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**WAR AND ECONOMICS: THE CONTROL OF MATERIAL RESOURCES
IN THE LOWER YANGZI AND SHANGHAI AREA BETWEEN 1937 AND 1945**

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Introduction

The Japanese invasion in 1937 was a major watershed for economic development and state building in China. Whereas the nationalist government had attempted to unify the country and mobilize resources for its economic and military ambitions, the various centers of power that emerged after 1937 — both Chinese and Japanese — entered into a fierce competition for the control of material resources. But modernization was no longer the objective. The control of commodities became an end in itself. The enduring conflict between the Japanese, the Chongqing-based nationalist government, the various puppet authorities, and the allied powers transformed China into a vast reservoir of goods, which each party sought to tap in order to support its war effort.

The state of the economy in wartime China is a field that few historians have explored¹. It is not my ambition to deal with such a vast topic. My focus will be limited to the Lower Yangzi area and Shanghai. The historically wealthiest region of China had become the major economic base of the Guomindang between 1927 and 1937. When the Japanese army drove out the Chinese troops, it started almost immediately to implement measures with the sole purpose of supplying its military needs either locally or further away in northern and northeastern China. The Japanese seem not to have made preparation for a long-term war and occupation. Instead of carrying out a carefully prepared blueprint, they elaborated over the years various sets of *ad hoc* measures through which they strove to turn the economic system into a command economy. Yet, their attempt eventually failed.

Despite their military superiority and their capacity to impose new rules, the Japanese had to face a complex and elusive economic and social system. Furthermore, they were not the sole actors: Chinese merchants were far from passive and obviously tried to use the system to their advantage or to by-pass it. The Chongqing government was also present through various official organs in Shanghai or through companies run by the secret services. Finally, local and national governments of collaboration set up by the Japanese army definitely had their own agenda or, at least, sought to maximize their own resources. Fundamentally, the Japanese failed to find reliable allies in China, either out of distrust between the parties involved, or simply because corruption and instability ran the whole system havoc². The history of Japanese occupation in the Lower Yangzi area is the history of an economic failure. Nevertheless, it was a very costly experience for which the Chinese common people (*laobaixing*) paid a very dear price.

In this paper, I shall examine the policies carried out by the Japanese in and around Shanghai with the purpose of harnessing the local economy to support the war effort. It will establish that it was by and large an exercise in policy improvisation, supplemented by the establishment of overlapping agencies, though with the deliberate intention to monopolize Central China's resources. The second part of the paper will look into the structures and policies designed on the Chinese side, especially after the establishment of the Wang Jingwei government in Nanking. The third part will examine the impact of the controlled economy (*tongzhi jingji*) on the cotton industry in Shanghai. I shall not address here the problems of industrial production and organization, or the related and crucial issue of food supply. I have studied these topics in separate papers³.

From improvisation to regulation: Japanese agencies in Central China (1937-1941)

The initial phase of the war in Central China was dominated by military operations. One month after the Marco Polo incident in July 1937, the Japanese navy opened a second front in Shanghai where, against all expectations, it faced fierce resistance by the nationalist troops. After three months of bitter fighting, during which economic life was entirely paralyzed, the Japanese army eventually defeated the Chinese units engaged in the battle of Shanghai and moved up the Yangtze valley. All the major cities fell one after another, usually offering little fighting. The nationalist troops made another last ditch effort to defend the capital, but the Japanese won the battle and took their revenge on Chinese resistance through the infamous massacre of Nanking's civilian population. Afterward, the Japanese pursued their conquest to the east, to Wuhan, and toward the southern provinces. In the spring of 1938, the whole Central China region was firmly in the hands of the Japanese army.

The demise of the nationalist administrations in Central China created a political vacuum, which the Japanese tried to fill up with the establishment of puppet authorities. They already had tried their hand in North China and Mongolia, not to mention Manchukuo years before⁴. In Central China, however, the Japanese could not rely on the same network of proxies or friends they had built up during the 1920s-1930s in North China. They improvised solutions that eventually ran against each other. In Shanghai, they inspired the establishment of the Dadao (Great Way) government under Su Xiwen, a Taiwan-imported scholar versed in Buddhism⁵. Although the Dadao government was designed to take over the administration of the former Chinese municipality, it seems that the Japanese special services initially harbored much larger ambitions. It may have served as the springboard for the formation of a regional government for Central China such as was created later in Nanking⁶. The lack of prestige of Su Xiwen and the blatant inefficiency and corruption of its government gave second thoughts to the Japanese.

On the one hand, they turned to a more prestigious figure from the Shanghai business community, Fu Xiao'an, to take over the Shanghai municipality in October 1938. Su Xiwen was demoted to secretary-general. Fu actually had little power, but he assumed his role until his assassination in October 1940 by his servant⁷. His administration lived off the proceeds of gambling houses and opium dens in the infamous Badlands⁸. On the other hand, the Japanese endeavored to give a legitimate façade to their occupation of Central China. After a fruitless effort at attracting Tang Shaoyi, a senior figure of Republican politics, they had to content themselves with a group of retired or second-rank politicians to form a Reformed government (*Weixin zhengfu*) in Nanking. Liang Hongzhi, a former affiliate of Duan Qirui and the Anfu clique, presided over the destiny of a colorless and powerless body⁹. All attempts at recruiting able personnel to staff the new structure proved fruitless. From its inauguration in March 1938 to its demise in 1940, the Reformed government merely served as the stepping stone of the Japanese army in Central China¹⁰. It was not even able to assert its authority over Shanghai, which remained virtually autonomous under close monitoring by the Japanese Landing Party.

The major political and institutional change came with the defection of Wang Jingwei in 1939 and his acceptance to serve as the head of a new reformed government in Nanking one year later. Wang Jingwei offered a more serious political alternative to the Japanese in their fight against the regime of Chiang Kai-shek, even if Wang was not given much leeway until 1942, when the Japanese command started to realize it had to give some substance to its discourse on friendship and cooperation¹¹. In the field of economic policy and decision-making, the reach of the Wang regime was limited to a much reduced "Central China". It actually comprised only Shanghai, Jiangsu, Zhejiang and Anhui. And even within this realm, the Japanese were in full command until 1943. In Shanghai, the death of Fu Xiao'an gave the Wang government the opportunity to appoint a close ally in the person of Chen Gongbo. Fu had proved fairly hostile to Wang's ambitions in Shanghai. Nevertheless, the appointment of Chen Gongbo did not prevent inter-

agency competition and rivalries between the central and municipal government¹². These rivalries became especially fierce when the regime turned to a system of command economy (*tongzhi jingji*) in 1943¹³.

It is against this institutional background that the Japanese army endeavored, and, to a large extent, succeeded in exploiting the material resources of Central China. Its efforts, however, were not met with commensurate rewards in Shanghai. Although the districts of the Chinese municipality came under its control, bombings and fires had destroyed a large part of the industrial potential during the three months of heavy fighting in 1937. The major challenge, however, was the existence of the foreign settlements where real wealth was concentrated, where the Chinese entrepreneurs moved their plants and equipment when the conflict was over, and where merchants and businessmen from Central China transferred their capital and their machines for safety. The heart of Shanghai was a huge safe, which the Japanese army was eager to tap. Yet extraterritorial privileges prevented it from extending its reach to these areas, at least until Pearl Harbor¹⁴. Furthermore, the two settlements offered a haven for the uncooperative local elites as well as for anti-Japanese activities by Chongqing agents. The stalemate that prevailed during the first four years of occupation provides a key to an understanding of the Japanese economic policy toward Central China and Shanghai.

From 1938 to 1941, the Japanese army tried to mobilize all the resources at its disposal in Central China for its war effort. At the same time, falling short of pumping into Shanghai's wealth, the Japanese military imposed all sorts of obstacles to the movement of goods in order to seal off the city from its hinterland. Since there was no way to prevent the flow of goods from abroad, the Japanese forced the city's authorities, population and companies to rely on imports to assure their livelihood and production. The deliberate intent was to starve the city from the commodities without which it could not survive. One outstanding development in Shanghai imports was the ascendance of cereals to the first place in those imports. In the first quarter of 1941, cereals accounted for almost 30 percent of the city's total imports. One year before, cereals participated in imports with 13 percent only. But after April 1940, there was an almost complete cessation of shipments to Shanghai of China-grown cereals, partly because crops in the Japanese-occupied interior had continued to decline, and partly because everywhere in the Yangzi valley the Japanese seized all foodstuff surpluses for exportation to Japan¹⁵. This policy failed to bring Shanghai to its knees, even if it made life more expensive and unstable (Tables 3, 4, 5). It also pressed the Japanese authorities into a logic of increasingly severe control on the economy which ultimately led them to impose a full-scale system of controlled economy (*tongzhi jingji*).

In the earlier phase of occupation of Central China, the Japanese policy was concerned mainly by establishing its control over the means of transportation and the movement of goods into or out of the zone of occupation. It was essential to prevent war-related commodities to find their way to nationalist-controlled areas¹⁶. There was no attempt at controlling prices or the actual distribution of goods. The focus was on the movement of goods. After the freezing of Japanese assets by the US and GB in July 1941 and the policy of blockade these two countries adopted vis-à-vis Japan, a new era begun. The Japanese army set up various organizations with the sole purpose of imposing a strict control on the production, the transportation and the distribution of commodities. From there, they moved from trade to production and tried to control the whole production and distribution process. Later on, with the beginning of difficulties in the Pacific, the Japanese government initiated a "New policy" toward China and the Wang Jingwei regime. The new policy implied a more genuine collaboration between the two countries and transfers of power to Chinese organizations in the field of economic activity.

The first large-scale operation launched by the Japanese was the establishment of the Central China Development Company (*Naka shina shinko kaisha*) in November 1938. Its stated purpose was expressed in its name, but its real objective was the monopolization of trade in the lower Yangzi area¹⁷. The company was to focus on transportation, communications, public utilities (water, gas and electricity), mines, aquatic products, and actually anything deemed relevant by the company. It included also for a while a company dealing in *Fabi*, the Chinese legal currency, and one dealing in real estate¹⁸. The CCDC created 14 concerns under its umbrella, usually in the form of Sino-Japanese firms registered under Chinese law as enacted by the Reformed government¹⁹. No need to say that this was a façade. The initial capitalization of the CCDC was 100 million yen, but by September 1942 the total assets of the 14 concerns reached 232,220,000 yen, more than twice the original figure. Capital was raised by contributions from Japanese companies and by the issuing of shares. Its pre-tax profits between April 1941 and March 1942 amounted to a remarkable 8,410,000-yen. By October 1943, the company harbored 16 companies with headquarters located in Shanghai. Although they were under Japanese obedience, the general managers of seven of the firms were Chinese. Su Xiwen, the former mayor of the Dadao government in Shanghai, was the general manager of the China Navigation Company, a concern established in February 1940²⁰.

The second major initiative was the creation of the Asia Development Board (Kôain) in December 1938 to take over policy-making and control in the field of economics in China. More broadly, the ADB served as a state administration on behalf of the Japanese army in Central China. In this region, the ADB was represented by a liaison department (Kachû renrakubu/Huazhong lianluobu). It came into existence in March 1939 with a staff of more than one hundred persons²¹. The ADB was very close to the Special services (*Tomukubu*) of the Japanese army. It was involved in the secret negotiations between Wang Jingwei and the Japanese government in Shanghai (Yu Yuan conference) and it served as the main policy-making body in occupied China. The ADB was behind most of the monopolistic regulations through which Japanese companies obtained a privileged access to resources in Central China. It was also behind the creation of such companies or professional associations, with the support of the Shanghai-based Japanese private companies. It should be noted that a fundamental aspect of the Japanese occupation in China was the skillful mobilization of the various sectors of the Japanese community, especially the business community. It is fair to say that the Japanese private firms were not dragooned into serving the military. They entered into partnerships willingly and took advantage of the privileges that accrued to the victors to drive away Chinese competitors and garner substantial benefits. The control of the main transportation artery — the Yangzi River — and, above all, the supply of a "free" currency by the army gave the Japanese merchants an undeniable leverage on trade.

In the initial phase of its military invasion of Central China, the Japanese army used the Japanese yen to cover its purchases. By the time of the Hangzhouwan landing, however, the military command realized the costs of the conflict were bound to increase tremendously. To make up for its limited financial capabilities, the Japanese army started to issue its own currency — the so-called "military scrip" (*jūnpiao/gunpyô*). Although in Shanghai the yen continued to be the currency of reference, in Central China the new scrip replaced it. At the end of 1938, the Japanese military authorities in Shanghai decided that the military scrip would become the sole currency for Central China. To back up their decision, they initiated the organization of 28 trade companies (*zūbe/kumiai*) and assembled them under a Central China Federation of import and distribution companies (Kachû yu-yû haikyû kumiai rengôkai/Huazhong shuru peiji zuhe lianhehui)²². The transportation of goods to North China or Shanghai was subject to a permit issued by the army and the goods had to go through the hands of one of the designated 28 companies. Moreover, to impose the extensive use of military scrip and eliminate the Chinese legal currency (*fabi*), the

Central China Expeditionary Army established the Distribution company of scrip-purchased commodities (Gunpyô kôkan yôbusshi haikyû kumiai/Junpiao jiaohuan yongwuzi peiji zuhe) in August 1939. Although it was a commercial venture, it originated from Japanese military headquarters. Its leadership structure was made of representatives of the economics department of the army, the ADB Central China liaison bureau, and the Shanghai-based office of the Japanese ministry of finance (Ôkurashô). The company first dealt only in silk, medicine, then in wool and wool products, paper, sugar, fuel, and cotton. It set up 30 bureaus in the major cities of Central China. The company had exclusive rights for the transportation and sale of these goods²³. In Shanghai, the Special services of the Japanese army and the consulate also established a system of permits for the goods entering or leaving the city²⁴. Its effect was limited as long as the settlements were allowed a free access to the sea.

The consequences of the rigid, though informal, rules imposed by the Japanese army created much discontent among displaced foreign companies. At the end of 1938, 11 of Shanghai's leading foreign trade and civic associations announced a common front against trade aggressions imposed by Japanese authorities in Shanghai²⁵. Official spokesmen claimed Japan had, and would never have, intentions of infringing upon the rights and interests of foreigners. Kejin Kodama, the president of the Central China Development Company — the 100 million-yen officially sponsored holding firm — stated without humor that "Activities of this company will not constitute a threat to the vested rights and interests of third-party Powers in China. The purpose of the firm is solely to assist the economic development of Central China. Foreign capitalists are invited to invest in the various enterprises of the concern". The Japanese standard response was that the situation in the areas occupied by Japanese forces had to continue as long as there were hostilities between China and Japan. Vice-admiral Oikawa, the commander-in-chief of the Japanese forces, stated bluntly that the attitude of the Chinese in carrying on their "stubborn resistance" was the reason for the Yangzi not being opened to general trade²⁶. All protests notwithstanding, the Japanese had a full control of the situation and they were not prepared to give up their privileged access to the resources of Central China²⁷. On the opposite, they were organizing in a way to exclude all third-country competitors from the region.

