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in the Humanities & Social Sciences



Furihata Setsuo. *Nihon Keizai no Kozo to Bunseki*. Tokyo: Shakaihyoronsha, 1997. 278 pp. 2500 yen (cloth), ISBN 978-4-7845-0834-1.

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Published on H-Japan (December, 1998)

The “Business Outlook” feature in the October 5, 1998 issue of *Business Week* bemoaned that “the glory days of the 1990s business cycle are fading—fast.” At the same time, the world’s finance ministers and central bankers gathered in Washington for a five-day meeting. Since the end of the so-called “Cold War,” the world has experienced several serious bouts of international economic turmoil, but the serious problems facing Japan have been ongoing. In short, we may well ask, what has been wrong with the behavior of the Japanese economy?

Furihata Setsuo claims that his book will help readers “to master modern capitalism’s structure and movement as an integrated entity, and to conceive a clear image of the strange integration of the state and capital which governs us” (preface, p. 4). Depending on the disciplinary perspective from which it is approached, this book may be a valuable source for a wide range of social scientific studies of Japan’s economic structure from the macro level, as well as a useful reference on how the Marxist economic framework is (or is not) valid with respect to the Japanese economy. Especially for those readers who are not specialists in economics but have a relatively wide range of knowledge about Japan, this book should be a useful guide to the contemporary Japanese economy from a Marxist perspective. As the book’s sub-title—“Lectures on Modern Capitalism”—suggests, this volume contains ten lectures (chapters) presented by the author between May 1991 and March 1992 to a left-wing intellectual circle. Its main contents can be divided into two parts: an analysis of Japanese capitalism and an investigation of the world economic structure.

The author starts in the 1890s, the period when Japan’s capitalist system was established, focusing on two central developments: first, that Japan exported more cotton products than it imported; and second, that

the Bank of Japan established the Japanese currency system on the gold standard after obtaining enough “compensation” from the Qing Dynasty after the Sino-Japanese War (Chapter 2, “State power and economic structure after the Meiji Restoration”). Although the author does not mention it, that “compensation” was two to three times the Qing annual budget and was the direct reason for the dynasty’s bankruptcy. He reviews the Comintern theses, Uno’s analysis and Lenin’s theory of imperialism as applied to the case of Japanese capitalism up to the end of World War II. He points out that, except for the wartime period (1931-1945) with its military-oriented heavy industry, Japanese capitalism was characterized by the cotton industry, an image perfectly conveyed in the film “Ah, Nomugitoge.” While Lenin’s theory of imperialism conceived modern capitalism (until World War I) as the highest capitalist stage and based on heavy industry, according to Furihata, the Japanese capitalist structure was founded on light industry, 80% of whose laborers were girls from the countryside. Japan’s capitalist industry could not absorb adult men from rural areas, but it simultaneously had to seek ever-expanding foreign markets, ultimately guaranteeing that the Japanese male population was easily mobilized in a militaristic direction. It is a pity that this book’s contents are limited strictly to questions of economic structure. The book reviewer remembers when he conducted research in a fishing village in Shimane prefecture and first noticed the role of village Shinto shrines with war memorial monuments in the establishment of Japan’s capitalist system.

Most readers without an extensive background in economic history may have the impression that Japan’s industrial structure was dominated by the zaibatsu until the end of World War II. The author, however, intro-

duces evidence that Japan's base industry (cotton) was not controlled by the zaibatsu; rather, the zaibatsu only dominated Japan's tertiary industries (trading, shipping, banking) (Chapter 4, "From Zaibatsu to Corporate Group and Keiretsu," p.98).

Contrary to his clear analysis of Japan's prewar capitalism, Furihata admits a "collapse" of the Marxist economic model (Chapter 10, "Conclusion: Marxism's Rebirth and the Close of Capitalism," p.237). It is natural for the author to be so pessimistic, because during the very time that he was presenting these lectures (May 1991 to March 1992) the Soviet Union did in fact disintegrate. Moreover, according to Furihata, nearly half of the faculty of Japan's economics and business departments were Marxist economists after the war (Chapter 1, "Economy as a Science," p.16). The author might not have been so pessimistic, however, but might reasonably have shown more confidence in the Marxist economic model, as well as Marxist political economy. Just at the end of last October, the premiers of China and Vietnam met in Beijing and expressed esteem for their "socialist" economies over capitalist ones.

