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〔特別寄稿〕

Japanese Economic Thought

—A Foreigner's-Eye View—

M. Bronfenbrenner

Introduction

The American Economic Association is devoting two sessions of its 1955 Annual Convention to a discussion of contemporary economic thought in eight countries, one of which is Japan. As the speaker on Japan, I propose to outline, both too briefly and too generally, some of the main features and main currents of Japanese economic thought as seen through one foreigner's eyes. The detailed job of compiling and criticizing individual works and writers is being done, not only in Japanese but in English, by Japanese writers. Let me mention in passing the *Japan Science Review (Economic Sciences)*,¹⁾ whose first volume has already appeared, and which may in the future develop into an equivalent of the Anglo-American *Survey of Contemporary Economics*.

From time to time I shall say a few words in this essay which my friends among the Japanese economists may be tempted to interpret as impolite, so I shall begin by paying some sincere and heartfelt compliments. I am impressed with the ability of the younger Japanese economists in particular to recover in ten years all Japan had lost (in comparison with Western economics) during the previous militarist generation. Their capacity for study and scholarship is especially impressive in view of the miserable conditions under which they have had to live for this whole period, and the need for most of them to accept side work of a non-academic nature to keep from starving.²⁾

- 1) *Japan Science Review (Economic Sciences)*, vol. 1 (Tokyo: Japan Union of Associations of Economic Sciences, 1953). This particular issue is one-sided in omitting any reference to agricultural economics, labor economics, Oriental economic history or the history of Oriental economic ideas.
- 2) The average salary of a full professor at a national university in 1955 was about \$100 a month after taxes, at official exchange rates. (Free-market conversion would reduce this to about \$90.) Lower ranks and private universities generally pay less. A normal teaching load, however, is four to eight hours a week, which gives the better-known professors ample time for outside jobs.

Let me also admit right away that many of the less flattering things I say about Japan are true of the United States, so that the pot is calling the kettle black. I think, however, that they are true to a lesser degree. The United States, furthermore, has a larger volume of trained intellectuals than has Japan, and can afford to waste them a little more readily.

While my appraisal of Japanese Marxism is not high, I also want to take this opportunity to condemn the near-suppression of Marxian economics in America, and to praise the greater freedom existing in Japan despite the abuses being made of it.

Sectarianism, Inbreeding, and Schizophrenia

Three besetting ailments of Japanese economics seem to be sectarianism, inbreeding, and schizophrenia. Sectarianism separates the different "schools" of economists from each other. Inbreeding characterizes most of the better-known educational institutions of the Empire. Schizophrenia separates the on-campus from the off-campus thinking of a good many individual economists. Japanese who knew the pre-war situation assure me that all three ailments are less severe than they once were; I do not know.

Most striking to an outsider is the first affliction I have mentioned, the sectarianism separating the different "schools" of Japanese economists. To understand the cleavage, one should first realize that Japanese economists are roughly 50 per cent Marxist.³⁾ Furthermore, the dominant "Kōza-Ha"⁴⁾ school of Marxists are quite different from

- 3) This percentage is the merest guess. The true percentage is probably higher in most of the public universities and lower in most of the private ones.
- 4) So-called from an II-volume co-operative treatise, *Nihon Shihon-Shugi Kōza* or *Lectures on Japanese Capitalism* (Tokyo: Iwanami, 1953-54). These are highly inflammatory in their language, and reject such mechanistic bourgeois notions as competition in favor of a concept of the entire capitalist class as a vast demoniac conspiracy against the rest of society.

Of the other Marxian sects, the "Rōnō-Ha" should also be mentioned, as representing the other end of the scale. Objective and analytical, affiliated as the name implies with the smaller Labor-Farmer Party, this group is highly respected by non-Marxists but has little "popular" following even among the intellectuals.

writers like Sweezy in America or Dobb in Great Britain. Marxism entered Japan relatively late, almost as a by-product of the Bolshevik Revolution in Russia. It entered primarily as a fighting evangelism, only secondarily as a branch of thought. Therefore even today the typical "Kōza-Ha" Marxist is a rigid follower of a party line, either Communist or Left Socialist. He knows little or no economic theory beyond Marx, Engels, Lenin, and Stalin; he is proud of his ignorance. (Everyone else, he feels, has been refuted by one or another of his "Big Four.") He is like the missionary in the Orient who prides himself on knowing nothing of Buddhism or Islam as proof of the purity of his Christian faith. Even his Marx is apt to be "Marxian Fundamentalism," based on the *Communist Manifesto* and text-book simplifications of *Capital* rather than the analytical guts of *Capital* itself, to say nothing of possible additions and amplifications. He is anti-measurement, anti-quantification, and knows all the answers in terms of popular slogans and clichés.

