Japanese political economy

Introduction

Occidental things and ideas, including POLITICAL ECONOMY, were quickly introduced after Japan ended its isolationist policy (1639–1854). The new government took strong leadership in the modernization of Japan after the Meiji Restoration of 1868. Japanese scholars were absorbed in translating and learning Western economic thought, although there were some who resisted Westernization and sought instead “Japaneseness” (Sugiyama 1994).

Thanks to the drastic reform in higher education in 1919–20, increasing numbers of economists tackled a wide range of economic problems and thought. The latter included MERCANTILISM, classical economics, German historical economics, Marxism and NEOCLASSICAL ECONOMICS. Moreover, the successful 1917 Socialist Revolution in Russia had some influence on the historical study of Japanese CAPITALISM in the following two decades. In 1926, Kyoto (Imperial) University started Kyoto University Economic Review (KUER), the first economics journal written in Western languages in Japan. This journal aimed at establishing the Japanese School of Economics, attempting to create a new school of economics which was to be differentiated from the Western version.

From 1945 until the mid–1960s, Marxian economists were in the majority in Japanese academia. They had a strong historical orientation, and made numerous studies on Japanese capitalism, MARX, Engels and Lenin, from the historical as well as the theoretical perspective. The history of the late developer convinced many Japanese that something was wrong with capitalism and that commercial competition for outlets, along with militarism, caused the “imperialistic” wars. That is why many Japanese had sympathy with Marxist claims and believed that the capitalist system should be modified by the state.

The German historical school

Japan shifted from free trade to protectionism in 1889, when it managed to revise unequal treaties and acquired the tariff right. The Japanese edition of List’s The National System of Political Economy was published in the same year. Many Japanese economists visited Germany for advanced study during the period 1900–30. Tokuzo Fukuda (1874–1930) studied under Lujo Brentano around 1900, brought back a wide-angled approach to economics, and taught several leading economists of the next generation.

Marxian political economy

Hajime Kawakami (1879–1946) was sent to Europe by the Japanese government during 1913–14, and observed European culture and economic life. Returning to Japan, he began to study the problem of poverty and published his Tale of Poverty in 1917. This book was based on his own experience in Europe, not in Japan, and rang a warning bell for capitalist development with the widening gulf between rich and poor. The book was regarded as a good introduction to social sciences until the 1950s. Kawakami believed that a reorganization of the social system was necessary to eliminate poverty.
His writings and socialist ideas captured the heart of young intellectuals. He joined the Japanese Communist Party (JCP) in 1932.

There was a major controversy over the nature of Japanese capitalism and “the coming revolution” during 1927–37 (Hoston 1986). Social democrats or non-JCP members, Ronoha, believed that it would take a long time for Japan to shift to a socialist system from an early stage of capitalist system. On the other hand, JCP and ex-JCP members, Koza-ha, advocated a two-stage revolution: a democratic revolution first to eliminate feudal remnants, and then a socialist revolution. For example, Moritaro Yamada (1897–1980) in his *Analysis of Japanese Capitalism*, published in 1934, clarified the rapid formation of manufacture and home manufacture after 1868. For Koza-ha people, the imperial system was a major feudal remnant and the biggest obstacle on the road to the socialist system. Many of this group were arrested for violating the Peace Preservation Law before 1945.

After 1945, the professors who had been forced to resign from universities were reappointed. Everyone was allowed to openly study Marx, Lenin and Stalin. Marxists were confident of their analysis of Japanese capitalism, and believed that the future course of Japan would proceed according to the dictates of historical materialism. Marxist studies were part of the mainstream of economics in Japan for the next two decades. Japanese Marxist economists were historically-oriented, wrote mostly in Japanese, covered various fields of applied economics, and adapted a critical attitude toward neoclassical economics. In 1959, they established the Society of Political Economy for the study of basic theories of political economy, although they usually formed tight groups or schools.

The Uno School

The Uno School has been a minority in the Japanese Marxian community, whereas it is well known by Western counterparts. Its enthusiastic followers have been publishing in English since 1975 (Plasmeijer 1984). Kozo Uno (1897–1977) was relatively unknown when he was suddenly arrested as a political suspect and forced to leave Tohoku (Imperial) University in 1938. Uno was subsequently released and appointed professor at Tokyo in 1947. He rode on the tidal wave of Marxian economics in Japan and his heretical ideas stimulated controversy among Japanese Marxists. Avoiding political involvement, Uno basically differentiated theoretical study, historical study, and the study of actual capitalism from each other, although the last two were often mixed in the research of the Uno School. Tomohiko (Thomas) Sekine introduced Uno’s reconstruction of Marxian economics to non-Japanese in 1975, and published the English version of Uno’s *Principles of Political Economy* in 1980. Makoto Itoh is also a prolific writer of the Uno School, and well known to non-Japanese political economists. Chapter 1 of Itoh’s *Value and Crisis* (1980) describes “The Development of Marxian Economics in Japan.”

Mathematical political economy

In the 1930s, those who had been trained in neoclassical economics began to use numerical examples and mathematical tools in the study of political economy. Kei Shibata (1902–86), a student of Kawakami, was shocked by Cassel’s simplified system of general equilibrium which he first learnt at economics lectures given by Yasuma Takata. Shibata started to consider the synthesis of general equilibrium theory and Marxist economics. Shibata also made critical assessments of Marx’s proposition of the FALLING RATE OF PROFIT TENDENCY, due to a rising organic COMPOSITION OF CAPITAL, by using numerical examples for the technical coefficients. His papers appeared in *KUER* in 1934 and 1939. In 1961, Nobuo Okishio, trained in general equilibrium analysis, demonstrated that a cost-reducing process will not reduce the general rate of profit under the assumption of constant cost. This result is commonly known as the Shibata-Okishio Theorem (in the West it is simply known as the Okishio Theorem). In the 1980s, this line of
study was pursued by Takao Fujimoto, Takashi Negishi and Eiji Hosoda (Kurz and Salvadori 1995; Ikeo 1998).