Nonetheless, as a professor "making his living off of Marxist economics" (p.13), Furihata refuses to make a *tenko* (a transformation from the left to the orthodox political regime), like the famous Fujioka Katsuyuki, a former Communist Party member. Furihata instead decided to dedicate himself to "constructing a new intellectual framework for subjective liberation" (Preface, p. 3) by developing a critical analysis of postwar Japanese capitalism based on Marxist economic principles. Using the analogy of American Fordism, he singles out Toyota-ism as a singular characteristic of Japanese capitalism, especially in the 1980s when the U.S. and Europe were experiencing recession or stagnation (Chapter 5, "The Automobile Industry").

According to the author, Toyota-ism represents Japan's "corporate capitalism" (*hojin shihonshugi*) with according to the author, Toyota-ism... three characteristics: life-long employment, promotion by seniority, and one trade union within one corporation. However, this strongly competitive "corporate capitalism" is supported by small keiretsu companies which usually cannot guarantee life-long employment and have no trade unions. It is also accompanied by much longer work times for employees (300 to 400 hours more each year) than is the case in other developed countries. Since an average of 70% of a company's stock is held by other group (keiretsu) corporations, firms have attempted to reduce profits (and

thus minimize taxes) by buying unnecessary land, which is used, in turn, as collateral for loans from banks. Corporations have become richer and richer but the standard of living of the Japanese people is hardly extravagant in light of Japan's global economic strength: for instance Japanese cannot buy their own homes even though they have the highest savings rate in the world (Chapter 3, "Economic Structural Change after World War II," p.70 and p.84). Ironically though, during the 1990s, just as people in Japan (e.g., at Todai Shaken and Nichibunken) and outside of Japan (e.g., in courses on the Japanese economy at American universities) began to discuss the merits of Japanese capitalism vs. the Anglo-Saxon model, the Japanese system has experienced a structural collapse.

Since Japan's economy is closely connected with the world economy, the author devotes almost half of the book to the modern world capitalist system. He emphasizes three aspects: automobile production and society (Fordism and post-Fordism), North vs. South issues (agricultural problems in the third world), and state intervention into economic activities. He does offer some varied observations: for example, he insists that the Asian NIE's success in the 1970s and 1980s reflected only a specific set of historical circumstances (Chapter 8, "Post-Fordism," p.199). Although now this seems like a natural conclusion, prior to the 1997 Asian financial crisis, most people (including this book reviewer) were content to read optimistic booklets from the Japanese Economic Planning Agency or writings by development economists like Watanabe Tokio. As for the material introduced in this book, however, even without Marxist terminology, readers can easily understand the author's serious concern for the modern world economic system. Readers may nevertheless be disappointed that Furihata does not deal with issues of political economy (such as the U.S.-Japan security alliance), which presumably should be among the strong points of a Marxist perspective.

This book's greatest weakness is that it does not thoroughly explore Japan's political economic structure from a Marxist perspective. Readers are advised to refer to other "authentic" or radical sources of Japanese Marxist writings, such as by the Socialist Workers Party or the Japanese Fourth International Branch. Furthermore, in a Marxist analysis, any comprehensive study of modern capitalism should include the capitalization of former "socialist" countries, especially of China. This book does not deal with this important issue. The author here tries to illustrate economic matters by using the analogy of a science (Physics) physics -Physics (Chapter 1, "Economy

as a Science”); however, this reviewer does not think his arguments are essential or even relevant to the issues discussed in the book.

The book itself is not well integrated and is repetitive at times. Further editing of the text from a verbal to a more written style of expression would have been an improvement. This 1997 edition is the second printing of the book’s first edition (published in 1993) and, consequently, some of the data presented is out of date. For example, although the author does spend many pages on the 1980s revolution in the micro-electronic industry that

spurred the continuous development of Japanese capitalism, he does not address the new advances in electronic communications that took place in the U.S. in the early 1990s and in Japan since the late 1990s. The author, in the end, may have reconsidered his overly pessimistic view of the U.S. system and his overly optimistic view of the “troubled, but still strong” Japanese capitalist model.

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Citation: Jing Zhao. Review of Setsuo, Furihata, *Nihon Keizai no Kozo to Bunseki*. H-Japan, H-Net Reviews. December, 1998.

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