

Capital Investment in Southeastern Asia and the Philippines

By HELMUT G. CALLIS

SOUTHEASTERN ASIA represents a problem of international relations in the broadest sense of the term. This problem was, and still is, to incorporate an underdeveloped area of great national wealth into our interdependent world of trade and industry. The peoples of southeastern Asia had not had experience with introducing, operating, and organizing large-scale production in agriculture and industry. For this reason foreign entrepreneur investment—the enterprises, mines, and

plantations of foreign business men—became the connecting link between southeastern Asia and the outside world. In forging this link, white and yellow men were brought into positions of economic authority among peoples of different race and culture. Whatever plans may be drawn up after the war, a knowledge of the prewar situation will be needed. To promote such knowledge is the intent of the following survey of capital investment in southeastern Asia.

TABLE 1—ESTIMATE OF FOREIGN (EXCLUDING CHINESE) INVESTMENTS IN SOUTHEASTERN ASIA, LATEST DATE¹
(In million U. S. dollars)

Country	Entrepreneur	Per Cent	Rentier	Per Cent	Total	Per Cent	Year
Netherlands Indies	1,411	62.3	853	37.7	2,264	100	1937
British Malaya	372	81.8	83	18.2	455	100	1937
Thailand	90	72.6	34	27.4	124	100	1938
Philippine Islands	315	83.8	61	16.2	376	100	1935
Burma	225	96.6	8	3.4	233	100	1939
French Indo-China	302	78.6	82	21.4	384	100	1938
Formosa	150	75.0	50	25.0	200	100	1939
Total	2,865	71.9	1,171	29.0	4,036	100	

UNITED STATES INVESTMENTS

The role played by United States capital in southeastern Asia is relatively modest. The total American investment in the whole area was estimated to amount to \$800,000,000 in 1936.²

¹ H. G. Callis, *Foreign Capital in Southeast Asia* (New York: Institute of Pacific Relations, 1942), p. 108. In this survey table, the exchange rates chosen were the averages for the years in which the respective investments were made.

² All sums of money in this article are expressed in United States dollars unless otherwise designated.

The great bulk of these holdings is entrepreneurial³ capital, and the economic basis of most of them can be found in opportunities for import and export trade with the United States.

The Philippines

America's economic stake in the Philippines is only \$200,000,000, or not much more than 1 per cent of total

³ Entrepreneur investments are also called direct or business investments. They stand in contrast to rentier or portfolio investment, such as government bonds, and so forth.



United States investments in the whole world, and approximately 25 per cent of her total investments in southeastern Asia.⁴

United States holdings of Philippine Government bonds is by far the most important item in rentier holdings in the Islands. The latest available figures place the United States holdings of government and government-guaranteed bonds at 37.5 million United States dollars for the year ending December 31, 1939.⁵ The holdings of bonds formed only about 20 per cent of the total American investment before the present war, and have been rapidly declining.

The United States Tariff Commission in 1935 estimated the total value of American entrepreneurial capital to approximate \$163,500,000.⁶ Of this amount, almost \$111,350,000 represented the book value of machinery and equipment. The rest were comparatively small investments in land and buildings, and current assets. In 1935 American capital played an important role in 189 different concerns. Seventy-eight per cent of the total American business capital was invested in mining, utilities, sugar centrals, plantations, and merchandising.

With regard to industries based on agricultural products, the strength of American capital lay in the control of mills and other processing machinery. In the sugar industry American capital was said to control about one-third of the sugar centrals, with an amount of \$22,400,000. In coconut, rubber, and abacá plantations, American capital had a share of \$19,700,000. With investments of \$5,500,000 in mills and refineries for the processing of coconuts,

⁴ United States Tariff Commission, *Philippine Trade Report No. 118*, 1937, pp. 189 ff.

⁵ United States Department of Commerce, *The Balance of International Payments of the United States* (Washington, 1940), p. 80.

