

“*Manshukoku*” *keizaishi kenkyū* 滿洲國經濟史研究
(An Economic History of “Manchukuo”)

By Yamamoto Yuzo. Nagoya University Press, 2003, 316 pages. ¥5,500 (Hardcover).

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Manchukuo, a puppet state located in northeastern China, had existed for only about 14 years from 1932 to 1945. Nearly 60 years have passed since its fall, more than four times the state's history. Recently, “nationalism vs. post-nationalism” debates relating to Manchukuo stir up the academic circles. How can we evaluate Manchukuo in the 20th century modern history of East Asia? What is its historical implication? The Japanese academia has accumulated copious research data and knowledge in various viewpoints and issues since its research activities on Manchukuo began in the 1970s. Yamamoto Yuzo's *An Economic History of “Manchukuo”* the subject of this book review, is an epochal writing representing the fourth generation of Manchurian studies in Japan. In 1992, the author analyzed international balance of payments of Chosŏn and Taiwan in his another great work *A Study of Economic History of Japanese Colonies* 日本植民地經濟史研究 (Nagoya University Press, 1992). It became a classic literature of the Japanese colonial studies and was introduced into the Korean academia. As a sequel to *A Study of Economic History of Japanese Colonies*, the current book further analyzing “Manchukuo” after the 1930s, built a rare record of bestseller for an academic research book with its publication in Japan. In addition, considering the author's ongoing work *A Study of Economic History of “The Greater East Asia Co-prosperity Sphere,”* the completion of his studies on the economic history in Japanese colonies, this book can be the second part of the total of three volumes. The author is a prominent researcher in the Japanese academia that has been leading economic history studies in the Japanese colonial period since his holding of office at the Research Institute

for Humanistic Studies, University of Tokyo in 1967, after he graduated from the same school. The author's current book is of a large scale work rarely found in recent publications, and it raises many controversial issues. The author cliometrically demonstrates Manchukuo's 14 years of economic performances using his unique logics and empirical studies.

This book tries an empirical analysis of the 14 years of Manchukuo's economic history by using a Quantitative Economic History approach (so-called Kuznets' national income accounting tradition)¹ that the author has used for a long time and macro-data from his own research materials² discovered in his long-term research experience. Most studies on the economic history of Manchuria or "Manchukuo" were in fact concentrated on the history of imperial policies, lacked quantitative and comprehensive researches on the region's production, markets, policies, etc. In other words, it can be said that this book is the first study of northeastern Chinese economy in the Manchukuo era based on the theoretical framework of macroeconomics. This book presents a general image of the Manchurian economy through national income, production index, international balance of payments and other statistics as quantitative and empirical indices.

The chapter 1 explains the role of Manchukuo in the 50 year history of Imperial Japan and its significance. The main purpose of this chapter is to clarify the distinctive feature of changes in the northeastern Chinese economy in the 14 years of Manchukuo's history in connection with the Japanese imperial expansion. In relation to the independence of "Manchukuo," the author states, "cooperation with Japan was surely necessary in every aspect such as labor, resources and funds, etc. from the Japanese revolutionary phase to the specific structuring phase, and the independence or autonomy of "Manchukuo" has been transmuted radically both in its contents and

1 For the methodology and research materials used in this book, see Yamamoto Yuzo's "A Quantitative Economic History approach on the 14 years of history of Manchukuo-focused on the latest study of economic history of Manchukuo," International Academic Meeting, Manchurian Studies Association, East Asian Research Institute, Dong-A University, Dec. 2004.

2 For more information on the collection of data and its interpretation relating to the author's Manchukuo research works, "Chang Kia-Ngau Collection" catalogues in 1995, Asian Economic Research Institute, and Yamamoto Yuzo, "Ishida Kouhei and Isida Collection," *Journal of Economic History Research*, No. 7, 2003.

forms.” Meanwhile, the author concludes this chapter with remarks on notable developments in the expansion of Japanese people’s rights, consolidation of administration with Japan, and Japanization of school and education systems. Such a conclusion is new attempt to verify economic stimuli for the rapid expansion of the Imperial Japan as an aspect of “Manchukuo” for the first time. By reviewing and replenishing previous research materials about the idea of “The Greater East Asia Co-Prosperity Sphere,” it also tries to evaluate its organizational principle anew.

Economics of “Manchukuo” in chapter 2 focuses on the concept of “Manchukuo’s controlled economy” and summarizes its formation and changes. The developing process of Manchukuo’s economy was forced consistently by its subordination and contribution to Japan. That is, the deepening of its dependency on Japan was provided by an unavoidability of relying upon Japanese funds and materials for business projects relating to the state building, together with Japan’s exhaustion of supply to “Manchuria.” Because of that, the controlled economy of Manchukuo was finally ruined by high volatility of its imports from Japan in both capital and the volume of resources. This chapter also closely reviews economic policy measures of the controlled economy from the early stage of state building through the Sino-Japanese War and to the Asia-Pacific War period and concludes that the war economy of Manchukuo had to inevitably run with much focus on resource controls rather than on production plans.

