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HOKKAIDO UNIVERSITY
ECONOMIC DEVELOPMENT AND INTELLECTUAL HISTORY IN JAPAN

Hiromi Ishigaki

Introduction

The object of this paper is to trace the transplantation of one of the many Western economic ideas introduced into Japan, and its contributions to Japanese development from the time of the Meiji Restoration to the end of the World War II. Of Western ideologies, Christianity and Marxism have had the most significant impact on modern Japanese thought. So far, however, no attempt has been made to evaluate this Marxist influence. In view of this, it is vital to inquire into the theory and practice of “Japanized” Marxism; both in relation to economic modernization and Japanese intellectual evolution in the widest sense.

The ascendance of Socialist ideas and ideals among Japanese intellectuals during the pre-war period, especially in the 1920's and 1930's, and after World War II, appears as a strange phenomenon in a country already regarded by some(1) as economically and culturally advanced. To a Western observer, familiar with the experience of a number of highly industrialized countries, this situation might appear baffling.(2) The educated peoples' peculiar bent towards socialistic ideas and ideals, a trend

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found even in academic circles, can be associated, on the one hand, with the economic backwardness of the country, and on the other, with the traditional attitude towards foreign cultures. Both these factors will be discussed with reference to the history of the world economy.

We shall begin with a brief outline of Japanese economic backwardness and then turn to the indigenous intellectual climate which both helped and impeded the emergence of Japanese Marxism in the interwar period.

**Backwardness and the World Economy**

No one can deny the fact that Japanese economic development stemmed from the impact of European power in the closing period of the Tokugawa era. In fact, economic development throughout the Far East in general arose under similar circumstances. Many characteristics which to-day make the Japanese economy different from that of European countries can be traced back in its genesis; but at the same time the way in which Japan’s economy responded to the impact of the West saddled it with a historical task markedly different from that of other Asian nations, particularly China.

The concept of “National Economy”\(^{(3)}\) in the West was conditioned by the ideas and institutions of the society in which it arose. Since the establishment of the nation-state in Europe, each nation followed so-called mercantilist policies which at first aimed at providing them with as much gold and silver as possible through the expansion of trade on a wider and

\(^{(3)}\) The term is normally used as synonymous with any kind of economic protectionism, as, for instance, in the writings of German Historical economists. Such use is unobjectionable from the viewpoint of the historical development of economic thoughts, so long as it implies no general observation on the actual tendency both towards economic nationalism and internationalism since about 1850. Since in this paper we are concerned with the general characteristics of nation-state’s economy in the world economy, it is obvious that a concept limited to the phenomena of protectionism is too narrow for our purposes. “National economy” may be safely defined as an economic integration which national state intends to build up in one way or another as against international integration.
wider scale. However, this pre-industrial period cannot be looked upon as one in which "national economy" was securely established, because, as was most explicitly expressed in James Steuart's "Profit upon Alienation", one nation's profit entails another nation's loss in the balance of trade, and so there never existed any favourable effects of specialization on any country's economy at all. Certainly "State-making" was the chief business of the Mercantile system, and economic considerations were usually subordinated and frequently sacrificed to political ends. Consequently, through tariffs, subsidies, and grants of monopoly, a country could lift itself to a position of power and prosperity quite regardless of the interests of other nations. Of course, within the state, mercantilism constantly pursued thoroughgoing dynamic ends. But the important thing here is that this was bound up with a static conception of the total economic resources in the world. It is clear, therefore, that "the tragedy of mercantilism" was largely due to the confined idea that the position of a particular country could change and was capable of progress, but this could happen only through acquisitions from other countries. Almost the same situation is to be seen in the following period which covers the whole industrial revolution process up to about the middle of the 19th century. Broadly speaking, it was not the intention of the countries undergoing industrialization to assist the economic expansion of the outside world, but rather to foster their domestic economy, as clearly showed in the case of Britain. In fact, since the period of the establishment of nation-state, no country has ever existed without any economic and political expansion of its own nation. Even during the laissez-faire period the government was automatically patriotic, and the private enterprise as well as its working people normally found it difficult to go further beyond the nation in the pursuit of their interests.

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By the same token, the writings of classical economists did not often refer to the "National Economy" as they believed that such development took place naturally. Nor could there be found any requirements whatsoever for specifically devised institutions, organizations, and policy measures, which were based on national solidarity, as can be seen in the writings of the German historical school.(6)

(6) List insisted on the distinction between political economy and cosmopolitical economy, criticizing Smith by saying that “Adam Smith did not propose any more than Quesnay to treat of the objects of political economy, or of the policy which each country has to pursue in improving its economical condition. The title of his work is, The Nature and Causes of the Wealth of Nations, that is, of all the nations of the world. He devoted a portion of his work to the various systems of political economy, but only with the view of showing of what little value they were, and of proving that political or national economy ought to yield to universal economy. If he sometimes speaks of war, it is merely in passing. The idea of perpetual peace is the basis of all his arguments.” (F. List. National System of Political Economy, translated by G. A. Matile, 1856, p. 191.) Most of continental economists, of whom List was representative, believed that, mercantilism commits the great error of maintaining the absolute and universal advantage and necessity of restriction, because it has been advantageous and beneficial to certain nations at certain periods of their development, but on the contrary, classical economists have in view only the cosmopolitical idea of absolute freedom based on universal union of states. (M. E. Hirst, Life of Friedrich List, London, 1909, pp. 285-318). Practically, however, this is only true of their theoretical framework in which the worldwide perfect market, substantial movement of labour and capital, complete international equalization of factor prices etc. are fully operating. This is, of course, an unrealistic assumption. Rather we can see here the evidence that they were undoubtedly “good nationalists and citizens of a country conscious of the advantages of being ahead of the rest of the world” (G. Myrdal, Value in Social Theory, London, 1958, p. 6). We should not take it for granted unconditionally that private enterprise is cosmopolitan in kind, whereas government is normally nationalist. L. Robins stated that “it must be realized that this consumption which was regarded as the end of economic activity was the consumption of a limited community, the members of the nation-state. To the extent to which they repudiated former maxims of economic warfare and assumed mutual advantage in international exchange, it is true that the outlook of the classical economists seems, and indeed is, more spacious and pacific than that of their antagonists. But there is little evidence that they often went beyond the test of national advantage as a criterion of policy, still less that they were prepared to contemplate the dissolution of national bonds. If you examine the ground on which they recommended free trade, you will find that it is always in terms of a more productive use of national resources.........

