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# THE MODERNIZATION OF JAPAN

BY KATSUMI NAKAMURA

## I

One of the most popular themes in Japanese academic and journalistic circles recently is the 'modernization' of Japan. In spite of the wide use of this term, it has not been clearly defined so far, causing much confusion in various fields of study.

The *Economic White Paper* used this term for the first time in the sense of high-pitched industrial growth or technical innovation in Japan. Western countries, especially the United States of America after World War II, used the term to refer to such problems as the 'modernization' or the 'industrialization' of underdeveloped countries.<sup>(1)</sup>

Responding to this trend of thought, there developed a third concept of 'modernization' or 'industrialization' among persons who were in the midst of the 'controversy on the structure of Japanese capitalism (Nihonshihonshugi Ronsō).' Their view was that the key point in the historical study of economics was no longer the 'transition from feudalism to capitalism', as was seriously discussed in pre-, mid- and immediate post-war times. Now that the control of industry by the 'parasite proprietors of semi-feudal character' and the 'premodern huge financial combines (zaibatsu)' had been abolished, and the producers fell under the control of capital, the main interest in the study of economic history should be centered around the problem of 'the industrial revolution.'<sup>(2)</sup>

The study of 'the industrial revolution', which is often referred to as 'industrialization' now, is no longer concerned with the 'characteristic structures of capitalism' or the 'national types of capitalism', but deals instead with the question of how and when the industrial revolution will begin and when it will be completed. In other words, the ascertainment of the stages of industrial revolution has come to be an issue of great concern.

It is not at all surprising that such an attitude, strongly depending on quantitative

(1) Bert F. Hoselitz and Wilbert Moore (eds.): *Industrialization and Society, Proceedings of the Chicago Conference on Social Implications of Industrialization and Technical Change*, Unesco-Mouton, 1963.

Bert F. Hoselitz: *Sociological Aspects of Economic Growth*, Illinois, 1960.

*First International Conference of Historical Science*, Stockholm, 1960.

*Second International Conference of Economic History*, Aix-en-Provence, Mouton, 1965, 2 vols., Vol. II.

Hisao Ōtsuka: "Modernization Reconsidered", in *The Developing Economics*, III/4, Dec. 1965, Special Issue: *The Modernization of Japan*.

(2) Akihiko Yoshioka: "Some Problems on the Theory of European Feudalism" (Hōkensei no Rironteki Shomondai, Yōroppa Hōkensei ni Kansuru Hitotsu no Mondai-seiri), *Journal of Historical Studies* (Rekishigaku Kenkyū), No. 242, pp. 13-14.

analyses inquiries into the stages of development instead of trying to look into the qualitative or structural aspect of the industrial revolution, has come to bear some affinity to the industrial revolution theory. (Rather, it may be called the industrial evolution theory.)

In the case of a country like England, France, or in a sense, the United States of America, where the industrial revolution occurred after the 'bourgeois revolution', the transition from feudalism to capitalism is a phenomenon in which the two forms of social structure take place successively. In a backward country, on the other hand, this 'transition' and 'the industrial revolution' arise in quick sequence or simultaneously. Thus, 'industrialization' is often carried out without going through a 'bourgeois revolution.' Such being the case, the 'transition' should be made a distinct subject for consideration.

The modernization of Japan is studied from the following three points of view:

(1) The spectacular economic development of Japan in and after the Meiji Era (1868–1912), and her rapid rehabilitation as well as her high degree of economic growth after the last war (1945) are amazing phenomena for the retarded countries in South and Western Asia, causing them eagerly to seek for the secret of Japan's past achievement.<sup>(3)</sup>

These Asian countries, where traditional landlords and provincial feudal lords continue to wield their powerful influence, execute a very imperfect land reform under their direction with the result that the emancipation and the elevation of the masses—economic and social—are postponed and avoided. Thus, 'industrialization' is carried forth while the old social relations are tenaciously preserved. These countries look toward Japan as a model case of 'modernization' through governmental authorities.

(2) The second angle from which Japan is studied. When it is taken by the advanced capitalist countries as a model case for the study of the economic growth of an underdeveloped country; that is, they are interested to know how Japan 'took off' in her venture of national innovation.

Since the end of World War II, the United States of America has invested a large amount of money in the postwar recovery and economic development of Asian countries. What she has earned, however, is far from the thanks or goodwill of those countries; all she has obtained is anti-American feeling.

Even in the West European countries that are the ancestral lands of many Americans, America has found in her close contact with them for the last 20 years that there prevail different meanings for the terms 'objective of life', 'value system', 'social ranking', 'patterns of conduct', 'cultural factors' and 'social attitude.' The difference is more marked in Asian and African nations, which often prove quite alien to America culturally. This fact she was obliged to notice, willingly or unwillingly.

(3) Kōji Iizuka: "The Interest on Japan among the Peoples in South and West Asia" (Kindai Nihon eno Kanshin), *Journal of Historical Studies* (Rekishigaku Kenkyū), No. 253.