This kind of Marxian fundamentalism, which of course antedates the "Kōza-Ha" proper, has not stood in the way of much interesting and scholarly work in economic history and descriptive economics, some of it published in Western languages. On the other hand, it leads to childish applications of the crudest type of labor theory of value to current economic problems. To give an example from international trade: it seems obvious that if Japan should sever all economic connections with the West, and rely entirely on trade with the Soviet bloc, Japan would be in danger of some sort of exploitation, since Japan needs Chinese and Russian resources more than those countries need anything Japan has to offer. To the Marxists, however, the labor theory of value is a magic formula to prevent anything of the kind. All one need do is compute the socially-necessary labor-times for each "bale" of Japanese, Chinese, and Russian goods, and all relative prices (including exchange rates) are fixed automatically. Wage-price relations give another illustration of a similar fallacy. It is Marxian orthodoxy, as yet unshaken by inflationary experience, that wage increases must be paid from profits and cannot lead to higher prices. Prices, after all, are values, and values depend on the quantity, not the price, of socially-necessary labor time.

Dismissing most Japanese Marxism as partisan propaganda—which

is not to deny its importance—we pass to the other half of the profession. This is further subdivided, into "political economists" on the one hand, and "pure economists" or "modern economists" on the other. The "political economists" are the majority of the older generation—men over 50. They are largely German-trained, following the Historical School, the Katheder-Sozialisten, or the Neo-Romantics. Their attention has concentrated on economic history, and on most branches of applied economics. Young men desirous of business and governmental preferment flock to their seminars, for they have the greatest influence in these circles. At the same time they are under something of a cloud among their fellow-intellectuals, having accommodated themselves too comfortably and easily to the doctrine of "whatever is, is right" and followed the official line during the period of militarism and Fascism.

The "modern economists," with a few eminent and respected exceptions, are younger men, predominantly Anglo-American in their training, who have come to the fore after the end of World War II. They are for the most part abstract and mathematical in their thinking and writing. This is the group which, in ten years, had caught up with England and America from a position which seemed like hopeless inferiority. It is also the group which has gone furthest toward making positive contributions to the international body of economic thought. Its works are appearing a little belatedly, in bits and pieces, in a number of journals familiar to Western economists.⁵⁾ So far as I have understood these contributions, they are mainly highly-polished refinements of highly technical problems, but I am assured that the larger works, available thus far only in the original Japanese, are comparable in depth, breadth, and originality to Hicks' *Value and Capital* or Samuelson's *Foundations*. It is probably unfortunate that the younger men's attention is thus far concentrated so largely in pure theory, since it leaves such a large gap between theoretical and applied economics in most Japanese university departments.

These three groups exist cheek by jowl in almost every Japanese

5) For example: *Econometrica*, *Economia internazionale*, *Metroeconomica*, *Quarterly Journal of Economics*, *Review of Economic Studies*. Three Japanese universities also publish research periodicals in the English language.

university worthy of the name, but the relations between them are formal and distant, when they exist at all. The trouble is that it is so easy for a student to learn nothing but Marxism, or nothing but historicism, or nothing but mathematical economics, all the way from his Principles or "Genron" course to his Kz. H. degree,⁶⁾ since courses are usually given in small sections and most advanced work is done in seminars. Such one-sidedness is not at all unusual. It is jokingly said that the only modern economics most Marxists ever take is one seminar in which they enroll, but which they never attend, as a kind of camouflage on their university record when they look for business employment.

Direct conflict between the three groups centers over control of the "Genron" course. Here the Marxists usually win the larger and more attentive audiences. They are much the ablest in putting their material into elementary form. Modern-economic "Genron" textbooks and lectures, in particular, are too abstract, mathematical, and difficult for most students. Furthermore the Marxists pay more attention to modern Japanese problems, and less to perfect competition or the evolution of the Hanseatic guilds. Marxian pessimism about Japan's capitalist future also appeals in any economy which for two generations has never known prolonged peaceful prosperity, and in which "capitalism" means monopoly and cartels rather than free competition.

