

The Burdens of Economic Growth

Prior to World War II already, Japan was the first non-Western country to become successfully industrialized. From the 1970s onwards, Japan again transformed its backward position, which resulted from the War, into one of world leadership in terms of its economy, its wealth, and its position at the forefront of technology and science, but not, or much less so, of its political institutions or culture. During the 1970s and 1980s, there was widespread belief that Japan's economic model was far superior to both the European Rhineland model and the free market ideology and practices of the United States and Great Britain. Only in the 1990s, when Japan's growth faltered, was this assumed superiority called into question.

Review >
Japan

By Benno Galjart

The British sociologist Runciman has pointed out that, in a social science there are four different meanings of understanding something: to report what happened, more or less as a journalist does; to explain why something happened; to describe how what happened was experienced by the people concerned (that is, how it felt); and, finally, to evaluate whether what happened was a good thing or a bad thing. This book is a mixture. It concentrates on what happened but, in some instances, also explains why a particular event happened and, in others, describes what the participants felt. The book consists of seven chapters, arranged chronologically: Japan up to the end of World War II; the American occupation; the foundations of the economic miracle (1952-1962); the miracle itself (up to 1972); a discussion of the shock-absorber system (up to 1980); the dilemmas of power (1980-1992); and a final chapter on the end of the Japanese model (up to 2000). In each chapter occurrences and changes in the economy, the polity, the society, and the international relations of Japan are dealt with.

Development is a multidimensional phenomenon but, although a positive long-term correlation between dimensions clearly exists, in the short term progress in one dimension may well occur at the same time as stagnation or deterioration in another. Japan is to some extent an example of this contradiction between long term and short term. Bouissou explains that, prior to as well as after World War II,

Japan's phenomenal economic growth was directed by the state. In both pre- and post-war periods, the main goal was independence. Before that war, independence was seen as the tool which would enable Japan to be an imperial power like Great Britain. Since the late 1950s, independence as a national goal has been seen not in military but in economic terms: it means independence from foreign technology and foreign finance. This is not to be achieved through autarchy but, on the contrary, by exporting as much as possible while importing as little as possible. Growth, however, not only implies that production is increased but also, after a while, that value is added and wages increase. In turn this means that labour will eventually become too expensive for certain goods to be produced. Growth may in the end benefit most people in a society, but it also creates hardship because some industries or sectors go out of business, or because the push to produce cheaply causes environmental and health problems. Faltering businesses may temporarily be kept going by handing out subsidies, which becomes prohibitively expensive, or by restricting cheaper imports, which meets with international resistance and, eventually, sanctions. Japan did both, rather successfully, until the late 1980s. Belief in and optimism about the Japanese model, not only on the part of foreigners but, also, of the Japanese themselves, led to speculation in land and shares, a so-called bubble, which burst in 1989. Since then, the economy has stagnated.

There has been, and still is, debate about who rules Japan. Bouissou refers to the 'Iron Triangle', which consists of the

LDP (the party that has ruled Japan with only a minor interruption since the mid-1950s), the bureaucracy, and the large business groups (p. 247). This elite managed to stay in power and, in the process, created the economic miracle. What also helped was the doctrinal rigidity of the main opposition party, the socialists. The victims of growth had no political alternative.

Whereas the subtitle of the book, 'the burden of success', suggests some causal connection between the earlier economic successes and the stagnation of the nineties, other than that the latter followed upon the former, it is only in the introduction of each chapter that an attempt is made to establish a causal relation between economy, polity, and society. It is a rich book in the sense that it contains a staggering amount of facts; but, for that very reason, readers need to build a somewhat more simple causal chain for themselves. The same elite that created the miracle – more scandal-ridden now than ever, Bouissou seems to suggest – now stands in the way of a resumption of growth, because it does not want to sacrifice its power. ◀

- Bouissou, Jean-Marie, *Japan: The Burden of Success*, London: Hurst and Company (2002), pp. xix + 374, ISBN 1-85065-569-3

Bibliography

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Professor Benno Galjart is Emeritus Professor of Development Sociology at Leiden University. His latest book is entitled Dreams and the Downtrodden, Essays in Development Sociology, (2002). Together with Richard Boyd he is currently editing a reader comparing development in Latin America and East Asia.
galjart@fsw.leidenuniv.nl