In the course of 1939, the ADB Liaison bureau created several federations to take care of the supply of certain essential commodities like coal (Shanghai baidan kumiai/Shanghai meitan zuhe), non-ferrous metals (Kachû hikinzoiku kumiai/Huazhong feijinshu zuhe), steel (Kachû kôtetsu tôsei kyôgikai/Huazhong gangtie tongzhi xieyihui), wood (Kachû nihon mokuzai haikyû kumiai/Huazhong riben mucai peiji xieyihui), oil (Kachû sekiyu rengôkai/Huazhong shiyu lianhehui)²⁸. The following year, the five organizations merged into one single Central China federation for the monopoly of essential commodities (Kachû jûyô busshi tôsei kumiai rengôkai/Huazhong zhongyao wuzi tongzhi zuhe lianhehui), with the explicit purpose of getting into the control of not just trade, but also local manufacturing²⁹. In September 1939, a new regulation defined new rules for exports from China, Manchukuo and the Guandong area³⁰. In response to the new dispositions, the Japanese merchants organized 25 specialized companies. The following year, they formed the Central China federation of import and distribution companies (Kachû nihon yunyû haikyû kumiai rengôkai/Huazhong riben shuru peiji zuhe lianhehui)³¹. These organizations dealt in Japan-imported goods and took care of the trade between Japan, Manchukuo and Central China (Jiangsu, Zhejiang, Anhui). The Wuhan area had its own federation. All the Japanese firms in Shanghai (except banks, plants and maritime companies) joined the new federation. At the same period (September 1939), the Reformed government of Liang Hongzhi banned the export of various essential commodities like coal, minerals, scrap iron, non-ferrous metals, cotton, leather, lacquer, etc. Although the order applied only to locally produced goods the Japanese army required, this was the first expression of the measures of control (*tongzhi*) to come.

The geographical scope of the various organizations was actually limited to Shanghai and a few major cities in Central China. To make up for its lack of penetration into occupied territories, the Japanese established the Council for inland trade (Naichi tsûshô kankai kyôgigai/Neidi fanmai xieyihui) in autumn 1940. It was entrusted with the control on trade in goods of daily use (*riyongpin/nichiyohin*) in the occupied areas. Six other such councils were created for cotton cloth, sugar, metal products, matches, cooking oil, and soap³². The headquarters of the different councils were located in Shanghai. Other commodities like salt, rice, cigarettes, candles, beer were placed under the responsibility of a host of separate organizations. Silk, wool and paper products, however, came under military distribution companies (*gunbai kumiai/junpei zube*)³³. No other company was allowed to deal in these products in the occupied territories. At the grass-root level, the Japanese also endeavored to implant their own organizations in the form of cooperatives. Such cooperatives were set up in each district; sub-cooperatives existed in towns and villages. The headquarters were in Shanghai. Even if officially they were under the command of the ADB, the cooperatives were closely watched over by the Japanese Special services. In the whole Central China area, there were 67 cooperatives and 602 sub-cooperatives with 891,875 members. They were active in the distribution of goods of daily use and the purchase of agricultural products³⁴.

The case of Shanghai continued to worry the Japanese military command. In the major industrial sectors, imports supplemented the decreasing supplies from Central China. The concentration of enormous amounts of capital supported the reconstruction of devastated plants or the establishment of new ones. With the districts north of Soochow creek under Japanese occupation, plant owners moved *en masse* to the foreign settlements, especially the western extra-settlement area. The rapid development of industrial firms in this area caused a considerable concern among residents, most of them foreigners, who protested vehemently. Yet, the Shanghai Municipal Council took a sympathetic view of the need for Chinese entrepreneurs to re-establish their firms and provide employment to the population³⁵. As a result, the city experienced a spectacular industrial and commercial boom in the 1938-1940 period³⁶. The Japanese barriers notwithstanding, Shanghai continued to serve the war effort of the Chongqing-based nationalist regime. Through various channels, but mostly by smuggling along the Chinese coasts, Shanghai products found their way to inland China³⁷. In April 1940, the Japanese military took an ordinance on the control of commodities (Busshi idô seigenrei/Wuzi yidong zhixian ling) in and out of the city. In February 1940, they founded the Central China Raw Cotton Association (Chûshi menka kyôkai/Zhongshi mianhua xiehui) to organize more systematically the purchase of raw cotton to supply the army and Japanese cotton mills³⁸. From June 1940 onward, it applied increasingly stringent measures to place the movement of goods under strict surveillance³⁹. Eventually, Shanghai became subject to an effective blockade. At the end of the year, the US consulate described the situation in the following terms: "a toll is being taken on all supplies of all categories moving to Shanghai from the interior, to the degree that this city has virtually the status of a rationed and heavily taxed concentration camp"⁴⁰.

From August 1940 onward, the Japanese also tightened their hold on the trade between occupied areas and nationalist areas while they endeavored to promote the use of military scrip. On the one hand, they set up a Trade Council (Hanbai kyôgikai/Fanmai xieyihui) whose mission was to prevent the export of cereals, textile, paper, chemical and dyeing products to inland China. The association was the preamble to a more elaborate system of associations designed to serve the needs of the Japanese army. On the other hand, the trade between China and Japan came under a more severe control. Commercial relations were strictly limited to the 25 companies (*kumiai/zube*) of the Central China federation of import and distribution companies (Kachû yunyû haikyû kumiai rengôkai). Chinese firms were excluded from this trade⁴¹. In October 1940, the Japanese imposed a similar regime for the trade in sugar, coal, oil, charcoal and matches in the Wuhan

area⁴². The control of foreign trade was only one part of the much larger net that the Japanese army was extending over Central China. It is safe to say that they lacked the proper resources to displace the Chinese merchants who had an intimate knowledge of the trade customs and circuits. Actually, the Japanese companies had to rely on the Chinese as they lack the human resources to cover a large region like Central China. The Chinese merchants in turn also worked for themselves and, despite the risks involved, made their own purchases and shipments of formally controlled commodities. Furthermore, smuggling became a flourishing activity in which the dominant players were companies set up by the various secret services⁴³. Over time, however, the Japanese built up a series of specialized companies to take over the trade in the major commodities produced in the region.

In May 1939, they had established the Central China federation of flourmills. It was concerned by the commerce of flour within Central China, but also with Manchuria, Japan, North and South China⁴⁴. In March 1940, rice became the new target with the Central China company for the purchase of rice (Kachû beikoku shûbai kumiai/Huazhong migu shoumai zuhe). It included only Japanese merchants, especially the three large corporations like Mitsubishi, Mitsui, Daimaru and another ten smaller companies. They purchased rice through Chinese intermediaries, but they were deemed to have a monopoly⁴⁵. In winter 1940, the Shanghai branch of the Association of Japanese Cotton Mill-owners in China (Zaika nihon bôshoku dōgyōkai/Zaihua riben fangzhi tongyehui), the Japanese association of cotton, and two other Japanese Shanghai-based associations formed the Central China Raw Cotton Council (Chûshi menka kyōkai/Huazhong mianhua xieyihui). Its purpose was to enforce an exclusive control over the collect, purchase, transportation and transformation of cotton in Central China. The council had branches in Nanjing, Nantong, Qidong, Anqing Haimen, Hangzhou and Shanghai⁴⁶. In spring 1941, the Japanese formed a Shanghai Japanese egg trade company. It started as a coordinating organization between egg traders, but it evolved into a monopoly agency (*tongzhi jigou/tosei kiko*). The company did not last long, for lack of funds. It was replaced by the Yangzi Egg Company. Several similar companies were established for fertilizer, bamboo, tea, hemp, etc. These products were collected in Central China for export to Japan⁴⁷.

Through these various companies, it became increasingly difficult to trade in most commodities that required permits to be moved from place to another. Stations were set up in strategic places under the control of the Special services. Each station adopted its own set of regulations. In the Shanghai area, the regulations were enacted by the consulate, then by the ADB. In winter 1940, the power of issuing regulations went back to the military headquarters. In September 1941, the Japanese army issued a major regulation on the movement of commodities in Central China⁴⁸. These commodities could no longer be sent from Shanghai to Japan-occupied territories and vice versa without a permit. Furthermore, the transportation had to be entrusted to designated Japanese companies. The restrictions imposed by the Japanese on the movement of commodities made Shanghai increasingly dependent on imports. It also made the city more vulnerable to price hikes on international markets and, more fundamentally, on access to these markets to ensure the survival of its inhabitants and its industries. This is evident in the case of cereals — 200,000 tons of rice in the first quarter — which occupied the first place in Shanghai imports in May 1941. It relegated raw cotton to the second place with 40,000 tons. Most of these imports came from Asian countries (70 percent) due to the Asian rice and cotton producer's position as the leading suppliers of these commodities to Shanghai. Oil (60%) and sugar (55%) were imported from the Dutch Indies.⁴⁹

This system of control designed by the Japanese army guaranteed a virtual monopoly on trade to Japanese merchants in Central China. The extent of Japanese control can be measured with the case of the silk trade and production. The Central China Silk Company (Kachû sanshi

kōshi/Huazhong cansi gongsi) was set up on 10 August 1938 to carry out a comprehensive plan for establishing effective control of the silk industry in Central China. The move was reinforced by the decision of the ADB on 30 June 1939 to place all Chinese silk factories under the control and operation of the Central Silk Company. The latter also enjoyed an exclusive right to trade in raw silk. Although most Chinese factory owners had refused to be utilized and left their plants idle after the collapse of the Chinese armies, their factories were dragooned into the Japanese production system. Eventually the company absorbed 21 Chinese filatures in Wuxi, Suzhou, Hangzhou, Haining, Jiaxing and Shanghai. In addition to the absorption of Chinese factories, the Central China Silk Company likewise established a monopoly over the production and purchase of cocoons and silkworm eggs. By the end of 1939, some 129 egg-raising farms had signed "co-operation contracts" with the company. In 1940, it managed to obtain 1,701,000 piculs of cocoons⁵⁰. Shanghai was directly affected by the Japanese seizure of a large part of the Central China silk cocoons. Although most of its silk filatures were destroyed during the conflict, 19 of them resumed operation in spring 1938 and another 19 new ones were established in 1939. By the end of that year, there were 38 silk filatures in operation in the city with 6,754 reeling machines⁵¹. These filatures should have produced a total of 70,900 piculs of silk per year, but as a matter of fact, they produced only 20,000 piculs of silk in 1938 and 15,000 piculs in 1939. The main cause of poor working conditions of the filatures was the control of dried cocoons secured by the Central China Silk Company, one of the subsidiary companies of the Central China Development Company in the occupied areas of Central China⁵².

The Japanese also imposed a system of permits on silk trade that applied to foreign merchants. It was rightly perceived by the US consulate as a move toward monopolization of the Shanghai silk export trade. Merchants could still import silk cocoons from non-Japanese controlled zones. They were smuggled from guerrilla-controlled areas, the parties paying "fees" at barriers en route — to Japanese guards or puppet Chinese police — thus getting the cocoons into Shanghai for reeling by local filature. The Japanese regarded this trade as "illegal" and sought to outlaw it by imposing regulations on exporters in Shanghai. Foreign exchange represented by each transaction was to be deposited in the Yokohama Bank. Statistics show that Japanese firms handled more than half this business, whereas prior to the hostilities only an insignificant portion of this trade was handled by these firms⁵³. In March 1941, the *China Weekly Review* noted that the Chinese silk industry was facing slow strangulation under the rigid control of the Japanese monopoly organization, the Central China Silk Company. With few minor exceptions, only the filatures affiliated or cooperating with the Central China Silk Company were permitted to operate in the occupied regions⁵⁴. The silk industry in Central China had been ruthlessly exploited and converted practically into a Japanese state enterprise⁵⁵.

The Japanese were also well aware of the enormous industrial potential in Central China. Whenever they could the Japanese confiscated the large industrial plants. They controlled or attempted to limit the access to primary materials from inland China at a time when imports from Europe had become more expensive because of war⁵⁶. As in the past, careful surveys were made to assess the productive capacities in the various cities of the area (see table 1). The March 1940 survey on which this table is based show a large number of plants, most of them, small ventures. It is a clear indication that, after the initial phase of fighting, Chinese entrepreneurs adapted to the new situation created by the Japanese occupation. Since many commodities could not be transported without permits, they established new plants near the places of production. This did not solve all their problems, as the prohibition increasingly applied to finished products (cotton cloth for example), but this strategy allowed them to maintain production⁵⁷. This table also shows the centrality of Shanghai that, the occupation notwithstanding, was far from being challenged or displaced⁵⁸. In the same survey, the Japanese ranked Chinese industrial cities according to a set of three indexes (table 2). This table reveals that out of 16 cities, nine were

located in Central China. After Pearl Harbor, the Japanese sent representatives to 56 foreign plants (textile, machines, tobacco, chemistry, wood and food) to take over management. By 1 April 1942, the plants were under the control of the Asia Development Board. More than thirty were entrusted to Japanese companies for direct exploitation⁵⁹.

Nevertheless, the virtual monopoly of Japanese companies had numerous loopholes. Behind the formal organizations, there was a complex web of relations between the various partners involved in the game. We should not be misled into interpreting these various schemes as an iron grip on the economy of Central China. All the organizations notwithstanding, the Chinese merchants were able to trade in the controlled commodities. The creation of the military scrip, for instance, failed to solve the financial equation of the occupation. Since Chinese merchants had little confidence in the military scrip, they used to get rid of them as soon as they could by purchasing Japanese goods for sale in China. Eventually this foiled Japanese plans to garner foreign currency through their foreign trade. By 1939, the Japanese trade surplus with China, Manchukuo reached 1054 million yuan, while the trade with third countries ran a deficit of 405 million yen⁶⁰. In November 1940, the *Shanghai Mainichi*, a Japanese daily newspaper reputed to be the organ of leading Japanese business and industrial interest in Shanghai, complained that the Japanese cotton mills were facing serious difficulties for lack of adequate supply. Chinese mills were said to have an advantage in their access to credit for the purchase of foreign cotton and their ability to smuggle Central China cotton into the city. Although the report sounded alarmist, the U.S. consulate did confirm that the Japanese mills had curtailed their operation by 40 percent. Their difficulties were not only on the supply side. On the sale side, the Japanese mills had lost the market in inland China, now under nationalist control, while the buying power in the Japanese controlled areas was impaired seriously as a result of the policies carried out by the Japanese authorities themselves⁶¹.

With the war in Europe, it became increasingly difficult to import goods to China. Imports from Japan also decreased, which led the Japanese army to promote self-reliance in Central China. This in turn contributed to the transformation of the trade companies into companies concerned both with trade and production. There was already a move toward a greater involvement in the whole production process, including price fixing and rationing. It also implied a greater cooperation with Chinese merchants and their professional associations. As we have seen, however, there were many Japanese agencies involved in the import-export trade and the collect of material resources in Central China. These agencies were hardly coordinated and sometimes overlapped. The ADB Central China Liaison board did not cater to the practical organization of the commercial activities, while the Central China Development Company could at best monitor the concerns under its umbrella. In fact, the Japanese trade companies were competing in an almost free-for-all atmosphere that was hardly conducive to the systematic exploitation the army had envisioned. The need of coordination was not felt as long as the goods were delivered in reasonable quantities in an international context, which remained opened to Japan. When the international market contracted, Central China was perceived even more acutely the wealthiest pool of resources. The Japanese came to the conclusion that they could not seriously control the economy of the region without a more unified system.

