

Lecture: Contemporary Economic History of Japan

Winter Semester, 2004

Haruhito Takeda

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No. 1

Exordium 1: Long-term Overview of Growth

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Coursework Schedule

- **Exordium**
- **1 Long-term Overview of Growth**
- **2 Japanese Economy after Japanese-Russo War --Historical Premises**
- **Chapter 1: Japanese Economy in Interwar Period**
- **1 World War I As Period of Transition**
- **2 1920 Panic and stagnant decade**
- **3 Urbanization and Unbalanced Growth, Industrial Organization**
- **4 Workers and Farmers**
- **5 Capital Export and Colonial Rule**
- **6 Financial Crisis**
- **7 Showa Depression**
- **8 Takahashi's Financial Administration and Economic Recovery**
- **9 Conversion of Zaibatsu, and Heavy Chemical Industrialization of Industrial Structure**
- **10 Agricultural Depression and Invasion of China**

Coursework Schedule (2)

- **Chapter 2: Japanese Economy under Wartime Economic Controls**
- 1 Sino-Japanese War and Yen Block
- 2 Industrial Capacity Expansion and National General Mobilization
- 3 New Economic Order
- 4 Livelihood of Populace in Wartime
- **Chapter 3: Japanese Economy in Postwar Reconstruction Period**
- 1 Postwar Reform 1: Democratization and Demilitarization
- 2 Postwar Reform 2: Economic Democratization
- 3 Lifting of Economic Control and Economic Recovery
- 4 Uncertainty Over Balance of Payments and Trading Nation ---
Independence and Review of Occupation Policy
- **Chapter 4: Japanese Economy in High Economic Growth Period**
- 1 Beginning of High Growth
- 2 1965 Recession
- 3 Big Merger and Capital Liberalization
- 4 Nixon Shock and Excess Liquidity
- 5 Oil Crisis and Price Issue
- **Closing Chapter: Shift to Stable GrowthProspects for 1980s**

Text/Bibliography

- Yoshio Ando, ed., *Directory of Modern Economic History of Japan, 2nd Edition*, University of Tokyo Press
- Juroh Hashimoto, *Economic History of Contemporary Japan*, Iwanami Shoten
- Ryoichi Miwa, *An Outline of Japanese Economic History: since 1850s*, University of Tokyo Press

Exordium 1: Long-term Overview of Growth

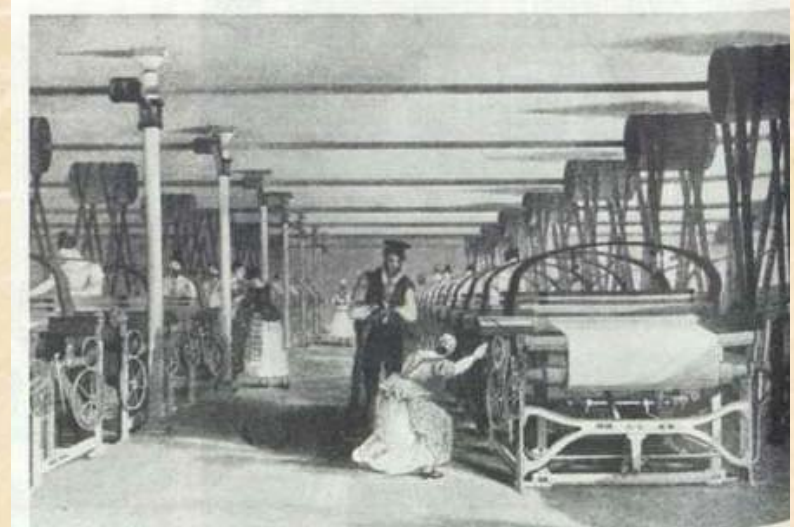
- High Economic Growth Rate

	1870-1913	1913-1938
● Japan	3.6 %	4.6 %
● U.S.A.	4.3	2.0
● Canada	3.8	1.5
● Denmark	2.2	1.9
● Germany	2.8	1.6
● U.K.	1.9	1.1
● France	1.6	0.9

