

**Silvio Miyazaki\***

**XIV International Economic History Congress, Helsinki 2006**

**Session 31: Globalisation and Regional Integration along the Western Pacific Rim in the 20th Century**

---

\* Professor of Economics at Pontifícia Universidade Católica - Sao Paulo, Brazil (email: [symiyazaki@gmail.com](mailto:symiyazaki@gmail.com))

## **The historical evolution of the Japanese investment flows to East Asia pre World War II**

### **Introduction**

There was a process of dislocation and concentration of Japanese foreign investments to East Asian countries between the beginning of trade opening of Japan and the ending of World War II.

Analyzing the evolution of these investments in the pre World War II, we can observe that historical events taken place in that period assured a predominance of East Asia as receptor of Japanese investments.

The first part will show a brief survey of evolutionary economics and the main authors of the path dependence model. An alternative view to analyze international flows patterns between countries in long run is by this model that understand the international economic relations are a path dependent process, or either, dependent of their historical trajectory. For this theoretical referential, the occurrence of the historical events and institutional changes result in continuity or in discontinuity of international flows in the long run. The second part of this paper has a general characterization of Japanese foreign investments in pre World War II, providing evidence of its concentration in East Asia. The third part will analyze the main historical events, such as the origins of the opening the economy of Japan, its modernization and the expansion of the Japanese territory, facts that had lead the beginning of the Japanese investments flows and concentration to East Asian countries.

### **1. Evolutionary economics: path dependence model**

According mainstream theories of direct foreign investment<sup>1</sup> firms take rational decisions when invest abroad choosing those possibilities that maximize the utility in a limitless of

---

<sup>1</sup> Foreign direct investment could be analyzed by different views since the literature generally used as theoretical referential is wide. There are many approaches as the product cycle theory (VERNON, 1966), models of localization (VERNON, 1979; CASSON, 1985; KRUGMAN, 1991), models of industrial organization related to foreign investments (HYMER, 1960; KINDLEBERGER, 1969), internalization theories (BUCKLEY & CASSON, 1976; LALL, 1978; RUGMAN, 1980) and the general paradigm (DUNNING:1989, 1988a).

choices. Taking rational decisions, the past does not condition the present; consequently, it does not have limitations of historical nature. However, historical conditions limit the alternative of investments to the firms. Events in the course of the processes of decision had taken Japanese firms to invest abroad pathway in direction to East Asia, such as it this paper will show. Hence, an alternative view to analyze foreign investment in the long run is by evolutionary economics that stress the role of history.

The core of evolutionary economics analysis is to explain the changes in the economy, with intention to understand a wide variety of economic agents' behaviors caused by historical changes. In this view direction, its object is dynamic (KUPER & KUPER, 1996). For this theory, economics phenomena are justified as a result of previous events, by relations of causality.

In the thought of evolutionary economy, some of the main authors who study the economic phenomena by the path dependence model are: BRIAN ARTHUR, PAUL DAVID and DOUGLASS NORTH. Some of the characteristics of this model are its dynamic nature and the object of study to be analyzed for its history, either a technological standard, an industrial localization, institutions foreign or investments.

History plays an important role in this approach. It ought to stand out that path dependence does not mean historical determinism, where the whole of past derive from the whole of present, but each event has its past and its present, irreversible, that it lead to a certain pattern in its future (HAKANSSON & LUNDGREN, 1997: 123).

The path dependence model assumes the existence of increasing returns and positives feedbacks. ARTHUR (1994: xiv) had the conception of the possibility of the existence of increasing returns in economics, when he has observed that in other sciences, such as the physics and biology, where the "outcomes were not predicable, problems might have more than one solution, and chance events might determine the future... in the fact that these were processes driven by some form of self-reinforcement, or positive feedback, or cumulative-causation process".

Self-reinforcement mechanisms, according ARTHUR (1988: 10), take place from large fix or sunk costs (that take the advantages of decreasing unitary costs when production increase), learning effects (that act to improve products or to diminish its costs increasing their prevalence), coordination effects (other economic agents taking similar actions) and adaptative expectations (where one large prevalence in the market leads to a belief in future prevalence) (ARTHUR, 1988: 10).

Positive feedback, generating self-reinforcement, lead to an outcome, equilibrium or an economic accumulation advantage that can result in inflexibility in the exit of this result to change to another economic phenomenon, inflexibility called as lock-in (ARTHUR, 1988).

Concerning the selection of outcomes, it occurs by historical accidents, random events; in this way the history condition influence significantly the future. Regarding to expectations, they are myopic, as they have based in limited information. In addition, the outcome might not always be the best; there are the possibilities of the existence of multiple balances (ARTHUR, 1990; DAVID, 1985). On this aspect, ARTHUR (1990: 80) explains, "There is no guarantee that the particular economic outcome selected from among the many alternatives will be "best" one. Furthermore, one random economic event selected a particular path, the choice may become locked-in regardless of the advantages of the alternatives ".

The path dependence model can be an alternative interpretation to study foreign direct investment. By this model, it could analyze economic international relations between countries.

This model interprets foreign investments of countries in a long period as dependent processes of its historical trajectory (path dependent). The occurrence of historical facts and the institutional changes result in the evolution of the international flows in direction to a pattern.

By a random event, initially a country A chooses a country (or region) B, keeping economic relations international during a period. The flows of these relations continue and remain in one determined pattern by the existence of positive feedback and self-reinforcement. As we saw, regarding ARTHUR (1988: 10) the self-reinforcement is derived from the existence of fix or sunk costs (when a firm establish an representation office or one industrial plant in another country), learning effects (in trade relations with same partners, facilitating the entrance of new products or firms), coordination effects (between firms that keep economic international relations with these same countries) and self-reinforcement expectations (prevalence of a country or region to receive international flows, leading to believe that in the future it will have the same prevalence).

## **2. Japanese foreign investment**

This part shows a general characterization of Japanese foreign investments in the period pre World War II, providing evidence to their regional concentration.

### *2.1. Japanese investment stock*

Former secret and classified United States of America government documents<sup>2</sup> (UNITED STATES OF AMERICA, 1945; UNITED STATES OF AMERICA, 1946; UNITED STATES OF AMERICA, 1946a; UNITED STATES OF AMERICA, 1946b; UNITED STATES OF AMERICA, 1947; UNITED STATES OF AMERICA, 1947; UNITED STATES OF AMERICA, 1948, UNITED STATES OF AMERICA, 1948a; UNITED STATES OF AMERICA, 1948b) show Japanese external assets data from 1900 to 1945. We have used these data as *proxy* of Japanese foreign investment stock as August 1945.

---

<sup>2</sup> Regarding the documents, their data are from a survey done between 1945 and 1948 by the United States occupation forces in Japan. 131 government reports, 1,336 corporation reports and 458,417 reports with individual assets rosters were received to elaborate them. There was a currency conversion to American dollars to August 1945 prices (UNITED STATES OF AMERICA, 1948: 2 - 7).

Among 12,336 corporate reports, 1,550 were reports of financial institutions with head offices in Japan, 19 were reports of financial institutions with head offices outside Japan, 3,517 were reports of corporations with head offices in Japan and 29 were reports of closed institutions, whose classification was according to type of industry, location, periods of capitalization and nature of assets (UNITED STATES OF AMERICA, 1948: 2, 3 and 8).

