

questions to Prof. Wilson in the same manner as pupils in a class like to question their teacher for more interesting but rather irrelevant knowledge.

There seems to be an assumption on which most of the students of Thai politics act when pursuing their studies. This is the assumption that the structure of Thai politics has not undergone any fundamental change ever since 1932 when the Constitutional Revolution took place. This assumption is indeed justifiable as long as a continuity is manifest in the main traits of Thai politics. However, once a shadow of discontinuity falls upon Thai politics, an *a priori* assumption of that sort must lose its absolute merit. It is quite unfortunate that we have no good work on the political history of Thailand since 1932. Prof. Wilson's analysis of the political structure suggests that he shares the same assumption to a considerable degree. He does not answer some elementary questions any reader might conceive, such as: In what way is Thai politics transforming itself? Didn't the appearance of a new-type autocrat like Sarit mean something in this connection? Prof. Wilson has also failed to touch upon such topics as the social character or personality of Thai politicians, the impact of international tension on Thai politics, the adaptability of Thai politicians to the trend of international society, and so forth, all of which are doubtless of prime importance with regard to structural transformation in Thai politics.

There is another point which seems somewhat unsatisfactory in this book. Prof. Wilson underlines the significance of a moral view of politics which teaches that "issues of politics are moral issues." However, his basic moral attitude towards Thai politics is not shown clearly throughout the book. The lack of integrity in interpreting the political role played by the King may have something to do with this point. If Prof. Wilson had keener moral sensitivity, it would have had the effect of making his analysis sharper rather than that of the scientific objectivity of his analysis.

There are a few minor questionable points. (If Prof. Wilson transcribed *Praphas* and *Vajiravud* into *Prapht* and *Wachirawut* respectively, why did he not transcribe *Pramoj* and *Ananda* into *Pramot* and *Ananta* respectively?) However, these minor points are of no significance when we consider the unremitting industry of Prof. Wilson in producing this excellent masterpiece. This book is obviously destined to be ranked as a prime classic among all literature on Thai politics. It will assuredly be a sort of guide-book for all students in the same field and a target standard which they will one day be expected to surpass. Finally, a second big monograph by Prof. Wilson is eagerly awaited by us all. (*Tōru Yano*)

KIYOSHI MATSUI ed., *Kindai Nihon Bōeki-shi* (A Modern History of Japanese Foreign Trade), 3 vols., Tokyo, Yūhikaku, 1959~1963, 1,104 p.

Whenever the economic growth of the so-called underdeveloped countries

is under discussion, Japan is cited as the familiar example of one of those few capitalist countries which have achieved a rapid development in a comparatively short period of time. The authors of *Kindai Nihon Bōeki-shi*, under the leadership of Prof. Matsui, have endeavoured to analyse the role which foreign trade has played in the spectacular development of the Japanese economy.

The importance of the study of the relationship between the development of capitalism in Japan and her foreign trade has been widely acknowledged. It must be noted, however, that in spite of the considerable number of detailed works dealing with the remarkable development of the Japanese economy in the last century, there are, in fact, few works which attempt a historical analysis of the contribution which foreign trade has made to the Japanese economy during this period of expansion. It is easy to see that such studies have still to be undertaken, for instance, by the absence of titles such as "A History of Japanese Foreign Trade" or the like. It is strange, and yet it is true, that this should be so, notwithstanding the considerable amount of statistical data available in this field.

One explanation of this is that too much emphasis has been placed on studies in the areas of production, in particular, in agriculture, since these sectors have been regarded as the most important during the earlier stages of the capitalistic development of the Japanese economy. Another is that many economists have regarded foreign trade as a passive part of the economy conditioned by other purely domestic factors or by the peculiar structure and character of Japanese capitalism. Perhaps, in other words, they have regarded it as external to the economy.

Therefore, *Kindai Nihon Bōeki-shi*, which traces the contribution of foreign trade to the whole process of the capitalistic development of the Japanese economy between the Meiji Restoration of the late 1860's and the Second World War, will surely serve as the foundation for further studies in this field of economics.

Another important feature of this work is that due attention is given not only to the results of studies by the Marxian economists who have so far composed the main stream of theoretical analysts of Japanese capitalism, but also to the conclusions of the so-called "modern economists" who have recently achieved remarkable success in their studies of this subject.

Kindai Nihon Bōeki-shi consists of three volumes.

