World War.<sup>357</sup> However, the preoccupation of the UK and other European Powers during that war afforded an opportunity for Japan

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<sup>357</sup> Jain, J. *China in World Politics: A study of Sino-British Relations, 1949-1975*, New Delhi: Radiant, 1976. p. 2.

to strengthen its interests in China. Then during the interwar years up until the outbreak of the Second World War, although the UK's dominant economic position in China continued, it did so continually under pressure from both the Japanese presence in the north, and Chinese government policy.<sup>358</sup>

Although after the Second World War the Chinese market was challenging to re-access due to internal and external political circumstances, both UK and Japan had high expectations of recovering and expanding their foreign trade with the country. From its establishment in 1949, the People's Republic of China (PRC) had insisted that the economy could not be separated from politics, meaning that the Chinese government did not fully support economic connections with any country refusing to recognise it as the legitimate government of a unified China. Japan was one such country which erected potential barriers to trading with the PRC by instead establishing diplomatic relations with Taiwan, recognising Taipei as the sole legitimate Chinese government. It would not be until 5 February 1973 that the PRC and Japan agreed to re-establish diplomatic relations. Unlike Japan, the United Kingdom recognised the PRC on 6 January 1950, and in 1954 the Sino-British Trade Committee was formed as a semi-official trade body, although full diplomatic relations at the ambassadorial level between China and the UK were only established twenty-two years later in March 1972.<sup>359</sup> One might think that, by having this diplomatic advantage over Japan, the UK was well placed to acquire a greater share of the Chinese market. However, analysis of UK and Japan trade with China suggests that lack of diplomatic normalisation by Japan did not in reality particularly affect the trend of Sino-Japanese trade.

Meanwhile, after the Second World War, Southeast Asian markets also became competition grounds for both the UK and Japan. The importance of Southeast Asia to Japan's economy was described by the *Times* in 1954 as:

South-east Asia is the region from which Japan draws much of the food for her eighty-seven million people. To pay for it takes a good half of everything she exports. South-east Asia is the readiest source of the raw materials upon which her industries live. It is in south-east Asia that she can make her greatest contribution to political and economic stability by supplying the under-developed

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<sup>358</sup> *Ibid.*, pp. 6-16.

<sup>359</sup> Jain. *China in World Politics*, p. 24.

countries with the cheap consumer goods and the scientific techniques which alone can raise the present dangerously low standards of living.<sup>360</sup>

The UK's dependence on her colonies in Southeast Asia had increased markedly in wartime, and these had an important part to play in plans for post-war reconstruction and in providing the UK with dollars. After the Second World War, as we saw in chapter 3, facing a shortage of dollars, the UK planned to promote sterling as a second reserve currency along with the US dollar. Therefore, the Southeast Asian market, especially trade with countries which were members of the Sterling Area and Commonwealth nations at that time became especially important for the UK. There are four main reasons for choosing Malaya (1952-65), Malaysia and Singapore (1966-72) as the representatives of Southeast Asian markets in which the UK and Japan competed. Firstly, these regions were British colonies for part of the early period of concern in this research. They were also members of the Commonwealth and the Sterling Area which was financially governed by the UK, even after they regained their sovereignty: Malaya in 1957 and Singapore in 1965. Secondly, both were invaded by Japan during the Second World War and occupied for about three and a half years; therefore, they shared similar bitter feelings towards Japan. Thirdly, notwithstanding the difficulties faced by Japan in re-starting trade with Malaya/Malaysia and Singapore, it was also difficult for the UK to restore the trust and confidence she had built up with these countries before the war. Any trust had been erased to a great degree when the UK government had surrendered Malaya and Singapore to Japan with only limited resistance. Fourthly, the UK also faced independence movements from these former colonies. Regarding the last two points, the UK consequently found itself in a far weaker position than it had enjoyed in the region prior to the war. For example, in the 1930s the UK government had been able to deal with severe Japanese competition in colonial and dependency markets by erecting tariffs and non-tariff barriers against foreign imports. However, in the post-war years, when there was a rising tide of nationalism and independence movements across Southeast Asia, it was very difficult for the UK to take measures such as these that would deprive local inhabitants of cheap necessities simply to protect its interests,

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<sup>360</sup> 'Saving Japan', *Times*, August 12, 1954.



even in territories supposedly under their control.<sup>361</sup> In fact, with these territories, the British were fighting a losing battle to retain control, with, as just mentioned, by 1957 the federation of Malaysia achieving complete independence from the UK, and by 1959 Singapore moving from being a British Crown Colony to an internally self-governing state within the commonwealth (and eventually to an independent republic in 1965).<sup>362</sup> Taking all these factors into account, therefore, a focus on Malaya/Malaysia and Singapore allows us to observe how British newspapers reported on the Japanese economy and trading activity during this time in markets where both countries shared historical experiences and feelings following the Second World War.

Under the main research questions outlined in chapter one, more specifically the research questions answered in this chapter are:

- (1) How was the image of Japan presented in articles covering Anglo-Japanese Trade competition in China, and Malaya/Malaysia and Singapore?
- (2) When visible, what was the accompanying reflection or image of the UK or UK industry in these articles?
- (3) Were these images and reflections based on rational economic fact or emotions and memories?

As established in chapters 2 and 3, newspapers and journals offer a key advantage over official archives through their wider representation of disparate groups in society, and by being able to reflect in some detail the changing economic situation throughout a given time. I argue that throughout the period of 1952-1972, historical and/or emotionally-based views regarding Japan (and of the UK) are shown by British newspaper articles to have played a significant role in the approach in the UK to competing with Japanese trade in China, Malaya/Malaysia, and Singapore.

This chapter is divided into four sections. After this introductory section, the second section offers a review of the literature related to UK and Japan trade with the selected countries. Following that, the third section focusses on evaluating a range of press articles on the topic of Anglo-Japanese trade performance in the selected markets

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<sup>361</sup> Shimizu, Hiroshi, Hirakawa, Hitoshi. *Japan and Singapore in the World*, London: Taylor & Francis Group 1999. p.152; Tomaru, Junko. *The Roles of Britain and Japan in South-East Asia*, Basingstoke: Macmillan Press, 2000.

<sup>362</sup> Shimizu and Hirakawa. *Japan and Singapore in the World Economy*, p. 152.

published during the time under concern; a very brief summary of the realities of the UK's and Japan's trade with these regions will be provided at the beginning of this section. A brief conclusion of the findings will be drawn in the third section at the end of this chapter.

## **4.2 Literature on UK's and Japan's Economic Activities in China, Malaya/Malaysia, and Singapore**

In the post-war era both the UK and Japan had to adapt to new realities. China became almost a new entity and many crucial decisions were now made in Washington, not in London. New factors with direct relevance to relations between the UK, Japan and China were often beyond the control of the respective capitals and did not help to break through the obstacles impeding good relations. These factors included the tightening of western trade controls on China, formal denunciation of China as an aggressor in Korea, and Beijing's exclusion from the United Nations.

In terms of our understanding of Japan and UK trade with China, there are a limited number of works that cover this topic either broadly or more specifically. In *Japan's Economic Diplomacy with China, 1945-1978*, author Yoshihide Soeya tries to answer the question of why Sino-Japanese trade was able to maintain a fairly considerable and constant level from the 1950s to the 1970s, when the political context was not favourable. One reason given for this is the presence at that time of strong groups in Japan with pro-China feelings which had a deep commitment to Chinese economic reconstruction. For the 1950s, Sino-Japanese relations were sporadic, but there remained in Japan strong groups who were determined to re-link the Japanese economy to the mainland, and the Sino-Soviet split in the 1960s also gave these groups their chance. Another reason according to Soeya was the Japanese construction of the mechanisms of Friendly Firm Trade for small scale firms and Memorandum Trade for large scale firms. Soeya describes the so-called Friendship Trade and LT/MT trade between China and Japan, offering an explanation of why trade could continue despite an unfavourable political climate. According to Soeya, the structure of LT Trade (later called MT trade) was essentially non-governmental, which allowed the two countries

to trade without an official political relationship.<sup>363</sup> The main object of Soeya's study is how Japan, against the diplomatic and strategic tides, surmounted Cold War barriers and near chaos in China itself to build an economic relationship in the 1960s. By 1970, Japan was accounting for 20 per cent of China's imports and the momentum that had been built up was sufficient basis on which to establish the explosion of activity in the 1970s. Chae-jin Lee's work, *Japan Faces China*, published in 1976, deals with the economic and political relations between Japan and China in the years roughly from 1949 until 1972. Lee suggests that China's post-war policy towards Japan was largely determined by a dualistic conceptual scheme, in which ideological considerations were often compromised or subordinated to the realistic requirements of China's national interest. This allowed the two countries to manage to trade within an environment where the Chinese government was insisting that the economy could not be separated from politics.<sup>364</sup>

In terms of the literature covering the UK's trade performance in China, there are only a few studies of Sino-British trade covering this period; most existing works are more concerned with UK-China economic relations in the imperial period. Robert Boardman's *UK and the People's Republic of China, 1949-74*, based primarily on secondary sources and newspapers and published in 1976, offers a description of Anglo-Chinese relations during the period 1949-74 with a special concern on the years 1949-55. Boardman in his work discussed a range of issues, especially British and American diplomacy towards China, and he concludes that the British were altogether more restrained, professional, realistic, and intelligent in their dealings with the Chinese than were Americans. One chapter of the book makes a specific contribution on Sino-British trade between 1949 and 1957, regarding 'the strategy which led the British government in 1957 unilaterally, against strong American objections, to revise

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<sup>363</sup> Soeya, Y. *Japan's Economic Diplomacy with China, 1945-1978*, Oxford: Oxford University Press, 1998. The L-T Agreement, named after the two negotiators, Liao Chengzhi and Tatsunosuke Takasaki, was in force for five years (1963-1967), during which the average two-way trade was projected to be about US\$100 million per year (a figure that was in fact exceeded). For more information please refer to Soeya. *Japan's Economic Diplomacy with China*, p.79.

<sup>364</sup> Lee, Chae-Jin. *Japan Faces China: Political and Economic Relations in the Postwar Era*, Baltimore; London: Johns Hopkins University Press, 1976. p. x.

the regulations in such a way that the UK's China trade was brought into line with Soviet and East European trade.<sup>365</sup>

Chad J. Mitcham's book, *China's Economic Relations with the West and Japan, 1949-79: Grain, Trade and Diplomacy*, also makes a very distinct contribution to our understanding of Sino-foreign economic relations. Noted by the author is how US strategic concerns influenced Western and Japanese companies which sought to meet China's strategic industrial needs without falling foul of the US strategic rules, such as the embargo during that time. According to Mitcham, pro-China trade and business lobby groups and organisations played a leading role in relaxing the US's embargo on China. According to the author, China's trade with the West and Japan increased in the 1950s as disillusionment with the USSR affected Chinese policymakers. From 1954, agricultural surplus and industrial over-capacity in the Western nations and Japan led to lobbying pressure to open up to Chinese trade. Trade with Japan suffered during the Great Leap Forward, but after the Great Leap Forward, China recovered quickly due to large-scale imports of Western grain and technology. Section three of the book concentrates on the competition among the trading partners to access China's market. According to Mitcham, by promoting intense competition among exporters in the capitalist countries, China not only negotiated favourable prices and credit, but also weakened the anti-China alliance. The main players were the USA, Japan and Taiwan, but European and Southeast Asian countries also frequently featured. The fourth section highlights the effect of the Vietnam War on Sino-American relations, Sino-Japanese relations and the repercussions of these for trade. Commitment to the Vietnam War prevented both the US and China from improving their trade relations but, in 1967–70, domestic political shifts in China and American economic and security issues combined to promote a relaxation of US trade controls. The final section covers the slide into the Cultural Revolution and the relaxing of US trade controls up to 1979 and the economic liberalisation period.<sup>366</sup>

Literature related to the economies of Malaysia and Singapore during the post-war period has also helped to provide context. Reviewing the existing literature related

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<sup>365</sup> Boardman, R. *Britain and the People's Republic of China, 1949-74*, London: Macmillan, 1976. p. 21.

<sup>366</sup> Mitcham, C.J. *China's Economic Relations with the West and Japan, 1949-79: Grain, Trade, and Diplomacy*, London, New York: Routledge, 2005.

to Anglo-Japanese economic relations in Southeast Asia, we find that the area of focus to have fuelled the most extensive amount of research has been the study of the UK's former empire and the process of decolonisation in the area.

One of the topics related to this is the currency issue that continued to dominate Anglo-Japanese relations when it came to Japan's trade with countries in the Sterling area, particularly those in Southeast Asia. The final part of Cain and Hopkins's work, *British Imperialism, 1688-2000*, includes a brief analysis of the final phase of the Sterling Area between 1955 and 1972. Cain and Hopkins argue that since the 1950s:

Britain found the fact that the Sterling Area was shrinking in relative importance and that Britain's links with many of its members were weakening [made]...it difficult to establish sterling's credibility outside the sterling area. Widespread use of sterling depended on international confidence, which was constantly being undermined by balance of payments crises caused ultimately by Britain's relatively slow growth, poor export performance and increasing vulnerability to the penetration of manufactured imports.<sup>367</sup>

It is understandable that wartime bitterness combined with Japan's rapid economic recovery and its return to Southeast Asia with powerful American support influenced the British government's internal and external policy. Some scholars, therefore, argue that the UK was hostile to the US-sponsored Japanese economic recovery due to a fear of the potential competition posed to British industries if Japan was allowed to pursue its economic recovery with little restraint from the post-war international trading community. Andrew J. Rotter's book, *The Path to Vietnam*, focuses more on issues of American domestic and foreign policy related to Southeast Asia, but unavoidably touches on the issue of British interests in the region. Rotter highlights how the Japanese recovery depended upon trade in a market within which the UK placed much importance on its own economic ties, arguing that British industrialists felt threatened by Japan's economic links with the region.<sup>368</sup> According to Rotter, American officials recognised that Southeast Asia was essential and important for the recovery of the non-communist developed nations of Japan, Great Britain, France, and West Germany. Rotter suggests that the recovery of Japan was made more urgent by the communist

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<sup>367</sup> Cain, P. J. and Hopkins, A. G. *British Imperialism, 1688-2000*, 2<sup>nd</sup> ed. New York: Longman, 2001. pp. 632-633.

<sup>368</sup> Rotter, A. J. *The Path to Vietnam: Origins of the American Commitment to Southeast Asia*, London; Ithaca: Cornell University Press, 1987.

victory in China and appeared to depend on the growth of trade between Japan and Southeast Asia. Meanwhile, British recovery depended heavily upon the contribution which Malaya made to the fortunes of the sterling area through dollar sales of rubber and tin. The reduction of Great Britain's dollar debt, essential to the recovery of the British economy, was possible only if the sterling area as a whole could increase its exports to the dollar-rich United States. The partial solution to this problem could be found, as observed by Rotter, in the revival of triangular trade between the United States, Great Britain, and British Malaya, which held a key position in the triangle because its rubber and tin were important dollar earners for the sterling area.

*The International order of Asia in the 1930s and 1950s*, edited by Akita and White, examines economic development in Asia with the British Empire as centre stage. Kaoru Sugihara's chapter in the book argues that the UK and its Empire supported Asian industrialisation. The Sterling Bloc provided liquidity and created mechanisms for resolving trade imbalances, an international order that depended ultimately on global confidence in the value of the British pound. White in his chapter reaffirms the importance of Malaya's role as an earner of dollars of the Sterling Area.<sup>369</sup> In the paper by Schenk, China's trade with Hong Kong and UK is briefly mentioned, with the suggestion that in the context of US-led embargoes on trade with Communist China in the 1950s, the UK resisted placing controls on China's use of Sterling.<sup>370</sup> A second paper by N. J. White in the book addresses the issue that the sterling regime became significant for Singapore and Malaya, placing particular emphasis upon the resurrection and expansion of Japanese economic interests there in the 1950s.<sup>371</sup>

Information on the UK's economic influence in the postwar period, and a discussion of postwar Malaysia's economic development and foreign trade, can be found in John Drabble's book, *An Economic History of Malaysia, c. 1800-1990*, which

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<sup>369</sup> White, Nicholas. *The International Order of Asia in the 1930s and 1950s*, Farnham, England; Burlington, VT: Ashgate, 2010.

<sup>370</sup> Schenk, C. R. 'Sterling, Hong Kong and China in the 1930s and 1950s' in White, N. J. and Akita, S (eds.). *The International Order of Asia in the 1930s and 1950s*, Farnham, England; Burlington, VT: Ashgate, 2010. pp. 131-150.

<sup>371</sup> White, N. J. 'Continuity and Change in the 1950s' in White and Akita (eds.). *The International Order of Asia*, pp.151-176.

offers a study of Malaysia's economy during British rule in the 19<sup>th</sup> century and through to after independence.<sup>372</sup> According to Drabble, the period after World War II was a time of rehabilitation and preparation for independence, and after independence and the formation of Malaysia. The last part of the book covers the period between 1963 and 1990 and focuses on Malaysia as a newly industrialised country. During this period, the state played a pivotal role in determining the growth of the economy, which was relatively democratic at the beginning but more interventionist in the later period.

Buchanan's *Singapore in Southeast Asia: An Economic and Political Appraisal*, offers an analysis of Singapore's political economy in the context of Southeast Asia. According to the author, the structure and development of the Singapore economy in the 1960s and early 1970s was that of 'a colonial metropolis, dependent for its survival upon handling raw materials from a large primary-producing hinterland and manufactured goods from more industrialized countries.'<sup>373</sup> Despite having encountered difficulties in finding data, Buchanan offers a considerable amount of information on Singapore's economy and trade between 1950 and the late 1960s. W. G. Huff's work, *The Economic Growth of Singapore, Trade and Development in the Twentieth Century*, provides the most comprehensive overview of the economic development of Singapore. In part three of the book, Huff traces the course of Singapore's economic development from 1947 to 1990, and gives some coverage of Singapore's external trade in general. According to Huff, Singapore's economic growth is not the result of rapid industrialisation; it did not have at any time in the twentieth century a large entrepreneurial class with capital to invest in manufacturing industries. Rather Singapore's development has been based on the processing of staples produced by its land- abundant neighbours, especially Malaya and Indonesia. From the turn of the century, Singapore developed as a 'staple port' for the export of regionally produced commodities. The first staple was tin, followed rapidly by rubber and petroleum. Until the 1960s, contends Huff, Singapore's trade expansion relied upon these three staple exports. This was true in the colonial period and continued to

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<sup>372</sup> Drabble, J. H. *An Economic History of Malaysia, C.1800-1990: The Transition to Modern Economic Growth*, Basingstoke: Macmillan, 2000.

<sup>373</sup> Buchanan, I. *Singapore in Southeast Asia: An Economic and Political Appraisal*, London: Bell, 1972. p. 55.

be the case after the island republic broke away from Malaysia in 1965, and since then Singapore began to adopt export-oriented industrialisation as a deliberate policy to reduce reliance upon the staple port economy. Huff also emphasised that by contrast with the British colonial regime's laissez-faire approach, the People's Action Party (PAP) 'has, since 1959, intervened directly and intrusively in an attempt to fashion the most favourable conditions for industrialization.'<sup>374</sup>

In terms of Japan's trade with Malaya, Junko Tomaru in her book, *The Postwar Rapprochement of Malaya and Japan, 1945-61*, focuses on relations between the two countries during the first part of my period. According to Tomaru, in the 1920s and 1930s, the UK became alarmed at Japan's growing influence in the region, and sought to halt the Japanese advance, mainly in order to protect her own domestic industries. For the post-war time, Tomaru firstly suggests that the beginnings of postwar Malay-Japanese rapprochement, were 'led by economic transactions', and further suggests that 'as the British administrations were eager to begin the economic reconstruction of their sphere of influence in Asia, there was simply no alternative to restarting contacts with Japan.'<sup>375</sup> The position, however, was further complicated by the fears of British manufacturing interests that something akin to pre-war trade competition was in the offing. Tomaru heaps a great deal of criticism on the Board of Trade for supporting domestic British fears of Japan. In her book, Tomaru also suggests that the triangle of dovetailing interests between the UK, Japan and Malaya led to rapid restoration of Japan-Malaya relations. According to Tomaru, for the British, this was to utilise Japanese economic and technological power in order to maintain their influence over Malaya and other parts of Southeast Asia. Japan, wanting to achieve post-war economic recovery but reduce its dependence on the US, sought to cultivate relations with Malaya, a key source of raw materials in Asia. Malaya was seen to favour cultivating the latter of these two relationships, viewing closer relations with Japan as a potential means to achieving independence from UK.<sup>376</sup>

In terms of Japan's trade with Singapore, Shimizu and Hirakawa's work, *Japan and Singapore in the World Economy: Japan's Economic Advance into Singapore*,

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<sup>374</sup> Huff, W. G. *The Economic Growth of Singapore: Trade and Development in the Twentieth Century*, Cambridge; New York: Cambridge University Press, 1994. p. 44.

<sup>375</sup> *Ibid.*, p. 227.

<sup>376</sup> Tomaru. *The Postwar Rapprochement of Malaya and Japan, 1945-61*, p.214.