I find no trace anywhere in their writings of the vague cosmopolitanism with which they are often credited by continental writers... All that I contend is that we
Apparently it was not until the latter half of the 19th century that economic interrelationships within the European world increased rapidly and in consequence a much more closely integrated community was born among European nation-states. Needless to say, this is evident from the fact, that, first, not only commodities in general, but rather capital goods, labour, and services, came to flow fairly freely between these countries, and second, its quantitative difference compared with the period before 1850 was associated beyond doubt with qualitative difference.\(^{(7)}\) This may be explained by the increasing possibility of partial war developing into World War, the rapid transmission of one country’s depression to another, and so forth. Economically, European countries were thus closely integrated with each other, and this inter-dependence played an important role in sustaining the economic progress of individual countries and in preserving the international economic balance between these countries. In such an international environment, appearing first during the latter half of the 19th century “National Economy” in the full sense had been established in the European world,\(^{(8)}\) even though get our picture wrong if we suppose that the English Classical Economists would have recommended, because it was good for the world at large, a measure which they thought would be harmful to their own community. It was the consumption of the national economy which they regarded as the end of economic activity.”


\(^{(7)}\) From about 1860 until the outbreak of the first World War, one could say that the world of fact reasonably approximated the world of a certain theoretical model which the classical economists tried to build up in the field of international trade. “Reliance could be and was placed upon market forces to regulate production, the flow of raw materials and finished goods, the movement of capital and even, in large, of labor. By the late nineteenth century, an international economy not too unlike the theoretical model actually existed.” P. T. Ellsworth, *The International Economy*, p. 182 ff. Also see, G. Myrdal, *An International Economy*, (New York, 1958) p. 32. Free labor and capital movement, multilateral trade, gold standard, convertibility of currencies of various nationalities between nation-states and the like, mightwell be considered to be main characteristics peculiar to this period, in which there was little apparent conflict between the two lines of development: towards national and towards international integration. Also see G. Myrdal, *Economic Nationalism and Internationalism* (The Dyason Lectures, 1957), p. 5 ff.

\(^{(8)}\) For instance, see the excellent brief description of industrialism during the past century and of the emergence of an national economy in Ellsworth's book above mentioned (pp. 199-214).
backwardness in each country's economy (and yet just because of this) set each country an economic problem, as will be developed later.

On the other hand, before the modern state was born, Europe had already established one form of universalism – the Holy Roman Empire. The development of modern nation-states beginning in the Renaissance and Reformation periods, was no more than a pluralistic disruption within this once united European world. "National economy" in the European world therefore bore from its very inception, the imprint of a consciousness of international economy. It was a self-evident premise that economic disputes among sovereign states were conflicts among independent members of this international economy. Even after this world had dissolved into national economy based on sovereign states, the tradition of universalism flowed on without interruption. All the national economies which are neighbours and have commercial relations, consequently form a community having common interests. This is so, in the same way as Christendom forms a kind of general republic that had its common interests, fears and precautions.(9)

How does this compare with the Asian world? It might still be controversial whether "the East" has ever really existed or not, but undoubtedly Asia embraces, in the main, three cultural spheres that are highly self–sufficient both historically and traditionally, that is India,

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(9) "Since the time of the stoics and the early Christians, there has been alive in Western civilization a feeling of the moral unity of mankind which strives to find a political organization commensurate with it. The Roman Empire was such a political organization of universal scope. After its downfall, the Roman Empire remained throughout the ages a symbolic reminder of the unity of the Western World..." H. Morgenthau, Politics among Nations (New York, Alfred A. Knopf, 1958), pp. 365–367. See also pp. 311–314.
(10) For the unity of oriental culture, and also one traditional culture in the Far East, see F.S.C. Northrop, The Meetings of East and West (New York, Macmillan 1946), pp. 313–322. For instance, Northrop stated that "to specify the philosophical and religious differences entering into the constitution of the cultures of the East is at the same time to possess inescapable interconnections and identities. It is the unity provided by these essential relations and identities which merges the cultures of the Oriental countries into one traditional culture of the Far East." (p. 313).
China and Japan. It will readily be admitted that the nations in the East have never been integrated into a corporate body or international society as existed in the European world, although much intercourse has been carried on - both economic and diplomatic - among them. The impact of the Western international economy on the East was in consequence more than a case in which a single entity of the international economy confronted more or less closed economic communities and forced each of them to open up the country to foreign influence. The countries of the East were thus dragged into membership of the international economy, whether as colonial, semi-colonial, or simply independent nations, each reacting against the corporate pressure of European power surging from outside. In order to achieve membership of the international community Japan, in her isolated situation, was forced to defend herself with the persistent nation-wide movement—nationalism. In this respect Japan's case may well be said to be unique in that, here, a national economy had to depend, as a last resort, upon nationalistic westernization, however paradoxical it may seem, so that she could get a chance to gain entrance into the international economy.

As far as the ideology of modernization is concerned, in what way did Japan's national economy respond to the impact of the international economy within the European world? How, with the minimum of destruction of one's traditional Oriental beliefs and values and attendant institutions, can one, as quickly as possible, achieve a strong, independent nationalistic state of the Western type? The different answers given to this question by their respective leaders define Contemporary India, Contemporary Japan and Contemporary China. The founders of modern Japan were those patriotic warriors of low rank, the Samurai, who sensitively understood the implications of Western power. (11)

For them the national consciousness meant above all the defence of the traditional socio-political order from the infiltration both of Chris-

ianity and of industrialism.\(^{(12)}\)

Confronted by the overwhelming superiority of the West in industry, technology, and armament, they were soon compelled to recognize that only by arming themselves with the enemy's civilization could they defend the old world and maintain its social privileges against foreign powers. However this involved them in a grave dilemma. They could no longer maintain the old world without adopting European civilization and yet if they adopted the whole of it, they would likewise destroy the old system and destroy their own power. There was only one way of getting out of this paradox; that is, by adopting only European industry, technology, and armaments, whilst restricting to an absolute minimum the infiltration of various undesirable political and religious influences, such as Christianity and liberal democracy.\(^{(13)}\) This solution—"differential usage"—was classically expressed by Hashimoto Sanai: "Acquire mechanical arts from others, retain righteousness, sympathy, and filial piety as our own", and by Sakuma Shōzan: "Eastern morality, Western arts"—arts here of course mean technology.\(^{(14)}\)

In contrast to China's case, Japan succeeded in this endeavour to try desperately to carry out the "differential usage" under the banner of "a prosperous nation and a strong military". This picture is of course highly simplified, but is a sufficiently realistic hypothesis of the ideological climate within which industrialization of Japan's national economy proceeded.

