

THE EDITOR'S CORNER

We are proud to report that Michael H. Hunt, Assistant Professor of History at Yale University, has received the Stuart L. Bernath Memorial Prize for his article, "Americans in the China Market: Economic Opportunities and Economic Nationalism, 1890s–1931," which appeared in the Autumn 1977 issue of the *Business History Review*. This prize is awarded annually by the Society for Historians of American Foreign Relations for the best scholarly article on U.S. diplomatic history.

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We welcome Morton Keller, Spector Professor of History at Brandeis University, as a new member of the Advisory Board of the *Business History Review*.

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The friends and colleagues of Ralph W. Hidy have established a book fund in his memory to purchase books on business history for Baker Library at the Harvard Business School. Professor Hidy, who died on December 5, 1977, held the Isidor Straus chair in business history at the Harvard Business School prior to his retirement in 1971. He had built an impressive reputation as a scholar and as a teacher at Norwich University, Wheaton College, New York University, and Harvard. His major works include *The House of Baring in American Trade and Finance*, the first volume of the *History of Standard Oil Company (New Jersey)*, written with his wife Muriel, *Timber and Men, the Weyerhaeuser Story*, with Allan Nevins and Frank E. Hill, and a history of the Great Northern Railway, still to be published, on which he worked for many years with Mrs. Hidy. Alfred D. Chandler, current Isidor Straus professor, chairs a committee of American and Japanese scholars who have announced the book fund. Contributions to the fund should be addressed to Professor Chandler at the Harvard Business School, 212 Baker Library, Soldiers Field, Boston, Massachusetts 02163.

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To the Editor:

My book, *The Japanese Are Coming* (Ballinger, 1976), is reviewed in the Autumn 1977 issue of the *Business History Review*. The systematic misrepresentation of my work that appears in this review calls for a reply. The allegation that my work perpetuates the myth of "Japan, Inc." is a particularly serious distortion of my views. Even a cursory reading of Chapter I (from page nine onward) would make clear that readers are explicitly cautioned to avoid such a stereotype of Japan. The reviewer also questions seven of my central findings, which are characterized as "jellyfish" conclusions. They are:

. . . (1) The postwar Japanese efforts to achieve rapid growth were a “reaffirmation of the Japanese ‘instinct’ based upon the past successes since the 1870’s;” (2) “After the mid-1960’s, the disappearance of the dual wage structure” occurred to “produce the migration of Japanese industrial manufactures abroad;” (3) “Keenly observing the U.S. market shift, Japanese manufacturers intuitively judged that sooner or later the Japanese market demand would shift to color [T.V.];” (4) “The high level of business activities induced by the Vietnam war immediately pushed up the prices of plant sites in Japan;” (5) “In the context of the filial obligations of the subsidiary firm to its leader-manufacturer, it is the natural function of the large firm to assume leadership in the ventures new to the entire group;” (6) “As of the end of 1975, none of the largest ten trading firms seemed working on contingency plans for divesting themselves of the ill-conceived projects;” and (7) “The continued legacy of pre-World War II Japan, with such acts as the censorship of primary and secondary textbooks, produced among the Japanese a mass amnesia of what Japan did to her Asian neighbors during the years 1870–1945.” I wonder if Tsurumi is saying that the Ministry of Education is responsible for this amnesia and therefore for the “Ugly Japanese” in Southeast Asia! . . .

The reviewer’s claim that “problems in (1) and (3) require no comment” requires some examination. Example (1) is supported by my account of Japan’s successful “sabotage” of occupation policies during the immediate post-war era. These policies were designed to transform Japan into an economically weak country specializing in such light goods as cotton and staple fibre textile and handicrafts. My book explains that in the immediate post-war era Japanese government and business leaders instinctively accepted continued additions of new manufacturing industry as the only way to avoid such an outcome. How else can one account for Japan’s wholehearted embrace of the recommendations of the “Scientific Mission” of the Occupying Forces? Unlike the daily directives from the Headquarters of General MacArthur, this obscure mission endorsed a policy that Japanese government and business leaders were already secretly putting into practice.