American government documents define Japanese external assets as properties owned by Japanese government agencies, corporations, financial institutions and individuals, located abroad Japan <sup>3</sup> (UNITED STATES OF AMERICA, 1948: 1).

From 1900 to 1945, Japan had established assets in Korea, Manchuria, China, Taiwan and other areas<sup>4</sup> in the world, whose estimated stock was US\$ 21,880,666,276 as August 1945 prices (UNITED STATES OF AMERICA, 1948: 16 and 18).

Regarding the territorial distribution, 39.44 percent of the total of Japanese external assets were located in Manchuria, 21.60 percent in China, 8.67 percent in Taiwan, 23.98 percent in Korea and 6.31 percent in other areas as August 1945 prices (see table 2.1). Therefore, the larger amounts of assets were located in Manchuria (US\$ 8,629,628,939) and in Korea (US\$ 5,246,495,036), coming China in third (US\$ 4,726,436,000).

**Table 2.1: Japanese external assets in 1945**  
**Value and areas of location by ownership**

Areas	Percentage Distribution by Areas %	Total	Government	Corporate	Individuals
North of Korea	13.58	2,970,959,614	549,024,674	2,210,674,940	211,260,000
South of Korea	10.40	2,275,535,422	449,202,006	1,333,393,416	492,940,000
Manchuria	39.44	8,629,628,939	218,300,000	7,248,133,939	1,163,249,000
North China	13.15	2,877,277,310	85,380,360	2,365,874,000	426,022,950
Central and South China	8.45	1,849,158,690	58,019,640	1,496,662,000	294,477,050
Taiwan	8.67	1,897,918,564	592,642,000	1,055,162,564	250,114,000
Other Areas	6.31	1,380,133,737	199,424,660	925,709,077	255,000,000
Total	100.00	21,880,666,276	2,151,993,340	16,635,609,936	3,093,063,000

<sup>3</sup> These assets include according UNITED STATES OF AMERICA (1948: 1 and 26) “(a) tangible assets, namely immovable and movable property, both real and personal, including gold and silver coin and bullion (b) intangible assets, including but not limited to bank deposits and reserves, accounts and notes receivable, stocks, bonds and debentures, instruments of payment, copyrights, patents, foreign currencies, bonds, insurance policies, investments in partnerships and subsidiaries, leaseholds, and rights to extract natural resources” and “approximately 90.95 percent of the total estimate value of reported Japanese external assets consists of tangible assets...such as buildings, land, mines, and other natural resources and movable property...such as finished products, goods in process, live stock, mobile equipment and raw materials”.

<sup>4</sup> “Other areas” means the rest of world except Manchuria, Korea, China and Taiwan according the American government documents (UNITED STATES OF AMERICA, 1948: 20).

Note: Japanese external assets expressed in United States dollars as prices of August 1945.

Source: UNITED STATES OF AMERICA (1948: 18)

The total of Japanese external assets regarding major categories has distributed to the following: 63.04 percent (US\$ 13,792,121,833) was immovable, 27.90 percent (US\$ 6,108,089,894) was movable and 9.06 percent (US\$ 1,980,454,549) was others (intangible)<sup>5</sup> as August 1945 prices (UNITED STATES OF AMERICA, 1948: 16). Analyzing the geographic distribution for major categories, shown in the table 2.2, the largest share was in Manchuria. Among the immovable 25.49 percent was in Korea and 17.81 percent in China; among the movable 21.41 percent was in China and 30.63 percent was in Korea.

**Table 2.2: Japanese external assets in 1945**  
**Areas of location by major categories**

Areas	Immovable %	Movable %	Others %
North of Korea	15.76	9.84	9.90
South of Korea	9.73	11.57	11.43
Manchuria	44.58	31.38	28.47
North China	11.49	17.89	10.12
Central and South China	6.32	12.74	10.03
Taiwan	8.94	8.73	6.70
Other Areas	3.18	7.85	23.35
Total	100.00	100.00	100.00

Source: adapted from UNITED STATES OF AMERICA (1948: 16)

The owners of Japanese external assets had the following distribution: 76.03 percent (US\$ 16,635,609,936) was corporations, 14.14 percent (US\$ 3,093,063,000) was individuals (private) and 9.83 percent (US\$ 2,151,993,340) was government in August 1945 prices (UNITED STATES OF AMERICA, 1948: 16).

<sup>5</sup> See note 3 to the definition of immovable, movable and intangible assets.

**Table 2.3: Japanese external assets in 1945**  
**Areas of location by ownership**

Areas	Government %	Corporation %	Individuals %
North of Korea	25.51	13.29	6.83
South of Korea	20.87	8.01	15.94
Manchuria	10.15	43.57	37.61
North China	3.97	14.22	13.77
Central and South China	2.70	9.00	9.52
Taiwan	27.53	6.34	8.09
Other Areas	9.27	5.57	8.24
Total	100.00	100.00	100.00

Source: adapted of UNITED STATES OF AMERICA (1948: 17)

The Japanese external assets had been going to the East Asia according the table 2.4. They had increased as the Japanese territory and the war effort had been increasing.

**Table 2.4: Japanese external assets by period in East Asia**

Period	Distribution %
1900 – 1916	7.7
1917 – 1929	16.7
1930 – 1939	35.2
1940 – 1945	40.4
Total	100.0

Source: UNITED STATES OF AMERICA (1947: 2)

Table 2.5 shows Japanese external assets ratio for type of investor.

**Table 2.5: Japanese external assets by type of investor in East Asia in 1945**

Type of investor	Percent %
Financial Institutions	42.8
Corporations	35.2
Government	22.0
Total	100.0

Source: UNITED STATES OF AMERICA (1947: 3)

From the 512 Japanese assets found in East Asia, 64 belonged to the governmental institutions, 172 to financial institutions and 276 to not financial corporations. By table

2.6 we can infer that the biggest number of asset was in China, when put together Manchuria, North and South of China.

**Table 2.6: Number of Japanese external assets (N) and percentage distribution (%) by area of location according type of institution in East Asia in 1945**

Area	Total		Government Institutions		Financial Institutions		Corporations	
	N	%	N	%	N	%	N	%
Korea	96	18.750	8	12.500	40	23.256	48	17.392
Manchuria	64	12.500	2	3.125	6	3.488	56	20.289
North China	128	25.000	32	50.000	32	18.605	64	23.189
South China	192	37.500	16	25.000	80	46.512	96	34.783
Taiwan	32	6.250	6	9.375	14	8.139	12	4.347
Total	512	100.000	64	100.000	172	100.000	276	100.000

Source: adapted of UNITED STATES OF AMERICA (1946: 2)