\(^{(12)}\) This attitude stands in definite contrast to that in the European case. Details are given by M. Maruyama, *Thought and Behaviour in Modern Japanese Politics, trans. I. Morris and others* (New York, 1963), pp. 134-156. In this respect, it is often pointed out that Asian major countries, such as China, India, Indonesia, and Japan, were forced to take their own unique courses of accepting the West according to the timing and intention of its impact. See F. S. C. Northrop, *op. cit.* p. 428.

In this respect Japan stands in contrast to the attitudes common to the relatively backward European countries.

According to Gerschenkron's theory the industrialization process in the nineteenth century, did not necessarily tend to take the same path as that traced out by at an earlier time. In other words, each century began to industrialize from very different levels of economic backwardness, and these differences were crucial and significant determinants of the cause and character of industrialization. Processes of industrialization, when launched in a backward country show many differences as compared with a more advanced country, not only with regard to speed of development (the rate of industrial growth), but also with regard to the productive and organizational structure of industry which emerged from such processes. For example, the more backward a country's economy, the more likely was it to strengthen the constituent elements of the national economy, as List suggested, and to be encouraged to establish specific banking system (investment bank in Germany, Crédit

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(14) "His simple formula satisfied at least two of the basic conditions for Japan's survival in the modern world: the need for developing military power sufficiently to hold off the West, while at the same time preserving that unity of national purpose and action which, under the circumstances, could only spring from common and well established traditions." Sources of Japanese Tradition, vol. II, ed. T. de Barry, 1958, p. 100. Such idea was, however, common to China in the closing years of the Manchu Dynasty as well as in the latter half of nineteenth century. Feng Kuei-fen seems to be the first scholar who applied this idea to China's modern problem and thereafter it was made famous by Chang Chin-Tung, who formulated a slogan, "Chinese learning for the fundamental principles, Western learning for practical application". See Teng & Fairbank, China's Response to the West (New York, 1963), p. 50, p. 164.


Mobilier in France)\(^{(17)}\) and other financial facilities which Hilferding mentioned,\(^{(18)}\) and to show several characteristic variations, such as the sudden spurt of manufacturing output, the stress in industrialization on “bigness” of both plant and enterprise,\(^{(19)}\) at times subsidized by Government, the holding down of the levels of consumption of the population, and relatively unfavourable conditions in agriculture.\(^{(20)}\)

Such an attempt to view the course of industrialization in a schematic way needs perhaps a more detailed discussion. But, first, it must be

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\(^{(18)}\) In the comparatively rich countries which were industrialized in the nineteenth century (except U.K.), there was a marked shortage of funds in relation to available opportunities and this situation encouraged government, entrepreneur and merchants to take steps in adapting or devising institutions to provide them with funds; witness, the introduction of “trust” certificates and industrial preferred stock, the development in investment banking and the activating of bond market and Zaibatsu. For instance see H. J. Habakkuk, *The Historical Experience on the Basic Conditions of Economic Progress* (Economic Progress: Papers and Proceedings of a Round Table held by the International Association, ed. Leon H. Dupriez, 1955), p. 156.

noted that these differences in the patterns of industrialization would probably never have come into existence without the stimulating atmosphere of world competition and the many challenges surging into it from the international economy. This competition engendered a new consciousness of backwardness within the ruling groups. In other words, the tension between the actual state of economic activities in a backward country and the existing obstacles to economic development, together with the great promise inherent in such a development has to be sufficiently great to stimulate industrialization. The more serious the discrepancy between the level of the international economy and that of the national economy, the more significant the effort required to catch up with the level of the most advanced economy.

From this statement comes the second consideration, that is to say, the intellectual climate within which industrialization proceeded. This climate differed a great deal among advanced and backward countries: paradoxically enough, almost all European countries, industrializing later

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(20) Although one has some doubt as to whether the agricultural population was really pauperized more than it was the case in preceding periods, the position is very different if one look at the situation in other progressive sectors. Japan’s case shows one of the adequate examples. See S. Tsuru, “The Take-off in Japan” The Economics of Take-off into Sustained Growth, ed. W. W. Rostow (London, 1963), pp. 146–147, and also Dr. M. Boserup’s comment on Gerschenkron’s paper (op. cit., D.C. Hague, “Summary Record of the Debate”), p. 384. T. C. Smith, The Agrarian Origins of Modern Japan (Stanford, 1959), p. 211, and D. C. also Seventh Session : The Discussion of Professor Tsuru’s Paper (op. cit., Hague, “Summary”), pp. 366–375.

(21) Generally speaking, this tension tends to appear in different forms according to timing and space all right, but no one seems to dispute that it is bound up to a sort of national unity. There is, and has been, no such thing as the strain of backwardness which is not connected with international competition, that is to say, with the quest for political and military power as well as national prestige. Since the end of World War II, it has become fashionable to declare that the desire and drive for economic development and the pursuit of increased welfare have more and more caught the imagination of people everywhere. On this point see A. O. Hirschman, op. cit., p. 10, and p. 209, and also Professor Kuznets’s comment (The Economics of Take-off into Sustained Growth, ed. W. W. Rostow, p. 383), E. Hagen, op. cit., “Social Tension Among The Elite”, pp. 74–85.
than Britain developed their economies under the auspices of socialist ideologies of one kind or another. For example, Saint-Simonism in France, List's industrialization theory in Germany, and Marxist thought in Russia. Here again, the intellectual and emotional forces of industrialization had to be relatively more powerful in less developed national economies.