The beginning of the war in the Pacific led to a further reorganization of the Japanese organs in charge of economic activities in the lower Yangzi area. A new office designed to take care — actually to clear out — the properties of "enemy nationals". It was called Association for commercial relations in inland China (*Chûgoku naichi tsûshô kankai kumiai*/Zhongguo neidi tongshang guanxi zuhe). It branched out in all the surrounding cities and actually controlled all the organs (*hanbai kyôgikai/fanmai xieyihui*) responsible for the trade of commodities like cotton cloth (*Kachû mensa fubiki hanbai kyôgikai*/Huazhong miansha bupi fanmai xieyihui), sugar,

soap, matches, tobacco, silk, oil, etc. On top of this organization, the Japanese army also established an organ specifically designed to stabilize prices and promote the use of military scrip. The army and the Asia Development Board appointed the main leaders of these organizations⁶². Under this system, more than 30 organizations operated in the planning of the movement of goods. They belonged to two separate networks, one that was designed to collect commodities for export to Japan and another for the supply of Japanese firms in China. Production was divided in eight large categories, which included altogether 1040 products. Since this division of labor implied a large number of associations, a general association (*tōsei kyōgikai/tongzhi xieyihui*) controlled these activities through three distinctive organizations (*kumiai/zube*) for the production, the transportation, and the commercialization of the commodities in each category⁶³. Through this elaborate structure, the Asia Development Board hoped to control the various steps of the economic process. Furthermore, the occupation of the International Settlement in Shanghai placed the Chinese merchant community at its disposal.

After the Japanese takeover, it was no longer possible for the Chinese chamber of commerce to maintain its pro-Chongqing stance. The chamber underwent a process of reorganization for the second time in the nationalist era. The process was initiated in March 1941 under the guidance of a reorganization committee. It must have met with serious difficulties since it took 15 months to establish a new leadership with Yuan Lüden as chairman⁶⁴. Beside the obvious economic advantages to be drawn from the reliance on Chinese networks, the move was made to press the Chinese merchants into collaboration with the occupiers. The Japanese initiated a forceful drive toward the establishment of all kinds of Sino-Japanese business organizations. In April 1942, the Japanese army entrusted the Asia Development Board with full control over the trade of 18 commodities in the Shanghai area in order to unify the system of control of the economy. These commodities had to be traded through the channel of recognized Chinese (*tongye gonghui*) and Japanese (*kumiai-zube*) professional associations. The ADB ordered the establishment of professional associations for each category of products. Depending on their national affiliation, they were called "Central China Association for..." for the Japanese associations or "Sino-Japanese Association for..." when they included Chinese and Japanese merchants⁶⁵. The new federations actually united the existing associations on both sides. Such Sino-Japanese associations (Sino-Japanese Federation of...) were established for the trade in tea, paper, coal, wood, metals, machines, dyeing products, medicine, wool and cotton textiles, etc⁶⁶. On 15 September 1942, the Japanese and Chinese authorities established a Central China monopoly committee for raw cotton (Kachū menka tōseikai/Huazhong mianhua tongzhihui) to take over the duties of the previous Japanese-controlled Central China Raw Cotton Association. The new committee was empowered to fix prices and organize the trade in raw cotton in the Shanghai area and the three provinces of Jiangsu, Zhejiang and Anhui⁶⁷. In 1942, the committee managed to purchase 175,407 piculs (*dan*) of cotton.

The Japanese business community looked confidently at the new prospects offered by the occupation of the International settlement and the related elimination of western competitors in the region. It relieved them from the stalemate created in July 1941 by the freezing of Japanese assets by the United States and England and the subsequent economic blockade. Although trade relations remained affected, the Japanese businessmen expected a rapid development of trade relations with Shanghai's hinterland. Primary goods that were no longer available through imports would be compensated by local production. Cotton, rice, and silk ranked first in their concern. The *de facto* elimination of the *fabi* was seen as the first step toward a greater stability⁶⁸. A May 1942 report bluntly stated that the Shanghai economy could not bounce back without resuming its relations with inland provinces. While it agreed on the absolute necessity to impose a system of control on the commodities required by the army, it insisted on the importance to maintain a reasonably sufficient level of supply to the population, including cereals for which it

proposed a loosening of the control system. The present organization, with its multiplicity of agencies, ran the whole system havoc. Furthermore, it was almost impossible in a city like Shanghai to make a reliable assessment of existing stocks of merchandise⁶⁹. There were also attempts at redefining the place and role of Shanghai after its occupation by the Japanese army in the early months of 1942. A two-volume compilation of various reports argued that the city could be turned into a central base for the war effort in East Asia and the construction of the Sphere of co-prosperity. In a report on the general strategy, the authors pointed out Shanghai could meet the needs of the Japanese army in China and abroad. It could serve as a production center for the China/Japan/Manchukuo and the Southeast Asia theatres. It could also become the hub for the concentration of resources within the co-prosperity framework with a relaxation of the measures of control on the flow of goods. The seizure of the city withdrew considerable resources from the Chongqing regime and pushed it to bankruptcy⁷⁰. This grand vision, however, failed to receive the proper attention of policy-makers, especially the military.

In 1942, the Wang Jingwei government and the Japanese authorities established a Central Price Control Committee (Zhongyang wujia duice weiyuanhui/Chûô bukka taisaku i-inkai) with the purpose of carrying out a unified price policy throughout Central China. Each locality was to establish local committees⁷¹. In Shanghai, the overall control on commodities was entrusted to the Shanghai monopoly committee on material resources (*Shanghai tebie shi wuzi tongzhi weiyuanhui*)⁷². It included a large number of Japanese representatives from the army, the ADB, the special services and the consulate, but they almost never attended its meetings. From the minutes of its sessions between March and December 1942, one can hardly perceive any substantial activity. Most of the decisions relate to inquiries to Japanese merchants about some transactions, to the police of the bureau of Social affairs about suspected speculators, proposals for new prices, etc⁷³. The minutes of the committee also reveal that its priority was not the collaboration with the Japanese. On its 9 May 1942 meeting, it decided to secretly send policemen to investigate how much merchandise the Japanese had seized. The committee gave secret instructions to the Chinese professional associations (*tongye gonghui*) to gather accurate statistics. Its purpose was to transfer these goods to the International settlement. With the Asia Development Board, it sought to obtain a low level for the quantities to be delivered⁷⁴. This observation does not clean the Municipal government from its record of collaboration. It does show, however, that the Chinese municipality had its own agenda, that it gave a priority to its interests and that it sought to mobilize the Chinese organizations to limit Japanese ambitions.

In January 1943, the committee was renamed Price control committee (Wujia duice weiyuanhui), following a national decision⁷⁵. If the committee was conceived as a policy-making body for price control of major commodities in Shanghai, its record over six months looks very poor. Furthermore, despite the occupation of the International settlement by the Japanese, there was no coordination or contact neither with the SMC, nor with the French Concession. By August 1942, the committee was still proposing to establish an organ of coordination with the Asia Development Board⁷⁶. The committee was reorganized under the chairmanship of Xu Tianshen and renamed Committee for price assessment (Wujia pingyi weiyuanhui/Bukka kyôgi i-inkai) in December 1943⁷⁷. This followed an instruction by the central government. Its purpose was to overcome the "differences of opinion" (*yijian bu yizhi*) between central and local organs⁷⁸. One can see this move as an attempt to take back the municipal organs' direct hold on commodities and have them focus on the regulation of prices. The incomplete set of minutes left in the archives show a small bureaucratic structure of 23 staff members. The committee members decided very early (March 1944) there was no need for regular meetings. Until mid-1944, the committee took little action, except examining applications for price increases, a task for which it was obviously understaffed⁷⁹. When the municipal government expressed its concern about the continuing rise of prices and ordered the committee to stop it, the committee simply asked the

concerned organs to apply the official prices. When violations came to its knowledge, the committee asked the Bureau of economics to punish the culprits. The committee held its last meeting on 21 July 1945⁸⁰.

By the end of 1942, it became obvious that the "semi" control system had failed. A Japanese observer wrote in late 1942 that for five years Shanghai had become the major battleground of the economic war that raged between the Japanese and the Chinese (Chongqing). Both sides were unable to win, but the stalemate had translated into the increasing enclosure of the city. Except for the Shanghai Municipal Council, neither side seemed to have cared about the nurturing and reconstruction of Shanghai. Worse, the system of permits for the transportation and sale of most commodities had created separate economic spheres. Even the Wuhan region was disconnected from the rest of Central China. Shanghai's hinterland had become fragmented into small fiefs. Shanghai had lived on imports from abroad — which allowed for an artificial boom and undue profits — but this privileged had vanished after mid-1941. It was now time to address the real issues: Shanghai was crucial for Central China and Central China was crucial for the Sphere of co-prosperity. If both went bankrupt, it would have adverse effect on both the economic and military fronts. The author stated there was no other way than resuming the free flow of commodities with the Central China region, between that region and North China, and even the Chongqing-controlled provinces. Limitations and controls should apply to military related commodities, but the rest should circulate freely. The Chinese merchants had enormous capital there was no way to control or harness for official plans. The official control systems had been turned into mechanisms for profit-seeking merchants. Ordinary people did not receive any benefit, either in terms of supply or in terms of lower prices. Official bureaucrats could not possibly make the system work. It was a dismal failure⁸¹.

With the military occupation of Central China, Japanese merchants were given a clear advantage. They had to operate under the strict control of the Japanese special services or sometimes along with companies set up by these services. There was a *de facto* control of trade by the Japanese army, but this control was not yet formalized under a regime of monopoly agencies. Moreover, the control system up 1942 remained by and large concerned by the physical collection and transportation of material resources. The companies were not involved in a specific policy of fixed prices, even if they probably forced prices down and made a large use of the "free" military scrip to pay for their purchases. They were even less concerned by the process of production itself, even if they were sometimes implicated in the various stages of production of some commodities like silk. This was the exception rather than the rule. On the whole, the Japanese enforced an unsystematic policy in the industrial realm. They concentrated on primary materials with which they could supply their armies in Central China, but also in other parts of occupied China. They also shipped large quantities of these resources to Japan to supply their own population. We have seen that the number of major actors involved (army, ADB, embassy and consulate) translated into a multiplication and overlapping of trade and economic agencies with little coordination between them. Finally, the Japanese army also tried to stifle the Shanghai power engine. When they eventually took it over, they failed to understand the prerequisites of its success. The embryonic system of monopoly the Japanese had implemented in the previous years was developed into a full-blown system of monopolies. Its severity combined to the incompetence and corruption of its initiators sealed the decline of Shanghai and Central China.

From one player to two players: Japan and the Wang Jingwei regime (1942-1945)

In the course of 1942, the Japanese government was confronted to new challenges. Its conquest of Southeast Asia and the war with the United States required a full mobilization of the resources available. Because the embassy and the army-controlled Asia Development Board supervised the implementation of economic control, there were inevitable frictions and inconsistencies. In 1942, the Japanese government created the Greater East Asia Ministry (Dai toashô) with the purpose of unifying its political, economic and cultural action in occupied territories. In China, the ministry of Greater East Asia shifted the balance in favor of the embassy. The new ministry had its own instrument of control through the Trade corporation (*Kôeki eidan/Jiaoyi yingtuan*), a body that, supposedly, was to have overall control over trade and the storage of important commodities within the Greater East Asia region⁸². Yet, with trade becoming more difficult with Italy and Germany, with communications with Vietnam and Thailand more problematic, China actually became the major, if not unique, target of Japanese trade. The Trade corporation absorbed the previous committees in charge of trade (*bôeki tôseikai/maoyi tongzhibui*) and essential commodities (*jûyô bussbi kanri eidan/zhongyao wuzi guanli yingtuan*) respectively. The 50-odd monopoly organizations (*tongzhi tuanti*) became solely inspection agencies.

The Japanese cabinet also came to realize that it had to give some substance to its discourse on collaboration with its Asian allies, especially China. The Japanese authorities could not press the Wang Jingwei regime into declaring the war to the Allied forces without making some concessions on the political and economic front and partially accommodating Chinese claims on their sovereignty. The Chinese government had until then hardly played a significant role in the Central China region. The key player remained the Japanese army and its public and private subsidiaries⁸³. In spring 1943, the Japanese adopted a "New policy toward China". According to this new agenda, the Japanese gave up its extraterritorial privileges in China, including its settlements. The fate of the Shanghai foreign settlements was therefore sealed. There was nothing to prevent their take over by the Wang Jingwei government. The latter was also given more actual powers over the economy. Confiscated companies had to be returned to their original owners. Finally, after months of negotiations, Tokyo and Nanking signed an alliance treaty on 30 October 1943. With the transfer of various prerogatives and powers to the Chinese authorities, the Wang regime was able to assert itself on the economic stage. The introduction of a new player at a time when both the Japanese and the Chinese had decided to march toward a full blown "controlled economy" (*tongzhi jingji*) actually increased the potential for disorganization and confusion.

Up to 1943, there was no unique institution in charge of monitoring the economic system, no network of inter-related agencies, only the juxtaposition of separate and often competing organs. The transfer of Japanese powers of control over the economic system in Central China was gradual and it came with a price. Restrictive measures were imposed on the commerce of rice in the lower Yangzi area. In March 1943 (13/3/1943), all movements of rice within and outside of each province, including the Nanking and Shanghai areas (but not the city proper) came under a system of certificates. The peasants had to deliver their harvest to the village authorities or to the closest administrative center. They had to bear the cost of transportation⁸⁴. In spring 1943, the High Security Council of the Chinese government adopted a regulation on commodities that looked very much like the text issued by the Japanese army in September 1941. It bore exactly the same name and apart from a few minor details, it included the same dispositions⁸⁵. The only real difference was that Chinese merchants had to obtain their permits from the Chinese authorities, while the Japanese merchants continued to obtain theirs from the Japanese consulate. For the export trade, however, the Japanese maintained their monopoly. To unify the organizations involved in the import-export trade between China and Japan, the Japanese initiated the establishment of a Sino-Japanese trade association (*Zhong-Ri shangye xiehui/Chû-*

Nichi shogyô kyôkai) on 1 July 1943. Its actual domain, however, was restricted to central China⁸⁶.

The Japanese made a significant effort to give face to the Wang Jingwei regime with the surrender of confiscated properties since 1937 or 1941. They included plants, official buildings, schools, etc. Large numbers were turned over to the Chinese authorities after protracted negotiations. By March 1943, the Japanese had returned 1029 properties (around thirty in Shanghai)⁸⁷. Most of them, however, were buildings of educational, religious and cultural institutions. And most of them were previously foreign-owned properties. The Japanese still retained the most valuable properties, namely industrial plants, especially in Shanghai⁸⁸. The 1943 treaty marked the beginning of a process of transfer of industrial companies under Japanese management to the Chinese authorities. The retrocession started with the companies confiscated from "enemy nationals" (52 companies) and the lifting of military control over postal services⁸⁹. The transfer also included Sino-Japanese companies set up under the Central China Development Company. The Central China Salt Company (Kachû engyô kôshi/Huazhong yanye gongsi) and the Central China Silk Company were both dissolved⁹⁰. The other concerns of the company were also supposed to disappear or to be transferred to the Chinese authorities, but by December 1943 nothing had been accomplished⁹¹. There is no mention of these companies in later publications. Altogether, even if most plants were returned to the Chinese, sometimes with a financial compensation, the data show that the Japanese army kept for itself a core group of industrial plants until the end of the war.