The empirical basis of example (3) is now so strong that one wonders how any confusion regarding it could arise. A well-known body of research supports my conclusion. Those not familiar with this research are directed to the annotated bibliography included in my book. As epitomized by Sony’s phenomenal growth at home and abroad, example (3) represents Japanese firms’ deliberate strategy of riding upward an international product cycle into the United States.

Confusion concerning examples (2) and (5) is only slightly easier to understand. Even a perfunctory reading of my work would make clear that the disappearance of the wage differential between small and large firms is evident *only* in the starting wages of new entrants into the labor force. Furthermore, this phenomenon is cited as one of the important factors whose combined effects often forced small-to-medium sized firms to go multinational before large ones. Emphasis is also given to the way in which Japanese manufacturing technologies and firms’ risk-sharing attitudes produced such idiosyncrasies of Japanese foreign invest-

ment as (a) the three-way joint venture among manufacturing-trading-local partners, (b) firms' apparent preference for joint ventures, at least at the outset, and, (c) the group leader role of large firms acting as chief investor-promoters for their domestic subsidiaries' overseas ventures. Familiar as they now seem, these patterns went unnoticed until my earlier work (1969 to 1973) brought them to the attention of scholars in the field. These findings are developed at greater length in my present work.

A modest amount of economic analysis will clarify the reviewer's misunderstanding of example (4). There is overwhelming evidence showing that during the Vietnam War boom the United States exported price inflation to Japan. When this external stimulus coincided with Japan's own expansionary phase, industrial real estate prices like other prices rose rapidly. The manner in which price inflation can be induced by balance of payments surpluses under conditions of fixed exchange rates is well-known and the reviewer's interest in coffee prices does not advance our understanding of this process.

The difficulties that the reviewer encounters in attempting to fathom example (6) entitle him to a certain amount of sympathy. Special training and experience are required to distinguish between executives' wishful thinking and genuine contingency plans for divestiture of unprofitable overseas subsidiaries. Of course, asking responsible executives of trading firms whether preparations were being made for such divestiture would elicit positive responses. The depth and viability of such "plans" may be judged only by seasoned observers of Japanese management practices. During my investigation of large Japanese trading firms in 1975, no evidence of such "planning" was uncovered.

Political naiveté appears to explain the reviewer's difficulty in grasping the significance of example (7). A more astute observer of this controversy, Professor Ienaga, has devoted great effort to challenging the textbook censorship of the Ministry of Education. In spite of its notoriety in Japan, the "Ienaga Case" may easily have escaped the attention of a historian of nineteenth-century Japan. Such inattention to contemporary problems cannot be recommended to those seeking to understand the adverse reaction of Japan's Asian neighbors to present day Japanese investment within their borders. Japan's deliberate erasure of her past in this region often invites bitter reactions from Asian hosts. The Japanese have chosen to forget, but their Asian neighbors have not.

Like all scholars in the field, I benefit from good criticism. By combining misrepresentation, confusion, and lists of typographical errors, the reviewer has failed to serve me and the reader with the kind of well-argued, thoughtful criticism upon which we both depend. In the future, I hope that the serious issues I have raised will be treated with the careful consideration they require.

—Yoshi Tsurumi, Professor and Director,
The Pacific Basin Business and
Economic Study Center
Graduate School of Management
University of California at Los Angeles.

Editor's Note: Professor Kozo Yamamura, author of the review to which Professor Tsurumi refers, elected not to publish a rejoinder to the above rebuttal.

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The London School of Economics and Political Science announces the formation of a Business History Unit in conjunction with the Imperial College of Science and Technology. Dr. Leslie Hannah, presently Fellow of Emmanuel College, Cambridge, and Lecturer in History, has accepted the post of Director. The drive to fund the Unit continues. Write Professor Theo C. Barker, London School of Economics and Political Science, Houghton St., London, WC2A 2AE.

