

Lecture: Contemporary Economic History of Japan

No. 2

Exordium 2: Japanese Economy after Japanese-Russo War

Winter Semester, 2004

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Exordium 2: Japanese Economy after Japanese-Russo War ——Historical Premises——

- Japan experienced its industrial revolution in the vicinity of the 1900s (1900-1910);
- Furthermore, wishing to become the last member of the imperialist Great Powers, the nation came to venture out into occupying colonies and acquiring concessions in Chinese continent.



臺灣總督府 1897年（明治30年）台北に設置された。台湾における行政機関の中核である。



以鉄安奉線開通式五日の中開戦
戦中中国内地の交通は、古蹟するに
随つてロシア式の汽機の敷設も日本
式の汽機に改換された。一
同時に変更し、車夫も従ふ296人の
新設設の安奉線は臨時清民大陸の
幹路とされた。汽機は1906年4月
までに本線全線も4駅より半のク
ンゲーアードに用ゐられ、安奉線の
汽機車は、清國への引揚を助した。
1909年に竣工し、1911年に開通した。



滿鐵初平の撫順炭礦露天掘

撫順炭礦採掘機はロシア極東森林会社が手に入れて十分
事業も進展しないうちに戦争となり、ポーツマス講和条
約6條で日本政府の所有に帰し、國鉄に移譲された。



南滿州鐵道株式會社
（1904年・明治37年）
ロシア時代の半完成の半成線を生

滿鐵初平の撫順炭礦
撫順炭礦採掘機はロシア極東森林
会社も進展しないうちに戦争とな
り、6條で日本政府の所有に帰し、國鉄

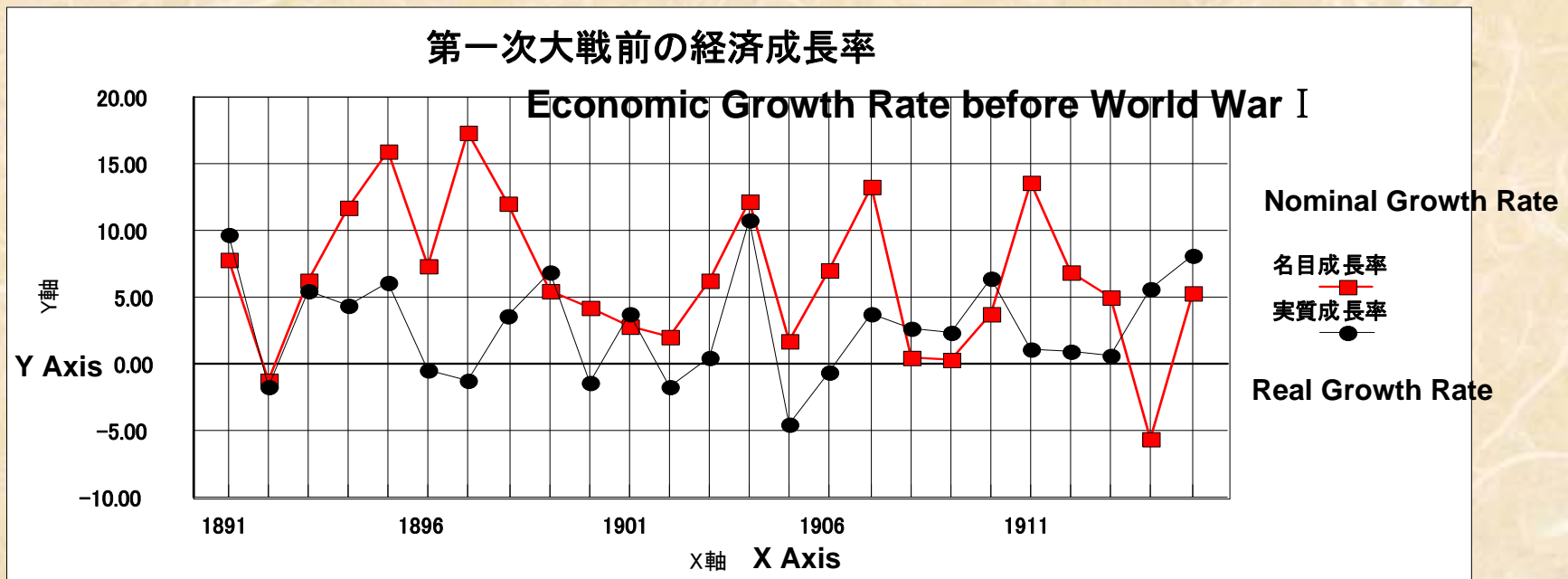


台湾總督府
台湾總督府
台湾總督府

生蕃討伐
民衆山より軍用山撃の火
量。軍人の兵隊に予も預
いて崖に山面、野戦も知
いて謀反した。
（1907年・明治40年撮影）

Industrial Revolution = Period of Structural Change

- By and large, the fluctuation range is large both in nominal and real rates of growth.
- In terms of nominal growth, while some periods were in high levels, negative growths were often recorded to indicate dimensions of a stagnation epoch.