These characteristic features of the under-developed countries were present in the Japanese economy. However, a distinct contrast to the European experience seems to be found in the very prominent character of nationalism as a concomitant ideology to the industrialization process. Japanese nationalism is paralleled by European socialism. Accordingly, Japan can be called a nationalist-directed economy. As a matter of fact, oppressed by a constant feeling of foreign crisis, Japan, in its quest for modernization, was obliged to rely upon a kind of spiritual seclusion with

(22) See Gerschenkron, *op. cit.*, Appendix to chap. 7, pp. 188-197. However, it is perhaps not unnatural to say that even the classical theory began a retreat from the conservative interpretation of the doctrine of laissez-faire. In fact it underwent changes from an unqualified economic liberty into the social welfare. Although this idea itself was, if not so pronounced, already one of the basic presumptions that classicists held, the impact of socialist idea and institutionalist criticism made it more and more explicitly a theory of public welfare, of which principle is that the test of policy is to be its effect on human happiness. (See L. Robbins, *op. cit.* p. 177.) This utilitarianism is often put in a position of sharp contrast with institutionalist idea and socialist thought. But further insights on this contrast will show that liberal utilitarian atomism and the more heterogeneous organic or legalistic German theory are at heart akin. For instance, both use in some form or other an objective political concept with respect to society as a whole, whether it be social welfare or the will of the state, etc. (For this point, see G. Myrdal, *The Political Element in the Development of Economic Theory*, London, 1953, p. 195.) This idea of economic happiness was growing so dominant that even writers who otherwise attribute the fundamental importance to the conflict of interests did not escape it altogether. In fact many modern socialist writers, particularly those who have had contact with orthodox liberal doctrine, have even more definite ideas about the existence of a common welfare. The absence of this sort of idea is no doubt one of the distinctive features of the intellectual climate in Japan.
strong coerciveness and comprehensiveness. This is explained by the
fact that just at the time when she opened up the country to the world,
there was a notable lack of awareness of equality in international affairs
and an absence of any higher normative standards against which to
gauge international relations. The nationalist-directed economy was conse­
quently the only way left to achieve political independence and to enter
the international economy.

Intellectual Climate

The industrialization of a backward country in the nineteenth cent­
ury was generally accompanied by so many upheavals in all spheres of
society; and this is particularly so in Japan. Since, in Japan industriali­
zation was subordinated to the one supreme goal of becoming an indus­
trial power, which was pressed forward with lightning speed. Imbalances
were bound to occur. One can easily find economic difficulties, such as
a horizontal supply curve of labour, wages kept close to subsistence
levels, the coming and going of depression, a large amount of disguised
unemployment, a class structure which was sharply defined, and a non­
existent middle class. Such abject material poverty, which resulted
from Japan's economic backwardness, tended to give rise to socialist
ideas. This is in contrast to the experience of most European countries

(23) See T. C. Smith's comparison of China and Japan. "In their attempts
to import Western military technology Tokugawa officials made implicitly the same
distinction between means and ends as Chinese Confucianists made explicit in the
t'i-yung formula...But whereas the Chinese got stuck with this distinction, the
Japanese were liberated from it by a revolutionary class that came to power in 1868.
For this class there was no Chinese analogue." T. C. Smith, op. cit., p. 15.
(25) B. Higgins, Economic Development (London, 1959), p. 120.
(26) Socialism's impact on China was first represented by the revolutionary
thought in which Sun Yat-sen and Liang Ch'i-ch'ao attempted a synthesis of
Chinese thought and Western socialism. Robert A. Scalapino and H. Schifferin,"Early Socialist Currents in the Chinese Revolutionary Movement : Sun Yat-sen Versus Lian Ch'i-Ch'ao" Journal of Asian Studies, 17, 1959, pp. 321-342. Impact occurred at the same time, but it resulted in different way between China
where socialism coincided with and followed in the wake of economic progress.

However, one cannot satisfactorily explain the peculiar position of the intellectuals in Japan, without also taking into account their traditional ways of thinking and the strong impact of Western socialism.

It is not the purpose of this paper to explain fully the traditional intellectual climate at the time of industrialization under the powerful influence of the West. A commonly held view is that traditional values are embodied in Confucianism, Buddhism, and in particular, Shintoism, as compared with the new Western ideas introduced on a large scale into Japan since 1868. (27) Attention must be directed to those traditional beliefs which are most important in the intellectual history of the Japanese people. The introduction of Buddhism and Confucianism in ancient Japan did much, it is true, to develop the native culture, but it did not bring about as much change in the social fabric, economic structure and even everyday manners and customs as did Western culture. In this respect one might say that Western thought has itself become almost traditional, since it began to be assimilated to an unparalleled extent during the Meiji era. Consequently, it is quite misleading to divide Japanese thoughts into two definite categories, traditional and non-traditional: rather the important thing is to recognize that Japan has never had any traditional body of ideas such as Christianity in Europe or Taoism in China. In the Japanese situation so many ideas co-exist that it is difficult to determine which will ultimately dominate the social relationships of the community.

Despite this fact, when it comes to extremely grave problems on the national level, such as the opening up of the country to foreign trade in 1854, a certain mental attitude which is closely associated with the in-

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(27) For example R. Bellah, *Tokugawa Religion, the Values of pre-industrial Japan* (Chicago, 1957), p. 59. "In the national and family religions all the great religious traditions were presented and almost inseparably fused. Confucianism and Shinto has borrowed Buddhism metaphysics and psychology; Buddhism and Shinto had borrowed much of the Confucian ethics; and Confucianism and Buddhism had been rather thoroughly Japanized."
herent primitive belief of Shinto comes to the fore.\textsuperscript{(28)} Shintoism’s basic characteristic has been an inherent belief independent of founders or scriptures. Therefore, it has always been peculiarly liable to adopt imported ideas and religions to fill its doctrinal vacuum. In this was Shintoism embraced Confucianism in the Tokugawa period, and Buddhism in the sixth century.\textsuperscript{(29)}

If in 1612 the Bakufu had not issued an edict against the propagation of Christianity and razed church buildings, and if in the Meiji period of the so-called ‘Kokutai’ – literally national polity but in reality a movement which had as its slogan the dignity of the Emperor which opposed Christianity for nationalistic reasons, had not been established, Christianity would have spread more widely and more rapidly in Japan than in China or India.\textsuperscript{(30)} It is not only because of the universal character of Christianity with its great flexibility for adapting itself to heterogeneous culture and with the logical elements in its doctrine, but also because of the characteristic tolerance which Shintoism has preserved


\textsuperscript{(29)} For a good summary of this point see R. Bellah, \textit{op. cit.}, pp. 63–70. After the Meiji Restoration, Japan’s ruler made full use of the potentialities of the native Shinto religion to mobilize the people in the service of national goal. (D.C. Holtom, \textit{Modern Nationalism and Shinto Nationalism}, Chicago, 1955, pp. 53–54 and 64–65.) Therefore, “by 1900 State Shinto and Sect Shinto were clearly separated, the one concerned largely with the emperor and official ceremonial, the other with those elements of popular belief which had for centuries been the chief part of religion as the majority of Japanese know it.” (W.G. Beasely, \textit{The Modern History of Japan}, London, 1963, p. 193). Then after Japan’s defeat the former was disestablished, and the endogenous belief in its native form remains.

from its very inception towards foreign ideas and thoughts. In other words it is not too much to say that this primitive religion has in essence an all-embracing tendency which allows the values and ethics flowing in from outside to co-exist within its sphere. We can see this in so many historical cases of the conflict between traditional and non-traditional ideas. Therefore in the spiritual life of the Japanese people there are ethical and doctrinal elements of many religions co-existing independently from each other, all of which have been assimilated in a haphazard fashion without any conflicting tensions and bitter confrontations.

