

**Subject: Comparative Economic Development**

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**Topic: Japan Emergence as a Modern State Unit 3 –Industry Japan Norman (Chp 4 Pgs 141-144)**

### Japan Emergence as a Modern State

#### **Introduction: Early Industrialization**

Before industrialization takes place there are two pre-requisites, an adequate supply both of capital and of labor. These can further be explained as:

1. There should be sufficiently high level in the production and circulation of the commodities and in the division of labour.
2. Some amount of capital accumulation in the hands of the producers
3. There should be enough availability of free labour – free in the sense of being not restricted by any kind of ownership of the means of production and ready to do any kind of work in the labour market.

This reading focuses on the above two conditions and brings out interesting facts to illustrate them which is important in understanding the Japanese capitalism.

#### **Production and Circulation of Commodities**

There is abundant material to show high level trade and handicraft manufacture that had reached Tokugawa period. Although rice was still the standard for exchange, money had become predominant as the means of exchange, especially in towns and cities. This trading activity was possible due to the production of the market, production was over and above the needs of the producer and kept pace with the rise in the productivity of agriculture and with the advance in the division of labour. The demand for goods was stimulated by the rapid growth of the cities attendant upon the concentration of the samurai in castle towns and with the transport and trade activities that were connected with the sankin-kotai system.

#### **Division of Labour**

This was the chief cause of increasing the productivity. It had advanced enough for there to be a distinct line of demarcation separating the production of raw materials and the manufacture of commodities. Specialization was also seen in crafts where the builder of a house would have to secure the services of the craft guilds of carpenters, sawyers, painters, plumbers, roof-thatchers, etc. With specialization and division of labour in this period saw the sharp difference between the producer and the sheller of the goods. The former organized into craft guilds and the later into monopolistic wholesalers.

The division of labour was however, restricted by the prevalence of widespread household industry dominated by trading capital and including the manufacture of porcelain, silk, cotton, brass and articles of wood and bamboo. The chief commodities for the market were largely in the hands of the peasants or poor samurai who worked to supplement their meager family income.

**Commented [TS1]:** A member of a powerful military caste in feudal Japn

**Commented [TS2]:** Was as system developed by the Tokugawa Shogunate. The system demanded simply that daimyo reside in the Tokugawa castle for Edo for periods of time.

### Accumulation of Capital

The chief agents in the accumulation of capital during the feudalism were traders and usurers and the rice brokers and agents. Commercial capital as it existed in the Tokugawa Japan was accumulated in the hands of a few great traders and privileged money-lenders and a large extent of this accumulation was confiscated by the Bakufu during 1688-1702 (the Genroku period). It was known that a few merchant princes under the protection of the Bakufu and powerful feudal lords succeeded in accumulating a respectable size of the capital. Japanese merchants had to be content with working with the very limited market available and in collaboration with the bakufu or clan government. In Japan the prevailing mercantilism was of a monopoly character but was very closely knit to the clan reform movement. Like the European the Japanese relied upon monopoly as well as on intervention and protection by the state whether Bakufu or han.

**Commented [TS3]:** The Tokugawa Shogunate, also known as the Edo Bakufu, was the feudal military Japan during the Edo period from 1600-1868.

### Comparison of the European and Japanese Mercantilism

In pre-Tokugawa Japan foreign trade, a policy of mercantilism corresponding to the trading and colonizing activities of contemporary Europe and England. The long years of seclusion thus did not merely hamper Japanese economic growth, it retarded it both absolutely and relatively. Infact one can not compare 18<sup>th</sup> century Japan with that of England because by then England had touched its industrial revolution but rather compare it with the 16<sup>th</sup> century Tudor England, with Japans good agricultural productivity and widespread domestic handicraft industries. However, even then the comparison is generous because the Tudor England had already laid the foundations of her overseas trade and the naval expansion and had also begun to acquire colonies by then.

The 250 years of isolation has left deep marks on Japanese economy and society by stunting its national growth, Meiji Japan has to fight with the accumulated disabilities inherited from Tokugawa period. In the 19<sup>th</sup> century Japan was faced with a struggle for existence as an independent power against the menace of foreign capital. It was a race to overtake the advanced western nations with their machine technology and armaments. Japan had to enter the race with the handicap of a tariff fixed by the unequal treaty system which lasted half a century. Meiji economic policy was a blend of the old mercantilism with state protection and new style monopoly. Japan to a large extent still favored the same merchant families with banking interests now became the privileged directors of banks and industries.

European capitalism had absolute state power found it a hindrance, turned against it and destroyed it. In Japan the immature capitalist class was unable to dispense the absolutist power and relied upon it even more in the Meiji era than it had under the Bakufu regime. Most advanced nations had aquired time to train a great body of skilled labour and accumulate large store of capital. Japan lacked the skilled labour in the early Meiji era and as for the capital, only a very few wealthy families had a sufficient accumulation to enter the field as entrepreneurs in factory industries, a condition which favored monopoly.

The lag in distance between primitive Japanese technique and the best western methods of production created very hard conditions for the genesis and growth of private capital in industry. Thus, early Japanese capitalism may be described as a hothouse variety, growing under the shelter of state protection and subsidy. Big private capital preferred to remain in trade, banking and credit operations, particularly in the safe and lucrative field of government loans, while small capital had no incentive to leave countryside trade and above all high rent prevented capital invested in agriculture from flowing into industrial channels.