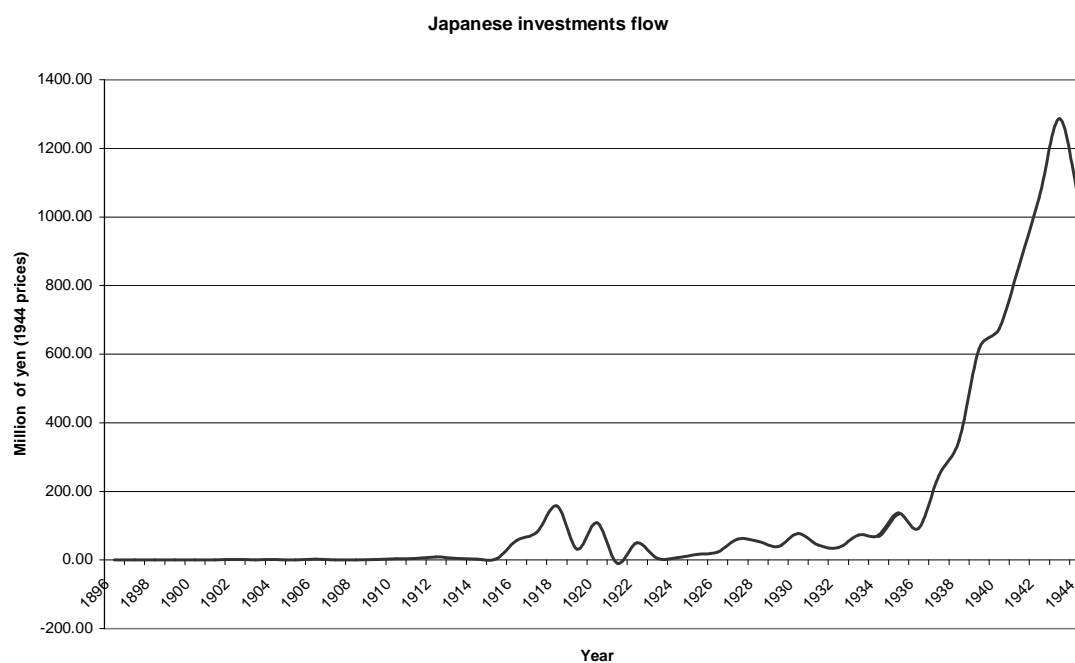
Still using the data of the same survey (UNITED STATES OF AMERICA, 1946: 3), as table 2.6 shows, the larger incidence according the type of investors was corporations, followed financial institutions and government institutions among the total of assets.

Analysing these data we could conclude that almost the totality of the Japanese investments, 93.69 percent, were concentrated in the East Asia in 1945. Japanese external assets to East Asia had risen as the territorial expansion in this area and the effort of war had been increasing.

## *2.2. Flow of the Japanese investments*

Japanese external investments flows had kept in a low level from the beginning of 1896 until 1915. After 1915, they had a change of level, with large fluctuations up to 1934. From 1935 up to 1943, they had a huge increase that only comes to fall in 1944 (see table 2.7 and the related figure 2.1).

Figure 2.1



Source: data of Table 2.7, below, from YAMAZAWA & YAMAMOTO (1979: 221 - 227)

**Table 2.7: Japanese investments flows  
in millions of yen, 1944 prices**

Year	Value	Year	Value	Year	Value	Year	Value	Year	Value
1896	0.062	1906	2.318	1916	56.520	1926	23.530	1936	91.801
1897	0.000	1907	0.795	1917	80.276	1927	60.638	1937	244.705
1898	0.000	1908	0.751	1918	157.357	1928	54.119	1938	348.953
1899	0.366	1909	1.844	1919	31.527	1929	39.747	1939	615.851
1900	0.293	1910	3.859	1920	108.651	1930	77.507	1940	673.507
1901	0.301	1911	4.230	1921	9.668	1931	43.362	1941	858.431
1902	1.208	1912	8.997	1922	50.577	1932	36.220	1942	1057.262
1903	0.798	1913	4.728	1923	4.288	1933	72.811	1943	1286.522
1904	1.223	1914	2.940	1924	6.660	1934	70.181	1944	1034.900
1905	0.333	1915	3.526	1925	16.398	1935	135.968		

Source: data of Japanese investments adapted from YAMAZAWA & YAMAMOTO (1979: the 221 - 227) 1944 prices, using the Gross National Product as deflator.

### **3. Historical events as causes of investment**

The third part analyze the nature of the Japanese international relations, the nation's modernization and their impacts in the Japanese foreign investment, showing that historical accidents and institutional changes had motivated the maintenance of Japanese investments flows to East Asian countries in the period pre World War II.

A succession of historical events led to a trajectory where the Japanese investments abroad have concentrated in East Asia in detriment of other areas. The opening of the Japanese economy was a precondition for the existence of international economic relations, and the industrialization of Japan was the basis to firms had grown and searched new markets abroad. The wars and treaties had guaranteed the territorial expansion; consequently, they had also extended the markets, resulting in the concentration of the investments in one determined geographic area. We will analyze these historical events following.

#### *3.1. Opening of the economy*

To understand the importance of the opening of Japanese economy - occurred in middle of century XIX – we must to retrocede some centuries: Japanese policy of isolation began in 1639, when the access of foreigners <sup>6</sup> to the country was restricted and the Japanese forbidden to go overseas. This decision was taken to diminish factors that could cause politics instability in the feudal Japan, among them, the influence of Western religious values <sup>7</sup> and the entry of weapons and precious metals from abroad (BEASLEY, 1963: 8, 45; HAGIHARA, 1985: 17).

Years later, from the ending of XVIII century to the beginning of XIX century, international relations of some Western countries with China increased and started again the interest of those countries to have diplomatic contacts and to get the opening of Japanese ports. During this period, Russians, English and North Americans had carried

---

<sup>6</sup> There had been permission only to Chinese, Korean and Netherlands enter in and trade with Japan after 1639 (SUMIYA & TAIRA, 1979: 172 - 173).

<sup>7</sup> Japanese feudal lords considered the diffusion of Christian in Japan as a Westerners way to dominate the country.

attempts to establish official relations with Japan (BEASLEY, 1963: 46 - 53; MORRIS-SUZUKI, 1994: 56; REISCHAUER & CRAIG, 1978: 116 - 117).

After the Opium War with China, by the peace treated in 1842-1843, England got Hong Kong for its sphere of domain and the authorization to use other Chinese ports. The use of Hong Kong as a port, not only exclusively by England but also for some other Western countries, increased the possibility of trade exchange and economic interests of those Western countries with East Asia, therefore, increasing the possibility to have contacts with Japan (BEASLEY, 1963: 49; SHIBAHARA, 1985: 64).

As the ports open to Western in the Chinese coast increased, the United States also came back economic interests toward Japan. In addition, United States expanded the territory to the Pacific, when England recognized the American right of ownership on Oregon in 1846 and by acquisition of California after the war with Mexico between 1846 and 1848. With the planning of a maritime line between the North American Pacific coast and China, Japan became strategical to the United States interests for its geographic position between those two countries, and for Japan's coalmines, the mineral used as ships' combustible in that time (BEASLEY, 1963: 52; SHIBAHARA, 1985: 62, 65).

The two previous events are examples of facts that had lead the Western countries to carry through attempts to approach Japan. After the policy of isolation that has lasted for more than two centuries, Japan signed treaties and agreements with the United States, France, Netherlands, England and Russia<sup>8</sup> between 1854 and 1858. These treaties granting them, among others rights, formal opening of some ports, guarantee of external trade, low imports taxes - established in 5 percent for most of the products - and the inclusion of unilateral clause of most favored nation, in other terms, privileges gotten for a country automatically would be given to others, without counterpart to Japan. The Japan's reclusion was broken formally with these institutional measures, resulting in the

---

<sup>8</sup> They have called *Ansei* treaties.

partial opening of the economy<sup>9</sup> (BEASLEY, 1963: 67 - 69, 72, 77, 168; SUMIYA & TAIRA, 1979: 171; REISCHAUER & CRAIG, 1978: 120 - 121; SHIBAHARA, 1985: 65).

