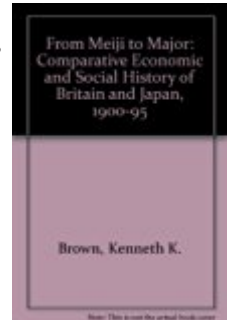


Kenneth Brown. *Britain and Japan: A Comparative Economic and Social History since 1900.* Manchester, UK: Manchester University Press, 1998. xi + 269 pp. \$85.00, cloth, ISBN 978-0-7190-5290-3.



Kenneth D. Brown. *Britain and Japan: A Comparative Economic and Social History Since 1900.* New York and Manchester, UK: Manchester University Press, 1998. xii + 259 pp , , .

Reviewed by Michael Smitka

Published on EH.Net (September, 1999)

Kenneth Brown, Professor of Economic and Social History at the Queen's University of Belfast, provides us with an interesting and generally lucid study, based on a close and thoughtful reading of the English-language literature on Japan and his knowledge of the UK from his own work on British labor history. Both, he finds, were island-nations offshore from major continental powers. Neither had the size or the resources sufficient to sustain development without trade. Both became imperial and naval powers, in tension with neighbors and, oddly enough, with the U.S., on the far side of their respective oceans. Both ended up in wars on their neighboring continent. And both ended up successful in providing their citizens with a high standard of living. Extending these comparisons, then, is one of the book's goals.

To that end Brown employs a four-fold framework of production, reproduction, power and authority, and ritual. Useful insights result, particu-

larly in the political realm. While Japan is noted for the long-lived rule of the conservative Liberal Democratic Party, the British political scene was also dominated by conservative governments. In both cases, this was due as much to disarray on the Left as to electoral success by conservative parties. Nor is Japan unusual for the role of money and corruption. Indeed, in the 1980s British Conservative MPs averaged four corporate directorships and two corporate chairmanships, while facing no requirement for financial disclosure.

The analysis of earlier eras likewise helps dispel the image of Japan as backward politically. Parties there did not assert political power until 1918, with Hara Kei's formation of a cabinet based on the Seiyukai's strength in the lower house of the Diet, followed by expansions of the franchise in 1919 and 1925. But the late onset of "democracy" was not all that unusual. Even in the UK the franchise was limited for men until 1918, and uni-

versal suffrage came only in 1928; mass-based political parties likewise dated from the World War I era. However, Brown's focus on a Left-Right split in Britain does not extend to Japanese politics of that era, where the points of departure between the two main parties were less ideological. The parallel is thus less strong than is implicit in the author's framework. Unfortunately the book does not delve into the policy tensions between the "positive" economic policies of the Seiyukai and the fiscally orthodox Kenseikai (later Minseito), with its commitment to returning to the Gold Standard. (See Takafusa Nakamura, *A History of Showa Japan, 1926-1989*, University of Tokyo Press, 1998.) I, for one, would be curious to know if there was a similar tension in the British political scene.

Most of the book, however, reflects the theme of learning from Japan. Brown cites a 1990 essay by Michael Heseltine in the *Independent*. "The lessons of Japan's business success are no secret. They are there to be learned and the UK has more to learn than most" (p. 5). He includes Britain in a comparative historical framework to circumvent the "danger of confusing what has been distinctive with what has been causally significant" (p. 5, citing a work by Marsh and Mannari). Ironically, Brown continues, "Finally, there is no reason to assume that Japan's success is permanent." Given our current perspective of a Japan mired in recession for the decade of the 1990s --clearly not the author's perspective at the time the book was written --this is apropos. Indeed, we are cautioned that "in the U.S., where the multidivisional structure was most fully developed, economic growth was not particularly impressive by international standards ... Larger corporate size was not often matched by larger plant size [and mergers reflected] corporate conspicuous consumption." The book does go on about problems with British education and corporate management, but in fact such arguments are not pushed very far. Brown's examination of Britain in the light of Japan's expe-

rience fails to provide a compelling explanation for British exceptionalism on the corporate front.