Living of the people drawn by Bigot



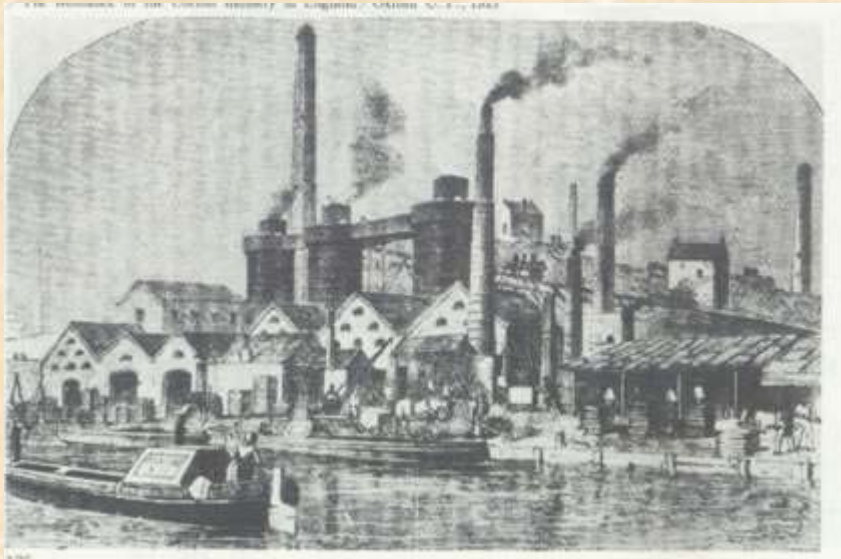
The differences between Internal and External Industrial power 1



(Source; left) National Archives of Japan

(Source; right) *The Romance of the Cotton Industry in England*/Oxford U.P.,1927

The differences between Internal and External Industrial power 2



(Source; left) *The Romance of the Cotton Industry in England*/Oxford U.P.,1927

(Source; right)picture of "TATARA": cited; *GEISYU-KAKEI-SUMIYA-TETUZAN Emaki*

- Japan consistently realized a high growth compared to the European countries and the U.S., and particularly during the interwar period, its tempo outgrew that of the U.S.
- What were contributing factors of such a growth?
- In terms of pathways to expansion, what were similarities and differences between Japan and the European countries and the U.S.?
- The lecture will read into descriptive texts for resolving these questions, and put thought into meanings of quantitative data.

2. Trajectory of Growth

- From a viewpoint of the international comparison:
When did Japan become a developed economic state?
- ①Composition of Population by Industry
- ②Composition of Gross Domestic Product
- ③Composition of Manufacturing Industry
- ④Composition of Export and Import

Composition of Population by Industry

1. Composition of Population by Industry

Era	1870	1880	1890	1900	1910	1920	1930	1940	1950	1960	1970
Japan	[1872]	[1877]	[1897]		[1912]	[1920]	[1930]	[1936]	[1958]	[1963]	[1971]
Primary Industry	85	78	72		62	55	52	45	37	29	16
Secondary Manufacturing	5	9	13		18	22	19	24	26	31	35
Tertiary Industry	10	13	15		20	23	29	31	37	40	48
USA	[1870]	[1880]	[1890]	[1900]	[1910]	[1920]	[1930]	[1940]	[1950]	[1960]	[1971]
Primary Industry	50	50	42	37	31	27	22	17	12	7	4
Secondary Manufacturing	25	25	38	30	31	34	31	31	35	34	31
Tertiary Industry	25	25	30	33	38	39	47	52	53	48	61
U.K.		[1881]	[1891]	[1901]	[1911]	[1921]	[1931]	[1938]	[1951]	[1966]	[1971]
Primary Industry		13	11	9	8	7	6	6	5	3	2
Secondary Manufacturing		50	40	47	47	50	47	46	47	45	40
Tertiary Industry		37	40	44	45	43	47	48	40	51	58
Germany		[1882]	[1895]	[1907]		[1925]	[1933]	[1939]	[1950]	[1963]	[1971]
Primary Industry		42	36	34		30	29	27	23	12	8
Secondary Manufacturing		36	39	40		42	41	41	44	48	48
Tertiary Industry		22	25	26		28	30	32	33	40	44
France	[1866]			[1901]		[1921]	[1931]	[1946]		[1962]	[1971]
Primary Industry	43			33		29	24	21		20	13
Secondary Manufacturing	38			42		36	41	35		37	36
Tertiary Industry	19			25		35	35	44		40	48