Another complication relates to student discipline. It is the usual Japanese University practice for such problems to be dealt with by the student's major department, not by the administration as such. When Marxists control a department, economics or any other, rioting is treated as field work for the Revolution, as "unity of theory and practice," and encouraged by the professors. (The younger and huskier

6) This degree is a hybrid between the American Ph. D. in economics and an honorary degree like the Ll. D. or D. Litt. It is awarded in the same of the Ministry of Education of the Japanese Government on application of the candidate's university. It takes longer to earn than the American doctorate, and is awarded on the basis of a man's entire work to date, rather than any one thesis or dissertation. Specific pieces of work, however, are submitted with each application, so that the degree is an earned one. It is not, like the American Ph. D., a requisite for university employment; in fact, only a minority of most university departments hold the degree at all.

ones occasionally participate in person.)

There are two main hopes for providing some common ground for these conflicting economic philosophies. One is represented by econometric research, which flourishes in Japan despite inadequate basic data and calculating equipment. Unfortunately, the requisite mathematical and statistical technique has the tendency, in Japan as well as elsewhere, to repel many of the more historically inclined. The other possible common ground is the field which has come to be known as economic dynamics or the economics of growth, as represented in the Anglo-Saxon literature by such diverse writers as Colin Clark, Domar, Harrod, and Kuznets. If we mean by the economics of growth the study of its consequences, as well as the mere determination of growth rates, this combines elements from all of the schools I have mentioned. Growth economics is attracting an increasing share of the attention of Japan's rising young economists. This is not surprising, since Japanese economic growth has been one of the marvels of the last hundred years, but there is much doubt both as to its continuance and its serviceability as a model for other Asian countries.

This common-ground movement, however, whether through econometrics or growth economics or both, gets no support from the Marxian fundamentalists. Perhaps the explanation for this is psychological rather than logical. They seem to fear having their orthodoxy called in question, or else having their ignorance of non-Marxian economics exposed. They also profess contempt for "bourgeois statistics"; if the figures disagree with Marx or Lenin, then the figures must be wrong. This is an irrationality common to evangelists of all persuasions, but its prevalence among Japanese Marxists is unusually high.

Institutional Inbreeding

Almost without exception, the older and better-known Japanese Universities are characterized by inbreeding to an extent Americans would consider scandalous. Perhaps 90 per cent of the regular faculties of these institutions are composed of their own graduates. In fact, it is a sign of newness or inferiority or both to recruit staff from

outside. Furthermore, each major school and many of the minor ones has at least one economic journal or "house organ" of its own, in which primarily its own staff publishes, and which is seldom read anywhere else. The situation is as though only Harvard men wrote for and read the *Quarterly Journal of Economics*, only Chicago men wrote for and read the *Journal of Political Economy*, and the *American Economic Review* did not exist.⁷⁾

But although inbreeding exists in Japan, most of the consequences Americans associate with it are absent. In almost all departments, one finds Marxists, political economists, and modern economists. There is apt to be a man who has studied at London, another who has been to Columbia, another who has visited Berlin. A Japanese Department, then, even when staffed exclusively by people without degrees from anywhere else, is a kind of macrocosm in microcosm, an entire economic world in miniature. It is not an obscure cult of forgotten local celebrities, like most inbred departments in America.

Inbreeding also does not result in intellectual isolation. Japan is a small country, with universities concentrated in a few large urban centers. There are over 60 universities in Tokyo alone. It is quite common for professors with regular appointments at one university to serve as special lecturer at one or two others to supplement his income.⁸⁾ This geographical propinquity makes it easier for faculty members at different schools to know each other and to exchange ideas than is usually the case in the United States.

Professional Schizophrenia

We have met the business man who cheats his customers six days a week, then purges himself of his sins in Church on Sunday. Many Japanese economists have the same kind of split personality. Outside the classroom, they dabble in anything and everything. They write for newspapers and lowbrow magazines, direct companies and pressure

7) The journal *Riron-Keizaigaku*, however, is a Japanese equivalent of *Econometrica*; the journal *Keizai-Kenkkyu* is furthest of Japanese university journals from mere "house organ" status.

8) It sometimes happens that a professor's two jobs are hundreds of miles apart. When this happens, he crowds a semester's lectures into a month or six weeks at each institution, and then is off to the other.

groups, arbitrate labor disputes and arrange marriages. This is not exclusively to make money; it is quite in accordance with Chinese and Japanese tradition. A Japanese poem reads: "Seki ga atatamaru itoma nashi," meaning that a great man never stays still long enough to warm the cushion where he sits, and many Japanese professors would like to be great men. Yet when they enter the classroom, they purge themselves of their sins by being as abstract and other-worldly as they can.