In other words, the Wang Jingwei government had to tread a careful path between its own ambitions, the demands from the Chinese business community, the needs of the population and the overarching presence of the Japanese military. In Central China, as noted above, the Chinese government stepped into the Japanese army's footsteps and began to implement a system of rigid controls over the economy. Yet it lacked both the will and the capacity to design the required institutions. Even in a place like Shanghai, fragmentation prevailed. After the takeover of the foreign settlements in mid-1943, each area preserved its institutions and rationing programs without the least regard for what was being done in the adjacent districts. The Chinese municipality did not absorb the former foreign enclaves until late 1944. The Japanese had failed in their attempt to elaborate of a system of control because they lacked the human resources and because they were unable to utilize the Chinese business community. They had pressed some of them to participate to the "Sino-Japanese federations" of various kinds created in the aftermath of Pearl Harbor, but the merchants generally kept a low profile. The Wang Jingwei regime offered a more palatable alternative, despite its clear collaborationist character. A Japanese journal went as far as stating that the merchant community had now come to terms with the "national government" and participated to the organizations of the regime⁹². This optimistic assessment notwithstanding, there was a definite change after Pearl Harbor as it became just impossible to do business without committing oneself to the regime's policies and agencies. As a result of more pressures or for sheer opportunism, the Chinese professional associations were drawn into the system of committees established to monitor the economy. Their leader could no longer avoid a direct participation to the official programs and to enter into some form of collaboration with the Wang Jingwei regime. Members of the Shanghai bourgeoisie like Tang Shoumin or Wu Zhenxiu made clear gestures of support as the representatives of the Shanghai business community and paid visits to Wang Jingwei in Nanking to discuss economic issues⁹³.

The economic policy and institutions the Wang Jingwei government adopted were a transposition of the system implemented in Japan since the beginning of the war. The state took over the control of the production and distribution of commodities for the sake of savings, rationality and military priorities⁹⁴. The Japanese sought too implement such a system in China

with the support of the Chinese authorities. The establishment of the National Association of Trade Monopoly [hereafter NATM] (Quanguo shangye tongzhi zonghui) on 15 March 1943 in Shanghai was meant to provide the government with such an instrument of monopolistic control and regulation over commercial transactions in the lower Yangzi area. Its duty was to monitor the economic system in relation with the professional associations (*tongye gonghui*)⁹⁵. As it was conceived as a merchant organization, the NATM was composed of merchants. Tang Shoumin (general manager of the Bank of Communications) was appointed chairman of the NATM, while other well-known businessmen headed or filled the various NATM committees⁹⁶. The NATM was given extensive executive and regulative powers under the actual control of the Ministry of industry. Actually, it took a whole year to organize the NATM, which prevented it to assume all its missions. Power conflicts and excessive bureaucratic interference by the ministries of food and industry slowed down the whole process. The ministry of food was clearly worried by the prospect of losing control to a merchant-run organization⁹⁷. The central government also appointed a Review committee on material resources monopoly (Wuzi tongzhi shenyi weiyuanhui) in which the Japanese had a dominant role. Its main purpose was to supervise the NATM and make sure it mobilized the proper resources to enforce the system of control of commodities. Although the committee was based in Nanking, it also had a branch in Shanghai⁹⁸. It was chaired by Zhou Fohai and its members were issued from the major ministries involved in the production and trade of commodities. The Japanese side included six representatives from the army and the diplomatic representation⁹⁹.

To make up for the initial deficiency of the NATM, specific committees were established for the major products to be brought under control: rice (*miliang*), flour (*fenmai*), beans and cereals (*youliang*)¹⁰⁰, cotton (*mianhua*), and daily necessities (*riyongpin*)¹⁰¹. The Cereal and Cotton committees, established in October and November 1943 respectively, were autonomous committees, while the three other specialized committees (*fenmai zhuanye weiyuanhui*, *youliang tongzhi weiyuanhui*, *riyongpin tongzhi weiyuanhui*) remained part of the NATM organization. The NATM underwent a new reorganization in July 1944, which made all the committees autonomous. The NATM concentrated its action on policy-making and supervision of the committees¹⁰². The NATM became an organ for policy-making and supervision of the central and local committees as it was replicated at the local level through associations based on a district or a city¹⁰³. It included both Japanese and Chinese merchant organizations. Between April and November 1943, the NATM organized 24 federations, 7 of them on a territorial basis and the other 17 by product. Altogether 566 professional associations (*tongye gonghui*) were placed under the umbrella of these federations and under the NATM. 11 professional associations represented the Japanese¹⁰⁴. Yet, their presence in the various NATM committees was sometimes overwhelming. The Sugar monopoly committee was made up of a majority of Japanese, as well as that in charge of beans and other cereals. The Flour monopoly committee was almost split in half between Chinese and Japanese representatives¹⁰⁵. Between April and September 1943, the NATM, the Ministry of food (Liangshibu) and the Ministry of industry separately or jointly enacted various regulations that defined the rules, the products and the areas that came under the new system of monopoly. On 18 April 1943, the ministry of food listed the cereals that now came under official control. The NATM promulgated regulations on 11 and 17 May 1943 which made registration compulsory for 25 products and banned their export from the three Yangzi provinces (Jiangsu, Zhejiang, Anhui) without an export certificate to be issued by the NATM. The list included all cereals, metals, medicine, textiles, rubber, machinery, etc. The first nine products of the list were industrial goods for which a certificate also had to be issued by the military authorities. On 24 May 1943, a joint decree listed all the commodities that came under the fold of official control¹⁰⁶. Another regulation banned hoarding and made the sale or the registration of stock with the professional associations (*tongye gonghui*) compulsory¹⁰⁷.

Despite their privileged position in the NATM structure, the Japanese decided to establish the China Japanese Federation of Trade (Chûka Nihon bôeki rengôkai/Zhonghua riben maoyi lianhehui) in July 1943. Its purpose was to take over trade relations with Japan that until then had been in the hands of companies under military control (*junpei zube*). Unmistakenly, the Japanese got organized in order to form a united front vis-à-vis the NATM. The establishment of the China Japanese Federation of Trade (Zhonghua riben maoyi lianhehui) was also expected to solve the lack of unity among the various Japanese agencies. With around 800 members, including a whole set of previously military-controlled companies, the federation was placed under the strict control of the Japanese embassy. Its existence was enshrined in the Sino-Japanese treaty of 1943. The federation enjoyed a monopoly on Chinese imports and exports with Japan¹⁰⁸. Its eight departments monitored cotton, sugar, food products, silk, chemicals, capital goods, and miscellaneous goods (*zabuo/zakka*). Actually, it included everything not covered by the single Central China federation for the monopoly of essential commodities (Kachû jûyô busshi tôsei kumiai rengôkai). The Federation monitored a group of 28 concerns involved in the Sino-Japanese trade¹⁰⁹. The embassy gave strict instructions to ensure there would be no competition with the Central China Development Company. The Company for the distribution of scrip-purchased commodities (Gunpyô kôkan yôbusshi haikyû kumiai) and the Central China federation of import and distribution syndicates (Kachû yunyû haikyû kumiai rengôkai) were dissolved. The two agencies had been set up to limit the flow of goods from Central China to the Yen block areas, to monitor the imports from Japan, to defend the value of the military scrip, and challenge the official Chinese currency (*fabi*). The former had lost its purpose when the military scrip was abolished in April 1943¹¹⁰. The Japanese retained the Central China federation for the monopoly of essential commodities (Kachû jûyô busshi tôsei kumiai rengôkai). Because of the more sensitive nature of the goods it dealt with, the federation remained separate, though with a more limited scope. Finally, the various specialized councils (*kyôgikai*) established in 1940 were absorbed by the NATM¹¹¹.

In Shanghai, the authorities had to deal with an increasingly complex and difficult economic situation. The city had lost its access to overseas markets after Pearl Harbor and it was still cut off from regular and adequate supply sources in Central China. Various municipal documents testify to the attempt by the municipality to control the circulation of a wide range of products between Shanghai and other cities. Registered products had to be accompanied with a certificate issued by the municipal services of the NATM (1943)¹¹². The municipality was also confronted to the issue of coordinating its services. The municipal government established a Bureau of economic affairs (*jingjiju*) on 1 March 1943. Its predecessor, the Bureau of social affairs (*sbehuiju*) lost its prerogatives on economic issues and was turned into an agency for social welfare (*sbehui fuliju*). The Bureau of economic affairs was to oversee and monitor the local economy. The municipal government was clearly worried by the number of organs from the central government, not to mention the Japanese agencies actively involved in the monitoring of business in the metropolis¹¹³. The bureau immediately set itself to the task of reorganizing all the professional associations (*gongye tonghui*) on which the controlled economy relied. This ambition met with a lot of difficulties related to the overlapping of business domains and the complexity of the associations¹¹⁴. By mid-November 1943, the bureau had reorganized 117 professional associations. Industrial plants, shops and companies had to register with the new bureau. While its drive was successful in the Chinese municipality, it met with little success in the foreign settlements (only 20 percent registered), despite their formal takeover during the summer of 1943¹¹⁵. Actually, the bureau was never able to impose its control over the former settlements¹¹⁶.

All measures of control notwithstanding, Chinese merchants found ways to evade the carefully designed takeover of production and commercialization by the state. Sometimes, they challenged the system in quite an overt manner. In July 1942, the police sent plain-cloth inspectors to the

Cotton Yarn Association (630 members), whose chairman was Wen Lanting: "they found the place overcrowded with hundreds of people and business being conducted on the premises as usual in disregard of the [SM] Council's notification". The association received an official warning¹¹⁷. One week later, a new inspection revealed that things had hardly changed, but the association was more careful. The premises were open for one hour only (9:30-10:30 a.m.) and the members were asked to carry all their transactions orally. They did not sign contracts... appended no signatures or chops to indicate the parties concerned¹¹⁸. The association argued that it did not allow any business transactions, but that it had rented out two floors to a private individual on whose activities the association had no control. One month later, the plain-cloth inspectors made the same observation: "there were crowds of people standing in the alleyway of Tung Wo Li [seat of the association] and along the pavement on either side of Tientsin road... the front door was closed all the time, though its back door was always left open. The brokers, consequently, were given free access to the building to use telephone connections"¹¹⁹.

In April 1943, Wang Jingwei gave orders to the vice-minister of industry, Yuan Yuquan and the vice-minister of finance, Chen Zhisuo, to carry out a thorough inspection of hoarding practices in Shanghai. There was an initial drive of four days during which inspectors stormed banks, insurance and enterprise holding (*qiyè gongsi*) companies to verify their accounting books. Yet, after four days, the drive came to a complete stop. The report published later singled out a few companies, which were caught with concealed stocks of unregistered commodities. The minister of industry, Si Meiping had also tried his hands weeks before and had uncovered 30 million worth of unregistered stocks in bank-owned go-downs. It is obvious that protests came from the business circles and that their close links with government circles allowed them to have the inspection drive suspended. On the issue of hoarding, Japanese business circles made it plain that they saw the root of the problem in the intermingling of political and business circles in China¹²⁰. This allowed unscrupulous institutions to take advantage of their relations to escape inquiries and punishment. The Wang Jingwei government, who badly needed the support of Chinese economic elites, especially the Shanghai bourgeoisie, had to make do with these unsavory practices. Both were involved in a fool's game. On 19 June 1943, a more permanent structure, the Shanghai Committee of inquiry on material resources (Shanghai wuzi diaocha weiyuanhui) was established with Chen Gongbo at its head¹²¹. It was composed of representatives of the municipal government, the former Shanghai Municipal Council, the Japanese embassy and consulate, the Kempeitai, etc. Its mission was to investigate public and private go-downs in search of hidden stocks, especially in cotton cloth¹²². Actual control was left to the police, but it targeted only small merchants.

The takeover of the management of the economy by Nanking had contributed to a greater disorganization. Japanese police reports reveal the extent of the confusion created by the retrocession of the foreign settlements and the clumsy implementation of economic controls. The small Japanese merchants were suffering more because the system worked to the advantage of the Chinese merchants. A report noted that the Japanese merchants had had five golden years, but that mounting difficulties would lead to the departure of a good number of them (up to one third). Furthermore, the report accused the authorities in Nanking of seeking quite deliberately to undermine Japanese interests with unavoidable conflicts¹²³. As we shall see with the case of cotton, the entire system was economically counterproductive, highly inefficient and extremely corrupted. The agencies in charge of the control of commodities were at the forefront of speculation and the hoarding of goods. Shanghai industries collapsed. In February 1944, the city had 4607 plants, but only 2910 were in operation. More than one-third (37%) of the industrial capacity was idle. One year before, there were 3772 plants, but 2920 were in operation. An increasing number of plants were forced to close down¹²⁴. These figures, however, reflect only one part of the problem because most plants used only a very small part of their productive

capacity. Although many saw the phasing out of the restrictions on the movement of goods as the only way to get out of the situation of crisis generated by the system of controlled economy, actual development and policies took the opposite direction¹²⁵. The establishment of new industrial firms was not an indicator of an industrial revival. It often was no more than a disguised way of obtaining primary materials to be sold on the black market¹²⁶. Added to the unrestrained issuing of paper money, the economy could only take another downturn.

The occupation of the International Settlement and the severance of commercial relations abroad led to a serious crisis in coal supply. The Japanese-dominated SMC asked industrial plants about their minimum needs¹²⁷. On 18 February 1942, the Japanese ordered the 16 Chinese wholesale dealers to merge under the aegis of a single company, the Dazhong coal general store (Dazhong lianmeihao). The general store controlled two thirds of the coal distributed in the city¹²⁸. The professional association of coal briquettes (Meiqiu tongye gonghui) distributed the rest, at the same price and with the same profit margin as the General store. As in the case of cotton cloth, more than one half of the original coal stores (511) were wiped out by the monopoly system¹²⁹. The remaining stores complained about the illegal practices of the General store, which abused its position of monopoly to increase its margins. The coal merchants sent an official protest to the Japanese authorities. The monopoly was maintained. The General store and the professional association imported 2000-3000 tons of coal daily¹³⁰. This level was much below the basic requirements of the city's population and industries. Between 1933 and 1937, the average consumption of the whole city reached 3,5 million tons every year¹³¹. With the slowing down of industrial activity, the needs of the city in early 1944 declined to one million tons per year, but actual supply hardly reached 600,000 tons¹³². The price of coal, although it increased like other commodities, was fairly reasonable in 1941 and 1942 [according to the journal]. After November 1943, however, prices flared up as the production of coal briquettes sharply declined. Even with a ration limited to five yuan of coal briquettes per person, coal dealers did not have enough to serve the population. A plant, which received rationed coal to produce coal briquettes, managed to lower the actual content in coal to 20 percent whereas the regulations fixed a minimum of 50 per cent. The plant was closed down¹³³. The lack of coal caused a sharp decline in the production of electricity. The quantity of electricity provided to industrial plants was reduced to 60 percent of their average consumption during the previous term (July-September 1943). It had devastating effects since the summer term was a slack season for most plants. Therefore, the basis of calculation meant a drastic reduction of the quantity of electricity they actually needed¹³⁴.

In February 1944, *Zhongguo jingji* (The Chinese economy) presented a summary of the past year's achievements by the government. It painted a rather negative portrait: "The progressive reinforcement of the controlled economy by the authorities is one thing, but for the controlled economy to reach its ideals is another matter. In reality, in the course of last year, from the perspective of the development of the economy of Central China, [we can see that] prices rose tremendously, production is paralyzed, the life of the people and productive activities have not only failed to improve as a result of the controlled economy, but on the opposite it has become worse than ever"¹³⁵. The journal pointed out the prerequisites for the successful implementation of a system of controlled economy (tongzhi jingji): it should apply to the whole country; it should apply to the whole economic process, from production to consumer sales; the agencies in charge of the controlled economy should be unified; the policy of control should be rational and enlightened. In the light of these criteria, the present system was extremely deficient: the government was unable to reach into the Chinese countryside and agricultural economy; because of that, the control system was partial and piecemeal; there was a plethora of organizations without a unified command system and overlapping or contradictory powers; this system required skills that were missing among those in charge of the system¹³⁶. The journal summed up the major consequences of the control system. The industrial activity in the cities of Central

China kept contracting. The compulsory purchase policy of agricultural products at low prices had pushed the peasants to reduce their production. The official control on major commodities had stopped the free flow of goods between the cities and the countryside, while the rationing system was unable to deliver these commodities to the population, causing high prices on both sides. Since production offered no regular outlets, capital turned to increasingly speculative activities. The end result was the development of a black market that actually served to regulate the system, though at a high price which many people could not afford (Table 4). The black market itself reinforced the tendencies toward hoarding and speculation for the sake of pushing up prices¹³⁷. Hoarding was also perceived by the Japanese business community as the main "cancer" that sapped the Chinese economy¹³⁸.

