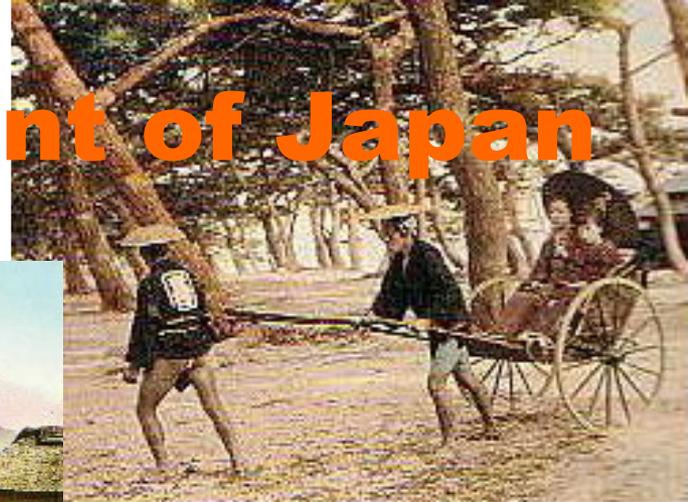
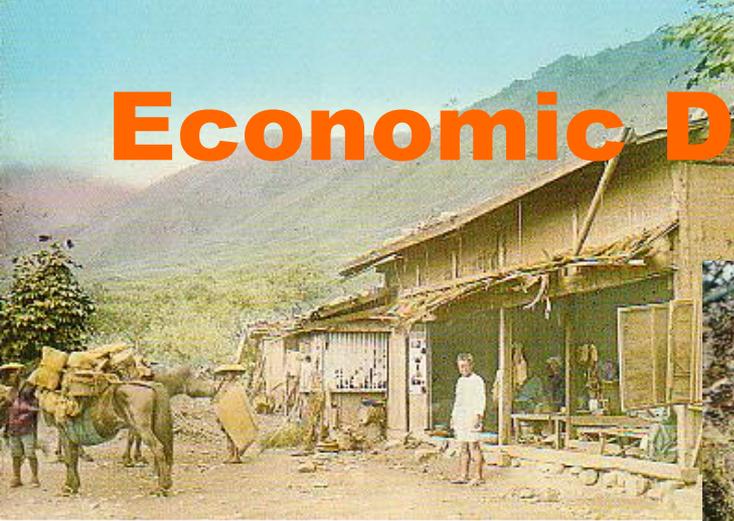


Economic Development of Japan



上か 565号	13:56	金沢	20番12両編成
下か 141号	14:00	新大塚	22番17両編成
上 615号	14:08	長野	21番8両編成
下 211号	14:12	仙台	23番10両編成
ひかり 513	13:33	新大塚	17両編成
のぞみ 113	13:50	広島	19両編成
こだま 661	13:56	新大塚	18両編成
のぞみ 231	14:00	新大塚	15両編成



No.1 Overview

Introduction

- ❑ My research interest is comparative analysis of industrial policies. I have examined 26 economies in Asia and Africa:
Japan, Singapore, Taiwan, Korea, Malaysia, Thailand, Indonesia, Vietnam, Cambodia, Myanmar, India, Sri Lanka; Kyrgyzstan, Uzbekistan, Kazakhstan; Ethiopia, Rwanda, Mauritius, Egypt, Tanzania, Kenya, Djibouti, Ghana, Zambia, Mozambique, South Africa
- ❑ Vietnam—I have studied its industrialization process and advised its government since 1995.
- ❑ Ethiopia—I engaged in bilateral policy dialogue at the request of PM Meles (2008-12) and PM Hailemariam (2012-18).
- ❑ My knowledge of Japanese history is secondary—from books and papers I have read over the years. But I have the advantage of looking at Japan from the perspective of latecomer developing countries.

Nations Are Not Equal, and Policy Learning Is Critical

- ❑ Development performance differs greatly across nations. Some nations quickly reach high income while others slow down or stagnate at low or middle income.

**Economic performance = Private dynamism + Policy quality
+ External factors**

- ❑ Government must learn and improve policy making in order to support private dynamism and cope with various shocks. This requires serious policy learning.
- ❑ Japanese history offers many lessons for this learning, both positive and negative—as you will see.