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Professor Edwin J. Perkins, Department of History, University of Southern California, Los Angeles, California 90007, has issued a call for papers to be presented at the annual meeting of the Economic and Business Historical Society, which will be held concurrently with the annual meeting of the Western Social Science Association in Los Angeles, California in April 1979. A dissertation session is also planned.

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The Regional Economic History Research Center, Eleutherian Mills—Hagley Foundation, Greenville, Wilmington, Delaware 19807, will sponsor a conference on "Economy and Society: Philadelphia and Its Hinterland," October 13, 1978, at 2:15, p.m., with papers by David E. Dauer, University of Pennsylvania; Diane Lindstrom, University of Wisconsin; and Claudia Dale Goldin, Princeton University; and comment by Stuart Blumin, Cornell University. Write or call (302/658-2401) William H. Mulligan, Jr., at the Center.

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The 22nd Annual Missouri Valley History Conference will be held at Omaha, Nebraska, March 8-10, 1979. To propose items for the program and for further information, write Jacqueline D. St. John, Department of History, University of Nebraska at Omaha, Box 688, Omaha, Nebraska 68101.

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The New Jersey Historical Commission seeks papers for a conference in October 1979 in Newark, New Jersey, on Thomas A. Edison and the recent history of science and technology. The deadline is January 1, 1979. Write Richard Waldron, Associate Director of the Historical Commission, 113 W. State St., Trenton, New Jersey 08625.

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The Forest History Society will hold its 32nd annual meeting on October 23 and 24, 1978, in St. Louis, Missouri, jointly with the Society of American Foresters and the Canadian Institute of Forestry. Write or

call (408/426-3770) Harold K. Steen, Acting Executive Director of the Forest History Society, Box 1581, Santa Cruz, California 95061.

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"New England and the Sea," a new permanent exhibition dealing with three centuries of American maritime history, designed to show the effect of the sea on New England history, economy, and culture, is now open at the Mystic Seaport, Mystic, Connecticut. The exhibition was financed by the National Endowment for the Humanities.

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We note receipt of the following books, in addition to those reviewed or scheduled to be reviewed:

Allen, Loring, *Venezuelan Economic Development: A Politico-Economic Analysis*, Greenwich, Connecticut, JAI Press, 1977, \$23.50.

Arndt, Karl J. R., comp. and ed., *A Documentary History of the Indiana Decade of the Harmony Society, 1814-1824*, Vol. I, 1814-1819 and Vol. II, 1820-1824, Indianapolis, Indiana Historical Society, 1975, 1978. Each \$17.50 cloth, \$8.00 paper.

Bazant, Jan, *Los Bienes de la Iglesia en México (1856-1875): Aspectos Económicos y Sociales de la Revolución Liberal*, second edition, Mexico, D. F., El Colegio de Mexico, 1977, no price given. First edition published 1971.

Blaug, Mark, *Economic Theory in Retrospect*, New York, Cambridge University Press, 1978, \$17.95. Third edition.

Chapman, Stanley D., ed., *The Devon Cloth Industry in the Eighteenth Century: Sun Fire Office Inventories of Merchants' and Manufacturers' Property, 1726-1770*, Exeter, England, Devon and Cornwall Record Society, 1978, £3 to non-members of the Society. "New series, Vo. 23."

Cooper, Cary L., ed., *Organizational Development in the U.K. and the U.S.A.: A Joint Evaluation*, New York, Petrocelli Books, Inc., 1978, \$10.00. Current developments.

Cleveland: An Inventory of Historic Engineering and Industrial Sites, Washington, U.S. Department of the Interior, Heritage Conservation and Recreation Service, 1978, no price given.

Cornwall, John, *Modern Capitalism: Its Growth and Transformation*, New York, St. Martin's Press, 1978, \$17.95. Economic policy and theory.

