

English-Language Scholarship on Early Twentieth-Century Business History in Japan

—Part I: From the First Studies to the Postwar Era—

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The present article offers an outline of the development of English-language writing on the history of Japanese business in the first half of the twentieth century.¹ Japanese business and economics are a topic of perennial interest in the English-language world. Many of the most useful secondary sources on business history in prewar Japan were studies of the contemporary situation at the time of their authorship. While generally lacking in historical perspective, these sources remain relevant because they can complement Japanese materials with contemporary insight from an outside perspective. Conversely, even those works that are explicitly historical in scope reflect a significant degree of influence from broader views of Japanese economics and business practice contemporaneous with their production. It is therefore necessary to consider the development of writing on Japanese business within the broader context of the trajectory of studies of Japanese economics, where historical treatments often

¹ Japanese names are given in Japanese name order, except in cases where they are authors who primarily write in English and employ English name order. The format of individual naming convention is consistent with the form the author in question chose to use. Researchers interested in bibliographic guides to English-language writing on Japanese business and economic history through the late postwar era should consult Yoshi Tsurumi's *Japanese Business: A Research Guide with Annotated Bibliography* (New York: Praeger, 1978), and William D. Wray's *Japan's Economy: A Bibliography of its Past and Present* (New York: Markus Wiener Publishing, 1989).

begin with 1945 and serve merely as a backdrop for more contemporary assessments of Japanese economic development.²

The scholarship can be roughly divided into five chronological eras that parallel changes in Japan's economic development and corresponding shifts in writing based thereupon. These are the prewar era itself (c.1905-1945), the early postwar era (1945-1968), the later postwar era (1968-1978), the era of Japan's emergence as an economic giant (1978-1993), and the contemporary era (1993-present). Part I of this article treats the first three of these eras.

I. Prewar Works (c.1905-1945)

Reflecting what would become an ongoing characteristic of much English-language material on Japan, works of the early decades of the twentieth century were divided between those that were largely laudatory in character (some drew upon the mold set by W. E. Griffis and/or Lafcadio Hearn) and those that were more critical. The key difference rested in an assessment of Japan's modernization project: the former works celebrated Japan's transition from the feudal to the modern, understanding Japan's emergence as an imperial power as well-deserved, while the latter works conceived of this as comprising a dangerous threat to the West. What did not differ between the two forms of work was the orientation, which was unilaterally Western-based: whether Japan was understood as a good apprentice to the West or a threat to its would-be master did not affect the primacy of the

² For example, Richard E. Caves and Masu Vekusa in *Industrial Organization in Japan* (Washington: The Brookings Institution, 1976) discuss *zaibatsu* briefly as a context for a larger discussion of postwar intermarket groupings (60-62).

³ Masatoshi Matsushita's *Japan in the League of Nations* (New York: Columbia University Press, 1929), for example, is an excellent illustration of how the Western empires remained the standard by which Japan was judged.

West as the standard by which Japan's experience was to be assessed and judged.³ This became particularly clear as the situation in East Asian diplomacy degenerated and Japan became increasingly recognized as a military threat to the Western powers.⁴ It is important to note that Japan's economic prowess was treated as a facet of the country's strength as an imperial power, making a marked contrast to postwar works that recognized Japanese economic power as significant in its own right.⁵

In terms of works specifically concerned with aspects of Japan's economy, one significant study was *Labor Conditions in Japan* by Shuichi Harada in 1928. Harada's perspectives reflect his times: Japan is overpopulated, retains feudalistic holdovers, and depends heavily on foreign countries. Harada sketches a labor class torn between the competing models of capitalism and communism. The focus for much of the work, however, is squarely on the Japanese state, emphasizing its role in utilizing resources and establishing various enterprises. He offers little indication that Japanese businesses possess any agency not given them in a state-derived mandate. A look at industrial organization and

⁴ Following Chinese and Western criticism of Japan's encroachment in Manchuria, K. K. Kawakami's infamous *Japan Speaks on the Sino-Japanese Crisis* (New York: Macmillan, 1932) only fanned the flames, and English-language assessments of Japan became overwhelmingly negative. Willard Price's *Children of the Rising Sun* (New York: Reynal & Hitchcock, 1936) was a demeaning example, chastising the Japanese for their supposedly half-hearted Westernization and obsession with emperor-worship. Some works began to predict war between Japan and the West, such as Sutherland Denlinger and Charles B. Gary, *War in the Pacific: A Study of Navies, Peoples and Battle Problems* (New York: Robert M. McBride & Co., 1936), while others charted the rise of militarist elements in Japan, notably O. Tanin and E. Yohan, *Militarism and Fascism in Japan* (Westport: Greenwood Press, 1973; reprint of 1934).

⁵ This was the case with such works as Kenneth Scott Latourette's brief history of Japan, *The Development of Japan* (New York: Macmillan, 1923), which positively evaluated early twentieth-century economic development, and William Henry Chamberlain's *Japan Over Asia* (Boston: Little, Brown and Company, 1937), which dealt in one chapter with Japan's transition to a wartime economy (318-337)

marketing, illustrated through the example of the silk industry, avoids mentioning a single company name. The section on labor relations, while full of statistics divided by industry, again suggests no real agency on the part of firms.⁶ Harada's picture of a modern Japanese economic world established and organized by the state, largely devoid of contributions by businesses and workers, was rooted in contemporary perceptions of economic development. It was a picture that would continue to appear in later scholarship.

