
We Were Burning: Japanese Entrepreneurs and the Forging of the Electronic Age.

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For far too long, western observers have tended to view Japanese economic success either as a result of government subsidies and planning or of super-efficient industrial production and docile labor, or perhaps of both. Books like Chalmers Johnson's very influential *MITI and the Japanese Miracle* have helped to shape this view, arguing that Japan's postwar economy is a function of farsighted, generous, and effective industrial policy that has targeted key industries, sponsored research and development, and even tilted the terms of international trade. There is a huge literature that attributes Japan's economic miracle to a deferential, consensus-seeking society characterized by an acquiescent labor movement and weak, enterprise-based unions. And there is the more contemporary view associated with important works like the MIT study, *The Machine that Changed the World*, that attribute Japanese industrial development to new and more effective ways of organizing the factory floor.

Despite their differences, these perspectives share a common model of Japanese industrial development as a process in which Japanese firms and industries latch on to ways of producing goods developed elsewhere, imitate them, and then increase their cost-effectiveness. This view not only neglects a role for innovation and entrepreneurship in the economic development of postwar Japan, it virtually disallows one.

We Were Burning provides a welcome and much-needed corrective. Bob Johnstone focuses on the entrepreneurs, the fledgling and dynamic enterprises, and the dramatic new innovations that have powered Japanese success in the age of consumer electronics. For Johnstone, the key to understanding Japanese industrial development lies in the ability of engineers, scientists, managers, and their enterprises both to generate and to refine new scientific and technical innovations (of which there are plenty, he argues) and in the incredible entrepreneurial impetus to find new uses for such innovations in successful consumer products that open up huge new markets. He substantiates this with compelling chapters on innovations such as the electronic calculator, digital watches, video camcorders, compact disk players, music synthesizers, laser printers, and flat-panel displays. As these chapters amply document, the success of Japanese enterprises such as Sony, Canon, Seiko, and Yamaha stems not just from cost-effective production, but from a willingness to take risks, pursue complex technological problems (which others had long since abandoned), invest in innovation, and vigorously pursue radical new products that define whole new markets.