Key Points of Economic Structure in Industrial Revolution Period

1. The engine for the industrial expansion was a **rapid growth in the cotton spinning industry** supported by the contiguous location to the cotton goods market in Far East and a continuous depreciation of the silver currency.
2. **Exports of raw silk to the US** helped cover a weak international trade balance in the infancy of industrialization.
3. Aids such as financing by government policy ---raw silk, cotton yarn
Fosterage of **heavy industries sector without enough international competitiveness**
 - ←To develop such industries as iron making and shipbuilding through state-controlled companies with emphasis on military purposes
 - Coming to set in place a structure of an industrial nation of sorts as a backward capitalistic country

Average Annual Production Value in Relevant-Year's Price

(Thousand Yen)

Industrial Production	1874-1883	1877-1886	1882-1891	1887-1896	1892-1901	1897-1906	1902-1911	1902-1916
Foods	91,594	107,468	132,539	176,233	300,871	439,646	592,343	771,421
Textiles	67,013	80,843	119,065	225,647	363,435	435,501	547,593	823,114
Lumber/Wood Products	13,064	14,088	12,960	15,309	30,375	46,251	55,281	65,924
Chemicals	45,727	48,186	48,709	66,412	98,700	139,955	195,032	283,609
Ceramics	5,716	5,861	6,446	9,884	15,996	24,079	38,596	60,626
Steel	1,964	1,919	2,247	3,197	4,900	10,738	23,292	73,846
Metal Products	6,362	7,432	9,189	11,558	16,795	25,463	31,880	70,881
Machinery	6,470	7,091	7,744	11,689	25,522	54,681	100,935	211,248
Printing & Binding	726	991	1,328	1,870	4,181	9,143	16,910	31,842
Others	14,574	16,560	19,720	28,171	42,968	58,652	79,249	105,456
Total Industrials	253,211	290,439	359,946	549,971	903,743	1,244,109	1,681,112	2,497,966
Mining Production								
Nonferrous Metals	2,353	3,074	4,721	7,071	12,676	22,135	32,401	61,953
Coal/Lignite	2,234	2,777	4,683	8,032	17,230	31,722	48,276	64,801
Petroleum	39	50	61	138	560	1,834	4,555	8,757
Public Utility Services								
Railways	1,283	1,610	3,984	10,589	27,163	52,828	85,260	129,856
Electricity	0	0	261	802	2,257	4,473	11,593	37,222

Ranking of Growth Rate by Industrial Nomenclature

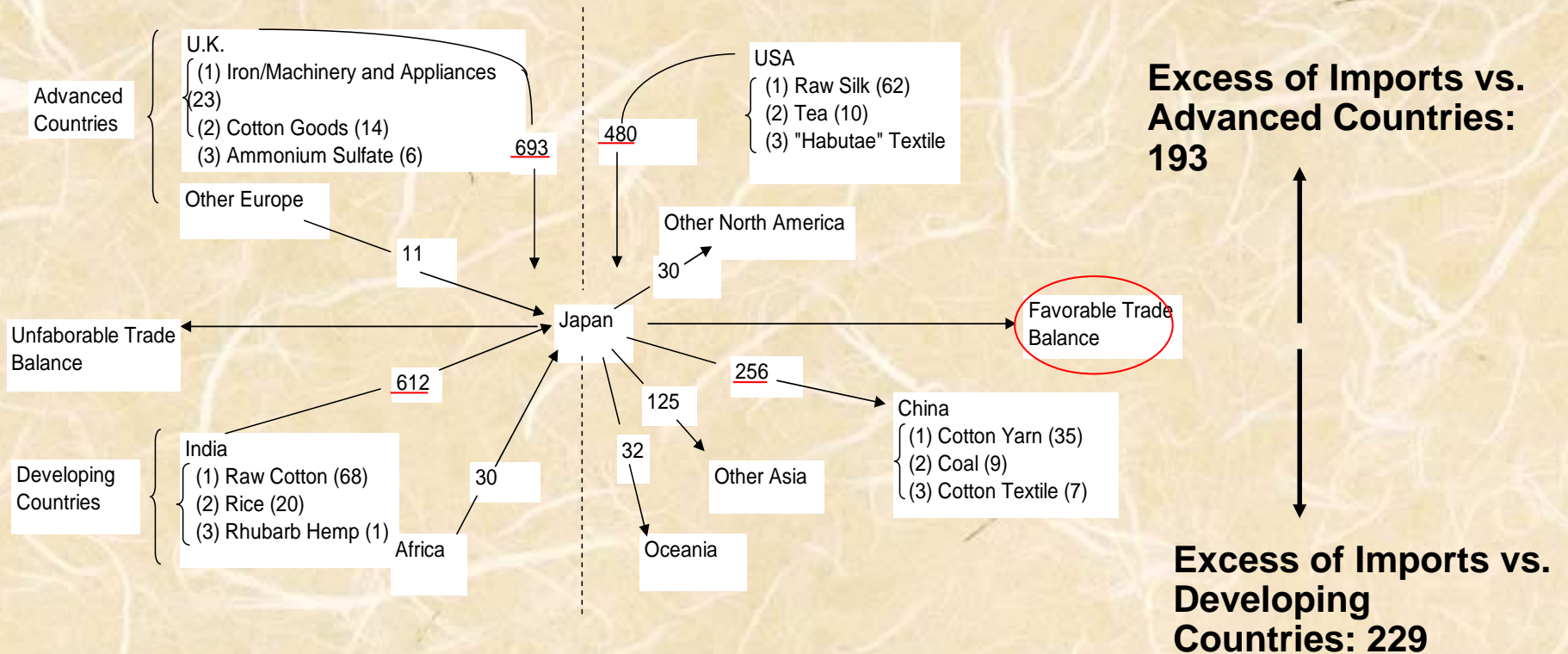
(%)