⁶ United States Tariff Commission, *op. cit.*, p. 191.

the United States was far ahead of other nationalities.

Mining has become the most important item in the last decade. United States holdings in this field were valued at \$37,900,000,⁷ with ownership of about 60 per cent of the total gold reserve of the area. In addition, the output of base metals such as iron, copper, chromium, and manganese has increased by leaps and bounds in recent years,⁸ American capital playing a leading role in most of these new mining fields.

The great concerns included in the public utility classification were all American-controlled and represented a capital of \$31,850,000.⁹ If holdings in transportation and water systems are added, Americans controlled almost 44 per cent of public service enterprises in the Philippines in 1938.¹⁰

Further details on the distribution of United States capital in the area may be found in Table 2.

TABLE 2—AMERICAN BUSINESS INVESTMENTS IN THE PHILIPPINES AS OF JUNE 30, 1935¹¹

(Thousands U. S. dollars)	
Mining	37,941
Public utilities	31,850
Sugar centrals	22,425
Plantations	19,745
Merchandising	17,980
Lumber	6,000
Transportation	5,990
Coconut products	5,545
General manufactures	4,600
Miscellaneous	4,573
Engineering	3,850
Embroidery	3,000

⁷ United States Department of Commerce, *World Economic Review*, 1936, p. 264.

⁸ Report of the Bureau of Insular Affairs on Philippine Farm Industries revised as of July 31, 1935, and reviewed in the *Manila Bulletin*, May 8, 1936.

⁹ United States Tariff Commission, *op. cit.*, p. 192.

¹⁰ "Utilities in the Philippines," *New York Times*, March 13, 1938.

¹¹ United States Tariff Commission, *op. cit.*, p. 191.

The Netherlands Indies

In 1935, American holdings of East Indian dollar bonds amounted to the small sum of \$24,400,000, consisting of long-term corporation bonds.¹²

As to business investments, the Americans, like the British, showed a definite preference for staple commodities of strategic importance, especially rubber and oil. The United States Rubber Company, the Firestone Tire and Rubber Company, and the Goodyear Tire and Rubber Company, Inc., have gone in for large plantation holdings in the area. In 1935, American investments in rubber were valued at \$27,500,000.¹³

Before the present war Americans controlled approximately 40 per cent of the oil interests in the Dutch colony through the Standard Oil Company of New Jersey and the Socony Vacuum Corporation. Their subsidiary, the Standard-Vacuum Oil Company,¹⁴ was reported to own properties in the Indies of no less than \$70,000,000 in 1936. A four-million-dollar plant for the manufacture of high-octane aviation gasoline had been completed before the outbreak of the present war, by a subsidiary of the Standard Oil Company.

American trading and banking houses bring the total of American capital in the Netherlands Indies close to \$100,000,000.¹⁵

British Malaya

In 1936 the United States Department

¹² Cleona Lewis, *America's Stake in International Investments* (Washington, 1938), p. 664.

¹³ Cleona Lewis, *op. cit.*, p. 590.

¹⁴ Incorporated in Delaware, September 7, 1933, as a consolidation of the Far Eastern businesses, properties, and assets of the Standard Oil Company (N. J.) and of the Socony Vacuum Corporation.

¹⁵ See also A. Vandembosch, "The Netherlands Colonial Balance Sheet," *Southern Economic Journal*, Jan. 1938, p. 329.

of Commerce counted a total of seventeen American companies with holdings of \$23,700,000 in British Malaya. Rubber plantations and organizations for purchasing and shipping crude rubber were the most important. Tin mines were operated by American interests and, along with the distribution of petroleum products, made up the bulk of the remainder.¹⁶

Indo-China, Thailand, Burma

Only eight American companies with holdings of about \$3,300,000 are doing business in Indo-China and Thailand.¹⁷

In Burma, the American Socony Vacuum Corporation had an interest in the oil distribution business, though the holdings were small.