Volume I covers the three decades embracing the Meiji Restoration of 1868 and the Sino-Japanese War of 1894–1895, that is, the period covering the origin of the capitalist method of production and the establishment of industrial capitalism. This volume is divided into the following six chapters:

Introduction. Methodological Study and Division into Stages (by Kiyoshi Matsui)

Sec. I. The Methodology of a Historical Study of Japan's Foreign Trade

Sec. II. The Division into Stages of the History of Japan's Foreign

Trade

- Chapter I. Foreign Trade and the Development of a Commodity Economy (by Susumu Yoshinobu and Bunichi Kodan)
- Sec. I. The General Features of Foreign Trade, 1868-1893
- Sec. II. An Analysis of the Production of Exports—the Relation between Foreign Trade and the Structure of Production
- Chapter II. The Early Meiji Era Government and Capital Accumulation (by Kenzō Yukizawa)
- Sec. I. The Roles of the Government
- Sec. II. Preparations for Capital Accumulation
- Sec. III. Encouragement of Industry (1)—Government Enterprises
- Sec. IV. Encouragement of Industry (2)—Protection and Fostering of Industry
- Sec. V. The Government and Capital Accumulation—A Summary
- Chapter III. The Contribution of Foreign Capital to Capital Accumulation in Japan in the Early Meiji Era (by Motohiro Shibata)
- Sec. I. Foreign Loans
- Sec. II. The Government's Debts and Direct Foreign Investment
- Sec. III. The Contribution of Foreign Capital to Capital Accumulation
- Chapter IV. The Establishment of a Modern Monetary System and its Characteristics (by Kazuichirō Ono)
- Sec. I. The Initiation of Monetary Reform
- Sec. II. The Early Proposals for a Monetary Standard
- Sec. III. The Character of the New Coinage Act and the Japanese Trade Dollar
- Sec. IV. The Establishment of the Redemption in Silver
- Chapter V. Foreign Trade Policies and Opinions of the Early Meiji Era (by Kazurō Umezu)
- Sec. I. The Problems
- Sec. II. The Government's Policies and Opinions on Foreign Trade
- Sec. III. The Controversy over Foreign Trade Policies
- Sec. IV. The Logic of the Recovery of Commercial Rights

The Introduction of Volume I, by Prof. Matsui, deals with the fundamental tasks of methodology and divides the history of Japan's trade into phases, thus providing the framework for the whole study. Additional importance is attached to this chapter since the whole joint work has been carried out under the aegis of Prof. Matsui. Our review of this volume, therefore, will give special attention to this chapter.

As its title indicates, the main purpose of this introductory chapter is primarily to lay down how the history of Japan's foreign trade should be studied. Hitherto, the methodology employed in historical studies of foreign trade has been derived from Prof. Moritarō Yamada's *Nihon Shihon-shugi Bunseki* (An Analysis of Japanese Capitalism [1934]) and the principal writings

of the so-called *Kōza* school of Japanese Marxism.¹

Prof. Yamada attaches great importance to the semi-feudal structure of agriculture as the basis of Japanese capitalism. One of the most important features of Japanese capitalism has been, according to him, the complicated relationship which has existed between this semi-feudal small-scale agriculture and modern industry which has been dependent on imported tools and machinery.

This explains, he says, the heavy dependence of the Japanese economy upon foreign trade. Firstly, Japan had to import large quantities of agricultural produce because the low productivity of the agricultural sector could not be increased greatly within the existing framework of the semi-feudal system of production. In the second place, the considerable amounts of exports were possible only because the export industries were able to take advantage of the low wage-rates then prevailing, the result and cause of these survivals of feudalism in the agricultural sector.

Some of Prof. Yamada's adherents claim that foreign trade has been necessary for the Japanese economy because of the absence of a large domestic market. This absence was, according to them, attributable to the low level of wages in the manufacturing industries, which in turn led to a low standard of living among the agricultural population, which was further aggravated by the semi-feudal character of the agricultural economy.

But this view inevitably involves rigidity in grasping the true nature of the Japanese capitalism and hence the role of foreign trade. Of course, it cannot be denied that the unbalance between the development of agriculture and that of the manufacturing industries, which is inherent in a capitalistic economy, was especially marked in Japan because of this semi-feudal system of agricultural production, and that consequently the manufacturing industries were more in need of foreign markets in which they could sell their products.

It must be admitted, however, that Prof. Yamada has paid little attention to the effects of agricultural development and of the consequent expansion of the domestic market which accompanied the progress of capitalistic production in general. Thus his neglect of the importance of the expansion of the domestic market has led some of his followers to a Narodnik and Rosa Luxemburg thesis that foreign markets were necessary because the domestic market was too narrow. He fails to supply sufficient grounds for a dynamic understanding of the active role of foreign trade which was not only affected by, but also affected, Japanese capitalism in general. In other words, the Marxists of the *Kōza* school have made little of the capitalistic development of the Japanese economy. It is interesting to note that such development has been given more attention by the Marxists of the *Rōnō* school² and the modern economists.