### 3.2. *Meiji restoration: opening and economic industrialization*

With the advent of the Meiji Restoration in 1868, when the emperor reassumed the politic power of Japan, the feudalism ended. It was a landmark in the Japanese history when the centralized State has initiated the country modernization<sup>10</sup>.

For the present study, two aspects of special interest in Meiji Era<sup>11</sup> are the opening of the economy and the industrialization. The economic relations with abroad and the process of industrialization of the Japanese economy had implied in acquisition of foreign technology, increasing of markets, substitution of imports, production exports goods and the possibility to accumulate capitals to invest overseas.

There was a wide opening of Japanese international economic relations with the Meiji Restoration, therefore, increasing the Japanese economic insertion in the world, that led an increasing of trade and investment abroad resulting in economic expansion of Japan.

In the end of the 1860s, some Western countries, such as the United Kingdom, Russia, Germany and Netherlands, had already sedimented economic and politic influence politics in East Asian countries in the form of territories and concessions. Therefore, the modernization for Japan was necessary to reach the military power and technological advance to catching up these countries, assuring its independence and to remove the inequalities of the treaties<sup>12</sup> that had been signed about ten years before. If Japan were not more active economically abroad, the chances of trade and investment in Asia would be taken by those other countries. The national income of Japan increased 65 percent

---

<sup>9</sup> Regarding NISHIKAWA & SAITO (1985: 175), the Japanese international trade increased 200 percent between 1857 and 1865 and 80 percent between 1865 and 1880.

<sup>10</sup> Country modernization means the set of institutions established as abolish of formal social stratus, introduction of capitalist production means, production in industrial plants, compulsory fundamental education, and establishment of a national military force (KUWAHARA, 1985: 24).

<sup>11</sup> Period between the restoration of central power to Emperor Meiji in 1868 up his passed away in 1912.

<sup>12</sup> Example of the inequalities of the treaties was the signed in 1866, that lowed from about 20 percent to 5 percent the import *ad valorem* tax that benefited the access of foreign manufacturing goods in Japan.

between 1845 and 1879, an average rate of 1.5 percent to year, hence a continued economic growth would depend to increasing the international trade (DUUS, 1988: 132-134; HUBER, 1971; PEATTIE, 1984: 7; REISCHAUER & CRAIG, 1978: 135).

The government promoted industrialization through measures such as the establishment of the Ministry of the Industry in 1870, imports of foreign technology and investment in the manufacturing industry. In 1874, the government established the first coalmine and developed others eight; in 1881 it invested in a modern form of iron ore extraction, built a machine-tool plant in 1871, one cement plant in 1875, one glass plant in 1876 and one of bricks in 1878, beyond castings and mines of silver and gold. The investments in infrastructure also had been carried through that Ministry, such as the construction of the first railroad lines, constitution of maritime navigation and a national net of telegraphs. The government also carried through the importation of products, machines and plants that would be used as models to Japanese industries (BEASLEY, 1963: 154 - 156; MORRIS-SUZUKI, 1994: 73 - 74; REISCHAUER & CRAIG, 1978: 148).

With the beginning of industrialization in this period, firms had started to get capacity and technology to produce manufactured goods, initially for the domestic market and later to foreign markets.

A sector that can be pointed as example of Japanese industrialization is the textile that participated with about half of the total imports between 1868 and 1882 and where a process of imports substitution occurred. The private sector imported English sewing presses, establishing plants for products and wires of cotton in 1868 and 1870, being that the government constructed two more, one in 1880 and another one in 1881. In 1878, the government created a loan to establish private cotton textiles plants (REISCHAUER & CRAIG, 1978: 148 - 149, 197).

The cotton production almost increased three times between 1882 and 1887 and the following five years increased ten times. While from 1877 to 1874, 67.5 percent of cotton consumption in Japan consisted of imported products; in 1894, Japan started to export

wires and cotton clothes, becoming in 1897 a cotton wire net exporter (REISCHAUER & CRAIG, 1978: 154; SHIBAHARA, 1985: 66 - 67).

Regarding the silk export industry, the first mechanical sewing presses was established in 1870 for the government, that established and managed plants in this sector with the purpose to introduce new techniques and to standardize the quality to encourage exports. The public sector and private sector as well had built other plants. In the 1880s, 30 percent of silk products exported from Japan were mechanical processed goods; silk participated with 43 percent to the total Japanese exports and contributed for the trade balance in middle of the 1880s (BEASLEY, 1963: 156; REISCHAUER & CRAIG, 1978: 148 - 149, 197).

There was a trend of firms' mergers and formations of cartels in the 1880s. For example, there was an association of firms to buy foreign raw cotton and to sell cotton wires, to establish quotas for periods of excess of production and to contract transport services and selling. The Japanese government also was an inductor for that trend, as the its firms were sold to the private sector (BEASLEY, 1963: 157 - 158; LANDES, 1998: 379; REISCHAUER & CRAIG, 1978: 154 - 155; 197).

There were the larger economic conglomerates (*zaibatsu*) Mitsui, Mitsubishi, Yasuda and Sumitomo, that had gotten government subsidies, capitals and contracts to invest in industries that the government has looked for to promote. On the other side, the strategy of these conglomerates was the diversification of activities and products. Therefore, inside this process it had the absorption of other firms for them (BEASLEY, 1963: 158, 227; MORRIS-SUZUKI, 1994: 78; NISHIKAWA & SAITO, 1985: 186).

Japanese trading companies (*sogo shosha*) had been established also with government financial aid that incentive them in the 1870s, since almost all of that operated in Japan were foreigners<sup>13</sup>. These companies had contributed decisively in the development of

---

<sup>13</sup> Foreign trading companies had about 95 percent of Japanese imports and exports operations.

Japanese trade, because they gave credits to industrial companies that desire to set up in new markets, spread information to other firms and had initiative in establishing associations of exports (IWATA, 1974: 189, 192; YASUMURO, 1984: 66).

With the change of the economic base, turning from agriculture to industry, Japan started to compete in the worldwide market as exporter of manufactured goods. Different trade strategies were adopted to the European and North American markets and to Pacific and Asian markets. In the first ones, where the industry was more advanced if compared with Japan, the exports were concentrated in handcraft goods or artistic produced in the traditional sector of the economy, such as raw silk, chinaware, ceramics, products of lacquer and paper. In the second, where it still did not have one modern domestic industry, the exports had concentrated in fabrics and clothes of tinned cotton, flannels, matches, foods, cement, a region where the prices of Japanese products were more competitive than of its Western competitors (DUUS, 1988: 135).

As analyzed in this section, Meiji restoration led to a wide opening of the economy and industrialization, the government as an inductive role to developing industries and companies, either for introduction of advanced foreign technology, either for concession of credits and subsidies. The opening of the Japanese economy was a precondition to existence of international business relations and the industrialization gave the possibility to the firms to grow and to search new markets. They were facts that had contributed for the presence of Japanese products abroad and for establishment of trade offices and productive plants abroad.