BRITISH INVESTMENTS

Until 1941, British capital had a position of uncontested preponderance in three key areas of southeastern Asia: Malaya, Burma, and Thailand. British influence was dominant, not only in trade and industry, but also in the exploitation of strategic raw materials.

British Malaya

In 1937 the public indebtedness of the colony stood at approximately 105,000,000 Straits dollars (about 60,000,000 United States dollars). Not less than two-thirds of the government bonds were in the hands of British subjects, many of them residents in the colony.

Great Britain, the metropolitan power, was—with more than 70 per cent of the total—the leading nation in business investments.

Up to the end of 1941 the greater part of the rubber industry and, of course, the rubber market were controlled by the British, with an invest-

¹⁶ United States Department of Commerce, *American Direct Investments in Foreign Countries* (Washington, 1929), p. 27.

¹⁷ *Ibid.*, p. 16.

ment of roughly \$200,000,000. Companies domiciled in the British Empire owned 1,100,000 acres planted with rubber. With regard to other agricultural crops, the British had considerable interests in coconut and oil-palm plantations.

In all fields of mining activity, British capital played the chief role. The holdings of British tin-dredging companies amounted to about \$50,000,000 in 1936. In the Federated Malay States alone, about forty British companies were engaged in tin dredging. The British-owned Pahang Consolidated Company's mine was one of the largest lode tin mines in the world. In tin smelting the British "Straits Trading Company" and the equally British "Eastern Smelting Company" had a virtual monopoly. Up to the conquest of Singapore, the British Malayan companies retained control of the greater part of the world's tin smelting. Coal was also mined in substantial quantities in Malaya, and, more important, as a rare strategic mineral, tungsten. The bulk of this ore came from a single British-owned mine at Pulai in Perak, its large production making the Federated Malay States the fourth largest producer of tungsten ores in the world.

Burma

More than 90 per cent of the total investments in Burma were British or British-controlled. This was partly to be explained by Britain's strong military and economic interest in Burma's great wealth in strategically indispensable products—mineral oil, metals, and some rubber. Two-thirds of the foreign capital working in Burma before its conquest was invested in these key products.

In 1939 British holdings of government and industrial securities amounted to about \$9,000,000, three-fourths of which consisted of railroad and industrial bonds. The rest was made up of two sterling loans of the City and the

Port of Rangoon. In contrast to business investments, these holdings were very small indeed.

Burma is the world's greatest producer of teakwood, and exported more than \$13,000,000 of it in 1937-38. The total investments of the Burmese lumber industry were, conservatively valued, about \$15,000,000 and represented almost exclusively British holdings.

The rubber-growing district is comparatively small in Burma. The British owned 35,000 acres in rubber plantations, which comprised the majority of Burmese estates over 100 acres in size. Altogether, British holdings in Burmese plantations, even if investments in tea and other planting companies were included, hardly exceeded \$5,000,000.

Concessions for the exploitation of Burmese oil fields were granted only to British concerns. As a result, the extraction and distribution of Burmese petroleum was almost exclusively in the hands of three great British-controlled corporations. The total of British holdings in Burmese oil before the present conflict might well be valued at roughly \$72,000,000.

In the field of mining, a few great British corporations were predominant. By far the most important was the Burma Corporation, Ltd. Besides having been one of the largest silver and lead producers in the world, this company also extracted considerable quantities of other ores. There are two other metals in the production of which Burma ranks among the main world producers—tin and tungsten. Since 1928, production of these two strategic minerals has doubled and tripled, respectively. British and British-controlled holdings in Burmese mining amounted to almost \$70,000,000 according to recent estimates.

Navigation on the Irrawaddy River was controlled by the Irrawaddy Flotilla and Airways Company, a private British

concern. The railways were taken over by the colonial government of Burma after the separation of Burma from India in 1937. Altogether, British holdings in railroads, river navigation, and tramways amounted to approximately \$28,000,000, more than half of which was government investment.¹⁸

Thailand (Siam)

In 1937-38 Thailand's total outstanding foreign debt was about \$34,000,000. The bonds covering this sum were almost exclusively in the hands of British subjects.