While admitting the peculiarity of American economic and social attitudes, but still trying to carry on her development program abroad according to her standards, she often takes the different course of action by other people as nothing but an attempt to enforce 'totalitarianism' or 'despotism.'<sup>(4)</sup>

On the other hand, however, there exists in America the academic attitude which, instead of criticizing the economic program of development by retarded countries, analyzes a situation with various indices and factors positively, and conducts a quantitative survey of the stages of economic growth.<sup>(5)</sup>

This sort of research method analyzes various factors which impede the economic development of underdeveloped countries in Asia and Africa by using the knowledge of closely related branches of science, such as cultural anthropology, sociology, and entrepreneurial history.

The study of Japan as is popular in the United States at present is certainly a reflection of the research method described above. The scholars there seem to think of Japan as the only case in which a non-Western country has succeeded in industrializing along capitalist lines. They search for the secret of this country's rapidly accomplished industrialization, so that other underdeveloped countries may follow in her wake.

*Studies in the Modernization of Japan*, published by Princeton University, shows clearly this trend of thought. Especially the essays in its first volume, *Changing Japanese Attitudes Toward Modernization*, compiled by Marius Jansen, raises the question: "Why is it that Japan succeeded in her industrialization as an independent nation, while other Asian countries were reduced to the colonies of powers?"

In his work: *Nippon Kindai no Atarashii Mikata* (A New Perspective of Modern Japan), Professor Reischauer also states that "Japan is the only non-Occidental country that has made a large stride toward industrialization in response to the modernizing stimulus from the Occident." Further, he tells: "There are two types of national modernization: the countries like England, the United States of America and France that were modernized through a slow process of evolution and those like Germany and Russia that were modernized partly through their own

(4) Karl A. Wittfogel: *Oriental Despotism, A Comparative Study of Total Power*, New Haven, 1959.

John Whitney Hall: "Modernization of Japan, Some Problems in the Frame of Reference", *Shisō*, No. 439.

Takenobu Kawashima: "History of Modern Japan as a Study Subject in Social Science (Kindai Nihonshi no Shakaikagaku-teki Kenkyū)—An Impression of the Hakone Conference", *Shisō*, No. 442.

Takenobu Kawashima: "Meaning of Modernization" (Kindaika no Imi), *Shisō*, No. 473.

Kenichirō Shōda: "Studies on Japanese Modernization in America—Their Trends and Problems" (Amerika ni Okeru Nihon Kindaika no Kenkyū, Sono Dōkō to Mondai-ten), *The Socio-Economic History*, Vol. 31, Nos. 1–5.

(5) *Studies in the Modernization of Japan*, Princeton University Press, 5 vols., 1965.

(6) E. O. Reischauer: *Modern Japan Reconsidered (Kindai Nihon no atarashii Mikata)* Kōdansha.

evolution and partly by imitating other countries, and the non-Occidental countries which launched out on modernization in earnest only as late as the 20th century. And Japan stands between these two types of modernization process."

Professor Reischauer thinks that the modern history of Japan is a first-rate 'instruction book' which presents examples of successes and errors in her modernization. Further, he says that the modernization of Japan is different from that of China because of the fact that Japan had a type of feudalism which resembled that of Europe. Education was well-diffused in Japan, Japan's adaptability to alien culture—multifarious and unique—was self-directing in aim, and a high degree of commerce and enterprise was already established.<sup>(7)</sup>

Professor Horigome thinks this characterization of Japanese modernization by Professor Reischauer is not necessarily unique with him, as it is a favorite theme of mediaevalist thinking.<sup>(8)</sup>

Professor R. N. Bellah, author of *Tokugawa Religion*, also states: "What strikes me as a remarkable thing in the history of modern Japan is that she—among the non-Occidental countries—is the only country which went into the radical process of innovation and modernization under the leadership of a traditional government, and succeeded in the attainment of her aim in spite of all sorts of resistance conceivable. In my opinion, this success was by no means due to the stimulus and the leadership of revolutionary factors. The modernization of Japan cannot be explained in terms of revolutionary factors; it should be elucidated by the traditional social structure of Japan." Also, he states: "Japan is the only country among the non-Occidental countries, which rapidly adopted the Western cultures which she judged essential for her reform. This success was not due to a mysterious power of imitation somehow attributed to the Japanese, but due to some basic factors that had been prepared in the premodern age of her history."

He presents the same study theme as Professor Reischauer on the modernization of Japan. It is this: "What prerequisites were there which made it possible for Japan to accomplish her modernization?", suggesting at the same time the initiative to the "controversy on the structure of Japanese capitalism."

Professor Bellah takes up the question of the delicate difference (and the similarity in a way) in value systems between Japan and China. He refers to the political, behavioristic achievement aspiration, the group goal attainment and the practical character of the Japanese value system and explains that because of these evaluating characteristics, Japan could accomplish a fairly speedy 'restoration', that is, the 'revolution a la Japone', doing no harm to the nucleus of her value system.<sup>(9)</sup>

To Professors Jansen, Reischauer, Bellah and Dore, the 'modernization of

(7) Yōzō Horigome: "An Attempt to Reevaluate Feudalism" (Hokensei Saihyōka no Kokoromi), *Tenbō*, No. 87, March 1966.

(8) R. N. Bellah: *Tokugawa Religion: The Values of Pre-Industrial Japan*, Chicago, Preface to the Japanese version, p. 5, 28, 56-57.

(9) R. N. Bellah: *Tokugawa Religion: The Values of Pre-Industrial Japan*, The Annotation by Prof. Maruyama to the Japanese Version, p. 353.