Distinguish Common Factors from Country-specific Aspects

- ❑ In any international comparison, global commonality and country uniqueness are both present. We must recognize them in each case.
- ❑ Common features of human society are many. For example,
 - Family, ethnicity & religion are primary units for allegiance.
 - Love for insiders, hostility for outsiders
 - Rising economic power tends toward external aggression.
 - Appearance of a national goal or enemy unites people, etc.However, concrete details of how they emerge depend on each society and time period.
- ❑ Some say experiences of 19th century Japan or 20th century Asia are irrelevant to their country because times have changed. This is partly true, but you can still learn many lessons if you distinguish common from specific.

Topics for Discussion

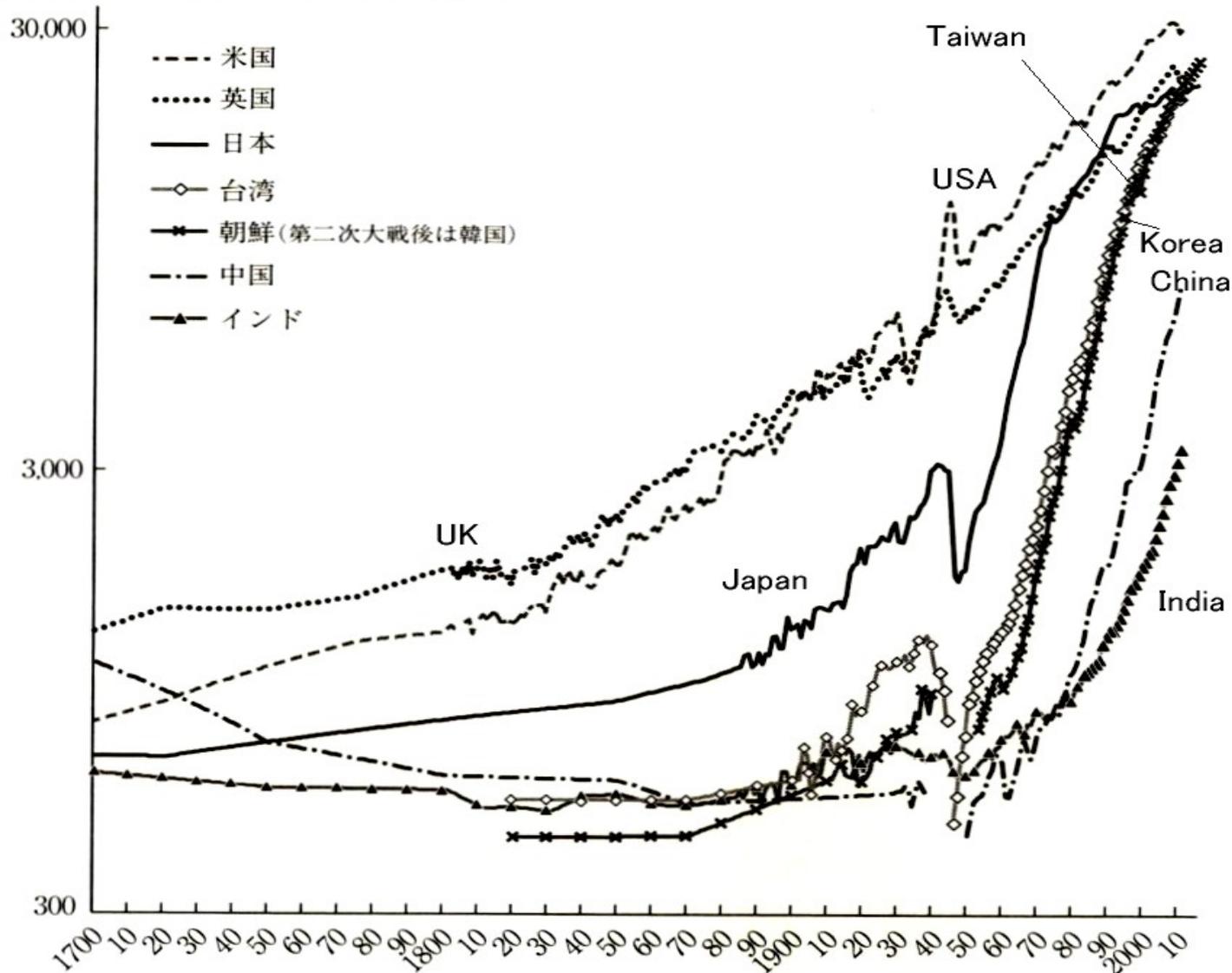
- ❑ Why did Japan industrialize so fast from the late 19th century onward among all non-Western latecomers?
- ❑ What are the features of Japanese people that promoted economic development? Where do these features come from?
- ❑ Are Japanese developmental experiences and lessons applicable and useful to today's latecomer countries (especially your country)? Why and why not?

