<table>
<thead>
<tr>
<th>Title</th>
<th>JAPANESE CAPITALISM AND FOREIGN TRADE 1945-1970 (I)-JAPANESE TRADE UNDER THE FIXED EXCHANGE RATE SYSTEM-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Author(s)</td>
<td>Ono, Kazuichiro</td>
</tr>
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Kyoto University
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In 1971 Japanese export attained the level of 24,000 million dollars (her import—19,700 million dollars and her excess of export over import—4,300 million dollars). In the same year the share of Japan in the world trade except the socialist bloc was 7.7% (6.9% in 1970). In export Japan ranked third place in the world next to U. S. A. and West Germany, while in import it secured the fifth next to U. S. A., West Germany, Great Britain, and France.

Obviously this big increase of export of 24,000 million dollars (of 24% increase in comparison to the previous year) was partially brought about by the leases (encouragement of import by the partners or advance payment), in an expectation of an inevitability of the multilateral adjustment of exchange rates on the global scale, that is, of the raising of the exchange rate of Japanese yen, with the Nixon Statement of August 15, 1971 or the so-called Nixon shock as a turning point (a new economic policy of U. S. A.; i.e., the suspension of the exchange of gold and dollars: it suggested the death of the IMF system, and, at the same time, the fact that the statement was dated on August 15, that is, on the Japanese memorial day of the defeat in the war, even though it was in American time, is to be a historical indication that the policy of U. S. A. toward Japan faced a new stage). However, when we recall the fact that Japan ranked thirty-third place in the world with 103 million dollar export in 1946 immediately after the World War II and with 170 million dollar export in 1947 (about 10% of the prewar export), and that the volume of Japanese export fell to a level lower than that of India, Malay, Hong Kong, Philippines, and Indonesia, we can not but marvel at the remarkable advancement of recovery of the Japanese trade in a quarter of a century (a growth of approximately 185 times as much).

Further, we have to note that Japan accomplished it under the fixed exchange rate system (1 U. S. dollar=360 Japanese yen) which lasted for the postwar twenty-two years (1949-1971) (readers may also recall that the Japanese gold standard or the fixed exchange rate, had undergone twenty years of hardships beginning in 1897). I do not intend to describe in detail the transition or the history of the Japanese trade which accomplished the surprising development in these twenty-five years. Rather, I would try to elucidate the essential property and character of the postwar Japanese trade which carried out this development.
rapid recovery and growth, and, at the same time, to define the international standing of
the contemporary Japanese capitalism through the analysis of its external aspects expressed
in trade. In the following delineation with my viewpoint set as such, I will mainly deal
with the trends or trend aspects of the issue, and will abstract the circulating aspects. Also
I want to note at the outset that I will discuss only briefly in relation to the Japanese foreign
aids, the movement of capital and of technology, which are as important or perhaps more
important than foreign trade in the foreign economic relations of Japan.\(^1\)

Now, in order to understand the structural property of the Japanese trade which had
been formed in the period of the so-called high growth (the period of the full-scale estab­
ishment of heavy and chemical industries in Japan) covering 1955–1970 after the period
of convalescence covering 1946–1955, it is necessary to deal above all with the relation
between the prewar Japanese capitalism and foreign trade, or their properties, to some
extent.

I The Prewar Japanese Capitalism and the Foreign Trade

1. Three-link Thesis of Prof. T. Nawa

It goes without saying that the Japanese capitalism had developed since the Meiji Era
in close relation with the foreign trade (as to this point, refer in detail to, Matsui, K., The
Trade (in Japanese), 3 vols., 1959–1963). What is discussed here in comparison with the
present stage, however, is the relation between the prewar Japanese capitalism and the
foreign trade, or their properties, at least in the stage of imperialism which had
something in common in quality with the present. In his three-link thesis, Prof. Toichi
Nawa formulated the relation between the prewar Japanese capitalism and the foreign
trade in this stage.\(^2\) By extracting the following three important links, i.e., the funda­
mental trade relations, Prof. Nawa analyzed how the dependence on the world market
and the limitation of the Japanese economy was prescribed concretely in terms of trade
commodity items and in terms to the relations to trade partners.

*The first link*: Raw silk vs. raw cotton and machinery between Japan
and U. S. A. In 1936, it accounted for 24.5% in export and 31.9% in import.

*The second link*: Cotton cloth vs. raw materials for heavy industries between
Japan and the British Empire; it accounted for 28.3% in export and 31.9% in
import.

*The third link*: Machinery and miscellaneous commodities vs. foods and
raw materials between Japan, and Manchuria and China (the so-called yen bloc); it accounted for 23.5% in export and 14.0% in import. Besides this,
trades with Formosa and Korea are added.

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1) As to the postwar Japanese foreign investment, refer to, Ono, K., "Japanese Foreign Investment

2) Nawa, T., Japanese Textile Industry and the Problem of Raw Cotton (in Japanese), 1937; Nawa, T. The
Further, the features of these three links are pointed out by Prof. Nawa respectively as follows:

**The first link:** Raw silk, which is a product of sericulture labor by petty farmers as a side job and of the yarn industry for manufacturing domestic products, is nearly the only commodity that Japan can export as a genuine Japanese commodity produced with labor from the land. Naturally, it is a starting point in the cycle of Japanese foreign trade. However, in U.S.A., it is not necessities of the public but a demand for luxuries which is most subject to the business fluctuation. Therefore, raw silk trade constitutes exactly an "Achilles' tendon" in the Japanese capitalistic economy. Raw cotton which can be obtained in exchange with raw silk is a product of great capitalistic agriculture by machinery, for which U. S. A. maintains a monopolistic position in the world market. The import of raw cotton is vital to Japan as a material for cotton cloth to be exported in second link. The import of high-class machinery and crude oil is a matter of primary urgency in semi-war-time or wartime economy, and along with it the first link, i.e., trade between Japan and U. S. A. explicitly assumes an unfavorable unequal exchange relation against Japan.

**The second link:** The trade with the territories of the British Empire which succeeded to the first link consists of export of cotton products and import of raw materials for heavy industries (iron, pig iron, nonferrous metals, alminum, raw rubber, etc.). In one aspect, it bears a nature of trade with colonies, or of semi-colonial trade, where it had to face an intense competition with the advanced cotton industry of Lancashire, or the political power of the British Empire. The second link could be prescribed as a mixed or an intermediate trade pattern between the patterns of the first and the third link.

**The third link:** In the trade with the colonies, Manchuria and China, a pattern of genuine colonial trade of the exploiting imperialism was clearly observed. Means of production such as machinery and so on, textile products and other wide-ranging miscellaneous products were exported, while foods and raw materials were monopolistically imported rejecting foreign powers.

Such was the pattern of manifestation in trade, of the peculiar Japanese capitalism. Through such a trade mechanism, the entire mechanism of the semi-feudal and militaristic Japanese imperialism had been supported. Moreover, on this occasion a conflict with either U. S. A. or the British Empire was big enough to confuse the entire mechanism of the Japanese capitalism. So as to avoid and alleviate such contradictions, the solution of problems was sought in the third link with the military power as a background, and the construction and extension of the previledged markets took place. "For military invasion, for the armament of economy and for heavy industrialization was indispensable and the extensive import of raw materials and high-class machinery or weapons was needed, for which continual enlargement of export was an essential premise in compensation." In other words, it was handicapped in the sense that "the first and the second link had to serve
as the media and to function as the preliminary process for the turnover of the third link of trade", as intended (Nawa, T., *ibid.* The italics are added by K. Ono). In addition, a movement for shifting a center of gravity to the third link, i.e., the invasion to the continent, necessarily invited at once a friction, i.e., redision of the market with the existing powers of the western imperialism; besides, it had to meet a sharp resistance of the Chinese and other Asian nations.

Such an analysis by Prof. Nawa on the relation of Japanese capitalism to foreign trade with a view point in the theory of reproduction had several methodological drawbacks as are pointed out by subsequent writers. For example, (1) It found a decisiveness in horizontal development, i.e., dependence on foreign trade in compensation for the narrow domestic market due to the low labor wages. (2) It did not enough to analyse concretely the old colonies of Korea and Formosa which were the major member countries of the third link. This enfeebled a comprehension of the importance of the role of the third link and its significance. Especially, it lacked an analysing the role of the trade as an essential condition of low wage level caused by import from colonies. (3) In general, since an emphasis was placed on the frailty of the Japanese capitalism centering around the issues of raw materials, the grasp on export remained fixed and abstract. (4) It did not evaluate the change of the Japanese industrial structure and the trend of increase in the export of heavy and chemical industrial products after 1931 (the Manchurian Incidence). (5) Because the comprehension was made in three trade links and because solution of the contradictions was oriented toward the third link, rather understanding of the significance of the markets of Southeast Asian colonies, which played an important role in the Japanese industrialization (for example, Philippines, Indochina, Indonesia, etc.) except the British Empire bloc was lacking. (6) Further, decisions on the period for forming and establishing these links, i.e., the indication of their historical positions, were completely omitted.

In spite of these drawbacks, the three-link thesis of Prof. Nawa excelled the two-link thesis, which grasps the Japanese trade from raw silk vs. raw cotton with U.S.A. and that of cotton products vs. raw materials for heavy industries with the British Empire, by Freda Utley in her book titled *Japan's Feet of Clay* (1937, Chapter 2) which had motivated Prof. Nawa to develop his conception. The three-link thesis of Prof. Nawa exceeded in the following points: he not only increased the number of links, but, as is mentioned earlier, he defined the first link as a starter and pointed out that the limited, subordinate position and the function of Japan in the first and the second link eventually determined and promoted Japanese dominance and pillage in the third link. In this point he also deserves a merit. However, the importance of raw silk trade with U.S.A. had already been discussed by J. E. Orchard. He pointed out the polarization and the frailty of the export structure which depended mainly on raw silk and cotton products (both the exports hold 65%–70% of the total amount of export during 1924–1927 of which raw silk accounted for 40%). He had also pointed out underlying danger that particularly export of the main item, i.e., raw silk, depended on U.S.A. as its only market (95% was with
U. S. A.), and that it makes the foundation of Japanese industrialization insecure⁹.