Japan' is just a self-evident universal happening. What they make an issue of is the "peculiarity of the cause which made the modernization of Japan possible." The quality or the contents of her modernization is no problem to them.<sup>(10)</sup>

Professor Bellah states: "I may have committed a blunder in over-estimating the merits of traditional Japanese society, but the Japanese intellectuals after the war may also be said to have over-emphasized in their exposition of Japanese weaknesses."<sup>(10)</sup>

The different viewpoints, whether one takes the bright side of Japan or her dark side, come not from her inherent characteristics, but are derived from the interests one has. And what makes Japanese intellectuals weigh heavily the past deeds of Japan is just a reflection of their awakened conscience.<sup>(11)</sup>

(3) Encouraged by the admiration or interest aroused among Europeans and Americans, some Japanese, especially conservatives, began to give voice to the necessity of reexamining Japan's achievements in the past. These people say that: while Europeans and Americans are very much interested in the high-pitched growth of the Japanese economy, the academic circles of Japan have been engrossed, since the introduction of the 'controversy on the structure of Japanese capitalism', in the customary depiction of the retarded, distorted, dark and tragic phase of the Japanese economy. Many people inevitably have fallen into this sort of thinking. The situation at present, however, requires a radical adjustment of thought among scholars of economics, economic history and Japanese history. They should try to show the bright side of the Japanese race that has effected a rapid development in her economy, and manifested a creative genius in her cultural advancement. If seen in a wider perspective, they keep on telling, the development of capitalism *von oben* and that *von unten* are not two different things; they are

(10) R. N. Bellah: *Tokugawa Religion*, Preface to the Japanese version, p. 7.

(11) Hisao Ōtsuka: *Historical Starting Points in Modernization (Kindaika no Rekishiteki Kiten)*, Gakusei-shobō, later enlarged and revised: *The Starting Points in Modern Capitalism*, Gakusei shobō.

Hisao Ōtsuka: *The Human Basis of Modernization (Kindaika no Ningen-teki Kiso)*, Hakuji-tsu-shoin and Chikuma-shobō.

Hisao Ōtsuka: *An Introduction to Economic History of Modern Europe (Kindai Oshū Keizaishi Josetsu)*, Preface to the 2nd edition, Nihon-hyōron-sha and Kōbundō.

Hisao Ōtsuka: *The Social Genealogy of Modern Capitalism (Kindai Shihonshugi no Keifu)*, Gakusei-shobō.

Hisao Ōtsuka: *National Economy (Kokumin Keizai)*, Kōbundō.

Hisao Ōtsuka: *The Reformation and Modern Society (Shūkyō Kaikaku to Kindai Shakai)*, Misuzu-shobō.

Kōhachirō Takahashi: *Historical Essays on the Formation of Modern Society (Kindai Shakai Seiritsu-shiron)*, Nihon-hyōron-sha and Ochanomizu-shobō.

Kōhachirō Takahashi: *Structure of the Bourgeois Revolution (Shimin Kakumei no Kozo)*, Ochanomizu-shobō.

Takenori Kawashima: *The Familistic Structure of Japanese Society (Nihon Shakai no Kazoku-teki Kōsei)*, Nihon-hyōron-sha.

Seitarō Yamada: *Analysis of Japanese Capitalism (Nihon Shihonshugi Bunseki)*, Iwamanshoten.

aiming at the same thing, namely, 'industrialization.' The question is not whether the way should be *von oben* or *von unten*. The Japanese government with happy cooperation of the people succeeded in modernization.

Thus it is quite *natural* that the Japanese have now come to realize the importance of reexamining their past steps and of restoring their racial confidence after they have come through the above described process of economic developing.

These three 'de facto theories' concerning the modernization of Japan are different in their origin from the 'modernization' theory that is an offshoot of the 'controversy on the structure of Japanese capitalism.'

It is only after the end of the Pacific War that the modernization of Japan came to be seriously considered. At a time when a series of democratic reforms such as the disbanding of the *zaibatsu* (pre-modern huge financial combines), the disorganization of the semi-feudal land-proprietor=tenant system and the institution of the labor union law were in the process of being implemented, 'modernization' was considered a pressing issue in the 'transition from feudalism to capitalism'.

In the prewar 'controversy on the structure of Japanese capitalism' there prevailed the view that the prewar economy of Japan was a manifestation of the deep mutually supporting inner relationship between the semi-feudal landlordship and the huge *zaibatsu* capital. In other words, enlightened feudal leaders reformed the feudalistic relationships by importing European and American technology (in fact, an overall technologically interpreted Western culture) so long as they found it necessary for the maintenance of the feudalistic social order and established a mammoth organization of capitalist industry. Thus, Japanese capitalism is neither European nor American in its structure, as it has kept and made use of the 'feudalistic' relationships of old days.

Professor H. K. Takahashi writes: "This Japanese feudalism is far from a 'pure feudal organization.' Rather, it holds, as its mainstay, the various rules and relationships that have been cumulatively preserved from the ancient slavery or some Asiatic social formations, instead of structurally '*aufheben*' itself through a stage-by-stage process of evolution."