Japanese History and Character

- ❑ Japan has about two millennia of recorded history which proceeded from rice cultivation to warfare among small states and national unification under Emperor. Then decentralization began, samurai emerged, feudalism was installed and industrialization and modernization started in the nineteenth century under Western influence.
- ❑ There were alternations of domestic evolution and external influence. Japanese society changed greatly over the years but the sense of national identity and cultural continuity was never lost.
- ❑ Japanese thinking has been greatly influenced by Western trends. Japanese now embrace science, technology, democracy and other ideas originating in the West, but they also retain certain unique features and remain different from the West (*wakon yosai*, or Japanese spirit, Western technology).
- ❑ Three authors who give clues to unique Japanese characters
 - { Shiba Ryotaro—The Shape of This Nation
 - { Umesao Tadao—An Ecological View of History
 - { Maegawa Keiji—Translative Adaptation

Estimated Per Capita GDP, 1700-2010

(1990 international dollar, log scale)



Source: Kyoji Fukao, *Japanese Growth and Stagnation from the Perspective of World Economic History: 1868-2018*, Iwanami Shoten, 2020.

I. Emperor's Rule



NARA

Centralization

Jinshin War × 671

Taika Reform × 645

Clan fights

Hunting & gathering

HEIAN

Court politics, decentralization

II. Samurai's Rule

1603



**KAMAKURA
MUROMACHI
SENGOKU**

Internal wars, dynamic & fluid society



EDO

Tokugawa Shogunate

Peace, isolation, conservative class society

III. Modern-ization

1867

MEIJI

Westernization, industrialization, militarization



IV. Postwar



Rapid recovery and growth

WAR

1937-45



XXXX

XXXX

XXX

Rice

Buddhism

Chinese culture & political system

WEST: guns & Christianity

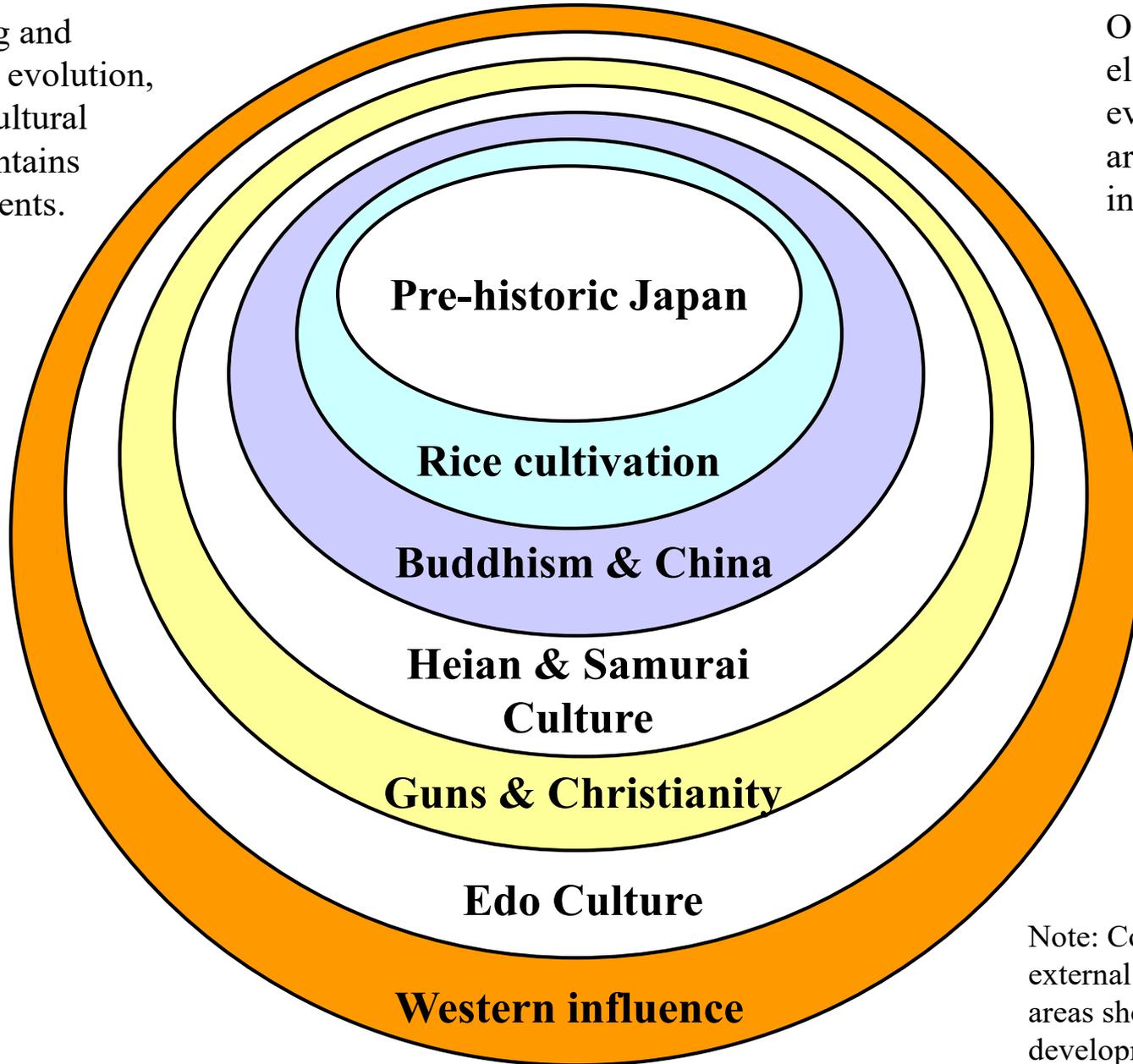
