

## **Economic Development as World Revolution**

*Kojima Kiyoshi (1996) Trade, Investment and Pacific Economic Integration. Selected Essays of Kiyoshi Kojima. Tokyo: Bunshind.*

**T**o commemorate his third and final retirement, at the age of 75, Kojima Kiyoshi (b. 22 May 1920) has compiled this collection of some of his most important articles published in English during his 52 year career as an ‘academic politician’. His main work was done as the professor of international economics at Hitotsubashi University in Tokyo, which he left in 1984, working thereafter seven years at the International Christian University, and five years at Surugadai University.

Although all of the articles distinctly represent the work of an economist, they can also be reviewed as political texts. Politics can be put into many clothes, and economic language is one of them. Mastering economic language is indispensable not only for a student of Japanese and Pacific political discussions. The phenomenon of widespread use of economic language in political rhetoric, and the structuring of public discussion around economic topics, can be easily observed in politics around the world. Traditional political science tends to subsume this phenomenon under the term ‘economic policy’, placing it at a lower ranking level than ‘politics proper’, which deals with voting behaviour, political parties, actions by national leaders, the strategies and tactics of foreign policy, etc.

Incidentally, this is a view that also most contemporary economists would undersign, preferring to confine themselves within a ‘properly economic’ sphere of academic activity, symbolizing this with the use of highly esoteric mathematical language that effectively marginalizes them from public discussion. Nevertheless, economic language – especially in its verbal, widely understandable form – can be seen as only one of the forms that political argumentation

can take, and a person with an economic background can consciously use this language in trying to shape the horizons of understanding of various actors both within his own country and in the international arena. In this sense he can also be termed a ‘politician’; not as a member of a specific political party, but simply as a person who acts politically among his fellow human beings.

In this sense Kojima can be understood as a politician. His whole career was spent within the academic world. He never belonged to any political party, nor did he ever hold an official governmental position, except that of a university professor, or an academic member of various Japanese national economic planning committees. Yet his writings have had since the 1960s a profound, although unmeasurable, influence on Pacific politics. There exists another common distinction between the academic world, and the world of politicians, but also this distinction is largely illusory. A politician may simply engage in politics as a profession, just to derive his monthly salary and possible kick-backs from it, without any real commitment to influence and change the world. An academician may be committed to doing just that, and although he receives his salary as a professor, and partakes in public discussion merely in the form of scientific books and articles in scholarly journals, he may, both in his intentions and in the practical results of his work, be acting as a politician. The apparent academic neutrality and arguments based on theory can even enhance his weight as a politician. In this sense Kojima Kiyoshi can be considered as an academic politician.

Kojima himself is completely conscious of the situation, even though he does not present it in these terms. In his foreword he criticizes modern economics of being so refined in analytical techniques that it is hardly of any practical use. He places himself instead in the classical tradition of political economy, and is not at all ashamed of his ability to present sharp theoretical insights with clearly understandable language that can be used in formulating national policies (p. v).

This is not to say that Kojima does not master also the language of mathematical economics. The road from a relatively pure economist to an economic politician took a long time. The earliest essay in the collection, an analysis of [David] ‘Ricardo’s Theory of the

International Balance of Payments Equilibrium', written in 1951, is mainly mathematical, and addressed solely for a specialist academic audience. Thereafter the textual space devoted to mathematics, graphs and statistical tables tends to diminish in Kojima's text, and argumentation with a clearly understandable scientific prose tends to increase. A marked threshold is the essay on 'A Pacific Economic Community and Asian Developing Countries' in 1966, when Kojima for the first time consciously tried to influence Pacific international politics, and bring about the establishment of a Pacific Free Trade Area (PAFTA). It would have been a competing organization to the European Economic Community (EEC), and it would have been composed of Australia, Canada, Japan, New Zealand, and the United States, with a number of Pacific Asian and Latin American developing countries holding an associate status within the organization. Even though a PAFTA was never created, the idea has continued to evoke steady attention within the Pacific region. The proposal for some kind of wide regional non-European economic organization has been modified many times over during the subsequent discussion and political activity, but Kojima's original vision is still regarded as the genealogical source of later proposals. Kojima's later writings have consequently been more or less connected with Pacific integration issues, as he has analyzed, criticized, and evaluated contemporary developments, and offered his own solutions. The last of these essays, 'The Pacific Community in a New World Economic Order', originally published in 1994, is an analysis of the global economic and political situation of the 1990s, and a critique of the Asia-Pacific Economic Cooperation (APEC) forum, which is trying to set up a free trade regime within the greater pan-Pacific region.

Notwithstanding Kojima's intellectual influence in Pacific integration politics, his activity has not been limited solely to integration issues. A deeper line in his thinking has been 'world revolution'. Kojima is the most outstanding of the pupils of Akamatsu Kaname, the Japanese originator of the theory of the flying geese pattern of development in the 1930s. Akamatsu's central problem was how a poor, agricultural, non-industrialized country like Japan, India or China can successfully industrialize, and catch up with the Euro-American

developed countries. He had in his youth been inspired by the Russian revolution and Marxist ideas of a just economic liberation of the oppressed people of the world, but became later convinced, after early Japanese developmental success, that industrialization occurs best in an evolutionary way in close economic and cultural communication with the established developed countries. Enlightened nationalism in combination with relatively open trade was seen as a vehicle for the importation of advanced economic culture to a backward country. Even though the process was evolutionary, the final goal was the liberation and industrialization of colonies and economic dependencies around the world, resulting in effect in a revolution of the world's economic and political structure.

