


Western perceptions of the Japanese economy are currently undergoing yet another major re-evaluation. Having swept away the image of Japan as producer of imitative, cheap-and-cheerful consumer products in the 1960s with the idea of Japan-as-superstate in the early 1990s, Western scholars are now engaged on the creation of another myth; Japan the system that soured. It is therefore a highly opportune time for Steven Tolliday to produce this extensive two-volume collection of recently published articles on the economic and business history of Japan from the Meiji restoration (1868) to defeat in 1945.

There are nine separate sections containing just over 50 articles, with original publication dates ranging from the mid-1960s to the mid-1990s, but clustered in the late 1980s and the early 1990s. The first volume guides the reader through discussions of the broad pattern of economic development, agriculture, industrial enterprise and technology transfer in manufacturing. The second moves from banking and finance, through education and human capital, to labour, the role of women and finally to militarism, imperialism and war. Some sections (banking and finance, education and human capital and the pattern of economic development) are organised to underline the extent of historiographical change and include key debates. Others seek to survey the state of current research, often with the inclusion of overview and stocktaking articles originally published in Japan. Each volume contains a brief but concise and highly informative historiographical introduction to each of the main themes and contains an extensive bibliography, also organised on thematic lines.

Since Japanese historians have recently expressed more than a little frustration at the (mis)interpretations of Western scholars, who do not speak the language or fully understand the culture and institutions, it is doubly valuable that so much of this work has been undertaken by Japanese scholars. This does not imply cultural and linguistic political correctness; the founding fathers of Japanese economic historiography are represented whatever their national origins (Kozo Yamamura, Hugh Patrick, Ronald Dore) but Tolliday has avoided both the classic texts, which he judges to be readily available, and chapters from sole-authored books. These volumes rest on essays from collections published by the University of Tokyo Press and articles from a range of Japanese journals, with the Japanese Yearbook on Business History supplying a number of especially effective contributions. From this perspective, the volume works not only as an introduction to new empirical and theoretical work, but also as a barometer of changing Japanese historiographical interests. As might be gathered from the list of main themes, this is a collection that is directed at least as much to the business as to the economic historian.

The first volume encapsulates both the strengths and the limitations of the selection procedures. The first section is entitled 'The Pattern of Japanese Economic Development', but after dealing extraordinarily well with the changing historiographical perspectives on the Tokugawa inheritance it has comparatively little to say about the broad pattern of Japanese economic development in the period 1868-1945. Two essays by Sugihara chart the recovery during the 1930s from the great depression and the longer-run growth of Japan's trade links with East Asia from 1880 to the
outbreak of second Sino-Japanese war in 1937. The essay by Yamamura that is intended to plug the gap by discussing aggregate development during the Taisho era would probably sit more easily in the sections concerned with business enterprise or banking. Japanese economic historians and historical economists have indeed refined the pioneering estimates of the national accounts by Lockwood, Rosovsky and others, but their results have not been included here. In part, this results from the editor's decision to exclude single-author works (thus placing the volumes of Minami and Nakamura beyond the pale) but it does mean that for all the interest in capital scarcity, the squeeze on urban and rural living standards, productivity trends and changing growth dynamics, none of these issues is surveyed directly, rigorously and quantitatively within these two very long volumes. These fundamental issues are certainly ignored.

In volume 1, rural living standards are discussed extensively by Loren Brandt and Anne Waswo in their surveys of agriculture in the 1920s and 1930s respectively. Osamu Saito's finely textured account of the interactions between the rural and industrial economies in the late Tokugawa and early Meiji periods and the parallel survey by Penelope Francks of the role of the farm sector in Japanese industrialisation are also concerned with rural living standards. In volume 2, essays by Chimoto on changes to employment systems in the Meiji period, Patricia Tsurumi's essay on female textile workers and Yasuba on dualistic wage structures all focus on wages and conditions for urban workers. Rather, the quantitative building bricks and the core descriptive statistics have to be sourced from outside these volumes. The main exception is the very detailed study of Japan's external relations from the early Meiji period to the outbreak of the second Sino-Japanese war by Sugihara and noted above. Although concerned primarily with Japan's often neglected trade patterns in Asia, it is an excellent introduction to all aspects of Japanese foreign trade and payments before the Second World War.

The great strengths of this collection appear in the other sections dealing with all aspects of the development of Japanese business. The longest section deals with the development of Japanese management and enterprise systems and contains 12 essays. The pioneering studies of the Japanese economy tended to emphasise the role of the large-scale industrial conglomerates, the zaibatsu, and the close links between these firms and the Japanese state. A number of essays (by Nakagawa, Yui and two by Masaki) show that the distinctive feature of the zaibatsu, their heavy reliance on internal and closed financing, resulted from a conscious decision to avoid the government-promoted path of Western-style incorporation. The major trading companies of the Meiji era feared the risks to family control and disliked the disclosure implications of incorporation and chose instead to reorganise in partnerships that limited family exposure to crisis in any one branch of the enterprise. They exploited the monopolistic grip that the y had on certain key industries and channelled these profits through the group bank into other businesses within the group.