WEST!!!

US occupation 1945-52

Japan's Multi-layered Identity

Due to long and continuous evolution, Japanese cultural identity contains many elements.

Old and new elements co-exist even though some are mutually incongruent.



Note: Colored areas indicate external impacts and white areas show mostly internal developments.

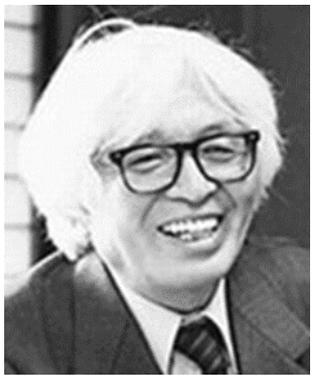
Characteristics of Japanese People

Popular ideas about Japanese people

- ❑ Strong curiosity over foreign ideas, products and technology
- ❑ *Translative adaptation*—accepting foreign things with local adjustments so they will fit Japanese context
- ❑ Pragmatism and diversity—living comfortably with multiple principles which may be mutually inconsistent
- ❑ Honor over profit—pursuit of discipline and correct action without being forced by government or God
- ❑ Dedication to nation, society and something greater than self
- ❑ Hard work in pursuit of excellence

There are also negative aspects

- ❑ Lack of logical consistency
- ❑ Group orientation and weak individualism
- ❑ Cultural uniqueness and isolation—inability to communicate Japan to the rest of the world, partly due to poor English and presentation skills



The Shape of This Nation

A series of historical essays 1986-1996

by **Shiba Ryotaro** (Historical Writer, 1923-1996)

Shiba asked *What is Japan* and *What shaped Japanese people*. His two key answers are:

An Island Nation

The people of an island nation are curious about foreign ideas and objects, not conservative about accepting foreign inventions, absorbing them eagerly while adjusting them to Japanese tastes and mindset.

Bushi (Samurai) Spirit

The spirit of samurai (warriors) permeates Japanese life. The highest value is honor, not personal gain or family prosperity. Japanese people want to live and die honorably, avoiding shame.