Kojima inherited from his teacher this basic problematique, but his most fruitful period of writing was during the 1960s and 1970s, when Japan was already rapidly attaining that goal, while countries like South Korea, Taiwan, Hong Kong, Singapore and other South-east Asian countries had also entered a process of rapid industrialization. While Akamatsu had tended to think of development as a relatively slow process requiring centuries, Kojima sought ways to speed up the process. His favourite temporal unit was a decade, rather than a century, and his favourite method was foreign direct investment (FDI), rather than trade. He was fascinated with the work of contemporary radical economists like Gunnar Myrdal, Raul Prebisch, or Stephen Hymer, and adopted many viewpoints from them, but unlike they he was fairly optimistic about the prospects of development, especially in the case of Pacific Asian countries. In the great debate of the 1970s and 1980s among international economists, political scientists, and peace researchers about the usefulness of applying the centre-periphery model into international politics, e.g. in the form of UNCTAD's New International Economic Order (NIEO) tactics, Kojima generally acknowledged the basic insights of the *dependencia* school, but was steadfastly opposed to the overt reliance on natural resources as a weapon in international negotiations (because focusing on natural resources shifted attention away from industrialization), and to the tendency of advocating the severing of relations with the advanced countries and seeking only forms of exclusive south-south cooperation (because that tended

to provide only poor markets and the spread of old-fashioned economic culture). A representative essay of his views in this debate is, e.g. 'A New Capitalism for a New International Economic Order', published in 1981. Like Akamatsu, also Kojima advocated the usefulness of a dynamic understanding the international economic system as a procession of stages, where nationalistically conscious, but friendly economic cooperation among all types of actors produces the best results.

Among economists Kojima is best known for his theory of foreign investment, represented in the compilation by the original 1973 article 'A Macroeconomic Approach to Foreign Direct Investment', but already his early 1951 study on Ricardo pointed to this direction. At the beginning of the 1970s Japan had attained the stage of development where it was losing its comparative advantage in cheap labour intensive manufactures, such as textiles, or the assembly of cheap electronics, such as transistor radios. His idea was to transplant all of these old-fashioned types of industries to developing countries through FDI, instead of trying to maintain them in Japan with the help of protection. Their establishment in developing countries would require little education of workers and investment in infrastructure, but they would easily be set up as export industries bringing in income to the country. At the same time Japan would get rid of a mass of dead-weight industries, and free its resources on developing – or adopting from more advanced economies like the United States – more technologically advanced industries, such as car or computer making. A middle level industrial country like Japan would thus act as a conduit in passing industrial civilization from advanced to less advanced countries. The third tier countries like South Korea or Singapore would eventually pass the experience to the next layer, to countries like China or Indonesia. As the application of tried industrial culture is many times faster than the development of new culture, the whole Pacific area could end up as a prosperous region within a few decades. Japan caught up with the United States during the 1980s, Singapore and Hong Kong have been doing it during the 1990s, and for Kojima it seems quite plausible that the rest of the Pacific Asian countries from Malaysia to China could succeed in doing it by 2010 or 2020 (p. 154).

Kojima's writings on integration, and his partaking in Pacific integration politics can be seen as an attempt to create cooperative structures facilitating both trade and investment among the countries of the region, to enhance the rapid development of Pacific Asian countries. As he put it in his 'Economic Cooperation in a Pacific Community' in 1980: 'The ultimate objective [...] is to raise East and Southeast Asian economies to a level equal to advanced Pacific countries and to build the Western Pacific economic region into something resembling the European Community' (p. 217). A transference of the centre of the international system, away from the North Atlantic to the Pacific region, was thus his long term political objective. From there development would spread deeper into the Asian continent and Latin America.

Another line in his thinking was the problems of countries on a similar level of development; i.e. how to organize the relations of a large number of countries that have become economically roughly equal, so that they would not fall into bickering or war among themselves, as had so often happened throughout history. A typical essay is 'Towards a Theory of Agreed Specialization: The Economics of Integration' from 1970. Kojima's basic solution is the development of a sense of community among these countries during the integration process, and a wide use of open interaction within the community, so that company level – rather than state level – decisions would steer countries towards specializing on sufficiently different types of industries, so that their economies would remain complementary to each other. However, it is difficult to conceptualize the situation in a totally peaceful way, because the most likely reason for any group of countries to develop a sense of community with each other would be 'competition from third countries with superior competitive power' (p. 66). A political scientist might employ here the concept of a common enemy. As long as the geographic setting is the Pacific, Europe would appear as the most 'natural' common enemy, but if the setting is restricted to the Western Pacific, or Pacific Asia, a more complicated pattern of relative 'friends' and 'enemies' might emerge. Be that as it may, even Kojima cannot find a way to separate international conflict from the process of development. He only aims at a world economic revolution through the evolutionary proc-

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ess of trade and investment, and a management of the ensuing tension as well as possible. In a sense this is natural, because peace and tranquillity hardly are reasons for trying to change any existing situation. The ultimate mover of development is conflict, and the two cannot be separated.

*Trade, Investment and Pacific Economic Integration* is not simply a glance through a man's life work. It contains important source material for a historian of Pacific politics, and for a historian of economic theory, but many of the issues that Kojima has raised throughout his career are relevant also nowadays. The book would be useful reading especially for contemporary Europeans struggling with their own brand of integration. Even for a pure political scientist, most of the book is understandable.

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