Further, he says: "Here, the human *Geist* is still dormant in the state of *Natürlichkeit*, as the individual has not acquired the right to exercise the *Freiheit* as an independent being, and depends on *Akzidenzen* for his living. The patriarchal relationship and the undifferentiated condition of politics and religion, exercising a direct control (often by means of *Magie* or *Zauber*), regulate the 'inner character of Japanese productive forces.' Because of the all pervading control of the social structure by this Asiatic patriarchal and theocratic influence, Japanese feudalism carries an invincible element of deified politics of pre-modern capital.

Such being the case, Japanese capitalism is entirely different from European capitalism which has modernized its productive force into industrial capital based on a rationalized management. The Japanese form failed to eliminate the worst 'evil', if judged from the 'pure' productive forces, but attempted to justify it morally in terms of generosity, resulting in an adamant establishment of a

'traditional' ethical order.

In such patriarchal or deified politics, 'only one man is free (Einer ist frei)', and the self-directing *Ethos* in an individual, which is expected to function in the masses, is denied its emanating opportunity. What is valued in this type of society is the deified, primitive 'Zauber.' In the historical stage where this type of productive forces appears, the important thing is how to effectively *entzaubern*.

We have not so far originated or rather have been unable to produce a human type which is 'civil' in the modern sense of the word. Without this factor operating as a directive in the historical transition of social structure, either the 'liberation' from feudalism or a progressive transformation of its contents is impossible. . . ."

"The search for the peculiarity of Japanese society as contrasted to the classical society of Europe is made not for the purpose of vindicating this peculiarity as something social, although it may run counter to the general rule of world progress but on the contrary of showing the necessary practical conditions under which Japan may properly join the advance of the world history."<sup>(12)</sup>

Professor Maruyama also states: "The political structure of Tokugawa feudalism was not consistently penetrated with the regular *Lehnswesen*. It was deeply permeated with *Patrimonialbürokratie*, as Max Weber calls it, with the result that its absolutism tended toward the development of a dual system of politics: European absolutism in the early period of the modern age, and Asian despotism."<sup>(13)</sup>

In contrast to this attempt to understand the qualitative and structural aspect of feudal Japan, which worked as the historical precondition of present Japanese capitalism, there is another approach to the problem. It is the 'de facto' attitude of research; it recognizes the existing realities of a 'industrialism' and the 'capital-wage-labour relationship' in Japan. Scholars who take this approach say that there is no denying that Japan after the Meiji Restoration (1868) was basically a capitalist country or a modern industrialized nation. Any apparent semi-feudal relations are merely 'remnants' of the past that are destined to disappear; they should not be taken as controlling the 'socio-economic structure.'

No matter how scholars may interpret the existing conditions of Japan's industry, 'the controversy on the structure of Japanese capitalism' or the 'modernization theory', one of its offshoots, is the study of the changing 'socio-economic formation' of Japan.

(12) Kōhachirō Takahashi: *Historical Essays on the Formation of Modern Society (Kindai Shakai Seiritsu-shiron)*, Preface, pp. 14-16.

(13) Masao Maruyama: *Studies in the History of Japanese Political Thoughts (Nihon Seiji Shisōshi Kenkyū)*, Tokyo University Press.

Masao Maruyama: *Japanese Thoughts (Nihon no Shisō)*, Iwanami-shinsho.

(14) Mitsuhaya Kajinishi, Tsutomu Ōuchi, Kiyoshi Oshima, Toshihiko Katō: *The Formation of Japanese Capitalism (Nihon Shihonshugi no Seiritsu)*, Tokyo University Press.



## II

As was mentioned in the preceding section, the reason Japanese social scientists are busy studying the 'modernization' of the countries is that they want to analyze from the comparative stand point of world history the development of Japanese industry during the 100 years since the opening of the country, to show how modern Japanese industry has been deformed by semi-feudalistic, Asiatic peculiarities, and find a way to conquer them in light of the logical course of industrial history.

In Western Europe, the historical precondition for modernization was feudalism or absolute monarchy. In the 'feudalism' of Western Europe, however, the bond between a feudal lord and a liege subject was formed on the basis of a bilateral contract. Thus the feudal relationship often turned out to be a very complicated affair, even affecting some international events.<sup>(15)</sup>

Originally, the feudal lords exercised their control either spiritual or a secular head; later, even city or town came to assumed authority by charter. The result was that the powers of all the different classes of lords became so mutually restrained and offset that arbitrary control of the peasants was practically impossible. The development of productivity based on the local division of labor, the general formation of money rent, and the tendency of the rent rate to fall made the peasant economy independent of lordship and the village community.<sup>(16)</sup> Especially, as Kosminsky and others indicate, the peasants of the medium and small lay manors became independent as compared with those of large ecclesiastical manors.<sup>(17)</sup>

With the situation like this, we may infer that the internal organization of feudalism in Western Europe was not very strong, and the despotism, as was prevalent in Asia, depending on such social entities as the village community, strong blood ties, tribal relationships, the cast system, primitive animism or magic, had been conquered in the remote past. Thus, we can easily see that the unique structure of society as were mentioned above did not make the transition from feudalism to capitalism very complicated.

On the contrary, in Asia and Africa, the transition presents a difficult problem, although the degree of difficulty varies from country to country.<sup>(18)</sup> In other words, the 'traditionalism' or 'tribalism', which is the precondition for modernization in

(15) Kōshirō Sera: *The Legal Structure of Feudal Society* (*Hokenshakai no Hō-teki Kōzō*) in the *Legal System* (*Hōritsugaku Taikai*), Nihon-hyōron-sha, Part II "Legal Theories".