1877-1886	1882 - 1891	1882-1891	1887 - 1896	1887-1896	1892 - 1901	1892-1901	1897 - 1906	1897-1906	1902 - 1911
II→III		III→IV		IV→V		V→VI		VI→VII	
Industries Average	4.38	Industries Average	8.85	Industries Average	10.41	Industries Average	6.50	Industries Average	6.17
Railways	19.87	Electricity	25.21	Electricity	22.99	Steel	17.00	Electricity	20.98
Coal/Lignite	11.02	Railways	21.59	Railways	20.73	Printing & Binding	16.94	Steel	16.73
Nonferrous Metals & Mining	8.96	Textiles	13.64	Printing & Binding	17.46	Machinery	16.46	Printing & Binding	13.09
Textiles	8.05	Coal /Lignite	11.39	Machinery	16.90	Electricity	14.66	Machinery	13.04
Printing & Binding	6.04	Ceramics	8.93	Coal /Lignite	16.49	Railways	14.23	Railways	10.05
Metal Products	4.34	Machinery	8.58	Lumber/Wood Products	14.69	Coal /Lignite	12.98	Ceramics	9.90
Foods	4.28	Nonferrous Metals & Mining	8.41	Nonferrous Metals & Mining	12.38	Nonferrous Metals & Mining	11.79	Coal /Lignite	8.76
Others	3.56	Others	7.39	Foods	11.29	Lumber/Wood Products	8.77	Nonferrous Metals & Mining	7.92
Steel	3.21	Steel	7.31	Ceramics	10.11	Metal Products	8.68	Chemicals	6.86
Ceramics	1.92	Printing & Binding	7.09	Textiles	10.00	Ceramics	8.52	Others	6.20
Machinery	1.78	Chemicals	6.4	Others	8.81	Foods	7.88	Foods	6.14
Chemicals	0.22	Foods	5.86	Chemicals	8.25	Chemicals	7.23	Textiles	4.69
Lumber/Wood Products	(1.66)	Metal Products	4.69	Steel	8.07	Others	6.42	Metal Products	4.60
Electricity		Lumber/Wood Products	3.39	Metal Products	7.76	Textiles	3.68	Lumber/Wood Products	3.63

Trade Balance Between Japan and Major Nations

1901-1911

(Tabulated Throughout 10 Years for 1902-1911) (Unit: Million Yen)



(1)'(2)'(3) show major trade goods and their rank order.

Numbers in parenthesis indicate ratio to the total (%).

The calculation of these ratio is limited to articles available throughout 10 years.

Drawn up from "Yokohama City's History" and "Book of Japanese Economic Statistics"

Excess of Imports: 1346

Excess of Exports: 923

Limitations of Japan in Industrial Revolution Period

- The nation was saddled with an **immense agricultural sector**, size of which was exceptional for a capitalistic country. That amplitude prescribed a special plight—typically, seasonal workers, cheap labor—of the labor market.
- An **inadequate self-reliance of the heavy and chemical industry sector—production-goods production sector**—necessitated a high degree of dependence on imported production goods, and brought about a deficiency in organic link of industrial developments within the country.
- The international trade tended to be in a deficit balance, and, while the adoption of the gold standard paved a way for foreign capital inducement, an increased degree of dependence on foreign capital could endanger an economic self-sustainability.