But in either case, it would be able to mention that the three-link thesis of Prof. Nawa at that time had a distinct fundamental predominance in all structural grasping the relation between prewar Japanese capitalism and foreign trade.

2. Prewar International Balance of Payments

Let's bring the discussion back to the balance of payments of Japan in the time when the three-link thesis of Prof. Nawa was presented.

In the balance of trade of Japan in this period, import chronically exceeded export. After the relinquishment of maintaining the fixed rate system (December 1931), which lasted for about two years due to the lifting of gold embargo (1930), the Japanese exchange rate dropped and an effort to promoting export due to it made the Japanese export increase in spite of the global depression, and exactly this was to spread throughout the world with a fear for social dumping of Japanese commodities. However, it hardly reversed the constancy of unfavorable balance of trade. On the contrary, the fall in the exchange invited rise in prices for indispensable imported raw materials and machinery, and by this it reinforced the deterioration of terms of trade. What is hidden on a yen basis becomes very apparent on a dollar basis. That is, in other words, when expressed in dollar, the volume of Japanese trade after the lifting of gold embargo fell below the level of 1926–1929 before the lifting of gold embargo, and inversely the export price fell to 68 in 1935 against 100 in 1928. Export increased in quantity to 185 in 1935 also against 100 in 1928, while the terms of trade fell to 71 (refer to Table 1).

How about the balance of invisible trade which forms the so-called invisible trade, the second item in the current account? This account usually includes freight insurance, receipt and payment concerning services as commission and so on, spending by tourists,

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (million dollar)</th>
<th>Import (million dollar)</th>
<th>Excess of import over export (million dollar)</th>
<th>Quantity index (1928 = 100)</th>
<th>Price index (1928 = 100)</th>
<th>Terms of trade (A/B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-29</td>
<td>924</td>
<td>1,047</td>
<td>123</td>
<td>116</td>
<td>103</td>
<td>94</td>
</tr>
<tr>
<td>30</td>
<td>709</td>
<td>762</td>
<td>53</td>
<td>103</td>
<td>92</td>
<td>73</td>
</tr>
<tr>
<td>31</td>
<td>548</td>
<td>602</td>
<td>54</td>
<td>106</td>
<td>102</td>
<td>55</td>
</tr>
<tr>
<td>32</td>
<td>384</td>
<td>401</td>
<td>17</td>
<td>125</td>
<td>101</td>
<td>57</td>
</tr>
<tr>
<td>33</td>
<td>470</td>
<td>490</td>
<td>20</td>
<td>138</td>
<td>103</td>
<td>68</td>
</tr>
<tr>
<td>34</td>
<td>636</td>
<td>677</td>
<td>41</td>
<td>163</td>
<td>112</td>
<td>67</td>
</tr>
<tr>
<td>35</td>
<td>706</td>
<td>708</td>
<td>2</td>
<td>185</td>
<td>117</td>
<td>68</td>
</tr>
<tr>
<td>36</td>
<td>769</td>
<td>799</td>
<td>32</td>
<td>202</td>
<td>128</td>
<td>68</td>
</tr>
<tr>
<td>37</td>
<td>902</td>
<td>1,087</td>
<td>185</td>
<td>211</td>
<td>137</td>
<td>76</td>
</tr>
</tbody>
</table>

Table 1. The Scale of Japanese Export and Import


interest, income from dividends, remittance of immigrants, etc. In the international balance of payments, except the capital movement which will later be discussed, losses in trade balance can be offset by gains in balance of invisible trade, and so the constant excess of import over export in the trade balance of Japan has been offset to some degree by gains in balance of invisible trade. What contributed most to such gains was nothing but the income from marine transportation brought by huge mercantile marines which was protected and fostered as a carrier of development the Japanese capitalism. On the other hand, interest and income from dividends were trifle due to the poor accumulation of capital except the investment in China (this also included many defective obligations). Nevertheless, the payment for interests and dividends for foreign loans and foreign capitals which repleted the deficiency of capitals of Japan exceeded by far and this item suffered from constant red figures.

The balance of capital movement, which was included in the extraordinary items in the prewar Japanese sheet of international balance of payments resulted in the constant loss (net increase in capital export) after 1930, by a marked decrease in the induction of foreign capitals, which usually made up for capital shortage of Japan and relieved a pressure from constant and chronicall deficit in the international balance of payments of Japan. This was caused, on one hand, as a result of a tendency towards increasing antagonism against Great Britain and U. S. A. which originated in the Manchurian Incidence, an increase in the investment to Manchuria after the Incidence, and, on the other hand, as a result of the suspension of the gold standard of 1931, the falling trend in exchange, the Capital Flight Prevention Act of 1932, and prevention and control over capital flight, exchange speculation and so on through the Foreign Exchange Control Act of 1933 which complemented and reinforced the former act.

Thus, deterioration in the balance of trade and increase in the red figures of balance of capital account exceeded gains in the invisible current account with continuing outflow of gold after 1931 (Table 4). A movement for shifting of market in an attempt to relieve the balance against Great Britain and U. S. A., i.e., the enlargement of the third link aforementioned, or the formation of the so-called Japan–Manchuria–China economic bloc, hardly provided sufficient markets for raw materials in place of Anglo-American bloc, because of the low productivity due to the pre-capitalistic character, the backwardness of these markets in spite of the increase in overseas investments from Japan. Rather, it worsened still more the balance against Great Britain and U. S. A. as it accompanied the increase in these overseas investment from Japan.

After 1931 as a turning point, the export of products of heavy industries rapidly increased with a remarkable increase in production under the protection of the state for military needs. However, the increase of export was related with the increase of investment to China and Manchuria, and so it hardly improved the balance. Moreover, it strengthened the above-mentioned trend by reinforcing both the capital shortage of Japan and the dependence on raw materials (refer to Tables 2 and 3).

The external aspect of the period of the establishment of the prewar imperialism was
Table 2. Prewar Balance of International Payments
(Unit: million dollars)

<table>
<thead>
<tr>
<th>Category</th>
<th>Average of 1934–36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>740</td>
</tr>
<tr>
<td>Import</td>
<td>767</td>
</tr>
<tr>
<td>Balance</td>
<td>-27</td>
</tr>
<tr>
<td>Receipts on invisible trade</td>
<td>370</td>
</tr>
<tr>
<td>Payments on invisible trade</td>
<td>396</td>
</tr>
<tr>
<td>Balance</td>
<td>-26</td>
</tr>
<tr>
<td>Balance of invisible trade (Balance)</td>
<td></td>
</tr>
<tr>
<td>Marine transportation</td>
<td>+56</td>
</tr>
<tr>
<td>Insurance</td>
<td>+5</td>
</tr>
<tr>
<td>Gains from capital</td>
<td>-28</td>
</tr>
<tr>
<td>Investments</td>
<td>-115</td>
</tr>
<tr>
<td>Others</td>
<td>--</td>
</tr>
</tbody>
</table>


Table 3. Investments to Manchuria and the Excess of Export over Import to Manchuria
(Unit: million yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas investments (A)</th>
<th>Investments to Manchuria (B)</th>
<th>(B)/(A)</th>
<th>Excess of export over import to Manchuria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>100</td>
<td>73</td>
<td>72%</td>
<td>18</td>
</tr>
<tr>
<td>33</td>
<td>215</td>
<td>137</td>
<td>63</td>
<td>135</td>
</tr>
<tr>
<td>34</td>
<td>398</td>
<td>278</td>
<td>69</td>
<td>211</td>
</tr>
<tr>
<td>35</td>
<td>580</td>
<td>387</td>
<td>66</td>
<td>210</td>
</tr>
<tr>
<td>36</td>
<td>652</td>
<td>229</td>
<td>35</td>
<td>259</td>
</tr>
<tr>
<td>Total</td>
<td>1,942</td>
<td>1,104</td>
<td>56</td>
<td>833</td>
</tr>
</tbody>
</table>


Table 4. Amount of Export and Import of Gold and Silver
(Unit: million yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>1930</th>
<th>1931</th>
<th>1932</th>
<th>1933</th>
<th>1934</th>
<th>1935</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold bullions and species</td>
<td>287</td>
<td>388</td>
<td>112</td>
<td>21</td>
<td>0.6</td>
<td>-0.1</td>
<td>-</td>
<td>866</td>
</tr>
<tr>
<td>Silver bullions and species</td>
<td>1</td>
<td>-1</td>
<td>8</td>
<td>8</td>
<td>13</td>
<td>146</td>
<td>28</td>
<td>-</td>
</tr>
</tbody>
</table>

*The decrease of outflow of gold in 1934, 1935 and 1936 is due to the increase of silver import owing to the silver buying policy of U.S.A.*

so far explained, and then, what changes did it undergo after the war? This is our next subject.

II Postwar Trade Structure

The defeat of the World War II also brought Japan a loss of her circle of influence (Korea, Formosa, Manchuria and China), i.e., Prof. Nawa's third link. The Japanese capitalism, however, went successfully through the period of confusion in the new postwar international situation under the support of U. S. A. Starting actually from the return or the incorporation of the Japanese capitalism to the international economy (or the dollar bloc) began with the establishment of the single exchange rate of 1949 ($1 = ¥ 360$)\textsuperscript{4)}, and having been helped by "The Foreign Exchange and Foreign Trade Control Act" (December 1949) and "The Law on Foreign Capital" (May 1950) to support a protecting domestic heavy industries and by the special procurements in the Korean War, the introduction of technology and the initiation of the induction of foreign capital, Japan completed by nearly 1955 a basic course of reorganization and of resurrection as a new processing and trading country. Further, through the high growth period of 1955–1965, Japan established an industrial structure different from that of the prewar period, that is, heavy and chemical industrialization, by means of the so-called "liberalization of trade" after 1960. It was not only a pressure toward the level already attained by the western advanced countries but also a pursuit of the process of catching up to their new developmental stage in the postwar period. Through what mechanism this transitional process or high accumulation process, or a new process for establishing monopolistic oligarchic control, was attained will not be our present subject. The subject is to see what external aspect functioned as a medium, or a premise for this process, and was produced as its result.

