

Japanese Civilization (Part 18)

Study on the Cotton Trade; the Competition Between Japan and Britain

By Kawakatsu Heita

IN the previous 17 articles we have seen how Japan emerged as a civilization from a perspective of global history. The articles are rather general descriptions of the theme, but I hope that they have succeeded in delineating several distinctive characteristics of Japanese civilization.

In this essay and the following ones, I would like to depict Japanese civilization from a more specific theme of economic history.

Special attention will be paid to certain daily commodities that most people are familiar with, regardless of where they live in the world.

The commodity to be investigated is cotton, which is still used worldwide, and was one of the most important commodities in 19th century Britain and presumably in the world in the way that oil is today.

Special reference in general is made to the markets for cotton goods in East Asia, particularly in Japan in the late 19th century, when the region was integrated into the network of world trade and emerged as the first industrialized nation in Asia.

The inquiry addresses the following points.

First, it concerns cotton goods in the East Asian market, as one of the pivots of the world payments mechanism in the late 19th century. Britain was able to maintain a deficit which was balanced with a surplus of Asian trade. This surplus in commodity trade came largely from exports of Lancashire's cotton manufactures to East Asia. Did this influx of British goods into the region have destructive effects on textile production in East Asia?

In this context, you might recall a famous statement in Karl Marx's *Das Kapital*: "the cheapness of machine-made products, and the revolution in

the method of transport and communication, become weapons for the conquest of foreign markets. By ruining handicraft production in other countries, machinery forcibly converts them into fields for the supply of its raw material. Thus the East Indies have compelled to undertake the production of cotton... for Britain." (Everyman Edition, London, 1930, Vol.1, pp.484-485) Was this statement true or not?

Second, with regard to East Asia, when China opened its trade doors to Britain, a great demand for British cotton was expected. This was exemplified by a remark by Sir Henry Pottinger, the British representative in the Nanking Treaties in 1842, that "all the mills in Lancashire could not make stocking-stuff sufficient for one of its provinces."¹

For British goods, however, the Far Eastern markets remained relatively small as compared with the country's markets in India. Both India and Far Eastern people wore cotton clothes. India, with half the population of the Far East (Japan, China and Korea), took about 40% of the total British overseas exports of cotton textiles, while the Far Eastern intake never exceeded 15%. What caused this big difference in demand between two cotton-using areas?

Third, with regard to Japanese competition, the Japanese cotton industry was tiny compared to its British rival when Japan opened the country to foreign trade in 1854. Nonetheless, "the Workshop of the World" failed to subdue a late-comer which eventually emerged as a formidable competitor. How was this possible?

To approach these questions, we do not need to consider so much the factors involved in the production of cotton manufacture such as capital and labor, but the results of its production process,

viz., through cotton products as commodities.

I will refute Marx's analysis of Asia, as you will see in the later essays. Still some explanations will be necessary to justify why I confine the approach to a commodity. The reason for this limitation is partly because significant approaches have been already made on the other factors, such as capital formation, entrepreneurship, business organization, transportation, technological innovation, comparative profitability between ring and mule spinning machines, and labor disputes.²

Thus you will not find much background information about these factors in the following essays, and equally there is not much analysis about cotton products themselves.

A more important reason is that when comparing the cotton industries of Western Europe and East Asia, the analysis of production factors does not make sense, unless British and East Asian cotton goods were competitively priced in the markets concerned.

The current view has placed much weight upon the prices of commodities which form a state of perfect competition between two types of textiles. The assumption, however, has yet to be proven. I collected a series of price data for major varieties of respective textiles sold in Tokyo, during the three decades immediately after the opening of the Japanese ports, which was actually a critical period for Japan, as its market might have taken over by British cotton manufactured goods.

By using the data, I will examine whether or not we can hold the commonly held assumption that price competition was the key instrument for commercial penetration, as dramatically phrased in Marx's *Manifesto of the Communist Party* that "the cheap prices of its [bourgeoisie's] commodities are the heavy artillery, with which it battered down all Chinese walls."

As I will show in the later essays, this assumption doesn't hold.

Another explanation must be explored. It is easy to refer to non-eco-

Photo: Museum of Fiber Science and Technology, attached to Tokyo University of Agriculture and Technology

conomic factors to account for a particular pattern of consumption by East Asians, especially when contrasting it with that of Britons who lived at the opposite extremity of Eurasia. I will try to avoid the temptation of relying directly upon explanations which resist quantification, for having recourse to cultural, climatic or geographical differences sometimes (but not always) just indicates a lack of analysis.

Instead, I have focused almost entirely on the cotton products, particularly on the product qualities of British and Asian ones: textiles, cotton yarn and cotton wool. Their physical properties will be presented in numerical terms. Most of the evidence available in Japan suggests the existence of distinct market differences between British and East Asian cotton products at each level.