Transit of International Trade Balance

Chronic Import-Surplus Structure

Exodus of Specie =
Accumulated Debt Crisis

(Million Yen)

	Trade Balance	Outstanding Amount of Imported Foreign Capital	Interest Payment for Foreign Debt	International Trade Balance	Specie Money Reserve
1904	(52)	422		(131)	
1905	(167)	1,414	42	(326)	479
1906	5	1,337	52	(24)	495
1907	(62)	1,401	63	4	445
1908	(58)	1,459	53	(63)	392
1909	19	1,561	55	(4)	446
1910	(6)	1,777	63	(74)	472
1911	(66)	1,767	67	(100)	364
1912	(92)	1,859	72	(108)	351
1913	(9)	1,970	74	(100)	376

Crisis in Accumulated Debt

- In the pacification negotiation after Japanese-Russo War, the compensation in money, expected for the redemption of large sum of foreign bonds, was rejected. This outcome, coupled with a burden of interest payments for foreign bonds, squeezed the international trade balance to the extent to require a watch out for the accrual of accumulated debt.



※(Source) Japanese Modern History Society, *Pictorial modern 100 ages*,

Enlarged Public Financial Burden

4-7 Transit of Per Capita Burden of Tax Amount

	Per Capita Tax (A)	(A) in Index (B)	Wholesale Price Index (C)	B/C
		Yen		
1897	3,240	100	100	100
1904	5,217	159	123	129
05	5,985	183	132	139
06	6,797	207	136	152
07	7,614	232	147	158
08	8,508	259	142	182
09	8,784	268	135	199
10	8,561	261	136	192
11	8,838	269	142	189
12	9,127	278	151	184
13	8,910	272	150	181
14	8,872	270	143	189

Japanese-Russo War

●To avoid rigidification of the financial administration due to an excessive reliance on foreign capital, a tax increase was enforced to result in a huge boost in public financial burden.

●Fiscal expansion was severely constrained, which incurred a stern conflict with the military that demanded an increase in armaments with its aim at advancing into the continent.

Tax here is the sum of state tax and local tax.

Isamu Abe, *Theory on Japan's Financial Administration: Tax Canto*, p. 545

KATSURA and SAIONJI

Contemporary Economic History of Japan 2004



西園寺公望

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桂太郎



海軍軍拡と西園寺内閣

※(Source) Haruhito TAKEDA, *Imperialism and Democracy*, p.25

“Kei-En Cabinet Time”

Under a constraint of the fragile balance of payments:

- An excess in equipment in the cotton spinning industry already came to the surface during the depression period, and the integration/consolidation of enterprises progressed, and

4.43 六大紡系紡績会社の設備拡大

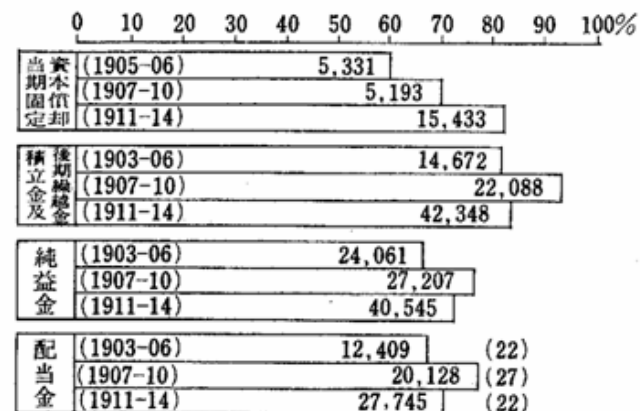
	年 末	1903 据付数	1904-07 拡大数	1908-11 拡大数	1912-14 拡大数	合 計 拡大数
錠数(千錠)	全国合計	1,381	159	630	244	1,033
	六大紡系 (うち合併)	698	279 (208)	384 (124)	306 (122)	969 (454)
織機(台)	全国合計	5,043	4,419	10,969	5,012	20,400
	六大紡系 (うち合併)	2,788	3,571 (1,422)	8,758	4,639 (2,430)	16,968 (3,852)

六大紡系会社とは大阪・三重・摂津・尼崎・大阪合同・鐘淵・日清・富士・東京瓦斯をさす。

高村直助『日本紡績業史序説』、『綿糸紡績事情参考書』より作成。

4.44 六大紡系紡績会社の経営的地位

(単位:千円)



全体を100とした時の六大紡系会社の比率。

() は六大紡系会社の利益金全体に占める配当金の比率。

グラフ内の数字は実数値。

『綿糸紡績事情参考書』より作成。

“Kei-En Cabinet Time”

- Projects of electric railroads and electrical power industry crowded regional towns and cities, and manufacturing industries other than textiles sustained solid business formation.
- From a political standpoint, the military's political power became stronger, and at the same time, the armament expansion in preparation for an invasion into Manchuria (China's east-northern part), which was planned after Japanese-Russo War, constituted a financial condition to restrict a smooth development of private enterprises.
 - The armament expansion plan and shortage of financial resources as the background of the Taisho political upheaval