No wonder the spell-binding power of the national polity as an ideology and as a principle of organization resulted from this all-embracing character of Shintoism. On the other hand, this seems to be one of the substantial reasons for the significant role of Marxism the impact of which on the Japanese intellectual climate has been much more considerable than anywhere else, especially in the Taisho period and during the thirties.

In the early Meiji era, there was, amongst Japanese intellectuals great interest in Western intellectual systems represented, respectively, by the ideas of Rousseau, Comte, Spencer and Buckle. About the middle of the Meiji period such interest was extended to more specific fields, to the study of the individual sciences, mainly politics, law, philosophy and economics. Later however, this interest, under the influence of Marxism, underwent a further development towards the integration of the sciences. Marxist influence also stimulated interest in the mechanistic theory of history, based on the ‘iron law of economic development.’ It is not very surprising that intellectuals in Japan, who in general are not as good as Western scholars at constructing such a rational framework on which to order their historical knowledge, should have found such

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According to Marxism, no scientific study can be completely free of certain ideological assertions, which inevitably involve scholars and researchers; therefore, it is only possible to work according to value judgements, whether these be conscious or not. This teaching, peculiar to Marxism, created a lasting impression on intellectuals who had not previously developed their ideas concerning the inseparable relationships between theory and practice, knowledge and fact. Intellectual oppression, the result of the strongly developed 'national polity', also spurred educated people to an acceptance of the Marxian system.

The only Japanese intellectuals to realize the extent of the danger inherent in the structurally imbalanced Japanese economy were those educated in Western ideas. Such problems had existed long before ultranationalism threw them into relief, for all to see. Although most of the intelligentsia were far from 'Marxist' in practice and action, it cannot be denied that they were, to different extents, caught up in the Marxian tone of criticism against the economic megalomania. Broadly speaking, the Japanese intelligentsia can be divided into the following group: first, the middle class businessman, and second, the well educated people in general.\(^{(34)}\)

From its inception until its drastic decline, nationalism in Japan has been substantially forced by the militarists, bureaucrats, and the Zaibatsu; it found its social support and co-operation in the first group and it was this group which served as a kind of transmission belt for the spread of ideas to the masses. Through mouth-to-mouth communication, those who form the middle strata exerted influence on the formation of public opinion. However, although there were many extreme-

\(^{(34)}\) In detail, they are, first, the social class that comprises small factory owners, building contractors, proprietors of small retail shops, master carpenters, small landowners, independent farmers, school teachers (especially in primary schools), employees of village offices, low-grade officials, Buddhist and Shinto priests; second, persons like urbansalaried employees, so-called men of culture, journalists, men in occupations demanding higher knowledge such as professors and lawyers and university and college students. See M. Maruyama, *Intellectual History of Japan* (Iwanami, 1960), p. 51.
ly well educated people in this first group, on the whole they had less claim than the second group to number themselves amongst the intelligentsia. It must be pointed out that among the latter the number of people who persisted in an openly anti-nationalistic attitude was comparatively small. Most people adapted themselves to the process of the Fascist movement and followed in its wake. On the other hand, however, they were certainly not positive advocates of the driving force of the 'Double-Nationalist' Movement, but rather in the mood of vague antipathy towards it, an antipathy that amounted almost to passive resistance.

This attitude may in part be explained by the fact that the intelligentsia in Japan is essentially European in culture\(^{(35)}\) and, unlike its counterpart in Germany or Italy\(^{(36)}\), has never been able to find enough in Japanese traditional culture to appeal to its level of sophistication. Moreover, in so far as the 'European' culture of the Japanese intelligentsia remained a cultural vogue, possessed by a merely ornamental function, it was not deeply rooted in thinking and feeling. Hence it lacked the moral courage to defend its basic individuality against Fascism. Such a lack of resoluteness, coupled with the intellectual detachment and isolation of the intelligentsia in general,\(^{(37)}\) drove it to a hesitant and impotent existence. Thus in the 1920's and early 1930's it was a quite natural course for men of culture as a whole to engage in their own personal concerns and to take refuge in the pursuit of their private philosophies which

\(^{(35)}\) We can get more or less the same picture in present day South-East Asia. See M. Watnick, “The Appeal of Communism to the Underdeveloped Peoples”, *The Progress of Underdeveloped Areas*, ed., B.F. Hoselitz, (Chicago, 1951), p. 158–160.

\(^{(36)}\) This is an important characteristic of Japanese Nationalism, when compared with Germany and Italy, where by and large the learned class positively hoisted the banner of fascism and the university students played a major role. In European case, to exalt nationalism meant necessarily to take a pride in the traditional culture, which provides at the same time the culture of the intelligentsia. M. Maruyama, “Differences between Nazi and Japanese Leaders” (I. Morris, *Japan 1931-1945, Militarism, Fascism, Japanism?* Boston, 1963), pp. 42–45.

were to some extent in Marxist tenets.\(^{38}\) On the other hand they were not in the long run ineffectual. They had in fact been working energetically in their respective fields, and a large number of the works they were engaged in during this time were finally published after the fall of the militarists and the Ultra-Nationalists.

The Intellectual's Role

So far we have discussed only the inactive and isolated role which Japanese intellectuals played in economic modernization of Japan in the twentieth of this century. This is of course not the whole story about them. If one takes account of the past more than one hundred years since the opening period of Japan, one would have to judge that they are regarded as playing an important, if not key, role in every sphere of her modernization.

Arnold Toynbee noted that when one civilization is forced to adapt itself to another there emerges a special social class which performs the functions of a “transformer”.\(^{39}\) Just as a transformer converts electrical current from one voltage to another, so this special class—which he calls the intelligentsia—learns the tricks of an intrusive civilization and teaches them to the rest of the community. In the history of Western world's impact on the rest of the world, the first recruits to this class are the military and naval officers, or missionaries followed by diplomats, merchants, and eventually school-teachers. But in the Japanese instance, intellectuals can lay claim to having served as “transformers”. Actually they were deeply involved in the transformation of Japan into a modern nation.

