

Hiroshi Kawaguchi, Sumiyo Ishii (2022), *A history of economic thought in Japan, 1600-1945*. Bloomsbury Academic, 268 páginas, ISBN: 9781350150140.

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<https://dx.doi.org/10.5209/ijhe.99309>

In the preface of their history of Japanese economic thought, Hiroshi Kawaguchi (Faculty of Political Science and Economics, Waseda University) related a discussion he had with his co-author, Sumiyo Ishii (Faculty of Economics, Daito Bunka University), on whether their book on the history of Japanese economic thought should have an English edition, because they were not sure if there would be an English-speaking audience for it (Kawaguchi, Ishii, 2022, xiv). This is a relevant question because a recent book on the history of Brazilian economic thought asks the same question (Bielschowsky, Boianovsky, Coutinho, 2023). I argue that, yes, there is an audience for this book, including Iberian and Latin American scholars, especially since a lot of research is missed because it is not written in the *lingua franca*.

The simplest reason why someone should read this book is to open economic discourse to more different views. Even if mainstream economic ideas are produced in a few centers in the United States and Western Europe, they also undergo through several translations processes, when theory is adapted to new contexts. When that does not happen, thinking that the mere implant of economic theories is enough, it tends to create poor results, referenced in what Albert Hirschman described as “visiting economist syndrome”.

Another reason why is because non-central regions also had vibrant economic discussions even before they had greater contact with the central ones, both in written and oral traditions. I think one of the most fascinating discussions that Kawaguchi and Ishii brought up is the economic discussions among pre-Meiji scholars. Covering the Tokugawa era (17th century) until the early Showa era (1945), the book provides a survey of Japanese economic ideas and how they are still relevant in modern Japanese economic thought. It showcases how both an autochthonous economic thought emerged in Japan and how Chinese and Western ideas were some of their main influences.

It might be argued that “Japan” as we understand today started to be formed around the Tokugawa era. It was a time that the large civil wars had ceased and there was a lot of discussion on how to build a state among the samurai class. Once samurai got their sustenance and status from war and the relatively more peaceful era let many of them idle and even impoverished. It posed a problem for a society marked by *shokubun* – “occupational duty”, the idea that each class had their own duty to the country; changes in occupation were not strictly forbidden, but were heavily discouraged. In this process, many early Japanese scholars saw the disruptive effects of the expansion of the market in Japanese estate-society (identified by Kumazawa Banzan as the moral degeneracy of the samurai and rampant economic destitution), while there was indeed an increase in wealth, that could undermine the stability needed to enact *shokubun*. Many scholars tried to promote a “demarketization” and migration of samurai to rural areas, in order to stabilize society, and lower the demand for money, so that currency could stabilize.

The consciousness of using the Tokugawa State as a means to conduct economic policy was part of the *keisei saimin ron* discourse, “arguments on how to administer the society and save the people” – “people” including every Japanese, not just the samurai class –, that Kawaguchi and Ishii translate as “theory of political economy”. It was a discussion heavily influenced by Chinese Neo-Confucianism, which was treated with great deference during the Tokugawa era. It would be very imprudent to call it “Japanese mercantilism”, to say the least, but both European mercantilism and Japanese *keisei saimi ron* were associated with discussions on how to conduct economic policy and its place in building a more organized State. Economic ideas, independent of the context, are related to public policies, matters of economic welfare, and governance, so that explains this convergence. The development of the domainial system (*kokueki*), putting different areas under domain of *daimyo* lords managed to inte-

grate the Japanese economy, giving rise to an internal system that was both self-sufficient and also had space for trade between domains. These changes were necessary so that the Tokugawa State could be legitimized to the eyes of its population, and that would be done through moral and economic stability.

The Tokugawa era lasted for almost two and a half centuries, marked by a relatively stable society, but with low growth, by modern standards. But that started to change in its last decades. The Chinese influence in Japanese society started to wane, as more and more Japanese scholars directed their gazes to the West. They were observing their imperial expansion over China and many scholars started both pressuring for a greater opening of the Japanese society and the attempts to create a “pure” Japanese style of thinking – that would be the project of the National Learning (*kokugaku*), represented by Motoori Norinaga. The discussion on the opening of Japan extended for decades, involving pragmatic arguments on the best way to develop the Japanese economy, especially treating trade as a tool to increase national wealth.