The following year saw *The Effect of the World War upon the Commerce and Industry of Japan*, compiled by Kakujiro Yamasaki (who handled the commerce aspect) and Gotaro Ogawa (who handled the industry). The work constitutes a highly-detailed account filled with statistical information on numerous financial, commercial, and industrial aspects of Japan's economy, charting the fallout from the First World War in each case. Lacking a cohesive structure, the work reads as a collection of statistics, and again Japan is treated as a singular object of analysis that happens to possess numerous industries—specific businesses do not feature, and neither do labor relations or social aspects of the economic changes covered.

This same approach is manifested in other works as well, such as John E. Orchard's *Japan's Economic Position: The Progress of Industrialization* (1930)—which takes into account various industries, resource management, and considers the contribution of the colonies to Japan's economic development—and G. Moulton's

⁶ Harada briefly touches upon several recent strikes of women workers in spinning mills, explaining that the women are educated to follow orders and even when striking need to depend upon male initiative (*Ibid.*, 120). Note that he gives male workers little agency either, however.

Japan: An Economic and Financial Appraisal (1931), a 600-page account that incorporates a historical and geographical context before embarking on a detailed synopsis of everything in Japan from insurance agencies and credit regulation to transportation networks and public utilities. An extensive work by the “Mitsubishi Economic Research Bureau,” which one might reasonably expect to play up the role of particular firms, instead also employs a similar approach. G. C. Allen’s *Japanese Industry* (1939) operates in a similar vein.

In all of these accounts, a detached, state-centered view of economic development remains consistent. A strong government is depicted wrenching the country out of feudal isolation in the late nineteenth century (although such history is given short shrift) and embarking upon a drastic program of top-down modernization, adapting economic institutions and the social frameworks to support them (never the other way around), in order to emerge as the primary power in Asia. It is a tale bereft of individual entrepreneurs, firms, or laborers. The categories of economic analysis are recognized as Western in origin but assumed to possess universal applicability.

In this way, early studies of the Japanese economy made a stark contrast with scholarship on Japanese society, which was more likely to presuppose differences with Western models of analysis. In the 1938 *Japan in Transition*, for example, the authors explain that Japan’s modernization cannot be understood in terms of Western concepts since these presuppose another way of life (iii); the Japanese are a unified people, one is told, with the individual “Japanese [being] the product of a culture which has been unbroken for more than a thousand years and which permeates his entire life” (vii). Japan is presented as traditional,

unchanging, and group-centered; while Japan may have taken up the trappings of economic modernity, it remains insulated against “modern ideas” due to the nature of the “Japanese system” itself. Industrialization appears merely a momentary blip when considered in light of such essentialist presuppositions.

Herein lies the rub: the heavily statistic-based works of economic analysis presupposed a universally-applicable Western model of economic development, whereas works on Japanese society tended to presuppose broad, fundamental differences between Japan and the West, making comparisons within particular economic parameters either deceptive or impossible. It is worth noting that in either case, individual Japanese institutions and people were regarded as possessing little agency, serving merely as pieces of the system, whether understood as the economic power of the state or the cultural power of tradition.⁷

A 1944 American work, *Japan: Its Resources and Industries* (Clayton D. Carus and Charles Longstreth McNichols), while reflecting the obvious tensions of writing about one’s enemy during wartime, was a contrast to many other works in that it combined these two models, meshing its economic assessment model with an essentialist consideration of the Japanese people and society (addressed in a chapter on “Human Resources,” a topic notably lacking in the previous economic studies). The unavoidable impact of the loss of life upon the economy, and the need to consider famine and disease in assessing the health of a population of

⁷ Japanese perspectives on contemporary economic issues were offered in English in a work prepared by the Institute of Pacific Relations, *Industrial Japan: Aspects of Recent Economic Changes as Viewed by Japanese Writers* (New York: Secretariat, Institute of Pacific Relations, 1941). While providing a range of insights into particular industries and labor policies by such scholars as economist Ryū Shintarō, the work primarily functioned as an apologia for Japanese imperialist expansion.

workers, as well as the material destruction wrought by war, result in an assessment that, while less statistically-driven than previous work, offers much insight into how Japan's economy was perceived at the time. It is noteworthy that human resources is discussed in the second chapter, followed by chapters on agriculture and animal industries, and that the chapter on manufacturing, while three times longer than the others, occurs last—a sharp contrast to the celebratory works that had earlier treated manufacturing first and foremost. The assessment of Japan as a single entity, akin to a monolithic firm foreshadowing the late 20th-century concept of “Japan, Inc.,” may have persisted, but it was undeniably a firm comprised of human entities.

II. Early Postwar Scholarship (1945-1968)

With the conclusion of the war in the Pacific, English-language work on Japan expanded significantly. For overseas scholars, renewed access to Japan meant new materials and the possibility of addressing the causes of the war. While one aspect of this development was a preponderance of treatments of the Japanese ‘character,’ notably the influential work of Ruth Benedict, another was a renewed engagement with Japan's wartime economy. The first such work was likely T. A. Bisson's *Japan's War Economy*, published right after the end of the war. Bisson's preface immediately signals that a new page has been turned: he begins by discussing the *zaibatsu*, notably the “big four”—Mitsui, Mitsubishi, Sumitomo, and Yasuda (vii). While now a common topic in considerations of Japan's prewar economic development, the *zaibatsu* were noticeably absent from prewar considerations of Japan's economic development, which focused on Japan's economy and industries as holistic units rather than as arenas in which firms

and individuals competed for markets.