Composition of Domestic Production

2. Composition of Domestic Production

Period	Agroforestry /Fishery ①	Mining ②	Manufacturing ③	Construction ④	Electricity/Gas /Water ⑤	Transportation /Telecom	Subtotal ②~⑥	Trade/Service	
Japan	1985	42.7	1.3	13.2	3.6	0.1	2.8	21.0	36.3
	1925	28.1	1.9	19.5	5.7	2.9	7.7	37.7	34.2
	1963~67	9.7	1.0	31.3	6.7	1.8	7.1	47.9	42.4
	1971	6	3	34	7	incl. In Mining	7	51	42
USA	1988/99	17.9	2.2	25.4	7	9.5		44.1	38
	1919/29	11.2	2.4	23.8	4.1	11.0		41.3	47.5
	1963~67	3.3	2.0	28.3	4.5	2.4	6.3	43.5	53.2
	1971	3	4	25	5	incl. In Mining	6	40	54
U.K.	1907	6.4	6.3	27.1	3.9	1.6	10.0	48.9	44.7
	1924	4.4						55.0	40.6
	1963~67	3.4	2.3	33.8	7.0	3.2	8.3	54.6	42
	1971	3	4	27	5	incl. In Mining	7	43	39
Germany	1850~59	44.8	1.0	18.5	2.5	0	0.8	22.8	32.4
	1935~38	16.2	3.1	39.9	5.0	2.3	6.0	56.3	27.5
	1963	5	5	41	8	incl. In Mining	6	60	35
	1971	3	3	42	8	incl. In Mining	6	59	39
France	1986	25.0		35.2				46.2	28.8
	1963	8.4		34.8				51.0	40.6
	1971	6		36	10	incl. In Mining	incl. In Trade		46

Composition of Manufacturing Industry

3. Composition of Manufacturing Industry

Period		Metal/Machinery	Chemicals/Oil	Paper/Printing	Ceramics	Foods	Textiles	Products	Other
Japan	1907	14.3	11.3	1.1	2.8	36.7	24.8	3.1	6.0
	1929	24.0	11.8	3	3.3	23.8	27	3.1	4.0
	1965	44.6	11.7	8.4	4.8	10	9.6	4.9	5.9
USA	1879	25.1	5.2	8.5	3.8	15.2	20.4	10.9	10.9
	1929	38.4	9.4	9.8	3.5	11	13.7	7.1	7.1
	1965	52.4	10.1	8.5	3.3	9.1	7.2	4.2	5.2
U.K.	1907	32.0	4.1	6.4		16.7	31.1	4.0	5.7
	1924	27.1	6.3	7.8		22.5	25.4	3.1	7.9
	1963	46.7	10.4	8	3.9	11.6	10.7	3.0	5.7
Germany	1870	16.6	3.3	1.9	7	24.3	34.8	10.2	1.9
	1907	27.5	6.9	2.9	7.5	21.7	24.4	7.7	1.4
	1929	34.7	8.6	2.4	7.1	24.1	15.1	7.1	0.8
	1959	44.5	17.9	1.8	5	14.2	12.3	3.9	0.4
France	1896	18.2	2.3		4.8	15.9	46.3		12.5
	1929	31.6	5.7		4.9	14.9	30.5		12.4
	1963	43.4	12.1		4.3	14.7	14.4		11.2

Composition of Export and Import

4. Composition of Export and Import

		Export			Import					Export			Import		
		1880	1900	1925	1880	1900	1925			1955	1960	1970	1955	1960	1970
		-84	-04	-29	-84	-04	-29								
Japan	Foods	32.5	11.8	7.3	17.4	24.7	12.7	Foodstuff	6.7	6.6	3.4	26.4	12.2	13.6	
	Raw Material Products	12.5	10.2	5.9	3.8	17.6	55.7	Raw Materials and Fuels	5.6	4.2	2.1	60.2	65.6	66.1	
	Products for Raw Materials	44.1	46.7	43.9	30	20.7	15.4	Chemical Products	4.7	4.2	6.4	4.7	5.9	5.3	
	Whole Products	8.2	28.8	41.2	46.3	35.3	14.2	Machinery	12.2	22.9	40.5	5.2	9	11.3	
	Miscellaneous Articles	2.7	2.6	1.6	2.5	1.9	0.6	Others	70.8	61.8	46.8	3.5	7.1	13.2	
USA	Fresh Provisions	22.0	12.8	6.7	16.3	13.2	10.8	Foodstuff	13.6	15.5	11.9	28.0	23.3	15.6	
	Processed Provisions	24.6	22.2	10.2	18	12.8	8.8	Raw Materials and Fuels	19.1	19.3	15.7	35.0	30.8	16.4	
	Raw Material Products	35.2	30.7	25.8	17.9	31.8	45.9	Chemical Products	7.3	8.5	9.0	3.1	3.1	3.6	
	Partly-finished Products	4.9	11.9	14.1	17.9	19.1	16.3	Machinery	35.0	34.3	42.0	3.9	10.1	28.0	
	Whole Products	13.2	22.4	43.2	29.9	23.1	18.3	Others	25.0	20.2	18.0	30.0	29.9	33.3	
U.K.	Foods	5.1	5.8	6.6	44	41.9	42.1	Foodstuff	5.9	5.7	6.4	37.1	34.1	22.7	
	Raw Material Products	10.8	17.4	14.7	41.6	37.8	37.9	Raw Materials and Fuels	8.7	7.3	6.0	39.4	33.9	25.6	
	Finished Products	84.2	76.8	78.7	14.4	20.3	20	Chemical Products	8.0	9.0	9.8	2.9	3.9	6.0	
								Machinery	37.3	43.1	41.1	3.7	7.5	16.6	
								Others	40.1	32.0	33.9	16.9	20.3	28.1	
Germany	Foods	18.3	9.6	4.8	25.8	28.8	28.8	Foodstuff	2.4	2.0	3.1	26.6	23.1	16.6	
	Nonessential Grocery Items	2.6	1.1	0.5	7.6	6.1	5.6	Raw Materials and Fuels	12	8.8	5.7	44.1	31.8	22.2	
	Raw Material Products	13.9	16	14.7	35.4	40	38.8	Chemical Products	11.1	11	12.0	3.0	4.5	6.3	
	Half-finished Goods	15.3	17.8	20.6	19.3	14.7	17.4	Machinery	40.1	43.4	46.5	4.6	9.5	18.9	
	Whole Products	49.9	55.4	59.1	11.9	10.5	9.2	Others	34.4	34.3	31.2	21.7	30.1	33.1	