In the following we will observe the characteristics of the postwar trade, setting the method of link analysis aside for a while. The entire changes in the postwar Japanese trade will be shown (Table 5).

1. Decline in the Degree of Dependence upon Foreign Trade

If compared with the prewar trade structure, the first characteristics of the postwar trade...
Table 5. Japanese Trade

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Percentage to the previous year</th>
<th>Import</th>
<th>Percentage to the previous year</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934-36</td>
<td>928</td>
<td>-</td>
<td>951</td>
<td>-</td>
<td>-23</td>
</tr>
<tr>
<td>1946</td>
<td>103</td>
<td></td>
<td>306</td>
<td></td>
<td>-202</td>
</tr>
<tr>
<td>47</td>
<td>174</td>
<td>68.9</td>
<td>534</td>
<td>74.5</td>
<td>-350</td>
</tr>
<tr>
<td>48</td>
<td>258</td>
<td>48.3</td>
<td>684</td>
<td>28.1</td>
<td>-426</td>
</tr>
<tr>
<td>49</td>
<td>510</td>
<td>97.7</td>
<td>905</td>
<td>32.3</td>
<td>-395</td>
</tr>
<tr>
<td>50</td>
<td>820</td>
<td>60.8</td>
<td>967</td>
<td>6.9</td>
<td>-150</td>
</tr>
<tr>
<td>51</td>
<td>1,355</td>
<td>65.2</td>
<td>1,995</td>
<td>106.3</td>
<td>-641</td>
</tr>
<tr>
<td>52</td>
<td>1,273</td>
<td>-6.1</td>
<td>2,028</td>
<td>1.7</td>
<td>-755</td>
</tr>
<tr>
<td>53</td>
<td>1,275</td>
<td>0.2</td>
<td>2,410</td>
<td>18.8</td>
<td>-1,135</td>
</tr>
<tr>
<td>54</td>
<td>1,629</td>
<td>27.8</td>
<td>2,399</td>
<td>-0.4</td>
<td>-770</td>
</tr>
<tr>
<td>55</td>
<td>2,011</td>
<td>23.4</td>
<td>2,471</td>
<td>3.0</td>
<td>-460</td>
</tr>
<tr>
<td>56</td>
<td>2,501</td>
<td>24.4</td>
<td>3,230</td>
<td>30.7</td>
<td>-729</td>
</tr>
<tr>
<td>57</td>
<td>2,858</td>
<td>14.3</td>
<td>4,284</td>
<td>32.6</td>
<td>-1,426</td>
</tr>
<tr>
<td>58</td>
<td>2,877</td>
<td>0.7</td>
<td>3,033</td>
<td>-29.2</td>
<td>-157</td>
</tr>
<tr>
<td>59</td>
<td>3,456</td>
<td>20.1</td>
<td>3,599</td>
<td>18.7</td>
<td>-143</td>
</tr>
<tr>
<td>60</td>
<td>4,055</td>
<td>17.3</td>
<td>4,491</td>
<td>24.8</td>
<td>-437</td>
</tr>
<tr>
<td>61</td>
<td>4,236</td>
<td>4.5</td>
<td>5,810</td>
<td>29.4</td>
<td>-1,575</td>
</tr>
<tr>
<td>62</td>
<td>4,916</td>
<td>16.1</td>
<td>5,637</td>
<td>-3.0</td>
<td>-720</td>
</tr>
<tr>
<td>63</td>
<td>5,452</td>
<td>10.9</td>
<td>6,736</td>
<td>19.5</td>
<td>-1,284</td>
</tr>
<tr>
<td>64</td>
<td>6,673</td>
<td>22.4</td>
<td>7,938</td>
<td>17.8</td>
<td>-1,264</td>
</tr>
<tr>
<td>65</td>
<td>8,452</td>
<td>26.7</td>
<td>8,169</td>
<td>2.9</td>
<td>283</td>
</tr>
<tr>
<td>66</td>
<td>9,776</td>
<td>15.7</td>
<td>9,523</td>
<td>16.6</td>
<td>253</td>
</tr>
<tr>
<td>67</td>
<td>10,442</td>
<td>6.8</td>
<td>11,663</td>
<td>22.5</td>
<td>-1,221</td>
</tr>
<tr>
<td>68</td>
<td>12,972</td>
<td>24.2</td>
<td>12,987</td>
<td>11.4</td>
<td>-15</td>
</tr>
<tr>
<td>69</td>
<td>15,990</td>
<td>23.3</td>
<td>15,024</td>
<td>15.7</td>
<td>966</td>
</tr>
<tr>
<td>70</td>
<td>19,818</td>
<td>20.8</td>
<td>18,881</td>
<td>25.7</td>
<td>437</td>
</tr>
<tr>
<td>71</td>
<td>24,019</td>
<td>24.3</td>
<td>19,711</td>
<td>4.4</td>
<td>4,308</td>
</tr>
</tbody>
</table>


The trade of which we are aware is a decline in the degree of dependence upon foreign trade (Table 6).

"The Economic White Paper" of 1956, which initiated disputes, explained the matter as follows. Although the sentences are rather long, they will be quoted in the following: "As to import, it is directly attributed to a decrease of raw cotton import in the transition from natural fiber to chemical fiber, and to a saving of the import of products or semi-products which was made possible by the self-supply of machinery, ammonium sulfate, pig iron, glass, pulp, etc. owing to the development of heavy and chemical industries. The fact that the production in metals, machinery and chemical industries is especially higher than that of the prewar period corresponds to the reduction in import. When we
produce one yard of synthetic fiber from coal or carbide, the related production processes are by far more enlarged with greater earnings born thereof than when we produce one yard of cotton cloth from imported raw cotton. This increase in degree of round-about, namely heavy and chemical industrialization, made it possible to decrease the degree of dependence on imports. To accomplish the round-about of production, much investment is needed. A huge demand for investment to reconstruct the postwar economy with heavy and chemical industrialization as an axis increased relatively the specific gravity of domestic demand against demand for export, and became the principal factor for the decrease of degree of dependence on exports. Thus, the production in the sectors of heavy and chemical industries, which rapidly increased in comparison with the prewar period, was absorbed in the increase of demand for investment goods that was accompanied with the increase of investment, and in the increase of demand for production goods that was caused by the round-about of production. ...When the enlargement of domestic demand is considered from value, the increase of demand for consumption is the most remarkable. This is because the population increased by 30% and because earned incomes and farmers' incomes and so on increased comparatively. In short, the rise in the income level of the public owing to the labor democratization and to the agricultural land reform became one of the prerequisites for the decrease of the degree of dependence on exports. ...As seen above, the decrease of the degree of dependence upon foreign trade was a comprehensive result of the movement tangled with the changes in industrial, trade and consumption structure. In this way, Japan became one of those countries whose degree of dependence upon foreign trade is the lowest in the world."

We will discuss this point briefly in the following.

(1) It does not generally hold that the development of capitalism the prolongation of, that is to say, heavy and chemical industrialization (i.e., the round-about production) will lead to a decrease of the degree of dependence upon foreign trade, nor does the

Table 6. Transition of the Degree of Dependence upon Foreign Trade (Japan)

<table>
<thead>
<tr>
<th>Year</th>
<th>Degree of dependence on exports (A)</th>
<th>Degree of dependence on imports (B)</th>
<th>(A)+(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934-36</td>
<td>21.0</td>
<td>21.5</td>
<td>42.5</td>
</tr>
<tr>
<td>52</td>
<td>7.8</td>
<td>12.4</td>
<td>20.2</td>
</tr>
<tr>
<td>55</td>
<td>8.4</td>
<td>10.3</td>
<td>18.7</td>
</tr>
<tr>
<td>60</td>
<td>9.4</td>
<td>10.4</td>
<td>19.8</td>
</tr>
<tr>
<td>65</td>
<td>9.5</td>
<td>9.2</td>
<td>18.7</td>
</tr>
<tr>
<td>70</td>
<td>9.8</td>
<td>9.6</td>
<td>19.4</td>
</tr>
</tbody>
</table>

Ratio of the amount of exports and imports to gross national product.

converse. In the case of Japan, the degrees of dependence on exports and on imports in 1931 were 14% and 16% respectively, and they changed to the high degrees of dependence of 21% for the annual average in 1934 through 1936. This change itself may be said to be a result of heavy and chemical industrialization of the Japanese economy since 1931. This becomes evident when, in comparison with the prewar period (1937), we look at the changes of the degree of dependence on export in the postwar period of the western countries who are far more advanced in heavy industries than Japan (see Table 7).

(2) Theoretically, the index showing the degree of dependence upon foreign trade, which is the ratio of trade volume to gross national product, cannot explain in itself the role of the foreign trade for the reproduction structure of a country. Even if the degree of dependence upon foreign trade is low, as in the case of the postwar Japan whose degree of dependence upon foreign trade dropped with a gap between the recovery of the production level and that of the trade level, the qualitative importance of the low degree of dependence upon foreign trade can be also said in practice to be rather high in the sense that the production in an enlarged scale, that is, the round-about of production itself, is supported by it, when the low level of trade forms an essential condition for the entire reproduction—of which Japan is a good example.

