



PRIMCED Newsletter

No. 4 (June 2012)



Contents

- Message from the Project Leader (Takashi Kurosaki) ...1-2
- Report on Field Surveys and Data Compilation ...2-5
 - No.5 "Makapili" (Yoshihisa Godo)
 - No.6 "My Experience in Compiling a Database of a Prewar Survey of Farm Household Economy" (Masanori Takashima)
- Event Announcement ...6
- Discussion Paper Series ...6



Message from the Project Leader

Takashi Kurosaki (Project Leader)

The third year of PRIMCED has just begun. This year falls in the middle of a five-year project, with a mid-term review scheduled for the end of the fiscal year. In the first two years, we collected original microdata on contemporary developing countries in Asia and Africa, on the one hand, and compiled historical data on prewar Japan on the other, focusing on economic institutions and organizations.

Based on these datasets, PRIMCED aims at the synthesis of knowledge on poverty reduction, economic institutions, markets, and policies in the process of economic development by conducting microeconomic analyses and comparative historical analyses, with similar specifications for both contemporary and historical cases as well as through model building. To achieve this goal, we plan to hold several research meetings this year. First, on June 29-30, July 20, 2012, a three-day workshop among PRIMCED researchers will be held. The main objective of this workshop is to share knowledge on PRIMCED datasets and preliminary research results based on them and discuss methodologies for integrating the

results. Second, an international workshop open to all researchers, policy makers, and development practitioners has been planned for March 8–9, 2013. These workshops are the primary events of PRIMCED. Between these workshops, on September 13–15, 2012, the Asian Historical Economic Conference (AHEC) 2012 will be held at Hitotsubashi University, where many PRIMCED researchers will be presenting their papers. I hope that we can prepare for the mid-term review through these gatherings.

In thinking about the process of economic development and poverty reduction, I read two interesting books that have recently been published. The first is Abhijit V. Banerjee and Esther Duflo's *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (Public Affairs, 2011). The authors are leading innovators in the field of development economics. This book, which was written with a general readership in mind, calls for "thinking small" to reduce poverty; that is, marginally improving the welfare of the poor through interventions, the impact of which has been rigorously proven by randomized



controlled trials (RCTs), instead of adopting ideology-led views, such as Jeffrey Sachs' "big push for development" or William Easterly's "leave-it-to-the-market." Furthermore, the book is replete with compelling anecdotes collected by the authors in the field and backed by scientific evidence from RCTs throughout the developing world.

Although I found the book interesting, I felt frustrated after reading it, especially with regard to the authors' call for thinking small. I think interpreting historical examples of successful poverty reduction through economics in order to derive implications that are useful to development policies in the contemporary world would have been useful. For this reason, I enjoyed reading the book's reviews by Martin Ravallion and Mark R. Rosenzweig, respectively, which were both published in the *Journal of Economic Literature*, Vol. 50, No. 1 (March 2012). Both reviewers emphasized the importance of thinking big but from different aspects.

The second book I read was *Humanosphere Potentiality Index: Beyond Human Development Index*, edited by Takahiro Sato, Taizo Wada, Kaoru Sugihara, and Yoichi Mine (University of Kyoto Press, 2012, in Japanese). This book begins by questioning the kind of modification that can be applied to the Human

Development Index (HDI) or per capita GDP and presents the Humanosphere Potentiality Index (HPI) as an alternative to show a new paradigm for our livelihoods. HPI aggregates approximately ten indicators representing the geosphere, biosphere, and humanosphere. The various maps in the book showing these indicators are indeed very insightful when we re-think development in third world countries.

In spite of this, the aggregate index of HPI proposed in the book does not make sense to me because its value basis for aggregation is not clear. The index is also static, which means that it is not very depictive of human activities. Rather than aggregating into a scalar, a more disaggregated approach to these indicators would be more useful. I also feel that it is more important to put people's welfare at the core of the value basis for aggregation.

Thus, from the two books discussed above, I obtained a positive message for PRIMCED: in order to understand the process of economic development and poverty reduction, we need a long-term, historical, and comparative perspective, backed by the logic of economics that pays due attention to incentives. This is what PRIMCED aims at and what I would like to discuss this year.

Report on Field Surveys and Data Compilation

Report, No. 5

"Makapili"

Yoshihisa Godo

(Department of Economics, Meiji Gakuin University)

Have you ever heard of "Makapili?" I had not, either, until I watched a TV program at a hotel in Manila. Makapili, which stands for "Makabayang Katipunan ng mga Pilipino" (in English, the Alliance of Philippine Patriots), was a militant group formed in the Philippines during World War II that sought to give military aid to Japan.

I usually try not to watch television. However, at that time, I happened to turn on the TV to kill time until my hired driver arrived with the car. Showing via satellite was a Japan Broadcasting Corporation (NHK)-distributed documentary. The program was

about what happened to people involved with Makapili during World War II. The program showed that not only people who joined Makapili during World War II but also their relatives and descendants are discriminated against in Philippine society. They face difficulties in obtaining jobs and finding marriage partners. At the beginning of the program, a lady weeping inside a house appeared. Her engagement had been canceled because her fiancé had found out that she had some relatives who had been a part of Makapili. Deeply discouraged, she cried, "I may commit suicide."

