

REZENSIONEN / REVIEWS

RICHARD W. RABINOWITZ,
Japan's Foreign Investment Law of 1950 : A Natural History

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The author has written two lengthy books on a subject which is largely forgotten for good reasons: The control of foreign investments in Japan by the Japanese Government. Such a control had at least a double purpose: First of all to save scarce foreign currency which was not available in sufficient quantity until a mere thirty or so years ago. Secondly the government desired to structure the Japanese industry in such a way that Japan could not only survive in spite of her lack of raw materials but become a major industrial power without again making the mistake of attempting to establish a Greater Japanese Empire as intended by the Japanese military on the one hand and without being dominated by foreign economic interests on the other. In this, the government has succeeded so far – as everybody knows – but would success not have come earlier had liberalisation not progressed so slowly?

Japan now has the highest amount of foreign currency in the world; she is the second largest industrial power with a GNP ten times or so higher than that of China although her population is only 10% of the Chinese population. Why remember the control mechanism of bygone days? And why had these books to be published in Germany by a German publisher?

Question 1: It has been argued that Japan was a developing country until forty years ago and therefore may serve as an example for other developing countries (but was Germany ten years earlier with similar shortages of foreign currency and raw materials a developing country?). Japan had, and still has, a superior bureaucracy going back into the Tokugawa period – hardly any of the present developing countries has such superb basis for success. No – Japan was not a developing country, but – like Germany – a country which had to recover her prior strength.

The author once had commended the present writer for a remark (quoted in full in the book under review) which said that we should not try to learn from Japan in order to take over some of the Japanese goodies (and there are many) but to gain a deeper understanding of Japan. *Rabinowitz* indeed has made a major contribution to such better understanding by taking up a subject which, as such, must be of minor interest now to most who are interested in Japan; he rightly denies that his book is a guide book for use in other circumstances.