The bulk of the foreign capital (\$90,000,000 in 1938) which entered the country for the development of its important raw material resources, especially tin, timber, and rubber, was British capital.

Thailand, with Burma and Indo-China, supplies the world's teak. Over 70 per cent of her total area (200,234 square miles) is still covered by virgin forests. Eighty-eight per cent of the capital in the timber industry was in foreign hands. Two-thirds of the teak holdings were purely British, and of the six principal companies four were British.

Thailand produces only 0.5 per cent of the world's rubber, in contrast to Malaya's 53 per cent. There were only a few large foreign-owned plantations which produced rubber exclusively.

British preponderance in the important field of tin mining showed itself in the fact that the Thai Chamber of Mines at Puket was largely of British membership. The majority of the tin-dredging companies were Australian and United Kingdom concerns.

The Netherlands Indies

The Dutch "share the wealth" policy

¹⁸ *Joint Stock Companies in British India*, Commercial Intelligence Department, Delhi, 1940.

in the Netherlands Indies towards nations with parallel interests in trade and politics brought the British into possession of considerable interests in almost every profitable field, including those of strategic importance such as oil and rubber. While the British share in government bonds had shrunk to a rather negligible amount before the present war, it was considerable in the field of entrepreneur investment, where it amounted to almost \$200,000,000.

British holdings in estate agriculture may be valued as having been approximately not much below \$80,000,000. Almost two-thirds of this sum was invested in rubber, but there were also large interests in sugar, coffee, and tea.¹⁹

In the Royal Dutch-Shell combine, the British held 40 per cent of the capital of the two main oil companies: the Batavian Company and the Anglo-Saxon Petroleum Company. For 1937, the British stake in oil production was valued at about \$132,500,000.

The Philippines

In the Philippines, American and Japanese competition has been a double deterrent for the British investor. The total British holdings in the Philippines have been placed at no more than about \$45,000,000 in 1935. About half of this sum represented holdings in Manila Railroad bonds. The remainder was business capital invested in two British banks, a lumber concession, and import and export houses.

DUTCH INVESTMENTS

Dutch capital in southeastern Asia was rather inconspicuous except in the Dutch colonial territory.

¹⁹ Annual report of the Handelsvereniging of Medan, *The East Coast of Sumatra in 1937* (Medan, 1938), pp. 196, 197, quoted in Van der Valk's report for the Geneva Conference on Direct Investments, 1939.

The Netherlands Indies

To understand the importance of the Netherlands Indies to Dutch economy, it is helpful to realize that before the conquest of the Netherlands, one-fifth to one-tenth of her entire population depended either directly or indirectly on the commerce or the industries of the Netherlands East Indies.

Rentier investments, mainly government bonds, represented more than one-third of the total foreign investments in the area. In 1940 the public debt, including that of municipalities and regencies, was over \$585,000,000. Industrial debentures were valued at about \$125,000,000. The Dutch held the great majority of these rentier investments, but not more than some 70 per cent of the entrepreneur investments.

Side by side with the private businessman, the government had an outstanding position as investor in and owner of many of the largest enterprises of the islands. Altogether, Dutch private and government capital in the Indies added up to about \$1,400,000,000.

The Dutch share in the production of agricultural export commodities was particularly large, reaching approximately \$800,000,000. Rubber and sugar accounted in about equal parts for almost two-thirds of this amount. In coffee and tobacco the Dutch interest, reaching about \$80,000,000, was by far the largest among those of foreign nationals. The monopolistic manufacture of quinine and other cinchona derivatives was exclusively, and the palm-oil industry predominantly, in Dutch hands. Teak forests were all state-owned and the lumber industry was a government monopoly.

Far above all other items was the interest of the Dutch in mineral oil production, where they held first place among all other nationals. Their holdings in this strategic raw material were, before the present conflict, estimated to

be about \$265,000,000. Their holdings in oil refining are included in this figure.