An Ecological (or Geographical) Explanation

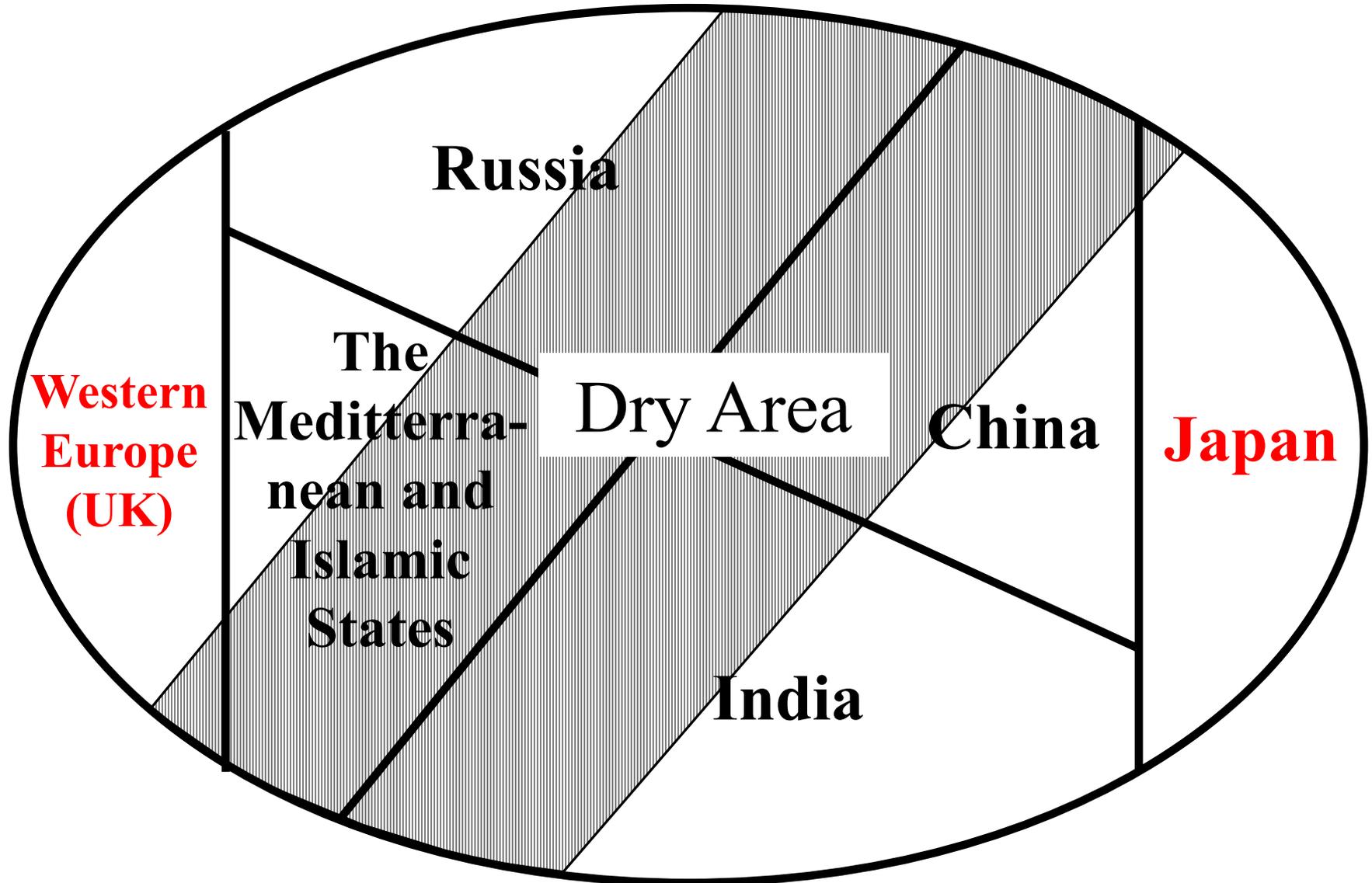


Umesao Tadao
1920-2010

- ❑ According to Tadao Umesao, both Japan and the United Kingdom (Zone One) are separated from the Eurasian Continent (Zone Two) by a narrow strait. This geographical position enabled them to import the culture and systems of high civilization relatively easily while avoiding or minimizing external military invasion.
- ❑ In Zone One, social evolution was observed from central authority to decentralization, feudalism and finally capitalism unlike societies in the middle of the Eurasian Continent which were frequently attacked and even wiped out by violent nomadic peoples.
- ❑ Umesao believes that such cumulative history is necessary for initiating industrialization. Japan's industrialization was independent from and parallel to that of the West, not just a copy of Europe and America. He also argues that countries that do not enjoy such geographic advantage is unlikely to develop economically [do you agree with this point?]