### *3.3. Treaties and wars*

Historical accidents, such wars and treaties, which culminated in the Japanese territorial occupation of East Asia will be shown in this section as events that had led to a trajectory that concentrated Japanese investments in East Asia.

The analysis of international politics and the geo-strategy in the second half of century XIX give a better idea of the causes that had motivated the Japanese goes into the

territories in East Asian countries. In this period, the Western powers expanded their territories to widening the National State; the acquisition of territories abroad became one of the attributes to rise the own international status as well as to demonstrate the power of the nation to other countries. Between the 1870s and 1880s, a series of events, such as the Russian invasion in China borderline, the French occupation of Indochina, the English expansion to Burma and Malaysia, showed that Western powers were aggressive in their consolidation as international powers (DUUS, 1995: 3 and 16).

The intrusion of Westerns in East Asia disclosed the weakness of China, traditionally considered for Japan as a power. The defeats of China face to England in the Opium War and later, in the 1890s, face to France and Russia were a reason of concern to the Japanese government. In case of geographically near countries, such as Korea or China, were under the total domain of these Western powers, Japan would be vulnerable to the Western pressure. The maintenance of independence of Japan would only be possible if it acted as the Western powers, demanding rights and privileges in East Asia (DUUS, 1995: 17 and 22; HARRINGTON, 1983: 132 - 133; MAYO, 6: 1967).

In terms of national security for Japan, Korea was particularly important. Most of the contacts Japanese with the Asian continent was through the Korean Peninsula. Japan perceived that was especially dangerous for its security if Korea was dominated by another country, therefore, it was vital to remove any foreign influence – except the Japanese – from Korea for the national security of Japan (OH, 1983: 129).

To have domain on Taiwan would make the Japanese position in the Pacific stronger, being able to control the maritime lines and to diminish the Western influence in China. To acquire the Kwantung Peninsula, in China, relatively next to Korea, would guarantee the independence of this country (MAYO, 1967: 11; HARRINGTON, 1983: 132 - 133).

In the period before the Meiji Restoration, the first Japanese military incursion abroad was the expedition to Taiwan, carried through in 1874, which would result in its future incorporation to Japan. In the following year, another military expedition sent to Korea

resulted in the establishment of formal relation by one treaty that allowed the opening of Korean ports for the Japanese trade (BEASLEY, 1963: 171 - 172; REISCHAUER & CRAIG, 1978: 143; LANDES, 1998: 374; MORISHIMA, 1982: 96).

Such as analyzed in section 3.1, the first treaties signed by Japan, after years of isolation, had inequalities meaning that had granted more rights to Western countries than to Japan. However, years later England signed with Japan one treaty in 1894, which resigned the extraterritoriality to Japanese imports tax from 1899, that was followed by other Western powers<sup>14</sup>. As consequence, the Japanese recovered again the autonomy in determining its proper tariffs of imports; consequently, Japan once more could come back to make its own trade policies (BEASLEY, 1963: 170; REISCHAUER & CRAIG, 1978: 186).

The Sino-Japanese War<sup>15</sup>, between 1894 and 1895, extended the Japanese economic interests in China. As the winner, Japan signed a treaty with China, the Treaty of Shimonoseki, when China was forced to give Taiwan, to recognize the independence of Korea<sup>16</sup>, to pay war reparations, to open more ports to the Japanese and to negotiate a trade treaty, among others clauses (BEASLEY, 1963: 172 - 173; REISCHAUER & CRAIG, 1978: 155, 185 - 186; MORISHIMA, 1982: 96).

As consequence, there was an expansion of the Japanese territory with the annexation of Taiwan in 1896 and with the establishment of privileged Japanese economic interests in China. The inflow of currency proceeding from war reparations to Japan helped the development of its base industry. The trade treaty signed in the following year, among others privileges, assured to Japan the right in transferring industries and manufactures to China. It was an additional incentive to the Japanese textile industry, initially by exports and later by firms' investments in China (DUUS, 1988: 5; HAGIHARA, 1985: 18; REISCHAUER & CRAIG, 1978: 186).

---

<sup>14</sup> According BEASLEY (1963: 168), the United States gave to Japan autonomy again to imports tariffs to some products in 1878-79, but according REISCHAUER & CRAIG (1978: 186) the date was 1911.

<sup>15</sup> Sino-Japanese War was caused by the disputes to preserve the interest of each one of countries in Korea. China has insisted that Korea was its rule, while Japan has not agreed, considering as independent (REISCHAUER & CRAIG, 1978: 185).

<sup>16</sup> The Chinese intention to rule Korea ended with this recognizes.

It must be noted that it had a vacuum in political power, a politics crisis, in China that has led the country to be divided among Western powers and Japan.

Another war that stimulated the Japanese economic interests in East Asia was the Russia-Japanese War<sup>17</sup> between 1904 and 1905. The peace was established by the Treaty of Portsmouth that recognized Korea as zone of Japanese interest and gave to Japan the Kwantung Peninsula (also known as Liaotung) and the area owned by the South Manchurian Railway, Chinese regions whose previous ownership was Russian. It enlarged still more the territorial area and the political Japanese domain in East Asia (REISCHAUER & CRAIG, 1978: 155, 187 - 188, 226; MORISHIMA, 1982: 96). Beyond the Treaty of Portsmouth, Japan carried through more four agreements with Russia between 1907 and 1916 that assured the Japanese position in Korea and in Manchuria (REISCHAUER & CRAIG, 1978: 234).

Free from interests of other countries, like China and Russia, Japan, through the wars and the treaties, made Korea to become a protectorate in 1905, what gave rights to supervise its external politics, and annexed Korea in 1910, when signed a treaty for such purpose.

The historical events of Sino-Japanese War, Russia-Japanese War and the subsequent treaties implied increasing the Japanese economic influence, either commercial and by investments, in occupied areas: Taiwan, Korea, areas of China and south of Manchuria.

The World War I, occurred between 1914 and 1918, stimulated the Japanese economic development, a period that increased the demand for armaments and munitions and Japanese manufactured goods in Asian and American markets, before supplied by the European countries that had had to interrupt its supplies that with the war. As consequence, Japanese exports have increased 108.31 percent in four years (BEASLEY, 1963: 224 - 225; REISCHAUER & CRAIG, 1978: 194; MORISHIMA, 1982: 96, 126). The

---

<sup>17</sup> The Russia-Japanese War was caused to preserve the each one interests in Manchuria and Korea (REISCHAUER & CRAIG, 1978: 188).

developing of new markets to Japan due demands from Asian countries contributed decisively to increase the Japanese economic influence in Asia.

The relative reduction of European interests on Asia, due the participation of those in World War I, made possible Japan to expand and wider the economic and political influence in this region (REISCHAUER & CRAIG, 1978: 234).

Japan and China signed the Lansing-Ishii Agreement in 1917, conferring to Japan the protection of its special interests in China (BEASLEY, 1963: 216; REISCHAUER & CRAIG, 1978: 234).

In 1931, there was the Mukden Incident (or Manchuria Incident) when the Japanese troops (the Army of Kwantung), located in the region to protect the zone got from Chinese by the Treaty of Portsmouth, had attacked the Chinese troops in the city of Mukden. From this Incident, there was an increasing advance of Japanese troops until all Manchuria to be conquered in 1932 (BEASLEY, 1963: 256 - 257; REISCHAUER & CRAIG, 1978: 250; MORISHIMA, 1982: 96).