There are also case studies of Mitsui (by Yonekura) and Mitsubishi (by Yamamura), showing not only that the development of new businesses was far from easy but also that the Japanese state was much more equivocal and uncertain in its dealings with business than previously thought. Mitsui found it very difficult to shift into manufacturing from its foundation in commerce in the early twentieth century. The founder of Mitsubishi, Yaturo Iwasaki, garnered his initial wealth as a business fixer and trouble-shooter, and received government support for his move into shipping (the early foundation of Mitsubishi), but only after a phase of destructive competition in the shipping industry between a government-sponsored challenger to a government-subsidised favourite, and then only by virtue of his political connections and chance meetings. The simple picture of the modern Japanese state as purposeful, focused developmental capitalist from its inception has been substantially undermined and the alternative view, that the roots of the post-1945 developmental state are to be found only in the 1930s and 1940s, emerges from other essays in the collection (notably those by Fletcher and by Mass and Miyajima). It has also become a very important theme in very recent Japanese economic historiography (see below).

The pioneering picture of a sharp distinction between all-dominating zaibatsu and traditional enterprise has also been questioned. The essays on agriculture show very clearly that this sector was much more sophisticated and dynamic than a passive supplier of surplus labour to the
modern sector, a theme that is taken in volume 2 in several assays on Japanese labour. But there were also vigorous developments beyond the boundaries of the zaibatsu, which themselves began to experience limitations on their traditional advantages in the 1930s as capital requirements began to rise in the heavy industry and chemicals sectors. Okazaki's essay on the steel industry and the mergers that formed Nippon Steel in 1933 has many parallels with Tolliday's own work on the UK industry, showing the failure of both private enterprise and the state to push through ambitious rationalisation schemes. It is a pity that so little is available in English on the new zaibatsu (which are 'new' not in any chronological sense but were so termed because they followed different business and financial strategies) and include, inter alia, the Nissan Group. However, Jennifer Frankl's impressive essay on the performance in the period 1915-37 of independent companies and both 'old' and new' zaibatsu has become available (in the Journal of Economic History, 1999) since Tolliday's collection went to press and provides a more substantial quantitative anchor for discussion of Taisho and early Showa business performance.

The traditional picture of Japan as a wholesale importer of Western ideas is qualified by essays in part 4 of volume 1. The traditional image of the Meiji state as primary importer and developer of Western technology was one of the first casualties of the more detailed research undertaken in the early 1970s. The essay by Nakaoka on technology transfer in cotton textiles shows an interesting picture of serial failure by private companies to make Western technology work competitively but which nonetheless underpinned a steep learning (and teaching) curve and enabled Osaka firms to undertake successful technological leaps in the 1890s. Similarly, the essays by Mason and Yamamura note the importance of Western technology and of 'generous' Western firms in bringing new ideas to Japan in the 1920s, permitting a quickening pace of industrial growth. But they also show the effectiveness of Japanese industrial learning based on imitation, reverse engineering and the diffusion of new skills, backed by a supportive state. Of course, the story of Kiichiro Toyoda's reverse engineering of a prototype automobile in the early 1930s is by now probably as carefully fabricated as is the latest Toyota saloon, but the aircraft industry would have provided a good illustration of the Japanese industry's ability to identify, study and improve upon key strategic technologies (see R.J. Samuels, Rich Nation: Strong Army (1994), chapter 4).

The second volume begins by illustrating the changing historiography of the role of the banks in early Japanese economic development. The pioneering texts tended to portray Japan as a quintessential Gerschenkrian late industrialiser which needed the power of the state to create a financial system geared to the needs of heavy industrial development and modernisation around capital-intensive industries. Tolliday includes essays by Patrick and Yamamura, which qualify the early Gershenkrian assumptions by exploring the quite tenuous links between the banks and heavy industry, and by Ishii, which shows that the banks did lend heavily to the lighter textile industries in ways and at levels that had a profound impact on their competitive performance. The role of the banks in early Japanese development is, however, surely ripe for reappraisal given the contribution of fundamental financial problems to the bubble of the early 1990s and the severe doldrums thereafter. Fletcher's essay on the role of the banks, government and financial conditions after 1920 will almost certainly provide a useful starting-point for any reappraisal. He shows friction both within the financial sector and between the financial sector and the state in both the crises of the inter-war period and the mobilisation of the banks for rearmament. The whole field of banking policy is ripe for investigation along principal--agent lines, and Fletcher's essay offers a good foundation for such themes.