(3) The rate of increase in volumes of the world trade during the decade after the World War II was larger than that during the decade after the World War I. Namely, in 1928 the rate of increase was 30% or so which is the level of 1913, on the other hand, while in the postwar period it reached to the level of the prewar period (the level of 1937) as early as in 1948, and in 1954 it exceeded 50% which was the level of 1937. Whereas, in the case of Japan, the production index of mineral and manufacturing industries and real incomes increased over the prewar level (the averages of 1934–1936) in 1951, but the volume of export did not exceed the prewar level until 1959 (in 1954, it was one half of the prewar level). The increase of the volume of trade (export) of Japan was at a rate of 17.3% for the annual average of 1950–1959 and 16.5% for the annual average of 1960–1969, which is more than about twice as much as the rate of increase in the world trade for the same period, i.e., 7.6% and 8.2%. This is because the drop after the war was very

Table 7. Transition of the Degree of Dependence on Exports of Several Countries (current price base)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.A.</td>
<td>3.7</td>
<td>3.9</td>
<td>4.0</td>
<td>4.0</td>
<td>4.4</td>
</tr>
<tr>
<td>Great Britain</td>
<td>10.4</td>
<td>14.9</td>
<td>14.2</td>
<td>13.2</td>
<td>16.0</td>
</tr>
<tr>
<td>Germany</td>
<td>12.2</td>
<td>14.2</td>
<td>15.9</td>
<td>15.6</td>
<td>18.3</td>
</tr>
<tr>
<td>France</td>
<td>5.4</td>
<td>10.0</td>
<td>11.4</td>
<td>10.7</td>
<td>12.0</td>
</tr>
<tr>
<td>Italy</td>
<td>6.1</td>
<td>7.7</td>
<td>10.4</td>
<td>12.4</td>
<td>14.2</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>20.5</td>
<td>33.7</td>
<td>35.8</td>
<td>33.4</td>
<td>37.7</td>
</tr>
</tbody>
</table>

much higher in Japan than in the western countries and it was not indeed until 1969 that Japan recovered the share of the prewar period in the world trade (5.4% in 1938, the fourth in the world; Table 8).

The biggest factor in such a lag of recovery of export (which at the same time limits the capacity of import of Japan) was due to that Japan had been cut off from the Northeastern Asian market (the so-called neighboring market, above all the Chinese market) which was the most convenient geographically. The loss of the previleged colonial markets was one of the above example. This is also because Japan was placed as a wing in the system of dominance of U. S. A. over Asia or of militaristic anti-communism in the midst of the formation of socialism in China and the intensification of tension in Asia, and because Japan yielded to this policy (the policy of blockade against China which was forced to Japan and which Japan followed). At the same time, there was the situation that until the middle of 1950’s, what could be the major Japanese export goods and therefore had the competitive power in export was the traditional products of light industries with the textile products as a principal, which have tending toward a global decline of demand. And this situation mentioned above may be reckoned as one of the factors for the low level of export. This factor also explains the fact that the overheated economy was immediately connected to an increase of import, and obliged to invite a crisis in the international balance of payments.

(4) Furthermore, in addition to such a low level of income from export, Japan placed under a strict control by the Foreign Exchange Control Act all the foreign capitals including income from special procurements (which accounted for two-third of the volume of export in 1952–1953 and weighted 25% in 1955 too). This made it possible to secure raw materials and to defend the domestic market for heavy and chemical industries which remained still weak. In short, it transformed heavy and chemical industries into the future industries for export by securing the domestic market for these industries through

Table 8. Shares by the Major Countries in the Exports of the World (excluding socialist bloc)

(Unit: %)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>U.S.A.</th>
<th>Great Britain</th>
<th>West Germany</th>
<th>France</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>2.4</td>
<td>18.3</td>
<td>9.6</td>
<td>7.7</td>
<td>6.0</td>
<td>2.2</td>
</tr>
<tr>
<td>60</td>
<td>3.6</td>
<td>18.1</td>
<td>9.0</td>
<td>10.1</td>
<td>6.1</td>
<td>3.2</td>
</tr>
<tr>
<td>65</td>
<td>5.1</td>
<td>16.5</td>
<td>8.0</td>
<td>10.9</td>
<td>6.1</td>
<td>4.4</td>
</tr>
<tr>
<td>70</td>
<td>6.9</td>
<td>15.3</td>
<td>7.0</td>
<td>12.3</td>
<td>6.4</td>
<td>4.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Developed countries</th>
<th>Western Europe</th>
<th>Developing countries</th>
<th>Asia</th>
<th>Central and South America</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EEC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1955</td>
<td>71.9</td>
<td>41.5</td>
<td>22.4</td>
<td>28.1</td>
</tr>
<tr>
<td>60</td>
<td>75.8</td>
<td>43.6</td>
<td>26.3</td>
<td>24.2</td>
</tr>
<tr>
<td>65</td>
<td>77.9</td>
<td>47.7</td>
<td>29.1</td>
<td>22.1</td>
</tr>
<tr>
<td>70</td>
<td>80.5</td>
<td>49.2</td>
<td>31.8</td>
<td>19.5</td>
</tr>
</tbody>
</table>

controlling foreign capital and by accomplishing intensive accumulation. This process existed together with the postwar gross national product, namely, the abnormally high postwar rate of fixed capital formation (both private and governmental) in the total expenditure (the annual average for the prewar 1934–1936 being 14.3%, 22% for the postwar 1953, 26.7% for 1958, and 33.4% for 1964). On the other hand, the process coexisted with a relative decline in the private consumption expenditure (the annual average for the prewar 1934–1936 being 65%, 61.5% for the postwar 1953, 62.1% for 1958, and 52.2% for 1964) and also with the low labor share of manufacturing industries (the annual average for the prewar 1934–1936 being 31%, 38% for the postwar 1955, and 32% for 1969) which had remained low without much difference when compared with the share in the prewar period. Rather, all these became essential conditions for molding the process.

Therefore, the fundamental cause for the decrease of the degree of dependence upon foreign trade is not the higher income level nor the change of consumption structure owing to the democratization of labor and the agricultural land reform, as is explained in “The Economic White Paper”. It can be mentioned that these factors rather tended to deteriorate relatively. Therefore, it can never be simply generalized as a mere result of heavy and chemical industrialization (round-about of production). The uneven development among the various sectors the structure of intensive accumulation, i.e., the heavy and chemical industrialization were artificially enforced by dint of the control over foreign capital (which still remains in different forms of residual import restriction and non-tariff barrier as liberalization of trade proceed) under the historical conditions to which the Japanese capitalism had been subject after the war. The very matter mentioned above is, preferably, the biggest factor which led to decreasing quantitatively the degree of dependence on exports and imports, with the other systems of accumulation of the state monopolistic capitalism (for example, tax system, selective supply of funds, i.e., the concentrated loan system, over-loan, etc.).

(5) Since 1965 Japanese economy is said to have become an export-leading economy. In fact the degree of dependence of mineral and manufacturing industrial production upon exports in Japan increased greatly thereafter from 14% in 1960 to 18% in 1968. Especially in the export-leading industries which were the carrier of the high growth (the best fifty companies in export in 1969), the degree of dependence on exports has kept a high level of 20% since 1965.

The actual increase of the degree of dependence on exports of production of mineral and manufacturing industries, above all of heavy and chemical industries which are the basis of reproduction of a country, is resulting in an increase of the export ratio in gross national product (the so-called degree of dependence on exports) both in a nominal value and a real value (refer to The White Paper on Trade and Commerce [in Japanese], 1970, p. 105). Such a trend, combined with the development and the pressure of the open system, will further advance the internationalization of the Japanese economy in future. It seems that this will also result in an increase of the degree of dependence on exports and on imports both in quantity and in quality.
2. Changes in the Structure of Trade Commodities

(1) It is after the Korean War, i.e., 1953, that a new trend is said to have appeared in the structure of export commodities. As is seen in Table 9, textile products took the first place accounting for 40% of the total export in also 1955 as well as in the prewar period. Miscellaneous goods classified as "others" in the Table (for example, toys) weighted high and the traditional trade structure with the products of light industries as an axis was maintained as a whole. Although iron and steel, ships and chemical fertilizers appeared already as main export goods, they hardly indicated a pattern of a new development of the postwar trade, since they had already attained a certain level of development as munitions-related industries in the prewar period (Tables 9 and 10).

(2) As seen above, the feature of the postwar world trade is found in its growth rate which was higher than that after the World War I. In addition, trade of industrial products and trade among industrial countries tended to be enlarged. Especially, the growth in the trade of products of heavy and chemical industries among industrial countries was remarkable. This chiefly characterizes the postwar world trade, while the main axis in the enlargement of the prewar (1913-1938) world trade was an exchange between industrial products of industrial countries and primary products of non-industrial countries, which was, in other words, an enlargement of the vertical specialization.

In consequence, the share of underdeveloped countries which produce mainly primary products constantly declined in the world trade, and their share in the world export eventually fall below 20% in 1965. Even in the supply of primary products excepting petroleum, supply by the developed countries (especially, export of foodstuffs from U. S. A. in connection with aids) grew higher.

The enlargement and the development of Japanese export in the postwar period can be said to have been a self-adjustment to such a trend of the world trade.