1870-1965, offers an overview of various aspects of Japan's economic advance into Singapore, including foreign and domestic trade, fisheries, financial business and the manufacturing industry. As Shimizu and Hirakawa's work demonstrates, the roots of Japan's economic expansion into Singapore go back to the 1870s. Shimizu and Hirakawa focus mainly on Japan's quick resumption of her economic relations with Singapore in the first half of the 1950s, Singapore's seeking of Japan's assistance in its industry in the second half of the 1950s, and Japan's investment boom in Singapore in the first half of the 1960s. Japan's trade is discussed, but that is not the main concern of the authors.<sup>377</sup> Shimizu and Hirakawa address the economic legacies of the Pacific War. Japanese trading companies, shipping firms, and banks stepped up their activities in British Malaya from the First World War, but the years of Japanese rule witnessed the new presence of manufacturing concerns to run facilities for the military. From the late 1950s, the authors argue, the political leaders of decolonising and independent Singapore looked to Japanese firms to lead their drive to industrialise. This was because leaders such as Lim Yew Hock and Lee Kuan Yew had been so strongly impressed by the industrial achievements of Japan. Meanwhile, demands for war compensation encouraged Lee Kuan Yew's government to place restrictions on Japanese retailing while, at the same time, Mitsui, Mitsubishi, and other firms were compelled to bring in Japanese industrial capital as penance for war crimes. In this sense, it was the forceful policies of Lee's government, as opposed to the prospect of a Malaysian market, that attracted a huge inflow of Japanese industrial capital after 1963. The authors are also keen to point out that the years between 1945 and 1959 should not be seen as a 'void' period in economic relations between Japan and Singapore. Japanese salesmen and bankers returned to the island colony in the early 1950s. After 1955, the colonial administration encouraged the return of Japanese firms, not only as a means of fortifying Japan against communism but also as an anaesthetic to left-wing radicalism in Singapore itself, through the provision of industrial employment for a rapidly expanding population.

The next section will look at how selected British newspapers reported on Anglo-Japanese trade activities in China, and in the selected markets in the Southeast Asia.

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<sup>377</sup> Shimizu and Hitoshi. *Japan and Singapore in the World Economy*. 1999.

### **4.3 Newspaper Coverage of Anglo-Japanese Trade in Selected Third Markets in East and Southeast Asia**

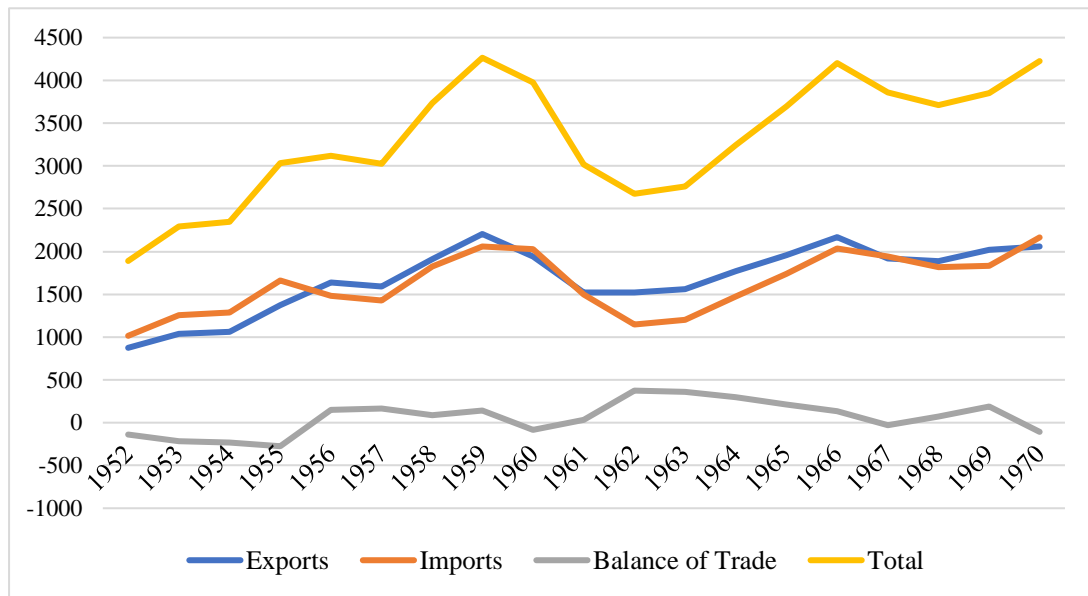
#### ***Anglo-Japanese Trade in China, 1952-1972***

In order to provide some context to the topics being covered in the newspapers in this chapter, some background information and trade data will be introduced briefly here. As already noted, between 1952 and 1972, neither Sino-British trade nor Sino-Japanese trade were purely economic concerns. One significant external factor was, of course, the embargo policy applied by the USA and United Nations in the 1950s to Chinese trade. In addition, the end of China's formal close political and economic relationship with the Soviet Union in 1962 heightened the impact of Chinese domestic economic and political activities on the country's foreign trade. Then, in July 1971 Nixon effectively signalled a reversal of US policy on China by announcing that he would visit the country the following year. Not having been consulted beforehand, Japan, the US's ally in the region, was taken by surprise by this dramatic development. This important incident, along with the Nixon Shock looked at in the previous chapter, comes towards the end of the period covered by my research and so is worth noting here, for it dramatically changed Japan's attitude towards trading with China at that time. Given China's internal political environment and, externally, a US and then subsequent UN-wide trade boycott, how far a Chinese market for foreign commerce – in our case, the UK and Japan - existed in this period is an unavoidable question when considering the newly communist-led country as a site of competition between the UK and Japan during these decades.<sup>378</sup> However, Figure 4.1 showing the levels of China's foreign trade from 1952 to 1970 indicate that the total value of China's foreign trade gradually increased throughout the period.

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<sup>378</sup> As a result of China's direct armed involvement in the Korean War, the United States adopted in December 1950 a policy of total trade embargo against China, and a similar economic measure was recommended by the United Nations General Assembly (UN) in May 1951. In 1952, Japan was compelled to join the Coordinating Committee (COCOM) and its China Committee (CHINCOM) for export control, which were set up to control and regulate exports of strategic goods to the Communist bloc. The information is sourced from Lee. *Japan faces China*, p. 136.

**Figure 4.1 Total Value of China's Trade, 1952-1970 (Millions U.S. dollars)**



Source: Perkins, D. 'Is there a China market?', *Foreign Policy*, No. 5 (Winter 1971-1972). p. 89.

Behind the peaks and troughs of this graph of economic data lie the internal and external political forces on China that countries such as the UK and Japan faced when trading with the PRC. Namely, during this time there were major changes in the composition and direction of China's foreign trade as a result of government policy changes. In terms of the country's imports, in the 1950s China was mainly a purchaser of machinery and other commodities, which related to her heavy industrial programmes under the Five-Year Plans. The main characteristic of the First Five-Year Plan (1953-57) followed a Soviet approach to economic development, with the main objective being a high rate of economic growth and primary emphasis on industrial development at the expense of agriculture.<sup>379</sup> In this environment, until 1959, machinery equipment and complete plants accounted for the majority of Chinese imports, with consumer goods making up only a small percentage. Following the First Five-Year Plan, in 1958 Chairman Mao called for 'grassroots socialism' in order to accelerate his plans to turn China into a modern industrialised state, which was the impetus for the Great Leap Forward. Bad weather and prioritising the export of food to secure foreign currency resulted in famine, and between 1958 and 1960, some 20

<sup>379</sup> Lee. *Japan faces China*. p. 29.

to 30 million people lost their lives through malnutrition and famine.<sup>380</sup> The failure of the Great Leap Forward and the disaster of the Great Famine resulted in a surge of imported foodstuffs, which at its peak in 1962 accounted for about 40 percent of all Chinese purchases from abroad. Fertiliser imports for agricultural production rose from 1963 and continued to increase over time.<sup>381</sup>

The change in China's trade partners was even more pronounced than this shift in the composition of its trade. Between 1952 and 1972, the country's trade partners fell into two groups: the socialist countries, and non-communist countries, to which both the UK and Japan belonged. The former dominated China's foreign trade during the early 1950s; an *FT* article in 1957 reported that the Soviet Union and Communist satellites accounted for 77.73 per cent of China's total foreign trade at the time.<sup>382</sup> This trend, however, was reversed after China's split with the Soviet Union. In the mid-1960s, the withdrawal of all technical support for heavy industry from the Soviet Union marked the end of its special relationship with China. This withdrawal, together with the continued lifting of Western trade embargoes that had begun since the late 1950s, led to a major increase in trade with the West and a decline in trade with the Soviet Union and Eastern Europe. The Soviet Union's share of China's total trade plummeted from 48 per cent in 1959 to 8 per cent in 1966, and to under 3 per cent in 1967.<sup>383</sup> The initial beneficiaries of this shift were Australia, Canada, and France, which had large enough wheat surpluses to meet China's needs resulting from its three bad harvest years from 1959 to 1961. With the onset of recovery in both its industry and agriculture in 1962 and 1963, Beijing again became interested in manufactured imports; these years also marked the beginning of the rise of Japan to a preeminent position as a supplier of China's imports. By 1970 it was estimated that Japan accounted for 26 per cent of China's imports and nearly 20 per cent of her exports in terms of value.<sup>384</sup> As for the British, despite Western embargos and China's strong economic ties with the Soviet Bloc over most of the period from 1952 to 1972, trade

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<sup>380</sup> *Ibid.*, p.75.

<sup>381</sup> Perkins, D. *'Is there a China market?'*, p. 99.

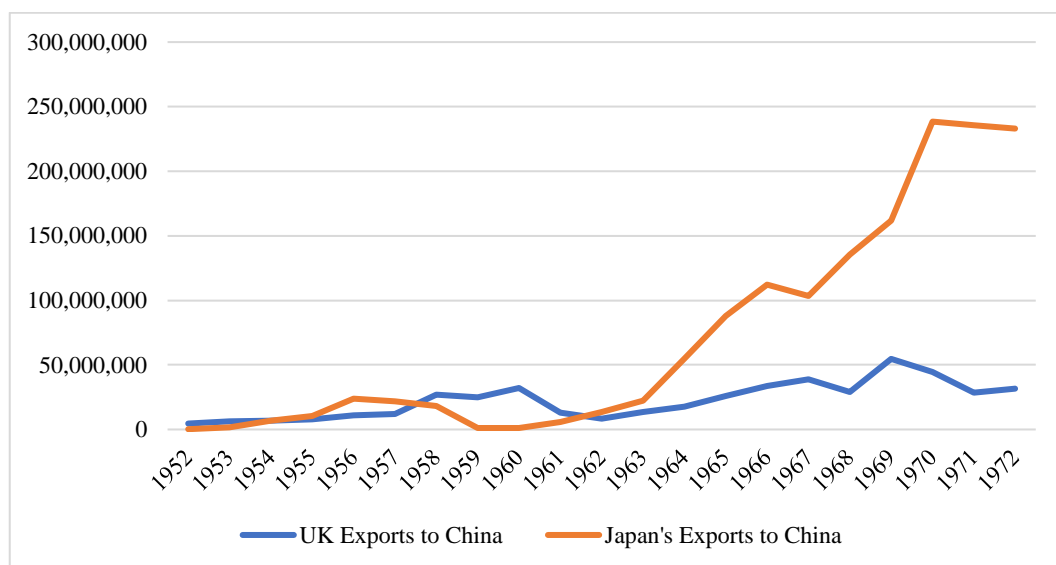
<sup>382</sup> 'China's Trade Beyond Targets', *Financial Times*, October 23, 1957.

<sup>383</sup> Perkins. *'Is there a China market?'*, p. 91.

<sup>384</sup> *Ibid.*

between China and the UK continued. China maintained extensive trade relations with the UK through Hong Kong, but even without Hong Kong, the strength of commercial activities across the political boundaries between China and the UK throughout the period was, as Boardman suggests, still impressive. By 1970 the UK, with trade valued at \$188 million, took over the third-place position formerly occupied by the East European communist countries that had served as China's principal industrial trading partners.<sup>385</sup>

**Figure 4.2 Value of the UK's and Japan's Exports to China, 1952-1972 (£)**



Source: Calculated based on *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions*, Years: 1952-1972, and *Japan's Statistical Year book*, 1952-1972.

Figure 4.2 indicates that over the 20 years, both Japan and the UK increased the value of their exports to China. As we can see, in 1952 the value of Japan's and the UK's exports was low, but over much of the following 20 years, the value of Japan's exports to China was bigger than those of the UK, and by 1972, the value of Japan's exports to China was over 7 times the value of the UK's.

What were Japan and the UK selling to China throughout 1952-1972 that might elicit any British newspaper coverage? If we look closely first at UK data, we find that, as with the data used in chapter 3, the recorded categories of trade differ for the

<sup>385</sup> Ibid., pp. 91-92.

period 1952 to 1962 and the period 1963 to 1972; therefore, to avoid unnecessary miscounting I have also analysed Sino-British trade within these two sub-periods separately.<sup>386</sup> According to Appendix 4.1, these official data show that from 1952 to 1962 the UK exported to China a very limited value of 'Food, beverages and tobacco', and 'Mineral fuels and lubricants'. 'Manufactured goods' accounted for the biggest share of UK's exports to China in terms of value with 'Basic materials' products occupying second place value. The value of UK's exports to China achieved their highest level during this decade in 1960; however, this was followed by a sharp decline, one of the reasons for this being the Great Leap Famine of 1959-1961, which shifted China's priorities to the import of grain and foodstuffs, products in which the UK possessed no trade advantage. Then, between 1963 and 1972, referring to Appendix 4.2, despite fluctuations the value of UK's exports to China gradually increased, peaking in 1969. 'Other manufactures', which mainly included machinery and equipment, took first place in terms of value, with 'Crude materials' and 'Chemicals' ranking second and third respectively. Compared with the above goods, the value of the UK's exports of other items such as 'Animal and vegetable oils and fats' was relatively small.

If we turn to looking at Sino-Japanese trade, we find that despite Sino-Japanese economic relations often suffering from the disruptive role of political and diplomatic considerations, the economic picture was comparatively consistent. In fact, the records of Sino-Japanese trade are impressive when viewed in relative terms bearing in mind the additional political hurdles discussed above that had to be overcome. A number of Japanese political and business leaders felt that trade with China was essential for Japan's own economic recovery because Japan had traditionally in the past relied heavily upon the Chinese market, which in the 1930s had accounted for 21.6 per cent of Japan's total volume of exports.<sup>387</sup> Japan, on the other hand, was also commercially important to China, not only as a source of many of the essential goods required for industrialisation plans, but also by offering a ready market for Chinese exports.

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<sup>386</sup> For the total value and main merchandise of the UK's exports to China between 1952 and 1962, please refer to Appendix 4.1; for the total value of the UK's merchandise to China from 1963 to 1972, refer to Appendix 4.2.

<sup>387</sup> Lee. *Japan faces China*, p. 135.

This importance of reviving Sino-Japanese trade for both China and Japan was in fact recognised and analysed by the British press, or at least by the specialist weekly the *Economist*. The publication in January 1954 noted that ‘It would be difficult to find two more unlike economies than those of Japan and China.’ Japan was described in the article as a country highly industrialised and relying heavily upon foreign sources for its raw materials and food. China, on the other hand, was described by the author as ‘a vast sprawling country, mainly agricultural in character, normally needs to import little and has only a small surplus of agricultural and mineral products for export.’ It went on to say that ‘this wide disparity was, indeed, the reason why the two economies were in former years complementary and mutual trade was important to them both.’<sup>388</sup>

Without diplomatic relations, the shared desire of expanding trade drove the two nations to apply a range of creative methods of commerce. The years 1960 and 1962 marked a breakthrough in post-war Sino-Japanese trade, and the trade system in the 1960s embraced two separate but co-existing channels with different functions and participants: Friendship Trade (from 1960) and so-called L-T Trade (from 1962, then renamed as Memorandum Trade from 1968).<sup>389</sup> As mentioned earlier the L-T Agreement, named after the two negotiators, Liao Chengzhi and Tatsunosuke Takasaki, was in force for five years (1963-1967), during which the average two-way trade was projected to be about US\$100 million per year (a figure that was in fact exceeded); Japan was to provide China with steel, chemicals and other manufactures in return for raw materials of equivalent value at prices negotiated annually by the representatives of the Beijing and Tokyo governments. Unlike Friendship Trade, the L-T Agreement enjoyed semi-official status because, although not formally supported by the Japanese government, it was sponsored by prominent members of the governing Liberal-Democratic Party (LDP) and partially financed by Japan’s state-controlled Export-Import Bank.<sup>390</sup> Table 4.1, which draws on Soeya’s data, indicates the relative importance of trade conducted under each of the two channels for the period 1963-1969. As we can see, apart from the year of 1963, the trade fulfilled under the

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<sup>388</sup> ‘Japanese Trade with China’, *Economist*, January 02, 1954.

<sup>389</sup> Jain. *China and Japan*, pp. 65-70.

<sup>390</sup> Soeya. *Japan's Economic Diplomacy with China*, p.79.

unofficial Friendship agreement accounted for the greater share of Sino-Japanese trade in terms of value.

**Table 4.1 Friendship Trade (FT) and LT/Memorandum Trade as a Percentage of the Total Value of Sino-Japanese Trade, 1963-1969**

	1963	1964	1965	1966	1967	1968	1969
<b>FT %</b>	37	63	64	67	73	79	90
<b>LT/MT %</b>	63	37	36	33	27	21	10

Source: Soeya. *Japan's Economic Diplomacy with China*, p. 78.

Regarding information on what Japan specifically bought and sold with China between 1952-1972, the *Japan Statistical Yearbook* offers data on the principal goods that made up Sino-Japanese trade between 1952 and 1964, and more detailed information on Sino-Japanese trade composition from 1965 to 1972.<sup>391</sup> Referring to Figure 4.2, there was a sharp decline in term of the value of Japan's exports to China between 1958 and 1960, following the so-called 'Nagasaki flag' incident on May 2, 1958, when a Japanese youth defiled a Communist Chinese flag in a department store in Nagasaki where an exhibition of Chinese goods was being held. The incident had a big impact on the trade as China insisted 'politics can't be separate from the economy' and on May 10, 1958, Japanese companies doing business with China received a note from the six Communist Chinese trade corporations informing them of the immediate suspension of all commercial transactions between the two countries.<sup>392</sup> The low value of Sino-Japanese trade lasted for two years, but the situation took a new turn in 1960 and improved after 1962 when the L-T agreement was signed. The data in Appendix 4.3 offers a summary of Japan's principal exports to China from 1952 to 1964 and makes clear the relatively big decline in these between 1958 and 1960, stemming from both the Great Leap Famine reducing the availability of products China could export in exchange for imports, and the 'Nagasaki flag' incident which led to Sino-Japanese

<sup>391</sup> For information on the value of Japan's exports to China by principal commodities, 1952-1964 please refer to Appendix 4.3; and for the value of Japan's exports to China by Principal Commodities, 1965-1972 refer to Appendix 4.4.

<sup>392</sup> Jan, George P. "Japan's Trade with Communist China", *Asian Survey* 9, no. 12 (1969): 900-918. <https://doi.org/10.2307/2642558>.



political relations worsening. The data in Appendix 4.4 also show that over the period between 1965 and 1972, the value of Japan's exports to China on the whole increased, with the exception of declines in 1971 and 1972. The table also shows that Japan sold few 'Foodstuffs' to China, whereas 'Heavy industrial products' and 'Chemicals' deemed indispensable for China's economic construction constituted an overwhelming share of Japan's exports. Also interesting is that, in an opposite scenario to that of the British, after 1965, Chinese demand for Japanese metals, mostly steel plates, pipes and other steel products, did not stop or decline even during the turmoil of the Cultural Revolution. Meanwhile, Japan's exports of 'Machinery and equipment' over this period also increased. In addition, the value of Japan's exports of 'Chemicals' to China, notwithstanding a decline in 1967, almost doubled in value between 1965 and 1972.

This overview of the realities of the UK's and Japan's exports to China therefore suggests that in both cases trade performance in China's market from 1952 until the middle of the 1960s focused on manufactured goods, namely chemicals, fertiliser, and then gradually also iron and steel products and textile machinery. From the middle of the 1960s until 1972 the pattern of these exports to China did not change much, the only exception being a gradual decline of textiles. While Japan continued to export some textiles, as a share of their total value of exports to China this declined. The UK, on the other hand, never accounted for any significant share of China's textile imports during the post-war period. The decline of China's imports of textiles is, of course, largely explained by the country at this stage beginning to locally manufacture textile products, of which it itself then became an exporter. Manufactured products, particularly metal and metal products, therefore remained the competition ground for both Japanese and British exports in China's market, as did chemicals and fertiliser. Both countries also exported a certain value of machines and machinery products, although their share of China's market for these products declined over time.