Also, see Yōzō Horigome: *op. cit.*

(16) Hisao Ōtsuka: *An Economic History of Europe* (*Oshū Keizai-shi*), Kōbundō.

Hisao Ōtsuka, Yoshinaga Irimajiri, (eds.): *Essays on Economic History* (*Keizaishigaku Ronshū*), Kawade Shobō.

(17) E. A. Kosminsky: *Studies in the Agrarian History of England in the Thirteenth Century*, Oxford, 1956.

E. A. Kosminsky: "Services and Money Rents in the Thirteenth Century", *Econ. Hist. Rev.*, Vol. V, No. 2, 1935, pp. 24-45.

E. A. Kosminsky: "The Evolution of Feudal Rent in England from XIth to XVth century" *Past and Present*, No. 7, 1955, pp. 12-36.

Asia and Africa is very much different from the feudalism of Western Europe in stage and quality, if examined in the light of social evolution.

This difference in the preconditions for modernization, that is, the relative weakness of the power of the ruling class and the relative high socio-economic position of the direct producers in Western Europe, as compared with the low social position and lack of autonomy of the direct producers in Asia and Africa (as shown in the social division of labor, the admitted private rights within a village community and the degree of subjugation to the regulations of the village community), is the decisive criterion in the observation of the modernization process. Thus what is important for us is to ascertain what historical social relationships a society has to conquer, if it is to be modernized.

Now, we take up the question of the modernization of Europe. Modernization in Western Europe took place at the beginning of the modern age along with the disintegration of feudalism and the rise of capitalism. Needless to say, capitalism here means the economic system which is based on the industry of laboring masses, and which reaps profits through an equivalent exchange of their products at market. Capitalism are not such an economic system in which capitalists greedily seek to gold as the "Dutch sea-captain who would go through hell for gain, even though he scorched his sails" and who venturing on profit hunting, resorting to any '*Gaunerei*' and '*Betrugerei*' as the "commenda, farming of taxes, state loans, the financing of war, ducal courts and office holders", or adopting any other conceivable means of profit seeking, laughing at all the ethical limitations.<sup>(19)</sup>

More concretely put, by capitalist or bourgeois society I mean here that system

(18) Tadashi Fukutake, edit.: *The Social Structure of the Indian Village (Indo Nōsōn no Shakai Kōzō)*, Ajiya Keizai Kenkyūjo, *Research and Study Report (Chōsa Kenkyū Hōkoku Sōsho)* No. 50.

Tadashi Fukutake, Tsutomu Ōuchi, Chie Nakane: *The Social and Economic Structure of the Indian Village (Indo Sonraku no Shakai Keizai Kōzō)*, *Research and Study Report (Chōsa Kenkyū Hōkoku Sōsho)* No. 51.

Yoichi Itagaki and others: *The Politico-Social Structure of Indonesia, Research and Study Report (Chōsa Kenkyū Hōkoku Sōsho)* No. 13.

Shinji Maejima and others: *The Socio-Economic System of Arabic Countries (Arabu Shokoku no Shakai Keizai Kikō)*, *Research and Study Report (Chōsa Kenkyū Hōkoku Sōsho)* No. 12.

Mikio Sumiya: "Modernization in South-Eastern Asia, Its Retarding Factors" (Tōnan Ajiya ni okeru Kindaika, Sono Soshi Yōin o Megutte), *Shisō*, No. 473, November, 1963.

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Hisao Ōtsuka: "Max Weber's View of Asian Society, with special reference to his theory of traditional community", *The Developing Economics*, Vol. IV, No. 3, September 1966.

Hisao Ōtsuka: *The Methodology of Social Science (Shakai-kagaku no Hōhō)*, Chapter III, "Max Weber's View of Confucianism and Puritanism (Max Weber no Jukyō to Puritanism o Megutte)—Asian Culture and Christianity."

(19) Max Weber: *Die Protestantische Ethik und der Geist des Kapitalismus*, GAZRS, Tübingen, 1920, Bd. I, SS. 42-3.

which consists not of kings, their ministers, nobility, government-privileged merchants or other parasitic persons, but comprises people who consider the use of their own productive ability as their 'calling', that is, a large number of *der gewerbliche Mittelstand* or small and middle scale commodity producers.<sup>(20)</sup> The money accumulated in the hands of these people are called 'commonweal' or 'Volksreichtum'. They into two classes: capitalists and wage laborers. This division results in the capital-wage-labor relationship in which the wage-earners, who possess no productive means, are forced to sell their labor as a free commodity, while the capitalists, who employ them, reap industrial profits through market exchange.

These two classes of people are equal under the law, but economically speaking they enter into a bargain which is based on their inequality. These two classes of people, combined with modern landowners, form the crux of an industrial society [the so-called 'tripartite division' of interest.] The result is a so-called capitalist or bourgeois society, and the process of transition which brings it about is called 'modernization'.<sup>(21)</sup>

Capitalism in this sense, however, is a phenomenon peculiar to Western Europe. In Middle, Eastern and Southern Europe and Japan, where modernization took place after the so-called 'Prussian pattern': kings, the aristocracy and the privileged

(20) Adam Smith: *Wealth of Nations*, Book II, Chapter 3.