This domain only came to deep the economic influence that the Japanese had already had in this region. At the end of the 1910s, 75 percent of the foreign investment in Manchuria was Japanese capitals, being the South Manchurian Railway Company the most important company for the wide extension of its activities, and 40 percent of the Japanese trade with the Chinese area was with Manchuria (REISCHAUER & CRAIG, 1978: 249)..

From the Manchuria Incident, there was the objective of the Japanese government in establishing capital goods industries and infrastructure to the war effort in occupied territories as in Korea, China, Manchuria and Taiwan. In 1937, Japan went in war again against China that gave a new impulse to the Japanese investments in the territories already occupied for Japan, since more and more the Japanese government stimulated them, mainly in base and capital goods industries.

The entry of Japan in a war of larger scale – the World War II – consequently the necessity to produce to the war effort led to a widening of Japanese investments in those occupied territories.

#### *3.4. Expansion of the territory and interests economic*

There was the expansion of Japanese territory and the economic interests in the East Asia by the wars and the treaties, as we studied in the previous sections. In this section, we will show with more details that expansion, as well as we will analyze the relation of the Japan's economy with the areas annexed.

Between the Meiji Restoration until the end of World War II, there was a continuous expansion of the Japanese territory and its economic and political influence in the relatively near regions to Japan (KANEKO, 1982: 32). In this process Korea, Taiwan, Province of Kwantung and Manchuria (the last two were in China), as the biggest geographic areas in which it had the territorial Japanese expansion.

As the data of table 3.1, the total geographic area of the six areas under Japanese control was 4.2 times bigger than the area of Japan in 1940; it shows the irrefutable expansion of the Japanese territory since the Meiji Restoration.

**Table 3.1: Geographic area and population of Japan and territories in 1940**

Área	Geographic area 1,000 km <sup>2</sup>	Population thousand	Japanese residents thousand	Population density km <sup>2</sup>
Japan	382.6	71,420	70,116	186.7
Taiwan	36.0	5,872	347	163.3
Korea	220.8	24,326	690	110.2
Sakalinas Islands	36.0	415	380	11.5
Province of Kwantung	3.5	1,367	203	394.8
Manchúria	1,303.1	43,297	862	33.2
Islands of the Sea of the South	2.1	131	77	61.0
Total	1,984.1	146,828	72,675	74.0

Source: Okurasho Kanri-kyoku. *Nihonjin in the Kaigaikatsudo ni kansuru Rekishiteki Chosa Soron*. In: KANEKO (1982: 35).

This expansion of the Japanese territory and its influence led the establishment of an area where the Japanese trade and investments had concentrated.

Japan had economic advantages if compared with others Western countries for the development of its expanded territory, such as the relative proximity with these areas that became transport costs lesser and the communication faster, therefore a more intense integration between the economies under the Japanese zone of influence, if compared with the European (NAKAMURA, 1974: 350).

In the end of the 1890s, the acquisition of economic interests overseas was an important national objective, directing Japan to have a larger economic presence in regional markets of East Asia (DUUS, 1988: 137).

The private companies had invested in occupied territories for Japan that offered profit guarantees, that was due through the participation of the larger companies or through the government guarantees of return in the projects of larger scales. Consequently, Japanese companies have jointed the expansion of Japanese territory (DUUS, 1984: 148, 150; KUBIN, 1959: 75; PEATTIE, 1984: 12 and 16).

The expansion of the Japanese territory had been followed the economic interests in the occupied areas which had also converted in consuming market for its industrialized products, supplier of raw materials as Taiwan and Korea, with trade exchange and investments in China and with the industrialization of north of Korea and the Manchuria, mainly after 1930 (BEASLEY, 1963: 208).

The promotion of economic interests abroad Japan was wide, including the expansion of trade, establishment of maritime lines, installation of banks and credit facilities in the exterior, acquisition of mines and railroads concessions and exports of capitals (DUUS, 1988: 137). In the years after the Meiji Restoration, some companies had opened branch

offices overseas, mainly as commercial representations, such as already cited in this paper.

Taiwan and Korea were seen as helpers of the problem of supplying Japan: the agricultural production Japanese domestic was insufficient for the internal demand, having to import larger volumes of food. Consequently, there was stimulation to development agriculture, especially rice in these areas (PEATTIE, 1984: 31-32).

Until the end of the decade of 1920, Taiwan and Korea played the typical role of colonial economies: they exported raw materials and foods and imported manufactured goods from Japan (PEATTIE, 1984: 32).

In the initial years of the 1930s, the development of non-agricultural activities still was restricted in occupied territories to prevent the growing of competitors for the Japanese final industrialized products in these markets. However, after this period had a change in the economic policy of Japan in the territories: as it was a period of war economy, there was the necessity to make the creation of a self-sufficient industrial base in them, mainly in Taiwan and Korea, sights as strategical areas, as a result that had the promotion of programs of industrialization. It is noteworthy that the activities of Japanese firms in the occupied territories for Japan had intensified to since this period (PEATTIE, 1984: 32 - 34).

Japanese industrial plants had been built in occupied territories for production of industrial raw materials, such as petrochemical products, ores and metals. It helped the Japanese war effort, mainly after the embargo to the imports of oil to Japan for the United States and with the conflicts, initially with the Second Sino-Japanese War and later with the Japanese attack in Pearl Harbor in 1941 (PEATTIE, 1984: 33).

The expansion of the Japanese territory opened markets to the Japanese firms, either initially to export industrialized products and to import raw materials and foods, either later through of investments in industrialization. As more and more Japan extended the

territory, companies invested in each occupied area, and they had acquired more experience in the process of investment in the region, leading a process of concentrate in the East Asia area.

### **Conclusion**

Historical events, analyzed in the paper, were considered as elements that had led Japanese investments into one trajectory and to a pattern of concentration to the East Asia. The Japanese external investment data could confirm the hypothesis of the historical accidents had caused this pattern.

The Japanese investments had been concentrated in East Asia. It infers that it was the choice selected between the alternatives. The explanation of this fact is based in the analysis of historical sequence where the events and the chances generated had conditioned the choices and had dominated the decisions of the Japanese investments to the region.

With the expansion of the Japanese territory through the treaties and wars, its investments had been concentrated in the East Asia. Each of the treaties and the wars can be individually considered as small historical accidents, determined a particular trajectory selecting that region, becoming the selected area between the alternatives regions. The history of the investments in consequence of those events and the chances determined that region into the primordial option to the Japanese investments. Either, the options carried through in the past had imposed restrictions to new options, determining the Japanese investments a pattern for the concentration to East Asia.

Therefore, the opportunities for the Japanese firms to invest in East Asia made with this region tended to remain as the selected localization. As Japan extended the territory, more and more the companies had invested in each occupied area, had acquired larger and larger experience in the process of investment in the region, causing self-reinforcement and positive feedbacks to be concentrated in the area.

There was the self-reinforcement of Japanese investments in the region, being that the increase of the importance of the East Asian for the Japanese economy encouraged companies to carry through more investments: the circumstances given by the wars and treaties had led to predominance of the Japanese economic interests for that region.