1 The original members of the *Kōza* school were the contributors to a collection of academic papers published under the title of *Nihon Shihon-shugi Hattatsu-shi Kōza* (Series of Papers on the History of the Development of Japanese Capitalism), 7 vols. 1932~1933.

2 The *Rōnō* school were originally a Marxist socialist group led by Hitoshi Yamakawa.

Such methods of quantitative analysis as have been developed recently by these modern economists provide above all useful instruments with which to perfect the structural understanding of a capitalist economy in which Marxists have long been engaged. Now fortunately, both the capitalist and socialist economists have more in common than they had previously. They can both use each other's methods and theories in order to supplement their own.

However, modern economics still leave something to be desired. The development of the subjects from statics to dynamics was apparently one step towards the actual economy. This development was, however, only an improvement in methods of analysis. But the subjects to be analysed by this method have remained unchanged. In their analysis, every economic phenomenon is understood in terms of quantities, and what is more, the mechanism which determines these economic quantities is that of the capitalistic system which is undeniably and persistently presupposed throughout their studies. Therefore, the dynamic nature of their new analytical method is not a historical one but only a theoretical one.

Thus, the methodological conclusion of *Kindai Nihon Bōeki-shi* is this: the history of Japanese foreign trade should be studied so that the shortcomings of the traditional methods of both the modern economists and the Marxists may be remedied. This point of view is observed consistently throughout the three volumes.

The century span of Japan's foreign trade is divided into several stages in accordance with this methodological viewpoint. It is not divided merely by quantitative changes in the amount of trade. Instead, it is divided into such stages as correspond to the stages of the development of Japanese capitalism, that is, the stages which correspond to structural changes in the economy. These stages are the genesis of capitalism (treated in Volume I), the establishment of capitalism and its transition into monopoly capitalism (treated in Volume II), and the establishment of monopoly capitalism and a further transition into state monopoly capitalism (treated in Volume III).

For the accumulation of capital necessary at the early stage of the capitalistic development, many of the West European countries could draw on the commerce with their vast colonial empires. But Japan had no such colonial trade at all, but instead was a market for the more advanced Western countries. In addition to this, the structure of production was of a more or less feudal character. Imports exceeded exports every year between 1868 and 1881, with the exception of the years 1868 and 1876. The terms of trade deteriorated continuously during this period. Capital accumulation, therefore, had to be carried out by resorting to such domestic means as inflation and the modernization of the system of taxation.

Around 1882, however, exports began to catch up with and exceed imports, and this favourable balance of trade continued until 1889. At the same time the terms of trade gradually improved. This exogenous condition greatly helped the accumulation of capital which took place in this period.

As for the items of trade, all capitalist products, both consumers' and producers' goods, were imported throughout these thirty years, and the main exports were endemic products like silk and tea.

It is also interesting to note that about seventy to eighty per cent of the total trade was with European countries and the United States, and only a small portion was with Asian countries, although this trade became very important at a later stage. Foreign firms dominated Japan's foreign trade. Both the import and export duties were five per cent *ad valorem*, percentages which had been fixed by the unfavourable commercial treaties of 1858 and the customs revision agreement of 1866.

These are the most important features of foreign trade in the early stage of the Japanese capitalism, which are dealt with in Volume I.

Volume II is devoted to the study of capitalism in the period between the end of the 19th century and the First World War, which corresponds to the stage in which Japan developed a firm capitalist system and later a monopoly capitalism.

The contents of this volume are :

Introduction. The Establishment of Japanese Capitalism and its Transition into a Monopolistic Economy (by Kiyoshi Matsui)

Sec. I. Problems in the Division of Stages

Sec. II. Economic Development and Foreign Trade—Quantitative Analysis and Structural Analysis

Chapter I. Foreign Trade and Wage Problems (by Bunichi Kodan)

Sec. I. International Comparison of Wages

Sec. II. The Terms of Trade and Wages

Sec. III. The Basis of Low Wages

Chapter II. The Introduction of Foreign Capital and Overseas Investment (by Motohiro Shibata)

Sec. I. The International Balance of Payments

Sec. II. The Introduction of Foreign Capital

Sec. III. Overseas Investment

Sec. IV. The Introduction of Foreign Capital and Overseas Investment

Chapter III. Commercial Institutions (by Ikuo Akimoto)