Historiographical development is also at the centre of volume 2, part 2, education and human capital. Tolliday begins with the pioneering work of Ronald Dore, who pointed to the importance of the Tokugawa inheritance and its high levels of literacy and a 'training in being trained'. This picture has been modified in two ways. First, the extent of literacy has been doubted, especially among females who formed the core of the workforce in the modern textiles sector (see the essay by Taira). Secondly, Western and Japanese scholars (represented here by Bartholomew) have doubted Dore's assumption that elite education was remote from the needs of modernisation. This theme has tended to be conducted (at least in English language publications) in terms of the imperial universities, but the recent study of the development of Hitotsubashi University from its origins in commercial colleges in the 1870s provides a wealth of detail on the rich development in

The training of skilled industrial workers is picked up in volume 2, part 3, on labour. These essays chart the breakdown of the Tokugawa guilds (Chimoto) and the need for firms to recruit and train the better educated workers capable of using imported Western technologies (Yasuba). A brief essay by Gordon provides an incisive overview of the main developments in Japanese labour relations in the twentieth century, but it needs to be considered alongside the essay by Odaka in the recently published collection of essays edited by Okuno-Fujiwara and Okazaki, The Japanese Economic System and its Historical Origins (1999). This collection also contains impressive essays by Teranishi (on the main bank system), Okazaki (on corporate governance), Ueda (on financial regulation) and Jinno (on industry and industrial associations, which must be regarded as essential reading on Japanese business development in the first half of the twentieth century. In Tolliday's collection, essays by Smith, Tsurumi, Napier and another piece by Gordon explore the vexed questions of the attitudes of Japanese industrial workers and the respective roles of bureaucrats, civilian and military employers, and worker resistance in the shaping of Japanese employer strategies. Similar themes occur in the essays (by Hunter and Uno) in the following section on women, but there are also essays on the efforts of the Meiji government to encourage women to define their roles mainly in terms of the household (by Nolte and Hastings and by Smith).

Finally, Tolliday examines the role of the military, imperialism and war in Japanese economic and social modernisation. His editorial introduction is extremely broad and takes the discussion well beyond the boundaries of the extracts themselves. These include the well-known article by Yamamura on Japanese militarism and the development of heavy industry and Duus' work on the Japanese informal empire in China. The final two essays (by Rice and Shiba) explore Japan at war and emphasise the failure of the political system to curb the competing demands of the Japanese army and navy for extremely scarce materials and the conflict created between the services, bureaucrats and employers. These essays also document the changes in government-industry relations that laid the foundations for post-war administrative guidance to organised industrial sectors.

This is clearly a very important set of essays. When the doyen of Western scholars of Japan can admit that none of the major schools of Western political economy has succeeded in explaining the Japanese pattern of economic development (Chalmers Johnson, 'Study of Japanese Political Economy: A Crisis in Theory', in Japan Foundation, Japanese Studies in the United States: History and Present Condition, Tokyo, 1988), it is time to listen intently to Japanese analyses of Japanese development. The volume of new work on the first eight decades of Japanese development is already massive, and is increasing fast. The continuing flow of new material since this collection went to press is ample testimony to the vitality of interest in Japanese economic development before 1945 (and to the work ethic of Japanese academics).

Editors of these massive collections inevitably run the risk of criticism both for their inclusions and their omissions. Monetary and fiscal policy probably attract less coverage than they should. It is also unfortunate that nothing by Masahiko Aoki, who has done so much to provide researchers with a solid conceptual framework to understand the Japanese firm, could be included, but Aoki's work is uncomfortably theoretical for this collection. It would have been helpful, given the exclusion of excerpts from single-author economic histories, to have included a statistical appendix detailing change in the main macroeconomic aggregates. But these are minor quibbles, since no single collection can be entirely self-contained (nor does this collection aspire to be). These two volumes are an extremely valuable guide into the rapidly expanding Japanese literature and, therefore, an important resource for those wishing to learn about, teach or research Japanese business and economic performance before 1945. As might be expected, the editor's own contribution is incisive and judiciously balanced. His commentaries do not intrude but they offer perceptive and authoritative guidance. There is no doubt that Japan's current economic difficulties will stimulate new perspectives on this period but that is the fascination of an economy that has attracted so
much empirical and theoretical analysis but which continues to astound the observers, especially those in the West.

**Named Works:** The Economic Development of Modern Japan, 1868-1945: From the Meiji Restoration to the Second World War (Book)


**Gale Document Number:** A93371000

© 2008 Gale, Cengage Learning.