The difference in quality will be demonstrated in British and Far Eastern cotton products in general, and cotton yarn in particular. By doing so, it will substantiate the existence of distinct markets for the two types of cotton products. This is to show that East Asia was economically a distinct sphere from the West. Being isolated from direct competition from the West, virtually all from Britain, East Asia was not stagnant at all, but a very dynamic market where severe intra-Asian competition was taking place.

Cotton yarn will be highlighted, for it is a feature that clearly distinguishes the quality of cotton textiles, and moreover, it is subject to an accurate classification by the so called "counts" which indicate the fineness of yarn by the number of hanks (840 yards) to the pound. The estimate of British and Far Eastern "counts" is crucial. The "counts" of Indian-made yarns will also be compared with those of Britain and East Asia.

In short, the following three types of correlation of the qualities of cotton products (see Table 1), and their three distinct markets will be demonstrated.

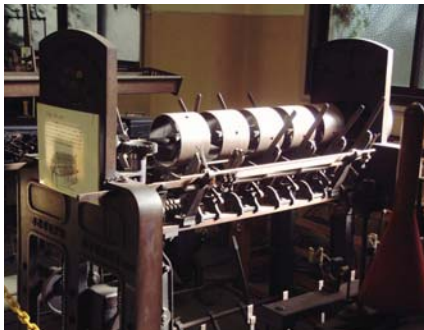
Japan emerged as an industrial power in the late 19th century.



Textiles were once used as tributes

Table 1

	Cotton wool	Cotton yarn	Cotton textiles
British type	Long-staple	High-counts	Thin & light
East Asian type	Short-staple	Low-counts	Thick & heavy
Indian type	A mixture of the above two		



Various machines for textile have been developed (Museum of Fiber Science and Technology, attached to Tokyo University of Agriculture and Technology)

The period from 1873 to 1896 has been often characterized as the “Great Depression” in Britain, or a downswing of a “Kondratieff” long cycle experienced in the Western economy as a whole.³

When we turn our attention to the arena of East Asia, the period is crucially important, because it was about the time that cotton spinning mills in India increased production very rapidly, and

Indian yarn exports, especially to China and Japan, seriously checked the growth of Lancashire’s exports to these countries.⁴

Moreover, Japan’s industrialization transformed the cotton industry in the same period. In 1891 the output of Japan’s cotton yarn production exceeded the amount of yarn imports, and in 1897 Japanese yarn exports greatly exceeded imports, making an inroad

into the Chinese market at the expense of Britain and India.

There is no doubt that the Japanese cotton industry was tiny compared to the British one in the middle of the 19th century when Japan was forced to open its doors to international trade. But its development after the Meiji Restoration (1868) was remarkable.

In 1894 Thomas Ellison gave a warning to Lancashire that Japan would be one of “her competitors” in the Far Eastern markets.⁵ In the following year, R. S. Gundry, another commentator, noticed that “Japan has become practically self-sufficing in the lower counts [of yarn], and has reached a surplus which she is beginning to send abroad.”⁶ “In 1896 the number of spindles Japan possessed was 760,000 pounds; the total grew rapidly to 2.7 million pounds in 1914.”⁷ By the turn of the century, Japan exported 100 million pounds of yarn to China, Korea and other Far Eastern countries,⁸ “indeed, even before World War I, Japan was the only serious threat to Britain in third markets.”⁹

Since the whole pattern of the international economy in the late 19th century, as S. B. Saul and A. J. H. Latham have demonstrated, was sustained by Britain’s export surplus in trade with the developing world in general and Asia in particular,¹⁰ the progress of the cotton industry in Asia was unfavorable to British interests, and would have had a negative effect upon the pattern of the international economy. Our purpose is to examine in detail an aspect of the international economy of the late 19th century from a viewpoint of Britain’s Asian

Table 2 Exports from the United Kingdom

Year	Textiles (total)		Cottons		Total	
	£m.	%	£m.	%	£m.	%
1870-9	118.6	54	71.5	33	218.1	100
1880-9	113.8	49	73.0	32	230.3	100
1890-9	104.3	44	67.2	28	237.1	100

(Annual averages per decade in current prices.)

Source: Peter Mathias, *The First Industrial Nation* (1st ed., London, 1969), p.468.

Table 3 British Cotton Exports (1850-1896)

Year	Proportion of volume of exports of price goods		Proportion of value of exports of cotton manufactures	
	1850	1896	1850	1896
Europe	19.66	7.19	34.26	18.92
America	34.23	17.28	29.10	18.45
U.S.A.	7.67	1.06	8.86	3.56
Latin America	23.94	15.69	17.96	14.90
Levant	11.46	8.07	9.20	7.92
Asia	31.39	57.77	24.37	43.42
India	23.15	39.06	18.48	26.58
China	5.39	10.40	3.61	8.48
Africa	2.18	4.96	1.73	5.31
	98.92	95.27	98.66	94.01

Source: D.A.Farnie, *The English Cotton Industry and the World Market 1815-1896* (Oxford, 1979), p.91



markets with special reference to the trade of cotton.

