

Kepler and Copernicus over a lifetime of intense application are now learned by many teenagers in a few years late in high school. How many readers of this review can still draw Euclid's simple geometric proof that in a right-angled triangle where  $C$  is the long side,  $C^2 = A^2 + B^2$ ?

Some of the gems in this book come in general discussion, when, like Feyerabend, he asks "what is this thing called science"? He gives the characteristics of a good explanation as scope, depth, simplicity, free of ad hockery.

Reading this book, not as carefully as it deserved, still took twenty or thirty hours, so it is not one for people busy in other areas. However it has a place in every academic library, and in the personal libraries of researchers into the fields mentioned at the start — thinking, learning, remembering — and researchers in the quickly growing area of human-computer interaction. It will also be fertile ground for popular writers in these areas wanting to add something new and constructive to the wisdom and the platitudes in these areas.

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**A History of Japanese Economic Thought** by Tessa Morris-Suzuki

(Cambridge, London and Oxford, Routledge and Nissan Institute For Japanese Studies, 1989), ISBN 0415 012 64 3.

With the Meiji Restoration and the internal creation of an appropriate environment, capitalist institutions and technology were imported extensively into Japan. At the same time, as this book shows, many of the ideas generated in the West to understand the workings of the capitalist system were also imported to Japan. However, as with the imported technologies, Western ideas were to some extent modified and adapted to suit Japanese circumstances.

Since Japan was a late-comer, the fact that capitalist institutions, technology, and related ideas were all imported, rather than being developed indigenously from scratch, was hardly surprising. Much more important from the point of view of the history of thought in Japan, however, were the modifications and adaptations that were made to Western ideas. Morris-Suzuki generally manages successfully to draw out the strands of continuity and change in the transfer of Western thought to Japan. A case in point is her treatment of the reception in Japan of the ideas of Friedrich List (1789-1846) and his successors in the German Historical School like Gustav Schmoller (1838-1917).

Although it took some forty years for the ideas of List to become popularised in Japan, by which time liberal economics had gained the upper hand in Britain and many parts of the Continent, in Japan List was given a very sympathetic hearing. Thus Sadamasu Oshima, List's translator, took issue, in line with List, over the alleged benefits of free trade and the corresponding theory of comparative advantage. The effort to interpret the theory of comparative advantage as a universal law and to give it policy import according to Oshima was (in Morris-Suzuki's words) "Merely a device to perpetuate the dominance of the existing economic powers over newly industrialising nations such as Germany and Japan. In the short term, free trade might indeed appear to

maximise the benefits of all, but this perspective ignored the long-run dynamics of the international economic system" (p.61). This kind of thinking was very much in line with that which much later guided (or, more likely, was implied by) interventions by the Japanese Ministry of International Trade and Industry (MITI). As stated by a Vice-Minister of MITI in 1972, MITI "decided to establish in Japan industries which require intensive employment of capital and technology, industries that in consideration of competitive cost of production would be the most inappropriate for Japan. . . . From a short-run static viewpoint, encouragement of such industries would seem to conflict with economic rationalism. But, from a long-range viewpoint, these are precisely the industries where income elasticity of demand is high, technological progress is rapid, and labour productivity rises fast."

However, the debate over the theoretical accuracy of the theory of comparative advantage and its policy significance, and the warm reception given in Japan to Listian ideas, are to be understood, not only in the realm of ideas, but also in terms of the concrete circumstances of the political economy of Japan. It is a strength of the present book that these circumstances are elaborated upon and related to the evolution of economic thought in Japan. Thus Morris-Suzuki points out that in early Meiji Japan there "was no extensive industrial capitalist class, whose members might desire to carry on their business unhindered by government interference. On the contrary, the small number of new industrialists were well aware of their fragile position in the world economy, and generally welcomed the guidance and assistance of the state." It is for this reason that "liberal and utilitarian economic ideas had far less political impact in Japan than they did in Britain" (p.58).

