

"INDUSTRIAL DEVELOPMENT OF JAPAN DURING MEIJI ERA 1868-1912"

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INTRODUCTION

Fear of economic exploitation and political domination by the industrially advanced West provided the necessary incentive for the industrialization of Japan.

Before the Meiji Restoration Japan was confined in a pool of stagnation and poverty. Her feudal barriers suppressed growth and change and tended to freeze labour and capital in traditional occupations.

When the Meiji Government came into power 1868, she succeeded in creating the political and economic framework indispensable for capitalist development and provided the necessary impetus to industrialization. On the foundation of a peasant agriculture economy was erected a super structure of large-scale enterprise in very short period.

In the space of same years Japan had transformed into a modern industrial state and capable of producing most types of manufactured products.

The industrial prosperity soon enabled her to become a great military power and to pursue with success since 1894 a policy of imperialist expansion in the continent of Asia.²

But the industrial progress of Japan did not depend on great natural resources. She was not well endowed with the raw materials of industry; she had no oil, no bauxite, no non-ferrous metals, very little iron and coal, the only saving feature being her large capacity for generating hydroelectric power.

Yet the industrial growth of Japan after 1868 was the most rapid in history until 1929. This rapid tempo of progress was made possible by forces released by the Meiji Revolution.³

This research article is divided into six sections. The first section describes introduction, the second section examines factors promoting industrialization after 1868, the third section explains industrial achievements during the period 1868 to 1890, the fourth section attempts the causes of government intervention, the fifth section states policy of re-privatization after 1882 and industrial development and last conclusion.

FACTORS PROMOTING INDUSTRIALIZATION AFTER 1868

The main obstacles that stood in the way of industrial growth in Japan were the lack of capital and industrial training, the inadequacy of transportation facilities and the dearth of industrial entrepreneurship. These could be overcome in a short time only by a positive state-policy and in this Japan was not lacking.

In fact the story of Japan's early industrialization is the story of the dominant part played by the government in accelerating the development of industrial capitalism. Had there been no government intervention in the early stages, Japan's industrialization would have been much delayed and slower. In the early Meiji period when daring and innovating entrepreneurs were scarce, the government itself took the lead in developing manufactures.

As there was a shortage of trained labour, the government had to borrow technicians from foreign countries. During 1874 the country had secured technical aid from Dutch, German and French technicians.⁴

The government early realized that without transport development industrialization of the economy was well nigh impossible. Active steps were, therefore, taken by the State to remove Japan's backwardness in this respect.

The third problem that demanded a quick solution was that of capital formation. It was, however, solved by the combined efforts of the merchants (the rising bourgeoisie) and the State.

During the Tokugawa period many feudal clans were excluded by the ruling Tokugawa group from all participation in the government; they were thus forced to seek sources for their earnings in other pursuits. Some of them had far-flung trading interests and had accumulated large amounts of capital. After the Revolution these merchants shifted their accumulated surplus from mercantile to industrial activities.

Another source of primary accumulation of capital was the agricultural sector. The economy being predominantly agrarian, the bulk of the economic surplus had to be extracted from the peasants. In feudal times this surplus was directed to the maintenance of the samurai; in the Meiji era this surplus was mobilized by taxation and became available for investment in new industries.⁵

Moreover, the government took other devices to increase the aggregate economic surplus. It pursued a systematic inflationary policy, which led to a further redistribution of income in favour of capital accumulation. Secondly, a rigid wage policy that did not allow wages to rise enforced in the early Meiji years. Thirdly, the government issued debentures in payment of indemnities to the dislodged feudal lords. The latter became, by virtue of the commutation of their pensions, financial magnates investing their freshly capitalized wealth in banks, stocks and industries.

Hence a positive state policy was the most important instrument of economic change during the early Meiji era. But several other factors quickened the process of Japan's transition to industrialism.