Perhaps Britain was not exceptional. As noted, Brown wrote before the full extent of Japan's recent decline became apparent, and in apparent ignorance that by 1980 there was public hand-wringing inside Japan of "hollowing out," the worry over the loss of manufacturing jobs -- deindustrialization -- that the author shares with Heseltine. In one sense hollowing out is good, in that it is the natural consequence of the secular increase in demand for services that is found throughout the high-income countries, the provision of which perforce requires a decline in manufacturing's share of employment. But a second source of comparative performance in manufacturing surely lies in short-run macroeconomic conditions. The author's analysis of such issues, however, is impressionistic, even where data could readily be brought to bear. One example is his criticism of Britain's stop-and-go macroeconomic policy, which in turn reflected the chronic balance of payments problems that was tied to five recessions during the course of the 1950s and 1960s (p. 154). But Brown down-plays Japan's similar experience with balance of payments-induced problems, which included a trip to the IMF in 1961. Indeed, quick calculations show the variance of both nominal and real British GDP growth was much lower than Japan's, though in Japan's case average growth was sufficiently high that growth rates remained positive even in such cyclical downturns. (See the note below.) If one takes the perspective of a businessmen trying to plan for the future, then neither country was a paragon of stability. I am thus skeptical that "Japanese industry proved far more responsive than Britain's to such policies."

The analysis is similarly weak with exchange rate issues, which surely affect comparative manufacturing performance. Was the fixing of the yen at \$1 = Y360 in April 1949 really good, when Britain devalued the pound just months later? Af-

ter all, as just noted, Japan suffered chronic balance-of-payments problems for most of the next two decades, and saw large swings of the value of the yen in the 1980s and 1990s. Might not a stubborn defense of the sterling prior to the 1967 devaluation have been part of Britain's problem? He also downplays the role of exchange rates in his comparison of the interwar experience (pp. 50-52). Surely one source of Japan's slow growth during the 1920s was a stubborn attempt to return to the gold standard, finally implemented in January 1930. Likewise, Japan's strong growth from 1933 was due in large part to the devaluation that followed Japan's departure from the gold standard in December 1932. Elsewhere, Brown claims (p. 185) that "the best hope [of the UK] of escaping the problems [of the 1970s] lay in exporting." He undermines his own case, however, by pointing out in the same section of the book that the main engine of growth in Japan during the 1950s and 1960s was domestic demand (p. 183) and that manufacturing in the UK was not the dominant source of employment (Table 6-2, p. 182).

At the start of the volume, Brown tempers reader's expectations for easy lessons from "juxtaposing two societies at very different stages of development." The focus on institutional lessons, and the general lack of careful statistical comparisons accentuates these difficulties. In places his four-fold framework makes it difficult to keep chronologies straight, and the attention given to the various elements varies from era to era. The book does nevertheless provide a ready overview of key political and economic trends, and many thoughtful cautions for those seeking to make facile comparisons. Despite his agenda of searching for lessons from Japan to help Britain with its decline, the book is weakest when the author discusses "deindustrialization," and strongest when he compares industrial democracy. Those sections -- chapters 4 and 7 in particular -- are fun, but the more narrowly economic history portions are at

best useful for the general background they provide.

* My calculations. For Japan, the standard deviation was 2.4% (real growth) and 4.4% (nominal), using annual data for 1955-1973. For the UK these were 1.7% and 3.1%, respectively, using data for 1951-1973 (UK). (Official national accounts data for Japan only begin in 1955.)

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Citation: Michael Smitka. Review of Brown, Kenneth. *Britain and Japan: A Comparative Economic and Social History since 1900*. ; Kenneth D. Brown. *Britain and Japan: A Comparative Economic and Social History Since 1900*. EH.Net, H-Net Reviews. September, 1999.

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