Of course, as in other capitalist countries, the thinking of economists in Japan was polarised and Morris-Suzuki traces in an illuminating way the development of both right-wing and Marxist thought in the inter-war years. It is the latter which is given extensive treatment in this book, justifiably in terms of the great influence which Marxist ideas have had on Japanese economists and economic historians which has continued to the present day. The views of the Koza and Rono Schools (the former being most closely associated with the Japan Communist Party) are illuminatingly summarised, as are the ideas of several prominent Marxist scholars, such as Uno. Once again it is made clear how Western Marxist thought has been modified and adapted to suit Japanese circumstances. This is evident, for example, in Uno's attempt to come to terms with Marx's abstract level of analysis and to relate it to more applied studies of the development of capitalism in Japan. Morris-Suzuki praises Uno and those following in his footsteps such as Ouchi and Oshima for "their ability to conduct [the] debate with relatively little use of jargon and with meticulous attention to statistical data." She concludes that this approach enabled them "to obtain considerable authority amongst their fellow economists, and therefore to exert a wide-ranging influence on Japanese economic analysis in the 1960s and early 1970s" (p.126).

In an equally balanced treatment Morris-Suzuki traces the increasing influence of liberal economics primarily from the United States in the post Second World War period. The writings of Osamu Shimomura, Miyohei Shinohara, Saburo Okita, Hisao Kanamori, Kiyoshi Kojima, Ryutaro Komiya, Yoshikazu Miyazaki, and Shigeto Tsuru are paid particularly close attention. As in the rest of the book, Morris Suzuki's approach is to devote a separate section to a summary of the work of each author. The advantage of this approach is that the reader

is given a taste of the issues, approach, and conclusions of the author which provides a useful introductory overview, although a more detailed appreciation of the author's contribution will require going beyond the present book. An alternative approach involving a thematic treatment, however, might have provided a more rigorous account of the uniquely Japanese contributions to economic theory. For example, the reader is left with a somewhat fragmented account of the explanations that have been offered by Japanese economists of the spectacular economic performance and rapid catch-up processes that have occurred in post-war Japan. This might have been avoided by a thematic approach.

The final chapter devoted to contemporary Japanese economic thought includes the work of economists such as Yasusuke Murakami and Kenichi Imai who, in breaking away from the mainstream of economic thought, have made creative attempts to provide their own explanations of the workings of the Japanese political economy. In Imai's case this has involved putting both organisation and technology in the centre of the stage while Murakami has emphasised the importance of the tradition of collectivism. Once again this chapter is an illuminating overview of the ideas of some major contemporary economists although the same problem of fragmentation noted earlier again arises.

Perhaps the major omission in this chapter and indeed the book is a consideration of the work of Masahiko Aoki who, in the present reviewer's opinion, has made one of the most important contributions to economic thought as well as to the understanding of Japan. His book *Information, Incentives, and Bargaining in the Japanese Economy*, Cambridge University Press, 1988, provides a masterly analysis of the Japanese political economy at the 'micro-micro' level, paying particular attention to its unique features and therefore indirectly offering an explanation for the atypical Japanese economic performance. Ranging from an analysis of the unique characteristics of the Japanese firm (although an analysis too dependent on the somewhat special circumstances of the automobile industry), through an examination of the Japanese industrial and financial structures, Aoki also boldly (for an economist) ventures into the complex area of the relationship between the economy, the political process, and the bureaucracy. While the latter feature of Aoki's book will provide the basis for a good deal of debate, there can be little doubt that many of the issues that he raises in this book are of fundamental importance in any attempt to understand the relative performance of the Japanese economy.

As Aoki's contribution makes implicitly clear, the Japanese economic experience is of interest partly as a result of the comparative light that its analysis throws on the workings of Western economies. In this way the contributions of Japanese economists, such as many of those discussed in the present book, assume an additional significance. Morris-Suzuki's book is to be welcomed in that it will serve to introduce Japanese economic thought to a wider readership.

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