The Macro-analysis of Manchuko’s economy in Part II can be the best part of this book, which tries an macroeconomic analysis of Manchukuo’s economy focusing on its agricultural and manufacturing sectors in the 1930-40s by using production level and national income data with balance of payments including international trades, investments, exchange rates, etc.

In Part III, “Production Level and Structure of Manchukuo” specific conditions of Manchukuo’s production level are identified by production index and actual performances. An average of production levels between 1936 and 1938 is presented for the production index of 1936-44, production amounts in 1931, 1937 and 1943 for the production amount, national incomes in 1937, 1939, 1941 and 1943 for the national income data. Information and data used in the analysis are based on the summary and

preparation of the first and the second materials discovered in the author's long-term research works. Especially, the difference of trends shown by consumer goods production index (peak in 1941), capital goods production index (peak in 1943), and other individual production indices seems to be an important data backup for previous studies, which quantitatively verifies the militarization of Manchukuo's economy.

Chapter 4, "Evolution of international economic relations of Manchukuo," comprehensively verifies how much costs were borne to the Japanese economy from the modification in the Manchurian economy by Japan during the Manchukuo era. Opened in largely three directions, namely, the Chinese jurisdiction (relying on Huabei labor, soybean exports to and daily necessities imports from the Yangtze River region), the world economy (soybean exports), and the Japanese economy (soybean exports), the Manchurian economy in the 1920s was able to "build a soybean monoculture relying upon foreign capital and Huabei labor and to sustain its international balance with the export of soybeans." With the Manchurian Crisis and the foundation of Manchukuo, however, the said openness was ruined, and Manchukuo's visible and invisible trades were consolidated under the closed sphere of Japanese power. But as the sphere of Japanese influence enlarged geographically with the aggression of the Japanese army, the interrupted trades with Huabei and the Yangtze regions resumed. On the other hand, Japanese investments and its exports of constructional materials and consumer goods to Manchuria sharply increased in the early 1930s, which fell drastically in the latter half of the 1930s and the early 1940s; Manchukuo's economic relations with Japan experienced radical changes. The evolution of such complex international relations of Manchukuo is specifically examined by statistical figures of its international balance of payments.

In Part III, "Cross-boarder Trade in Manchuria," "distinctive features of trade relations with Kuantung Province and Chosŏn" are demonstrated. Chapter 5 "Trade statistics of [Kuantung Province]" illustrates actual trades in the eastern Manchuria of that time. In explaining the Kuantung province's trades with Manchukuo and Jidong 冀東 smuggling trade, the author points out there are differences between trade statistics of Kuantung Province and those of Japan, Chosŏn, and Taiwan. He classifies that issue as the problem

of re-export to Manchuria and smuggling to China for further examination. However, due to a number of difficulties such as the credibility of data and so forth, he leaves the specific analysis on that issue for future research works.

Chapter 6, "Theory of land routes trades between Chosŏn and Manchuria," analyzes actual land routes trades between Chosŏn and Manchuria, which has been left out for empirical studies. The author summarizes changes in land routes trades from the opening of Ŭiju Market in the 16th century to the Japanese annexation of Korea. Moreover, land routes trades during the period of 1919-45 are classified into 4 phases. Regarding the nature of land routes trades, the author states, "Japanese colonial/anti-colonial natures are deeply reflected even in the relatively insignificant aspect of commercial transactions between Chosŏn and Manchuria."

In chapter 7 "National Income Statistics of Manchukuo" in Part IV estimated national income and international balance of payments data of Manchukuo are summarized with the details of estimation and the future availability. So to speak, estimated data independently developed by three institutions, namely Manchuria Railway Co., Economic Research Association, Ministry of Economics of Manchukuo, and the Association of Manchuria Research Institutes are interpreted for the national income.

Furthermore, chapter 8 "Balance of Payments Statistics of Manchukuo" explains official statistics in relation to the balance of payments independently developed by Ministry of Finance of Manchukuo or in cooperation with other related organizations such as Manchuria Railway Company, Economic Research Association, together with estimated balance of payments data concerning Japan or Huabei developed by the Bank of Manchuria. Therefore, chapters 7 and 8 can be not only an excellent manual for the use of data and information in addition to chapter 5, but also a valuable research asset "worth of passing over to the next generation."