Wang Jingwei declared 1944 as the "Year of increased production" (*zengchan nian*). It called for the mobilization of all energies from all sectors of society. The people were asked to stop "idly look around and shake their head in despair" (*xiushou pangguan, yaotou taixi*) and to "step into reality and take action" (*jiaota shidi qu zuo*). In March 1944, a group of merchants strongly involved with the Wang regime initiated a new association, Zhongguo shiye xiehui (Association of Chinese Industry) to promote and encourage industrial production. Although its chart was submitted to the municipality for approval, nothing concrete ever came out from this attempt¹³⁹. *Zhongguo jingji* sternly reminded the authorities that what they perceived as idleness and lack of initiative were in reality the products of the exclusion of capital, labor and time from the process of production. The government would be well inspired to "step into reality" to solve these issues¹⁴⁰. It also observed that it was illusory to try to catch or concentrate idle capital as long as there was no real investment opportunities to turn this floating capital into productive ventures¹⁴¹. In the course of the year, it became apparent that production was not only increasing, but continued to decline. On 1 September 1944, the government belatedly established a Central China Production Enhancement Board (Huazhong shengchan zengqiang benbu). Its mission was to serve as a coordinating agency for the various monopoly organizations that operated in the region¹⁴². It could only create even more confusion. The new board must have had a limited impact, as its name does not appear in later documents.

The *tongzhi jingji* in action: the case of cotton goods

Cotton was certainly the major agricultural product in Central China for industrial purposes. Shanghai had emerged over the centuries as the region's major cotton trade center¹⁴³. With the development of modern industry, the city also became China's stronghold for the production of cotton yarn and cloth. The cotton industry also developed in several cities of Central China. The war and the blockade imposed on the movement of goods even generated the establishment of a large number of small-scale industrial ventures out of Shanghai. Yet, their level of technology and output were far below that of the metropolis' more advanced plants. In the initial phase of the war, the city's industries had to rely on imports to compensate the diminishing flow of raw cotton that came from Central China. Up to Pearl Harbor, cotton ranked first or second in Chinese imports. The other "competing" commodity in customs statistics was obviously rice. The Japanese firms were supplied with Central China raw cotton through the trade companies of the CCDC or the ADB. Nevertheless, they sometimes suffered from high prices or even lack of supply when cotton was shipped to Japan or North China. Even if they complained bitterly, accusing Chinese mill owners from undue advantages, the Japanese mills made huge profits until 1942¹⁴⁴. Furthermore, the Japanese army had confiscated the Chinese mills in the Chinese municipality and transferred the management to Japanese companies. All the other Chinese plants either processed smuggled cotton from Central China or imported cotton. After December 1941, however, the Chinese plants came under Japanese control in a city cut off from its overseas links. Cotton mills and filatures depended on the Japanese trade companies.

In Central China, trade in raw cotton was in the hands of the Central China Cotton Association (Kachû menka kyôkai). The association used to enjoy a monopoly over the purchase of cotton flowers and the power to fix prices. The various local sections made all the purchases from the peasants. The cotton was then centralized at the upper level, the main area section, which transferred them to the headquarters of the CCCA in Shanghai. The CCCA distributed the cotton to industrial plants. Between 1938 and 1940, the CCCA had limited competitors, since the Shanghai-based cotton mills had access to the international market and imported large quantities of raw cotton from British India. The Chinese merchants were also purchasing raw cotton, but their ability to challenge the Japanese was seriously constrained by the controls of the Japanese army on the trade routes. When the situation deteriorated, however, the monopoly privileges of the Japanese association could not ensure it could reach its objectives. A report indicates that the harvest of 1941 was much below previous year — from 3 million piculs (*dan*) to 1,3 million piculs. The prices on the black market went up so high that the association failed to achieve its goal of purchasing 500,000 piculs (*dan*) of cotton. Failing this, it imposed forced purchases. In October 1941, the association held a meeting to decide on its general drive to purchase cotton for the coming year¹⁴⁵. We have no data on the degree of success of the 1942 campaign, but we know that since production continued to decline, collection must have been below the set objectives. Furthermore, the Chinese merchants and industrialists had no alternative, but to turn to Central China to purchase as much cotton as possible, since the international markets were now closed.

The increasing tension on cotton supply in Central China and in Shanghai led the Japanese and the Wang Jingwei government to enforce a more stringent set of policies. Cotton mills and filatures were in dire straits and the price of cotton goods was getting out of hand. The government declared that the purchase of cotton and other industrial goods in the city and that of various agricultural products in the countryside would allow the authorities to guarantee an adequate supply of goods to the population on both sides through a barter system¹⁴⁶. Reverting to such a system could hardly be seen as a progress for the Lower Yangzi area, the most commercialized part of the country for centuries. In August 1943, the Japanese sealed all stocks of cotton cloth and yarn throughout Central China. The owners were ordered to sell their goods at fixed prices, but they received only one fourth or one sixth of this amount in cash. While it was fairly easy to identify existing stocks in small cities, it was a real challenge to do the same in Shanghai.

To enforce the new regulation, the NATM established on 17 August 1943 a Cotton Cloth and Purchase Bureau (Shoumai miansha mianbu banshichu) with Nie Lusheng, the chairman of the Federation of cotton goods (Mianzhipin lianhehui) at its head. Nie was the director of a small filature, but he was also a friend of Tang Shoumin, the influential chairman of the NATM. The other members of the bureau were also transfers from the NATM¹⁴⁷. In November, the bureau was renamed Office for the management of cotton (Mianye guanlichu)¹⁴⁸. In Shanghai, all cotton cloth and yarn had to be registered with the committee before 6 September 1943. The bureau started collecting the declared stocks in late September. Payment to the original owners was made within five months¹⁴⁹. Among the Japanese merchants, the purchase of cotton stocks was made by the provisional management office for cotton of the Central China Federation of Trade (Huazhong maoyi lianhehui linshi shabu guanli shiwuju). The police put the figures of current stock at 600,000 *bao*, of which one third is in Japanese hands and the rest in Chinese hands¹⁵⁰. Another report observed that whereas the official records showed stocks at 523,526 *bao*, the real quantity hoarded in the city amounted to one million *bao*¹⁵¹. The police was quite pessimistic on the prospect of collecting the stocks of cotton goods: the authorities would be able to retrieve 95 per cent of the Japanese stocks, but only 60 percent of the Chinese ones. The Chinese merchants

were said to resort to all kinds of corruptive practices to avoid the compulsory purchase of their goods¹⁵². Eventually, the bureau collected 210,000 *bao* from Japanese merchants and 250,000 *bao* from Chinese concerns. The total — 460,000 *bao* — was 100,000 *bao* short of the lower level of identified stocks in the city¹⁵³. The missing goods must have been diverted for sale on the black market or for hoarding. While the rationale of the compulsory purchase scheme — forcing prices down — provoked a temporary softening of prices, in the long run, it generated a worsening of the situation.

The purchase of cotton cloth and yarn was based on a reference price for one product. Actually, the operation was very complex because there were all kinds of cotton cloth and yarn. A special committee was established to prepare a table of the various types of products. Altogether, there were more than 77 different types of cotton cloth and 46 different categories of cotton yarn¹⁵⁴. The reference price of cotton yarn was set at 10,000 yuan for one *bao* and that of cotton cloth at 375 yuan for one *pi* (bolt)¹⁵⁵. At current black market prices, the total stock was worth 24.1 billion yuan, or 40,000 yuan per *bao*. The missing 100,000 *bao* represented a capital of 4 billion yuan. What the bureau actually did was to purchase the cotton stock at 25 percent of their value on the black market¹⁵⁶. One can imagine the impact of the measure of compulsory purchase. To make things worse, the payment method could hardly encourage cotton owners to deliver their goods. One half of the cotton was to be paid in cash at the time of purchase. But payment was made in cash in two installments, the first one three months after the purchase was made and the second one within a year. The rest would be paid in three installments over a period of three years. Furthermore actual payment was delayed because the bureau required a five-month delay to process the purchased cotton, examine its quality and ask the Central Reserve Bank to pay the original owner¹⁵⁷. In the context of hyperinflation that was developing by then, this meant cotton owners would hardly receive any compensation for the cotton they had sold to the government. Although no one can deny that many of them had made good money in the preceding years, taking advantage of the situation of scarcity created by the Japanese — a situation for which the merchants were not responsible — the compulsory purchase of cotton goods under these harsh conditions was nothing less than an outright spoliation. No doubt that more than one cotton owner tried to hide at least one part of its stocks. Those that suffered most were the smaller shops.

Compulsory purchase had an immediate effect on prices. The price for one *bao* dropped almost overnight from 38,000 yuan to 28,000 yuan. Many firms just went bankrupt: 600 cotton yarn shops out of a total of 800, 2000 cotton cloth shops out of a total of 2600, more than one half of the small cotton spinning mills (*mianbuchang*)¹⁵⁸. The large cotton cloth shops fired one half of their staff through a lottery system after the adoption of the compulsory purchase system¹⁵⁹. The system of compulsory purchase of cotton cloth enforced at the beginning of August 1943 (9/8/1943) generated vocal protest by Shanghai industrialists. Pan Xusheng, the chairman of the professional association of cotton industrialists (Shanghai shi buchang tongye gonghui) went to Nanking to negotiate the postponement of the new policy. He encountered a straight rebuttal¹⁶⁰. Wen Lanting also attempted to plead their case with Wang Jingwei during one of the latter's visit to Shanghai. But Wang refused to commit himself to a revision of the system. The police report argues that Shanghai industrialists had made enormous profits in the three preceding years and that they were now speculating on cotton rather than producing cotton cloth¹⁶¹. Cotton mill owners met on 13 November 1943 to examine their current difficulties in supplying their plants with raw cotton and to prepare a document of protest for the NATM. Each company was asked to provide its current level of production, the state of its stocks, the level of sales and the average level of production over the last six months. The last figure was to be proposed as the reference for the distribution of raw cotton by the NATM¹⁶². The cotton filatures came to a complete standstill. While the authorities were purchasing cotton, the distribution system was not in place.

The plants had to wait for the government to allocate cotton to start production. By October 1943, plants were still idle¹⁶³. In December, no shop, no cotton filature, no cotton mill had received any quantity of raw cotton, or cotton yarn or cotton cloth¹⁶⁴.

The inefficiency of the compulsory purchase of cotton — or deliberate action of those in control of the committee and involved in the trade of cotton — exacerbated speculation and price increases, while the population was simply left out. Between August 1943 and the end of the war, the committee managed to implement only one distribution of cotton cloth at the low official price¹⁶⁵. The largest part of the collected cotton either remained idle in the committee's go-downs, while some of it found its way to the black market. In actually freezing a large volume of cotton out of the market, the committee directly contributed to the sharp increase of the price of cotton goods on the black market and reinforced the advantage of those who possessed stocks to hoard and speculate. In another field, the restrictions imposed by the government created both limitations and opportunities, depending on which side of the barrier one was situated. In July 1943, a Shanghai industrialist complained about the secretive procedures of the Society for the coordinated management of cloth shops (*Buhaoye lianyingshe*). The society dealt in cotton cloth and dyeing. The fifteen members of the society were co-opted from the original professional associations (*gonghui*) in charge of these commodities. The industrialist denounced the practices of hoarding of both cloth and dyeing products, whereas one half of the dyeing plants had closed down. He observed that everybody was hoarding, including teachers, employees, etc. They all tried to make some money through speculation¹⁶⁶. The compulsory purchase system failed to bring prices to a halt. Prices continued to rise in relation with the continued issuing of paper money and related debasement of the currency. Moreover, the actual freezing of cotton in the go-downs of the committee pushed prices further up. There was more money in circulation than goods in circulation¹⁶⁷.

The control system also applied to raw cotton. A Raw Cotton monopoly committee (*Mianhua tongzhi weiyuanhui*) came into existence in Shanghai on 27 November 1943. The committee did not belong to the NATM apparatus until it merged with the Office for the management of cotton in July 1944 under the combined name of Monopoly committee for cotton (*Mianye tongzhi weiyuanhui*)¹⁶⁸. Wen Lanting and Tong Lüqing headed the committee¹⁶⁹. It operated through the professional associations related to cotton, both Chinese and Japanese. The associations were grouped under the Association of raw cotton purchasing guilds (*Mianhua shoumai tongye xiehui*). The guilds in turn purchased raw cotton through local merchants. Apart from a share defined by the committee to be left for their own plants, the association was obligated to turn the entire surplus to the committee. The collected raw cotton was stored in go-down in the major towns of the cotton-producing areas. No movement was allowed without the committee's permission. The committee set up a separate committee for cotton cloth produced in other parts of Central China (*Mianshabu linshi guanli weiyuanhui*)¹⁷⁰.

In 1943, the Association of raw cotton purchasing guilds (*Mianhua shoumai tongye xiehui*) targeted the purchase of 500,000 piculs (*dan*) of raw cotton. It was to be shared between the Japanese army (33 percent) and the Chinese and Japanese cotton filatures. The association met with two difficulties. The 1943 harvest was 40 percent below the level of the previous year as a result of bad weather in the preceding autumn and the peasants' decision to shy away from cotton¹⁷¹. The initial price range offered (2647-3307 yuan/catty), however, could only reinforce their preference for alternative solutions. The peasants cared for the better prices offered by the small workshops and plants scattered in the area. These small ventures escaped official control and easily competed with the large industrial plants of the major cities. Furthermore, the peasants received only one part of the money in cash and the rest in IOU's to be redeemed at a later time. In spring 1944, official prices were raised to 8000 yuan, then 9500 yuan, but inflation had already

taken its toll. Yet, the association managed to buy 400,000 piculs (*dan*) during the 1943-1944 campaign. To avoid the competition created by the small workshops, the committee made the registration of all the firms with more than 800 spindles compulsory¹⁷². The policies of compulsory purchase below market price encouraged the peasants to give up the production of commodities like cotton. They shifted to rice or other products. Yet, even in the case of rice, the peasants were concerned about their own subsistence, but as in the case of cotton, they were not motivated in producing much since they had to sell their harvest to the monopoly agencies below market price¹⁷³. The peasants also turned to selling their rice to private merchants who operated illegally and sold the rice to the black market. The culture of cotton was also impaired by the lack of fertilizers, either as a result of their official monopolies, or simply because they were too expensive for the peasants. As a consequence, production went down. In 1944, the whole agricultural economy of Central China was in crisis.

Conclusion

When the Japanese army launched its military campaign for the conquest of Central China, its leaders had hopes that a *blitzkrieg* would suffice to annihilate the Chinese forces and overthrow the Nationalist government. With such a scenario came a new Chinese leadership able and even eager to build a Japan-friendly regime. China would become Japan's political ally and, under a new division of labor, a major pool of resources for the Japanese economy. These expectations were beset by the staunch resistance of the Chinese armies around Shanghai and Nanking, the Nationalist government's refusal to capitulate and its ability to build a base for resistance in inland Sichuan. The Japanese army not only had to face increasing costs due to the extension of war in time and space, it also had to bear the huge burden of having to administer a huge country with limited human and economic resources. In the political as well as in the economic fields, the Japanese occupation was not viable without bringing the Chinese into the system.