We focus our attention on cotton goods for the following three reasons. First and foremost, machine-made cotton goods were the symbol of the wealth of the workshop of the world. Lipson wrote “it [the cotton manufacture] was organized from the outset on capitalist lines,”¹¹ and in the middle of the 19th century Sydney Smith went so far as to proclaim that “the great object for which the Anglo-Saxon race appears to have been created is the making of calico [cotton cloth].”¹² Cotton yarn and manufactures occupied the first place in the total exports of Britain as shown in Table 2.

Secondly, on the Asian side, the cotton industry of India, China, Korea and Japan had developed before any influence of Western capitalism reached there, to such an extent that cotton was the most important and common clothing material of the people. It was to this region that British cotton goods were increasingly exported towards the end of the 19th century, as is shown in Table 3, which indicates that there must have been severe competition in the Asian cotton markets.

Thirdly, from a methodological point of view, if we follow a Marxist approach, through quite a few economic historians of Asia tended to do so,¹³ primary attention must be drawn to the commodities produced and brought about by British capitalism into Asian developing countries (and their impact upon their Asian equivalents), for as Karl Marx stated at the very beginning of *Das Kapital*, in

which “England is used as the chief illustration in the development of my theoretical ideas,” that “The wealth of societies in which the capitalist method of production prevails, takes the form of ‘an immense accumulation of commodities’ ... Our investigation must therefore begin with an analysis of the commodity.”

For these reasons mentioned above, we are going to investigate cotton goods, one of the most important commodities for both Britain and Asia. Obviously, many approaches are possible.

Marx mentioned that “every useful object [such as cotton] must be regarded from a twofold outlook, that of quality and that of quantity.” By quantity he meant exchange-value, and by quality a use-value. “The utility of a thing makes a use-value,” continued Marx, “this utility is not a thing apart... [but] determined by the properties of the commodities...” Although Marx cautioned that “when the use-values of commodities are left out of the reckoning... all the qualities whereby it affects our senses are annulled,” Marx himself and his followers tend to lay much weight upon something invisible, i.e., the value of labor, abstracted from the material elements of the commodity, and seem to ignore its physical existence. Our primary concern is to fill this vacuum and explore the reality, in use-value terms, of the white downy fibrous substance of cotton, and hopefully fill at least some of the existing gaps. **J S**

(Continued in Part 19)

References

- 1) Parliamentary Papers 1859, XXXIII (2571): Correspondence relative to the Earl of Elgin's Special Mission to China and Japan, 1857-59', p.244.
- 2) Apart from classical works by T. Ellison, G. von Schulze-Gaevernitz and S. Chapman, new representative works on this subject are L. G. Sandberg, *Lancashire in Decline* (Ohio, 1974); D. A. Farnie, *The English Cotton Industry and the World Market 1815-1896* (Oxford, 1979).
- 3) See N. D. Kondratieff, *The Long Waves in Economic Life, Review of Economic Statistics*, vol.XVIII, No.6 (1935); H. L. Beales, *The Great Depression in Industry and Trade*, *Economic History Review*, vol.V (1934); see also S. B. Saul, *The Myth of the Great Depression, 1873-1896* as a review on this subject.
- 4) The Manchester Chamber of Commerce compiled a report “Bombay and Lancashire Cotton Spinning Industry in 1888” to examine the causes and circumstances which enabled Bombay spinners to supercede those of Lancashire.
- 5) T. Ellison, *Lancashire and Her Competitors, Cotton Movement and Fluctuation 1889-1894* (21st ed., New York, 1894), p.35.
- 6) R. S. Gundry, *English Industries and Eastern Competition* (London, 1895), p.18.
- 7) These figures are taken from *Gendai Nihon Sangyo Hattatsushi -Sen'i-* (History of Japanese Modern Industry: Textiles) ed. by M. Kajinishi (Tokyo, 1964), Appendix p.50. (Hereafter contracted to Sen'i.)
- 8) Same as above.
- 9) L. G. Sandberg, op.cit., p.170.
- 10) S. B. Saul, *Studies in British Overseas Trade 1870-1914* (Liverpool, 1960), pp.43-64; A. J. H. Latham, *The International Economy and the Undeveloped World 1865-1914* (London, 1978), pp.65-101.
- 11) E. Lipson, *The Economic History of England*, vol.2 (6th ed., London, 1956), p.93.
- 12) Quoted from P. J. Thomas, *Mercantilism and the East India Trade* (London, 1926), p.165.
- 13) For a critical survey on Asian economic history, see Chi-ming Hou, “Some Reflections on the Economic History of Modern China” *Journal of Economic History*, Vol.XXIII (1963), Morris D. Morris, “The Economic History of India: A Bibliographic Essay,” *Journal of Economic History*, vol.21 (1961) for India.

Kawakatsu Heita is a professor of economic history at the International Research Center for Japanese Studies in Kyoto. His books and articles have been published in both English and Japanese. He also serves as an advisor for various governmental bodies such as the Ministry of Land, Infrastructure and Transport.