

Shoda Kazue and the Terauchi Masatake Cabinet's policy regarding investment loans to China

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The aim of the present article is to reexamine Japan's policy regarding international investment loans to China made during the premiership of Terauchi Masatake (1916-18), by focusing the analysis on the approach proposed by Finance Minister Shoda Kazue and the relationship between the Terauchi Cabinet and the China investment consortium. The research to date has tended to focus attention on the aspect of the imperialistic international financial aspect of the eight loans totalling 145 million yen lent to the Duan Qirui (段祺端) government through Terauchi's personal secretary Nishihara Kamezo, the united front put up by Terauchi, Shoda and Nishihara, known as the "Korean Group" (朝鮮組), and the role played by the "unofficial" Sino-Japanese network formed by Nishihara. In particular, the work focusing on the historical development of Japanese capitalism has pointed to the Nishihara loans as the event marking a transition from a unified Korean-Manchurian monetary policy to the formation of a Japan-Manchuria-China monetary bloc (the gold-backed yen bloc), but has yet to 1) sufficiently analyze Shoda's specific ideas regarding investment loans to China and 2) place the funds earmarked to finance the second wave of Chinese political reforms within the Terauchi Cabinet's overall investment loan policy.

The author's reexamination brings to light three new facts. First, while emphasizing the "unification of Korean-Manchurian monetary affairs", Shoda also promoted a policy of investment lending on the "China proper" involving not only existing institutions there, but also the founding of a new Japan-China joint venture bank. Secondly, the large scale loans that the Terauchi Cabinet began granting beginning in March 1918 should be considered as part of a two-pronged policy for regulating domestic specie combined with strengthening and expanding Japanese interests in Manchuria, Mongolia and the Shandong

Peninsula. Finally, Shoda was by no means critical of China's August 1918 gold certificate regulations promoted by Nishihara; however, he was not enthusiastic about the necessity of having to export domestic specie.

The author also identifies differences in the policy approaches taken by Shoda and Nishihara. Nishihara's refusal to recognize a Chinese fiscal management mechanism based on the international investment consortium in favor of a Chinese government enjoying "amicable relations with Japan" contrasted with Shoda's official position as Finance Minister emphasizing the necessity of "Sino-Japanese friendship" in combination with "US-Japanese cooperation". Because Shoda believed in the existence of investment loan contracts that would not contradict "US-Japanese cooperation", the contracts concluded during its administration were bound to follow the precedents set by the preceding Hara Takashi Cabinet.

Consequently, Shoda Kazue's policy approach can be characterized as aiming at 1) the unification of Korean-Manchurian monetary affairs, 2) solving domestic Japanese economic issues and 3) strengthening and expanding Japanese interests in Manchuria, Mongolia and Shandong, all based on the assumption that economic cooperation with China was critical to the development of Japan's post-World War I economy. The "Korean Group" notwithstanding, the author argues, there were significant differences among its members regarding what was to be done concerning the "Chine proper".