Umesao's View of the World

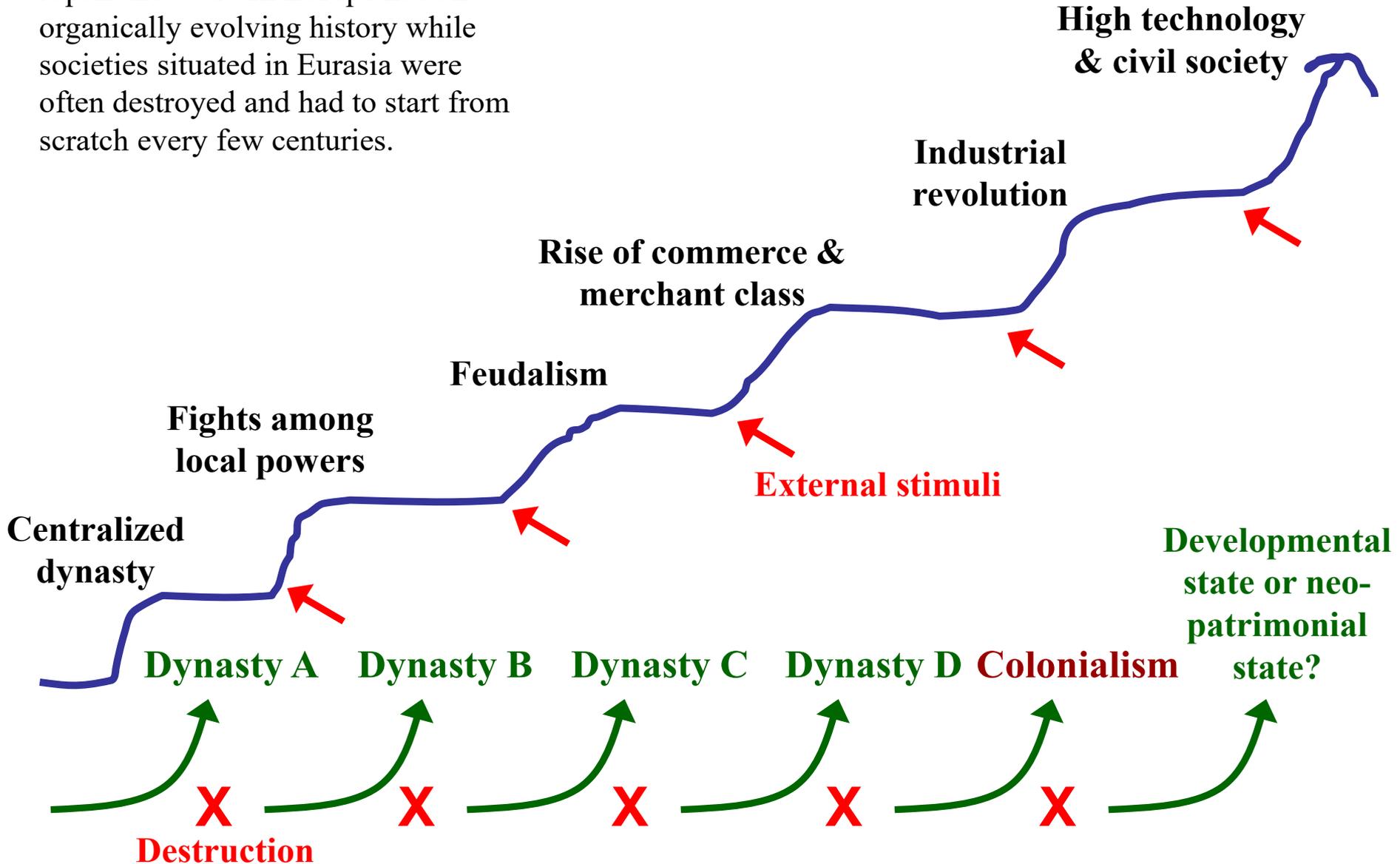
Eurasian Continent



(Checked and approved by Dr. Umesao)

History: Evolution vs. Repetition

Japan and Western Europe had an organically evolving history while societies situated in Eurasia were often destroyed and had to start from scratch every few centuries.