Kazuo Okōchi: *Smith and List*, Smith to List Tokyo, 1943.

Max Weber: *Die Protestantische Ethik und der Geist des Kapitalismus*.

(21) M. Dobb: *Studies in the Development of Capitalism*, London, 1946.

P. M. Sweezy, M. Dobb, H. K. Takahashi, R. Hilton, C. Hill: *The Transition from Feudalism to Capitalism*, A Symposium, London, 1954.

Hisao Ōtsuka: "Transition from Feudalism to Capitalism, with special reference to the *Commune agricole* (Hōkensei kara Shihonshugi eno Ikō), the *Journal of Agrarian History* (*Tochi-seido Shigaku*) Bulletin 3, 1955.

Hisao Ōtsuka: "Formation of Capitalist Society (Shihonshugi Shakai no Keisei)", *Shakai Kagaku Kōza*, Kōbundō, Vols. 4, 5.

Hisao Ōtsuka: *An Economic History of Europe* (*Ōshū Keizai-shi*), Kōbundō.

Hisao Ōtsuka: *The Genealogy of Modern Capitalism*.

Hisao Ōtsuka: *The Spirit of Capitalism as Viewed by Max Weber* (*Max Weber ni okeru Shihonshugi no Seishin*), (1) (2).

Hisao Ōtsuka, Hideharu Andō, Yoshiaki Uchida, Kazuhiko Sumiya: *Studies of Max Weber* (*Max Weber Kenkyū*), Iwanami-shoten, Part II, pp. 87-185.

Kōhachirō Takahashi: *The Structure of Bourgeois Revolution* (*Shimin Kakumei no Kōzō*), Book I.

Kōhachirō Takahashi: "Parasite Landownership and Commodity Production (Jinushi-teki Tochi Shoyū to Shōhin Seisan) in the Kōhachirō Takahashi, Toshio Furushima, (eds.): *The Development of Sericultural Industry and Landownership*, Ochanomizu Shobō, later revised by Hisao Ōtsuka and Yoshinaga Irimajiri, (eds.): *Essays on Economic History*, Kawade Shobō.

Kōhachirō Takahashi: "Land Problems in the Meiji Restoration. (Meiji Ishin ni okeru Nōgyō Tochi Mondai)" in *Studies of Western Economic History and History of Thoughts*, published in honor of Dr. Yoshio Honiden, Sōbunsha.

H. Ōtsuka, K. Takahashi, T. Matsuda, (eds.): *Economic History of the West* (*Seiyō Keizai-shi Kōza*), Vol. I, "Introduction" in Vol. III.

merchants were not swept off, and 'capitalism' flourished as the result of these people being engaged, for example, in such business as the manufacture of ordnance, the production of luxuries like silk and porcelains; and the making of export goods such as woollen fabrics. (Concerning imported industries, the 'manufacture royale, d'Etat prilivigée' was launched as was in France.) In the case of Japan, *han* (clan) or state manufacturers rapidly adopted industrial techniques, both technological and managerial, from advanced countries and finally modern establishments overwhelmed indigenous industries.

As a result of this different method of development in backward countries, the leaders of the old regime became the so-called 'capitalists'. The great land requirements of an industry like mining made it an attractive field for feudal lords or landlords to invest their properties in as entrepreneurs or partners. While in the textile industry, middlemen were active as putters-out. In these cases, serfs worked as domestic workers.

The laborers in the mining industry, the domestic workers and the raw material producers under the putting-out system were often merely a metamorphosis of the 'labor services' or the 'rents in kind.' In spite of an open market in the production of goods the labor of workers was not considered free. Also, the transformation of feudal lords or landlords into 'capitalists' did not result in a division of profit and rent.<sup>(22)</sup> An imported modern legal system was utilized to reform the traditional relationships or customs into a modern contract agreement. There, the modernization of the physical and institutional aspects of living was energetically executed, but the reform of social conditions and the liberation of personality were disregarded, while the task of revamping the value system was shirked or rejected.

### III

With the advent of the present century, there appeared two distinct areas in the world, each setting forth its own politico-social programme. One is the advanced capitalist area with a tendency to effect the growth of the working class and the elevation of workers' standards of living, and eventually to promote a popular democratic welfare state by means of social security measures. The other is the

(22) *Economic History of the West (Seiyō Keizaishi Kōza)*, Vol. V.

*Essays in Economic History*, Kawade-shobō, Bibliography.

*Introduction to Economic History*, Kōbunsha.

Eiji Ōno: "The Founding Process of Oberschlesien Iron Industry" in the Eiji Ōno: *German Capitalism (Doitsu Shihonshugi)*, Miraisha.

Eiji Ōno, Kazuhiko Sumiya: "Analysis of German Capitalism and Types of Capital", *Shisō*, 1964, No. 2, 1965, No. 2.

Kanichi Iida: *Economic History of Russia, (Roshia Keizaishi)*, Ochanomizu-shobō.

Gorō Fujita: *Development Process of Feudal Society (Hoken-shakai no Tenkai Katei)*, Nihon-hyōron sha.