Crompton, Rosemary, and Jon Gubbay, *Economy and Class Structure*, New York, St. Martin's Press, 1978, \$18.95. Social theory.

Dickinson, H. T., *Liberty and Property: Political Ideology in Eighteenth-Century Britain*, London, Weidenfeld & Nicolson Ltd., 1978, £15.00.

Garrity, Richard, *Canal Boatman: My Life on Upstate Waterways*, Syracuse, Syracuse University Press, 1977, \$11.95. Reminiscences.

Goldfield, David R., *Urban Growth in the Age of Sectionalism: Virginia, 1847-1861*, Baton Rouge, Louisiana State University Press, 1977, \$17.50. Urban history.

Heilbroner, Robert L. (in collaboration with Aaron Singer), *The Economic Transformation of America*, New York, Harcourt Jovanovich, Inc., 1977, \$5.95. Textbook.

Ho, Samuel P. S., *Economic Development of Taiwan, 1860–1970*, New Haven, Yale University Press, 1978, \$27.50. Limited coverage of business history.

Horne, Thomas A., *The Social Thought of Bernard Mandeville: Virtue and Commerce in Early Eighteenth-Century England*, New York, Columbia University Press, 1978, \$12.50.

Jastram, Roy W., *The Golden Constant: The English and American Experience, 1560–1976*, New York, John Wiley & Sons, Inc., 1977, no price given. The gold standard.

Krinsky, Carol Herselle, *Rockefeller Center*, New York, Oxford University Press, 1978, \$17.50 cloth, \$9.95 paper. Architectural history.

Lee, Ronald Demos, ed., *Population Patterns in the Past*, New York, Academic Press, 1977, \$19.00. Demography.

Mayer, Martin, *The Builders: Houses, People, Neighborhoods, Governments, Money*, New York, W. W. Norton & Co., Inc., 1978, \$15.00. Popular treatment.

Morawetz, David, *Twenty-Five Years of Economic Development, 1950 to 1975*, Baltimore, Johns Hopkins University Press, 1978, \$3.50 paper. General economic history.

Mossner, Ernest Campbell and Ian Simpson Ross, eds., *The Correspondence of Adam Smith*, New York, Oxford University Press, 1977, \$33.00.

Moscow, Alvin, *The Rockefeller Inheritance*, New York, Doubleday & Co., 1977, \$14.95. Biography of three generations, based on interviews and published sources.

Parkinson, C. Northcote, *The Rise of Big Business: From the Eighteenth Century to the Present Day*, London, Weidenfeld & Nicolson, 1977, £5.95. Very superficial, even for the genre.

Ramirez, Bruno, *When Workers Fight: The Politics of Industrial Relations in the Progressive Era, 1898–1916*, Westport, Connecticut, Greenwood Press, 1978, \$17.50. Labor history.

Rostow, W. W., *Getting from Here to There: America's Future in the World Economy*, New York, McGraw-Hill Book Co., 1978, \$14.95.

Shultz, George P., and Kenneth W. Dam, *Economic Policy Beyond the Headlines*, New York, W. W. Norton & Co., Inc., 1978, \$8.95.

Steinberg, Eleanor B., and Joseph A. Yager with Gerald M. Brannon, *New Means of Financing International Needs*, Washington, The Brookings Institution, 1978, \$11.95 cloth, \$4.95 paper.

Tufte, Edward R., *Political Control of the Economy*, Princeton, New Jersey, Princeton University Press, 1978, \$10.00.

Walsh, Annmarie Hauck, *The Public's Business: The Politics and Practices of Government Corporations*, Cambridge, Massachusetts, MIT Press, 1978, \$19.95.

Weintraub, Sidney (and others), *Keynes, Keynesians, and Monetarists*, Philadelphia, University of Pennsylvania Press, 1978, \$8.95.

Wiltshire, David, *The Social and Political Thought of Herbert Spencer*, New York, Oxford University Press, 1978, \$18.00. Social theory.