A man with an outside job arranging dumping or price-fixing for a sewing-machine or shipbuilding cartel will preach in class the virtues of pure competition and free trade, with as many diagrams and equations as you please. His colleague who arranges special privileges for taxpayers through his ex-students in the Treasury will discourse on the philosophical first principles of fiscal science as derived from Confucius, Kant, Hegel, and Adam Smith.⁹⁾ All with a straight face, and no consciousness of anomaly. One leads a double life, that is all. One life is academic, the other practical. One does his best at both, and lets neither interfere with the other.

The Marxists, on their part, are at least consistent. They harangue their classes and seminars on the same problems as they harangue their street-corner audiences and the readers of *Alakahata*,¹⁰⁾ and sometimes in the same vulgar language. This is another example of the "unity of theory and practice."

These schizophrenic tendencies have some unfortunate consequences. For one thing, less academic attention is paid to the academic problems of modern Japan than American economists pay to the economic problems of modern America. It is unfair to generalize from a single example, but it seems symptomatic that the *Japan Science Review*, the closest Japanese equivalent to our *Survey of Contemporary Economics*, spends many pages on Japanese research on the history of European economic doctrines and institutions, but completely ignores their Oriental and Japanese equivalents. Furthermore, less attention is paid in Japan than in America to the improvement of basic economic data, statistical and otherwise. (Data exist in abundance, but the quality is poor, comparability is often lacking, and inconsistencies are occasionally

9) I need not state that these "examples" are entirely fictional.

10) Lit: *Red Flag*; the Japanese equivalent of the *Daily Worker*.

left unexplained.) There is also less full-time migration in Japan than in America from the universities to the Government and back again, with the result that the Japanese Government ordinarily relies on attorneys or A. B. economists for most of the jobs which, in America, are assigned to people with professional training and experience as economists. In terms of the academic work turned out by people whose practical interests are divorced from it, there seem to be three problems. In theoretical work, there is excessive *abstraction*; in institutional work, there is excessive *antiquarianism*; in all fields, there is excessive concentration on *transmission and translation* of the works of foreign scholars at the expense of "look and see." Do not misunderstand me; the empirical spirit is very much present, but it is exercised in the scholar's outside job and not in his university connection.

This situation is rapidly improving, largely because of the efforts of younger men without influential and lucrative outside work. There have been established, for example, at least two large university institutes of economic research, including although not confined to empirical study of current Japanese economic problems. One of these is at Hitotsubashi University in the suburbs of Tokyo, the other at the Osaka National University in Osaka. These are closer to the Oxford Institute of Statistics and the Cambridge Department of Economics in scope and method than to any American organization I knew of. Within the Japanese Government, the Economic Counsel Board (Keizai-Shingi-Chō), formerly the Economic Stabilization Board (Keizai-Antei-Hombu) has become a center of research activity for economists, and a few other agencies are beginning to follow its lead, chiefly within the Ministries of Finance and of Trade and Industry. Japan also has established, in the form of a public corporation, an Institute of Statistical Research (Tokei-Kenkyū-Kai). It is located in Tokyo, obtains funds from both Government and private sources, works on a wide variety of problems, and recruits its top staff mainly from the better universities of the Tokyo area. This agency is expected to combine under one roof many of the activities of the American National Bureau of Economic Research and Cowles Foundation. As yet, the main advances made have been analytical: national income estimates, family-budget studies, production indices, foreign-trade analyses. In the sum-

mer of 1955, the results of two full-scale input-output studies for 1951 were made public for the first time. It remains to be seen how useful they will be, since there are many elements of non-comparability between them, perhaps some actual inconsistencies, and the Japan of the Korean war boom of 1951 may be structurally quite different from the Japan of 1955.

Conclusion

In the hundred years since Commodore Perry and his black ships, Japan's intellectual activity has perforce been largely derivative. Its derivative character has been the butt of a good deal of unkind and unhumorous humor. There has been *transmission* of Western ideas, *translation* of Western works into Japanese, *application* to a wide range of Japanese problems, and *refinement* in detail. More recently, however, Japan has contributed major figures in several lines of work, particularly in the natural sciences. Perhaps the best known internationally have been the bacteriologist Hideyo Noguchi and the theoretical physicist Hideki Yukawa.

An economic equivalent of Noguchi or Yukawa may already have appeared and begun to write. I cannot speak of the Japanese-language literature, since I am only semi-literate in Japanese economics. I can say, however, that he has not, if he exists, published any major works in intelligible English, French, or German. Until he does, or until more of his Japanese works are translated, I am afraid I must still regretfully classify Japanese economic thought as still fundamentally in an essentially derivative stage from which Japanese thought in some natural sciences has graduated—transmission, translation, application, and refinement.

(University of Wisconsin)