The Trade Expansion of Japan

William O. Scroggs

Volume 12 • Number 4
THE TRADE EXPANSION OF JAPAN

By William O. Scroggs

Within the past year the expansion of Japanese exports has become more and more of an international issue. Japan enjoys a competitive advantage not only from low wages, modern equipment, centralized organization and efficient management, but also, at least temporarily, from the steady depreciation of her currency. Under these conditions Japanese goods are capturing markets where a short time ago they attracted little attention. During 1933, when world trade was severely depressed, Japanese exports showed a gain in value of 34 percent over 1932 and of 74 percent over 1931.

The trend of Japan's export trade during the past three years is shown by the charts on the opposite page. Chart I, showing export values by months in terms of Japanese currency, obviously does not give an accurate picture of the actual increase in the quantity of exports, because with the depreciation of the yen prices have been rising. Japan suspended the gold standard in December, 1931, and by the end of 1933 domestic prices in that country stood at approximately 15 percent above the 1931 average.

Changes in the price level make it exceedingly difficult to measure the real gain in the export business of Japan. Reducing the currency values of exports to a gold basis only complicates the problem. When this is done for Japanese exports, the figures for 1933 are 4.2 percent less than those for 1932, and such a result is clearly inconsistent with the facts.

A better picture of what the Japanese have been doing may perhaps be obtained from Chart II, showing the cargo tonnage of their exports. The total tonnage of products as different as silk, crab meat, buttons, electric light bulbs and floor coverings is not a satisfactory measure of a country's trade; but such data are useful for checking purposes when figures of value begin to lose their original meaning. The Japanese export tonnage figures for 1933 show a gain in round numbers of 20 percent over 1932 and of 30 percent over 1931. Some of these "cargo tons" are measures of weight (2,240 pounds) and some are measures of volume (40 cubic feet). Adding pounds and cubic feet together may not accord with the most approved arithmetical standards, but it is sometimes done by competent statisticians, and the results of such an operation are presented in the accompanying chart for whatever they may be worth.

An illustration of the effects of exchange and price fluctuations on foreign trade data appears in recent official figures. According to the Department of Commerce, our imports from Japan (in dollar values) were 4.2 percent less in 1933 than in 1932. On the other hand, figures from Tokyo (in yen values) show that we imported 10 percent more from Japan in 1933 than in 1932.

Japan's trade gains have been relatively greatest in the Latin American countries. But the total amount of trade affected here is small. From 1932 to 1933, Japanese exports to South and Central America increased respectively 207 and 220 percent. These gains seem large when compared with increases of 45 percent for Great Britain and 81 percent for France; but the absolute increase for these two countries in 1933 was nearly as great as the total Japanese exports to all Central and South America in that year.
THE TRADE EXPANSION OF JAPAN

I. VALUE OF JAPANESE EXPORTS
(in millions of yen)

II. VOLUME OF JAPANESE EXPORTS
(in thousands of tons)