Bisson emphasizes the *zaibatsu* as integral parts of the Japanese economy, and indicates that the notion that the war was initiated by militarists who merely dragged the *zaibatsu* along is untrue. This “fiction,” created to serve the interests of the *zaibatsu* and the American elite, presupposes a disjuncture between militarists and the *zaibatsu*, when in fact the two were intertwined. Essentially, both the militarists and *zaibatsu* elites were comprised of the same oligarchs, with the *zaibatsu* reaping profits from imperial expansion and war. In Bisson’s words, “The epitome of modern Japan is not the “militarist,” but the Zaibatsu” (viii). In place of a single economic unit (Japan) analyzed vertically, Bisson offers a horizontal analysis considering connections among industries and their relation to political developments. In addition to focusing on the *zaibatsu* as a unit of economic analysis, then, Bisson deserves credit for drawing attention to flaws in the prevailing notion of a strong divide between military and business interests in the prewar era, and pursuing the relationship between Japan’s imperialist reach and its economic power. All of these ideas would continue to be of considerable influence in the following decades.

Another significant work to emerge right after the war was G. C. Allen’s *A Short Economic History of Modern Japan*. Allen’s work was the first study in English to offer chronological coverage of Japan’s recent economic development from the Meiji Period up to the end of the Pacific War. Allen’s work, which subsequently went through numerous editions, is structured by industry, and offers coverage of early twentieth century economic policy, the *zaibatsu*, and the placing of the economy on a war footing.

Jerome B. Cohen’s *Japan’s Economy in War and Reconstruction*,

written several years later in 1949, considers the years from 1937 to 1949. Cohen endorses the ‘blockade thesis,’ the notion that had the US imposed an effective naval blockade Japan would have been unable to continue the war. His analysis dovetails with Bisson’s in situating economic concerns as central to the Pacific War, putting them front and center in his assessment of Japan. This makes for a significant contrast with prewar scholarship that had considered them as but one facet of the relative strength of the Japanese Empire. As was the case with Carus and McNichols in 1944, Cohen addresses labor, but here he invests a substantial portion of the work on labor analysis, considering matters of population, labor mobilization, and worker productivity. Like Bisson, he accords the *zaibatsu* a central role, indicating that they were essentially the masters of Japan both before and during the war. Unlike Bisson, however, Cohen has the advantage of having witnessed several years of GHQ policy. While Bisson feared that the Occupation authorities would believe the victimization stories of the *zaibatsu* and leave the conglomerates intact, Cohen explains that GHQ came to see the *zaibatsu* as both having played a key role in the war and lying at the root of the country’s ability to wage war. This directly fed into MacArthur being ordered to dissolve the massive cartels. The notion that Japan’s economic organization and strength—represented by the image of the all-powerful conglomerate—posed a threat to Western interests *ipso facto*, would continue to assert significant influence when Japan’s resurgence as an economic power in the 1970s and 1980s drew harsh criticism from Western critics.

During the subsequent decade, as the Occupation ended and Japan intensified the revitalization of its industry in the wake of the Korean War, two landmark volumes emerged. The first, by

William W. Lockwood, constituted the first detailed postwar historical analysis of Japan's economic development from Meiji through to the early twentieth century (Allen's brief account notwithstanding), while the second, by James C. Abegglen, was a sociological treatment of Japanese factories. In the first work, *The Economic Development of Japan* (1954), Lockwood sets out to demonstrate that the international order, which "[Japan's] militarists had done so much to destroy," was in fact vital to the country, and moreover that the prevailing notion that modern Japanese economic development had primarily occurred within foreign trade and factory industry was deeply flawed (vii). The first two chapters of Lockwood's work are a chronological treatment of the Meiji and prewar eras, respectively, while the remaining eight chapters build on these to offer an analytical engagement with aspects of the economic development of the country, include capital, foreign trade, and technology. In Lockwood's assessment, the dawn of the twentieth century witnessed Japan suffering from increasing inflation, only to find respite in the First World War with its attendant boost in demand for Japanese goods and services (the "war boom," 1914-1919). This was followed by a period of collapse in 1920, a quick recovery, and then a period of steady growth in production capacity and technology, during which Japan benefitted from the economic demands of the colonial enterprise. Lockwood's contribution lies primarily, however, in the core components of his analysis, which together constitute what was in all likelihood the first in-depth English academic treatment of modern Japan's economic transformation from the Meiji era into the twentieth century (E. Herbert Norman's landmark 1946 volume, *Japan's Emergence as a Modern State*, having been concerned with the Meiji Period).