## ***Anglo-Japanese Exports to Malaya, Malaysia, and Singapore, 1952-1972***

### **Anglo-Japanese Exports to Malaya, 1952-1965**

Japan's return to Southeast Asia after the Second World War was rapid, and its trade relations with the Southeast Asian region started in 1947 with the resumption of restricted private foreign trade.<sup>393</sup> Reparations negotiations between Japan and countries of Southeast Asia during the 1950s actually provided a further opportunity for Japan to re-establish its economic presence in the region. Yasusaburo Hara, head of the Japanese Ministry of Foreign Affairs Southeast Asia Council, described the Japanese view of Southeast Asia as a permanent market for Japan's manufactured goods and believed 'Japan could turn misfortune [i.e. reparations] into fortune.'<sup>394</sup> From 1955 to 1972, Japan's exports to Southeast Asia exceeded its imports from the region in terms of value. By 1952 Japan's trade with Southeast Asia already accounted for 15 per cent of the total value of its exports compared to only 12 per cent in 1937; the corresponding ratio for imports from Southeast Asia was 11 per cent compared with 10 per cent in 1937, and by 1966, Japan's trade with Southeast Asia accounted for 27 per cent of the total value of Japan's exports and 17 per cent of imports.<sup>395</sup> By contrast with Japan's situation, the UK's trade with this region fell in relative terms; for example, the UK's share of its former colony Burma's total imports by value fell from 20 per cent in 1956 to 14 per cent in 1960.<sup>396</sup>

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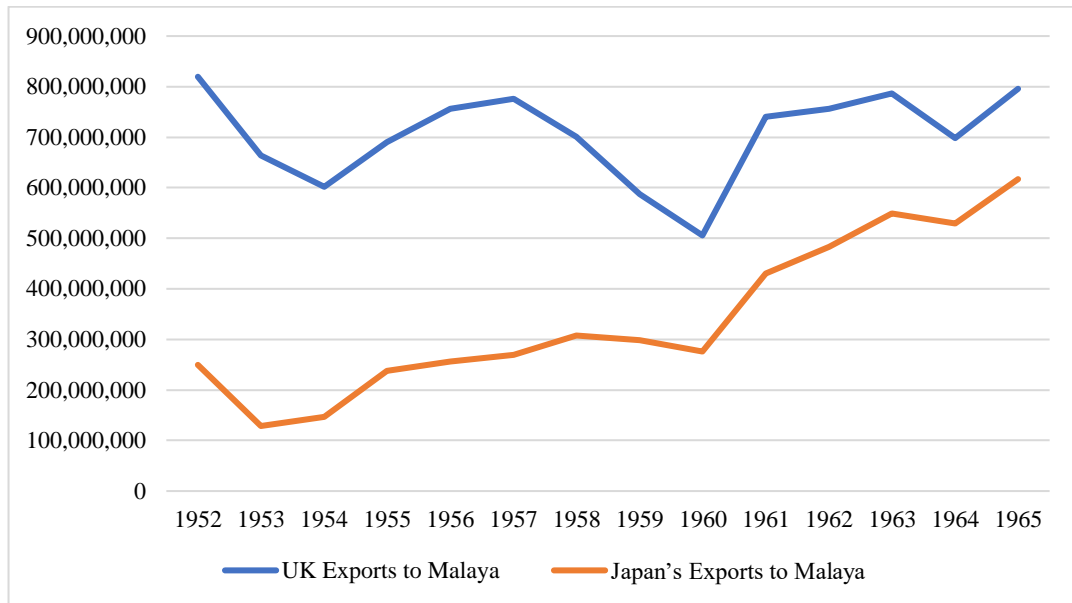
<sup>393</sup> Shimizu and Hirakawa. *Japan and Singapore in the World Economy*, p. 147.

<sup>394</sup> Weste. 'Anglo-Japanese economic and Military relations', p. 127.

<sup>395</sup> Allen. *Japan's Place in Trade Strategy*, p. 68. During the time under consideration, Southeast Asia includes Brunei, Cambodia, East Timor, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.

<sup>396</sup> Tomaru. *The Post-war Rapprochement of Malaya and Japan*, p. 61.

**Figure 4.3 Value of Japan's and the UK's Exports to Malaya, 1952-1965  
(Malaya and British Borneo dollars)**



*Source: Calculated based on Malayan External Trade Statistics. Malaya States. 1952-1965.*

Figure 4.3 indicates the value of Japan and UK exports to Malaya from 1952 to 1965.<sup>397</sup> Although at the beginning of this period the value of Japan's exports to Malaya was only about the third of that of the UK, it gradually increased; by the end of 1965, the amount had increased 2.5 times compared to the 1952 figure. Although there was still a gap between the UK's and Japan's exports to Malaya in terms of the value, the gap had narrowed considerably. Another dominant feature indicated in Figure 4.3 is that notwithstanding the existence of fluctuations, over this period the value of Japan's exports to Malaya increased dramatically, whereas by contrast, the value of the UK's exports to Malaya slightly declined.

By the second half of the 1950s, Japanese industry was exceeding pre-1945 levels of production. According to White, in 1953 Japan was supplying about 14 per cent of Malaya's manufactures, but by 1959 the Japanese share of this market had doubled. Over the same period, the UK's market share in manufactures slumped from 60 per cent to about 40 per cent. By the end of the 1950s over half of Malaya's iron

<sup>397</sup> For detailed data on the value of Japan's and the UK's exports to Malaya between 1952-1965, please refer to Appendix 4.5.

and steel imports would come from Japan.<sup>398</sup> White's findings are supported by the Malayan government data used in this chapter.<sup>399</sup> The official data confirm that the major products which both the UK and Japan traded in Malaya, and later Malaysia and Singapore, were manufacturing products.<sup>400</sup> Analysed by using official data, we can see that textiles were one of the few products where UK and Japan competed strongly in Malaya's market early on in the period with which we are concerned. Also indicated in official data is that the composition of Japan's exports of manufacturing products were more diversified than those of UK, and the value of Japan's exports of textile products was far higher compared with that of UK.

Apart from textile products, until 1961, 'iron and steel' was one of the major categories of products that both the UK and Japan exported to Malaya in terms of value, but we again find that the UK gradually lost out to Japan in Malaya's market. With its economic structural change, Japan over this period was progressively able to offer more types of manufactured goods to Malaya that eventually superseded the importance of iron and steel, more about which will be covered later in this section.

The data also show that exports of electrical equipment accounted for a big share of the value of the UK's exports to Malaya. However, after 1961, exports of electrical equipment became less important to the UK, perhaps in part because over this period Japan began exporting electrical products to Malaya.<sup>401</sup> Meanwhile, the UK had a long history of dominating Malaya's market for vehicle products. Although the value of Japanese road and vehicle exports to Malaya doubled, not until 1965 did they become a threat to the UK's share of Malaya's market. Industrial machinery was another major product that the UK exported to Malaya. Although Japan gradually increased its exports of industrial machinery to Malaya over the period, this never accounted for a major share in terms of the total value of its exports to the country, and left the UK's position unchallenged. Another product with which the UK and Japan competed in

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<sup>398</sup> White. 'Britain and the Return of Japanese Economic Interests to South East Asia after the Second World War', pp. 284-285.

<sup>399</sup> *Malayan External Trade Statistics*. Malaya States, 1952-1965.

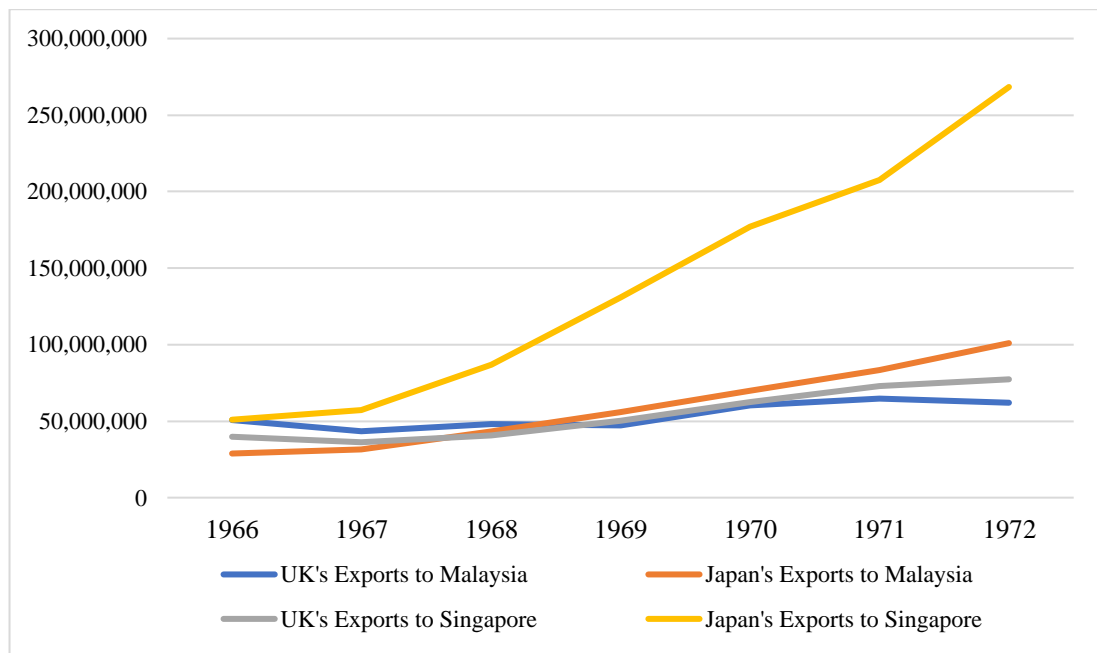
<sup>400</sup> For the detailed data on the value and composition of main products comprising the UK's and Japan's exports to Malaya, 1952-1965, please refer to Appendix 4.6.

<sup>401</sup> This was a period (1958-1961) when electrical equipment production was growing rapidly in Japan. Moreover, when it came to consumer electronics, Japanese production was often suited to the needs of low-income consumers. The information can be found from Nakamura. *Lectures on Modern Japanese Economic History*, pp.205-206.

Malaya's market was telecommunications equipment. It was Japan that first began to explore Malaya's telecom apparatus market, with UK subsequently seeking to take a more marginal share, but never really challenging the dominant Japanese position. We can thus see that the focus of both UK and Japanese exports to Malaya between 1952 and 1965 was manufactured goods. Changes in the composition of Japanese exports were more pronounced, with a greater diversification compared with those of the UK. Although gradually facing greater competition from Japan, we find that the UK could still retain its dominant position in most of its existing manufacturing product markets in Malaya.

### Anglo-Japanese Exports to Malaysia and Singapore, 1966-1972

**Figure 4.4 Value of the UK's and Japan's Exports to Malaysia and Singapore, 1966-1972 (£)**



Source: Calculation using *Japan Statistical Yearbook*; *Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possession*; Pacific Exchange Rate Service, *Foreign Currency Units per 1 British Pound, 1950-2016*, accessed from: <http://fx.sauder.ubc.ca>.

Figure 4.4 shows the very different trends of the UK's and Japan's export values to Malaysia and Singapore between 1966 and 1972. Between 1966 and 1968, the value of the UK's exports to Malaysia was initially more than that of Japan, with the situation reversed in Singapore. A gap in the total value of Japan and UK exports to

the two nations is visible by 1969, with Japan's exports of goods to Malaysia overtaking those of UK, and a widening gap can be seen in the total value of Japan's exports to Singapore compared with those of the UK. By 1972, the value of Japan's exports to Singapore was about 3.5 times that of the UK.<sup>402</sup>

UK official data (Appendix 4.8) reveal that the UK exported more to Malaysia than to Singapore in terms of value from 1966 to 1968. By 1972 the value of the UK's exports to Malaysia and Singapore increased, and the value of UK exports to Singapore in 1972 was almost twice that of 1966. Looking at the composition of UK exports to Malaysia and Singapore, we find that 'Chemicals' and 'Other manufactures' accounted for the largest and second largest shares in terms of value, respectively, followed by 'Machinery and transport equipment'.<sup>403</sup>

Appendix 4.9, based on Japan's official data, shows that the value of Japan's exports to Singapore was greater than those to Malaysia between 1966 and 1972, although both continued to see an increase. According to the data, 'Textile and textile products' continued to be important as too did 'Metals and metal products', and 'Chemicals'. Most important in terms of value to Singapore was 'Machinery and equipment', which jumped from ¥11.8 million in 1966, accounting for 23 per cent of the total value of Japan's exports to Singapore, to over ¥102 million in 1972, accounting for 47.3 per cent.<sup>404</sup> Appendix 4.10, also based on Japan's official data, offers the main composition of Japan's exports of 'Machinery and equipment'. According to this table, the most conspicuous increase in Japan's exports under this category was of 'Ships and boats' to Singapore, valued at ¥31 million in 1966, leaping nearly a thousand-fold to ¥27,715 million in 1972. Meanwhile, Japan also manufactured and exported a growing amount of 'Scientific and optical equipment'. Again, looking at Appendix 4.9, in terms of Japan's exports to Malaysia from 1966 to 1972, the biggest share, like in Singapore, was taken by 'Machinery and equipment', with 'Metals and metal products', including iron and steel, in second place. Regarding the value of Japan's exports of 'Textile and textile products', these increased from

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<sup>402</sup> For detailed data please refer to Appendix 4.7: value of the UK's and Japan's exports to Malaysia and Singapore, 1966-1972.

<sup>403</sup> For detailed data on the composition and value of the UK exports to Malaysia and Singapore from 1966-1972, please refer to Appendix 4.8.

<sup>404</sup> For detailed data on the composition and value of Japan's exports to Malaysia and Singapore from 1966-1972, please refer to Appendix 4.9.

¥3,273 million/11.2 per cent of the total value of Japan's exports to Malaysia in 1966 to ¥4,883 million/6 per cent in 1972, although their value was relatively small compared to what it was for Singapore.<sup>405</sup>

We thus find that for both the UK and Japan, manufactured products were the major products exported to these markets during the time under concern. The values of both countries' exports over this time increased, but over the period up to 1965, though facing competition from Japan, the UK still on the whole kept its lead over Japan in Malaya's market. However, between 1966 and 1972, Japan then gradually overtook the UK in the supply of many manufactured goods to Malaysia and Singapore. Under these circumstances we might expect British attitudes to Japanese competition in these markets to focus on three main aspects. Firstly, as already noted, between 1952 and 1965, the UK rapidly lost its textile market in Malaya to Japan. Textile products were, of course, a sensitive topic to the UK at this time; as noted earlier, bitter memories of Japanese competition with the Lancashire textile industry in the British Empire territories during the interwar period were still vivid. However, after the Second World War when both countries resumed their trade in Malaya, the UK again lost this market to Japan. Secondly, the UK was also losing out to Japan in areas of heavy industry in which she had been formerly dominant, for example iron and steel. As its economy developed, Japan was increasingly able to diversify its exports, challenging the UK in some areas of manufactured goods, whether metals, telecommunications apparatus or ships. Facing strong competition in some fields from Japan, the UK could thus no longer retain its previous leading position in the Malaysian and Singaporean markets. As we have seen, between 1966 and 1969 the UK kept its dominant position in Singapore's road and motor vehicles market, but then relinquished this to Japan. Likewise, the UK's global place in producing and exporting ships was gradually overtaken by other countries from the early 20<sup>th</sup> century. After the Second World War the British sought to re-build and explore new markets for their shipbuilding and motor cars, but lost out to Japan, a country that ironically had previously recognised UK shipbuilding prowess as an example from which it could learn. Thirdly, it is clear that over this period the composition of Japan's exports to Malaya, Malaysia and Singapore was more diversified than that of the UK, indicating

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<sup>405</sup> For detailed data on the composition and value of Japan's exports of machinery and equipment to Malaysia and Singapore from 1966-1972, please refer to Appendix 4.10.

a stronger potential in Japan for expanding exports to the selected markets in Southeast Asia.

Having considered the realities of the UK's and Japan's trade performance in these selected markets from 1952 to 1972, the next section analyses the evolution of British newspaper reporting of both Japan's trade performance, and this performance in comparison to the UK's own trade in the selected markets over these two decades.

### ***Newspaper Articles on the UK's and Japan's Trade in China, Malaya/Malaysia and Singapore***

The analysis in this section will look chronologically through British newspaper articles between 1952-1972 that cover the UK's and Japan's export trade to either China or Malaysia and Singapore. We begin in 1952 with a *Daily Mail* article covering Japan's exports to markets such as Singapore. This article paints an image of Japan as being particularly well placed to succeed in these markets:

In the first place their [the Japanese] taxes are lighter, and they can, therefore, sell cheaper. Secondly, their steel, not being required for war equipment, is readily available for export, and goods can be delivered quickly... She has no big defence programme. She has plenty of dollars. As a result, cheap Japanese goods are flooding into Singapore, Hongkong, and other places in the Far East... Compared with Western standards, the Japanese work at starvation levels. Moreover, Japanese manufacturers unscrupulously copy the designs and trademarks of Lancashire, the Potteries, and other centres.<sup>406</sup>

After listing innocuous factors regarding the country's success, the presentation of Japan can be seen to be further shaped by some of the now familiar unfavourable images of the country from this era observed in chapters 2 and 3. However, the paper does then offer an unfamiliar accompanying image of the UK not really seen in 1952 articles covering Japanese competition in the domestic market:

Britain suffers more than any other country from the depredations of Germany and Japan, but we must not grizzle about this and do nothing else. We must face

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<sup>406</sup> 'Cut-Price Competition', *Daily Mail*, January 07, 1952.



it and fight it. We must increase efficiency, reduce cost, and raise production. We must do everything possible to beat these cut-price competitors.<sup>407</sup>

Here the *Daily Mail* does begin with a sympathetic image of UK industry being hard done by its competitors, but then builds on this to present that same industry as being in sore need of considering what it might do better itself in order to compete.

Things in 1952 looked better for the UK regarding trading with China. An *FT* article in July 1952 reported that the PRC had informed the UK that it was willing to restore and develop commercial relations with foreign Governments on a basis of equality and mutual benefit. The report then went on to say that ‘Sino-British trade had been considerably restored and developed in 1949. During the past two years various contracts between British and Chinese firms have been made.’<sup>408</sup> Just one day later, the *Times* reported China’s favourable views towards trading with UK as: ‘China welcomes an increase of trade with UK, [and] favours UK’s proposal for a joint trading organisation.’<sup>409</sup> This is further confirmation that the reflection of the UK’s image in British newspapers is as revealing as the images of Japan in the topics we are looking at, if not more so. For readers of these *FT* and *Times* articles, the UK’s trade with the PRC looks to be strong.

In contrast, in 1952, on the surface things did not look so good for Japan. Sino-Japanese trade could not be officially supported by either party involved, due to Japan following the USA stance of non-recognition of the Communist government in China, and China’s insistence that trade and politics were inseparable. However, an article in the *Economist* published in September 1952 presented a more complex image of Japan’s approach to China, of there being a welling up of economic forces on the verge of, if not overwhelming, then overriding the country’s official political stance:

The Prime Minister directly contradicts his Foreign Minister on Japan’s attitude to the Peking Government. And industrial pressure for a resumption of trade grows all the time, not only among the ranks of the businessmen, who support the conservative government, but in trade union circles also... There are two

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<sup>407</sup> Ibid.

<sup>408</sup> ‘China and U. K. Trade’, *Financial Times*, July 21, 1952.

<sup>409</sup> ‘Trade with China’, *Times*, July 22, 1952.

independent and, indeed, opposed Japanese movements now actively negotiating for resumed trade with Communist China.<sup>410</sup>

The following month, the *FT* was already showing its readers an image of a Japan circumventing its diplomatic position. Firstly, this involved a Japanese Foreign Office official opposing the visit of Japanese businessmen to the People's Republic, because of possible American reactions. The article then reveals how businessmen such as those mentioned were proactively taking their own steps to build up a profitable and expanding export trade with China:

Japan Textile Machinery Association...has informed Beijing that its member manufacturers are ready to export 100,000 units of textile machinery by the end of the year... Peking Government officials, who have already indicated that they wish to buy \$2m. worth of textile machine parts, are pressing for Japanese representatives to visit China to conclude the deal.<sup>411</sup>

The Japanese Ministry of Trade is then shown by the *FT* to be deftly taking a 'neutral' stance on the subject, declaring that it was not a function of the ministry either to discourage or encourage such trade.<sup>412</sup> The image of Japan is of an economy intelligently negotiating the complexity of trading with China at that time, with its government practicing skilled statecraft by publicly distancing itself from the deal in question. In addition, a Japan keen to build on its long history of exporting manufacturing goods to China is revealed, and one for whom exporting textile machinery is playing an important role in its economy in the early 1950s. An additional reflection for some UK readers from this image might have been that, since textiles was an area in which the UK had traditionally been strong, British textile machinery manufacturers were facing Japanese competition for China's market.

At the same time, Japan's return to the Southeast Asia market attracted interest in the British press. The importance of the Southeast Asian market to Japan was mentioned in two separate articles in the *Manchester Guardian* in February 1952, with the first noting that:

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<sup>410</sup> 'Japan Eyes the China Market', *Economist*, September 06, 1952.

<sup>411</sup> 'Japan's Export Trade', *Financial Times*, October 22, 1952.