Minerals, too, were of major importance in Dutch capital investments. Most of the principal tin mines were government-owned. After 1937 other strategic raw materials, such as bauxite and nickel, began to attract attention from private investors.

A total of about \$185,000,000 of Dutch business investments in communications and utilities placed this category next to agriculture and minerals. The chief items were privately owned, though there were government-owned as well as private railroads and street cars.

British Malaya

Total Dutch holdings in Malaya were not much below American investments. The Dutch had no investments in rubber, but concentrated more on other agricultural crops and investments in trade and banking.

FRENCH INVESTMENTS

French capital in southeastern Asia was concentrated in Indo-China and played only a minor role in other parts of the area.

French Indo-China

Inspired by Albert Sarraut's idea of the investment policy of *mise en valeur*, the French Government authorized large funds for loans between 1931 and 1938. These government loans, whose total outstanding value in 1937 was about \$65,000,000, were intended to be used mainly for public works, such as railroad and highway construction, irrigation, sanitation, and other projects.²⁰ Industrial debentures amounted to only \$4,500,000 during 1931-36.

On an inventory basis we believe that it is justifiable to place the profit-yielding assets of French companies in Indo-

²⁰ H. I. Priestley, *France Overseas* (New York, 1938), p. 240.

China at close to \$300,000,000 in 1938. At that time entrepreneur investments showed a four-to-one preponderance over rentier investments.

Thanks to the rapid development of rubber production in the last two decades, agriculture held the first place with about 33 per cent of total holdings. In 1936 an area of almost 314,000 acres of rubber plantations was administered by French colonial corporations. The value of French rubber holdings before the war has been estimated to be over \$45,000,000. In 1939 the rubber exports of Indo-China reached a volume equal to that of the net imports of crude rubber into France,²¹ thanks to the paternalistic attitude of the government inspired by the desire to emancipate France from dependence upon foreign rubber.

In addition to rubber, French capitalists were promoting the cultivation of tea, coffee, coconuts, sugar cane, and even cotton.

The main product of Indo-Chinese forests is teakwood, almost a monopoly of French firms. Rattan, cinnamon, camphor, lacquer, and paper-pulp production and export were also more or less exclusively in the hands of French entrepreneurs.

After the depression the French invested roughly somewhat over \$3,000,000 in mining. Coal played the most important part in Indo-Chinese mining investment, next came tin ore, while zinc, tungsten, and gold shared the third place.

In the field of trade and industry the French invested almost \$11,000,000 between 1931 and 1938. Their investment in the cement industry deserves special mention; Indo-Chinese cement was exported into all countries of the Far East.

In the last decade public works, electric power, and building industries considerably expanded, largely owing to French capital and technical assistance.

²¹ *Far Eastern Survey*, Oct. 11, 1939, p. 234.

French entrepreneur investments in this field amounted to about \$10,000,000 between 1931 and 1938.

Netherlands Indies and British Malaya

In the Netherlands Indies and British Malaya, French capital remained very much in the background, and information on French holdings is fragmentary. In the Dutch East Indies the French, like the Belgians, took a special interest in rubber and oil-palm plantations. They also had a substantial share in the Royal Dutch Company. An informed guess may place French entrepreneur investments in the Indies at about \$35,000,000.

In Malaya, the French had considerable interests in tin. It is, however, almost impossible to assess the value of their holdings at the outbreak of the present war, because of the reticence of the interested circles and the constant changes in the value of the French franc. In 1923 the four French companies in this field had a combined capital of about \$650,000.²² There were also small French interests in rubber.

GERMAN INVESTMENTS

German investments in tea and coffee, oil palm, cinchona, rubber, and industry amounted to not much more than \$10,000,000. After the conquest of the Netherlands in the spring of 1940, the colonial government took over all German property as well as 49 German agricultural enterprises, 227 German industrial and commercial establishments, and 31 other small German businesses. Not much is known as to whether the Japanese have returned or intend to return that property to their German brothers-in-arms.