The second work, Abegglen's *The Japanese Factory* (1958), was a contemporary social study rather than a work of history. However, it was to have a significant impact because it was one of the first works to articulate what had heretofore remained a vague but intriguing notion: that Japanese business practices, and style of management in particular, appeared irrational by American standards yet were proving successful, the reason being their origin in some sort of Japanese "tradition."⁸ Based on his analysis of a Japanese factory, Abegglen concludes that assuming a substantial similarity between Japan and the West in systems of organization and industry relations is problematic, for Japanese factories depend upon an organizational heritage quite different from that of the West.⁹ Abegglen offers the "permanent employment system" as a key example, thereby treating as long-established something that was in fact a fairly recent postwar phenomenon.¹⁰

In the wake of Abegglen, English-language writing on Japanese management proliferated. The notion that Japanese management

⁸ This line of thinking was likely rooted in a common tendency at the time that, starting from an implicit assumption that the Western economic and social models were fundamentally rational in character, sought to explain practices that appeared irrational (and yet functioned, much to Western surprise) as the product of different 'traditions' that had presumably accustomed people to behaving in a certain fashion. Only much later, with criticism of Eurocentrism in the academy, did it become more common to understand a 'rational' model as one appropriate to the circumstances in question rather than merely as one of Western provenance.

⁹ Abegglen was at one point the president of Boston Consulting Group in Japan; in addition to his business credentials, he also wrote on American business, one major work being that which he wrote with W. Lloyd Warner, *Occupational Mobility in American Business and Industry, 1928-1952* (Minneapolis: University of Minnesota Press, 1955). At the time of writing *The Japanese Factory* he was not a Japan specialist and needed to depend on interpreters to carry out the study.

¹⁰ Other defining features of Japanese factories as articulated by Abegglen include enterprise-specific unions, seniority-based wages, the regular hiring of young recruits, and the provision of in-house training for those recruits.

could be understood as the product of Japanese ‘tradition’—a perspective grounded in an essentialist view of Japanese society and culture that could be observed even before the war—proved especially enduring, laying the groundwork for popular works that asserted the uniqueness of Japanese business practices. The trend reached its height in the 1980s, with a generation of American businessmen being advised to read *Go Rin no Sho* (The Book of Five Rings) and contemplate *waka* to gain insight into the minds of their Japanese counterparts.

A significant development in the early 1960s was the beginning of specialized articles on Japanese economic and business history in English. One early article that covered approximately the same chronological span as Lockwood’s 1954 monograph was M. Bronfenbrenner’s 1961 piece, “Some Lessons of Japan’s Economic Development,” which explained that Japan’s economic resurgence had prompted renewed interest in its earlier economic development. Bronfenbrenner argues that Japan’s economic development was predicated on the successful adoption of Western technology, but like Lockwood he stresses that it was not dependent on foreign powers to drive this transformation. He holds up Japan as a model of late development from which developing nations can learn, a view that has rescinded over time but still asserts a certain pull for comparative economic studies.

Some articles were written in response to Abegglen’s argument in *The Japanese Factory*, such as Sumiya Mikio’s “The Development of Japanese Labour-Relations.” Sumiya indicates that Abegglen’s argument, particularly with regard to “permanent employment,” was initially also favored by Japanese scholars, but has since fallen out of favor in the face of historical research; he argues convincingly that by the early twentieth century, both the labor market

and labor relations in Japan closely resembled those in Europe at the equivalent ‘take-off’ stage. Practices such as “permanent employment” were calculated responses to later economic developments such as worker migration, not holdovers of Japanese “tradition.” The latter notion, however, was nevertheless to persist for decades to come.

Other article authors addressed the *zaibatsu*, offering a historical contrast to the economic assessments of entire industries that were emerging at the same time.¹¹ One such treatment was Shibagaki Kazuo’s “The Early History of the Zaibatsu.” Shibagaki carefully delineates what comprised a *zaibatsu*, emphasizing that a *zaibatsu* was not a simple market monopoly but rather a monopoly of capital, beneath which, in a complex hierarchy, were located market monopolies per se (535). Taking the two greatest *zaibatsu*, Mitsui and Mitsubishi, as models for explaining the typical *zaibatsu*, Shibagaki turns to the Meiji Restoration and then charts the development of these two *zaibatsu* through into the early twentieth century. A year later, in 1967, Mitsubishi received its own treatment in a pioneering article by Kozo Yamamura, “The Founding of Mitsubishi,” which was one of the first English-language studies of the history of a firm in prewar Japan. In this piece, Yamamura questions the role played by conceptions of “samurai spirit” in Meiji entrepreneurship, suggesting that rather than high-handed samurai ethos it was actually Mitsubishi founder Iwasaki Yatarō’s *chōnin* consciousness and notions of putting the customer first that gained him early success. More-

¹¹ The chemical industry, steel manufacturing, and other industries all began to receive specialized attention. To offer one example, Kimura Hidemasa produced a piece on the aircraft industry (“Japan’s Aircraft Industry,” *Japan Quarterly* 13.4 (October-December 1966):513-521).

over, Yamamoto questions whether the view of entrepreneurs as reflecting some sort of “samurai spirit” hints at an underlying Orientalist approach to Japanese economic history that presupposes Japanese entrepreneurs were different from those found elsewhere. Finding Iwasaki fundamentally no different from contemporary American entrepreneurs, Yamamoto suggests that vague conceptions such as “Confucian ethos” and “samurai spirit,” often invoked when discussing Meiji entrepreneurship, need reevaluation.