There were at least two major ways by which transmission of Western culture into Japan was kept going—the channel from outside and from inside.

1. From the outside, before the Restoration, main channel of infor-


ation was definitely confined to the Dutch, who were forced to stay only in Deshima. Donald Keene\(^{(40)}\) remarked on the important influence and specific contribution which Dutch learning had made during the seclusion period, and by doing so he quite adequately demonstrated how grossly Japanese knowledge of the West before Perry's arrival has been underestimated by most historians.

Not only Rangaku was given to the people who had been seeking new knowledge, but organized instructions in other languages began in 1808 when the factory director Doeff gave lessons in French to six pupils, for example.\(^{(41)}\) It may be worthwhile mentioning that there existed greatly the specific difference in the attitude towards Western things between the leaders of government and the pioneering intellectuals. Rangaku movement had led a number of Japanese intellectuals towards the scientific achievements of the West. They became more and more irresistibly westernized both in notion and attitude as the Rangaku movement went on, and began criticism against the beliefs of Confucianism, Buddhism, and Shintoism which in turn took bitter attack to Buddhism. The emergence of this attitude is of the greatest significance in the history of Japanese thought. From the beginnings of civilization in Japan, the model had always been China, directly or indirectly. There had inevitably occurred considerable modifications of Chinese ideas in Japan, and some Japanese aesthetic and spiritual concepts were never vitally affected by Chinese example, but, by and large, China was admitted to be the fountain of all wisdom.\(^{(42)}\) With the Rangaku movement, however, the unique claims of China to distinction were denied. Intellectuals did occasionally go too far in that direction of admiring western ideas, so much so their some attitude were much condemned by modern Japanese critics as showing an unseemly adulation of foreign things.


Moreover, contact with Russia made Japanese intelligentsia aware that Japan's isolation might soon be broken, and therefore Japan had to be developed to the point to make the nation technically and militarily the equal of Western countries. However the powerful conservatism of the leaders of the government resisted the pleadings for change by the men of new learnings. This does not mean that the latter were of no importance, but only that no group of individuals, however great their prestige or learning might be, was strong enough to shake the rigid Confucian structure of Tokugawa Japan. To achieve this, greater and even compelling pressure from outside Japan had to come, and it was not until Meiji Restoration for intelligentsia to get deeply involved in the nationwide Westernization process.

2. Travel and study abroad of intellectuals is another channel of absorption. Thousands of educated people, such as scholars, journalists, politicians, and artists, have gone to the great intellectual center of the world to study every conceivable subject, and especially government scholarship system seem to have had a big push. Another approach to Western civilization has been through the study of European languages. A large number of foreign teachers have done much in introducing Western things through language teachings. This is of great significance when assessing the degree of Western penetration into Japan's culture of modern period. One result of this interest in foreign language is the incorporation of a large number of foreign words into the Japanese language. A related phenomenon is the extensive body of translation of foreign works which indefatigable translators have made available to the Japanese public.\(^{(43)}\) In this respect intellectuals have played a tremendous role, as transformers, in great contrast with European case.

\(^{(43)}\) In this respect it must be mentioned that the integration of foreign and indigenous language, and the tremendous amount of translations of foreign works, both of them appeared through the every stage of Tokugawa era to the same extent as they have had since 1850. Yoshikawa, _op. cit._, pp. 123-129, and also see R. Braibanti, “The Relevance of Political Science to the Study of Underdeveloped Areas” _Tradition, Values, and Socio-Economic Development_, ed. R. Braibanti & J. J. Spengler (Duke, 1961), p. 159.
So far we have been discussing in general about long-term orientation towards the Western world, but a more detailed examination would show the existence of cyclical trends. It may be clearly observed that there were periods when the national mood is one of receptivity to foreign influences; and these are always followed by periods of relative hostility to foreign ideas and institutions. The first periods began with the Restoration in 1868 and lasted until about 1890. Reaction period followed then. The second period of rapid westernization began with the end of Russo-Japanese war in 1905, and it continued until about 1930. Then the period of reaction began came again. The surrender in 1945 and the subsequent Allied occupation opened the floodgates to foreign, particularly American, influences.

It can not to be denied that when the nation is sympathetic to Western culture, the influence of the intelligentsia tend to increase. Since one of their social functions is to introduce Western ideas and techniques into the country, their services are actively sought and their advice is taken more seriously in these periods. But comparison of those three periods in which overall transmission takes place seems to give us the impression that the accelerated process of transplanting has been getting on in the passage of the time. In other words, the first stage for Western civilization is considered to be filled with impedence of every kind, such as linguistic difficulties, cultural dissimilarities, and the like, but most of these obstacles are gradually removed and transmission's dynamics has been greatly improved during the second stage, and which was followed by hectic, rapid absorption stage after World War II.

Conversely, in periods of reaction, critical eyes were cast on foreign things, and emphasis was placed on traditional values. The nation looked inward instead of outward looking. Intelligentsia were likely to fall under the heavy hand of censorship and suppression. It is said that they were kept under wraps of severe thought control and political persecution, especially during the 1930's and the war years. This is, of course, due to their function as critics which would appear to be another important role of intellectuals in most recipient countries of Western
Economic Development and Intellectual History in Japan ISHIGAKI (161) 161
culture.

Schumpeter has remarked that intellectuals take a critical attitude
towards affairs partly because they lack first-hand knowledge, and partly
because the main chance of asserting themselves lies in their actual or
potential nuisance value.\(^{(44)}\) In Japan there has been originally a great
chasm between technical progress and social change. Abegglen's analysis
of the Japanese factory shows that the development of industrial Japan
has taken place with much less change from the kinds of social organi­
zation and social relations of preindustrial or nonindustrial Japan than
would be expected from the Western model of the growth of an indu­
strial society.\(^{(45)}\) This kind of chasm, however, may not be necessarily a
phenomenon peculiar of Japan's case. Apart from such gap between the
fast tempo of industrialization and the relative gradualness of social
change, there has been also a considerable chasm between the cultural
values and customs which define the reasons for existence of institutions,
and the actual conduct of the affairs of those institutions. And this is
largely due to the fact that it is possible to find consistent themes of
the paternalistic relations in many social groups and organizations, even
though they appear in many variations and degrees.\(^{(46)}\) These apparently
difficult conditions, together with the characteristics of backwardness

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\(^{(44)}\) J. A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York,

\(^{(45)}\) J. A. Abegglen, *op. cit.*, p. 170. On the implication of 'transfer dynam­
ics', see R. Braibanti, *op. cit.*, p. 155–156.