Shinzaburo Koshimura (1907–88) studied both classical and Marxist political economy at Tokyo University of Commerce (Hitotsubashi University after 1949). Koshimura, who was interested in studies of economic systems, such as Marx’s reproduction schema and Quesnay’s tableau économique, always tried to create something original and was eager to publish the results in book form. The English version of Koshimura (1956) was published under the title of Theory of Capital Reproduction and Accumulation in 1975. In his Marxian Econometrics (published in 1961 in Japanese), Koshimura applied the theory of matrices and determinants to the system of the labor theory of value.

There were other Japanese scholars who did more high-powered mathematical political economy than Koshimura. Takuma Yasui (1907–95) was a self-trained mathematical economist who was interested in dynamics and stability analysis. In 1953, Yasui formulated a Kalecki-Kaldor-type trade cycle theory by using a generalized van der Pol-type equation. Michio Morishima, who was trained in general equilibrium theory, discussed Marx with the use of the von Neumann growth model in his Marx’s Economics, published in 1973.

Modern capitalism

Studies of the historical development of Japanese capitalism were important for political economists in the interwar and postwar period. Shigeto Tsuru played a major role in the internationalization of political economy. He studied at Harvard during the 1930s and cultivated an intellectual connection with Westerners such as Paul Baran, Paul Sweezy and Maurice Dobb. He brought both a cosmopolitan attitude and the American economic language back to Japan in 1942. Japanese political economists thus shared an interest in the analysis of economic systems with several Western counterparts.

For example, Kohachiro Takahashi (1912–82), Sweezy, Dobb, Hilton and Hill discussed the transition from feudalism to capitalism in Science and Society in 1950–53. They believed that they lived in the period of transition from capitalism to socialism, and were interested in earlier transitions from one social system to another. In the 1960s, Yoshihiro Takasuka (1932–91), a student of Tsuru, was an active participant in the debate over the evaluation of the rapid development of Japanese capitalism. He was critical of an incomes policy tolerating mild inflation, and conceptualized inflation as being caused by the differential rate of increase in productivity among industrial sectors. He hypothesized that, due to inflation, sectors with lower productivity could enjoy a wage rise similar to the sectors with higher rates of productivity.

Schumpeterians

Kaname Akamatsu (1896–1974) studied in Germany during 1924–6, and became especially interested in technical inventions in industry and the importance of INCREASING RETURNS TO SCALE for economic development. He observed the sequential shifting from the import of goods, including cotton textile, through to domestic production, and then to export in the development of the Japanese economy. In 1937, he advocated the theory of the “flying geese” pattern of economic growth. This states that advanced nations led underdeveloped nations through different stages of development by the diffusion of new TECHNOLOGY. Seiichi Tobata (1899–1983) studied under SCHUMPEATER at Bonn in the late 1920s and became a Schumpeterian agricultural economist. He emphasized the importance of innovation and autonomy in economic activities.

Power theorist

Yasuma Takata (1883–1971) was an economist and sociologist, being called the Japanese Alfred Marshall. In the 1930s, he not only contributed to the spread of Marshallian and Walrasian ideas, but also developed the power theory of economics to modify neoclassical
economics. His “power” was a social phenomenon and assumed the existence of relationships between human beings. It related to the potential to be obeyed by others, like the prestige of the nobles. Criticizing KEYNES, Takata maintained that if the unemployed do not compete for lower wages, it could be because of their resistance based on power or prestige.

Feminists

The women’s liberation movement was initiated as women gradually increased their participation in the work force in Japan, like many other countries. During 1939–45, women were forced to work outside the home and fill the positions which had been occupied by men. They worked in farming but also munitions factories and heavy industry. However, these women were removed from their jobs after the war. Nevertheless, Japanese women finally acquired the same legal rights as men, including suffrage, under the occupation of the Allies during 1945–52. A number of activist women, including Kikue Yamakawa, Koko Sanpei and Setsu Tanino, cooperated to improve the social status of women. In the male-dominated community of Japanese economists, Sumiko Takahara criticized standard microeconomics, based on the assumption of individualism, in her provocative book Challenging Male Economics, written in 1979. She maintained that the concepts of household and family were important in political economy (see FEMINIST POLITICAL ECONOMY: MAJOR CONTEMPORARY THEMES).

Japanese political economy has thus had a long and influential history. This will continue in the future, although changes have and will continue to occur in the themes and tendencies as Japanese capitalism evolves over time.

Selected references


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joint production

Introduction

Joint production is the simultaneous manufacture of two or more goods in the same production process. Joint production may be intrinsic, as in the case of sheep farming where meat and wool are produced; or aggregate as in the case of multi-product firms such as banks.

For a long time, joint production was relegated to the backwaters of economic analysis as being too recherché. This situation changed with the publication of Sraffa’s Production of Commodities by Means of Commodities in 1960. Taking up an idea of von Neumann, SRAFFA analyzed the consumption of fixed capital as a case of joint production. As a result