Another major contribution to scholarship on the history of Japanese economics and business was the arrival of the second volume in the Princeton modernization series, namely William Lockwood’s *The State and Economic Enterprise in Japan* (1965). This volume, which considers the modernization of Japan from an explicitly economic angle, brought together numerous scholars to weigh in on the nature of that transformation. Kazushi Ohkawa and Henry Rosovsky start their piece, “A Century of Japanese Economic Growth,” with the familiar refrain about a backwards island nation that underwent dramatic transformation—a key element of which was economic—to emerge as a world power. Ohkawa and Rosovsky employ a methodology derived from the European experience, arguing that “The prime mover of industrialization was the same in England, Russia, France, Japan, or anywhere else,” and while they hold that there are different speeds at which a nation may pass through the stages of modern economic development, all stages are essential and the sum of the process

¹² The authors echo Lockwood’s 1954 text in positing distinct phases of economic growth from the Meiji Restoration through the early postwar period (Lockwood’s analysis, recall, ended in 1938), but from a macro-level perspective they collapse these into three broad stages of modern economic growth: 1868-1905, 1906-1952, and 1953 onwards.

is the same (49). Nations are distinguished not by variant forms of industrialization so much as by the varying length of the stages and the speed of the process.¹²

David S. Landes, on the other hand, in “Japan and Europe: Contrasts in Industrialization” places emphasis squarely on Japan’s identity as the first non-Western nation to industrialize, as well as on the speed and self-driven nature of that industrialization. In comparisons to industrialization in Europe he takes notes of differences rather than similarities, pointing to such marked contrasts as the significant role played in Europe by foreign capital, while Japan’s industrialization was almost entirely funded domestically. Lockwood made a similar argument in his 1954 monograph, but Landes builds it into a larger argument for Japanese self-industrialization. He emphasizes that, unlike European countries, Japan drew upon relatively little in the way of contributions by foreigners, bringing in only enough to serve as teachers until the Japanese were able to proceed by themselves. While Landes focuses on the Meiji era, his study is helpful in counter-balancing Ohkawa and Rosovsky’s view of a universal model of economic development with an argument for understanding Japan as a special case. This once again underscores an ongoing dichotomy between those who understand the modern Japanese economic experience as but a variation on a universal form first established by the West, and those who understand it as a special or unique case that may defy comparison to the Western experience. Other pieces in the volume are concerned with entrepreneurship (a topic that continued to receive attention for several years in English-language academia as scholars combined business history with political history to assess the relations between entrepreneurs and the state),¹³ growth in the agricultural

sector,¹⁴ and consumption.¹⁵ Unfortunately, except for the broader survey pieces, the articles in this volume give short shrift to the early twentieth century, moving from discussions of the exciting and transformative Meiji era into the postwar expansion, with the prewar era left as something of a dead zone in the middle.

In 1966 Iwao F. Ayusawa published *A History of Labor in Modern Japan*, the first monograph dedicated to this topic since 1928. While earlier works did discuss Japanese labor, it was largely in a passive sense, with workers being shuffled around by the state—in contrast, Ayusawa restores the agency of laborers, explaining their attempts to organize themselves and assert their will for reform. The other side of the equation, management, received a reconsideration in M. Y. Yoshino's *Japan's Managerial System: Tradition and Innovation* two years later in 1968. Yoshino's was the first work to consider the development of Japanese management from an explicitly historical perspective, although the bulk of the work is given over to assessing then-current (1960s) managerial ideologies. For Yoshino, there is much to be learned from considering Japanese management in the context of its historical development, but at the same time, key elements are the result of adaptation to particular postwar circumstances and cannot be explained solely by way of an enduring Japanese “tradition” of management.

¹³ Johannes Hirschmeier, “Shibusawa Eiichi: Industrial Pioneer,” 209-247; and Yasuzō Horie, “Modern Entrepreneurship in Meiji Japan,” 183-208.

¹⁴ James L. Nakamura, “Growth of Japanese Agriculture, 1875-1920,” 249-324; and Shūjirō Sawada, “Innovation in Japanese Agriculture, 1880-1935,” 325-351.

¹⁵ Alan H. Gleason, “Economic Growth and Consumption in Japan,” 391-444, which considers how consumption growth paralleled economic growth, dividing his study into three chronological eras: 1887-1925 (when consumption grew steadily along with economic growth), 1925-1945 (when consumption dropped off in the face of hardship and war), and the postwar era (when spectacular economic growth was mirrored by spectacular increases in consumption).

While one aspect of the prewar era that Yoshino touched upon was business ideology (such as the conception of “industrial paternalism”), the groundbreaking work on that topic had come out the previous year in 1967: Byron K. Marshall’s *Capitalism and Nationalism in Prewar Japan: The Ideology of the Business Elite, 1868-1941*. Marshall notes that industrialization in Japan produced a new economic elite, akin to that created in England and America following their respective industrial development, but unlike their compatriots in England and America, the new Japanese elite lacked ideological sanction for the exercise of their economic might—this, Marshall explains, was due to the persistence of the traditional value system. Essentially, Marshall suggests that the persistence of Confucian conceptions of business prevented the economic elite from exercising the full extent of their newfound power—an argument that risks falling prey to the vague conceptions Yamamura criticized, or the notion of a persistent Japanese “tradition” of business that continued into the present. Rather than offer an alternative value system that would accommodate their role, Marshall asserts, Japanese business elites came out rejecting Anglo-Saxon capitalist values, amassing immense fortunes while denying any interest in material rewards.