(3) As to the private plant and equipment investment, an emphasis was placed until about 1955 on the expansion of productive capacity of such key industries as electricity, coal, iron and steel, fertilizer, and shipping. As well as the investment for rationalization of existing industries, new industries and new techniques were introduced in preparation for the future development. Then, the monetary restraint due to the crisis of foreign exchange in the fall of 1953 brought a stagnation in 1954, and after 1955 a storm of investment for modernization was rapidly pushed forward under the historic economic prosperity (the so-called "Jinmu" boom). It was a full-scale introduction of new technological innovation, and it led the new industrial techniques prepared in the previous period to come into flower. At the same time it brought changes in the structural relations among industries. After a slight stagnation from the latter half of 1957 to the first half of 1958, due to the crisis of foreign exchange and the monetary restraint, investment for modernization and rationalization intensified further under another historic economic prosperity (the so-called "Iwato" boom). Besides, urgent need of liberalization of trade originating in the dollar crisis in 1958 inevitably strengthened to accelerating such a situation. Thus, heavy and chemical industries which accounted for 48% of the manufacturing industries
Table 9. Export Structure in Kinds of Commodities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Products of heavy and chemical industries</td>
<td>(19.6)</td>
<td>(35.7)</td>
<td>(36.2)</td>
<td>(41.4)</td>
<td>(62.0)</td>
<td>(72.4)</td>
<td>(74.8)</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>7.1</td>
<td>10.0</td>
<td>14.9</td>
<td>12.3</td>
<td>22.9</td>
<td>35.2</td>
<td>46.3</td>
<td>49.4</td>
</tr>
<tr>
<td>Metals and products</td>
<td>8.2</td>
<td>18.5</td>
<td>15.1</td>
<td>19.2</td>
<td>14.0</td>
<td>20.3</td>
<td>19.7</td>
<td>19.0</td>
</tr>
<tr>
<td>Chemicals</td>
<td>4.3</td>
<td>1.9</td>
<td>5.7</td>
<td>4.7</td>
<td>4.5</td>
<td>6.5</td>
<td>6.4</td>
<td>6.2</td>
</tr>
<tr>
<td>Products of light industries and others</td>
<td>(30.4)</td>
<td>(64.3)</td>
<td>(63.8)</td>
<td>(58.6)</td>
<td>(38.0)</td>
<td>(28.6)</td>
<td>(25.2)</td>
<td></td>
</tr>
<tr>
<td>Foodstuffs</td>
<td>9.5</td>
<td>6.3</td>
<td>9.4</td>
<td>6.8</td>
<td>6.3</td>
<td>4.1</td>
<td>4.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Textiles</td>
<td>52.1</td>
<td>48.6</td>
<td>36.1</td>
<td>37.3</td>
<td>30.2</td>
<td>18.7</td>
<td>12.6</td>
<td>11.5</td>
</tr>
<tr>
<td>Non-metalic mineral products</td>
<td>3.0</td>
<td>3.7</td>
<td>4.9</td>
<td>4.2</td>
<td>4.1</td>
<td>3.1</td>
<td>1.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Other</td>
<td>15.8</td>
<td>11.0</td>
<td>14.0</td>
<td>15.5</td>
<td>18.0</td>
<td>12.1</td>
<td>9.7</td>
<td>9.3</td>
</tr>
</tbody>
</table>


Table 10. Japanese Major Export Commodities

<table>
<thead>
<tr>
<th>Order</th>
<th>1936—38</th>
<th>1950</th>
<th>1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cotton fabrics</td>
<td>182</td>
<td>Cotton fabrics</td>
</tr>
<tr>
<td>2</td>
<td>Raw silk</td>
<td>123</td>
<td>Iron and steel</td>
</tr>
<tr>
<td>3</td>
<td>Fishes and shellfishes</td>
<td>83</td>
<td>Artificial silk fabrics</td>
</tr>
<tr>
<td>4</td>
<td>Artificial silk fabrics</td>
<td>48</td>
<td>Copper</td>
</tr>
<tr>
<td>5</td>
<td>Iron and steel</td>
<td>43</td>
<td>Clothing</td>
</tr>
<tr>
<td>6</td>
<td>Silk fabrics</td>
<td>25</td>
<td>Ship</td>
</tr>
<tr>
<td>7</td>
<td>Woolen fabrics</td>
<td>17</td>
<td>Silk fabrics</td>
</tr>
<tr>
<td>8</td>
<td>Ceramics</td>
<td>14</td>
<td>Toys</td>
</tr>
<tr>
<td>9</td>
<td>Cotton yarn</td>
<td>12</td>
<td>Staple fiber fabrics</td>
</tr>
<tr>
<td>10</td>
<td>Toys</td>
<td>10</td>
<td>Fabric machinery</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Order</th>
<th>1960</th>
<th>1965</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iron and steel</td>
<td>388</td>
<td>Iron and steel</td>
</tr>
<tr>
<td>2</td>
<td>Cotton fabrics</td>
<td>352</td>
<td>Ship</td>
</tr>
<tr>
<td>3</td>
<td>Ship</td>
<td>298</td>
<td>Cotton fabrics</td>
</tr>
<tr>
<td>4</td>
<td>Clothing</td>
<td>218</td>
<td>Clothing</td>
</tr>
<tr>
<td>5</td>
<td>Radio receivers</td>
<td>145</td>
<td>Automobiles</td>
</tr>
<tr>
<td>6</td>
<td>Staple fiber fabrics</td>
<td>118</td>
<td>Fishes and shellfishes</td>
</tr>
<tr>
<td>7</td>
<td>Automobiles</td>
<td>96</td>
<td>Radio receivers</td>
</tr>
<tr>
<td>8</td>
<td>Toys</td>
<td>90</td>
<td>Synthetic fiber</td>
</tr>
<tr>
<td>9</td>
<td>Footwares</td>
<td>73</td>
<td>Optical instrument</td>
</tr>
<tr>
<td>10</td>
<td>Ceramics</td>
<td>66</td>
<td>Toys</td>
</tr>
</tbody>
</table>

in 1955 had increased by 1960 their share to 59%, which was nearly as high as the international level. The entirely new industrial fields like electronics industry, synthetic chemical industry and petrochemical industry and so on were developed mainly depending on the introduction of foreign technology, and besides, steel, electric, machinery and automobile industries also developed remarkably as the so-called growing industries.

(4) With this trend as a background, new export commodities were created one after another since 1955 and the diversification of export commodities was promoted.

In such new trend, the ratio of heavy and chemical industrial products vs. light industrial products in export was reversed lastly in 1963. However, heavy and chemical industrial products at this stage were ships, steel (products as materials) and light machinery and equipment (transistor radios, cameras, sewing machines, etc.) and, as to the machinery, the ratio of the capital-intensive equipment, heavy machinery, or of the capital-intensive production goods was remarkably low except for ships, in comparison with the other western countries. Such light machinery is a labor-intensive product which makes use of small businesses and household industry, and ships used to need comparatively much labor. The export of machinery of Japan was concentrated on and specialized in such a few number of items of commodities with ships as a main stay, which also was a unique characteristic compared with the western advanced countries. Moreover, in case of Japan, a difference from the western countries was also found in the fact that the ratio of export of heavy and chemical industrial products to underdeveloped countries was large. Furthermore, the export of heavy and chemical industrial products toward underdeveloped countries was mainly supported by deferred payments in export and by loans with national funds. The total volume of the Japanese export increased by approximately 2.4 times from 4.05 billion dollars in 1960 to 9.77 billion dollars in 1966, during which period export of plants (ships, textile machinery, industrial machinery, railway vehicles, automobiles, iron and steel structures, etc.) increased by four times and export on deferred payments by 4.7 times. Also the main portion of export on deferred payments and loans supported by the national funds was oriented toward underdeveloped countries. This coincides with the fact that the ratio of the Japanese export of plants toward underdeveloped countries is higher than that of the western countries. At the same time, it helped the advancement of the hitherto relatively inferior export structure, or heavy and chemical industrialization of Japan, by contributing to the enlargement of the Japanese export of machinery.

(5) Due to an increase in scattering dollars along with the beginning of bombing in North Vietnam in 1965 or the intensification of the Vietnam War (readers may also recall that the year had a political change of Indonesian Government, in which Sukarno fell from power and the birth of the treaty between Japan and the Republic of Korea), Japan had recovered from the most serious crisis in the postwar period from the end of 1964.

---

to 1965, and whereafter her export increased drastically except in 1967 of the global recession. The export structure was also overwhelmingly went through heavy and chemical industrialization and also the weight in the structure of exports toward developed countries came to be reversed from the light industrial products to the heavy and chemical industrial products. In short, a gap between the industrial structure and the export structure was dissolved (see Tables 11 and 12).

The problems of the export structure in the present stage will be discussed later and here we will simply confirm the changes in it.

Textile products which accounted for 19% of the total volume of export in 1965 declined to 11% in 1971 and cotton products and clothing ceased finally to remain among the best ten items in export. The export of machinery increased from 35% to 49%, among which especially automobiles increased rapidly from 2.8% to 10% taking the second place in export (see Table 10). The ratio of heavy and chemical industrial products in export increased from 62% to 74.6% and led to exceed by far the rate of heavy industrialization creating a reverse gap. Here, the export structure, which was reversed in that of the prewar period and was different both in quality and in quantity, came into existence.

(6) The changes in the industrial structure and the export structure necessarily brought about the changes in the import structure. As is seen in Tables 13 and 14-A, a decline in the import of textile materials is outstanding. Textile materials which

<table>
<thead>
<tr>
<th>Table 11. Trend of Industrialization of Developed Countries</th>
<th>1955</th>
<th>1960</th>
<th>1965</th>
<th>1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of industrialization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>30.1</td>
<td>28.4</td>
<td>28.7</td>
<td>26.2</td>
</tr>
<tr>
<td>West Germany</td>
<td>40.8</td>
<td>41.2</td>
<td>41.0</td>
<td>40.7</td>
</tr>
<tr>
<td>Great Britain</td>
<td>36.7</td>
<td>63.3</td>
<td>35.0</td>
<td>34.5</td>
</tr>
<tr>
<td>Japan</td>
<td>27.8</td>
<td>34.2</td>
<td>32.6</td>
<td>36.0</td>
</tr>
<tr>
<td>Ratio of heavy and chemical industrialization of industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>52.8</td>
<td>51.2</td>
<td>54.7</td>
<td>57.8</td>
</tr>
<tr>
<td>West Germany</td>
<td>57.5</td>
<td>58.6</td>
<td>58.1</td>
<td>59.4</td>
</tr>
<tr>
<td>Great Britain</td>
<td>55.6</td>
<td>58.3</td>
<td>57.5</td>
<td>57.0</td>
</tr>
<tr>
<td>Japan</td>
<td>47.6</td>
<td>58.6</td>
<td>55.5</td>
<td>59.9</td>
</tr>
<tr>
<td>Ratio of heavy and chemical industrialization of export</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.A.</td>
<td>51.2</td>
<td>51.8</td>
<td>54.6</td>
<td>62.1</td>
</tr>
<tr>
<td>West Germany</td>
<td>66.7</td>
<td>75.5</td>
<td>75.1</td>
<td>74.5</td>
</tr>
<tr>
<td>Great Britain</td>
<td>57.7</td>
<td>66.6</td>
<td>65.2</td>
<td>65.5</td>
</tr>
<tr>
<td>Japan</td>
<td>37.8</td>
<td>44.0</td>
<td>62.0</td>
<td>72.4</td>
</tr>
</tbody>
</table>

Ratio of industrialization = production of manufacturing industries/GNP.
Ratio of heavy and chemical industrialization of industries = production of value added in heavy and chemical industries/production of value added in industries.
Ratio of heavy and chemical industrialization of export = amount of export of products of heavy and chemical industries/amount of export.