²² Bureau of Foreign and Domestic Commerce, *Netherlands East Indies and Malaya*, 1923.

CHINESE INVESTMENTS

The Chinese had vast holdings—almost exclusively entrepreneur investments—throughout the whole area. It is interesting to note that the Chinese business investments were created with practically no outpayment from China. In contrast to the West, it is not the business corporation but the Chinese family that undertakes entrepreneur investments. There were business establishments in every country in southeastern Asia that were owned and managed by Chinese families whose home was in China and who sent out members of their family generation after generation to carry on the business. The role of the family adds to the extraordinary difficulties of estimating the value of Chinese holdings in southeastern Asia.

British Malaya

The Chinese made for themselves a very important place in British Malaya. Vast sums of money were annually sent from Malaya to Hong Kong for the support of family members living in China. In 1930, for example, such remittances amounted to about \$14,000,000.²³ In the field of business investments in Malaya, the Chinese were a good second to the British. Their holdings reached approximately a total of \$200,000,000.

Of late years a large number of wealthy Chinese put more surplus money into rubber plantations. The acreage of Chinese-owned plantations was constantly on the increase during the last two decades. Also other agricultural industries, such as the cultivation of and trade in tapioca and in areca nuts, pineapple canning, and sawmilling were partly or entirely in Chinese hands. In addition, the fishing industry was controlled by the Chinese.

The Chinese had been mining tin in

²³ C. F. Remer, *Foreign Investments in China* (New York, 1933), p. 185.

Malaya long before the British came. In the years preceding the Japanese conquest, the output from mines owned and worked exclusively by Chinese was about 36 per cent of the total, while an additional 11 per cent came from land sublet to Chinese.

In Malaya, where the Chinese constituted the majority of the merchant class as they did elsewhere in southeastern Asia, the retail trade depended entirely upon Chinese shops.

The Netherlands Indies

It should be expressly mentioned that in the Netherlands Indies, island-Chinese investments were not statistically separated from Dutch holdings. However, on the basis of other information the guess can be made that Chinese business capital was worth about \$150,000,000 before the outbreak of the present war. The Chinese were represented in practically every branch of agricultural and industrial endeavor. They were investors in rubber plantations and in sugar lands and sugar centrals. With regard to trade, the Chinese were the predominant factor in nearly every port of the islands.

The Philippines

The Chinese were economically perhaps, and numerically certainly, the most powerful foreign group in the Islands. Millions of Filipinos had to rely upon them for many of the necessities of life. With an investment of \$25,000,000 in the retail trade alone, predominance of Chinese in this field was indisputable. The total of their business investments in the Commonwealth has been estimated as reaching \$100,000,000. This would place them in second place (next to the Americans) among nationals of other countries doing business in the Islands before the war.

The Chinese owned not less than 75 per cent of the 2,500 rice mills in the Islands, and over 10 per cent of the capital invested in the lumber industry.

In commerce and industry the Chinese were prominent in warehousing and marketing, shoe making, and the cordage business. They had a considerable influence in banking. Because Chinese profits could not be sent back to China on account of the Sino-Japanese war, about 50 new corporations with a capital of \$750,000 came into existence between 1937 and 1939. It has also been said that a great deal of money was invested by Chinese in real estate during that period.

Thailand

Chinese business investments in Thailand were very probably equal in amount to the entrepreneurial investments of all other foreigners in the country put together. A conservative estimate should value them at about \$100,000,000. As in other regions of southeastern Asia, Chinese in Thailand owned the rice mills, they cultivated rubber and sugar cane, and they controlled the fishing industry. They also were active in the field of mining, especially tin. In the internal trade as well as in several smaller home industries, they occupied an unrivaled position. Before the Sino-Japanese conflict Chinese remittances from Thailand to Hong Kong reached an average of five to six million United States dollars. Its economic power has made the Chinese minority a target for national animosities.