<sup>412</sup> *Ibid.*

In Japan, the Economic Stabilisation Board has drawn up a five-year plan for investment in South-east Asia. The object is, through exporting machinery and technicians, to develop the ability of the countries of Southeast Asia to produce the imports needed by Japan.<sup>413</sup>

The second, noted that:

Although the British Parliament made a fuss about cheap Japanese goods, if the British firms could produce cheap and high quality goods, local people in the territories under British control would naturally buy them; the main issue was how the British could have a politically friendly relationship with Japan despite the fact that they were in conflict with each other economically.<sup>414</sup>

Here, Japan is presented quite straightforwardly as an economy naturally seeking to expand its export market. In the second article, a mild glimmer of ‘complaints’ towards Japan from British politicians is side-lined by a stronger reflection of there being some responsibility to be taken in the UK to improve its chances of competing with the Japanese. Also, interestingly, and in contrast to the tone of the articles analysed in chapter 2, there is a statement that friendly relations with Japan are important. Curiously absent, however, are any of the descriptions of Japan so commonly seen in the context of Anglo-Japanese bilateral trade observed in the previous chapters, such as ‘unfair’, ‘untrustworthy’ or a ‘threat’.

During the early period concerned in this study, aside from general trends in British and Japanese trade with Southeast Asia, there were a few industries in which both countries had the intention of expanding their exports in this market. As observed in the earlier chapters, fierce competition from Japan in the interwar period had left the British textile industry with bitter memories. After the Second World War, both the UK and Japan were keen to find more markets for their textile products, and in addition to the Chinese market mentioned above, Southeast Asia markets became one of their main competition grounds. The data on UK and Japanese trade in Malaya between 1952 and 1965 show that Japan dominated textile markets in Malaya from the mid-1950s, and an article in the *FT* in September 1952 reveals an image of Japan

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<sup>413</sup> ‘Development of S.E. Asia: £ 32 M. Five-year Plan’, *Manchester Guardian*, February 27, 1952.

<sup>414</sup> Cited in Shimizu and Hirakawa. *Japan and Singapore in the World Economy*, p. 156.

having an uncompromising approach to exporting textiles to the Southeast Asia market, seeing it as a vital element of Japan's economic expansion:

The Japanese delegation now in London for this week's International Cotton Textile Industry Conference will seek U.S. support in a bid for a bigger share of the South-East Asiatic market. Japan will, in fact, take a firm line at the conference with no thought of appeasement or compromise. The delegates have been told by the Japanese Prime Minister to set forth fully and frankly the case for "Japan's achievement of a self-supporting economy, based on a healthy and expanding cotton textile industry...Japan's economy cannot subsist without a great and continuing increase in her export of cotton textiles."<sup>415</sup>

Of note here are the Japanese complaints about UK measures to limit Japan's exports of textiles to the Malayan market by applying special tariffs among its Commonwealth countries, measures which, as mentioned in chapter 3, were applied by the UK in order to protect its trade after the Second World War:

We shall resolutely oppose British efforts to further strengthen their present nationalistic restriction of textile imports by Singapore and Malaya. Apart from Japan's legitimate rights and needs, British colonial territories desire cheap goods and it is unreasonable to deny such a desire.<sup>416</sup>

Here in 1952 in the Southeast Asian market, the *FT* carries an image of Japan as a nation on a mission of economic growth.

An article in the *Times* in October 1952, presents an image of Japan as an inevitable competitor with the UK in Southeast Asian markets; the paper interprets Japan's chances of economic expansion in China as being low because of its political position:

For economic health, Japanese industrial capacity needs to be integrated with Chinese sources of raw materials and the Chinese consuming market. The extent to which this market is denied to Japan---from any cause---must mean that Japanese competition will impinge more and more on those markets which British manufacturers regard as primarily their own. So, until the political picture changes, a revival of the severe Anglo-Japanese competition of pre-war days appears to be inevitable.<sup>417</sup>

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<sup>415</sup> 'Japanese Bid for Textile Markets', *Financial Times*, September 16, 1952.

<sup>416</sup> *Ibid.*

<sup>417</sup> 'Many Difficulties in The Far East', *Times*, October 13, 1952.

Regarding the Chinese market, the following year in April 1953, a piece written by the *Manchester Guardian's* Japan correspondent Hessel Tiltman presents a Japan whose statecraft has managed to shift the narrative to there now being an 'opinion that a resumption of large-scale trade in "peace time" goods between Japan and Communist China was being prevented only by American "interference."' <sup>418</sup> Tiltman's article covered the return to Japan of Koichi Saionji, grandson of late Prince Saionji, one of Japan's leading pre-war statesmen, from a recent visit to Europe and the Asian continent. Saionji, he said, had been enthusiastic when he stated that:

I had thought there was no freedom in Red China and that industries were socialised---all because of pro-American propaganda. But what I saw there astonished me. Private enterprises were in such a well-developed stage that it was completely unimaginable. They are making so much profit in Tientsin and Shanghai, for instance, that they are building more factories. It is ridiculous that some Japanese fear that in the event of the realisation of Japan's trade with Red China Japan might become communised.<sup>419</sup>

Japan's image above is as skilful and proactive in expanding trade – presenting itself (for its American audience) as fearing Communism but excited and impressed (for its Chinese audience) at China's industrialisation. Reflected back to British readers is that the UK had a competitor in the Chinese market that was relentlessly hustling in a targeted fashion. We should bear in mind, of course, that Tiltman's article appeared in the *Manchester Guardian*, a paper which to a large extent represented the UK's traditional industries such as textiles which were facing rapidly shrinking market shares in the Sterling Area and in Europe, often in competition with Japan.

The following month in June 1953, another article by Tiltman presented a Japan whose Prime Minister Yoshida was pledging the Government's aid in furthering Japanese interests in Southeast Asian countries, and urging the country's business leaders to work out investment and trade programmes for the region. Tiltman reported that Kenkichi Yoshizawa, Japan's Ambassador to Nationalist China (Taiwan), who was undertaking an official 'familiarisation tour' of Southeast Asian nations, had said that Japan was planning to concentrate on exports of heavy industrial goods. Moreover,

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<sup>418</sup> Tiltman, Hessel. 'U.S. Interference Resented: Japan's Desire for Trade with China', *Manchester Guardian*, April 24, 1953.

<sup>419</sup> *Ibid.*

he continued that ‘in Tokyo a special committee is being formed on South-east Asian trade, and the Foreign Ministry has issued one of its infrequent official brochures devoted to “explaining the economy of Japan in relation to that of Asian countries.”’<sup>420</sup> Notably absent in these last two articles are again the images of Japan as ‘unfair’ or ‘untrustworthy’ seen in previous chapters to be common during this period of coverage of Anglo-Japanese trade.

As pointed out earlier, there are some disagreements in the existing literature regarding British attitudes towards Japan’s return to Southeast Asia after WWII. Towle and Kosuge, for example, state that the UK was against Japan’s return to Southeast Asian markets after the Second World War due to its fear of facing strong competition from Japan in this area.<sup>421</sup> However, scholars such as Noriko Yokoi argue that Japan’s return was in fact supported by the British, as the UK believed that Japanese-Southeast Asian trade would promote Sterling in the area.<sup>422</sup> The newspaper reports considered here indicate that although there were concerns about Japan’s return to Southeast Asia in terms of the country being a potential competitor, there was also widespread acknowledgement that its return to Southeast Asian markets was inevitable, due to the view that Japan would have to look for other markets to compensate for its loss of the Chinese market at the time.

In that regard, the following February in 1954, the *FT* in fact showed a Japan that was not giving up so easily on the Chinese market. The paper’s Japan correspondent described how:

The Japanese Government is to renew negotiations with the United States for the lifting of the embargo imposed under the U.S. Battle Act on exports of iron and steel products, including galvanised sheets, to Communist China.

There is growing impatience in the Ministry of International Trade and Industry over the continued insistence of the Washington Authorities that these products, and certain other marginal commodities, must be classified as “strategic” materials and be still barred from export to China.

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<sup>420</sup> Tiltman, Hessel. ‘Japan After Truce: Facing A Regime of Austerity’, *Manchester Guardian*, June 24, 1953.

<sup>421</sup> Towle & Kosuge. *Britain and Japan in the Twentieth Century*, pp.12-15.

<sup>422</sup> Yokoi. *Japan's Post-war Economic Recovery*, pp. 2,11.

Japanese exporters and manufacturers complain that they are forbidden to exploit many trade opportunities with the Chinese mainland which are open to Western nationals.<sup>423</sup>

The article then notes how Japan's exports to China had grown from \$339,000 in 1952 to \$6,419,000 in 1953, with this increase being 'attributed to successive relaxations of the embargo regulations' and that trade 'was expected to increase further this year, even within the present framework of restrictions.'<sup>424</sup>

Meanwhile, Japan's proactivity in expanding its exports to Southeast Asia can be seen as bearing fruit, with an *Economist* article the same year stating that:

Since 1946 great strides have been made [by Japan] in opening up new sources of supply in South-East Asia and in pioneering new markets there. Japan's choice here is clearly of importance to the world, and of special concern to Britain, with its colonial responsibilities and traditional markets in this area.<sup>425</sup>

In what could be a worrying situation for the UK, this image of Japan's economy is the *Economist's* dependably rational presentation observed in the previous chapters: in this particular case, Japan is shown in clear, unblemished terms as simply a strong trade competitor to the UK in the Southeast Asian market.

Although Japan's manoeuvrings and intentions regarding the Chinese market had been registered by the British press, it seems that Southeast Asia was deemed a more likely competition ground, perhaps from there having been such recent British colonial history in the region. By 1957, UK confidence regarding this market being 'theirs' was on view in the *FT* in an article that stated that 'Britain should continue to dominate foreign trade in Malaya in spite of keen competition to be expected from Western Germany and Japan.'<sup>426</sup> According to the article, Mr. L. Bevan, UK Trade Commissioner to the Federation of Malaya, believed that:

Britain's volume of trade would be maintained because of the long traditional association between the two countries, Britain's familiarity with the local market, and the unvarying high standard of British goods. With the rapid development of Malaya after independence at the end of next month and the extension of

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<sup>423</sup> 'Japan's Exports to China', *Financial Times*, February 23, 1954.

<sup>424</sup> Ibid.

<sup>425</sup> 'Japanese Trade with China', *Economist*, January 02, 1954.

<sup>426</sup> 'U.K. Trade Strength in Malaya', *Financial Times*, July 26, 1957.

secondary industries, there would be new markets for capital and semi-manufactured goods. Few countries were in a similar position to Britain... in Malaya. Britain can supply an almost limitless number of types of goods because the U.K. had geared its production to meet the requirements of under-developed countries like Malaya. Malayan buyers were discriminating and did not sacrifice quality for cheapness.<sup>427</sup>

Considering the competition from Japan, Bevan continued that:

Although Japan has a vast potential in capital and consumer goods, it was not expected to gain much more competitive trade in Malaya. Competition in capital goods would be limited to certain types, while Japan could also supply certain consumer goods like cheap textiles and toys, in which Britain was no longer interested.<sup>428</sup>

The image of Japan here is as a slightly diminutive, lesser competitor to the UK selling less important goods than the British concerned themselves with. The main picture painted by Bevan is of a strong present and future British position in Malaya, where there is essentially everything to be optimistic about and little of concern, including regarding Japanese imports. Bevan presents an unquestioning image of confidence and belief to *FT* readers that British products were of a superior quality compared to those of Japan, and that this, in combination with what was perceived as its capability of offering more types of manufactured goods suitable for Malaya's market, would in turn allow it to maintain its dominant position.

However, the same paper a few months later in November 1957 published a letter that painted a different picture of the UK's trading position in Southeast Asia. The letter concerned an issue that would be seen to be increasingly raised in newspaper coverage in this period regarding trade with Malaya, Malaysia, Singapore, and also Southeast Asia more broadly: the need for British businesses to change their trading practices in order to suit the changes in trading patterns in the area after the Second World War. The correspondent, who had long experience of Malaya, warned that:

The evident diminution of British trade with the Malayan territories should sound an urgent warning to all British manufacturers and traders who have for over a century been used to the comfortable acceptance of Malaya as a natural field for the sale of British products... British business can no longer rest on the belief

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<sup>427</sup> Ibid.

<sup>428</sup> Ibid.



that trade will eventuate from the flying of the Union Jack over a territory... The growing independence of former Colonial territories is creating a vastly different atmosphere for business, and calls for a revitalised approach. After some 32 years' experience in Malaya, I am convinced that much clearer thinking and enthusiastic sales approach is necessary if Britain is to retain its influence in these areas. The emphasis should be on "What is" rather than "What was," and with their enormous accumulated knowledge of the peoples and the countries there need be no fear of the future.<sup>429</sup>

This is a revealing reflection of a British attitude and approach to trading at this time, implying there is a misplaced confidence and outdated mindset of the UK in relation to its trading position in the region. In addition, it is bringing to *FT* readers' attention that the UK's share of Malaya's market is in fact beginning to dwindle, contrary to the impression given in the previous article. What factors could be contributing to the previous article's contradictory account of the UK's trading position in Malaya compared to that in this letter? During this period, although independence movements gradually emerged after the Second World War in Southeast Asia, there were still special relations between the UK and some countries of Southeast Asia. Even after Malaya became an independent state in 1957, and Singapore achieved a level of self-governance in 1959, they were still members of the Commonwealth and the Sterling Area led by the UK. This letter through its observations (as with the previous article with the claims by Bevan) reveals a prevailing assumption by many British traders that the historical relations between the UK and Southeast Asia would still be some kind of guarantee of trading strength in the region, despite the trade pattern and political landscape having drastically changed. British confidence particularly in relation to the Japanese might have been partly due to Malaya's foreign trade coming within the remit of existing regulations covering members of the Sterling Area. These included the SPA analysed in chapter 2, under which Japan had to endure some apparently 'unequal' provisions in the agreement that the UK believed would protect its trade from Japanese competition. British traders may likely at this time also have equated the UK being leader of the Sterling Area and head of the Commonwealth with a certain level of security in their position.

Even so, as analysed earlier, these practical advantages possessed by the UK in its trade with the countries of Malaya (later Malaysia) and Singapore did not, in fact,

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<sup>429</sup> 'The Defence of Sterling', *Financial Times*, November 05, 1957.

stem the decline in the UK's share of exports to the area. And conversely, in spite of the region's own bitter experiences of Japanese occupation in the Second World War, Japan's trade and its share of trade with Malaya (including Singapore) during the 1950s gradually increased. This big jump in the country's trade with Malaya did not escape the attention of the *FT*, when it reported in its January 30, 1957 edition that:

Japanese trade with Malaya is increasing rapidly and the value is expected to rise more sharply in the near future...Although Malaya was the last country in South-East Asia to admit the Japanese after the war, the tempo of trade is accelerating.<sup>430</sup>

Then later the same year the paper articulated an increasing concern regarding the decrease that was occurring in the British share of the export trade to this region:

In the first year of independence for Malaya and of approaching self-government for the colony of Singapore, Britain which for years has been Malaya's best customer and main supplier of capital and consumer goods is in danger of gradually losing her established position.<sup>431</sup>

The decline in UK exports to Malaya, this November 1957 article argued, was partially down to the success of the Japanese competition:

The improvement of trade with Japan is striking, as Japan only really started to reopen trade with Malaya in 1952. Japan has now risen to the position of Malaya's third best customer. In many fields the retreat of British imports is becoming manifest. Japanese cement manufacturers, for example, are making strenuous efforts to maintain their hold on the Malayan cement market again this year... Cement is but one item; Britain has already substantially lost the radio and textile markets. The warning was sounded in a recent report by the Singapore Chamber of Commerce which for years has represented British mercantile interests in the port.<sup>432</sup>

The author of this article later on attempts to rally British businesses into upping their game in order to fare better in what has become a more competitive environment, adding:

It would now seem that the days of trading on goodwill and old-established names are past and concerted effort by British cotton goods exporters into the competitive market is called for... The Malayan market and that in the whole of

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<sup>430</sup> 'Japan's Trade Drive in Malaya', *Financial Times*, January 30, 1957.

<sup>431</sup> 'U.K. Faces Trade Setbacks in Malaya', *Financial Times*, November 01, 1957.

<sup>432</sup> *Ibid.*

the Far East is becoming the most sought after in the world for engineering supplies.<sup>433</sup>

For the *FT*'s readership, Japan, a country that was still less industrialised than the UK at this time, is clearly presented as beginning to decisively encroach on a trading territory the UK had considered its own. The British image alongside this is of its businesses having lost their edge through complacency, lacking in some of the competitiveness and drive now required to win orders in Malaya.

Three months later, the same publication gave its readers an update on this competition that presented two contrasting narratives for the UK and Japan. An article in February 1958, commenting on Anglo-Japanese trade performance in Malaya, noted that 'Britain remained Malaya's best customer last year and her second largest supplier. But her share of total Malayan trade dropped from 17 to 16 per cent, when total Malayan trade, however, rose nearly 3 per cent.' This, the paper noted, was in comparison to an increase in Japan-Malayan trade of 16 per cent.<sup>434</sup> The *FT* lets the economic data form two clear, unquestionable pictures: firstly, of Japan as a real competitor to the UK in Malaya, and secondly of a UK whose economic dominance is on the wane, now second best in what was recently considered 'its' market regarding exports.

A few days later, Japan was shown by the *FT* to be complementing its success in Southeast Asia by exhibiting similar tenaciousness regarding the Chinese market, continuing to swim against the tide of its USA-aligned stance on China to forge trading partnerships in the country. The previous year, Japan had announced that it would follow the UK's lead of unilaterally abolishing the difference in constraints on exports to China compared with the restrictions in place on trade with other communist countries. This effectively saw it joining the UK in breaking away from the US position, and instead pursuing a partial liberalisation of trade with China.<sup>435</sup> In this article, Japan can be seen to be on the cusp of potentially winning an order to supply steel – a product with which it would be directly encroaching on the UK's own potential exports to China. On February 18<sup>th</sup>, 1958, the *FT* reported how:

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<sup>433</sup> Ibid

<sup>434</sup> 'British Trade with Malaya', *Financial Times*, February 06, 1958.

<sup>435</sup> Jain. *China and Japan*. pp. 31-32.

The Japanese steel industry has received feelers from Communist China for the export of several hundred thousand tons of steel products—on condition that the Japanese agree to purchase iron ore, coal and other raw materials from China. This approach has been received with the greatest caution in Japan. Steel-makers here obtain much of their iron ore from South East Asian countries and are reluctant to switch these sources of supply for the uncertainty of the Communist mainland...However, a number of mills have apparently been tempted by the Chinese offer. South-East Asia, although a good supplier of raw materials, is proving a difficult market for Japanese steel products because of the area's chronic shortage of foreign exchange.

Later on, the article then further considers the deal's significance:

China's reported offer of large purchases of finished steel products in exchange for Japanese purchases of raw materials represents an important change from previous Chinese policy in this respect. Previously, the Chinese have been anxious to barter agricultural products in exchange for steel.<sup>436</sup>

That this approach has come from China to the Japanese rather than the other way around gives a bright and clear image of Japan as expert, patient trade negotiator. Not only has a potentially sizeable export market been offered to Japan, but a larger-scale economic relationship with the PRC is also on the table. With Japan's recognition of Taiwan as the legitimate government of China, neither of these things should, in theory, be happening. A belief in the UK apparent in earlier articles that Japan would, due to its diplomatic position, be concentrating on the Southeast Asian market due to the PRC being closed off to it is shown to have been a misreading of Japan's determination and skill in resuming its trading relationship with China. Even though the UK is not referenced in the article, the reflection back to *FT* readers might well be, as with Malaya, of the UK being on the road to losing its share of another of its historically lucrative markets to the Japanese.

Three months later, however, the *Times* reported the shock news that the above deal had come to an abrupt halt for the Japanese. In its May 12<sup>th</sup>, 1958, issue, the paper's China correspondent filed an article titled 'Chinese Rebuff for Japan - Severance of Trade Relations', in which it was reported that:

Trade relations between China and Japan have been completely disrupted by the collapse of the steel talks, broken off by the Chinese Communist delegation. Businessmen here said to-day the iron and steel industry was confronted with

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<sup>436</sup> 'China Bids for Japan's Steel', *Financial Times*, February 18, 1958.

tremendous losses, and it was feared that many small industries faced bankruptcy. The talks, which dealt with final details of this year's share of a five-year £100m. barter agreement signed in Peking in February, were broken off yesterday on instruction from Peking. At the same time, Japanese businessmen negotiating contracts in Peking under the fourth private trade agreement were being ordered to leave the country, and the Chinese government imposed a complete embargo on Japanese imports.

The article later explains the reason behind this shock reversal of fortunes for Japan's steel industry, as well as all other Japanese companies exporting to China:

Mr. Li Hsin-nung, leader of the Chinese trade delegation, said yesterday that "Mr. Kishi [the Japanese Prime Minister] has tolerated the dishonour of our national flag in Nagasaki city." He was referring to a recent incident in which a Japanese factory worker rushed into a department store, tore down the Chinese Communist flag, and trod it under foot.<sup>437</sup>

Japan is presented as a country whose perilous political balancing act of courting trade within the PRC whilst politically recognising the Taipei government seems to have unravelled. The reflection back in the UK might be that, with such an extreme reaction by the PRC to this small incident, it had chosen wisely, recognising the 'correct' China for British companies with interests in or designs on the Chinese mainland.