In Central China, the priorities of the Japanese army changed over time. It had a direct impact on its attitude toward the Chinese puppet authorities, business community, and local society at large. Between 1938 and 1945, the Japanese policy shifted from strategic considerations to economic considerations. In the early years of the occupation, the primary concern was to prevent the movement of commodities to Guomindang-controlled areas. A successful blockade would bring the Nationalist regime to its knees. Within this larger concern, the Japanese army was willing to challenge the Western presence in Central China, especially in Shanghai where its economic and political power was concentrated. On the one hand, the control on the supply of primary materials could strangle economic life in the city. On the other hand, the control on the means of transportation would prevent the movement of goods to their original inland markets. Besides this politically-inspired strategy, the Japanese army was prepared to rake off as many commodities as possible to supply its units throughout China and its population back home.

The Japanese army could rely on a wide range of "brain trusts" and research center to design plans for a systematic exploitation of Central China's resources. Probably on too many of them. These agencies did their part of the job. They came up with serious plans based on careful surveys of existing resources. These plans, however, came to nothing for two main reasons. First, the Japanese army had its own agenda, priorities, policies, etc. The plans, the studies, the opinions voiced in economic journals basically fell on deaf ears. Second, no overall blueprint was ever conceived for the Japanese occupation. It was by and large an improvised exercise all the way down to the 1945 surrender. This is especially visible in the succession of overlapping and sometimes competing organizations and in the frequent changes in the regulations. Eventually, the Japanese army was able to plunder Central China's resources to its content, but without being able to really displace the Chinese merchants. Up to 1940, it is clear that Shanghai was still

receiving a substantial share of the agricultural products its industries and population needed. After 1940, however, because Japan was affected by the economic consequences of the war in Europe, it tightened its grip and dried the flow of goods to the city.

This paper has established that the Japanese established all kinds of companies to carry out the collect of commodities in Central China. Most of these companies were actively staffed and run by the Shanghai-based Japanese private commercial, financial and industrial firms. These companies were deeply involved in the exploitation of Central China's resources thanks to the privileges they enjoyed as a result of military occupation. The first circle of collaboration was there, in the genuine complicity of Japanese private concerns with the army's plans and actions in China. There is no way to assess the amount of commodities that were extracted from Central China, although the amount of imports in Shanghai provides a rough idea of "missing" goods. It is obvious, however, that the Japanese companies were able to collect large quantities of primary materials at fairly low prices. It diverted an enormous flow of agricultural products from their original places of transformation to reinforce Japanese industries in China and in Japan.

The policies of forced purchases in the countryside and economic blockade around Shanghai had disruptive consequences on the organization of agricultural and industrial production in Central China. The peasants shifted toward self-reliance or to less controlled commodities, causing a decline in rice and cotton production. Local industries found it increasingly difficult to produce at reasonable costs and to market their products in the countryside. The main constraint, however, was the obstacles on the flow of goods without which the economy of Central China could not sustain its development. After Pearl Harbor, the Japanese army realized that the region had to be turned into an economic basis for Japan's war effort in the Pacific. Economic considerations overwhelmed the previously dominant strategic considerations. The solution to revive the economy was sought in the Japanese model of controlled economy (*tōsei keizai*) applied in the home country. The takeover of the International Settlement in Shanghai placed the Chinese business organizations and elites at the mercy of the Japanese army. Collaboration was inescapable.

The initial attempts took the form of Japanese dominated "Sino-Japanese" merchant organizations. It may have afforded the Japanese a greater degree of leverage on the Chinese networks, but it failed to bring substantial economic results. Under the "New China Policy" signboard, the Wang Jingwei government was also brought into play. The Japanese army made concessions and gave more leeway to the Chinese authorities with the hope they would serve Japanese plans more efficiently. Whether the "controlled economy" was a success in Japan proper is a subject on which my own knowledge is limited. In China the same policy led to a full disaster. Whereas the Japanese army had more or less dominated the economic stage, the system of controlled economy brought in new and competing players. Despite their military power, the Japanese were powerless to prevent the takeover of the system by the Chinese political and economic elites. These elites used their powers and privileges to maximize their resources and their profits with little regard for the fate of the non-privileged population. The complex and rigid system of control enforced after 1943 created in itself the scarcities that nourished the black market, inflation, and speculation. The economy was caught in a vicious circle.

The system of monopoly instituted in the lower Yangzi area resulted into an enormous waste of resources and high levels of corruption. It placed ordinary citizens at the mercy of a host of cadres, bureaucrats and military officers who lived off this lucrative trade. The entrepreneurs were unable to escape the grip of the government despite their connection with the central or local government. The Japanese merchants themselves seriously suffered after the implementation of the control system over major commodities, even if they had benefited from

various privileges during the first five years of the war. Shanghai, once the economic heart of the country simply collapsed. In August 1945, after the Japanese surrender, the situation was very gloomy. An OSS report stated: "The Shanghai power plant had to supply electricity for the city, but it worked at 19 per cent of its pre-war capacity [...]. The telephone company was in terrible shape due to lack of maintenance and connections were doubtful and poor. No busses were operating in the city. The Japanese had confiscated them for their own trucking purposes. Tramways operated at 30 per cent efficiency. The few trams being used are jammed at all times to overflowing. The greatest disaster was water distribution. All water in Shanghai derived from the Huangpu, the most polluted river in the world. All water is in raw state and unfit for human consumption"¹⁷⁴.

In spite of all their numerous economic advisors and despite the pressing economic needs the army had to satisfy to sustain the war in the Pacific, the Japanese occupiers were unable to turn the wealth and resources of Central China and Shanghai to their own advantage. On the opposite, their clumsy policies and that of their Chinese allies managed to kill economic development and leave the region in the most appalling situation at the end of the war.

ABBREVIATIONS

OSS: Office of Strategic Services
PRO: Public Record Office, London, Kew Garden - WO: War Office
SHTBSZF: Shanghai tebieshi zhengfu
SMA: Shanghai Municipal Archives (Shanghai shi dang'anguan) - QZ: quanzong - ML: mulu
USNACP: United States National Archives at College Park, Maryland

NOTES

¹ Most studies of Chinese economic history tend to overlook the war period. For a general overview of the Chinese economy before 1949, see Feuerwerker, Albert, *Economic Trends in the Republic of China, 1912-1949*, Ann Arbor, The University of Michigan Press, Center for Chinese studies, 1977 and Rawski, Thomas G., *Economic growth in pre-war China*, Berkeley, University of California Press, 1989. As to the economy during the war period, the attention of historians has focused on nationalist China: Young, Arthur N., *China and the Helping Hand, 1937-1945*, Cambridge (Mass.), Harvard Univ. Press, 1963; *China's Wartime Finance and Inflation, 1937-1945*, Cambridge (Mass.), Harvard Univ. Press, 1965; Sih, Paul K.T., *Nationalist China During the Sino-Japanese War, 1937-1945*, Hicksville, 1977; Eastman, Lloyd E., *Seeds of destruction: Nationalist China in war and revolution*, Stanford Stanford University Press, 1984. For Hsiung, James C., Levine, Steven I. (eds.), *China's bitter victory. The war with Japan, 1937-1945*, New York, M.E. Sharpe, 1992;; Ch'i Hsi-sheng, *Nationalist China at War: Military Defeats and Political Collapse, 1937-1945*, Ann Arbor, University of Michigan Press, 1982; Eastman, Lloyd E., "Nationalist China during the Sino-Japanese war, 1937-1945" in *The Cambridge History of China*, vol. 13, part 2, Cambridge Cambridge University Press, 1986; Kapp, Robert A., "The Kuomintang and Rural China in the War of Resistance, 1937-1945", in Gilbert F. Chan, *China at the Crossroads: Nationalists and Communists, 1927-1949*, Boulder, Westview Press, 1980; Yeh Wen-hsin (ed.), *Wartime Shanghai*, London, Routledge, 1998.

² Two authors have addressed the issue of material control in China during the Japanese occupation. Wang Ke-wen has examined the case of Shanghai with a focus on the issue of collaboration. Huang Meizhen has studied the organizations involved in the control of material resources in Central China from an institutional perspective and mostly for the 1943-1945 period. Wang Ke-wen, "Collaborators and capitalists: The politics of "Material control" in Wartime Shanghai", *Chinese studies in history*, 26, 1, Fall 1992, pp. 42-62; Huang Meizhen, "1937-1945: Riwei dui yi shanghai wei zhongxin de huazhong lunxianqu de wuzi tongzhi" (The control of material resources by Japanese and puppet [authorities] in Central China), paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon.

³ Henriot, Christian, "Shanghai industries under Japanese occupation: Bombs, Boom and Bust (1937-1945)", paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon. This paper will be part of a collective volume issued from the conference under the editorship of Yeh Wen-hsin and Christian Henriot; Henriot, Christian, "Rice, power and people: The politics of food supply in wartime Shanghai

(1937-1945)", paper to be presented at the international conference on "Central and local governments in China", Taipei, Guoshiguan, 16-18 December 1999.

⁴ Boyle, John H., *China and Japan at War, 1937-1945: The Politics of Collaboration*, Stanford, Stanford U.P., 1972, pp. 83-107 and 123--133.

⁵ *China Weekly Review*, 28 May 1938, p. 374

⁶ Brook, Timothy, "The Great Way government of Shanghai", paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon.

⁷ Fu Xiao'an was the managing director of the China Merchants' Steamship Company and the chairman of the Chinese Chamber of commerce at the time of the Northern Expedition. During the fateful events of 1926-1927 in Shanghai, Fu chose to support the local northern warlord. After the nationalist victory, Fu had to flee to Dalian where he remained until his return as mayor of Shanghai in 1938. It was suspected that his assassination was engineered by the Nationalist secret services. *China Weekly Review*, 19 October 1940. On Fu Xiao'an see Fewsmith, Joseph, *Party, State, and Local Elites in Republican China*, Honolulu, The University of Hawaii Press, 1985, pp. 114-118 and 130-131.

⁸ Wakeman, Frederic E., *The Shanghai Badlands: wartime terrorism and urban crime, 1937-1941*, New York, Cambridge University Press, 1996.

⁹ Short biographical notes in *China Weekly Review*, 2 April 1938, p. 119

¹⁰ The major actor in the formation of the Reformed government was the Central China Expeditionary Army, which was concerned about having full control the blockaded Yangzi area. Boyle, John H., *China and Japan at War, 1937-1945: The Politics of Collaboration*, Stanford, Stanford U.P., 1972, pp. 111-115

¹¹ The reference works on this period are Boyle, John H., *China and Japan at War, 1937-1945: The Politics of Collaboration*, Stanford, Stanford U.P., 1972 and Bunker, Gerald E., *The Peace Conspiracy: Wang Ching-wei and the Peace Conspiracy, 1937-1941*, Cambridge (Mass.), Harvard Univ. Press, 1972.

¹² *China Weekly Review*, 2 November 1940, p. 290; 16 November 1940, pp. 353-354; 4 January 1941, pp. 149-50

¹³ Throughout this paper, I shall usually render the term *tongzhi jingji* as "controlled economy", rather than "command economy" which may cause a confusion as the latter refers to the economic organization of socialist countries. Yet, in its spirit, the *tongzhi jingji* was very close to a command economy. When used in relation with the name of the special committees established for the control of certain commodities, I shall use the word "monopoly" for *tongzhi*.

¹⁴ On 8 December 1941, the Japanese army marched into the International Settlement and took over the control of the Shanghai Municipal Council. It confiscated all the companies belonging to "enemy nationals" and foreign-registered Chinese firms. The institutions run by the Chongqing government were closed or became subject to Japanese control. Chinese businessmen, intellectuals, and ordinary citizens had lost their last haven, however relative it was. The French Concession was never occupied, but after the establishment of the Vichy government in France, the local French authorities made many concessions to Japanese demands. In July 1943, the two settlements were formally returned to the Wang Jingwei government, but they remained largely autonomous until the end of the war.

¹⁵ *China Weekly Review*, 3 May 1941, p. 284. Rice imports were being derived chiefly from French Indochina, Burma and Thailand; wheat was being procured from Australia and Canada.

¹⁶ On 26 October 1938, the Japanese army formally promulgated a regulation that prohibited the movement of goods from Central China and Shanghai to the Nationalist-controlled areas. Huang Meizhen, "1937-1945: Riwei dui yi shanghai wei zhongxin de huazhong lunxianqu de wuzi tongzhi" (The control of material resources by Japanese and puppet [authorities] in Central China), p. 2

¹⁷ *Kangzhan zhong de zhongguo*, 1940, p. 231. The British consulate described the company and its affiliates in the following terms: "These companies are intended to perform much the same role in North and Central China as the South Manchurian Railway formerly did in Manchuria. They are to control iron mining, coal, salt, communications and various other industries. They will act as holding companies while the development of individual industries will be in the hands of separate subsidiaries". "China summary", 1938, n° 11, 25 January 1939, para. 40, cited by Brook, Timothy, "The impact of the Japanese occupation on the economy of Shanghai", paper presented at the conference "Shanghai: culture et histoire, 1843-1949", Paris, 27-28 January 1997.

¹⁸ In the field of public utilities and transportation, the company established the following companies: Central China Water & Power Co. (Kachû suden kôshi/Huazhong shuidian gongsi), Shanghai Inland Navigation Co. (Shanghai naikô unsen kôshi/Shanghai neihe yunchuan gongsi), Central China Telecommunications (Kachû denki tsushin kôshi/Huazhong dianqi tongxin gongsi), Shanghai Productions (Shanghai kôsan kôshi/Shanghai hengchan gongsi), Central China City Bus Co. (Kachû toshi kôkyô kisha kôshi/Huazhong dushi gonggong qiche gongsi), Greater Shanghai Gas Co. (Dai shanghai baiki kôshi/Da shanghai meiqi gongsi), Central China Railways Co. (Kachû tetsuro kôshi/Huazhong tielu gongsi), China Ferry Co. (Chûka rinsen kôshi/Zhonghua lunchuan gongsi), Central China Transportation Co. (Kachû un-yu kôshi/Huazhong yunshu gongsi). *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, 1943, p. 46

¹⁹ On its initial development, see *Chú shina shinko kaisha, Chú shina shinko kaisha oyobi kankei kaisha jigyo genkyo* (Current undertakings of the Central China Development Company and its affiliated companies), Shanghai, Chú shina shinko kaisha, 1940.

²⁰ Detailed list in *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, pp. 47-48

²¹ *Shanghai yóran* (Shanghai panorama), Shanghai nihon shôkô kaigisho, Shanghai, 1939, p. 188. [Zhanshi wujia teji, p. 214]

²² *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 2

²³ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 4

²⁴ Report (25 May 1942) in Mizutani Keiji, *Shanghai keizai no saihensei ni kan suru hōshin oyobi sochi yōryō* (The essentials of measures and policies for the reconstruction of Shanghai), Tokyo, Domei tsushisha, 1942, p. 133; Zhanshi wujia teji, p. 209.