French Indo-China

The Chinese, an exceedingly powerful racial minority in French Indo-China, were, next to European capitalists, the leaders in trade and industry. Here as elsewhere they sent large sums

back to China, though they were reported to reinvest at least part of their savings and profits in Indo-Chinese business enterprises. Remer, in his investigation of Chinese remittances in 1931, placed the funds sent from Indo-China at 5,000,000 Hong Kong dollars (1,200,000 United States dollars).²⁴

An estimate of Chinese business investments in the colony has never been attempted, but on the basis of several known factors it is safe to place the entrepreneurial investments at roughly \$80,000,000 in 1938.

The Chinese monopolized the entire rice trade, owned about 90 per cent of the rice mills, and controlled roughly half of the wholesale trade in corn, and a great variety of tropical products. In rubber production as well as in mining, however, their importance was much smaller than in other countries of the region. As agriculturalists they owned and worked most of the pepper plantations situated in Cambodia and in Cochin China on the shores of the Gulf of Siam. The retail business was also almost entirely in their hands. They owned tanneries, sawmills, soap and match factories, and mechanical workshops in the big cities, and played a prominent role in a number of light industries.

Burma

The role of the Chinese was less significant in Burma than in other countries of southeastern Asia. Here he was primarily a shopkeeper or a small trader, a rice-mill or timber-mill owner, a pawnshop or liquor-shop licensee, or an artisan. There were a few Chinese-owned estates, and in the Mergui district some of the tin was smelted locally by Chinese in small furnaces. Before this war, Chinese business holdings in the colony hardly exceeded \$14,000,000.

²⁴ C. F. Remer, *op. cit.*, pp. 179 ff., table p. 185.

JAPANESE INVESTMENTS

The Philippines

The fact that a part of the Japanese investment is listed in Filipino names makes it difficult to assess the value of Japanese direct investments in the Islands. We know, however, that Japanese holdings have greatly increased in recent years. An estimate of \$25,000,000 to \$30,000,000 for Japan's total entrepreneur investments in the Islands will be as near to the truth as can be ascertained on the basis of available information.²⁵

The largest field of Japanese enterprise was in abacá cultivation, and before the war the Japanese controlled both production and distribution of about one-third of the abacá output of the Philippines. In addition, Japanese capital was concentrated in timber lands, coconut plantations, and, to a smaller degree, corn and rice cultivation. Altogether, Japanese holdings in agriculture and forestry may be placed at \$10,000,000. The Japanese also had a strong interest in fishing and canning.²⁶

Base-metal mining such as manganese (the Philippine-Nippon Mining Com-

²⁵ Royal Institute of International Affairs, *United Kingdom Memorandum No. 8* "Capital Investment in Colonial Territories," International Studies Conference, Tenth Session, Paris, 1937.

²⁶ Generoso P. Provideo, *Japanese Interests in the Philippines* (Stanford University, 1936), p. 57.

pany) and copper, also chromium and iron, attracted Japanese investors. However, such investments were for various reasons not always openly made, and are therefore difficult to assess. Since they were devised as an instrument for control of mineral resources, they were made in the form of not inconsiderable Japanese "loans" to individuals or companies.

In recent years, the installation of Japanese textile factories in the Islands, as well as of numerous enterprises for underwear, hosiery, and cotton, took place as an economic countermove against the quota limitation of Japanese products effected in 1935.

The Netherlands Indies

The earlier investments in the Dutch East Indies were in sugar, tea, and oil-palm cultivation, but more recently the Japanese entered the field of rubber and oil. The total business investments may be estimated at \$12,000,000 in 1937.

British Malaya

Before the war, Malayan iron was the most important non-Japanese source of supply for Japan's steel industry. Japanese iron production in the three Unfederated Malay States of Johore, Trengganu, and Kelantan alone was about half of the Japanese iron ore imports in 1937. One of the Japanese iron mines in Trengganu is also an important producer of manganese.

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