

# Were the Japanese Colonies Different?

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# Colonial Exploitation

- Drain of capital abroad (Exports greater than imports)
- Markets distorted; labour coerced into working for less than “market wage”
- Tax burden on indigenous populations high and few services provided (infrastructure, health, education etc)
- Little attempt to encourage industrialisation beyond agricultural processing
- Legacy of plural economy in Southeast Asia/East Africa: strong link between ethnicity and occupation

# The Stanford School

- Re-appraisal of Japanese colonialism began in the 1980s; influential work by Myers, Peattie and others.
- Several further volumes examining the Japanese informal economy, including Manchuria and China, and the Japanese wartime economy.
- Positive aspects of the Japanese legacy including transfer of agricultural technology, development of industry. Also noted was the emphasis on infrastructure and education.
- Comparisons with other colonial territories rather superficial?

# A New Orthodoxy

By the 1980s, the stellar performance of Taiwan and South Korea (ROK) was attracting much attention.

Often studies of both economies began in the 1960s with little discussion of the colonial period or the years from 1945 to 1960.

But some scholars did attribute at least part of their success to the Japanese legacy.

Landes (1998: 437) argued that “the best colonial master of all times has been Japan, for no ex-colonies have done so well as (South) Korea and Taiwan”

But what about North Korea and Manchuria? Accounted for a large share of the population in Japanese colonies but neither have performed as well as South Korea or Taiwan

# More data emerging on Asian colonies

Past two decades have seen much new work on many parts of colonial Asia, including national income estimates. Work of Angus Maddison and some of his students very important.

We are now in a position to compare a number of development indicators, across a range of countries from the 19<sup>th</sup> century to the present. Can begin to assess the economic performance of British, Dutch, French, American and Japanese colonies.

Also have the case of Thailand which escaped formal colonial control, although some would argue it was in fact a “quasi-colony”.

# Questions which this paper seeks to answer

- Did the Japanese colonies grow faster?
- Was investment in both infrastructure and directly productive activities higher?
- Did the Japanese colonies have faster agricultural growth?
- Did the Japanese colonies have faster industrial growth?
- Did government play a more activist role in Japanese colonies
- Were balance of payments surpluses lower in the Japanese colonies?

# More questions

- Were educational standards higher in Japanese colonies?
- Did a higher proportion of the labour force work outside agriculture, especially in government employment?
- Was it easier for indigenous entrepreneurs to emerge in the Japanese colonies?
- Was coercion of labour less than in other colonies?
- Were living standards higher in the Japanese colonies?
- Were the Japanese colonies more profitable?

# Overall conclusions

- What we find when we try to answer these questions is that there is great diversity both across countries and over time.
- Generalizations are very difficult; but we do reject the Landes argument that “Japan was best”
- Growth in per capita GDP was faster in Taiwan, Manchuria and Korea than other colonies especially over the 1930s.
- By the late 1930s, Taiwan did look good on a number of non-monetary indicators, but so did the Philippines, especially post-primary education.

# Per capita GDP

- Taiwan and South Korea had the fastest growth in per capita GDP from 1913 to 1938.
- This was largely because of their fast growth over the 1930s; other Asian colonies especially in Southeast Asia badly hit by the world depression.
- Southeast Asian colonies were open trading economies, exporting mainly agricultural products and minerals; prices fell sharply in the 1930s.
- Also hit by growth of protectionism; sugar producers in Java lost markets in the British Empire.
- But in spite of the depression, per capita GDP in the Philippines and British Malaya in 1938 about the same as in Taiwan; South Korea still lower than Indonesia.

# Agricultural Growth

- Most studies of Taiwan and Korea under Japanese rule have stressed the successful transfer of new rice varieties.
- Growth of output rapid in Taiwan but slower in Korea and Manchuria?
- In Southeast Asia agricultural growth determined by world market demand; crops such as rubber and palm oil took off rapidly.
- Sugar production more efficient in Java but hit by protection after 1932; in the Philippines and Taiwan producers could sell into protected markets in the metropolitan economies.
- Evidence shows considerable variation in both the Japanese colonies and Southeast Asia between 1900 and 1940
- Colonial governments not prepared to implement tenure reform even when this might have increased output; distribution of income and wealth unequal in many parts of Asia.