Translative Adaptation



- ❑ Keiji Maegawa, an economic anthropologist studying social change in native societies in the Pacific Region, observes that an encounter with the powerful West may weaken or even destroy an indigenous society but it may also lead to activation and new dynamism of such society.
- ❑ In the World System, the Center (large nations and international organizations) imposes its rules on the Peripheries (latecomer countries), forcing them to adopt the norms created by the strong. The Peripheries look helpless and passive in front of the powerful Center.
- ❑ However, Maegawa argues that a latecomer is not really weak if it controls the type, terms and speed of importation of foreign things, using them to stimulate the existing society for new growth. Even as foreign elements are added, the basic social structure remains intact. Such a nation can manage its global integration well. This he calls *translative adaptation*.
- ❑ Meiji Japan is regarded as a prime example of translative adaptation. However, Natsume Soseki, a famous Meiji writer, noted that the process made the Japanese people in the Meiji period uncomfortable and jittery.

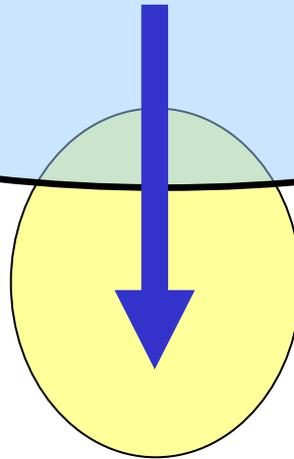
Integration Viewed from Outside

WTO, World Bank, IMF, FTAs...

Existing World System

Democracy, market economy, industry,
technology, life style ...