The result of the process of the pattern of investments localization was subject to the historical accidents. This solution was selected dynamically, by the historical sequence of events. In this way, a region could have the concentration of these investments to the expenses of others.

There was the dynamic process of historical events that tended to lead to that pattern of Japanese investments to concentrate in East Asia, became difficult to escape from this trajectory of flows. More and more the Japanese firms invested in East Asia, bigger was the possibility of selection of this region for investments. The self-reinforcement of the investments in this area became dominant, consequently had diminished the possibilities of investments in others regions.

We conclude that the increase and the concentration of the Japanese investments in the East Asia had influence of remote events, such as the opening of the economy and industrialization, and by the succession of events - historical events - dominated for opportunities given due the expansion of the territory by treaties and wars.

The establishment of an industrial base through Japanese investments pre World War II in East Asia can to have contributed for the industrialization and the development of this region in the postwar period.

## **References**

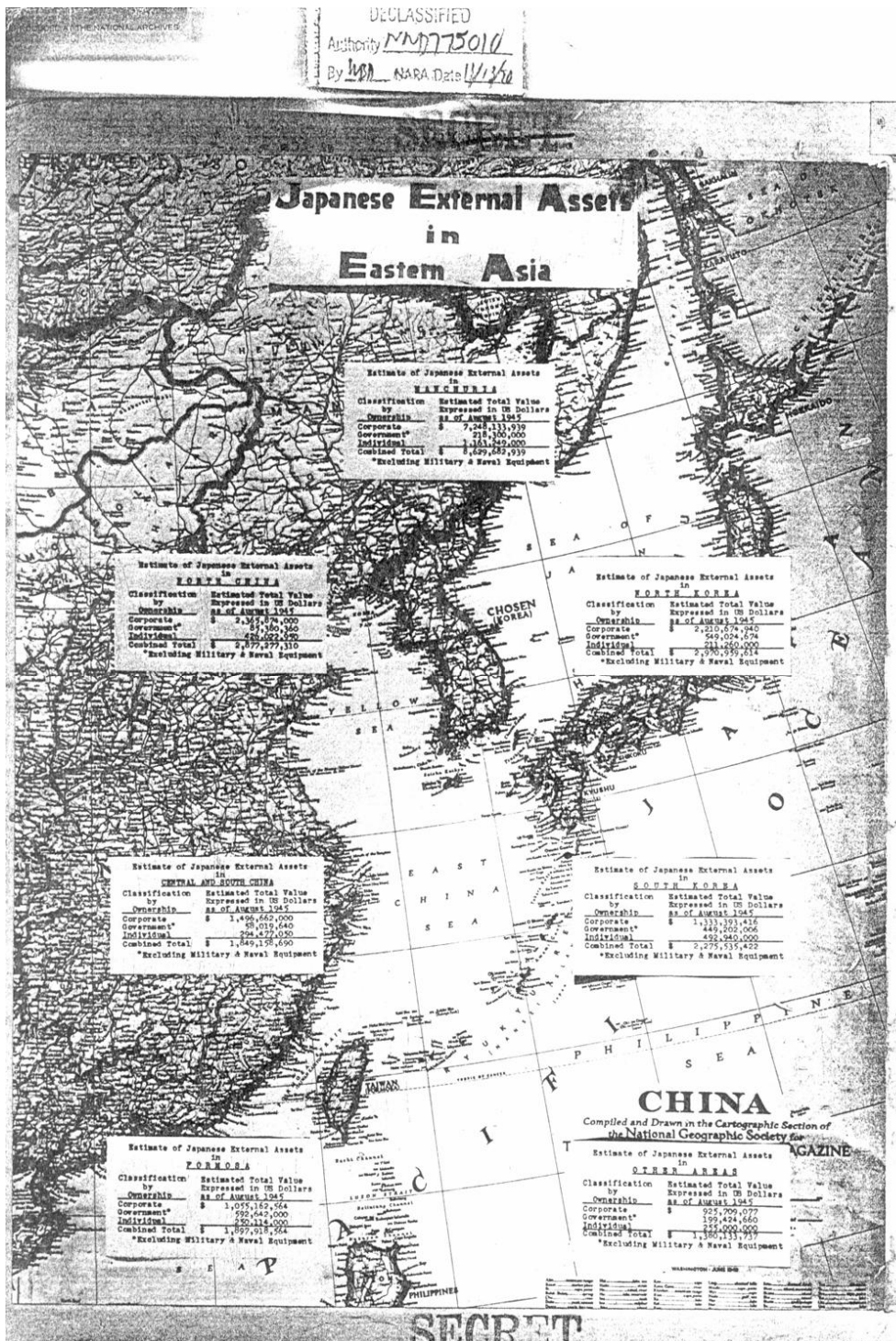
- ARTHUR, BRIAN W. (1988). "Self-Reinforcing Mechanisms in Economics". In: ANDERSON, P.W.; ARROW, K.J.; PINES, D. (ed.). *The Economy as an Evolving Complex System*. Reading, Mass.: Addison-Wesley.
- ARTHUR, BRIAN W. (1989). "Competing Technologies, Increasing Returns, and Lock-In by Historical Small Events". *Economic Journal* 99 (March): 116-31.

- ARTHUR, BRIAN W. (1990). "Positive Feedbacks in the Economy". *Scientific American*. February: 92-99.
- ARTHUR, BRIAN W. (1994). *Increasing Returns and Path Dependence in the Economy*. Ann Arbor: The University of Michigan Press.
- BEASLEY, W. G. (1963). *Historia Moderna del Japón*. Buenos Aires: Sur.
- BEASLEY, W.G. (1987). *Japanese Imperialism, 1894-1945*. Oxford: Oxford University Press.
- BUCKLEY, P.J. & CASSON, M. (1976). *The Future of the Multinational Enterprise*. Basingstone and London: Macmillan.
- BUCKLEY, PETER J. & PEARCE, R.D. (1979). "Overseas Production and Exporting by the World's Largest Enterprises: A Study in Sourcing Policy". *Journal of International Business Studies*, 10(1),9 - 20.
- DAVID, PAUL (1985). "Clio and the Economics of QWERTY". *American Economic Review*.75(2): 332-37.
- DUUS, PETER (1984). "Economic Dimensions of Meiji Imperialism: The Case of Korea, 1895 – 1910". In: MYERS, R. H. & PEATTIE, M. R. (eds.). *The Japanese Colonial Empire, 1895-1945*. Princeton: Princeton University Press.
- DUUS, PETER (1988). *The Cambridge History of Japan*, vol. 6. Cambridge: Cambridge University Press.
- DUUS, PETER (1995). *The Abacus and the Sword: the Japanese penetration of Korea, 1895-1910*. Berkeley: University of California Press.
- HAGIHARA, NOBUTOSHI (1985). "What Japan Means to the Twentieth Century". In: HAGIHARA, N.; IRIE, A.; NIVAT, G.; WINDSOR, P. (eds.). *Experiencing the Twentieth Century*. Tokyo: University of Tokyo. pp. 15 – 29.
- HAKANSSON, H. & LUNDGREN, A. (1997). "Paths in Time and Space – Path Dependence in Industrial Networks". In: MAGNUSSON, L. & OTTOSSON, J. (eds.). *Evolutionary Economics and Path Dependence*. Cheltenham & Brookfield: Edward Elgar Publishing Company. pp. 119-137.
- HARRINGTON, ANN M. (1983). "Meiji Imperialism: "Not Based on Preordained Design". In: WRAY, H. & CONROY, H. (eds.) (1983). *Japan Examined: perspectives on modern Japanese history*. Honolulu: University of Hawaii Press. pp. 131-135.
- HUBER, J.R. (1971). "Effect on Prices of Japan's Entry into World Commerce after 1858". *Journal of Political Economy*, 79 (3): 614-628.
- HYMER, S. H. (1960). *The International Operations of National Firms: a study of direct foreign investment*. Cambridge, MA: MIT Press.
- IWATA, RYUSHI (1974). "Marketing Strategy and Market Structure in Three Nations: the United States, the United Kingdom, and Japan". In: NAKAGAWA, KEIICHIRO. *Strategy and Structure of Big Business*. The International Conference on Business History 1. Tokyo: University of Tokyo Press. pp. 177 – 195.
- KANEKO, FUMIO (1982). "Prewar Japanese Investments in Colonized Taiwan, Korea and Manchuria, a quantitative analysis". *Annals of the Institute of Social Sciences*. no. 23: 82. Tokyo: Institute of Social Sciences. University of Tokyo.
- KINDLEBERGER, C. (1969). *American Business Abroad: six lectures on direct investment*. Yale: Yale University Press.
- KRUGMAN, PAUL R. (1991). *Geography and Trade*. Cambridge, Mass.: MIT Press.
- KUBLIN, HYMAN (1959). "The Evolution of Japanese Colonialism". *Comparative Studies in Society and History* 2, 1 (Oct.). pp. 67-84.
- KUPER, ADAM & KUPER, JESSICA (1996). *The Social Science Encyclopedia*. London and New York: Routledge.