Although there was the above good news for UK steel exporters of one competitor being out of the race for the Chinese market, later the same year the *South China Morning Post* in October 1958 reported that things were not looking so positive in South East Asia: 'Japanese, Chinese and Australian competition has hit the British iron and steel market in Malaya hard.' The article then came to the conclusion that unless the UK and Belgium could make their prices competitive, they would lose the Malayan market, which traditionally had belonged to them. Japan and China, it was noted, were undercutting British and Belgian iron and steel by about 10 per cent.<sup>438</sup> Here again is an image of Japan as industrial nation successfully and impressively encroaching on another of the UK's third markets, and with a clear accompanying image of UK industry precariously teetering on the brink of being one of the 'losers' in the competition for Malayan steel orders. But, rather than there being any cries of

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<sup>437</sup> 'Chinese Rebuff for Japan', *Times*, May 12, 1958.

<sup>438</sup> 'South Britain's Iron Mart in Malaya: Hard Hit by Competition Singapore', *South China Morning Post*, October 30, 1958.

the loss of this market being the fault of the encroachers, the article squarely places the onus on the UK with its suggestion that British prices needed to be more competitive.

Come 1959 meanwhile, the Japanese were reported by the *Times* as having far from given up on the Chinese market, even while – or more likely, because of - trade having plummeted to near nothing by this time (see figure 4.2). An article filed by the paper’s Japan correspondent on April 14<sup>th</sup> informed readers how:

China trade to the Japanese is like the forbidden fruit. The greater the obstacles in its path the more they are attracted by its alleged economic and political rewards. Recollections of a huge and barely tapped market for Japanese manufacturers, especially cotton textiles, are still recent in the Osaka region, the Lancashire of Japan.

Since last May, when trade came abruptly to an end following the Nagasaki incident (although letters of credit already issued were in fact honoured afterwards), the pressure from both traders and politicians for a healing of the breach has grown month by month. The easing of the embargo restrictions, just after, last August, was an additional goad to the Japanese: they visualized the French, the British, and the Germans reaping the fruits of the more favourable terms of trade. Then came another spate of rumoured American restrictions on Japanese imports, which strengthened the argument – as did trade and currency liberalization measures in Europe at the end of the year – that Japan, under conditions of increasing competition in under-developed territories, could not afford to neglect any markets.<sup>439</sup>

This presentation of Japan is of a nation destined to resume trading with China; the correspondent’s ‘forbidden fruit’ analogy painting an image of inevitability. Also, following the analogy further, the ‘Japanese’ are framed as hungry, almost entitled to be back in the Chinese market. The article then goes on to describe there being a sense in Japan that China’s public position is different to that of its private stance on resuming Sino-Japanese trade:

Some exporters feel, however, that China is not as adamant as her official pronouncements would let it be believed; and that there has in fact been some softening of her attitude in recent weeks. An approach at Government level, even by the allegedly “hostile” Kishi cabinet, would not necessarily be spurned.<sup>440</sup>

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<sup>439</sup> From Our Own Correspondent. ‘Lure of China Trade for Japanese Firms’, *Times*, April 14, 1959.

<sup>440</sup> Ibid.

It is then explained that the call for a resumption of trade coming mainly from small to medium businesses could lead to disappointment for these Japanese industries. Rather than China being a market for the products these businesses were able to offer, as it had been in the past, the correspondent notes that:

What she [China] wants now from this country [Japan] is ships, engines, industrial plant, steel, and chemical products, all of them heavy industrial items. Between January and June of last year, for instance, steel and fertilizer made up 70 per cent. of all exports to China.<sup>441</sup>

Due to the PRC's extreme, instant reaction to the Nagasaki flag incident, however, these big Japanese industries were said elsewhere in the article to currently view trading with China as too risky. Even so, the article then concludes that Japanese companies have been adept at finding unofficial 'backdoor' routes to China's market. The image of Japan one is left with is of a nation with conflicting views on China. There is enthusiasm and caution, optimism and doubt. Even so, the image is not static but rather dynamic, overall edging rather than hurrying towards the Chinese market.

Three years on the newspaper reports suggest that there was still no visible movement in UK businesses adjusting their practices in order to adapt to the changing political and trading landscapes in Southeast Asia and China, or indeed of their accepting the consequent reality of steady decline in their share of these markets. An article in the *FT* in June 1961 considered in some detail the decline in British exports in Southeast Asian markets as a whole, and in Malaya in particular, and initially downplayed the existence of a threat from the Japanese, or from any other competitor. Regarding Japan specifically, the author, who was H.W. Woodruff, the United Kingdom Trade Commissioner in Malaya, sought to put Japan, now the second largest exporter to Malaya, firmly in its place: 'For many years Britain has been the Federation of Malaya's main trading partner. In 1960, the UK was responsible for 17.5 per cent. The next largest trade was that with Japan with little more than half that figure.' However, the Trade Commissioner then proceeds to quietly admonish British firms for their lack of effort in exploiting the Malayan export market compared to that being made by non-British firms, where he marvels at what might be achieved if only 'they started from the splendid spring-board which the British exporter seems to have

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<sup>441</sup> Ibid.

neglected'.<sup>442</sup> Elsewhere in the article, he is candid about British industry's current approach:

To some extent, past success has left Britain with a legacy of rigidity of method and outlook which tells against her in the changed and more exacting trade conditions of today. The trade channels which served so well in the past, almost without further thought by the manufacturer once the goods had left the factory, no longer function in this delightfully automatic way. The manufacturer must follow his goods into the hands of the users, and he must satisfy himself that all that is needed for their successful sale is provided en route.<sup>443</sup>

The article's images of both Japan and the UK contain conflicting messages: Japan has merely half the market share of the UK yet is now the second largest exporter to Malaya with around 8-9% market share. The UK is the self-assured, impressive 'Federation of Malaya's main trading partner', yet the British attitude and approach to trading in the market is stubbornly stuck in its ways and not fit for the new, rapidly changing trading environment.

In the following year, 1962, the Japanese were shown by the *FT* to be making further inroads into another segment of the Chinese market with a product which, as seen in the previous chapters, was widely viewed in the UK as traditionally British: textiles. The article in the paper's September 25<sup>th</sup> edition describes how:

Recent sales of Japanese wool-tops to the Chinese communists have attracted a good deal of interest in the U.K., where Chinese buyers have also been active in the past month. So far the Japanese sales to China have not been on a large scale, but topmakers in this country are very much aware of the competitive power of the Japanese whose transport costs are significantly lower than those of British topmakers. A recent statement from Tokyo by the Japanese Wool and Linen Textile Exporters' Association confirms that Japanese traders have concluded contracts for the export of 200,000 lbs of wooltops to China.<sup>444</sup>

The author then outlines more specifically what might be the UK's concerns regarding this contract, stating:

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<sup>442</sup> Woodruff, H. W. 'Britain's Share in Malaya's Trade, Malaya's Economy', *Financial Times*, August 31, 1961.

<sup>443</sup> *Ibid.*

<sup>444</sup> 'Japan Sells 'Tops' to China', *Financial Times*, September 25, 1962. Wool-top: wool whose fibres have been washed and prepared for the spinning process.



This is a smaller quantity of wool than was recently bought by the Chinese in the north of England. All the same there is considerable interest in the exact details of the contract between China and Japan; the trade would like to know what quality of tops were sold and how much credit was granted. It is thought that ... longer credit was given than would have been willingly granted from Britain; but so far there has been no confirmation of these rumours.<sup>445</sup>

Later on, the Chinese themselves are described as astute negotiators, with the author noting that ‘all the signs are that the Chinese have bought skilfully. Their purchases of English wool-tops three weeks ago were made at a price several pence below cost, and since that time quotations have risen noticeably.’<sup>446</sup>

Japanese industry’s image regarding textiles is very different here from that seen in the previous chapters, particularly chapter 2: a common depiction of the country’s textile trading being as a ‘threat’, ‘unfair’, or ‘untrustworthy’. However, in this article, there are no such concerns shown to be raised from the UK side. Rather, useful base images of both Japan and the UK are projected. Though the Japanese are encroaching on a UK market in China, the British topmakers are shown to have a rational view of why Japan might have a competitive advantage. Japan is accepted as able to manufacture and supply products more competitively than the UK. In that regard, Japan is shown as a fair competitor. Even the fact that the Japanese firm is rumoured to be offering longer credit than that in the UK – something potentially the British firm could do - is presented as the Japanese having gone the extra mile. The UK image is one of acceptance of Japan as a strong competitor, and also of slight irrational desperation through the British firm having secured the Chinese order by supplying at below cost. The ultimate picture of the British is that of struggling to maintain relevance in this particular market.

The rumours of the Japanese agreeing to generously flexible payment terms with the Chinese in order to further penetrate its market were given greater credence when the following year the *Guardian* reported in October 1962 how:

Japan moved towards increased trade with Communist China today with a Cabinet decision to offer China easy-payment terms...The new policy will seek a five-year agreement for trade at company level between Japan and China; settle

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<sup>445</sup> Ibid.

<sup>446</sup> Ibid.

the balance of bilateral trade on a long-term basis, not year by year; and authorise deferred terms over a two or three-year period.<sup>447</sup>

Even with Japan still not officially recognising the PRC, it was revealed that:

A Japanese business delegation is about to visit Peking, and yesterday the Cabinet in Tokio approved a plan to offer deferred payment terms hitherto unavailable to Chinese purchasers of Japanese exports. Once more the Japanese are embarked on one of their periodic efforts to try to recapture some part of the huge market that constantly allures them, and that once was theirs.<sup>448</sup>

The article noted how Sino-Japanese trade had been growing fast during the year but was still only a small fraction of Japan's total trade. Further revealed was that the move to expand Sino-Japanese trade appeared to be coming from both directions:

[I]n China the economy has run into desperate straits; factory development has been checked, and just when an industrial elder brother is most needed the Soviet Union no longer seeks the role. China badly needs the fertilisers, steel, and machinery that Japanese factories could supply; the Japanese manufacturers, on their side, are frustrated to see these goods being supplied by rivals in Western Europe. And so the Japanese mission to Peking last month got on more happily than its predecessors.<sup>449</sup>

Once more, outside the context of direct Anglo-Japanese bilateral trade, the *Guardian* can be seen to portray a 'straight', rather positive image of Japan regarding its economy. The UK is not mentioned in the article beyond the umbrella of 'rivals from Western Europe', whereas Japan is placed centre stage as successful trade negotiator and manufacturing exporter. Not only this, there is a stated acceptance of Japan's success surrounding that image through the Chinese market having once been 'theirs', even though it had also once been a key market for the British. In fact, it should be noted that in articles in the 1950s, the UK is shown to consider China as a market where British exports were safer from Japanese competition than in Southeast Asia, due the Japanese recognising Chiang Kai-shek's Taiwan administration as the legitimate government of China. Now there is a distinct shift to Japan being presented as a rightful, inevitable competitor to the UK in the Chinese market. Japan can be seen to be mindful of China's economic predicament, with the country in dire straits, just

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<sup>447</sup> 'Easy Payment for China: Japanese Offer', *Guardian*, October 17, 1962.

<sup>448</sup> 'China and Japan', *The Guardian*, October 17, 1962.

<sup>449</sup> *Ibid.*

emerging from the long famine resulting from the decimation of its agriculture by the Great Leap Forward campaign, then compounded by two years of drought. Currency or raw materials with which to trade were scarce in the PRC, and so trade with the Japanese, who offered them flexible deferred payment schemes, would have been an attractive proposition for the Chinese. One influence on this article in 1962 that should be acknowledged is that of the specialist weekly *Economist*'s 'Consider Japan' series of articles by Norman Macrae mentioned earlier. These were published from September 1962 and then later compiled into a book. 'Consider Japan' alerted many with a direct interest in the field of macroeconomics (such as financial journalists) to the full extent of the extraordinarily rapid change in the economic structure of Japan and the country's economic growth and prowess. In chapter 3, we noted that following the publication of 'Consider Japan', a shift from negative stereotyping to slightly more rational depictions of Japan can be seen to occur in 1962 in non-specialist newspaper coverage of Anglo-Japanese bilateral trade - at least until around 1970. Even though Japan's image has been shown from the off in this chapter to be a reasonably faithful representation, 'Consider Japan' cannot be discounted as an influence on the author of this particular *Guardian* article, which presented such an evidence-based depiction of Japan's unflappable and skilful advancement into the Chinese market.

Indeed, the topic of the Japanese offering such flexible payment terms to the Chinese in order to win their market was also covered without negative depictions of Japan the following May by the *Times*, a newspaper that, as we saw in the previous chapters, on many occasions erred in the direction of portraying less than flattering or accurate portrayals of Japan. On May 17<sup>th</sup> 1963 the paper faithfully related how 'the Japanese Government has already shown a willingness to authorize deferred payments from the Chinese, having previously refused such authorization on the grounds that without diplomatic relations the future was too uncertain for deferred payments to be feasible.'<sup>450</sup> Similarly the rest of the article relates to readers, without negative undertones, Japan's plans for expansion in the Chinese market, presenting an image of increasing Japanese confidence regarding trading relations with the PRC achieved through its careful, pragmatic statecraft and economic flexibility.

Four months later readers of the specialist weekly publication the *Economist*

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<sup>450</sup> 'Japan Seeks Expansion of Trade with China', *Times*, May 17, 1963.

were also being shown the impressive scale of the expansion of Japanese transport products exports, including in the Southeast Asian market. In its August 31<sup>st</sup> 1963 issue, the weekly publication described how:

The excellent reputation of Japanese motorcycles abroad, gained in no small measure by their success in international racing, will no doubt help the industry to meet or even surpass its export target for 1963... The United States now buys most of Japan's motorcycle exports, followed by Malaya, Thailand and Indonesia, and other south-east Asian countries.<sup>451</sup>

The article then offered detailed information on Japan's motorcycle trade with Singapore, reporting:

Under an agreement between Suzuki and Singapore Motors, Ltd., Suzuki is to export some 1,500 motorcycles to Singapore in 1963, this to be raised to 3,000 next year. All told, Suzuki expects its monthly exports to Southeast Asia to rise to 1,000 units during the current year.<sup>452</sup>

It is worth comparing this article's images of Japan in 1963 in the context of trading with Singapore (about to become part of the Malaya federation, for three years), with those portrayed by Bevan in the 1957 *Financial Times* article 'U. K. Trade Strength in Malaya' mentioned earlier. In that article, Bevan presented the Japanese as no threat to the UK's exports to Malaya of consumer goods, due to the fact that Malaysians 'were discriminating and did not sacrifice quality for cheapness' - thereby insinuating that Japanese products were of poor quality and so not able to compete with those from Britain.<sup>453</sup> However, just six years later in 1963, the contrary is being suggested to the *Economist* readership with its reference to 'the excellent reputation of Japanese motorcycles abroad'. This glowing image of Japanese manufacturing is underlined by the information that exports of Suzuki motorcycles are on track to be at the level of 1000 a month by the end of 1963.

One year later, the degree of competition UK exporters in reality faced in the Malaysian and Singapore markets from Japan in a range of manufactured products was relayed to a far wider audience, when the *Guardian* in 1964 described the true

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<sup>451</sup> 'Motorcycles Spread Abroad', *Economist*, August 31, 1963.

<sup>452</sup> 'U.K. Trade Strength in Malaya', *Financial Times*, 1957.

<sup>453</sup> *Ibid.*

extent of Japanese ambitions:

For British businesses there [in Singapore], and in other Far East centres, it may become a fight to survive against the Japanese. From old dreams of conquest Japan has turned with forceful, single-minded purpose to trade. A phrase heard repeatedly by visitors to Tokyo sums up the country's goal: International Competitive Power. Japan's activities include building ship-yards, hydro-electric stations and complete factories in neighbouring countries, as well as shipping them cars, cameras, chemicals, refrigerators and radios...For Britain it means waning influence and declining markets.<sup>454</sup>

The paper further emphasised the contrast in performance between the UK and Japan in the Malaysian and Singapore market, by detailing how the former pupil of UK industrialisation was now beginning to overtake what was once its master - in car exports, despite the barriers the British had erected to prevent this happening:

Japan drove into the Malaysian car market. In May sales of the [British-made Austin] 1100 in Singapore fell to 124, while Japanese dealers sold 161 Datsuns, the equivalent Japanese car...The Japanese have achieved this despite heavy import duties which give Britain preference.<sup>455</sup>

Japan's daring approach of being extraordinarily flexible with payments – far more so than its competitors - is placed at the forefront of the article in explaining why Japan was succeeding in winning the market. For example, it described how:

Japanese cars arrive with no fixed prices, but are sold for what they can fetch. Japanese accept smaller deposits, offer longer hire-purchase terms than western dealers would contemplate. Japanese methods succeed because they are suited to comparatively poor, but fast-expanding, Far East markets.<sup>456</sup>

It does seem that at this point a tipping point is being crossed in how Japan and the UK are presented, in both individual and relative terms, in newspaper coverage of their competition in the Southeast Asian Market. Previously, although Japan's success in its export drives into the territory had been acknowledged, the country continued to be framed as somehow 'lesser' than the UK. The UK in turn was depicted as the leading trading nation, albeit with strong competition from a very capable, motivated Japan.

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<sup>454</sup> 'UK's New Battle against Japan', *Guardian*, September 02, 1964.

<sup>455</sup> *Ibid.*

<sup>456</sup> *Ibid.*

However, an air of inevitability was beginning to creep in of the direction of Japan's trade levels in this market, and that of the UK's. For instance, the *FT* the following year in July 1965 highlighted for its readers the harsh realities in trading with Malaysia and wider Southeast Asia that British traders now faced:

The pattern of British trade with the non-Communist countries of the Far East is undergoing some important changes... In Malaysia, despite Commonwealth preferences, British exports have been up against increasingly strong and successful competition from other industrial countries... Competition is particularly fierce throughout the area--- largely because of the proximity of Japan. Japan's lower freight rates give her a built-in advantage over the West in most Asian markets, while her industrial production costs are still in most cases on the low side. In addition, Japanese exporters have the benefit of reparations agreements with a large number of countries in South East Asia. Partly thanks to these factors, but also to highly energetic and selective export policy, Japan has become the second biggest supplier of industrial goods to Malaysia.<sup>457</sup>

The harsh realities UK traders face can be seen to be effectively the many advantages that Japan holds, all undeniable factors behind its success in expanding its share of the region's markets. However, the article acknowledges that these are not the only factors. Japan is shown, rather than simply resting on the many basic advantages it holds over the UK in trading in the region, as making sure it is exploiting these advantages to the full through maintaining a 'highly energetic and selective export policy'. There is a distinct shift in tone here in 1965 from that observed in previous articles in this chapter regarding the Southeast Asian market. Now aligning with images of Japan (and the UK) already seen in the *Guardian* in 1962 concerning the Chinese market, an air of acceptance has crept in, an acceptance that there was an unwavering momentum behind UK exporters' continuing loss of share to their Japanese counterparts in Southeast Asia. Japan is shown to be winning against the UK, and the UK to be losing against Japan, and there is an acknowledgement that the consequence of strong Japanese competition is a shrinking British share in Malaysia's market, even whilst exports from the UK are increasing in terms of value:

Japanese competition has been one reason for the gradual weakening of Britain's trading position in Malaysia---our largest Far Eastern market... British exports to Malaysia have been rising very gradually over the past few years---with about

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<sup>457</sup> 'Change and Opportunity in the Far East, Bridging the Gap: The Financial Times Review of British Industry', *Financial Times*, July 05, 1965.

half the total going to mainland Malaya and most of the remainder to Singapore. But our percentage shares of the market show a less favourable trend.<sup>458</sup>

The distilled comparative images of Japan and the UK regarding their economic might are of the former coming into bloom and the latter wilting. Even though, as highlighted at the very beginning of chapter 1, the UK's economy at this time was growing at a healthy rate, and, as the above article points out, UK exports to Malaysia were increasing, Japan's economic expansion by this time is undeniably superior. In fact the article concludes with an effective acknowledgment of British defeat to the Japanese in the Malay peninsula:

The constantly shifting scene in South-east Asia and the ever-increasing strength of Japan as a trading competitor means that Britain is having to work extremely hard even to maintain its position in markets which it once took for granted. At the same time, however, there clearly are rapidly growing opportunities in some unfamiliar places which the U.K. may be on the verge of exploiting to the full.<sup>459</sup>

Japan's image as a growing success is confirmed, with readers then left with a closing poignant image of the UK struggling even to 'maintain its position in markets which it once took for granted', down but not out, looking to other unspecified markets to conquer instead. One factor that should perhaps be acknowledged as a potential influence on such as strong depiction in this article of Japan winning against the UK, is Tokyo having hosted the Summer Olympics the previous October - an event, as noted in the previous chapter, that Japan, like other emerging economies, used as a means of projecting an attractively modern, technologically advanced image to the international community.

Meanwhile, 1966 saw the *FT* covering a deal that illustrated Japan and China's now well-established economic relationship, with the former trading manufactured goods in part-exchange for the latter's raw materials:

The contract between Sumitomo and the China National Metals and Minerals Import and Export Corporation is scheduled to be signed shortly, according to the Ministry of International Trade and Industry. It is believed 77,000 tons of pipes will be sold, including seamless pipe, boiler tubes, machine tool pipe and stainless-steel pipe. To help pay for the shipments, Peking intends to export to

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<sup>458</sup> Ibid.