Seitarō Yamada: *Structure of Productive Power in Japanese Agriculture (Nihon Nogyo no Seisanryoku-kōzō)*, Iwanami-shoten, pp. 47-56.

area where people are busily engaged in the establishment and enlargement of socialist influence, and some of them in shaking off the colonial regimes they have suffered under. The countries that were quickest to set up socialist regimes were the ones where a capitalist order of society had not been well established, for example, in Czarist Russia or in the old colonial territories. These countries had a dual task to perform; first, they had to sweep away the old social relations,—remnants of the premodern age,—and then they had to promote socialist regimes on the basis of their inherited cultures. The newly liberated countries adopted so-called 'state capitalism', resorting to enlarging the state sector in the process of national development, thus averting the laissez-faire policy. Since their concern was mainly centered around industrial development, this movement of theirs is called 'industrialization.'

There are two types of 'industrialization', revolutionary and reformatory. The former abandons all feudalistic and prefeudalistic social relations with the producers directly participating in industrial control, while the latter attempts to pass through the evolutionary process of industrialization by preserving and making use of the leadership of provincial masters, landlords, staple merchants, usurers, and depending on relationships that are tribal, traditional, rural communal, or blood-relational.

It will probably be impossible for the backward regions of the world to accomplish a revolution in capitalist line by the middle of the 20th century. In those countries, 'state capitalism' or socialism has succeeded in modernizing their countries merely by abandoning feudalistic and prefeudalistic social relations.

In one way, however, the 'industrialization' of these places can be carried out smoothly, that is, without much resistance, by preserving and making use of the social relations that are often summarily called 'tribalism' or 'traditionalism.' We must be aware, however, that 'modernization' of this sort has limitations. It works to the contrary in some cases, as was shown in the 'modernization' of Japan, which utilized her Asiatic or feudalistic relations.

'Modernization' is well-exemplified in the attitudes taken toward land reform, as some of the following examples show:

(1) The liberation object. Foreign possessions are often confiscated. If the liberated object is uncultivated state land, it may be applied to meet a long cherished desire of farmers. As long as the possessions of the King, provincial lords or large landlords still exist, a land reform cannot accomplish much.

(2) Landownership will be very little affected, if the limit of land possession is set relatively high.

(3) Land confiscation, paid or unpaid. In the case of paid confiscation, the degree, method and source for compensation raises problems.

(4) The disposition of confiscated land whether by means of sale by auction or by giving preference to former tenants or farm land workers. In case of the last mentioned preferential method, the price and the method of payment raises problems.

(5) Questions such as whether a land reform will help the liberated farmers prosper or drive them to poverty; how high the farm rent level be settled; whether the farmers, who have been freed from the restrictions of landlords, usurers and merchants, be provided with some sort of farm stock, loaning facility or marketing measure.

(6) Is there any prospect of a land reform to consolidate small farmers into a cooperative enterprise, or will it after all end in producing a number of shiftless petty peasants?

The character of a land reform will be progressive or retrogressive according to the class which conduct it and to the method they adopt.<sup>(23)</sup> In combination with a series of other social reforms, it will determine how effectively direct producers will be liberated from the yoke of King, landlords, merchants, usurers, tribal or village communities and foreign capital.

In order to generate a fresh productive force, it is essential for a country to contrive a new 'national system of political economy,' the success of which depends basically on how radically a land reform is managed.<sup>(24)</sup>

Looking, however, over the existing world, we should be aware that the solution of the various problems discussed here is to be sought in the arena of capitalism versus socialism and in the transition from capitalism to socialism, not in a conflictless vacuum-like condition. Further, we should note that the world is ever ready to advance beyond the existing stage of society.

#### IV

The qualitative aspect of Japan's 'modernization', attained in the midst of world conditions described in the preceding section, may be summarized as follows:

(1) The structural peculiarities of Japanese capitalism. The prewar Japanese industry, encouraged by a series of policies promoting useful manufactures, developed in a significant interacting relationship to semi-feudalistic parasitic landlordism.

In contrast to the stagnant industries of old days, the industries of new Japan manifested a rapid growth, attaining an immense development in such fields as

(23) The Institute of Economics of Ōsaka City University: *Reform Process of Agricultural Structure in Asia (Ajiya ni Okeru Nōgyō Kōzō no Henkaku Katei)*, Nihon-Hyōron-sha.

Keiki Ōwada, (ed.): *Land Reform in Asia (Ajiya no Tochi Kaikaku)* 2 vols., Ajiya Keizai Kenkyūjo, *Research and Study Report*, Nos. 23, 44.

Concerning the analytical method, refer to the studies made in England, Germany, France, the United States of America, USSR and Japan.

(24) Friedrich List: *Das Nationale System der Politischen Oekonomie*, 1841.

F. List: *Die Ackerverfassung, die Zwerkwirtschaft und die Auswanderung*, 1842.

Noburu Kobayashi: *List's Theory of Productive Powers (List no Seisanryoku-ron)*, Tōyō-keizai-shimpō-sha.

Noboru Kobayashi: *Studies of Friedrich List (Friedrich List Kenkyū)*, Nihon-hyōron-sha.