What makes Marshall’s analysis more thought-provoking than earlier assessments along the lines of Japanese tradition is that Marshall distinguishes between the practices of these elites—which certainly amounted to material aggrandizement and capitalist ventures—and the ideological position they claimed to uphold, although he is clear that the elites themselves were likely sincere and did not see these two as contradictory. It is in this consideration of the ideological angle that Marshall’s contribution is perhaps most significant. He effectively articulates how the ideology

of business elites reflected the value systems of their era, and how differing conceptions of the role of business in society fostered certain economic developments and not others. This prompts one to consider the ways in which economic systems and business practices develop in response to not only direct economic circumstances, but also ideological circumstances. While Marshall may have drawn significant distinctions between Japan and the West due to the legacy of tradition, he emphasized the differences in business ideology not practice, marking a conceptual step forward in sophistication from the Abegglen position with its more literal persistence of 'traditional' values. As it were, the Abegglen perspective itself was to come under increasing attack by academics in the following decade as Japanese economic expansion continued at a rapid pace, while simultaneously popular writers in both Japanese and English moved in the other direction by attributing this economic success to unique Japanese characteristics.

III. The Later Postwar Era (1968-1978)

The tremendous economic expansion of Japan during the late 1960s and 1970s resulted in more and more attention being accorded Japan's economic transformation and inquiries into its origin. This led to an explosion of writing in the English-language sphere. Various economists continued to produce works in the old mode of treating Japan's economy as a single functioning system, often stressing how elements of Western industrialization and management had been modified to suit the Japanese context, or drawing attention to 'peculiar' aspects of Japanese business practice that continued to be attributed to the persistence of a premodern Japanese "tradition." The ongoing role of the state in

the Japanese economy also continued to attract attention, often being situated as a keystone, as was the case with works like K. Bieda's *The Structure and Operation of the Japanese Economy* (1970). Other works were directly concerned with explaining postwar economic expansion, such as the aptly-titled *How Japan's Economy Grew So Fast*.¹⁶ As the contemporary Japanese market became increasingly attractive to American investors, "how-to" guides for US firms interested in pursuing ventures in Japan began to appear. This form of literature, which would eventually turn into a flood in the following decade, initially focused on how American firms and individual businessmen could adapt to suit the Japanese market, while later books went further and focused on how to adapt Japanese management policies into US firms. Such books would often incorporate some historical background, but usually persisted in following the now well-established model of conceiving of Japanese business practices as unique and rooted in Japanese "tradition."¹⁷

In terms of studies of business history, Abegglen's *The Japanese Factory* remained influential, presupposing as it did the existence of an enduring, idealized history that gave birth to the Japanese 'traditional' business practices that he saw as characterizing firms in his day. With popular writing reflecting his thesis, but more specialized academic work indicating other conceptions of the early twentieth century that discounted the possibility of a straightforward continuation of a system of business practices,

¹⁶ The author's short answer to the titular query: "...the answer is not to be found in any single determinant of output. Rather, changes in almost all important determinants were highly favorable in comparison with other countries, and in none was the change particularly unfavorable" (46). In other words, luck and timing were just as important as cultural factors may have been.

¹⁷ One early example of such a 'how-to' book was Robert J. Ballon, ed., *Doing Business in Japan* (Tokyo: Sophia University, 1967).

responses to Abegglen became widespread.

Some were kinder than others. The cultural anthropologist Thomas P. Rohlen, in *For Harmony and Strength: Japanese White-Collar Organization in Anthropological Perspective*, sought to offer a corrective by considering bank workers, given that white-collar workers had been understudied. Rohlen began his study with the conviction that “traditional” Japanese structures of thought, organization, and interrelationship would be readily apparent in modern organizations; perhaps scholars had been too hasty to dismiss this possibility, he reasoned. In his own analysis, he offers something akin to a third way between studies focused on “functional” factors (emphasizing change) and those focused on “cultural” factors (emphasizing continuity).

Other responses to Abegglen were less positive in their assessment. Taira Koji argued in *Economic Development and Labor Markets in Japan* (1970) that the “permanent employment system,” Abegglen’s key example of a distinct and “traditional” Japanese practice, had emerged from economic necessity, not an older Japanese “tradition.” Robert E. Cole, best known for *Japanese Blue Collar* (1971), wrote three separate articles tackling the issue. The first, “Functional Alternatives and Economic Development: An Empirical Example of Permanent Employment in Japan,” is particularly significant.¹⁸ It comprises a critique of conceptual models of the structural changes associated with Japanese economic development, and builds a systemic framework that offers four conceptions for comparing the response of societies to modern economic growth, based on the axes of structure and function:

¹⁸ The other two articles are “Permanent Employment in Japan: Facts and Fantasies,” and “The Theory of Institutionalization: Permanent Employment and Tradition in Japan,” both listed in the bibliography below.

historicism (different structure, different function), functional alternatives (different structure, same function), structural modeling with environmental effects (same structure, different function), and convergence (same structure, same function). This is a step beyond Rohlen's "cultural" and "functional" division, and offers the possibility of a graph wherein various experiences of economic development can be charted and compared.¹⁹

In a similar vein to that pursued by Rohlen, in 1973's *British Factory, Japanese Factory* Ronald Dore responded to Abegglen by critiquing his position to some extent, while still allowing for distinct elements of the Japanese economic world that appeared to owe their preservation to cultural factors. In his comparative study of a Japanese factory and a British one, Dore identifies distinct advantages and shortcomings to each model.²⁰ Finally, another work to respond to Abegglen around this time was *Modernization and the Japanese Factory*, by Robert M. Marsh and Hiroshi Mamari. As with Dore and some of the other pieces, this challenged some of Abegglen's assertions, but did so almost entirely outside of the field of history.