<sup>459</sup> Ibid.

Japan pig iron worth Yen 500m. and coking coal worth Yen 60m. The remaining account will be paid in U.S. dollars on a letter of credit basis.<sup>460</sup>

In addition, the by now ubiquitous flexible payment terms the Japanese offered can be seen as remaining of major importance to China with its limited foreign exchange. Even so, another *FT* article the following year in February 1967 showed the full extent of the risks Japanese were prepared to take in order to win a greater share of China's market, and the inherent perils that accompanied those risks:

Japan's fertiliser manufacturers are convinced they face a crisis as a result of accepting an order from China for 2m. tons of urea and ammonium sulphate at a c.i.f. price of \$36.5 a ton, well below world market levels, the previous November. The amount of fertilizer chemicals to be delivered to China under the contract is about 20 per cent more than delivered in 1966, but the total price of £26.1 million represents a cut of 26 per cent [*sic*] the price per ton last year was \$44.9. Similar problems are expected to be faced by the Japanese special steel industry, which has accepted an order for \$4.6 m. worth of rolled special steel from China.<sup>461</sup>

For any UK reader with a vested interest in either fertilisers or steel, any feeling of being buoyed by seeing their Japanese counterparts' predicament would probably quickly give way to despondency at the realisation of the lengths Japan's industries were prepared to go to win China's market. The image of Japan is similar to, but also crucially distinct from, that of the UK wooltop maker seen earlier in the 1961 *FT* article selling at below cost to China. Whereas the UK wooltop maker could be seen as taking desperate action to maintain relevance in the present, these relatively young Japanese manufacturing industries are shown to be fighting to gain a future relevance in the Chinese market.

As for confidence in the UK's position in Southeast Asia, analysis of the newspaper articles up to this point would seem to suggest that the steady decline of the UK's share and the steady increase of Japan's was by now established fact. However, an article in the *FT* in 1967 demonstrates that the images of Japan and UK presented in its own analysis were one thing, but the images – particularly the self-image of the UK – continuing to propagate unabated outside that analysis was

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<sup>460</sup> 'China to Buy Steel Pipes Worth £6m. From Japan', *Financial Times*, September 23, 1966.

<sup>461</sup> 'Japan Fertiliser Sale to China Brings Price Stability Fears', *Financial Times*, February 14, 1967.



something else entirely, remaining rigidly glued to the UK's former glory days. In the paper's August 19<sup>th</sup> edition an article titled 'Britain Can Beat Her Competitors' quoted the Minister of State at the Board of Trade, George Darling, who articulated bullish views on UK industry's position in the global market. When answering charges that British goods were not competitive with those from Japan, West Germany and other countries in the Southeast Asian market, Darling confidently stated that 'Britain is capable of beating the pants off any of her industrial competitors anywhere in the world.'<sup>462</sup>

Though not specifically mentioning the UK, somewhat countering Darling's alternate reality of the UK's unbeatable capabilities in the global market in the late 1960s that had featured within its own pages, the *FT* three months later in November 1967 featured an article by Seymour Broadbridge on Japanese industry. A leading British academic specialist on the Japanese economy, Broadbridge expressed the view that:

The Japanese are smart (=clever) imitators [and adaptors]. In electronic consumer-goods, in shipbuilding and in steel the last part of the slogan "Adopt, adapt *and improve*" has received almost as much emphasis.'<sup>463</sup>

The article goes on to recognise Japan's exports of steel products as a success story, pointing out that:

Japan was never a major steel-exporting nation before the Second World War, and although there were fluctuations in the 1950's which took her foreign sales to near 2m. tons, it is only since 1960 that steel sales have really made their mark.<sup>464</sup>

Broadbridge's unabashed presentation of Japan for *FT* readers in 1967 is of an exporter that has made – and continues to make - leaps and bounds in its industrial capability, in industries of major importance to the UK export economy at this time.

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<sup>462</sup> 'Britain Can Beat Her Competitors', *Financial Times*, August 19, 1967.

<sup>463</sup> Broadbridge, Seymour. 'The Growth of a Steel Giant without Feet, Japan: A Financial Times Survey', *Financial Times*, November 29, 1967.

<sup>464</sup> *Ibid.*

By 1969, regarding Southeast Asian markets, even the *Times* can be seen writing disparaging descriptions of UK businesses and contrasting them with favourable depictions of their Japanese counterparts:

the British failure to take advantage of existing economic opportunities and her ignorance of south-east Asian market conditions, especially when compared with the new breed of merchant-adventurers, the Japanese.<sup>465</sup>

And then in 1971, plainly faced with the reality of the UK's declining share of trade in the Southeast Asian market, the UK's government can be seen in the press to be taking practical measures to improve the situation. One such measure was organising a large trade exhibition in Singapore, the 'British Industrial Exhibition', described by an *FT* article as having representation by 'over 200 [British] companies, with about £10 million worth of products'. The article further continued:

The exhibition, sponsored by the Department of Trade and Industry and the British National Export Council, is the largest of its kind to have been held in Singapore and one of the most ambitious operations ever mounted to promote British exports in the area. It is aimed not only at Singapore itself, which absorbed £65m. worth of British goods last year, but also at the South East Asian region which represents a market of over £200m. a year for U.K. exports.<sup>466</sup>

Six months prior to the exhibition taking place, an article in the *Guardian* gave a less than optimistic appraisal of the event's chances of improving the UK's fortunes in the region, noting that it 'may not have the impact desired by the organisers---the United Kingdom Manufacturers' Representatives' Association'. The article then went on to elaborate the reasons behind its cynicism. This is chiefly that the event had to overcome what the author observed as being a defeatist mindset now widely established in the UK that UK goods were incapable of competing in Southeast Asia with those from Japan. The author states how:

Mr Leonard Rayner, president of the association and a representative of the Confederation of British Industry, is still trying to rouse interest in Britain among manufacturers who have not yet entered this market. We believe it is imperative that a far wider range of British manufacturers should interest themselves in the trade potential of South-east Asia....The association thinks manufacturers make

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<sup>465</sup> Parkinson, Brien K. 'South-East Asia', *Times*, January 07, 1969.

<sup>466</sup> Smith, Charles. 'Singapore Exhibition to Counter Withdrawal Fears', *Financial Times*, October 19, 1971.

the mistake of believing that British goods and services are not competitive with Japan, although the evidence is to the contrary. Singapore and Malaysia alone account for £120 millions of British exports each year... There is a wide range of British goods that can be sold out here against any competition, and requiring only a concerted sales effort to achieve success. The exhibition is intended to be a demonstration of Britain's increasing economic interest in a region where there is a fund of goodwill... It is also hoped that Britain could regain lost markets in the area and capture a reasonable share of the market for sophisticated engineering goods arising from increased activity in the oil, shipbuilding, and ship repairing industries.<sup>467</sup>

Japan's image is that of an economy soaring ahead in not only the actual, but also psychological battle to encroach on the UK's share of the Southeast Asian market. The UK, on the other hand, is shown to have two layers of images. One of these is that those at government level can see that Japan is a formidable competitor, but that there is still very much a market to be had in the region. The second shows UK businesses commonly having a very different perspective, namely that the Southeast Asian market is not worth bothering with. This latter image provides a useful insight into how Japan's trading strength was viewed 'on the ground' in the UK at this time. The exhibition is attempting to break the mindset in UK businesses of surrendering the Southeast Asian market to the Japanese. The article later goes on to demonstrate the prevalence of this mindset, through the decision to hold a major trade exhibition in Singapore being 'a desire to dispel any impression that UK is "pulling out" of the Southeast Asian region in an economic sense.'<sup>468</sup>

One example of the steps Japan had been taking that the UK had been slow to adopt were those it had made in order to increase car exports to Singapore and other Southeast Asian markets. As mentioned earlier in the *Guardian*, Japan had applied special methods to benefit its trade with these areas by, for example, accepting smaller deposits. However, not until the 1970s are there visible signs in the newspapers of similar strategies applied by British businesses to boost their trade with this area, such as for example, credit guarantee schemes. In addition, British government measures such as trade exhibitions were aimed at UK companies to motivate their exports, rather than directly to Malaysian and Singaporean buyers of similar Japanese goods.

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<sup>467</sup> Drysdale, John. 'Chance to Lift UK Image', *Guardian*, March 26, 1971.

<sup>468</sup> Ibid.

The following year, in April 1972, the UK government can also be seen in the press to be proactive regarding the Chinese market, with the *Times* covering a British trade mission to China led by Sir John Keswick, president of the Sino-British Trade Council. In this article, Keswick is reported to be increasingly concerned at the UK losing out to Japan in terms of pricing in the competition for the Chinese market.<sup>469</sup> He is later on shown to be attempting to remain upbeat about Anglo-Chinese trade relations, when he mentions that ‘everywhere he and the trade council’s delegation to China had gone they had been received with great cordiality.’ Regarding the actual negotiations, however, Keswick was less positive, describing how ‘the main difficulty for British exporters was Peking’s desire to buy the latest machinery and plant at the lowest price and the British delegation was frequently told about the competitiveness of the Japanese products during their trip.’<sup>470</sup> Now, as in Southeast Asia, Japan’s fierce competitiveness shows them to hold a dominant position over the UK in the battle for a share of the Chinese market. Keswick’s observations of the extent of the hurdle that Japanese industries present for UK businesses are given weight by Keswick noting that, as well as his government role, he is also chairman of Jardine, Matheson, one of the most successful British companies at the time in Sino-British trade. For *Times* readers, therefore, Japan by 1972 unequivocally has the upper hand over the UK in the Chinese market. The unwelcome counter image of the British is, if not losing to the Japanese, then at least incapable of beating them.

This strong Japanese competitiveness in China continued to be covered in 1972. The *Guardian* reported in September how a change in the USA’s stance over the region that year demonstrated that the already dominant Japanese were poised to expand even further into the Chinese market. An article titled ‘Pacific Play’ described how the event of ‘President Nixon’s meeting with the new Japanese Prime Minister Kakuei Tanaka [on August 31, 1972], may mark the end of the American-Japanese association which emerged after the Second World War, and the beginning of a new power alignment between Japan and China.’<sup>471</sup> The article then goes on to analyse what this might mean for China:

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<sup>469</sup> Goodstadt, Leo. ‘China’, *Times*, April 18, 1972.

<sup>470</sup> *Ibid.*

<sup>471</sup> Zorza, Victor. ‘Pacific Play’, *Guardian*, September 01, 1972.

China's real power will be unlocked only when its vast economic potential is fully exploited. Japan is far better placed than the United States to play the key role in helping China to do this, not simply because of geographical proximity, but for powerful historical and cultural reasons, and also because many new facts of economic and political life favour it.<sup>472</sup>

Then follows the author's analysis of what, in turn, this new relationship could likely mean for the Japanese:

The Japanese... are determined to reduce their dependence on the United States market, not by cutting down trade with the United States but by greatly expanding their business links with other countries. Among these, China offers the best prospects for a partnership that could provide many of the raw materials Japan needs as well as expanding modern markets for Japanese goods. It is an association that could change the existing pattern of world trade, which shows the most rapid increases among the more developed countries... In the long run, the manpower and economic resources of China allied to Japanese technology and business acumen, and based on the industriousness that is common to both nations, could form a more powerful combination than any other in which the United States, Russia, or Europe are likely to take part.<sup>473</sup>

As can be seen, Japan (along with China) is being framed as a potential superpower. Also, the country is being shown as seeking to stand alone economically from the USA through building trade relationships with other countries, of which China is presented as offering the greatest potential. Reflected back by these images, through Japan being presented as the natural trading partner of China by the two countries forming 'a more powerful combination than any other in which the United States, Russia, or Europe are likely to take part', is the UK now categorically holding an insignificant position in the Chinese market in comparison to the Japanese.

As for the UK's predicament in the Southeast Asian market, the British press in 1972 can itself be seen to be taking matters into its own hands to help reverse the decline in the UK's share of exports. In November that year, the *FT* organised a conference on business opportunities in the region. One speech at the event was covered by the *Times*, in an article in which Lord Limerick (Patrick Pery), the Parliamentary Under-Secretary of State for Trade, called for trade expansion in Southeast Asia, pointing out that:

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<sup>472</sup> Ibid.

<sup>473</sup> Ibid.

Britain's market share in the area [Southeast Asia] had been declining, while, both Japan's and the United States' shares had increased greatly. Britain's share of trade with Singapore was 10.4 per cent in 1965. By 1971 it had declined to 7.3 per cent. Japan and the United States had considerably increased their shares over the same period. The situation was the same in Malaysia. The share of trade had fallen from 20 per cent to 15.6 per cent. In the same period, Japan's market share rose from 11.5 per cent to 20.1 per cent.<sup>474</sup>

For the *Times* readership, Japan cuts a figure of success, having doubled its share of Malaysia's market in 6 years, in the process beating the UK. And these figures Lord Limerick quotes in turn reflect an undeniable image of the UK losing its grip on the Southeast Asian market. What possibly could sour the image even further for the UK's reader is the mention of the USA having managed to increase its market share over the same period. This fact would make it difficult to rationalise Japan's success over the UK being due to supposed factors such as lower Japanese living standards, 'dumping' etc. often cited regarding Anglo-Japanese bilateral trade competition, as discussed in earlier chapters. The USA, after all, was a first world country and was the world's largest economy by this time.

The article ended on a more optimistic note by reporting the steps the government would be taking to tackle this decline in the UK's share of exports to the region:

The Department of Trade and Industry and the British Overseas Trade Board were anxious to assist exporters. The Government had organised two industrial exhibitions, one in Hong Kong and the other in Singapore, during the past year. Credit insurance was offered through the Export Credit Guarantee Department and the ECGD now offered the overseas Investment Guarantee Scheme.<sup>475</sup>

Here we can see a UK actively taking its lead from Japan by encouraging UK firms to offer credit to the buyers of its exports, by providing government underwritten loans. On this final newspaper article analysed from 1972, the comparative images are: where Japan leads, the UK follows.

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<sup>474</sup> Hawtin, Guy. 'Call for expansion of trade with South East Asia', *Times*, November 22, 1972.

<sup>475</sup> *Ibid.*

## 4.4 In Conclusion

Whereas in chapters 2 and 3 images are commonly featured that depict Japanese competition as an unfair threat to UK industry, we have seen in this chapter that Japan is generally presented with far less alarming connotations when in the context of being a competitor to British exports to Southeast Asia and China. Articles covering this topic appear to offer a less emotional, more rational and realistic depiction of Japan's economy and trading successes than those that are concerned with Anglo-Japanese bilateral trade.

In articles covering trade in Malaya and Singapore, there is an accompanying reflection back of UK industry of a confidence in their own trading position in this market compared to Japan – soon contested as being misplaced - stemming from the continuation of a colonial mindset informed by images of the UK's former dominant position in the region. By the late 50s these images of Japan's and the UK's relative positions in the Southeast Asia market begin to be more commonly called into question in articles. There is in fact a shift at this point to Japan being presented in newspapers as, rather than a lesser competitor, a very successful trader on course to overtake the British in levels of exports to the region. Linked directly with this is a shift in the reflection back of UK industry to now having lost its edge in the region through maintaining a complacent attitude, lacking in some of the competitiveness and drive now required to win orders in the Malaya and Singapore markets. Come the early 60s, these straightforward images (and reflections) of the UK's and Japan's relative positions at this point, which matched trade data throughout the period, are strengthened to the point of becoming more and more established as 'default' in articles covering this topic.

Meanwhile, at the beginning of the period under concern, Japan can be seen being considered as unlikely to be much of a competitor to the UK in the Chinese market due to the Japanese political stance that aligned with that of the USA of recognising Taiwan, rather than the PRC, as the legitimate Chinese government. However, quite soon the image of Japan moves to the country being presented as an economy skilfully and proactively negotiating this difficult political landscape, highly successful and persistent in opening-up trade links with the PRC.

Then from the mid-1960s until 1972, Japan's image is continuously and clearly presented as adaptable, flexible and proactive in both the Chinese and the

Malaysian and Singapore markets, such as showing how the country is offering far more flexible payment terms to buyers. The consequent reflection back in these articles is of UK industry moving, in the case of the featured Southeast Asian markets, from being complacent to now having a defeatist attitude regarding its ability to compete with the Japanese. By comparison in articles covering Japan's trade in China, the reflection is one of UK industry acceptance of Japan's greater ability to penetrate the Chinese market. By 1972 Japan is shown to have unquestionably overtaken the UK in trade levels with China, Malaysia and Singapore. UK industry, on the other hand, is reflected back as having lost out in both these markets due to inflexibility, not being proactive and - particularly in Southeast Asia - having maintained an out of date mindset borne of the UK's former glory as a colonial power. Therefore, similarly to chapter 3, emotional and historical based images can be seen as being increasingly considered by the writers of articles throughout this period to be informing UK industry's reasoning and approach to competing with Japan.



## Chapter 5

### Conclusion

Having been the pioneers of the First Industrial Revolution, the British in the 20<sup>th</sup> century found their leading position in the world economy challenged by new economic competitors. The UK had been one of the leading economies helping Japan's modernisation and influencing its reforms following the country's Meiji Restoration of 1868. However, by the first half of the 20th century, the competition the UK faced from Japan, both in its domestic and overseas markets, became stronger. Following the Second World War, although both countries experienced a golden era of growth, their fortunes reversed fundamentally, with Japan gradually overtaking the UK in many economic fields in the world market.

This thesis has used selected British newspapers to observe and analyse images of Japan in articles published between 1952 to 1972 covering three specific economic aspects concerning the country over this time. The first of these are the negotiation processes and contents of important trade regulations, namely the SPAs in the 1950s and the Anglo-Japanese Commercial treaty in the 1960s. The second is Anglo-Japanese bilateral trade, and the third is the UK's and Japan's trade performance in the selected third markets of China, Malaya/Malaysia and Singapore and wider Southeast Asia. The findings indicate that attitudes in the UK towards Japan's economy throughout the changes the two economies experienced over the period in question were informed by factors beyond what purely the economic data itself might tell us. The changes in growth trajectory and relative wealth between the UK and Japan at this time in the world economy seem, particularly in the first half of the period concerned in this study, to in some major respects not have been widely followed by a corresponding adjustment either in the UK's view of Japan or, indeed, of itself.

This study found in chapter 2 that although Japan gradually overtook the UK's place in many fields in the world economy, how it viewed itself as an economic power as reflected from the images in British newspaper coverage of the negotiation process and the contents of the SPAs and Anglo-Japanese commercial treaty did not in reality match the economic positions of the two economies. It can also be seen in many

articles in chapters 2, 3, and 4 through the reflections back of UK industry that the latter was poorly prepared for the consequences of Japan's industrial modernisation. In fact, initially we find that in the early stages of the period covered by this research, the more Japan industrialised, the more UK industry seems to have clung to historical and emotionally-informed views of Japan, which alas included the Japanese being non-trustworthy business partners of low morality. Indeed, in chapter 2 this research finds that during the early 1950s, particularly in the articles in the *Manchester Guardian*, the common image for traditional UK industry of Japan regarding its trade competitiveness is based around tropes of unfair economic behaviour such as the 'use of cheap labour', 'copying others' designs', and 'government subsidies and dumping'. These images, though perhaps sometimes based on contemporary reality, were heavily drawn from memories of past Japanese trading behaviour.

In chapters 2 and 3, these types of images can be seen to soon be acknowledged, and then contested and rationalised, by articles; they are shown to be prevalent and requiring correcting and updating to enable a more informed, rational approach in the UK to Japanese competition. These emotionally and historically informed images are seen throughout this time to have crowded out consideration of other overlying real fundamental 'positive' reasons for Japan's success, such as higher productivity. That these images are seen from quite an early time in the period under concern to be acknowledged and contested by articles, indicates that the views held in the UK through 1952-1972, rather than being based on contemporary reality, were commonly prone to be strongly rooted in the historical, lagging behind reality and highly resistant to change. Therefore, my research aligns with the findings of Wilkinson, who found that attitudes in the West towards Japan were less objective, and unyieldingly rooted in the past. In fact, there are definite resemblances to the images of Japan portrayed (and then in the main, questioned) in the articles analysed in this thesis to those Wilkinson found in the late 1980s to be 'composed of an arsenal of stereotypes founded on the shifting sands of indifference, ignorance, prejudice and fear, rather than based on the results of a serious effort to understand Japan.'<sup>476</sup>

It is a select few among the journalists writing articles and those they interview or quote who have a broader-than-usual macroeconomic interest, and who are better informed of Japan's economic transformation and success. It is they who are shown,

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<sup>476</sup> Wilkinson. *Japan versus the West*, p. xi.

particularly from the late 50s/early 1960s, to present and then contest the emotionally and historically informed images of Japan they see being held by many in the UK and hindering British economic engagement. In essence, in economic terms it seems these negative images, often based on what had essentially become stereotypes, throughout the time period studied continued to cloud the views of many in UK industry as to Japan's potential as a trading partner, consequently leading to the gradual loss of the Japanese market to the US and Germany.