Table 12. Change in the Export Structure

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>Developed countries</th>
<th>Developing countries</th>
<th>Socialist bloc</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>U.S.A.</td>
<td>Southeast Asia</td>
<td></td>
</tr>
<tr>
<td>Total export</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1955</td>
<td>100.0</td>
<td>45.0</td>
<td>22.3</td>
</tr>
<tr>
<td></td>
<td>60</td>
<td>100.0</td>
<td>47.4</td>
<td>27.2</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>100.0</td>
<td>50.9</td>
<td>29.3</td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>100.0</td>
<td>54.0</td>
<td>30.7</td>
</tr>
<tr>
<td>Products of heavy and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>chemical industries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1955</td>
<td>100.0</td>
<td>25.8</td>
<td>8.7</td>
</tr>
<tr>
<td></td>
<td>60</td>
<td>100.0</td>
<td>31.4</td>
<td>19.6</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>100.0</td>
<td>46.7</td>
<td>27.1</td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>100.0</td>
<td>54.5</td>
<td>30.7</td>
</tr>
<tr>
<td>Ratio of heavy and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>chemical industrialization of export of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>each regions</td>
<td>1955</td>
<td>37.8</td>
<td>22.1</td>
<td>15.0</td>
</tr>
<tr>
<td></td>
<td>60</td>
<td>44.0</td>
<td>29.1</td>
<td>31.8</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>62.0</td>
<td>56.7</td>
<td>55.5</td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>72.4</td>
<td>73.0</td>
<td>72.4</td>
</tr>
</tbody>
</table>

Products of heavy and chemical industries represent items under SITC (Standard International Trade Classification) 5, 67-69, 7, 861, 864 and 891-1. Ratio of heavy and chemical industrialization of export for Southeast Asia in 1965 is considered a typographical error, and was replaced by the figure in *The White Paper on Trade and Commerce: The Itemized Discussion* (in Japanese).


Table 13. Percentage of Import Structure in Kinds of Commodities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Total)</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Foodstuffs</td>
<td>16.5</td>
<td>31.9</td>
<td>25.4</td>
<td>12.2</td>
<td>18.0</td>
<td>13.6</td>
<td>14.8</td>
</tr>
<tr>
<td>Textile materials</td>
<td>31.8</td>
<td>37.9</td>
<td>24.2</td>
<td>17.0</td>
<td>10.4</td>
<td>5.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Metal materials</td>
<td>3.5</td>
<td>1.9</td>
<td>7.5</td>
<td>15.0</td>
<td>12.5</td>
<td>14.3</td>
<td>12.8</td>
</tr>
<tr>
<td>Others materials</td>
<td>6.0</td>
<td>14.8</td>
<td>17.1</td>
<td>17.2</td>
<td>16.8</td>
<td>16.0</td>
<td>14.8</td>
</tr>
<tr>
<td>Mineral fuels</td>
<td>4.9</td>
<td>5.5</td>
<td>11.6</td>
<td>16.5</td>
<td>19.9</td>
<td>20.7</td>
<td>24.1</td>
</tr>
<tr>
<td>Chemical products</td>
<td>4.1</td>
<td>4.1</td>
<td>3.2</td>
<td>5.9</td>
<td>5.0</td>
<td>5.3</td>
<td>5.1</td>
</tr>
<tr>
<td>Machinery and instrument</td>
<td>4.7</td>
<td>0.8</td>
<td>5.5</td>
<td>9.0</td>
<td>9.8</td>
<td>12.2</td>
<td>12.2</td>
</tr>
<tr>
<td>Other processed goods</td>
<td>28.5</td>
<td>3.1</td>
<td>4.8</td>
<td>7.2</td>
<td>8.2</td>
<td>12.3</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Other materials include rawhide, soybeans, natural rubber, timber, tallow, etc. Other processed goods include iron and steel, non-ferrous metals, textiles, etc.

Based on annual publications of *The White Paper on Trade and Commerce (in Japanese)*.
Table 14-A. Trend of Major Imported Commodities

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>Percentage of the six commodities in the total import</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>Raw cotton (29)</td>
<td>Wheat (15)</td>
<td>Rice (9)</td>
<td>Sugar (5)</td>
<td>Petroleum (4)</td>
<td>Raw rubber (4)</td>
<td>66%</td>
</tr>
<tr>
<td>1955</td>
<td>Raw cotton (16)</td>
<td>Petroleum (9)</td>
<td>Rice (8)</td>
<td>Wheat (7)</td>
<td>Wool (7)</td>
<td>Sugar (5)</td>
<td>52%</td>
</tr>
<tr>
<td>1965</td>
<td>Crude oil (13)</td>
<td>Iron ore (6)</td>
<td>Timber (6)</td>
<td>Raw cotton (5)</td>
<td>Wool (4)</td>
<td>Non-ferrous metals (4)</td>
<td>38%</td>
</tr>
<tr>
<td>1970</td>
<td>Crude oil (12)</td>
<td>Timber (8)</td>
<td>Iron ore (6)</td>
<td>Non-ferrous metals (6)</td>
<td>Coal (5)</td>
<td>Non-ferrous metals (5)</td>
<td>42%</td>
</tr>
</tbody>
</table>


Table 14-B. Ratio of Import of Raw Materials in Advanced Industrialized Countries (1969)

<table>
<thead>
<tr>
<th>Country</th>
<th>1969</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>61.4</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>21.1</td>
</tr>
<tr>
<td>Great Britain</td>
<td>31.6</td>
</tr>
<tr>
<td>West Germany</td>
<td>29.6</td>
</tr>
<tr>
<td>EEC</td>
<td>31.7</td>
</tr>
</tbody>
</table>

*ibid.*

Table 14-C. Transition of Degree of Dependence on Overseas Resources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>50.6</td>
<td>57.6</td>
<td>75.6</td>
<td>(82)</td>
</tr>
<tr>
<td>Lead</td>
<td>54.6</td>
<td>51.7</td>
<td>54.6</td>
<td>(46)</td>
</tr>
<tr>
<td>Zinc</td>
<td>26.3</td>
<td>38.1</td>
<td>34.5</td>
<td>(57)</td>
</tr>
<tr>
<td>Aluminum</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>(100)</td>
</tr>
<tr>
<td>Nickel</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>(100)</td>
</tr>
<tr>
<td>Iron ore</td>
<td>69.0</td>
<td>80.7</td>
<td>87.9</td>
<td>(91)</td>
</tr>
<tr>
<td>Material coal</td>
<td>38.8</td>
<td>54.9</td>
<td>78.5</td>
<td>(84)</td>
</tr>
<tr>
<td>Petroleum</td>
<td>98.6</td>
<td>99.5</td>
<td>99.7</td>
<td>(100)</td>
</tr>
<tr>
<td>Natural gas</td>
<td>0</td>
<td>0</td>
<td>34.8</td>
<td>(74)</td>
</tr>
<tr>
<td>Uranium</td>
<td>0</td>
<td>0</td>
<td>100</td>
<td>(100)</td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td>81</td>
<td>90</td>
<td>(93)</td>
</tr>
</tbody>
</table>

weighted 40% still in 1950 decreased to just 5% in 1970. This explains both the decline of textile products in export and the conversion of the textile industry into the synthetic fiber industry along with a decline in the importance of natural fiber materials like cotton and wool and so on. On the other hand, an increase in the weight of mineral fuels and crude oil is contrasting. This reflects the followings: the development of petrochemical industries; the change of energy policies originating in the fall of heavy oil price due to the Suez Upheaval in 1957; the decisive importance of heavy oil import replacing coal in energy industry along with the transition from the policy of “water-power generation over thermal-power generation” to that of “thermal-power generation over water-power generation” (the dominance of international petroleum capital in energy industry and at the same time the increase of import of the Middle East petroleum); the switch-over from the ammonium sulfate industry which was once the coal chemical industry to petrochemical industry; the initiation of heavy oil blowing in blast furnaces in the iron and steel industry; and the expansion of demand because of the spread of automobiles. The subordinance to the international petroleum capital also meant the strengthening and the enlargement (rationalization) of the competitive power of industries for export through the transition in energy industry from coal to petroleum, i.e., a reduction of cost.

In this way, the weight of organic materials (textile materials plus animals and plant materials, especially agricultural materials) which accounted for still more 30% in 1960 declined to 19% in 1971 and the import of mineral industrial materials overwhelmingly. When compared with the fact that in the prewar period the structure of imported commodities had a form which suited the demand of the one-time industrial structure with the cotton industry as a main stay, it is quite evident that the structure of imported commodities has come to possess a new form which suited the demand of the heavy and chemical industries.

The ratio of foodstuff import in the total volume of imports does not show much difference in spite of a decline in the ratio of food self-supply (80% in 1960 and 52% in 1971 on the calorie base), but its content changed greatly. That is to say, the prewar foodstuff import mainly consisted of the import of rice from the colonies (Korea, Formosa), while in the present the weight of wheat, corn and kaoliang for livestock feed, and meat and so on is overwhelming, which is worth noting. The characteristics are shown in the followings: the ratio of raw materials and mineral fuels is quite higher than in the western countries. Although the import of machinery is increasing, the import of light industrial products is relatively low. In that sense, it may be said that the structure of vertical specialization exceeding the level of the prewar period is being maintained, which is different from the trend of trade of advanced industrial countries.