²⁵ The associations included: American Association of Shanghai, American Chamber of Commerce, Belgian Chamber of Commerce, British Chamber of Commerce, British China Association, British Residents' Association of China, Canadian Club of Shanghai, Danish Association in Shanghai, French Chamber of Commerce, Norwegian Chamber of Commerce, Swedish Association in China, Netherlands Chamber of Commerce. *China Weekly Review*, 3 December 1938, p. 10

²⁶ *China Weekly Review*, 3 December 1938, p. 10

²⁷ After 8 December 1941, the company took over 15 companies from "enemy nationals". *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, p. 47

²⁸ *Shanghai keizai nenkan* (Shanghai economic yearbook) Shanghai, Shanghai keizai kenkyūjo, 1944, pp. 270-273

²⁹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 5

³⁰ "Kanyo Kanto sokaichi, Manshū, Chūka minkoku no yushutsu chōseirei" (Decree of adjustment of the exports from Guandong, Manchukuo and The Chinese Republic).

³¹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 5

³² *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 5

³³ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 5

³⁴ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 7

³⁵ The Shanghai Municipal Council argued it had no zoning powers under the Land regulations to impose any general veto on industries in the extra-settlement residential area as such. Restrictive measures were confined to the protection of actual existing groups of residences. Memorandum on conditions in the Western extra-settlement area, 30 May 1938, SMA ML 15 (2) Shanghai gonggong zujie gongbuju weishengchu, File 2108 "Shanghai xibu diqu gongchang jianchuang qingkuang".

³⁶ Henriot, Christian, "Shanghai industries under Japanese occupation: Bombs, Boom and Bust (1937-1945)".

³⁷ Keith Shoppa has studied the active smuggling trade between Shanghai and the Zhejiang coast. Keith Schoppa, "The structure, dynamics, and impacts of the Shanghai-Coastal Zhejiang trading system, 1938-1944", paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon.

³⁸ Huang Meizhen, "1937-1945: Riwei dui yi shanghai wei zhongxin de huazhong lunxianqu de wuzi tongzhi" (The control of material resources by Japanese and puppet [authorities] in Central China), p. 4

³⁹ Report (25 May 1942) in Mizutani Keiji, *Shanghai keizai no saihensei ni kan suru hōshin oyobi sochi yōryō* (The essentials of measures and policies for the reconstruction of Shanghai), Tokyo, Domei tsushisha, 1942, p. 133

⁴⁰ Confidential Weekly Economic Report for the week ended November 23, 1940, USNACP, Consular trade reports, 1940.

⁴¹ *Shanghai nibon shōkô kaigisho nempō* (Annuaire de la Chambre de commerce et d'industrie de Shanghai), Shanghai, Shanghai nihon shōkô kaigisho, [Showa 15] 1940, pp. 7-8. Japan ranked only third (£3,3 million) in the international trade of Shanghai (imports) behind the United States (£8 million) and England (£6,4 million). *Shanghai nibon shōkô kaigisho nempō*, 1940, p. 30.

⁴² Zhanshi wujia teji, p. 214 [indication floue]

⁴³ Behind the front lines and behind the scenes, the various intelligence agencies were involved in smuggling networks that extended across China. The nationalist General bureau of statistics (Zongtongju) under Dai Li garnered huge revenues from smuggling operations and deals made with with even "enemy" Japanese or puppet companies. On this amazing side of the war, see Wakeman, Frederic, "Shanghai smuggling", paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon

⁴⁴ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 6

⁴⁵ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 6

⁴⁶ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 6

⁴⁷ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 6

⁴⁸ "Yangzijiang xiayou jun zhanju diyu wuzi yidong qudi zanxing guiding" (Provisional regulation on the movement of essential goods in the Lower Yangzi area). The regulation applied to the export of automobiles, oil and oil products, machines, batteries and communication instruments, metals, medicines and dyeing products,

rubber, cotton cloth, candles and wax, matches, soap, sugar, cigarettes, paper, concrete, salt, cooking oil, wool, silk. It also applied to the import of rice, wheat, flour, beans, raw cotton, minerals, hemp, wool, leather, tobacco, tung oil, silk cocoons, tea, eggs, and a few animal products. *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 8

⁴⁹ *China Weekly Review*, 3 May 1941, p. 284

⁵⁰ There was a strong demand for silk in 1938 and 1939 in Europe and the United States. The price of one picul of raw silk was \$1,300-1,400 against that of a picul of dried cocoons was around \$160 per picul. After June 1939, the price rose from \$2,000 to \$3,000 per picul and in August it advanced to \$4,500. By December 1939, the price reached the record high of \$6,600. Throughout this period, the cost of production of one picul of silk was only \$1,700 while the market price was as high as \$5,000 to \$6,000. Profits of the big filatures in 1939 doubled that of 1938. The price of silk began to drop with the extension of the war in Europe, but in September 1940, it was still \$5,200. *China Weekly Review*, 2 November 1940, p. 308

⁵¹ *China Weekly Review*, 2 November 1940, p. 308

⁵² *China Weekly Review*, 2 November 1940, p. 309. In addition to the difficulty of obtaining dried cocoons, silk merchants were asked from 16 July 1940 to pay a special "silk reconstruction tax" by the local customs for export of silk.

⁵³ Weekly Economic Report, 4 October 1940, Consular trade reports, 1940, Box 1496, USNACP.

⁵⁴ Only the small filatures with less than 20 reeling machines were allowed to operate independently. *Chōsa geppō* (The survey monthly), vol. 2, n° 7, p.172.

⁵⁵ *China Weekly Review*, 8 March 1941, p. 18. The profits of the Central China Silk Company reached 1,358,533 yen from 10 August 1938 to 30 March 1939 and 3,720,000 yen from 1 April 1939 to 30 August 1939. Altogether, the total profits for one year amounted to nearly 5 millions yen for a company capitalized at 6 million yen. It was indeed an astonishing benefit.

⁵⁶ *Kangzhan zhong de zhongguo*, 1940, pp. 230-231

⁵⁷ The survey does not provide elements of comparison with the pre-war period. It does indicate, however, that in some cases current production was lower than in the pre-war period. For Nanking, production reached only 20 to 30 percent of its original capacity. *Chōsa geppō* (The survey monthly), vol. 2, n° 7, p.180

⁵⁸ By March 1941, Shanghai accounted for almost 80 percent of all commodity shipments from China and almost 60 percent of all the imports. *China Weekly Review*, 3 May 1941, p. 284

⁵⁹ Undated report 4 [1942], SMA ML 5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 8 "you guan shiyebu xingyayuan de ziliao".

⁶⁰ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 2

⁶¹ Confidential weekly economic report for the week ended November 23, 1940, Consular trade reports, USNACP. By then the Japanese mills operated 1,300,000 spindles, while the Chinese mills had only 600,000 spindles.

⁶² Undated report 2 [beginning of 1942], SMA ML 5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 8 "you guan shiyebu xingyayuan de ziliao".

⁶³ Undated report 2 [beginning of 1942], SMA ML 5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 8 "you guan shiyebu xingyayuan de ziliao".

⁶⁴ SMA QZ1 ML14 SHTBSZF (jingjigang), File 332 "Shishanghui". Yuan was a well established banker by the mid-1920s. He was a close associate of Yu Xiaqing during the May 30th movement. Before the war, he was also one of the Chinese councillors of the Shanghai Municipal Council, a position he retained after the Japanese takeover in December 1941.

⁶⁵ Undated report 4 [1942], SMA, ML 5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 8 "you guan shiyebu xingyayuan de ziliao"; *Chōkō sangyō ibō*, n° 15, 10 April 1942, p. 13 and p. 36

⁶⁶ *Chōkō sangyō ibō*, n° 14, 10 March 1942, pp. 22-27; n° 16, 20 March 1942, pp. 2-3, 7, 12-13

⁶⁷ *Shanghai chōsashitsu kibō* (Quarterly journal of the Shanghai office of investigation), vol. 3, n° 2, July-December 1942, pp. 25-26.

⁶⁸ *Chōkō sangyō ibō* (Yangzi industries quarterly), n° 11, 20 December 1941.

⁶⁹ Report (25 May 1942) in Mizutani Keiji, *Shanghai keizai no saihensei ni kan suru hōshin oyobi sochi yōryō* (La reconstruction de l'économie de Shanghai), Tokyo, Domei tsushisha, 1942, pp. 86-87 and p. 115

⁷⁰ Report (27 February 1942) in Mizutani Keiji, *Shanghai keizai no saihensei ni kan suru hōshin oyobi sochi yōryō* (La reconstruction de l'économie de Shanghai), Tokyo, Domei tsushisha, 1942, pp. 7-18.

⁷¹ *Chōkō sangyō ibō*, n° 20, September 1942, pp. 9-11

⁷² The members of the committee were Zhao Zunyue, Ling Xianwen, Yuan Houzhi, Fan Da, Zhang Jun, Sun Mingqi, Lu Wenshao, Hu Zewu, Zhu Zhifang, Ye Xuesong, Lu Ying, Xie Zhuxiao. Minutes (31 March 1942), "Huiyi jilu" (Minutes of meetings), March-December 1942, SMA ML 5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 5 "guanyu zhaoji huiyi hanjian ji huiyi jilu".

⁷³ Minutes, "Huiyi jilu" (Minutes of meetings), March-December 1942, SMA ML 5, File 5 "guanyu zhaoji huiyi hanjian ji huiyi jilu".

- ⁷⁴ Minutes (9 May 1942, 31 March 1942), "Huiyi jilu" (Minutes of meetings), March-December 1942, SMA LM5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", SMA ML 5, File 5 "Guanyu zhaoji huiyi hanjian ji huiyi jilu".
- ⁷⁵ Minutes (26 December 1942) "Huiyi jilu" (Minutes of meetings), March-December 1942, SMA LM5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 5 "guanyu zhaoji huiyi hanjian ji huiyi jilu". The full name of the committee was Sino-Japanese Committee of coordination on commodity prices (Zhongri wujia duice lianluo weiyuanhui). It actually only served the Chinese municipality and no Japanese representative attended its meetings.
- ⁷⁶ Minutes (29 August 1942), "Huiyi jilu" (Minutes of meetings), March-December 1942, SMA LM5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 5 "Guanyu zhaoji huiyi hanjian ji huiyi jilu".
- ⁷⁷ In 1945 it had 19 members: ten representatives from the municipal services and nine representatives from the business community (Chamber of commerce, professional associations [tongye gonghui] All of them were lower rank bureaucrats or merchants representatives. SMA QZ1 ML 14 SHTBSZF (jingjigang), File 280 " wujia pingyi weiyuanhui" (Economic secret report), 1945; *Xin zhongguo bao* (New China Daily), 10 June 1943.
- ⁷⁸ Minutes, 30 September 1942, SMA LM5 SHTBS wuzi tongzhi weiyuanhui, ", File 5 "Guanyu zhaoji huiyi hanjian ji huiyi jilu".
- ⁷⁹ Each shop or plant had to apply to the committee in order to be allowed to increase the price of its products or services.
- ⁸⁰ Minutes (1943-1945), SMA QZ1 ML 14 SHTBSZF (jingjigang), File 279 " wujia pingyi weiyuanhui" (Economic secret report), 1945.
- ⁸¹ Uemura Hisao (Bao Ledi trans.), "Riren lun 'Huazhong wujia zhi jiben guandian'" (A Japanese discusses 'Basic perspectives on the price of commodities in Central China'), *Zhongguo shanggongye yuebao* (China industries and trade monthly), vol. 1, n° 1, 1943, pp. 51-60
- ⁸² *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 3
- ⁸³ In September 1941, the Wang Jingwei government had established the Central monopoly committee for material resources (Zhongyang wuzi tongzhi weiyuanhui), with Chinese and Japanese members. Despite its name, the committee failed to initiate any form of control on commodities in Central China. Huang Meizhen, "1937-1945: Riwei dui yi shanghai wei zhongxin de huazhong lunxianqu de wuzi tongzhi" (The control of material resources by Japanese and puppet [authorities] in Central China), paper presented at the international conference on "Wartime Shanghai, 1937-1945", 15-17 October 1997, Lyon, pp. 6-7
- ⁸⁴ "Su-Zhe-Wan migu yunxiao guanli zanxing tiaoli" (Provisional regulation for the management of the commercialization of rice in Jiangsu, Zhejiang, and Anhui), SMA QZ1 ML 14 SHTBSZF (jingjigang), File 331 "zhongguo shiye".
- ⁸⁵ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 8
- ⁸⁶ *Chôkô sangyô ihô*, n° 27, 30 July 1943, pp. 32-34
- ⁸⁷ *Chôkô sangyô ihô*, n° 25, 27 March 1943, pp. 5-7; n° 24, 20 February 1943, pp. 15-18
- ⁸⁸ In Shanghai, the Japanese had confiscated, "borrowed", "purchased" or entrusted to Japanese firms a total of 270 plants up to February 1940. This figure was published in the 1941 edition of *Chûgoku keizai nempô* (China Economic Yearbook). Yoda, Yoshiie, *Nicchû sensô shi shiryô* (Documents on the history of the Sino-Japanese war) Nichû sensô shi shiryô henshû iinkai, Tokyo, Kawade shobo shinsha, 1975, p. 58. This figure is not consistent with the statement made in *Zhongguo jingji* that 140 plants had been seized in Central China. The difference may be due to the inclusion of non industrial firms in the Japanese survey. The list of released plants can be found in *Zhongguo jingji* (The Chinese economy), vol 1, n° 2, 1943, pp. 43-46
- ⁸⁹ Throughout China, the Japanese had seized 1029 industrial, commercial and educational properties, of which 233 were located in Central China. Most were cultural institutions, respectively 720 and 124 in North and Central China. They were entrusted to the Committee for the management of enemy properties (Dichan guanli weiyuanhui) formed by the Nanking government in February 1943. In Central China, the Japanese returned 26 companies and 84 cultural institutions in March 1943. In North China, 661 such institutions were returned. In March, they released another 51 properties and another 87 in October, of which 25 were located in Central China. Yet, 120 properties remained accounted for. *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, Shanghai nihon shôkô kaigisho, [Showa 19], 1994, pp. 39-40 and pp. 43-44
- ⁹⁰ The Japanese transferred the shares of the salt company to a new venture, the China Salt Company (Zhonghua yanye gongsi), under official and merchant management. For the silk company, the original shareholders received their original contribution to the capital, share of the profits and a generous bonus (20%). The Chinese established a new company of their own. *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 29
- ⁹¹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 29
- ⁹² *Chôkô sangyô ihô*, n° 27, 30 July 1943, pp. 8-10
- ⁹³ *Chôkô sangyô ihô*, n° 25, 27 March, 1943, pp. 26-27
- ⁹⁴ In Japan proper, the government adopted a series of legislative texts to transform the productive system into a command economy devoted solely to the war effort. See for example the presentation of these dispositions published for the edification of Chinese industrialists by the *Zhongguo gongye yuebao*. The author stated that the needs of the military and the war effort had a priority over all the rest. The whole system of production had to be subject

to a regime of control to allow the maximum mobilization of resources, even if the level of consumption of the population was to suffer. Isobe, Kiichi (Guan, Huaicong, trans.), "Zhanshi gongye tongzhi zhengce" (The wartime policy of control over industry), *Zhongguo gongye yuekan*, vol. 1, n° 5, 1943, pp. 16-24.

⁹⁵ *Shanghai shizheng gaikuang*, 1944, pp. 5-6. There was also a Committee of inquiry on material resources (wuzi diaocha weiyuanhui) which formed the third leg of the tripod on which the policy of state control of the country's resources rested.