In chapter 4, it should be noted that there is generally a more straightforward, rational image of Japan in articles, where the country can be seen to be viewed slightly more neutrally as a competitor further from home in the selected third markets. Even so, the reflection back of British industry in articles regarding its own position in Malaya and Singapore in the first decade can be seen to be that of complacency. Through the contestation in articles regarding a British overconfidence in the UK's position in a rapidly changing post-colonial trading environment, there is revealed to be the prevailing historically-informed colonial mindset informing the level of proactivity by British industry in re-winning these markets.

And in that same chapter, regarding China, rather than being presented as unfairly beating British industry, Japan seems to be presented as almost inevitably regaining trade in a region with which it had long historic economic connections. Interestingly, of all the images of Japan seen in articles across all three chapters, this is one common image not contested in articles.

The findings also suggest there were, as one might expect, different presentations in the press between 1952 and 1972 of 'Japan', and not a single, homogenous and unanimous image. Wider analysis of newspaper reporting shows conflicting presentations of Japan can sometimes be seen between not only different newspapers but also even within the same publication. Regarding the former, there were for instance, for a long time, co-existing perceptions shared in the *Economist* which chose to praise Japan's economic growth in contrast with those of the *Times*, whose reports were more inclined to emphasize Japan's economic difficulties. As already noted, the findings of chapter 4 indicate that when it came to the reporting of the two countries' competition in the markets of East and Southeast Asia, images held by UK industry and even those in government of Japan's economy were somewhat different from those of Anglo-Japanese bilateral trade during the early period

concerned in this research. For example, there are few reports critical of the lower prices Japan could offer to the selected third markets for its exports, and little mention of inappropriate competition due to cheaper labour or the lower quality of Japanese goods. This contrasts strongly with the images in particular in chapter 2, where Japan is shown in the early 1950s framed as the sinister cause of traditional UK industry's woes. These latter types of images align with Maye's and Rowling's findings that images of Japan's economic success in British press articles might in the past have been warped somewhat by fear.

The analysis in the *Economist*, whose stance could probably best be described as neo-liberal and explicitly supporting free markets and globalisation, tended to represent a neutral, data-informed image of Japan's economy very early on. Likewise, the *FT* can be seen in chapter 4 offering fact-based images of Japan's economic performance, even though perhaps its readership was perhaps more conservative than that of the *Economist*. This aligns with Hammond and Stirner's conclusion that the *Financial Times* and the *Economist* tended to be strongly influenced by their free market approach, specifically that their 'economic coverage tends to be more objective and neutral. This is especially true of more straightforward factual reporting; written with investors in mind, items on companies and industry trends have to try to give an unbiased opinion.'<sup>477</sup>

*The Times* might be said to represent a yet more conservative audience, and was particularly prone to sharing images of Japan that were either slightly misleading, or begrudgingly fact-based. The more left-wing *Guardian* represented British traditional industrial interests, and so it is not surprising to see there are some reports, particularly those in the 1950s covering the potential or actual lifting of import restrictions on Japanese goods, in which emotional and historical based images were presented and uncontested. The *Daily Mail*, though a high circulation tabloid with a strong right-wing perspective, can be seen up until 1971 to present generally straightforward, often even positive images of Japan regarding its trade and economy. And the *Daily Mirror*, the UK's most widely read newspaper at this time and considered to represent the opinion of 'working people', can be seen moving from presenting Japanese trade

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<sup>477</sup> Hammond. P and Stirner. P. 'Fear and loathing in the British Press. p.95.

competition as 'evil' in the 1950s to unabashedly praising the country's economic achievements in the late 1960s.

In fact, come 1962, there can be seen a greater unanimity forming across these different editorial positions in their presentation and contestation of historical and emotional based images of Japan. It should be noted that this was around the time of the *Economist's* publication of its 'Consider Japan' articles, regarding which in chapter 3 Patrick Jenkin, (Lord Jenkin of Roding) is seen noting:

Perceptions were by the late 1960s beginning to change. For me, the moment of truth came with an astonishing series of articles by Norman Macrae in the *Economist* in the 1960s. Japan was not only rising from the ashes of defeat; her economy was beginning to outpace the West's and her exports were penetrating the world.<sup>478</sup>

The general trend, at least until 1971, of British newspapers presenting informed images of Japan (and contesting uninformed images of Japan) might mean some credit is due to Macrae's articles influencing financial journalists and those, like Lord Jenkin, with a direct interest and concern in the UK industry's underwhelming levels of Anglo-Japanese bilateral trade compared to its direct US and German competitors by this time.

As this realisation seems to creep in across publications that the UK had gradually lost Japan as an export market, the reporting became more and more synchronised, often actively urging British industries to focus on Japan's economic achievements rather than writing off any success as being down to factors such as "low morality" in Japanese business activities. As mentioned, it is also interesting to find that in contrast to the images of Japan noted by many articles to be influencing UK industry when concerning Anglo-Japanese trade, images of Japan that matched economic reality and did not need so much contestation or correction were more common when it came to the issue of Japan's winning in selected third markets. Even though the accompanying reflection in these cases was often of UK industry commonly nurturing an out-of-date superior colonial mindset, it suggests perhaps that one country's image of another country could more easily sit closer to reality the further away the perceived domestic threat is from the latter.

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<sup>478</sup> Cortazzi. *Collected Writings of Sir Hugh Cortazzi*. p. 280.

Happily, the above kind of reporting seems to contradict Hugh Cortazzi's view, at least regarding the business press from 1962 to around 1971, that 'Japan has never been popular with the owners and operators of popular media companies in Britain. They [the British media] don't like the Japanese and in many cases only want reports of a sensational kind which show Japan in a bad light.'<sup>479</sup>

Sadly, in 1971, orientalism and othering – which is sporadically seen in articles in the 1950s, and in the main abates during the 1960s to perhaps being implied in relation to the emotional and historical based images of Japan that are criticised and contested for being irrational - then reappear uncontested in images of Japan in the *Times*, the *Guardian*, and the *Daily Mail*'s coverage around the moment of the Nixon Shock in 1971. In these articles, the othering and orientalism unfortunately is embedded in the authors' narratives regarding Japan, rather than something they observe and then criticise. It is not clear why particularly at this time this phenomenon appears in these newspapers' coverage of Japan. However, Japan's economy by this time has grown to such a level that the country had a heightened political influence on the global stage. The tone of articles just prior to the Nixon shock have an air of unwarranted authority, when considering the possibility of Japan rising above the UK in the world order. Then following the Nixon Shock, the *Daily Mail*'s coverage of the immediate impact of the US president's announcement is gleeful and overtly orientalist and othering. This article is the only real incidence in the articles analysed where there is in a business report the type of 'weird Japan' imagery observed by in Hammond and Stirner's study of the wider Western media in the 1990s. Also, the respite in uncontested othering and orientalisating of Japan in the press seen in the 1960s, when the extent and potential of Japan's economic growth was beginning to be understood, might indicate this as a time during the post-war period during which there was a pause in what John Pardoe observed in the lead up to World War II to be a tendency for Japan to be negatively othered by British newspapers regarding its trade. It should therefore be noted from the findings that within the coverage of Japan by newspapers, there would be occasional shifts in the tone of articles covering the country's economy. Even so, the coverage by the *FT* through to 1972, rather than being swayed by the change in tone of coverage by the *Times*, the *Guardian* and the *Daily Mail*, continued to present - and then contest with facts - the historical and emotional

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<sup>479</sup> Ibid p. 255.

based images of Japan being held by UK industry even as Japan shifted towards Europe as an export market following the Nixon Shock.

Another interesting difference in images is seen whenever a report filed by a correspondent living and working in Japan was featured. These articles by Japan correspondents would often be particularly enthusiastic and complimentary about Japan's economic growth and the business practises and opportunities in the country, only serving to further highlight what soon becomes apparent in the case of the *Guardian*, when analysing the later output of these publications; of there being a distinct contrast between the views held in the UK regarding Japan's economy and trading with Japan and the reality of those witnessing the changes 'on the ground' in the country. The importance of this perspective is particularly demonstrated in the case of the above mentioned 'Consider Japan' articles, which were written by their author Norman Macrae whilst he was based in Japan, and which seem to have had such a positive influence in updating the views of many with an interest in the national level of economics.

The findings of my research indicate that negative images of Japan in the UK, especially during the early stages following the Second World War, were characterised by a reluctance to change beyond the level of government and financial journalism throughout the period of 1952-1972 (and even in the case of government, this observation can be shown in chapter 3 by the *Daily Mirror's* 1969 article to not be infallible). A two-tiered phenomenon can be seen to have emerged in the UK. The first being the writers of business articles concerning Japan and, often also individuals these articles quoted such as members of government or those with a direct interest in trading with Japan, who have gained a clear realisation that continuing to view the country negatively through the images informed by history and emotion rather than up-to-date economic fact has meant missed opportunities for British industry, opportunities that other nations such as Germany and the USA — which had long been regarded as having a more rational and so lucrative approach to trading with Japan — were reaping the benefits of. The second tier was made up of many in UK industry and perhaps the wider population. This second tier is seen to exist by the sheer regularity of articles that present these images as being prevalent but then contest them, lamenting how they are stifling UK industry's level of trade with Japan or competitiveness with Japanese industry. The extent and rate of the startling economic

growth of Japan rendered these negative images more and more hollow, as the real commercial opportunities for British businesses that Japanese economic growth presented became plainer and plainer. As they became ever more aware of these opportunities, more and more commentators in the press are seen switching from a strong voice loyally ‘defending’ British industries from Japan to instead seeing the opportunities Japan’s startling economic growth could present to the British economy, and challenging the out-of-date images held by UK industry. Even so, we find that some newspapers, such as the *Times*, retained some continuity in their negative narratives on Japan for a longer time than others, highlighting how this rate of change of the presentation of images of Japan as represented by these different publications was not always uniform.

We normally think that to explain an economic phenomenon we need to look at the economic data and policies, however, the findings of this research suggest that sometimes the trade data and the policies themselves cannot give us the fundamental reasons as to why trade (and policies) were as they were. Existing studies tend to suggest that the reason behind the UK’s losing to Japan in the world market lay largely in economic factors, but this research finds that in fact these are unlikely to have been the sole cause of the decline in either the economic position of Britain, the decline of Anglo-Japanese bilateral trade, or the loss in competition with Japan in third markets. Rather, other non-economic factors are likely to also have been at play — namely attitudes and views of Japan informed by out-of-date historical and emotional images.

For British industry, this study finds that its economic achievements in the industrial revolution, the memory of fierce Japanese competition and unfair trading performance since the interwar period, and most recently British experiences of the Second World War, profoundly shaped the images it held of Japan, and of the UK. There are a number of factors that seem to point towards why the two countries were never quite behaving towards each other in a manner that reflected their actual positions in the global economy during that time: the memory of the great British economic achievements in the past and indeed the fact that Britain had been a model for many aspects of Japanese society since the Meiji period; that within industry there was the view of the Japanese being party to under-hand business practice, stemming from the experiences before the war of the strong competition faced by British traditional industry from Japan during the 1920s and 1930s; and the Japanese defeat



in the Second World War to the Allies. In tandem with these factors, there was also seemingly a collective reluctance in UK industry to accept the decline of Britain's once preeminent position in the world, both economically and politically. Furthermore, I suggest the images seen presented in the articles analysed frequently show a reflection back of how British industry misunderstood and was slow to adapt to an already changed world order over that time.

This study has highlighted the importance of attitudes towards Japan as presented in newspaper articles. It seems highly likely that the historical and emotional-based images identified also have the potential to influence behaviour. The Anglo-Japanese case shows a country's industries being considered by many journalists and commentators to be steering their approach a great deal on the basis of what they believe rather than what is actually the case. As Wilkinson stated, 'People are disturbed and alarmed not by things but by their "opinions and fancies" about things.'<sup>480</sup> This study, by looking at the Anglo-Japanese case, therefore seeks to help us understand the power of images which are not necessarily based on economic reality to play a role in shaping national economic behaviour.

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<sup>480</sup> Wilkinson, *Japan versus the West*, pp. 32-33.

# Appendices

## Appendix 2.1<sup>481</sup>

### ***Annex A Japanese Note concerning Voluntary Export Control and United Kingdom Reply***

My Lord,

*November 14, 1962.*

I have the honour to propose to Your Lordship, on behalf of the Government of Japan, that as a result of the consultation held between the representatives of our two Governments on orderly marketing of Japanese products in the United Kingdom, my Government will, in accordance with laws and regulations in force in Japan, exercise voluntary export control on the exportation from Japan to the United Kingdom of the specific products enumerated in the list attached hereto.

I should be grateful if Your Lordship would be good enough to inform me that your government have no objection to the above proposal.

I avail myself of this opportunity to renew to Your Lordship the assurances of my highest consideration.

KATSUMI OHNO.

#### THE ATTACHED LIST

1. Cotton yam.
2. Spun yam of man-made fibres.
3. Woven cotton fabrics, except for re-export.
4. Woven man-made fibre fabrics, except for re-export.
5. Woven and knitted silk fabrics:
  - (a) weighing less than 0.6 oz. per sq. yd.
  - (b) weighing more than 1.9 oz. per sq. yd.
6. Woven wool fabrics.
7. Knitted fabrics and apparel (excluding gloves) of knitted, netted or crocheted material of cotton, wool or man-made fibres (including stockings and socks).
8. Outer garments (excluding gloves) and underwear of woven cotton, or man-made fibre fabrics or of silk fabrics weighing less than 0.6 oz. per sq. yd. or more than 1.9

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<sup>481</sup> Board of Trade, 'Government statement on the Anglo-Japanese Commercial Treaty Parliament: 1962-1963', *20<sup>th</sup> Century House of Commons Sessional Papers*. Cmnd. 1875, Volume 31, accessed from:  
<https://parlipapers.proquest.com/parlipapers/docview/t70.d75.1962-051391>.

oz. per sq. yd.: handkerchiefs, shawls, scarves and mufflers except those of silk weighing 0.6 oz. to 1.9 oz. per sq. yd. or of linen.

9. Knitted gloves and gloves of textile materials.

10. Miscellaneous textile articles, the following:

(a) lace and lace net and embroidery of all types;

(b) industrial goods of cotton; and

(c) narrow fabrics of all types and articles made therefrom.

11. Textile secondary products wholly or mainly of cotton for household use.

12. Nets and netting.

13. Radio and television apparatus and parts, the following:

(a) semi-conductors;

(b) transistorised radio reception apparatus;

(c) parts of transistorised radio reception apparatus; and

(d) transistorised television reception apparatus.

14. Domestic pottery (except articles of traditional Japanese design); and ceramic toys and

parts thereof. (Control to be operated as from 1st January 1968).

Your Excellency,

*November 14, 1962.*

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date on voluntary export control to be applied by the Government of Japan and to inform you that the Government of the United Kingdom have no objection to the proposal set out in your Note.

I have the honour to be, with the highest consideration.

Your Excellency's obedient Servant,

HOME.

**Annex B Items under Voluntary Export Control: Quotas and Liberalisation Dates**

Item	Quotas (annual rate)			Liberalisation date
	1963	1964	1965	
<b>Cotton yarn</b>	nil	nil	nil	1.1.66
<b>Spun yarn of man-made fibres</b>	£25,000	£25,000	£25,000	
<b>Woven cotton fabrics, except for re-export</b>	5.5 million sq. yds.	6 million sq. yds.	7 million sq. yds.	
<b>Woven man-made fibre fabrics, except for re-export</b>	3 million sq. yds.	3.6 million sq. yds.	4.2 million sq. yds.	
<b>Woven and knitted silk fabrics:</b>				
<b>(a) Weighing less than 0.6 oz per square yard</b>	300,000 sq. yds.	400,000 sq. yds.	500,000 sq. yds.	
<b>(b) Weighing more than 1.9oz per square yard</b>	200,000 sq. yds.	300,000 sq. yds.	450,000 sq. yds.	
<b>Woven wool fabrics</b>	400,000 sq. yds.	500,000 sq. yds.	600,000 sq. yds.	
<b>Knitted fabrics and apparel (excluding gloves) of knitted, netted or crocheted of cotton, wool or man-made fibres (including stockings and socks)</b>	£500,000	£600,00	£700,00	
<b>Outer garments (excluding gloves) and underwear of woven cotton, or man-made fibre fabrics or of silk fabrics weighing less than 0.6oz per square yard or more than 1.9oz per sq. yds.: handkerchiefs, shawls, scarves and mufflers except those of silk weighing 0.6oz to 1.9 oz per sq. yds. or of linen.</b>	£1,375,000 of which not more than: £200,000 for cotton, £250,000 for silk	£1,625,000 of which not more than: £250,000 for cotton, £300,000 for silk	£1,875,000 of which not more than: £300,000 for cotton, £350,000 for silk	
<b>Knitted gloves and gloves of textile materials</b>	£125,000	£140,000	£160,000	
<b>Miscellaneous textile articles., the following</b> <b>(a) Lace and lace net</b>	£150,000 of which maximum	£180,000 of which maximum	£210,000 of which	

<b>and embroidery of all types; (b) Industrial goods of cotton, and (c) Narrow fabrics of all types and articles made therefrom</b>	to be: £40,000 for (a), £50,000 for (b), £60,000 for (c)	to be: £48,000 for (a), £60,000 for (b), £72,000 for (c)	maximum to be: £56,000 for (a), £70,000 for (b), £84,000 for (c)	
<b>Textile secondary products wholly or mainly of cotton for household use</b>	£100,000	£120,000	£140,000	
<b>Nets and netting</b>	£40,000	£50,000	£100,000	
<b>Radio and television apparatus and parts, the following:</b>				
<b>(a) semi-conductors</b>	£200,000	£450,000	£700,000	
<b>(b) transistorised radio reception and apparatus</b>	£500,000	£750,000	£1,200,000	
<b>(c) parts of transistorised radio reception apparatus</b>	£200,000	£450,000	£700,000	
<b>(d) transistorised television reception apparatus</b>	£225,000	£450,000	£600,000	

***Annex C Exchange of Notes between the Government of the United Kingdom and the Government of Japan Constituting an Agreement in accordance with the Second Protocol concerning Trade Relations***

Your Excellency,

*November 14, 1962.*

I have the honour to refer to the recent discussions between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Japan relative to the Treaty of Commerce, Establishment and Navigation and the Second Protocol concerning Trade Relations signed today. It is the understanding of the Government of the United Kingdom that as a result of these discussions, agreement has been reached in the following terms:

The Government of the United Kingdom may continue to restrict imports of products originating in Japan shown in the first column of the attached schedule, subject to the following conditions:

- (a) During the period commencing on the date of coming into force of the Treaty and ending on 31<sup>st</sup> December 1963, the Government of the United Kingdom shall issue licenses so as to allow importation of Japanese products at the annual rate indicated against each product in the column headed '1963';
- (b) During succeeding years, the amounts to be licensed annually for each product shall be those indicated in the appropriate column for the schedule;
- (c) Where no amounts are shown in the schedule for a year, the amounts to be licensed for that year will be determined, aiming at reasonable increase, under the agreement for the two Governments. If no agreement is reached on a higher level, the amounts to be licensed for that year shall be at least those agreed as the amounts for the preceding year; and
- (d) Restrictions may not be retained on any product after the date shown against that product in the column of the schedule under the heading 'Date of liberalisation.'

If the foregoing equally represents the understanding of the Government of Japan in this matter, I have the honour to propose, that the present Note together with Your Excellency's reply to that effect shall be regarded as constituting an Agreement between the two Governments concluded in accordance with the afore-mentioned Protocol and that it shall come into force on the date of coming into force of the Protocol.

I have the honour to be, with the highest consideration,  
Your Excellency's obedient Servant,

Home

THE ATTACHED SCHEDULE

<i>Item</i>	<i>Quotas (annual rate, £thousands)</i>			<i>Liberalisation date</i>
	1963	1964	1965	
<b>Cigarette lighters (other than those of precious metals) and parts</b>	30	40		1.1.65
<b>Knives, forks and spoons and parts thereof, containing iron or steel</b>	50	100	160	1.1.66
<b>Domestic sewing machines and parts <sup>(1)</sup></b>	350	600		1.1.65
<b>Finishing tackle (excluding fish-hooks of metal and fishing reels of wood or metal)</b>	50	100		1.1.65
<b>Binoculars and parts <sup>(1)</sup></b>	100	200		1.1.65
<b>Microscopes and parts <sup>(1)</sup> -</b>				
<b>(a) Capable of total magnification x1,000 and above</b>	60			1.1.64
<b>(b) Other</b>		80		1.1.65
<b>Toys and games and parts thereof (excluding ceramic toys and parts thereof and toys made wholly of celluloid, rubber or glass)-</b>				
<b>(a) Metallic toys costing less than \$3f.o.b. per piece</b>	500	700	1000	1.1.68
<b>(b) Plastic toys</b>	200	250		1.1.65
<b>(c) Others</b>			275	1.1.66
<b>Domestic pottery (except articles of traditional Japanese design): and ceramic toys and parts thereof-</b>				
<b>(a) ceramic toys and parts thereof</b>	50	75	100	1.1.68
<b>(b) Other</b>	200	250	300	

Note: (1) Open Individual Licences will be granted for the import of parts of these goods for manufacture but not for re-sale.