Sec. I. The Problems

Sec. II. Types of Commercial Institutions in the Early Years

Sec. III. The Establishment and Development of Industrial Capital, and its Relation to the Commercial Institutions

Sec. IV. The Commercial Institutions in the Monopolistic Stage

Chapter IV. Foreign Trade Policies and Opinions in the Period of Economic Development (by Kazurō Umezu)

Sec. I. The Controversy over Foreign Trade Policies in the Period of the Establishment of the Modern Spinning Industry

Sec. II. The Controversy about the Duties on the Trade in Cereals in the Period of Industrial Development

Sec III. The Controversy over Foreign Trade in the Period of Structural Change

There are several features peculiar to Japanese foreign trade in the late 30's of the Meiji Era, the period of the establishment of Japanese capitalism.

First, the unbalance between agricultural and industrial development was more marked than ever, owing to the persistent semi-feudal character of the agricultural sector. The exports consisted of the products of the more advanced manufacturing industries, and the imports consisted mainly of various kinds of agricultural products which could not be supplied from domestic production. With the development of the spinning industry, for example, the exports of cotton yarn and fabrics increased greatly while more and more raw cotton had to be imported.

In the second place, the cheap labour force originating in the rural areas made the cost of industrial labour smaller than it otherwise would have been. Consequently, the prices of industrial products were low enough to compete with the equivalent foreign products. Theoretically speaking, industrial labour costs are low either because of high productivity or because of low wages. In the case of the Japanese economy, the latter was much more important than the former. Even when money wages were raised as a result of an increase in the productivity of labour, they were still very low when compared with the wages of foreign countries.

In the third place, the main exports of this period were consumers' goods, in particular, textile products. However, unlike the first two decades of the Meiji Era, the capitalist industries themselves were now the primary motive power in foreign trade. The unfavourable customs duties had to be amended so that exports could be increased. And after repeated negotiations with the leading Western nations, the Japan-British Commerce and Navigation Treaty was first revised in 1899, and Japan gained partial autonomy in fixing its customs duties.

It was little more than ten years after the maturation of Japanese capitalism that the economy further began to enter the stage of monopolistic capitalism at a rapid pace. This was the period between the end of the 19th century and the First World War, when the penetration of European and American imperialism into the Far East was reaching its maximum. The less advanced Japanese capitalism had to survive this economic intrusion of Western imperialism.

Unfortunately, however, the development of Japanese exports began to stagnate as a result of the world-wide depression in this period. The excess of imports over exports noticeably widened. The terms of trade, which until then had been improving gradually, began to deteriorate again because of the drive for an increase in exports.

Consequently, a huge amount of foreign capital had to be introduced. As for structural changes in the economy, the manufacturing industries became more and more mechanized and the foundations of such modern industries as shipbuilding, iron and steel, and the chemical industries were

laid. This led to changes in the composition of the items of foreign trade too. In export items, finished goods like cotton fabrics, for instance, gained importance over semi-finished goods like cotton yarn. On the other hand, the importation of finished goods dropped off comparatively. The Asian countries also increased their relative importance as importers of Japanese products as well as being suppliers of the materials which the Japanese economy needed.

Volume III covers the period ranging from the so-called general crisis of capitalism to the Second World War. In 1917, the Czarist Russian Empire was overthrown and the Union of the Soviet Socialist Republics was established in its place. After that, the world was divided into the two blocs of both capitalistic countries and socialist countries which have had to live together either in peace or not. This is the period called the general crisis of capitalism. Volume III covers the period between the crisis and the Second World War.

This volume consists of:

- Introductory Chapter. State Monopoly Capitalism and Foreign Trade—Participation in the World Market (by Kiyoshi Matsui)
- Chapter I. The Establishment of Monopoly Capitalism and Foreign Trade (by Susumu Yoshinobu)
 - Sec. I. The First World War and the Development of Japan's Foreign Trade
 - Sec. II. Japan's Foreign Trade during the Postwar Economic Crisis and in the Subsequent Comparatively Stable Period
- Chapter II. State Monopoly Capitalism in Japan and Foreign Trade (by Shōshichi Sugimoto)
 - Sec. I. The Process of Development in Japan's Foreign Trade between 1929 and 1945
 - Sec. II. Foreign Trade Policies and Japanese Capitalism
- Chapter III. Foreign Trade and Wage Problems—Mainly in the Pre-war Years between 1926 and 1941 (by Bunichi Kodan)
 - Sec. I. The Critical Situation in the International Balance of Payments during the Great Depression
 - Sec. II. Expanded Exports as a Means of Overcoming the Depression
 - Sec. III. The Problems of Social Dumping
 - Sec. IV. Criticism of Some Views on Social Dumping
 - Sec. V. The Controls of Wages and of Foreign Trade
- Chapter IV. Economic Fluctuations and the International Balance of Payments in the 1920's (by Toyooki Maeda)
 - Sec. I. The Postwar Crisis
 - Sec. II. The Banking Crisis
 - Sec. III. The Crisis Caused by the Great Earthquake
 - Sec. IV. The Financial Crisis
 - Sec. V. The Events leading to the Crisis Caused by the Freeing of