Rather than being business history or even business studies per

¹⁹ In this regard, Cole's approach recalls a piece by Maruyama Masao offering a similar twin-axis model wherein various forms of modernity can be charted, although Maruyama was concerned with plotting for the purpose of comparison various actual modernities, rather than conceptual models of development. See Masao Maruyama, "Patterns of Individuation and the Case of Japan: A Conceptual Scheme," in *Changing Japanese Attitudes Toward Modernization*, ed. Marius B. Jansen (Princeton: Princeton University Press, 1965), 489-531.

²⁰ For example, the Japanese are orderly but lack individuality, while the British are the other way around (9); the British system is characterized by individualism, oral as opposed to written agreements, and belligerent relations between workers and particularly workers and management (142-144 especially), resulting in lost productivity and conflict; the Japanese system lacks individual motivation, but offers more identification with the firm (163-165), and has a more cooperative and less antagonistic role for unions (168-175).

se, these studies used businesses as evidence of broader conclusions about Japanese business practices in general. It is noteworthy that while many of the authors took issue with Abegglen's argument, his central operating assumption—that there was but one characteristically “Japanese” way of organizing industry—went unchallenged. The historical reality that business practices are by nature dynamic in character, emerging from particular economic and social circumstances in a given era and tending to change with the times, was downplayed amidst the arguments over culture, and this continued to be the case for much of the English-language scholarship of the following decade.

In 1970 the journal *The Business History Review* had a special issue dedicated to Japanese entrepreneurship, with several articles pertinent to early twentieth-century business history. In an introductory piece, “Entrepreneurial Studies in Japan,” Henry Rosovsky and Kozo Yamamura note that Japan has celebrated its economic entrepreneurs comparatively little, and that entrepreneurship has received far less attention than has Japanese economic growth. In “The Japanese Spirit of Enterprise, 1867-1970,” Johannes Hirschmeier engages with the question Marshall had grappled with earlier: if the pursuit of success and wealth through business was perceived as ideologically indefensible, how did Japanese entrepreneurs legitimize themselves, and more broadly, how was Japan's dramatic economic expansion sold to the masses? Hirschmeier argues that industrialization and economic expansion were reconceptualized as public service, making business development palatable to the public; at the same time, foreign methods of corporate organization were introduced and legitimized in the form of familiar paternalism. Meanwhile, Hidemasa Morikawa undertakes a comparative study of the

organizational structure of the Mitsubishi and Mitsui *zaibatsu*. His approach is helpful because, rather than treating *zaibatsu* as monolithic blocks that impeded progress or development as some earlier writers had done, he considers how these enormous cartels were dynamic units that responded to circumstances, centralizing and decentralizing as needed in order to ensure fundamental continuity and financial stability. Koji Taira considers factory legislation in the late Meiji era, and by implication, the role of the state in setting management practice and directing industrialization. Koji's piece, "Factory Legislation and Management Modernization during Japan's Industrialization," is helpful because it articulates the varying agendas of the state and industry elites. Finally, Robert Evans Jr.'s piece, "Evolution of the Japanese System of Employer-Employee Relations," considers the development of labor relations, but reinforces the idea that a particularly Japanese 'system' of practices developed that was quite distinct from Western models.

Only a year after the special edition of *The Business History Review*, a significant article appeared in another volume of the Princeton Modernization Series, *Dilemmas of Growth in Prewar Japan*. Arthur E. Tiedemann's contribution to that volume, "Big Business and Politics in Prewar Japan," was one of the first pieces to specifically focus on the titular topic. Tiedemann's piece is particularly helpful in that it covers both the Meiji-era development of relationships between political and business interests, and the transition of these relationships into the 1930s—a decade of immense significance in political history that had previously been given short shrift in studies of business and economic history. Tiedemann, like Robert Evans, complicates the relationship between the state and business, stating that while indeed the state

played a key role in initially molding industry, by the 1890s businesses had their own conceptions of what best served their own interests, leaving the state to contend with their own will as well as the now-formidable economic power they represented. His account of the relationship between big business and the political parties, in which they were intimately involved, draws out some of the details of key relationships in the early twentieth century which to that point had been neglected by scholarship. Tiedemann reveals how the breakdown of the power of political parties, seen from the vantage point of big business, prompted a crisis as the businesses were now shorn of the primary channel they had used to ensure political policies that were of benefit to them. What followed was a period of reform and negotiation as big business struggled to adapt to the new system and respond to, or take advantage of, the rising power of the military.