\(^{(46)}\) Cf. J. W. Benett and I. Ishino, *Paternalism in the Japanese Economy*

In general, since intelligentsia is a man who reflects upon life, rather than acts
within it and, as Geiger expresses it, 'a man who measures all material reality with the
yardstick of theory and intellectualty', it is quite natural that he inclines towards
rationalism. At the same time, however, in those countries which still possess an
old-style peasantry like Japan, he can move easily run to extremes than he who
moves among the manifold resistances of reality. This double tendency towards
rationalism and radicalism seems to be one of the significant features of Japanese
intellectuals. See T. Geiger, *Aufgaben und Stellung der Intelligenz in der
Gesellschaft*, 1949, p. 23, 128.
inherent to the Japanese national economy,\(^{(47)}\) encouraged intellectuals to find Marxism a congenial doctrine. They engaged in social criticism and protest from more or less Western standard.

As far as economic argument is concerned, however, most of their critical remarks remained to be a extremely superficial comparison between advanced Western economic system and backward economic situations of their own country or a bitterly aggressive condemnation against capitalism from the socialist ideas. It is true that Japan imitated the ideas and institutions of the West. These economic systems, however, though similar in form, are animated by quite dissimilar spirits, since the traditional culture pattern and the historical, geographical position within world economy are so different from European countries. Therefore, on one hand, abstract generalities derived from an European context are often highly misleading when it comes to understanding and analyzing the hard facts of Japanese economic development. In an attempt to apply such general propositions based on Western experiences to Japanese scene, and also of being engaged in comparison between them, their criticism tended to put emphasis upon the impending requirement of the abolition of traditional habit, usage, norm, and ideology by which economic modernization was supposedly impeded greatly, or, along the line of this direction, very many social scientists have been tempted to

\(^{(47)}\) The distinguishing aspects which characterized the ‘type of Backwardness’ of Japanese economy in its initial stage were as follows, a generally inflationary trend marked throughout the period of industrial development, comparatively high investment rate through easy money and low interest rates, relatively low capital coefficient possibly explained in terms of the physical composition of capital formation, a cheap transport system because of the existence of cheap coastal shipping, the low investment per head in housing, the semislavery system (in peasant class as well as in working class), and the like, which were closely connected with distinct economic institutions devised by Meiji leaders. (D. C. Hague’s “Summary Record of the Debate”, The Economics of Take-off into Sustained Growth, Macmillan, 1963), Seventh session, pp. 366-378. High investment and low consumption combined to create the characteristics of Japan’s economy which has been preserved persistently through every stage of its development. This may be well said to be a commonly held view of experts on Japan writing in English. For instance, see G. Sansom’s Japan: A short cultural History (New York, 1943), R. Benedict’s The Chrysanthemum and the Sword (Boston, 1946).
ask for the radical requirements for social change, ascribing whatever they find evil in Japan to capitalistic elements rather than precapitalist ones. On the other hand, the other group has been, in exact contrast with that, engaged in more objective and analytical approach even though on the basis of Marxist thinking, which commands more respect than the former group among 'non Marxist' economists but has less following among workers, students, and intellectuals generally. Although the majority of the 'unattached' intellectuals were never carrying things to the extreme, they remained under these critical attitude of both directions to the extent of great variety.\(^{(48)}\)

This state of affairs was not really a reflexion of the ability of Japanese intellectuals. Basically it can be ascribed to the ambiguous, complicated character of Japanese economic development. For instance, the predominance of military production, the fusion of enterprise into bank, the existence of imbalances between agriculture and industry; under such circumstances western economics was almost inapplicable for it presupposes civil society in which Western capitalism has been preserved including every fundamental component, such as laissez-faire system, democratic parliamentary system, supremacy of the civilian over the military, the separation of church and state, and judicial supremacy. It might well be said that reading even a hundred volumes on economics of the West would contribute little to an understanding of Japanese

\(^{(48)}\) Before World War II these two streams of Marxist thinking came originally from the strategic arguments for achieving the socialist revolution in Japan's politics, which were mainly focused on how to understand Japanese capitalistic development. Briefly summing up, the one insisted on so-called 'two stage revolution' which meant 'the bourgeois revolution in the first place followed by the socialist one, and the other persisted in the only way of the latter. Thus the famous dispute on the history of the development of Japanese Capitalism originated from whether or not can defend the two-way strategy on which Japan's left wing party stood. The former group is called Koza-Ha from a seven-volume co-operative treatise, Nihon Shihon-shugi Hattatsu Shi Koza ("Lectures on the History of the Development of Japanese Capitalism", Tokyo, 1932–33), to which was after the war added an eleven-volume successor, Nihon Shihon-shugi Koza ("Lectures on Japanese Capitalism", Tokyo, 1953–54), and the other major Marxian sect is Rono-Ha that was named after the magazine "Rono" (first published 1927).
economic realities.

The specific world-view of Japanese intellectuals in the early stage of twentieth century, and hence their attitudes towards reality, served to retard the country’s economic development. Broadly speaking, they belonged to the specific disadvantages of backwardness and tended to decrease the tension toward economic modernization, which has been discussed in the first section of this essay. In other words, their isolation both from the masses and government, their preponderant bent on Marxian principles, their inability of influencing political affairs and social development, their unwillingness to prepare themselves for practical industrial work, their scorn of careerism, their preference for pure knowledge untainted by any suggestion of monetary rewards, were undoubtedly never co-operative elements to the nation-wide movement by which Japanese economy had been activated. However, the degree and direction of their backwash effects on economic development is likely to differ from country to country according to the differences in both timing and space within which socialism’s impact was carried out.