Although the matter mentioned above may be a consequence of defending domestic markets by mobilizing the residual import restriction and non-tariff barrier and so on, it can hardly be denied that it helps the trade structure of Japan to become a very selective or exclusive structure for industrial products. We will discuss this problem again later.
3. Changes in the Market Structure

First of all, the postwar market structure is roughly explained in Tables 15 and 16.

(1) From these statistical data, we can see that in the postwar period the market structure of Japan mainly consists of North American and Southeastern Asian markets. It may be gathered from them that when compared with the prewar period, however, the ratio of Asian markets declined, while the ratio of American markets increased in export.

Table 15. Market Structure in Regions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Asia (excluding socialist bloc)</td>
<td>51.3</td>
<td>41.9</td>
<td>35.7</td>
<td>29.4</td>
<td>28.2</td>
<td>27.0</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>47.9</td>
<td>37.6</td>
<td>32.2</td>
<td>26.0</td>
<td>25.4</td>
<td>24.0</td>
</tr>
<tr>
<td>Western Asia</td>
<td>3.4</td>
<td>4.3</td>
<td>3.5</td>
<td>3.4</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Western Europe</td>
<td>9.3</td>
<td>10.2</td>
<td>11.7</td>
<td>12.8</td>
<td>15.0</td>
<td>14.1</td>
</tr>
<tr>
<td>EC</td>
<td></td>
<td></td>
<td>4.3</td>
<td>5.7</td>
<td>6.7</td>
<td>6.8</td>
</tr>
<tr>
<td>EFTA</td>
<td></td>
<td></td>
<td>5.6</td>
<td>5.4</td>
<td>5.5</td>
<td>5.4</td>
</tr>
<tr>
<td>North America (U.S.A.)</td>
<td>19.0</td>
<td>24.6</td>
<td>30.1</td>
<td>31.9</td>
<td>33.7</td>
<td>34.9</td>
</tr>
<tr>
<td>Latin America</td>
<td>8.6</td>
<td>9.3</td>
<td>7.5</td>
<td>5.8</td>
<td>6.1</td>
<td>6.6</td>
</tr>
<tr>
<td>Africa</td>
<td>10.1</td>
<td>10.2</td>
<td>8.7</td>
<td>9.7</td>
<td>7.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Oceania</td>
<td>1.8</td>
<td>3.8</td>
<td>4.5</td>
<td>4.8</td>
<td>4.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Socialist bloc</td>
<td></td>
<td></td>
<td>1.8</td>
<td>5.7</td>
<td>5.4</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Southeast Asia includes Northeast Asia. Rapid increase of import of Western Asia indicates an increase of mideastern petroleum import.

(Reference Table)

Market Structure in Regions in the Prewar Period (1934–1976)

<table>
<thead>
<tr>
<th>Region</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>64</td>
<td>53</td>
</tr>
<tr>
<td>Neighboring countries</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>(Mainland China)</td>
<td>(13)</td>
<td>(10)</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Europe</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>North America</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>(U.S.A.)</td>
<td>(16)</td>
<td>(24)</td>
</tr>
<tr>
<td>Latin America</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Africa</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Oceania</td>
<td>3</td>
<td>7</td>
</tr>
</tbody>
</table>

The figures include trade within a country. Neighboring countries include Formosa, Korea and Mainland China.


The degree of concentration of the best ten countries was higher in the prewar period (87%) than in the postwar period (60% or so) (Table 16). This explains the fact that the prewar Asian-centered markets (especially those of neighboring countries) had to spread territorially because of the postwar loss of and the cut-off from the neighboring markets and because of the enlargement of production scale under these conditions and that the possibility to that effect had been given.

(2) In connection with that is seen above, the prewar market structure of Japan tended overwhelmingly to be with underdeveloped countries (trade with Asia), while in the postwar period the weight of the trade with developed countries increased along with the changes in the industrial structure and in the structure of trade commodities, which is mentioned above. The main portion of the export markets of Japan was Southeastern Asian-centered underdeveloped countries even in the latter half of 1950's, but since 1965 the weight of the trade with developed countries has exceeded the weight of the trade with underdeveloped countries. In the western countries 70%–80% of the trade is with developed countries, while in Japan the weight of developed countries in trade is relatively low. However, the weight of underdeveloped countries, which was 70% in 1951, declined to 54% in 1955, 51% in 1960, 44% in 1965 and 41% in 1970. On the other hand, the weight of developed countries gradually increased from 26% in 1951 to 51% in 1965 exceeding the half, and to 54% in 1970, which is worth noting.

4. The Postwar Trade Structure

We have so far surveyed the postwar changes in the market structure, and now we will examine the problem of the postwar trade structure together with that of the changes in the commodities structure in relation to the prewar link thesis.

(1) Prof. Kiyoshi Matsui, who tried to schematize the postwar trade structure on the basis of the period from the year of the defeat in the war to 1952 (the period of recovery
Table 16. Ten Major Countries in Japanese Export

(Unit: million dollars)

<table>
<thead>
<tr>
<th>Order</th>
<th>Year</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
<th>Country</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1934-36</td>
<td>The Republic of Korea</td>
<td>185</td>
<td>U.S.A.</td>
<td>188</td>
<td>U.S.A.</td>
<td>456</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>China</td>
<td>169</td>
<td>Pakistan</td>
<td>56</td>
<td>Hong Kong</td>
<td>88</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>U.S.A.</td>
<td>147</td>
<td>Hong Kong</td>
<td>53</td>
<td>India</td>
<td>85</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td>Burma and India</td>
<td>88</td>
<td>Indonesia</td>
<td>46</td>
<td>Argentine</td>
<td>79</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td>Formosa</td>
<td>74</td>
<td>Thailand</td>
<td>43</td>
<td>Indonesia</td>
<td>65</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td>Indonesia</td>
<td>49</td>
<td>Formosa</td>
<td>38</td>
<td>Formosa</td>
<td>64</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td>Great Britain</td>
<td>43</td>
<td>Republic of South Africa</td>
<td>30</td>
<td>Thailand</td>
<td>63</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td>Australia</td>
<td>20</td>
<td>Great Britain</td>
<td>26</td>
<td>Great Britain</td>
<td>61</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td>Egypt</td>
<td>19</td>
<td>Australia</td>
<td>23</td>
<td>Singapore</td>
<td>59</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>Singapore</td>
<td>16</td>
<td>Argentine</td>
<td>21</td>
<td>Australia</td>
<td>55</td>
</tr>
</tbody>
</table>

Percentage of the ten countries in the total amount of export:

<table>
<thead>
<tr>
<th>Year</th>
<th>1960</th>
<th>1965</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order</td>
<td>Country</td>
<td>Amount</td>
<td>Country</td>
</tr>
<tr>
<td>1</td>
<td>U.S.A.</td>
<td>1,102</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>2</td>
<td>Hong Kong</td>
<td>154</td>
<td>Liberia</td>
</tr>
<tr>
<td>3</td>
<td>Philippines</td>
<td>144</td>
<td>Australia</td>
</tr>
<tr>
<td>4</td>
<td>Australia</td>
<td>121</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>5</td>
<td>Great Britain</td>
<td>119</td>
<td>China</td>
</tr>
<tr>
<td>6</td>
<td>Canada</td>
<td>118</td>
<td>Philippines</td>
</tr>
<tr>
<td>7</td>
<td>Thailand</td>
<td>117</td>
<td>Thailand</td>
</tr>
<tr>
<td>8</td>
<td>Indonesia</td>
<td>111</td>
<td>Formosa</td>
</tr>
<tr>
<td>9</td>
<td>India</td>
<td>109</td>
<td>West Germany</td>
</tr>
<tr>
<td>10</td>
<td>Formosa</td>
<td>102</td>
<td>Canada</td>
</tr>
</tbody>
</table>

Percentage of the ten countries in the total amount of export:

<table>
<thead>
<tr>
<th>Year</th>
<th>1960</th>
<th>1965</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order</td>
<td>Country</td>
<td>Amount</td>
<td>Country</td>
</tr>
<tr>
<td>1</td>
<td>U.S.A.</td>
<td>35</td>
<td>U.S.A.</td>
</tr>
</tbody>
</table>

of the production level to the prewar level), explains as follows:

The first link: Trade with U.S.A. Colonial or subordinate type. It is plainly demonstrated in import by the name of aids and in export by the name of special procurements. As to the commodities structure, because of the rapid decrease in the export of raw silk, aids and income from special procurements were the starter and with that dollar raw cotton, foods, coal, iron ore and petroleum and so on were imported. In the balance of trade, imports overwhelmingly exceeded exports.

The second link: Trade with Southeast Asia. Subordinate and imperialistic type. By "substitute exporting" of U.S.A., Japan competed with Great Britain. As to the commodities structure, textile products, machinery, and metal products were exported, while foods and materials for industries were imported.

The third link: Trade with China. This is a trade with the socialist bloc and is quite a new type. Presently it is under the prohibiting restriction because of the war policy of U.S.A. As to the commodities structure in the year of 1960 when the trade with China was to some degree undertaken, metal products and machinery were exported and coal, iron ore and soy beans were imported.

Furthermore, Prof. Matsui analyzed the mutual relation among these links as follow: "After the war the export toward Southeast Asia rapidly increased, ... The biggest cause, of course, is a cut-off from the Chinese markets, and so Southeast Asia had to be looked on as a new market replacing the loss of the Chinese markets. Especially an increase in export is remarkable and the export toward Southeast Asian markets has continued to exceed over the import since the prewar period. As well as in the prewar period, excess of import over export in the trade with U.S.A. was complemented in the postwar period by the excess of export over import in the trade with Southeast Asia. There were the differences in that the prewar trade with Southeast Asia was an independent invasion of the Japanese imperialism, but the postwar trade became a subcontract trade and is incorporated in the mechanism of the American domination over Asia. ... In other words, purchasing power of the dollar which was scattered by U.S.A. supported the Japanese trade with Southeast Asia."