- LALL, SANJAYA (1978). "The Pattern of Intra-firm exports by U.S. Multinationals". In: CASSON, MARK (ed.). (1990). *Multinational corporations*. Aldershot and Bookfield: Edward Elgar. pp. 311 - 324.
- LANDES, DAVID S. (1998). *The Wealth and Poverty of Nations: why some are so rich and some so poor*. New York & London: W. W. Norton.
- MAYO, MARLENE J. (1967). "Attitudes Toward Asia and the Beginnings of Japanese Empire". In: GOODMAN, GRANT K.. *Imperial Japan and Asia: a reassessment*. New York: East Asia Institute, Columbia University. pp. 6 – 31.
- MORISHIMA, MICHIO (1982). *Why has Japan "succeeded"?: Western technology and the Japanese ethos*. Cambridge: Cambridge University.
- MORRIS-SUZUKI, TESSA (1994). *The Technological Transformation of Japan: from the seventeenth to the twenty-first century*. Cambridge: Cambridge University Press.
- NISHIKAWA & SAITO (1985). "The Economic History of the Restoration Period". In: NAGAI, MICHIO & URRUTIA, MIGUEL. *Meiji Ishin: restoration and revolution*. Tokyo: United Nations University. pp. 175 – 191.
- NORTH, DOUGLASS C. (1990). *Institutions, Institutional Chance, and Economic Performance*. Cambridge & New York: Cambridge University Press.
- OH, BONNIE B. (1983). "Meiji Imperialism: "Phenomenally Rapid". In: WRAY, H. & CONROY, H. (eds.) (1983). *Japan Examined: perspectives on modern Japanese history*. Honolulu: University of Hawaii Press. pp. 125-130.
- PEATTIE, MARK R. (1984). "Introduction". In: MYERS, R. H. & PEATTIE, M. R. (eds.). *The Japanese Colonial Empire, 1895-1945*. Princeton: Princeton University Press. pp. 3- 58.
- REISCHAUER & CRAIG (1978). *Japan: Tradition and Transformation*. Tokyo: Charles E. Tuttle.
- RUGMAN, ALAN M. (1980). "A New Theory of the Multinational Enterprise: Internationalization versus Internalization". *Columbia Journal of World Business*, 15 (1): 23-29.
- SHIBAHARA, TAKUJI (1985). "Japan's Modernization from the Perspective of International Relations". In: NAGAI, MICHIO & URRUTIA, MIGUEL. *Meiji Ishin: restoration and revolution*. Tokyo: United Nations University. pp. 61 – 72.
- SUMIYA, MIKIO & TAIRA, KOJI (1979). *An Outline of Japanese Economic History 1603 – 1940; major works and research findings*. Tokyo: University of Tokyo Press.
- UNITED NATIONS (1993). *Foreign Investment and Trade Linkages in Developing Countries*. New York: United Nations
- UNITED STATES OF AMERICA (1941). Records of the War Department. General and Special Staffs. Military Intelligence Division. Regional File. *Japan's Foreign Commercial Relations*. RG 165. Box 2121. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1942). Records of the War Department. General and Special Staffs. Military Intelligence Division. Regional File. *Japanese Economic Penetration, Section I, Japan's Foreign Trade Policy after 1931*. RG 165. Box 2120. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1945). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *External Assets Group 7500*. RG 331. Box 3712. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1946). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *External Assets Group 7500 Research by Dr. Noss*. RG 331. Box 3712. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1946a). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Reparations Property Division. Reparations Branch. *Maxell letter*,

- Pauley Commision*. RG 331. Box 4649. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1946b). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Reparations Property Division. Reparations Branch. *Zaibatsu Reparations*. RG 331. Box 4649. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1947). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *Japanese Capital Investments in Principal Areas of Northeastern Asia*. RG 331. Box 3710. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1947a). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *Classification of Japanese External Assets*. RG 331. Box 3711. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1948). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *Japanese External Assets as of August 1945*. Volume I. RG 331. Box 3650. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1948a). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *Japanese External Assets as of August 1945*. Volume II. RG 331. Box 3650. Washington, D.C.: National Archives and Records Administration.
- UNITED STATES OF AMERICA (1948b). Supreme Commander for the Allied Powers (SCAP). Civil Property Custodian. Property Liquidation Division. External Assets Branch. *Japanese External Assets as of August 1945*. Volume III. RG 331. Box 3650. Washington, D.C.: National Archives and Records Administration.
- VERNON, RAYMOND (1966). "International Investment and International Trade in Product Cycle". *Quarterly Journal of Economics*, 80 (May): 190-207.
- VERNON, RAYMOND (1979). "The Location of Economic Activity". In: DUNNING, JOHN H. (ed.). (1979). *Economic Analyses and the Multinational Enterprise*. London: George Allen & Unwin. 89-114.
- YAMAZAWA, IPPEI & YAMAMOTO, YUZO (1979). *Boeki to Kokusai shushi*. [International Trade and Balance of Payments]. Tokyo: Toyokeizai.
- YASUMURO, KENICHI (1984). "The Contribution of Sogo Shosha to the Multinationalization of Japanese Industrial Enterprises in Historical Perspective". In: OKOCHI, A. & INOUE, T. *Overseas Business Activities*. The International Conference on Business History 9. Tokyo: University of Tokyo Press. pp. 65 – 94.

### Map of East Asia



Source: UNITED STATES OF AMERICA (1948)