The main character of the TV program was an aging man, a Mr. A, who had joined Makapili with his father. His father was subjected to a brutal beating after the U.S. military routed their Japanese counterpart. Mr. A was not beaten because he was only a child then. After the war, those who had joined Makapili have been living under distressing

circumstances. Mr. A is not an exception. His harsh living conditions deprived him of his eyesight. Even though he had faced a lot of difficulties while raising his children, all of them had left home. His wife, who had shared his struggles, had passed away a few years ago. Since then, Mr. A had lived alone. Blind, he faced life with a lot of difficulties. However, he said, "No way. God tells me that I should live alone."

Most Makapili soldiers were from extremely poor families. Their life was so hopeless that they tempted fate by joining Makapili when the Japanese military came to the Philippines. They were pinning their last faint hope on Japan to emancipate them from extreme poverty. During an interview with a TV reporter, Mr. A was in a good mood. He said, "I will sing you a Makapili song: "We, Makapili soldiers, are strong. We fight with Japanese soldiers..." he sang the first couple of lines. All of a sudden, he stopped singing and started crying. "The memory of my comrades-in-arms has returned," he said, apologizing to the interviewer. He said, "I cannot sing anymore."

There were a number of pro-U.S. military groups during World War II. After the war, they were considered heroes in the Philippines. Receiving special pensions from the government, they live in relative comfort.

A student group from the University of the Philippines decided to plan a dialogue meeting between former Makapili and former pro-U.S. soldiers. To this end, they went to a reunion meeting of former pro-U.S. soldiers and explained their plan to them. The leader of the former pro-U.S. soldier group agreed, saying, "Many years have passed. We can meet now." However, some people opposed the plan, saying, "There is no reason to meet with such nasty guys."

Mr. A too went to the dialogue meeting. When he entered the meeting place, the former pro-US soldiers heaped abuse on him, saying "You murderer!" and "You betrayer!" Mr. A became the target of a lot of criticism. However, he kept his silence. During a break in the abuse, he started speaking slowly, saying, "Today, I have something to tell you..."

While watching the TV program, I was at a loss for words. I could not regard Mr. A as someone who has nothing to do with me. Mr. A reminded me of Mr. Morikawa, a man who looked after me for three years when I was two years old. Mr. Morikawa went to the Philippines during World War II. He took detailed notes of the daily lives of Japanese soldiers during the war. After returning to Japan, he wrote about his

experiences as a soldier and organized these into a book of twelve volumes. The book describes the hardships of Japanese soldiers in the Philippines. For instance, it narrated how Japanese soldiers could not adapt to the humid climate of the Philippines. There were also not enough food and daily necessities. The soldiers could hardly cope with all the stress and the strain of fighting at military fronts. A close friend and fellow soldier of Mr. Morikawa committed suicide.

Mr. Morikawa's book does not have clear descriptions of the Japanese army's bad conduct toward the Filipinos but it is widely known that some Japanese soldiers behaved like plunderers in the Philippines during the war. The existence of "comfort women" or women who were forced into prostitution in the Philippines during the war is also a shameful historical fact of Japan.

My driver finally arrived at the hotel. His name was Molina. A professor from the University of the Philippines had arranged for Molina to accompany me during my research tour. In the Philippines, where the public transport system is underdeveloped, how much useful information I could collect depended on whether I had a good driver. In this sense, Molina was the perfect driver. He was honest and smart. Molina had not even attended secondary school because his family was poor. After graduating from primary school, he worked as a driver in various places, including in foreign countries. While watching the TV program, I noticed that Molina's hometown, where many landless farmers live, had produced many Makapili soldiers.

Suppressing a sob, I got into Molina's car. I put on an appearance of being composed but Molina noticed that there was something wrong.

Even today, in the Philippines, the word "Japones" is sometimes used as a metaphor for plunderers, even if its literal meaning is Japanese. We, the Japanese, should always be aware of our shameful conduct during World War II.

I am Japones. I suppose I have a plunderer's blood in me. This is not a matter of nationality. Everyone can lose his or her conscience, depending on circumstances. This is what we should learn from history.

For the PRIMCED project, I am constructing a historical database of education stock in East Asian countries, including the Philippines. To do so, I will be collecting statistical books and works on them. However, I will always bear in mind that real people's lives lie behind the numbers.

Report, No. 6

My Experience in Compiling a Database of a Prewar Survey of Farm Household Economy

Masanori Takashima

(Ph. D. Candidate, Graduate School of Economics, Hitotsubashi University; COE young researcher)

Since 2000, we, at the Research Centre for Information and Statistics of Social Science at the Institute of Economic Research, Hitotsubashi University, have been working on a research project on the documents of a survey of farm household economy in the prewar period. The survey was conducted by the Ministry of Agriculture, Forestry, and Fisheries, and the documents are stored in Kyoto University. These documents are books containing statistics on the business and economic activities of farmers that were gathered by Teikoku-Nokai (Imperial Agricultural Association), the Ministry of Agriculture and Commerce, and the Ministry of Agriculture and Forestry from 1913. The surveyed farmers were extracted from the standard scale farmers for every prefecture by classifying them as land-owning farmers, tenant farmers, and half land-owning farmers. The survey included wide-ranging data, such as possessions, production, labor, and consumption of the farmers. The result of this survey for every fiscal year is compiled and published and also gives



Bookshelf containing documents in Kyoto University



Overwhelmed by too many documents

summary figures at the national level. Due to the need for a more detailed analysis, we are organizing the panel database extracted from all individual survey papers from 1931 to 1941. This period marks a crucial time when the farm household economy transitioned into a wartime economic structure after the Showa Depression through a recovery phase.