⁹⁶ The other board members (*lishi*) were Wu Xiuzhen (general manager of the Bank of China), Yuan Lüding (Chairman of the Chinese chamber of commerce), Lin Kanghou (Secretary general of the Chinese Bankers' Association), Jiang Shangda (Cotton mill owner and deputy chairman of the Federation of cotton mill owners), Ye Fuxiao (Chairman of Mainland Bank [Dalu yinhang]), Xu Guanqun (general manager of New Asia Pharmaceutical Company), Li Zufan (Director of the China Chemical industry society [Zhongguo huaxue gongyeshi]), Chen Shuili (Director of the Chinese Overseas Bank [Huaqiao yinhang]), Tong Lüqing (director of one Shenxin cotton mill and member of the Central China Raw Cotton Monopoly Committee), Li Ze (Director of the Xinxin company), Sun Zhongli (director of the Bufeng flour mill), Cai Shengbai (general manager of the Meiya silk filature), Ding Houqin (general manager of the Guanghua commercial saving bank). The NATM also had a supervisory board (*jianshi*): Wen Lanting (chairman of the Federation of cotton mill-owners), Zhou Zuomin (general manager of the Kincheng Banking Corporation), Huang Jiangquan (inspector of the Jianquan company), Guo Shun (general manager of the Yong'an [Yong Wing] company), Pei Yunxiang (Native banks Association), Lu Zhixue (board member of the Wuzhou pharmacy). *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, *Shanghai nihon shôkô kaigisho*, [Showa 19], 1944, p. 18; *Tairiku nenkan* (The Mainland yearbook), Shanghai, *Tairiku shipôsha*, 1944, pp. 285

⁹⁷ *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, *Shanghai nihon shôkô kaigisho*, [Showa 19], 1944, p. 20; *Tairiku nenkan* (The Mainland yearbook), Shanghai, *Tairiku shipôsha*, 1944, p. 308. This explains why he set up the Society for the coordinated management of rice (Miliang lianyingshe) in early April 1943. The society came into conflict with the NATM and its president, Tang Shoumin. It was disbanded by order of Wang Jingwei. *Zhanshi shanghai jingji (di yi ji)* (Wartime Shanghai economy), Shanghai, *Shanghai jingji yanjiusuo*, 1945, vol. 1, p. 109.

⁹⁸ *Zhanshi shanghai jingji*, 1945, pp. 117-118

⁹⁹ The committee included Mei Siping (minister of industry), Gu Baoheng (minister of food), Chen Junhui (minister of construction), He Bingxian (Military affair committee), Tang Shoumin (as chairman of the Chamber of commerce, also NATM chairman), Yuan Touzhi (deputy minister of industry), Zhao Shijun (Director of general affairs, ministry of finance). *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, *Shanghai nihon shôkô kaigisho*, [Showa 19], 1944, p. 19

¹⁰⁰ This committee covered a wide array of vegetable and animal products: soya beans, corn, peanuts hemp oil, animal fat, sorgho, etc. *Zhanshi shanghai jingji*, 1945, pp. 123-124

¹⁰¹ Daily necessities included products of everyday use like soap, candles and matches.

¹⁰² *Yinhang zhoubao* (The Bankers weekly), vol. 29, n° 5-8, 1 February 1945, p. 6.

¹⁰³ "Quanguo shangye tongzhi zonghui zanxing tiaoli" (Provisional regulation on the National Association for the Control of Commerce), SMA QZ1 ML 14 SHTBSZF (jingjigang), File 263 "quanguo shangye tongzhi zonghui ji fushu jigou"; *Zhanshi shanghai jingji*, 1945, pp. 108-109

¹⁰⁴ *Zhanshi shanghai jingji*, 1945, pp. 114-116; *Tairiku nenkan* (The Mainland yearbook), Shanghai, *Tairiku shipôsha*, 1944, p. 292-296

¹⁰⁵ *Tairiku nenkan* (The Mainland yearbook), Shanghai, *Tairiku shipôsha*, 1944, pp. 297-298 and 305-306

¹⁰⁶ "Zhongyao wuzi you Su-Zhe-Wan sansheng yiwang qita diyu tongzhi zanxing banfa" (Provisional control measure on the movement of important goods from the three provinces of Jiangsu, Zhejiang, and Anhui to other areas); *Shanghai shizheng gaikuang*, 1944, p. 7.

¹⁰⁷ "Tunji zhuyao shangpin zhizui zanxing tiaoli" (Provisional regulation on the punishment for the hoarding of major commodities), *Chôkô sangyô ibô*, n° 26, 8 June 1943, pp. 17-18

¹⁰⁸ *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, *Shanghai nihon shôkô kaigisho*, [Showa 19], 1944, pp. 24-25

¹⁰⁹ *Shanghai nihon shôkô kaigisho nempô* (Yearbook of the Shanghai Japanese Chamber of Commerce and Industry), Shanghai, *Shanghai nihon shôkô kaigisho*, [Showa 19], 1944, pp. 23-24

¹¹⁰ *Chôkô sangyô ibô*, n° 25, 27 March 1943, p. 15. The Japanese businessmen suffered from currency fluctuations and longed for the unification of currency in the lower Yangzi area. The prolonged battle between the nationalist *fabi* and the CRB (introduced in January 1941) had taken its toll on their profits. The currency issue was clearly a crucial issue for the future. They expressed the wish that the CRB would finally become the sole official currency in order to get rid of the currency issue. Representatives of the Japanese Chambers of commerce, filature owners, and other businessmen pressed their view during a meeting with the Asia Development Board. After 17 June 1942 the Japanese organizations refused payments in *fabi*. After 1 April 1943, the Japanese stopped issuing new military scrip in order to comfort the use of the Wang Jingwei regime's CRB. The exchange rate was set at the same level as the

Yen (18 for 100 CRB). *Chôkô sangyô ihô*, n° 15, 10 April 1942, pp. 1-5; n° 17, 20 May 1942, pp. 8-9; n° 18, 25 June 1942, pp. 18-20 and 21-22; n° 25, 27 March 1943, pp. 20-21

¹¹¹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, p. 6

¹¹² SMA QZ1 ML 14 SHTBSZF (jingjigang), File 257 "Qudi zhanshi wuzi yidong".

¹¹³ *Shanghai shizheng gaikuang* (An overview of Shanghai municipal affairs) [Shanghai], Zhongyang dianxunshu, 1944, p. 4.

¹¹⁴ *Shanghai shizheng gaikuang*, 1944, p. 10.

¹¹⁵ *Shanghai shizheng gaikuang*, 1944, pp. 10-12

¹¹⁶ A Japanese observer suggested in early 1942 that since there was a national government, there was no need for a separate system of commodity control in the International Settlement under the Shanghai Municipal Council. The Council's committees should merge with the locally-appointed committees of the central government. This proposal never came true, even after the Chinese government took over the settlement. *Kôbukyoku kakaku tôsei oyobi bussbi tôsei gaiyô* (An overview of the system of control of resources and the system of control of prices of the SMC), Shanhai, Zai shanghai nihon sô ryôjikan kezai bu, 1942, pp. 67-68

¹¹⁷ Report (8 July 1942), SMA QZ22 ML3 SHTBS di yi qu gongshu, File 787 Gongbujuzi wuzi tongzhibu diaochachu mianshabu touji maimai de hanjian" (June-August 1942)

¹¹⁸ Report (13 July 1942), SMA QZ22 ML3 SHTBS di yi qu gongshu, File 787 Gongbujuzi wuzi tongzhibu diaochachu mianshabu touji maimai de hanjian" (June-August 1942)

¹¹⁹ Report (25 August 1942), SMA QZ22 ML3 SHTBS di yi qu gongshu, File 787 Gongbujuzi wuzi tongzhibu diaochachu mianshabu touji maimai de hanjian" (June-August 1942)

¹²⁰ *Tairiku nenkan* (The Mainland yearbook), Shanghai, Tairiku shipôsha, 1944, pp. 316-317

¹²¹ The committee included Yuan Yuquan (vice-minister of industry), Chen Zishuo (vice-minister of finance), Zhao Shuyong (Secretary general of the Shanghai municipal government), Chen Yunwen (NATM supervisory member), Lu Ying (director of the Shanghai police bureau), Wang Zhigang (director of the Shanghai bureau of economics), and five representatives of the Japanese embassy and army. *Tairiku nenkan* (The Mainland yearbook), Shanghai, Tairiku shipôsha, 1944, p. 320

¹²² *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1943, p. 40

¹²³ Report (November 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 12 Tegao qingbao (Secret bulletin of the special service), 20 November 1943.

¹²⁴ *Yinhang zhoubao* (The Bankers weekly), vol. 29, n° 5-8, 1 February 1945, p. 7

¹²⁵ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 6/7, 1944, p. 16

¹²⁶ *Shanhai keizai no henshen*, Shanhai, [zai Shanhai] Ôbayashi jimushô, 1943, p. 90

¹²⁷ More than 70% of the coal went to industrial plants.

¹²⁸ *Kôbukyoku kakaku tôsei oyobi bussbi tôsei gaiyô* (An overview of the system of control of resources and the system of control of prices of the SMC), Shanhai, Zai shanghai nihon sô ryôjikan keizaibu, 1942, p. 54

¹²⁹ Before the war, there were 30 wholesale dealers and around 1000 coal shops. *Zhanhou shanghai zhi gongshang ge ye* (Trades and industries of Post-war Shanghai), Shanghai, Zhongguo jingji yanjiuhui, Minyin shuju, 1940, p. 110

¹³⁰ Report (13 November 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 42 "Jingji qingbao (Economic secret report), November 1943

¹³¹ *Zhanhou shanghai zhi gongshang ge ye*, 1940, p. 111

¹³² *Zhongguo jingji* (The Chinese economy), vol. 2, n° 2, 1944, p. 10

¹³³ SMA QZ1 ML14 SHTBSZF (jingjigang), File 47 "Konggao quanneng linji meiqiuchang chushou liehuo", February 1943,

¹³⁴ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 32

¹³⁵ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1944, p. 7

¹³⁶ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1944, p. 8

¹³⁷ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1944, p. 8

¹³⁸ *Tairiku nenkan* (The Mainland yearbook), Shanghai, Tairiku shipôsha, 1944, p. 275

¹³⁹ SMA QZ1 ML14 SHTBSZF (jingjigang), File 331 "Zhongguo shiye xiehui".

¹⁴⁰ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 3, 1944, p. 23. The journal also commented derisively on the resolutions adopted by the National Economic Committee (Quanguo jingji weiyuanhui) that met in Nanking on 15 January 1944. That the job was done in two hours was hardly convincing. The list of resolutions was extremely disparate.

¹⁴¹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 2, 1944, p. 26

¹⁴² *Zhongguo jingji* (The Chinese economy), vol. 2, n° 11, November 1944, p. 15

¹⁴³ Elvin, Mark, "Market towns and waterways: The county of Shang-hai from 1480 to 1910" in Skinner, William G., *The City in Late Imperial China*, Stanford, Stanford University Press, 1977, pp. 441-474 ; Johnson, Linda C., *Shanghai. From Market Town to Treaty Port*, Stanford, Stanford University Press, 1995.

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- ¹⁴⁴ Okada, Yuji, *Nicchū sensō urakata ki* (A record from behind the scene on the Sino-Japanese war), Tokyo, Toyo keizai shimposha, 1974, pp. 249-250
- ¹⁴⁵ Undated report [beginning of 1942], SMA QZ ML5 "Shanghai tebieshi wuzi tongzhi weiyuanhui", File 8 "you guan shiyebu xingyayuan de ziliao".
- ¹⁴⁶ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1943, p. 43
- ¹⁴⁷ Report (20 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 17 "Jingji qingbao (Economic secret report), August 1943
- ¹⁴⁸ Letter dated 30 November 1943, SMA QZ1 ML14 SHTBSZF (jingjigang) File 331 "Zhongguo shiye xiehui"; *Zhanshi shanghai*, p. 109
- ¹⁴⁹ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1943, p. 42
- ¹⁵⁰ The reports I have used were prepared by the municipal police. In fact, these are reports by the special services and they were written by Japanese officers. They are all written in Japanese. The unit of measure for cotton is *kun* (*kun*) for the Japanese. It is equal to the Chinese *baos*.
- ¹⁵¹ Report (26 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 28 "Jingji qingbao (Economic secret report), August 1943
- ¹⁵² Report (13 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 17 "Jingji qingbao (Economic secret report), June 1943
- ¹⁵³ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1943, p. 42
- ¹⁵⁴ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 2, 1943, p. 42
- ¹⁵⁵ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, 1943, p. 41
- ¹⁵⁶ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, 1943, p. 43
- ¹⁵⁷ *Zhanshi shanghai jingji*, 1945, p. 120
- ¹⁵⁸ Memorandum (most secret), 18 October 1943, General Headquarter, India summary, PRO WO 208, File 274A.
- ¹⁵⁹ Report 2 (26 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 28 "Jingji qingbao (Economic secret report), August 1943
- ¹⁶⁰ Report (19 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 17 "Jingji qingbao (Economic secret report), August 1943
- ¹⁶¹ Report 2 (26 August 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 28 "Jingji qingbao (Economic secret report), August 1943
- ¹⁶² Report (25 November 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 40 "Jingji qingbao (Economic secret report), November 1943
- ¹⁶³ *Zhongguo jingji* (The Chinese economy), vol. 1, n° 3, 1943, p. 43
- ¹⁶⁴ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 30
- ¹⁶⁵ The price was twice the price of purchase, plus a margin of 10% for wholesale dealers and 20% for retailers respectively. Shanghai residents received coupons that they could exchange for cotton cloth between 1 June 1944 and 30 November 1944. A total of 3,450,000 coupons were issued. Each resident was entitled to receive five meters (16,4 ft) of cloth. *Yinbang zhoubao* (The Bankers weekly), vol. 29, n° 5-8, 1 February 1945, p. 9; *Zhongguo jingji* (The Chinese economy), vol. 2, n° 5, 1944, p. 23; *Zhanshi shanghai jingji*, 1945, p. 119
- ¹⁶⁶ Report (21 July 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File 17 "Jingji qingbao (Economic secret report), June 1943
- ¹⁶⁷ Report (13 October 1943), SMA QZ3 ML 36-1/2 SHTBS jingchaju, File File 42 "Jingji qingbao (Economic secret report), November 1943.
- ¹⁶⁸ *Zhanshi shanghai jingji*, 1945, p. 110
- ¹⁶⁹ Wen Lanting, a man from Wujin (Jiangsu) was an old and influential figure of the Shanghai bourgeoisie. He had made all his career in cotton trade and industry. He was involved in Shanghai politics at the time of the Northern Expedition on the side of Chiang Kai-shek. He was 74 when he got involved with the Wang Jingwei government's monopoly policy. Okada, Yuji, *Nicchū sensō urakata ki* (A record from behind the scene on the Sino-Japanese war), Tokyo, Toyo keizai shimposha, 1974, p. 264; Fewsmith, Joseph, *Party, State, and Local Elites in Republican China*, Honolulu, The University of Hawaii Press, 1985, pp. 116-117
- ¹⁷⁰ *Zhanshi shanghai jingji*, 1945, p. 110; *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 31. The producing areas were Shanghai, Nantong, Haimen, Qidong, Wuxi, Taicang, Ningbo, Hangzhou, Nanking, and Anqing.
- ¹⁷¹ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 1, 1944, p. 31.
- ¹⁷² *Zhanshi shanghai jingji*, 1945, pp. 120-121
- ¹⁷³ *Zhongguo jingji* (The Chinese economy), vol. 2, n° 2, 1944, p. 10; vol. 2, n° 11, November 1944, p. 16
- ¹⁷⁴ Report, 13 September 1945, OSS archives, 226-140, Box 56, USNACP