



Simon James Bytheway. *Wakon gaishi: gaishikei no tōshi to kigyōshi oyobi tokushu gaisha no hattatsushi senhappyakugojūkyū nisenjūhachi.* Tokyo: Tōsuishobō, 2019. 190 pp. JPY 3,000, paper, ISBN 978-4-88708-452-0.

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Simon Bytheway's latest book is a journey through over 150 years of Japan's economic history, from the mid-nineteenth century to the present day. The overall aim of the author is to demonstrate how foreign capital has long played, and still does play, a significant role in the structural transformations of the Japanese economy. The book title paraphrases the motto *wakon yōsai* (Japanese spirit, Western technique), coined in the Meiji period (1868-1912) to express the attitude of some reformers toward modernization. At the time, government leaders were keenly aware of the need to acquire knowledge and skills from the Euro-American powers in order to strengthen their country and so protect it from the looming threat of Western imperialism. In the economic realm, specifically, the big challenge was to carry out an industrial revolution at a relatively rapid pace. In the early stage of the process, the state and other key actors relied almost entirely on the domestic market to raise the necessary capital for investment. As the scale and complexity of the economy increased, however, it became clear that internal resources would no longer suffice to achieve further growth at the desired level. Consequently, the government had to shed its protectionist policy and open the gates to foreign capital, both in form of loans and direct investment (FDI). Adoption of the gold stan-

dard in 1897, followed by revision of the commercial code two years later, marked the turning point toward integration into global finance. Therefore, Bytheway argues that an apt slogan to describe Japan's economy in the twentieth century could be *wakon gaishi* or "Japanese spirit, foreign capital".

The book is made up of three parts. The first charts the history of FDI in Japan from the opening of the country in the 1850s up to the Second World War. A detailed survey by industrial sectors shows that foreign initiative concentrated on manufacturing that required advanced technology and large investments, such as in the case of machinery, automotives, oil and electric energy. The second part brings forward this investigation into the postwar era, reaching the year 2018. Here the author adopts a different analytical approach, presenting an overview of capital inflows in successive subperiods, each defined by some major trend or innovation. Bytheway distinguishes, first, a phase of strong normative restrictions to investment from abroad, spanning from the Occupation years to most of the high-growth period in the 1950-60s. At that time, he points out, more than private enterprises it was rather the World Bank that provided capital as loans for the development of strategic sectors in Japan. Next, the author considers the beginnings of market liberalization, with a

focus on automotives and chain stores around 1969-71. The following chapters outline the internationalization of finance since the late 1960s, particularly as a result of substantial deregulation under the so-called Big Bang reform, launched in 1996. After a follow-up section on automotives and chain stores, this part of the book ends with a comprehensive appraisal of further globalization in the past decade. The third and final part is a parallel history (1880-2018) of Japan's "special companies," that is to say banks and other enterprises established by law with special prerogatives as agents of state policies. The author combines a general discussion of their functions with a concise presentation of each bank, financial institution, and company.

What is new about this book? The question may naturally arise to readers of Bytheway's previous works, *Nihon keizai to gaikoku shihon 1858-1939 (The Japanese Economy and Foreign Capital, 2005)* and *Investing Japan: Foreign Capital, Monetary Standards, and Economic Development, 1859-2011 (2014)*. There, the author traced the flows of foreign capital into Japan through the following channels: international loans, circa 1870-1930; FDI in the imperial era, 1899-1939; and postwar loans and FDI until the most recent times. Thus, the first two parts of *Wakon gaishi* address the same themes that occupied a large portion of the previous studies. This partial overlapping, however, does not end up in mere repetition with respect to content. Besides providing many additional data, the author organizes his material in a different way, thereby offering new angles from which to re-examine his earlier findings. Ideally, these three books should be read as a set, since together they compose the most comprehensive study currently available on the history of foreign loans and investment in Japan.

This inherent complementarity explains the inclusion, in *Wakon gaishi*, of the section on special companies. The reader might otherwise wonder why this book would deal with them, given that

foreign nationals did not qualify for shareholding. The reason becomes immediately clear in light of Bytheway's previous research on monetary policy and public loans, which demonstrates the importance of foreign capital in the funding of state policies. Some of the main special companies are well known to scholars, especially those that operated on the Asian continent on behalf of imperial Japan. One merit of *Wakon gaishi* is to draw a detailed picture of their network, with chronological tables and brief profiles arranged in encyclopedic fashion. Conciseness and clarity in the presentation of data through the book make the subject accessible to nonspecialists, even though the lack of narrative parts might disappoint the reader looking for human drama. On the whole, Bytheway succeeds in building a coherent account by weaving together information from various sources, such as official company histories, specialized essays, and newspaper articles. The result is a welcome contribution to the literature on economic history in a global perspective.

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