In 1973, a two-volume conference work entitled *Economic Growth: The Japanese Experience Since the Meiji Era* was published, based on papers presented at a 1972 conference that brought together Japanese and Western scholars to discuss various aspects of Japanese economic development. The work's immediate value was to provide English-speaking audiences with a range of Japanese perspectives on modern economic development, accompanied by substantial statistical work. The articles considered such issues as the roots of agricultural development from the Tokugawa through Meiji eras and the role those played in industrialization (a key topic in Japanese scholarship during the 1960s and 1970s). Particularly noteworthy for historians of Japanese business are Miyoko Shinohara's paper on cycles of growth in manufacturing production, and Kunio Yoshihara's paper on productivity in the manufacturing sector. While solid

scholarship, however, both pieces assess economic output in their respective sectors as a whole, rather than considering the role of individual markets or businesses, thereby perpetuating the limitation identified with older Japanese scholarship on economic history. The volumes as a whole employ a macro-level scope with emphasis on government regulation and broad assessments of industrial growth, with a primary concern remaining the role of the state in ‘guiding’ Japanese economic development.

Several articles relevant to business history also appeared in *Japan in Crisis: Essays on Taishō Democracy* (eds. Bernard S. Silberman and H. D. Harootunian) which was published in 1974. Akira Iriye’s piece concerns economic expansion in relation to Japan’s colonial territories, while Kozo Yamamura in “The Japanese Economy, 1911-1930” offers a look at the Japanese economy in the second and third decades of the century. Yamamura notes the lack of attention afforded the Taishō era, suggesting that in addition to a relative lack of materials, the era defies simple categorization; furthermore, economists’ preoccupation with economic growth have led them to focus on the transformative Meiji and postwar eras instead. This is a fair assessment of the state of the field at that time. Yamamura’s own contribution is to re-assess the *zaibatsu*. He clarifies how, far from the role of the *zaibatsu* being a straightforward continuation from earlier periods, the Taishō era saw immense capital accumulation in their hands. He challenges the notion that *zaibatsu* growth and dominance was a foregone conclusion, and reveals instead the multiple factors involved. George O. Totten’s paper on the Noda Strike (1927-1928), “Japanese Industrial Relations at the Crossroads,” also bears brief mention as a valuable contribution to studies of early twentieth-century labor in Japan. The piece is

helpful as a corrective in that it stresses the agency of historical actors and the range of options available at any given time: in spite of what postwar studies of “Japanese-style management” may have argued, even if such a coherent system of practices did exist earlier, it was never a foregone conclusion but rather a course chosen from among many possibilities—a more “Western” style of management may have been just as likely to dominate had other conditions been present.

In 1975, Gary D. Allinson’s *Japanese Urbanism* was published. The work follows the development of the companytown of Kariya over the course of a hundred years (1872-1972), tracing the economic and industrial transformation from the perspective of the region. While much of the work is concerned with elucidating the impact of particular firms in the postwar era, it offers a model for regional economic history that incorporates the role of particular businesses in shaping that region: the Mikawa Railway, for example, was both geographically and economically transformative.

The following year, Hugh Patrick’s *Japanese Industrialization and Its Social Consequences* appeared. The work is sub-divided into three sections corresponding to labor, industry, and social aspects of industrialization, and effectively brings together scholars in several fields. Tuvia Blumenthal’s account of the shipbuilding industry, Ryoshin Minami’s piece on the impact of electric power on manufacturing, and Kozo Yamamura’s on general trading companies all bear consideration. All three pieces incorporate solid historical perspectives. Blumenthal’s piece, “The Japanese Shipbuilding Industry,” resembles the ‘industry-model’ Japanese scholarship that traces a particular industry, giving only cursory notice to particular firms and their strategies within the industry

in question (Mitsubishi and Kawasaki both feature briefly), while Yamamura in “General Trading Companies in Japan” offers an approach based more on case studies, drawing upon the examples of Mitsui Bussan, C. Itoh & Company (founded by Chōbei Itoh) and Iwai & Company (founded by Bunsuke Iwai). Minami’s piece, “The Introduction of Electric Power and Its Impact on the Manufacturing Industries,” utilizes an industry-wide assessment to convey the transformative impact of electric power in comparison to older industrial technologies such as steam engines or water wheels.

Finally, the early 1970s witnessed at least one work in English dedicated to a particular firm: John G. Roberts’ *Mitsui: Three Centuries of Business*, in 1973. Roberts employs a conventional narrative to trace the development of Mitsui from its founding in the Edo Period through the postwar era. Unfortunately, while likely one of the first company histories of a Japanese company in English, the work has several drawbacks.²¹ First, while not officially endorsed by Mitsui itself, the work was begun from articles written at the behest of the corporation in the 1960s, which implies it is not a neutral work of scholarship. Second, the work is not particularly analytical in methodology, opting instead for a celebratory account of Mitsui’s success in each generation, against a thinly-sketched and stereotypical backdrop of a feudal Japan wrenched through modernization.

Overall, the late 1960s through 1970s witnessed significant developments in English-language scholarship on early twentieth-century Japanese business history. The most significant of these

²¹ While there were earlier, often short English-language works about specific Japanese companies, these were usually contemporary accounts arranged by the companies in question.

included challenges to the notion of a single trajectory of economic development, a shift from a near-exclusive focus on the role of the state in directing industrialization to a consideration of the role played by entrepreneurs and businesses, the emergence of work on the previously-neglected economic history of the Taishō Period, and more specialized studies on particular industries. These trends would develop further in the subsequent decade, while at the same time Western scholars increasingly had to contend with the resurgence of older conceptions and pre-suppositions in the form of popular, widespread writings about Japanese economics and business practices.

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