First, the **threat of Western penetration** acted as an ever-present stimulant to Japan's industrial development. The breakdown of Japan's seclusion exposed her markets to foreign competition and threatened the very existence of Japan's rising capitalism. Further Japan's military weakness consequent on her economic backwardness might make her the easy spoil of Western Powers. It was the necessity of staving off foreign competition

and foreign aggression that exercised a powerful impact on the speed and direction of Japan's subsequent development.⁶

On the other hand, after 1868 Japan came in contact with Western countries; this promoted the growth of foreign trade at accumulative rate, which in turn simulated the economy as a whole and provided a basis for the growth of manufactures.

The benefits of her increasing foreign trade could be utilized for the purpose of industrialization; for increased agricultural productivity in the Meiji era enabled Japan to feed her growing population; this rendered her relatively independent of food imports. Therefore, Japan could use her surplus trade balance to purchase equipments from abroad.

INDUSTRIAL ACHIEVEMENTSPERIOD FROM 1868 TO 1890

The first twenty years of the Meiji era may be called the formative stage of Japan's industrialization. In these years the new government proceeded resolutely to demolish the crumbling structures of feudalism and to create the necessary atmosphere for capitalist expansion.⁷

The establishment of a munitions industry was the most urgent requirement of the period. The new government re-equipped and strengthened the already existing armament factories of the shogunate. Thus the Nagasaki Iron Foundries, which had belonged to the Shogun, became the parent of the new government's artillery works; the Kagoshima Shipbuilding Yard, originally owned by the lord of Satusma, was adapted to the manufacture of war-ships.

The State soon realized the necessity of introducing the new methods of transport and communication that had played so crucial a part in the industrialization of the West. Thus special attention was given to the development of a mercantile marine, a railroad from Tokyo to Yokohama and other steam services. Very soon a postal and telegraph system was introduced.

Moreover, the State took the initiative in establishing a large number of manufacturing concerns equipped with Western machinery. The State took over many of the undertakings of the shogunate and the daimyo re-equipped and reorganized them. During the seventies it built and operated cotton-spinning mills of a Western type in many places; and to encourage private enterprise it imported and then sold foreign spinning machinery to entrepreneurs on the installment plans.

Thus the State was bent upon building an integrated industrial economy capable of supporting modern warfare and at the same time able to meet the onslaught of foreign competition. Its energetic steps modernized the Army and Navy, improved transport and communications and founded new industries.

CAUSES OF GOVERNMENT INTERVENTION

The government's policy of sponsoring industries in the early stage was to serve some immediate ends: to forge military and administrative unity; to provide metal products and fuels for its own needs; to prevent unemployment among miners and to exclude foreign capital.⁸

In the early stage daring and innovating entrepreneurs were scarce; and in spite of large surplus at their disposal, merchants would not easily move away from traditional fields of activities like speculation, trade and money lending. Therefore in the initial stage the required entrepreneurial role had to be played by the State itself.

Again Japan had to make large payments in foreign currencies in return for imports of equipments needed to carry out her program of Westernization. But the necessary foreign exchange was scarce. The government pioneered new industries in the hope of creating new exports and replacing imports by home-produced supplies.

Another reason was to find useful employment for the samurai who had lost their privileged status. To find occupations for this restless class was condition of the government's survival.

POLICY OF "RE-PRIVATIZATION" AFTER 1882

The government however, relinquished its role of direct entrepreneurship after 1882. Most of the State's industrial properties were disposed of at prices low enough to attract ready buyers.⁹

There were some reasons why the government abandoned its ownership of factories after 1882. Firstly, the industries established by the State were firmly rooted by that time and so could be safely run by the people. Secondly, private initiative and experience had in the mean time developed and should be endowed with fresh opportunities for investment. Thirdly, the profits of State undertakings proved meager; it was necessary to conserve resources to stabilize government finance and armaments. Finally, the State pursued the policy of 're-privatization' of its enterprises and increasing the power of the financial oligarchy. This policy and others assisted the emerging financial-industrial combines (zaibatsu) in which financial control came to be increasingly concentrated at the expense of local economic interests. However, the State retained a powerful voice in the overall direction of industrial development.

