

Lever of Empire: The International Gold Standard and the Crisis of Liberalism in Prewar Japan. *By Mark Metzler.* Berkeley: University of California Press, 2006. xxiv + 370 pp. Figures, tables, appendix, bibliography, notes, index. Cloth, \$49.95. ISBN: 0-520-24420-6.

Reviewed by Robert G. Kane

Midway through his excellent Japan-centered history of international finance before World War II, Mark Metzler criticizes “the invisibility of the financial sinews of power to most historians,” particularly in the general accounts of global politics during the late-nineteenth and twentieth centuries (p. 168). Although this contention refers specifically to the 1920s, by the end of the book one can appreciate its validity for the entire era under scrutiny and largely accept Metzler’s thesis that, in fact, monetary matters were “central to the inner operations of political and economic power and were intertwined with virtually all the greatest questions of Japan’s external relations” (p. xv). For Metzler not only utilizes economic explanations to cast new light on the familiar landmarks of Japan’s modern history, such as the fall of the Tokugawa shogunate or the Manchurian crisis of the early 1930s. He also adroitly ties together the national, international, and transnational strands of the time into a sophisticated whole. We understand, in other words, how the fiercely divisive dynamics of Japanese domestic politics “partisanized” economic policy, or how bad politics often made for bad economics that led to such ill effects on individual lives. We also see the complex interactions between the Japanese, U.S., and British governments over China as the first two challenged the financial hegemony of the latter in the early twentieth century, and we discover the extensive influence exerted by nongovernmental actors and institutions, such as international bankers and the gold standard, in international affairs. In short, Metzler has “followed the money,” and in doing so, shows that in terms of finance, empire-building, and ideas, Tokyo, too, was integral to a global version of the concurrent trans-Atlantic interdependencies of commerce and capitalism analyzed by Daniel T. Rodgers in *Atlantic Crossings* (1998).

On a fundamental level, Metzler's detailed analytical narrative is concerned with Japan's place in world affairs over time as seen through the lens of the "global gold-standard system" and the human choices that transformed it, as personified by Takahashi Korekiyo and Inoue Junnosuke (p. xvi). His evidence bolsters what others have noted: Imperial Japan was simply incapable of attaining the first half of the Meiji mantra, "rich country, strong military." The book details how by the late 1890s Japan "left Asia" by industrializing, building an empire, and adopting "the gold standard to enlist foreign capital in its national campaign of economic and military development" (p. 32). Borrowing from British bankers funded Japan's "dependent imperialism" before 1914, but maintaining the gold standard severely tried its domestic economy. After the Russo-Japanese War, a debate over whether to alleviate this pressure via a "positive" policy of expansion or a "negative" policy of austerity erupted in the two-party political system that had then come of age (pp. 67–68). World War I offered Japan a temporary reprieve from its financial straightjacket and the chance to become the financial center of East Asia. But the 1920s were again an era of limitations for Japan, one defined by American economic power and "an unsettled compromise" of the financial policies associated with Takahashi (positive) and Inoue (negative). External pressure and faith in the liberal international order led Inoue to return Japan to the gold standard in 1930 with disastrous results. For the "deflationary breakdown" that ensued brought a violent political reaction against liberalism in all its forms (p. xviii). Though Takahashi brought Japan out of the Great Depression ahead of the West, his nationalistic economic policies were tied to Japanese ultranationalism and its military excess in China. The tragedy of the 1930s then unfolded as "greater military consumption" delivered "harsh austerity" to most Japanese and "a bloody holocaust in Asia" (p. 244).

In addition to supplying the strengths of a convincing thesis that fills a major gap in the field, the author exhibits an expert command of the relevant document collections and secondary literature in Japanese and English, and he also has a keen eye for the perfect vignette to reinforce his points. His thorough archival research enables Metzler to avoid the sort of blanket "Japan-versus-the West" historical accounts common for this period. That "British financial backing for Japan's imperial ambitions" was central to East Asian international relations, for example, helps dispel myths of concerted Anglo-

American cooperation to forestall Japanese imperialism in the early twentieth century (p. 5). Metzler is most effective when he brings his themes of high finance down to earth. For example, he cites the lyrics of the 1929 hit song “Retrenchment Ditty” to illustrate the long reach of the “negative policy” in the late 1920s: “You give up salt, I’ll give up tea . . . until the joyful lifting of the [gold] embargo” (pp. 204–5). Vivid, too, is his treatment of Japan’s descent into ultrapartisan politics in the 1930s, which was exemplified in the raucous Diet sessions in 1931, where the opposition blasted the prime minister (who had just been shot) for his “ongoing absence from his duties” (p. 232).

Still, given the complexities of the thesis, the flow of the narrative would have benefited from brief synopses at the end of each chapter to keep the reader focused on the overall import of each episode. Missing, too, is some attention to a critical source of friction between the so-called Anglo-American powers and Japan, even when the liberal world order was still strong: racism, particularly as expressed in British Dominion and U.S. reactions against Japanese immigration. Metzler alludes to this when he relates rumors during the Russo-Japanese War that the British were hesitant to “be the only ‘members of the white race’ to support Japan in a ‘yellow-white race war’” (p. 46). The apparent ease with which the main Japanese actors in the book interacted with their peers in London and on Wall Street suggests that international finance was relatively color blind in comparison to the global movement of cheap labor. But Japanese historiography often lists the immigration dispute as a root cause of the Pacific War; hence it is another of the major Anglo-American affronts that fueled the destructive, militaristic rage against the liberal world order in the early 1930s so well analyzed by Metzler. His insights on the issue and how it fit within the dynamics of great power economic rivalry and cooperation over time, then, would be most welcome.

None of these critiques can diminish the importance of what is a solid book filled with gems of insight. It is a model of meticulous, bilingual research in support of an innovative and compelling thesis that seamlessly ties the global to the personal. Metzler requires historians of modern Japan both to understand its place in a larger world and to pay as much attention to the transnational complexities of Imperial Japanese efforts to build a wealthy empire as we have to the disastrous impact of its strong military. He also requires scholars of the global economy in general to recognize Japan as a central

performer in the dynamics of international finance and power politics in the decades before the Second World War.

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