# Industrial Development

- Industrial growth was rapid in both Korea and Manchuria over the 1930s; both colonies were drawn into the Japanese war economy, and produced raw materials and processed products
- Industrial growth was slower in Taiwan and mainly based on agricultural processing, as was the case in Southeast Asia.
- But over the 1930s, both Dutch and French colonial officials realised that Java and northern Vietnam were running out of land and would have to build up industries. Dutch encouraged foreign investment from the UK and the USA.

# Role of Government

- Colonial governments often accused of running minimalist, or night-watchman states, where governments were only concerned with preserving law and order and collecting enough taxes to fund a small government.
- Not really true in most parts of Asia by the early 20<sup>th</sup> century; governments were taking more responsibility for infrastructure, education and health care.
- Considerable variation in both taxes and expenditures per capita; Taiwan and British Malaya had the highest expenditures.
- Governments also began to borrow, although home governments were often concerned about debt levels.
- Thailand perhaps the most conservative government.

# Balance of payments surpluses

- Many critics of European colonial policies argued that balance of payments surpluses were large; profits were remitted to home economies.
- Evidence mixed; surpluses were large in Indonesia until the 1930s, and in Taiwan, but in Korea the balance of payments was in deficit from 1910 onwards. Also true in Manchuria.
- Some Japanese business people were critical of the cost of developing the empire (Mitsubishi attached policies in Manchuria).

# Education

- Often claimed that the Japanese did more to develop the education system than other colonial powers.
- True that primary enrollments increased rapidly in Taiwan, but little development at the post-primary level. In Korea and Manchuria primary enrollments did grow but from a low base.
- In the Philippines, the Americans granted self-government in 1935, with the promise of full independence in ten years.
- Developed a secondary and tertiary system to produce administrators and professionals as well as skilled workers for the private sector
- British Malaya had British-style secondary schools and a small university
- French Indochina comes bottom? But perhaps not much worse than Indonesia

# Health

- Infant and child mortality rates fell in most parts of colonial Asia after 1900, as modern medical techniques were introduced including vaccination.
- Some attention also paid to provision of clean water and protection against mosquito bites.
- Infant mortality rates probably lowest in Taiwan and the Philippines in the 1930s; life expectancy increasing.
- Most colonial governments realised that increasing 'native welfare' was part of their responsibility.
- Also growing fear of nationalism and communism across the region.

# Plural Economy

- From the late 19<sup>th</sup> century migration accelerated across Asia.
- Chinese moved to SEA, as did Indians, especially to Burma and British Malaya.
- Koreans also moved in large numbers especially to Japan and to Manchuria.
- By the 1930s most Southeast Asian colonies had large migrant minorities, as did Manchuria
- Plural economy; tight link between ethnicity and occupation.
- Perhaps most extreme in British Malaya; the British were determined to protect the native Malays from capitalism.
- But in many colonies, and in Thailand, government officials felt that indigenous populations lacked entrepreneurial abilities and could not compete with migrants, whether European or Asian in industry and commerce.

# Why did Taiwan and South Korea Succeed?

- In the early 1950s few people would have predicted their success. Philippines looked better in spite of wartime damage. Educational legacy much stronger
- Per capita GDP in many parts of Asia well below pre-1940 levels; Taiwan caught up with 1938 level only in the early 1960s.
- Japan was certainly a powerful role model especially in Korea under Park. Urge to catch up (David Kang).
- KMT invasion pushed many indigenous Taiwanese into the SME sector; forced to become entrepreneurs.
- Philippines adopted American style political institutions which were dysfunctional in terms of economic growth.
- Modern Malaysia and Singapore done well in spite of the legacy of the plural economy. Post-independence governments have built on the positive legacies of the British era, and tried to correct the legacy of the plural economy. But Malaysia today is still behind both Taiwan and ROK in terms of GDP per capita and industrial growth.

# Explaining Success or Failure?

- RoK and Taiwan have attracted a huge literature; in both cases explaining success. But note growing pessimism about Taiwan.
- Taiwan, RoK, Singapore and Hong Kong have caught up with former colonial powers in terms of GDP.
- Hong Kong and Singapore often dismissed as 'city states' which had an easy task, but in fact it was far from certain in the 1950s that either would succeed; Singapore was not considered viable as a separate economy in 1965.
- Thailand came from behind with surprising speed after 1960, but has it now stalled?
- Indonesia has struggled with its legacies from the colonial era for seventy years; will it catch up with Japan or break up?
- Philippines: explaining failure which is perhaps harder than explaining success.