Take the Russian case for instance, where the Russian autocratic regime of the late nineteenth century effectively excluded most of the intelligentsia from direct participation in political decisions. Their thought could not be translated into action. By the same token they remained unable to influence, let alone to determine, the nature of the country’s economic development. However, there is little doubt that a great many specific elements of Russian Populism were taken over by the Bolshevik wing of Russian Marxism and revived in Lenin’s and Stalin’s thought and action. On the other hand, the history of German Socialist-Democratic party until the emergence of Nazi shows us undoubtedly the considerable influence of Marxist intellectuals particularly on the practical problems of income distribution and social welfare, in which even a quarter of academic

(49) These elements, except the peculiar bent on Marxism, are as a general rule common to the intellectuals even in western countries. See W. Stark, _The Sociology of Knowledge_ (London, 1958), pp. 300-306.
circles was actively involved. Compared with those instances, one can find immediately significant differences in Japan. First, in the timing of Western socialism’s impact and diffusion Japan was far behind that of Germany and Russia. In fact it was not until after World War I that the evolutionist ideas from the West began to diffuse to any extent among the Japanese intellectuals. No wonder they were strongly affected much more by the advent of the Russian Revolution than by the German experiences of the Marxist movement. The conflict and struggle between Orthodox Marxist and Revisionist, therefore, appeared from the very beginning on Japanese scene, whereas in Germany and Russia it was actually brought about for the first time after 1890’s and after 1905 revolution (Stolypin) respectively. As a rule the revisionist group gradually became dominant in the course of country’s economic development, but in Japan this did not happen. Second, this situation was one of the reflected outcomes of the unbalanced growth in Japanese economy, which was characterized as the co-existence of the very success of industrialization and its concomitant underdeveloped elements, but at the same time it was largely due to the fact that there came into existence a great number of economic problems in every country of the world during the inter-war period, which drastically changed and disrupted the world economy, such as the decline of prewar gold standard mechanism, the changing structure of industry and trade, reinforcement of economic nationalism, and the great depression of 1930’s. Under such circumstances, it was almost impossible for Japanese intellectuals, to hold the total perspective over domestic and international affairs, much more, to find out the specific pattern of Japanese economic development in its relation to world economy and to give thereby constructive criticism to the Japanese capitalism as a whole. Third, in the Western case, even when the intelligentsia happened to separate themselves from the social determination, they were, in principle, still concerned with putting their theory and intellectuality into practical use. However they may

(50) On the Marxist thinking in Russia and Germany, see J.A. Schumpeter, 
appear as standing aside, uncommitted, detached from the real world, their free thinking and total perspective never failed to make contributions in one way or another, as far as the determination of thought in a society concerned. In contrast with that, the counterpart in Japan remained completely inactive as independent stratum, as has been mentioned before. However, this inactive state of the intelligentsia, was closely connected with their role as a transformer of Western culture. As a matter of fact, their contribution as a transformer was such a great one in Japan that they became almost 'a privileged group', which had its own specific social estimation of honour particularly in the early days of Meiji and through the Taisho era, and therefore, even when their critical function was deprived of under strict thought control, they could continue to make themselves available for transferring Western things, independently of economic and political realities. Although Japanese intellectuals, by and large, did not participate directly in economic development, but rather remained to be locked up in a private world, they could not fail to have some favourable effect as a transformer of advanced culture, which apparently never came into their important role in Western case.

Conclusion

In the deliberately oversimplified analysis presented here the comparative lesson may be summed up briefly.

1. The relative backwardness of Japan, with its nationalist oriented economy, developed into a highly organized national economy with well designed 'national solidarity' under the impact of the world economy. In the face of socio-economic imbalances due to the rapid industrialization on the one hand and to the increasingly dominating 'national polity' on the other, Japanese intelligentsia could not, apart from basic Marxian tenets, find any theoretical weapon to defend themselves. Among these tenets the principles of internationalism, the marscscence

(51) W. Stark, op. cit., p. 201.
of the state, and the idea of egalitarianism greatly attracted their attention.

2. From the psychological point of view, the lack of any traditional system of values comparable to Christianity in Europe or Confucianism in China, together with the all-embracing, tolerant attitude towards Western culture, will also help to explain the attraction which Marxist doctrines exercised in the prewar period upon educated people in Japan. So great was the need for a logical system of some kind that Marxist one was enthusiastically studied. Only the minority saw beyond the system to question the value of its implications.

3. Technological development is a complex process. Strictly speaking, technology cannot be accepted and developed in isolation. Perhaps we must use the term, socio-technological development, because the modernization process is much more than the overt acceptance of material and technical improvements. It is the cultural, social and psychological process as well. The problem is that technical and material change does not necessarily entail a corresponding change in the attitude, thoughts, values, beliefs and behaviour of the people who are affected by the material change.

In Japan's case material and technological development have been easily assimilated from the West in the early stages of modern Japan. As regards Western institutions of various kinds—social, political and economic—the process of assimilation was much slower. As regards Western philosophic and cultural ideas and attitudes, the process was slower still. In fact the most commonly held view of the latter process is that it was, and is, almost insignificant. This ties in with a certain tendency to consider Japanese intellectual history from a static point of view. To be sure, Japan did not, nor could not, imbibe the spirit of capitalism, although she did take in all its other elements. But when one takes a closer look at the considerable differences, however superficial they may seem at first, between the cultural picture before and after the Meiji Restoration, and if one compares this tremendous change with those in China or India, one cannot help but be impressed by the
extent of a cultural revolution which took place in a spirit of great determination and tolerance. As regards economic ideas in particular, the historical process of industrialization in Japan was associated to a great extent with ‘List’s protectionism’ and ‘Manchester Liberalism’; and to a lesser extent Marxism undoubtedly contributed to Japanese vitality in a difficult, ultra-nationalist, period of its history.

4. Japan had, in the basis from which change took place, patterns that made possible her inner social structure considerably unique from the Western theoretical views, although national political and economic trends and social problems were much more similar to those of Western nations than to those of such countries as China and India. Among the traditional features of Japanese culture is the important system of interpersonal relations, which derived from feudal-familial paternalism, hierarchical authoritarianism, collectivity-oriented ideology, and the like. Not only at certain levels of particular organization (the family, for instance) or guiding value system, but likewise at the level of instrumental action or in certain spheres of its practice, this paternalistic system has been used and deliberately preserved by certain groups of people to mobilize Japanese society throughout its modernization process. Aside from economic elements, in a heterogeneous society like Japan with its tremendous variations and ramifications, no wonder Marxist thinking gained wide currency, of which central theme is the social structure of the production system, the power aspects of economic relations, dynamic relations between economy and society, in short the sociological element in the interpretation of industrial and commercial affairs. Furthermore, there was an obvious lack of economic liberalism in Japan. One can never find here the traditional idea of common welfare based on individualism, as presented in Benthamite thinking or so-called Natur Recht theories of the West. This undoubtedly made difficult the diffusion of this sort of knowledge in its full implication, whereas the evolutionist ideas emphasizing progressive social development did gain the deep penetration throughout a great many intellectuals, who were impressed by the extreme rapidity of social change in Japan.