Noboru Kobayashi: *Essays on Friedrich List (Friedrich List Ronkō)*, Miraisha.

clothing and machinery, especially in war manufactures. The traditional industries were summarily expelled by modern industries or brought under the control of capitalistic wholesale agencies or banks. In spite of such a remarkable progress of industry in prewar Japan, the following were the characteristics of Japanese industry: the hierarchical ties of loyalty between a *zaibatsu* (huge financial combine centering around a powerful family) and its employees, a strict family code, clanish paternalism, life time employment (*shūshin koyō*), the length of service and experience system, a high farm rent, the regular floating system of workers between farm and factory, low wages, and a narrow internal market as compared with an extensive overseas market.

(2) Japanese capitalism is nothing but a prompt response to the impact of the West. The modern West proved a pressing historical precondition for Japan's yearning for industrial remodelling. It was a physical as well as an institutional example of a civilization Japan wanted to follow. It seemed like a storehouse filled with materials Japan could make use of, if she would endeavor to adopt them—a typical example of the 'Japanese spirit and Western learning',—although the cultural evaluations of East and West often run counter to each other as is seen in the case of the Japanese rejection of Christianity when it seemed to be threatening the interests of the state.

For a long time Japan maintained an unfriendly attitude toward Western culture under a national seclusion policy, confining the importation of Western culture to its technological aspect. Once accepted, however, the physical phase of Western culture, such as productive techniques like spinning and weaving machines, steam-engines, and machine tools, as well as the mechanics for them, and managerial techniques and organizational knowledge, including double entry book-keeping and the joint stock corporation, was promptly and positively brought in.

At the same time, because of the existence of such irrationalities as paternalistic family employment, total personality control and the undifferentiated economy of business and household, it was very difficult to adjust the functions of one's life to an advanced outlook. Legal techniques which aimed at the protection of civic freedom and military technology, including the manufacture of arms and ammunition, which took the place of the patrimonial military arts, were introduced with an amazing speed as distinct from other general items of Western culture.

The cultural techniques imported from the West were considered raw materials to be used for the enrichment of Japanese life. This basic notion of Western culture—appreciating it as a technological entity—is a characteristic Japanese way of approaching Western culture. Because of this separation of Western culture from the general run of Japanese culture, it was safely imported into Japan doing no harm to the 'national polity (*kokutai*)', to 'good morals and manners (*junpū-bizoku*)' and to 'public order and customs (*kōjo-ryōzoku*).' The techniques imported, as distinct from their underlying spirit and arranged properly in the general structure of Japanese society, contributed much to the promotion of the national interest, as they never worked in contradiction to or overpowered the independence

of the fields to which they were assigned.

On the other hand, this technological, that is, 'spirit disregarding', approach to Western culture brought about a confused state in spirit and culture.

It is true that there exists in Japan a polytheistic belief based on a deep-seated habit of animistic interpretation, mixed with promiscuously accumulated elements of Shintoism, Buddhism, Confucianism and Western techniques.

Because of this 'tolerance,' in the so-to-speak, Japanese way of thinking which is a tensionless, unimpeding spiritual attitude being embraced in a typically Oriental philosophy of 'vacuity (mu)' and 'harmony (wa)' in contrast to the compelling value rationality of the West, and because of Japan's willingness to accept the techniques of the West, Japan seems to have succeeded in increasing her productive capacity. This fact has surprised the world. Needless to say, because of this cultural confusion, Japan has experienced a spiritual, social and political struggle in the last 100 years.<sup>(25)</sup>

In the 20 years since the War ended, there has appeared a marked tendency to reexamine the ancient spiritual structure of Japan as something worthwhile, instead of considering it as valueless sign of backwardness. This tendency can be distinctly seen in academic as well as in journalistic circles.

Such is the historical sketch of the modernization of Japan. Hence it is vital that the people at home and abroad who are interested in the 'modernization of Japan' give a significant thought to the long struggling process of reform, industrialization, war defeat and finally of the reevaluation of Japanese culture.

(25) Kiyoko Takeda, (ed.): *Method and Object of the History of Thoughts (Shiso-shi no Hōhō to Taishō)*, Sōbunsha.

Kiyoko Takeda: *Conflicts in the Concept of Human Being (Ningenkan no Sōkoku)*, Sōbunsha.

Kiyoko Takeda: *Indigenesness and Apostasy, Traditional Ethos and Protestant (Dochaku to Haikyō, Dento-teki Ethos to Protestant)*, Shinkyō Shuppansha.

Hisao Ōtsuka: *Human Basis of Modernization (Kindai-ka no Ningenteki Kiso)*.

*The Lectures on the History of Modern Japanese Thoughts (Kindai Nihon Shiso-shi)*, 10 vols., Chikuma-shobō.

The essays by Saburō Ienaga, Masao Maruyama, Shōzō Fujita in *Modern Ethics (Gendai Rinri)*, Chikuma-shobō, Vol. 11.

Rokurō Hidaka: "Modernism" in the *System of Modern Japanese Thoughts (Kindai Nihon Shisō Taikei)*, Vol. 34, Chikuma-shobō.

Kiyoko Takeda, (ed.): "Christianity" in the "System of Modern Japanese Thoughts", Vol. 6, Chikuma-shobō.

Saburō Ienaga: *Modern Spirit and Its Limitation*, Kadokawa-shinsho.

Masao Maruyama: "Japanese Thought Lacking in Universality", in the *Hitotsubashi Shim-bun*, No. 76, July 15, 1964.