PERIOD FROM 1890 TO 1912

1890's marked turning point in the history of Japan's industrialization. For the decade witnessed a rapid rise of industrial output as a result of assimilation of machine technology, the accumulation of banking and industrial capital and the expansive influences of world prosperity and rising prices. Two victorious wars, at an interval of a decade, gave additional impetus to the development of transport, banking and strategic industries under the leadership of the State and the nascent zaibatsu.¹⁰

The Sino-Japanese War of 1894-95 gave a filling to the industrialization of Japan. Japan's victory in the war gave her important advantages. Politically the war marked Japan's entry into the arena of Far East imperialism. Economically she obtained among other things, a large indemnity that proved useful in introducing the Gold standard and brought her currency in line with other foreign currencies. Also by virtue of her newly acquired

prestige she was able to terminate the humiliating treaties of 1858 with the Western powers; she now became free to impose tariffs.

Towards the end of the century she gave encouragement to the shipbuilding and the chemical industries-the first to expand the export trade and the second to effect improvements in agriculture. The general tendency of the period was to invest in commercial and transport companies. The effect of industrialization was reflected also in the composition of exports in which the percentage of manufactures went on increasing.

The **Russo-Japanese War (1904-05)** occurred just ten years after the war with China. Once again the industry of the country received impetus from the opportunities provided by the war. The war hastened the development of financial institutions, marine transport and the industrial technology of the country. The rapid expansion of her foreign trade enabled her to borrow substantially from other countries. The bulk of this foreign loan found its way in industrial investment; and before the First World War notable progress was achieved in metal, electrical, rubber and shipbuilding industries.¹¹

One notable feature of the period was the founding of large-scale enterprises on Western lines. This was clearly manifest in the expansion of large-scale banking, shipping heavy industry and colonial enterprises; all these grew largely out of government initiative, subsidy and protection.

Among the large-scale State-sponsored industries before the First World War, the most successful perhaps was the merchant marine. The rapid progress of the industry was marked by a threefold increase in tonnage from 1896 to 1912. Equally important was the establishment of large-scale metallurgical industries. In spite of the shortage of new materials, the success achieved particularly in the steel industry was not insignificant. But the machinery and equipment industry achieved only a modest success. Japan remained still dependent on imports of vehicles, scientific instruments and machinery.

Small industries, however, achieved a more significant progress in the same period. Agricultural and traditional industries were diversified and modernized. They were responsible for most of the growth of national income during the period. Many traditional industries flourished in response to foreign demand; many were adapted to Western method; many expanded with little change in production technique.

The foreign demand influenced specially the growth of silk industry in this period. Silk export expanded greatly, and this stimulated the development of Japan's industries. Although technical novelties were introduced in the production of silk, the industry as whole remained, essentially small-scale in character.

The growth of cotton textile industry also was remarkable. The chief factors leading to the development of this traditional industry were a large consumer demand in the Asian markets, the availability of cheap raw cotton, the limited capital requirements of textile mills and the abundance of cheap female labour. Unlike the silk industry, the cotton manufacture underwent a thoroughgoing technological and structural change; and the factory system was deeply entrenched in this industry.¹²

During the period the textile industries formed by far the most important section of Japan's manufacturing activity.

CONCLUSION

The economy of Japan during Tokugawa rule was mainly agricultural. Her feudal barriers suppressed growth and change and feudal to freeze labour and capital in traditional occupations. When Meiji Government came into power 1868, the natural endowments of the country were poor and technical knowledge was almost zero. They recognized the need to build up Japan's military strength in order to check foreign aggression and they also realized that a stable economic basis was an essential pre-condition for the development.

They Meiji Government sent Japanese students to abroad to study and absorb the latest techniques in all lines of commerce,

banking, industry and science.

A fiscal policy was formed that could extract saving from the agricultural sector because capital was imperative for industrial development.

The Japanese industries grew slowly at first; and were mostly labour-intensive. But with her defeat of China began the dawn of Japan's great industrial development. After the Russo-Japanese War the economy was caught into vortex of industrial revolution. The fact that Japan remained in a War footing from 1894 to 1905. The industries that flourished most were silk, paper, copper, clothing and other consumer industries. Shipping and railroads were developed to encourage foreign trade. Thus, sufficient industrial development was achieved during the Meiji period and foundation was laid for further development.

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