It can be said that the keyword for the entire book is indeed an "incompletion" as an intrinsic feature of Manchukuo's economy. The author clarifies how the Manchurian economy, which had been once opened to China and the world economy in the 1920s, incorporated into the closed "Yen-

Block” and finally changed into a contracted reproduction structure. That is, the incorporation of the Manchurian economy into the “Yen-Block” on the premise of subordination and contribution to Japan played a major role in driving the Japanese expansion of its imperial territory and ultimately became an irreversible factor that devastated the imperial economy accompanied with the exhaustion of Japanese economy. This argument implies that the incompleteness inherited in the Manchurian economy further deepened the deceit of Manchukuo’s foundational principle, and on the other hand it also worked as a historical leverage deteriorated the idea of “The Greater East Asia Co-Prosperty Sphere.” In other words, the author explains the historical irreversibility that the imperial Japan’s overexpansion together with Manchukuo’s economic development had nothing but to become a desirable but unattainable thing, because of the “incompleteness” that can be put as the Manchurian economy’s intrinsic feature.

Meanwhile, as a researcher interested in the textile spinning industry that represents the consumer goods industry of Manchukuo, my supplementary reinterpretations regarding the analysis of this book are as follows.³ In analyzing Manchukuo’s productivity in chapter 3, the author shows that the productivity level of textile spinning industry had been falling rapidly after it reached its peak in 1943 (Table 3-1, Manchukuo’s Industrial Production Index, pp. 80-81). Such a decreasing trend of productivity index also implies that the spinning industry of Manchuria was continuously growing even until 1943. However, because of wartime shocks due to the heavy reliance on foreign supply of cotton yarns following the outbreak of Sino-Japanese War on September 1937, the wartime spinning industry of Manchuria emerged from the early 1930s passive cotton industry promotion and began promoting an active self-sufficiency of cotton textiles or import substitution concentrated on independent lower-grade cotton textiles. That is, Ministry of Industry of Manchukuo actively promoted policy measures to invite capital from the Japanese cotton industries and increase production of raw cot-

³ See also, Joung An-ki, “The growth of prewar and wartime Manchurian spinning industry and the characteristics of industrial control- from an aspect of comparative economic history and the colonized Choson’ spinning industry.” International Academic Meeting, Manchurian studies Association, East Asian Research Institute, Dong-A University, Dec. 2004.

tons, while diverting its wartime controls over the cotton industry from the conventional self-governing controls to legal ones led by the government. In this process, the Manchurian spinning industry was able to take long strides and achieve a huge wartime capital accumulation on the bases of unique market conditions of Manchuria and the government's industrial controls. But the Manchurian spinning industry after 1939 had to sharply cut down its operations, accounting for nearly 70-80% of the total facility size, in the face of a serious shortage of raw cottons resulted from the Manchurian government's limping policy to increase raw cotton production and fierce competitions by its imprudent capital invitation policy. After all, the Manchurian spinning industry's radical contraction and reorganization due to the huge gap between facilities and raw cottons worked as a critical role in aborting "The Regionally Diversified Transfer Plan" of unemployed cotton spinning equipments in Japan driven by the Manchurian government after the latter half of 1938. Consequently, in order to cope with the serious shortage of raw cottons, the Manchurian spinning industry in the 1940s had to change into a productivity structure of mixed spinning and textiles of raw cotton, staple fiber, and hemp. This suggests that the Manchurian spinning industry's productivity level was alienated far from its productivity structure around the year of 1939. That is, the said conditions in the Manchurian spinning industry representing the consumer goods industry of Manchukuo indicate that future research works on Manchukuo's economic history should focus on the dynamics of economic structure and secure its concreteness based on historical studies of individual companies or industries.

In any case, the contribution of this book is that it brought light on a general image of Manchukuo's fourteen years of economic performances quantitatively and empirically for the first time. Namely, this book quantitatively showed what was the position of Manchukuo's economy in the course of Japanese imperial expansion in which the Imperial Japan transformed into an aggressive continental state from a nation state by using macro data to analyze Manchukuo's productivity growth comprising from the agricultural sector to the mining and manufacturing industries, together with Manchukuo's international economic relations and its cross-boarder trades. On top of that, by presenting credible statistical indices to the productivity

level of Manchukuo in a long-term span, this book clearly identified there was a huge gap between planning and operation in the course of Manchukuo's state building process. This is an epochal argument definitely distinguished from other studies on the Manchurian economic history that have been immersed in the conventional research area of imperial policy measures.

Lastly, with regard to the author's original standpoint in looking at history and its interpretation, he writes in a confident and critical style under clearly set limits with prudence in selecting issues and setting boundaries. This is indeed a different expression of the author's own attitude for historical studies that he should interpret history solely based on verified facts by completely ruling out easygoing presumptions or rhetorical phrases. The author's such conservative evaluation and unique writing style gives this book more credibility for a scientific work. In any case, the current book is the definitive edition of the author's long-term research works, which will secure its position as the so-called the spirit of historical science book, a new starting point and classical literature for the imperial or Manchukuo's economic history studies.