Exportation of Gold

Chapter V. Commercial Institutions (by Ikuo Akimoto)

Sec. I. Introduction

Sec. II. The Commercial Institutions in the Crisis of the Early Shōwa Era

Sec. III. The Transition to State Monopoly Capitalism and the Commercial Institutions

Chapter VI. Commercial Activities Overseas (by Teruo Nishikawa)

Sec. I. Markets in China

Sec. II. Markets in India

Sec. III. Markets in the United States

Supplementary Study (I). International Trade between the Two World Wars (by Kenzō Yukuzawa)

Supplementary Study (II). Motives for the Lifting of Gold Embargo (by Kazuichirō Ono)

Shortly after the First World War, when many of the capitalist countries of the world had successfully overcome the economic and social confusion of the war years, there occurred a comparatively stable period beginning around 1924-1925. But in Japan's case, the economy had grown too rapidly as a result of the various fortuitous conditions which obtained during the war. After only one year of boom and speculation following the war, the Japanese economy was hit by a "postwar crisis." The Asian markets again began to be flooded with products from Europe and the United States. And in the midst of this international competition for greater markets, exports from Japan of necessity remained at low levels for many years, and the Japanese economy experienced a chronic depression.

During this time, capital became more and more centralized and the process of capitalistic monopolization drew near its completion. Many Western countries restored their gold standards. But Japan continued to maintain its ban on the exportation of gold, for the balance of trade showed considerable deficits every year and the rate of exchange of the yen continued to fluctuate widely.

When the ban on the shipment of specie was removed at last in January, 1930, the comparatively stable period of world capitalism was already over and most countries were deep in the Great Depression. Japanese exports dropped and a great amount of specie flowed out. To make matters worse, Britain abandoned the gold standard in September, 1931. This collapse of the pound sterling led Japan to reinstitute the ban on the exportation of gold in December of the same year.

In the wake of the world-wide depression, both the exports and imports shrank to a very small amount. Dumping was promoted in order to increase the volume of exports. But this only aggravated a serious condition and the terms of trade for Japanese products became more unfavourable. At the same time, Japan became the target of adverse criticism from other countries. However much substance there may have been in these criticisms, the fact

was that these policies undoubtedly helped Japan to find wider markets overseas. More than half of the Japanese exports in those days were various kinds of textile goods. Being helped by the low labour cost involved in their production and also by the manipulation of the exchange rate, these goods flooded the markets of China, Southeast Asia, Southeast Africa, South America, etc. in spite of the high customs tariffs.

The consequent result was the unfriendly relationship with the other nations and the acceleration of the division of the world economy into several blocs. In 1931, when the hostilities in Manchuria commenced, the Japanese economy had already entered the stage of state monopoly capitalism. The governmental control of foreign trade was intensified and a yen bloc economy was formed. When the hostilities between China and Japan broke out in 1937, economic control by the state, including, of course, the control of foreign trade, was further strengthened. This was now both extensive and complete.

In December of 1941, when Japan entered the Second World War, trade with third countries practically came to a standstill, and Japanese foreign trade was confined to the yen bloc (Korea, Formosa, and Manchuria) and to the Pacific area under Japan's domination (China, French Indo-China, Thailand, the Dutch East Indies, the Philippines, etc.). The trade during the war was a kind of pillage trade masquerading as the "Greater East Asia Co-Prosperity Sphere." But Japan's wartime economy stagnated not only as a direct result of the war but also because of the collapse of foreign trade. And so when the war was over in 1945, the Japanese economy had already been completely ruined.

This is a summary of *Kindai Nihon Bōeki-shi*. As has been pointed out before, these studies of the history of Japanese foreign trade break new ground. As one of the co-authors of this book, therefore, I am aware of its deficiencies. I sincerely hope that our efforts will stimulate other work in this field. (*Kazuichirō Ono*)