Therefore, the opening of the Japanese society, symbolized by the ultimatum from US-American commodore Matthew Perry in 1852, but consequence of decades of debate among Japanese scholars, is considered the beginning of “modern Japan”. *Kokueki* started to be referred not just as the *daimyo* lord domain, but, more broadly, to the Japanese “national interest”, focused on securing the country’s security and prosperity. This reflected in Meiji’s economic policy, that cemented the dual nature of Japanese economic thought: a pragmatic synthesis of autochthonous and imported ideas.

The first major economic books to be translated were textbooks by W. Ellis, F. Wayland and John Stuart Mill, besides Malthus’s *Essay on Population* and Smith’s *Wealth of Nations*. Many early Japanese economists started their careers as translators. The differences between how East Asians and Western Europeans understood human nature, however, created differences in how the Japanese read British political economy. Instead of the emphasis on individuals, Japanese economists read political economy under the lens of a more “collectivist” approach, for the lack of a better term – East Asians viewed human relationships more importantly than individual self-expression (Kawaguchi, Ishii, 2022, 129), something already implied in the idea of *shokubun*. Thus, British political economy was modified and reinterpreted (or misinterpreted, for some purists). The *laissez-faire*, especially, had difficulty in enticing Japanese economists because their context was different from Britain: even if they defended increasing trade and open policies, they would also support policies that we could call “interventionist”, with the intent to strengthen the State, and see no contradiction between them. Again, the objective was to modernize Japan and secure its independence and long-term prosperity, so they adapted political economy to better suit this objective.

Japan had been a mostly agrarian country, but the economic changes in Meiji were the large-scale introduction of paper money and industry. They did exist before, but the Meiji government saw them as means to accelerate modernization. Many Japanese

politicians and scholars saw the source of Britain’s hegemony and catching up of other countries, such as Germany, in a strong industrial sector, producing goods for export. The Japanese State, especially for prime-minister Okuma Shigenobu, should have an entrepreneurial role. Some scholars, such as Inukai Tsuyoshi, defended the “infant industry” argument, inspired in Henry Carey’s writings, to foster the development of a Japanese export-based industrial sector.

Besides politicians and early economists, Kawaguchi and Ishii also dedicate an entire module to early Japanese businessmen. The place of businessmen in national histories of economic thought tends to be underestimated because they do not tend to write political economy treatises. Their influence comes from them being important public figures, capable of influencing the spread of economic ideas even if they had no formal training in economics. The modernization of industry techniques walked side-by-side with the economic modernization, especially in adapting the occupational duty to a profit-based economy – the Japanese industrialists intended to preserve moral prosperity as an objective, combining it with economic nationalism, forming the basis of modern Japanese corporate culture in both its good (job stability) and bad traits (overworking).

In the last part of the book, the discussion is about the developments in economic thought that led to 1945. The modernization process did not have unanimous acceptance in Japanese society. Many scholars saw the Meiji modernization as the source of loss of identity and debauchery through the increase of inequality. Some turned to Marxism, even if it was increasingly suppressed from the 1930s. Others criticized the lack of social policy. And others turned to military expansionism.

Before the 1930s, Kawaguchi and Ishii argued, Japan pursued a more cooperative approach to international relations. The First World War benefited Japan’s international standing, taking control of German colonies and expanding its interests in China, although it experienced three recessions in the 1920s. In order to secure its interests, Japanese scholars promoted greater cooperation between East Asian countries. The context of the Great Depression and threats to its interests in China were economic factors that incentivized the authoritarian turn in the 1930s. although Kawaguchi and Ishii do mention colonial interests in China, Korea and Taiwan are not given the due attention, especially on their colonial economic policy (see Souyri, 2005). The Japanese military invaded Southeast Asia in order to secure resources for both its war machine and to keep the Japanese economy afloat, taking advantage of the capitulation of France and the Netherlands to the Nazis. But that proved to be a “crossing red line” for the United States, leading to escalation of the war which led to Japanese defeat in 1945.

The book provides a relevant contribution to the history of economic thought. Sometimes it is a book directly on the history of Japanese ideas, in order to contextualize economic ideas – a mention to the professionalization of economists in Japan would have been useful, in this sense. Reading the Japanese history of economics, we see that lots of familiar questions: value, money, policy, welfare. And

the people who discussed these questions did not write in a bubble, but, rather, were part of a process of translation and interpretation throughout time. Kawaguchi and Ishii (2022, xiv) mentioned that there were two other chapters in this book that were not translated, on the Western and East Asian reception of Japanese economic thought. I believe that read-

ers would have been interested in reading those chapters, especially because it shows that the travel of economic ideas is not a one-way street from the main centers. Sure, the influence of Anglo-Saxon economics in the discipline is massive, but it is not just that, and vibrant economic discussions have been happening around the world for centuries.

References

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