Latecomer country

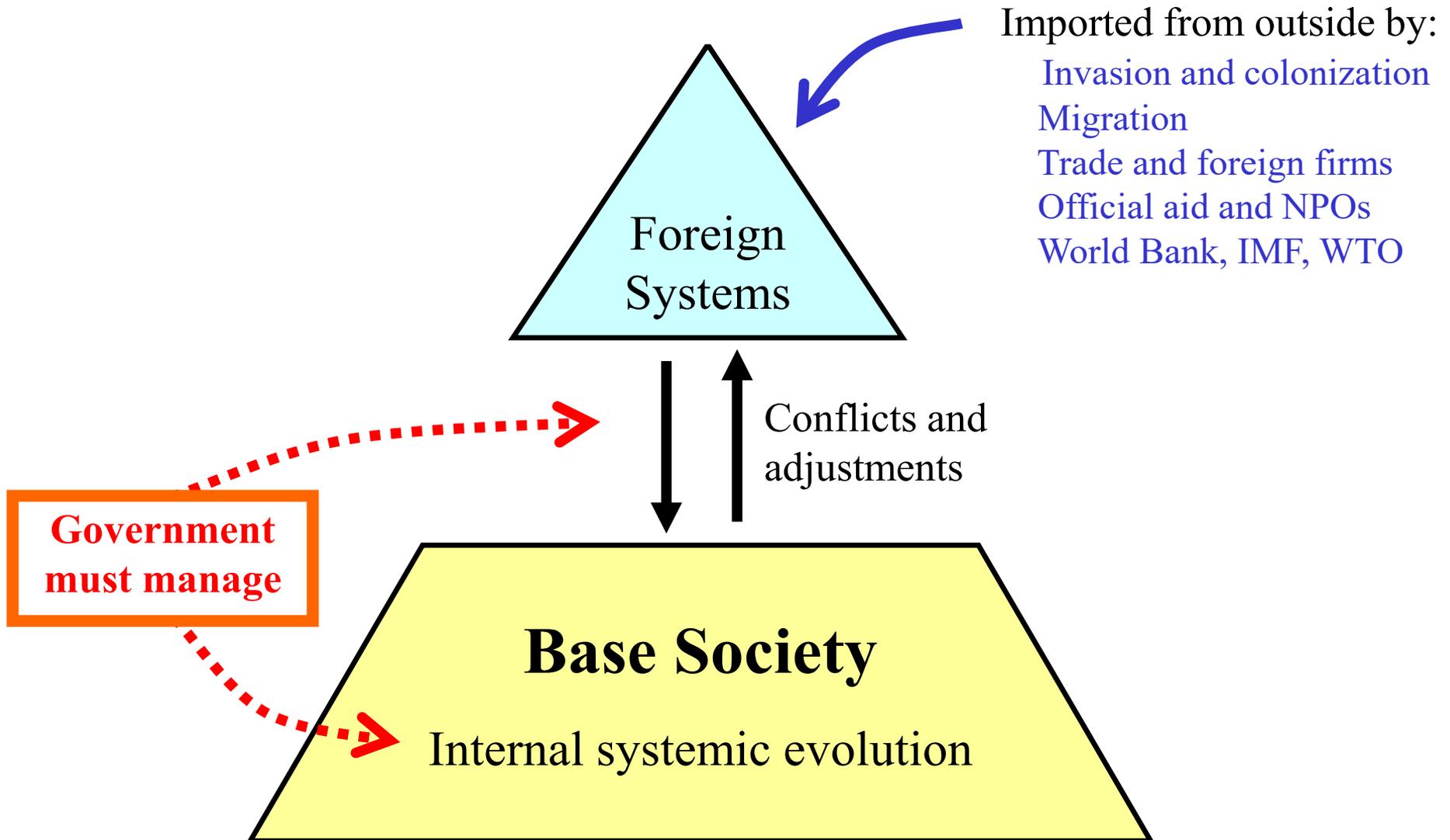


Dynamism for change (+)

Integration risks (-)

Integration Viewed from Inside

Interaction of domestic and foreign systems



Examples of Translative Adaptation in Japan

- ❑ The Meiji government drafted a constitution by comparing different Western models, including British and German, and decided to adopt the latter (constitutional monarchy). It hired German legal experts and also dispatched high-level study mission to Europe. But drafting was done by Japanese, blending Western elements and Japanese requirements.
- ❑ Meiji Japan decided to build a state-of-art steel mill. After research, German technology was chosen and many German engineers were hired for construction. Yawata Steel Works went into operation in 1901, but foreign technology without local adaptation did not produce smooth operation. Japanese engineers were called to adjust the blast furnace and modify the materials and operation method. By 1905, production became efficient and smooth.
- ❑ In the 1950s, statistical methods for productivity improvement at factories were introduced from the United States, and Japanese firms absorbed them vigorously. But US methods were converted to more participatory and bottom-up ones to suit Japanese corporate culture. The resultant tool, called *kaizen*, spread to all over Japan and subsequently to the rest of Asia and the world.

Natsume Soseki (1867-1916)

A lecture delivered in 1911 at Wakayama



“Western societies are evolving naturally but Japan after the Meiji Restoration and foreign contact is quite different... [O]verall, throughout history, Japan was developing more or less endogenously. Then suddenly, after two centuries of isolation, we opened up and encountered Western civilization. It was a big shock we never experienced before. Since then, the Japanese society began to evolve in a different direction. The shock was so severe that we were forced to change directions...”

“Western tides dominate our development. Since we are not Westerners, every time a new wave arrives from the West we feel uneasy like a person living in someone else’s house. Even before we can grasp the nature of the previous wave, a new wave arrives. It is as if too many dishes are brought in and soon removed before we can start to eat. In such circumstances, people will inevitably become empty, frustrated, and worried.”

(Natsume Soseki, “Development of Modern Japan,” a 1911 lecture included in Yukio Miyoshi, ed, *Soseki’s Writings on Civilization*, Iwanami Bunko, 1986.)

Key Ideas for This Lecture

- Geography and location as determining factors of Japanese character
- Evolutionary history with cumulative spirit and knowledge
- “Translative adaptation” which features strong domestic ownership in absorbing foreign influence