Although our project is still ongoing, using preliminary panel data, we have attempted trial research and have come up with partial results over time. Here, I would also like to express how fulfilling it felt to have been involved in this research over so many years.

Our research is performed in several stages: (1) studying every year to check the number of papers and their condition in order to check the primary sources kept in the Kyoto University library; (2) photographing the papers using microfilm by a film company, and delivering these films to Hitotsubashi University; (3) outputting the contents of the films on to paper one by one, and inputting data into a computer according to the printed paper sources; and (4) confirming all input data again.

On the surface, this looks to be a simple routine job, but the number of microdata is around 10,000 per prefecture. It is more time-consuming than it looks. We manage to study only three or four prefectures every year due to budget and staff restrictions. However, we finished the microfilm photography of all prefectures last year.



Individual survey papers

Research and data entry are conducted to identify the contents of a paper by every farmhouse. However, because they were prepared over 60 years ago, some documents have severely deteriorated due to age. The oldest is approximately 100 years old. These papers need to be handled with care. In addition, most letters in the primary source are written in a cursive hand or in abbreviations, which means that only the writer could know what a letter was for. Thus, it took a lot of effort to decipher and understand the letters.

What does one associate business trips to Kyoto with? Everyone around me used to envy us, but the truth is different from the perception. The term “research” can more appropriately be expressed as “mortification.” We work under harsh conditions in dark and dusty storage rooms, without air conditioning or windows, every day, with extreme temperatures in the summer and winter. It is a tough job far removed from the image of going on a business trip to the ancient capital city.

Through the process described above, the database has finally been assembled, and it will be analyzed by using various methods. Whenever I look back, I realize that numerical databases (especially, historical ones) that are used by researchers are built through such steady and continuous efforts.

It is common knowledge that only numerical data will be reflected on the panel data that will be computed finally, but I think that the real appeal for researchers is to identify information that disappears in

the process of data compiling. The most common example of this kind of information is family background, which provides us with concrete information about the farmers’ living conditions. For instance, the effects of an illness that the head of the household suffered and military obligation did not only mean reduced manpower but also the absence of the business manager. Moreover, it has been discovered that the reason for bad business on one farm household was a drinking and gambling problem of the head of the household. Such information cannot be found by studying only the statistics. Of course, I will not say that all research must use this kind of information but it is possible that supplementary information on a table entry and instructions written in the margins in primary sources are what a writer really want to convey about an entry, and found it difficult to express as numerical data. Such information may become important clues in later analyses.

In recent years, our research environment has become more convenient due to the rapid progress of technology-enabled techniques. However, I strongly feel that research that enables us to study a variety of information derived directly from real material is one of the most important tasks for historians when they join this project.



Papers printed from microfilm photographs, bound and stored in Hitotsubashi University

Event Announcement

The three-day workshop among PRIMCED researchers will be held in June and July. Please check the updated version of program on the PRIMCED website (<http://www.ier.hit-u.ac.jp/primced/index.html>) .

Data : June 29-30 and July 20, 2012

Venue : Meeting Room, 4th Floor, Institute of Economic Research, Hitotsubashi University
(2-1 Naka, Kunitachi City, Tokyo 186-8603)

Organizers : Takashi Kurosaki (kurosaki@ier.hit-u.ac.jp) / Maki Michinaka (mitinaka@ier.hit-u.ac.jp)

PRIMCED Discussion Paper Series (2012.3~2012.6)

No. 23 (March 2012) Motoi Kusadokoro, Takeshi Maru, and Masanori Takashima, "Asset Accumulation Behavior of Rural Households in the Reconstruction Period following the Showa Depression: A Panel Data Analysis Using the Third Period MAF Survey of Farm Household Economy." (in Japanese)

No. 24 (March 2012) Takashi Kurosaki, "Urban Transportation Infrastructure and Poverty Reduction: Delhi Metro's Impact on the Cycle Rickshaw Rental Market."

No. 25 (March 2012) Yoshito Takasaki, "How is disaster aid allocated within poor villages?"

No. 26 (March 2012) Fumiharu Mieno and Hisako Kai, "Do Subsidies Enhance or Erode the Cost Efficiency of Microfinance? Evidence from MFI Worldwide Micro Data."

No. 27 (April 2012) Takashi Kurosaki, Humayun Khan, Mir Kalan Shah, and Muhammad Tahir, "Household-level Recovery after Floods in a Developing Country: Further Evidence from Khyber Pakhtunkhwa, Pakistan."



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