Criticizing this schematization or the presentation of a new three-link thesis for the postwar period by Prof. Matsui, Prof. Masaharu Yoshimura remarked as in the following: "If we classify the postwar Japanese trade into several groups, it should be grouped into two; subordinate, militaristic trade and independent, equal, peaceful trade; trade with capitalist bloc and trade with socialist bloc." "Although the difference in nature between trade with U.S.A. and that with Southeast Asia should not be totally ignored, it should only be of a secondary importance."

8) Ibid., pp. 136-38.
Based on the subsequent changes or the reality of the period of 1959-1960, Prof. Matsui presented again a "link thesis on the Japanese trade" in accordance with the new postwar stage. Here, he used the term "route" instead of the heretofore term "link".

The first route: Trade with U. S. A. and the Organization for European Economic Cooperation. For Japan this trade is of an underdeveloped country; mainly labor-intensive commodities are exported and capital-intensive commodities are imported. This is because, though Japan is an advanced industrial country herself, the level of her productive capacity is a little inferior to that of the western countries. It may well be called "a middle-developed country".

The second route: Trade with Asia, Africa and Central and South America. The trade may well be called to be of potentially imperialistic type. Most of the Southeast Asian countries which are specially closely related to Japan, for example, are politically independent after the war but belong to economically underdeveloped still now. Capital-intensive commodities are exported from Japan and foods and raw materials are imported. Such a trade structure tends to involve an imperialistic invasion.

The third route: Trade with the socialist bloc. Especially in the postwar period its importance has increased. The trade is with socialist countries like China and U. S. S. R. and so on. As a matter of fact, it may be called of reciprocal and equal type. As to the trade structure, for the time being heavy and chemical industrial products (materials for construction) are exported from Japan and raw materials and food are imported. Changes will be expected as the construction of socialism proceeds.  

The three-link thesis which is based on the period of inversion to the high growth since 1965 or to the general trend of the black-ink in the international balance of payments is summarized and schematized by Mr. Nobuyoshi Nakagawa.

The first link: Trade with U. S. A. and Europe. Competitive for dividing markets type. ... An invasion of the Japanese capital is placed under severe surroundings because of such factors as the intensified competition with American capital over both of these markets, inclination toward a protective trade in U. S. A., import restrictions toward Japan by West European countries and so on.

The second link: Trade with Asia, Africa and Latin America. Subordinate, imperialistic type. As to the trade with Asia, among the Asian countries, the Republic of Korea, Formosa and Hong Kong stand a higher rank next to U. S. A. in the volume of export from Japan. Export largely exceeds import and the trade tends to be of one sided. It is also closely connected to the countries related to "Vietnam War" like Thailand and Philippines. It also includes trade with Oceania, though it is of a little different nature.

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Import largely exceeds export and the trade is of one-sided, which is in reverse from the trade with Asia.

_The third link:_ Trade with the socialist bloc. “Reciprocal and equal type.”

The trade with the socialist bloc will develop in the extent and the depth of the market and will increase its importance.\(^\text{11}\)

Needless to say, the postwar trade, which is related or connected with the reproduction of Japanese economy that is ten times as much in the production level compared with the prewar period, which constitutes the fundamental conditions for this reproduction, and which is five times as much in the substantial level of volume, is naturally different in qualitative and quantitative scales from the prewar trade which consisted mainly of light industries and was supported by raw silk and cotton products. And also the postwar trade is of more multilateral characters. If everything is included (the inclusiveness or the spread of markets is, however, in itself based on the dissolution of the old imperialistic bloc, i.e., a change of the conditions of the postwar world markets given by U. S. A.), we do not necessarily need to use the term “link”. An ordinary grasp on “the duplicity or multilateral character of the Japanese trade markets”, or an analysis under respective markets will suffice for it. At least it seems that they do not mean the successiveness or steps same as the links in the link thesis of Prof. Nawa.

(4) However, the process of the enlargement of the Japanese capitalism in the post-war period or the reorganization into heavy and chemical industrialization, i.e., the change and the enlargement of reproduction conditions (which in itself classifies the link thesis as seen previously according to the differences in the characteristics of the markets, but alters and enlarges it into a comprehensive form, and intercepts the meaning of the link thesis or its continuity) principally depended on the postwar Japan–U. S. A. relations (both political and economic). Heavy and chemical industrialization of Japan itself always depended on the trade between Japan and U. S. A. (including aids and special procurements) and was carried out with the media of the induction of American capital and technology. Japanese invasion to southeast Asia and Oceania, which is one of the conditions for the heavy and chemical industrialization, was also through the American commitment in Asia and the Pacific after the war. In short, Japan completed her heavy and chemical industrialization by joining in or taking advantage of the invasion (enlargement of powers) of the American imperialism replacing the retreating old imperialistic powers (Great Britain, France, the Netherlands, etc.) in Asia and the Pacific in the postwar period. Particularly, it coincides with the decline of Great Britain which used to be the most dominating power in Asia and Oceania (the last indication was the settlement for withdrawing troops in east of the Suez in 1971, which was decided at a time of devaluation of pound in 1967.

It can be said that the postwar Japanese trade market which was organized on the premise of the cut-off from Chinese markets—which, needless to repeat, is indeed an

essential condition for the heavy and chemical industrialization of Japan or the reorganization of reproduction structure—mainly consisted of such American markets and the Southeast Asian markets.

However, it will be a mistake to ignore the aggravating tension and contradictions of relation of trade between Japan and U.S.A. which are brought about along with such processes. Therefore, it will be a mistake to comprehend generally the Japan-U.S.A. trade with the understanding of Japanese subordination to U.S.A. and backwardness in general. The postwar Japan-U.S.A. trade is different in nature from the prewar trade which depended on raw silk.

On the other hand, it will also be a mistake, as Prof. Yoshimura did, to comprehend Japanese invasion to East Asia simply with Japanese subordination to U.S.A. In the course of 1960's, especially in the course of the intensification of the Vietnam War after 1965, the weight of Japanese trade remarkably increased in this market. During this period, in East Asia except India and Pakistan, the import from Japan accounted for more than 30% of the total volume of imports and came to exceed the American share in this area. Although it is supported by dollar-scattering by U.S.A. and by the aids and investment by Japan herself subrogating U.S.A. as requested by U.S.A., it is a reality that the fact resulted in enhancing Japanese leadership and domination in this area. As a matter of fact, the processes were necessarily to involve confrontation against these

<table>
<thead>
<tr>
<th>Countries to which exported</th>
<th>Southeast Asia</th>
<th>Western Asia</th>
<th>Latin America</th>
<th>Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>9.8</td>
<td>17.1</td>
<td>9.6</td>
<td>19.0</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>14.6</td>
<td>22.5</td>
<td>6.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Great Britain</td>
<td>13.0</td>
<td>9.8</td>
<td>17.2</td>
<td>13.5</td>
</tr>
<tr>
<td>France</td>
<td>2.0</td>
<td>1.6</td>
<td>7.7</td>
<td>7.9</td>
</tr>
<tr>
<td>West Germany</td>
<td>4.4</td>
<td>4.1</td>
<td>9.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Italy</td>
<td>1.7</td>
<td>1.6</td>
<td>8.6</td>
<td>11.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Countries from which imported</th>
<th>Southeast Asia</th>
<th>Western Asia</th>
<th>Latin America</th>
<th>Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>13.1</td>
<td>22.3</td>
<td>4.9</td>
<td>7.2</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>17.2</td>
<td>24.3</td>
<td>16.7</td>
<td>17.2</td>
</tr>
<tr>
<td>Great Britain</td>
<td>11.8</td>
<td>7.7</td>
<td>16.0</td>
<td>14.2</td>
</tr>
<tr>
<td>France</td>
<td>2.1</td>
<td>1.8</td>
<td>4.1</td>
<td>4.8</td>
</tr>
<tr>
<td>West Germany</td>
<td>6.0</td>
<td>5.8</td>
<td>11.0</td>
<td>11.6</td>
</tr>
<tr>
<td>Italy</td>
<td>1.4</td>
<td>1.9</td>
<td>4.0</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Notice the increase of trade of U.S.A. and Japan in Southeast Asia and export from these two countries to all areas. On the contrary, also notice that the trade of Great Britain receded in all areas, especially in Southeast Asia which was the major parts of the United Kingdom. Increase of ratio of export of Western Asia to Japan indicates the increase of Mideastern petroleum export.

regional communities and frictions with the capital of the existing developed countries led by U. S. A.

(5) The difference will be evident when we examine the case of western Europe, especially EC countries (six countries of old EC) simply from the quantitative viewpoint. The American share in the exports from six countries of EC is merely 6.9% in 1955, 8.1% in 1965, and 8.3% in 1970; in the imports it is only 14.9% in 1955, 12.4% in 1965 and 11.2% in 1970. On the other hand, the share of EC countries in the exports from EC is 32.8% in 1955, 43.5% in 1965 and 48.9% in 1970; in the imports it is 32.5% in 1955, 44.6% in 1965 and 50.9% in 1970. Thus, the trade within the region is overwhelming. The weight of the entire Europe including EC in exports and imports of EC reaches 70%. Therefore, most part of the EC trade is within the European markets mainly consisting of the trade with EC itself, and trade with U. S. A. and underdeveloped countries is remarkably low. (In the case of Great Britain which recently joined in the EC and which depends heavily on U. S. A., the weight of U. S. A. in export is 11.7% in 1955, 14.8% in 1965 and 15.2% in 1970; in import the figures increase a little and yet it is 18.7% in 1955, 19.5% in 1965 and 20.4% in 1970) The period in which EC heavily depended on U. S. A. is limited to that of the postwar recovery or the period of the practice of the Marshall Plan.