My Lord,

I have the honour to acknowledge receipt of Your Lordship's Note of to-day's date, which reads as follows:

[Here follows text of Lord Home's Note]

I have the honour to inform Your Lordship that the foregoing equally represents the understanding of the Government of Japan, who therefore regard Your Lordship's Note and the present Note as constituting an Agreement between the two Governments concluded in accordance with the Second Protocol concerning Trade Relations, the Agreement to come into force on the date of coming into force of the Protocol.

I avail myself of this opportunity to renew to Your Lordship the assurances of my highest consideration.

KATSUMI OHNO.

*Appendix 4.1 Value of UK Exports and Main Merchandise to China, 1952-1962 (£)*

<b>Year</b>	<b>Food, beverages, and tobacco</b>	<b>Basic materials</b>	<b>Mineral fuels and lubricants</b>	<b>Manufactured goods</b>	<b>Total</b>
<b>1952</b>	551	780,323	563	3,799,589	4,581,026
<b>1953</b>	22,323	3,645,868	—	2,598,417	6,266,608
<b>1954</b>	22,452	3,606,910	10,112	3,279,485	6,918,959
<b>1955</b>	33,484	5,257,580	4,863	2,650,487	7,946,454
<b>1956</b>	4,897	5,136,017	1,673	5,638,075	10,781,862
<b>1957</b>	1,395,059	4,248,754	6,810	6,541,984	12,195,417
<b>1958</b>	125,616	6,718,354	5,465	20,300,810	27,166,964
<b>1959</b>	72,678	4,809,135	30,150	19,898,926	24,825,129
<b>1960</b>	47,112	5,402,438	25,486	26,563,456	32,074,677
<b>1961</b>	123,660	5,424,736	105,177	7,337,311	13,086,090
<b>1962</b>	23,418	2,446,945	34,960	6,034,292	8,614,235

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, Years between 1952 and 1962.*



**Appendix 4.2 Total Value of the UK's Exports to China, 1963-1972 (£)**

<b>Year</b>	<b>Food and live animals</b>	<b>Beverages and Tobacco</b>	<b>Crude materials except Fuels</b>	<b>Mineral Fuels, Lubricants and Related materials</b>	<b>Animal and vegetable oils and Fats</b>	<b>Chemicals</b>	<b>Other manufactures</b>	<b>Total</b>
<b>1963</b>	24,592	13,143	2,371,154	7,849	1	1,388,238	9,462,275	13,342,689
<b>1964</b>	10,652	8,655	2,515,512	32,868	4,620	1,865,644	13,303,466	17,824,908
<b>1965</b>	34,855	9,476	986,027	9,154	3,436	3,285,344	21,417,898	25,831,207
<b>1966</b>	124,279	8,720	2,352,755	5,207	2,249	2,817,381	28,099,505	33,501,258
<b>1967</b>	123,202	16,475	6,715,863	11,255	1,910	4,056,950	27,792,584	38,788,784
<b>1968</b>	9,702	30,815	1,794,775	17,575	1,826	3,543,135	23,645,317	29,099,857
<b>1969</b>	64,467	11,510	4,114,467	1,514	973	3,883,076	46,535,022	54,664,562
<b>1970</b>	63,000	10,000	1,836,000	0	8,000	3,701,000	38,876,000	44,593,000
<b>1971</b>	195,000	15,000	3,939,000	1,000	none	1,660,000	22,450,000	28,345,000
<b>1972</b>	55,000	10,000	2,867,000	8,000	3,000	2,002,000	26,597,000	31,640,000

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, Years between 1963 and 1972.*

**Appendix 4.3 Value of Japan's Exports to China by Principal Commodities, 1952-1964  
(Million Yen)**

<b>Year</b>	<b>Total</b>	<b>Chemical fertilisers</b>	<b>Rayon staple and glass fibre yarn</b>	<b>Rayon yarn</b>	<b>Woollen and worsted fabrics</b>	<b>Iron and steel products</b>	<b>Textile machinery and their parts</b>
<b>1952</b>	216	–	57	–	–	–	7
<b>1953</b>	1,634	377	201	–	–	–	284
<b>1954</b>	6,875	1,843	922	–	2	–	98
<b>1955</b>	10,277	3,237	1,629	–	91	–	294
<b>1956</b>	24,242	5,094	1,152	–	1,915	–	1,516
<b>1957</b>	21,774	5,022	1,586	1,088	770	4,352	900
<b>1958</b>	18,216	6,003	514	452	7	6,591	65
<b>1959</b>	1,313	–	75	4	–	22	–
<b>1960</b>	981	20	32	12	–	19	–
<b>1961</b>	5,990	607	–	464	–	2,669	2
<b>1962</b>	13,846	348	–	1,152	–	3,833	14
<b>1963</b>	22,470	3,470	–	1,040	–	4,310	26
<b>1964</b>	54,986	6,614	–	1,194	–	12,631	1,824

*Source: Japan Statistical Yearbook.* Volume 1961 for the data between 1952 and 1960, Volume 1965 for the data between 1957 and 1964.

**Appendix 4.4 Value of Japan's Exports to China, by Principal Commodity, 1965-1972 (Million Yen)**

<b>Year</b>	<b>Total</b>	<b>Foodstuffs</b>	<b>Textile and textile products</b>	<b>Chemicals</b>	<b>Non-metallic mineral products</b>	<b>Metals and metal products</b>	<b>Machinery and equipment</b>	<b>Other</b>
<b>1965</b>	88,213	17	9,960	33,332	41	17,597	22,253	5,013
<b>1966</b>	113,454	15	9,108	41,635	29	40,790	16,890	4,986
<b>1967</b>	103,786	0	8,996	35,514	74	41,001	15,843	2,357
<b>1968</b>	117,158	–	6,359	40,215	102	55,519	11,850	2,933
<b>1969</b>	140,689	–	6,369	44,062	26	70,540	17,388	2,304
<b>1970</b>	204,796	–	7,644	49,781	94	99,387	42,899	4,991
<b>1971</b>	201,875	–	7,615	57,504	38	100,479	31,884	4,355
<b>1972</b>	187,548	0	14,138	61,323	12	81,296	24,276	6,503

*Source: Japan Statistical Yearbook, Years 1965-1972.*

**Appendix 4.5 Value of Japan's and the UK's Exports to Malaya, 1952-1965  
(Malaya and British Borneo dollars)**

<b>Year</b>	<b>Japan's exports to Malaya</b>	<b>UK's exports to Malaya</b>
1952	249,538,452	819,544,954
1953	128,665,805	663,217,518
1954	146,859,329	601,277,297
1955	238,069,004	690,542,293
1956	256,420,503	756,643,819
1957	269,140,960	775,587,854
1958	307,631,828	700,740,090
1959	298,048,942	587,139,444
1960	275,855,710	505,642,904
1961	430,636,531	739,964,407
1962	483,720,816	755,779,577
1963	548,946,612	786,234,396
1964	528,924,790	697,848,924
1965	616,993,067	795,952,146

*Source: Malayan External Trade Statistics. Malaya States. 1952-1965.*

**Appendix 4.6 Value and Composition of Main Products Comprising UK and Japan's Exports to Malaya, 1952-1965  
(Malaya and British Borneo dollars)**

	Japan's exports to Malaya		UK exports to Malaya	
<b>1952</b>	Class I <sup>1</sup>	27,560,108	Class I <sup>1</sup>	185,916,403
	Class II <sup>2</sup>	17,952	Class II <sup>2</sup>	3,463,861
	Class III <sup>3</sup>	221,960,392	Class III <sup>3</sup>	630,164,690
	<b>Total</b>	<b>249,538,452</b>	<b>Total</b>	<b>819,544,954</b>
<b>1953</b>	Cotton fabrics woven	23,073,411	Cotton Fabrics Woven	33,148,609
	Textile Fabrics	16,047,254	Iron and Steel	28,138,515
	Iron and Steel	32,218,345	Metal MFs <sup>4</sup>	25,489,625
			Industrial Machinery	39,104,124
			Electrical Equipment	52,071,205
			Road Motor Vehicles	59,071,205
	<b>Total</b>	<b>128,665,805</b>	<b>Total</b>	<b>663,217,518</b>
<b>1954</b>	Cotton Fabrics woven	33,577,169	Cotton Fabrics Woven	16,428,916
	Textile Fabrics	29,554,847	Iron and Steel	26,421,568
	Iron and Steel	13,413,239	Metal MFs <sup>4</sup>	23,531,538
			Industrial Machinery	41,196,881
			Electrical Equipment	50,798,866
			Road Motor Vehicles	44,028,837
	<b>Total</b>	<b>146,859,329</b>	<b>Total</b>	<b>601,277,297</b>
<b>1955</b>	Cotton Fabrics woven	50,894,610	Iron and Steel	29,118,300
	Textile Fabrics	61,808,943	Industrial machinery	36,272,376
	Iron and Steel	25,505,768	Electrical Equipment	62,760,092
	Metal MFS <sup>4</sup>	5,558,901	Road Motor Vehicles	62,749,509
	Industrial Machinery	5,506,219		
	<b>Total</b>	<b>238,069,004</b>	<b>Total</b>	<b>690,542,293</b>
<b>1956</b>	Cotton Fabrics woven	55,661,810	Iron and Steel	37,661,060
	Textile Fabrics	52,445,585	Industrial machinery	43,694,370
	Iron and Steel	22,302,812	Electrical equipment	59,123,236
	Industrial Machinery	8,755,242	Road Motor Vehicles	73,120,371
	<b>Total</b>	<b>256,420,503</b>	<b>Total</b>	<b>756,643,819</b>
<b>1957</b>	Cotton Fabrics woven	53,639,430	Iron and Steel	46,784,300
	Textile Fabrics	54,973,725	Metal MFs <sup>4</sup>	30,202,235
	Iron and Steel	27,190,146	Industrial Machinery	48,902,956
	Industrial Machinery	11,059,636	Electrical equipment	69,162,071
			Road motor vehicles	74,667,488
	<b>Total</b>	<b>269,140,960</b>	<b>Total</b>	<b>775,587,854</b>
<b>1958</b>	Cotton Fabrics woven	48,112,309	Iron and Steel	31,229,822
	Textile Fabrics	87,578,759	Industrial Machinery	36,855,432
	Iron and Steel	29,197,712	Electrical equipment	68,872,318
	Industrial Machinery	7,190,310	Railway Vehicles	20,340,204
	Electrical Equipment	6,234,543	Road Motor Vehicles	63,408,775

			Metal MFs NEs <sup>5</sup>	28,121,640
	<b>Total</b>	<b>307,631,828</b>	<b>Total</b>	<b>700,740,090</b>
<b>1959</b>	Cotton Fabrics woven	40,386,952	Iron and Steel	20,626,735
	Textile Fabrics	57,718,423	Metal MFs <sup>4</sup>	21,267,879
	Iron and Steel	31,832,223	Industrial Machinery	32,067,307
	Metal MFS NEs <sup>5</sup>	8,005,423	Electrical equipment	47,840,090
	Industrial Machinery	6,686,423	Road Motor Vehicles	54,751,035
	Electrical Equipment	11,408,007		
	MFD Articles <sup>6</sup>	11,485,691		
	<b>Total</b>	<b>298,048,942</b>	<b>Total</b>	<b>587,139,444</b>
<b>1960</b>	Textile Yarn Thread	36,932,729	Petroleum Products	21,537,591
	Cotton Fabrics woven	34,264,608	Industrial Machinery	32,187,672
	Iron and Steel	29,858,694	Electrical equipment	33,751,116
	Electrical Equipment	10,603,302	Road Motor Vehicles	56,812,044
	MFD Articles <sup>6</sup>	9,792,299	Iron and Steel	17,303,457
	Industrial Machinery	7,098,806		
	<b>Total</b>	<b>275,855,710</b>	<b>Total</b>	<b>505,642,904</b>
<b>1961</b>	Cotton Fabrics woven	66,188,567	Iron and Steel	29,537,777
	Textile Yarn Thread	67,294,400	Metal MFs <sup>4</sup>	35,197,844
	Iron and Steel	47,511,135	Industrial Machinery	62,581,192
	Industrial Machinery	12,444,006	Electrical equipment	58,410,186
	Electrical Equipment	23,937,825	Road Motor Vehicles	85,980,066
	Road Motor vehicles	17,012,819		
	<b>Total</b>	<b>430,636,531</b>	<b>Total</b>	<b>739,964,407</b>
<b>1962</b>	Cotton Fabrics woven	59,497,821	Power Generators	22,294,944
	Other Fabrics Woven	65,769,025	Industrial Machinery	28,376,278
	Steel Plates & Sheets	41,594,022	Machines	40,464,847
	Telecom apparatus	18,286,556	Road motor Vehicles	99,485,403
	Road Motor vehicles	23,528,408		
	<b>Total</b>	<b>483,720,816</b>	<b>Total</b>	<b>755,779,577</b>
<b>1963</b>			Power Generators	25,412,184
	Telecom apparatus	29,843,291	Machines NES Nonelect <sup>7</sup>	38,396,742
	Road Motor vehicles	29,085,834	Electric Generators	29,025,607
	Scientific Instrument	10,173,798	Road motor Vehicles	119,341,695
	Cotton Fabrics woven	54,382,798	Industrial Machinery	20,400,244
	Other Fabrics Woven	66,813,318	Telecom apparatus	20,018,204
	Steel Plates & Sheets	46,661,622		
	<b>Total</b>	<b>548,946,612</b>	<b>Total</b>	<b>786,234,396</b>
<b>1964</b>	Cotton Fabrics woven	35,902,742	Machines	38,180,333
	Other Fabrics Woven	63,922,840	Electric Generators	29,836,712
	Telecom apparatus	32,024,710	Road motor Vehicles	107,983,712
	Road Motor vehicles	38,772,363	Industrial Machinery	20,056,747
	Steel Plates & Sheets	53,168,428	Power Generators	19,851,570
			Telecom apparatus	19,534,735

	<b>Total</b>	<b>528,924,790</b>	<b>Total</b>	<b>697,848,924</b>
<b>1965</b>	Cotton Fabrics woven	32,445,122	Power Generators	27,204,760
	Other Fabrics Woven	70,676,525	Industrial Machinery	33,330,937
	Steel Plates & Sheets	70,245,237	Machines Nonelect <sup>8</sup>	47,628,779
	Telecom apparatus	29,172,536	Road motor Vehicles	120,479,059
	Road Motor vehicles	37,613,983		
	<b>Total</b>	<b>616,993,067</b>	<b>Total</b>	<b>795,952,146</b>

*Source: Malayan External Trade Statistics. Malaya States. 1952-1965*

1. Class I = Animals, food drink and tobacco.
2. Class II = Raw materials and articles, mainly unmanufactured
3. Class III = Articles wholly or mainly manufactured
4. Metal MFs = Metal manufactures
5. Metal MFS NEs = Metal manufactures not elsewhere specified.
6. MFD Articles = Manufactured articles
7. Machines NES Nonelect = Non-electrical machinery products not elsewhere specified
8. Machines Nonelect = Non-electrical machinery

**Appendix 4.7 Value of Japan's and the UK's Exports to Malaysia and Singapore, 1966-1972 (£)**

<b>Year</b>	<b>UK's Exports to Malaysia</b>	<b>Japan's Exports to Malaysia</b>	<b>UK's Exports to Singapore</b>	<b>Japan's Exports to Singapore</b>
<b>1966</b>	50,862,392	28,837,109	39,999,640	50,941,364
<b>1967</b>	43,395,453	31,472,845	36,207,024	57,360,755
<b>1968</b>	48,217,914	43,400,786	40,511,982	86,925,050
<b>1969</b>	47,345,877	55,966,600	50,377,135	131,088,130
<b>1970</b>	60,396,000	69,755,028	62,480,000	177,267,888
<b>1971</b>	64,732,000	83,530,688)	73,087,000	207,643,536
<b>1972</b>	62,211,000	100,96218	77,324,000	268,349,004

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, Years 1966-1972; Japan Statistical Yearbook, Years 1966-1972.*



**Appendix 4.8 Composition and Value of the UK's Exports to Malaysia and Singapore, 1966-1972 (£)**

Year/Country		Food and live animals	Beverages and Tobacco	Crude Materials except Fuels	Mineral Fuels, Lubricants and Related materials	Animal and Vegetable oils and Fats	Chemicals	Machinery and Transport Equipment	Other manufactured goods	Total
<b>1966</b>	Malaysia	4,910,809	1,063,726	413,095	186,848	125,411	23,299,208	7,107,534	11,725,637	50,862,392
	Singapore	2,721,093	1,790,229	129,709	511,339	34,455	18,855,913	4,796,241	9,926,957	39,999,640
<b>1967</b>	Malaysia	3,248,444	975,070	524,285	217,720	104,356	20,795,286	5,709,287	9,619,366	43,395,453
	Singapore	2,418,968	2,016,796	172,264	333,379	48,954	14,467,301	4,833,100	10,378,978	36,207,024
<b>1968</b>	Malaysia	3,481,881	1,109,046	414,362	264,549	123,436	22,156,819	6,438,441	12,164,486	48,217,914
	Singapore	2,947,642	2,468,269	250,366	382,996	28,726	15,768,489	5,442,679	11,781,008	40,511,982
<b>1969</b>	Malaysia	3,285,351	944,932	1,285,709	270,208	99,455	22,303,135	6,665,857	11,019,038	47,345,877
	Singapore	2,820,513	2,260,843	240,464	380,744	84,102	23,278,268	6,332,517	13,840,863	50,377,135
<b>1970</b>	Malaysia	2,631,000	685,000	415,000	221,000	150,000	33,355,000	6,858,000	14,069,000	60,396,000
	Singapore	2,766,000	2,163,000	293,000	370,000	223,000	31,908,000	7,172,000	15,649,000	62,480,000
<b>1971</b>	Malaysia	2,705,000	774,000	410,000	285,000	160,000	38,346,000	6,925,000	13,567,000	64,732,000
	Singapore	2,457,000	2,471,000	370,000	333,000	153,000	36,924,000	7,545,000	18,420,000	73,087,000
<b>1972</b>	Malaysia	1,870,000	743,000	430,000	222,000	169,000	38,255,000	6,708,000	12,332,000	62,211,000
	Singapore	1,625,000	2,346,000	281,000	277,000	90,000	40,441,000	7,767,000	18,642,000	77,324,000

*Source: Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, Years 1966-1972.*

**Appendix 4.9 Composition and Value of Japan's Exports to Malaysia and Singapore, 1966-1972 (Million Yen)**

Year/Country		Total	Food stuffs	Textile and textiles products	Chemicals	Non-metallic mineral products	Metals and metal products	Machinery and equipment	Other
1966	Malaysia	29,099	1,713	3,273	2,002	549	7,293	12,153	117
	Singapore	51,404	1,332	15,834	2,939	1830	10,564	11,832	1,175
1967	Malaysia	31,631	1,152	2,706	2,439	787	7,609	14,377	2,561
	Singapore	57,649	2,130	19,460	3,613	1,816	10,175	15,206	5,248
1968	Malaysia	37,609	1,271	3,807	3,131	783	8,349	17,657	2,612
	Singapore	75,325	2,361	27,216	4,181	1,911	12,936	19,414	7,308
1969	Malaysia	48,040	1,952	4,083	4,020	812	10,669	23,212	3,291
	Singapore	112,522	2,843	39,201	6,136	2,643	21,766	28,554	11378
1970	Malaysia	59,927	1,617	4,353	5,031	923	15,096	28,622	4,283
	Singapore	152,292	3,066	42,695	7,839	3,372	30,779	51,149	13,392
1971	Malaysia	71,516	2,002	4,639	5,990	802	15,664	37,882	4,537
	Singapore	177,777	4,301	49,810	8,532	3,059	39,125	58,444	14,506
1972	Malaysia	81,290	1,721	4,883	6,445	1,046	16,742	46,162	4,291
	Singapore	216,062	3,841	38,680	10,689	3,488	41,736	102,153	15,474

Source: Japan Statistical Yearbook, Years 1966-1972

**Appendix 4.10 Composition and Value of Japan's Exports of Machinery & Equipment to Malaysia and Singapore, 1966-1972**

**(Million Yen)**

Year/Country		Total	Sewing Machines	Radio Receivers	Motor Vehicles	Ships and boats	Scientific and optical equipment
<b>1966</b>	Singapore	11,832	320	1444	452	31	-
	Malaysia	12,153	127	722	755	89	-
<b>1967</b>	Singapore	15,206	302	2420	467	86	1715
	Malaysia	14,377	302	963	2433	87	271
<b>1968</b>	Singapore	19,414	374	1722	615	18	1953
	Malaysia	17,657	237	901	3027	225	345
<b>1969</b>	Singapore	28,554	688	2672	2165	2538	2255
	Malaysia	23,212	312	1410	4338	241	308
<b>1970</b>	Singapore	51,149	687	3180	3997	1736	2976
	Malaysia	28,622	348	1119	4939	2194	364
<b>1971</b>	Singapore	58,444	674	3578	5859	2667	3519
	Malaysia	37,882	411	927	7269	5383	386
<b>1972</b>	Singapore	102,153	932	3728	5897	27715	4098
	Malaysia	46,162	267	750	7676	10718	457

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