Transit of Gross National Expenditure 1885-1940

5. Transit of Gross National Expenditure

(1)

Units: Million Japanese Yen, and %

	1885	1890	1900	1910	1920	1930	1940
Total	806	1,056	2,414	3,925	15,896	14,671	36,851
Personal Consumption Expenditure	652	869	1,914	2,967	11,326	10,850	20,290
Government Current Expenditure	60	66	183	338	1,085	1,452	4,821
Gross Fixed Capital	97	153	391	689	3,596	2,322	11,698
Subtotal							
Private Sector	74	128	248	447	2,566	1,329	6,367
Government	23	25	143	244	1,035	1,010	5,368
Export and Income from Overseas	42	65	259	587	2,984	2,486	7,192
Import and Income to Overseas	45	97	333	656	3,095	2,439	7,150

	1885	1890	1900	1910	1920	1930	1940
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Personal Consumption Expenditure	80.9	82.3	79.3	75.6	71.3	74.0	→ 55.1
Government Current Expenditure	7.4	6.3	7.6	8.6	6.8	9.9	13.1
Gross Fixed Capital	12	14.5	16.2	17.6	22.6	15.8	31.7
Subtotal							
Private Sector	9.2	12.1	10.3	11.4	16.1	→ 9.1	→ 17.3
Government	2.9	2.4	5.9	6.2	6.5	6.9	→ 14.6
Export and Income from Overseas	5.2	6.2	10.7	→ 15.0	18.8	16.9	19.5
Import and Income to Overseas	5.6	9.2	13.8	16.7	19.5	16.6	19.4

Transit of Gross National Expenditure 1930-1990

(2) Unit in Billion Yen from/after 1950

	1930	1940	1944	1950	1960	1970	1980	1990
Total	13,850	39,396	74,503	3,946	15,487	70,674	245,357	436,927
Personal Consumption Expenditure	10,572	19,155	26,554	2,397	8,823	36,287	143,612	247,586
Government Current Expenditure	1,624	9,646	27,672	437	1,382	5,827	24,122	39,530
Gross Fixed Capital Subtotal	1,186	8,577	17,390	639	4,670	24,771	77,096	140,487
Private Sector	694	7,085	13,766	450	3,526	18,995	53,671	111,908
Government	492	1,472	3,624	189	1,143	5,776	23,425	28,579
Increase in Inventory Goods	269	1,989	3,265	368	551	3,041	1,775	2,731
Export and Income from Overseas	2,701	7,275	3,950	469	1,774	8,237	36,447	64,975
Import and Income to Overseas	2,502	7,226	4,328	364	1,713	7,489	47,695	58,382
	1930	1940	1944	1950	1960	1970	1980	1990
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Personal Consumption Expenditure	76.3	48.6	35.6	60.7	57.0	51.3	58.5	56.7
Government Current Expenditure	11.7	24.5	37.1	11.1	8.9	8.2	9.8	9.0
Gross Fixed Capital Subtotal	8.6	21.7	23.3	16.2	30.2	35.0	31.4	32.2
Private Sector	5.0	18.0	18.5	11.4	22.8	26.9	21.9	25.6
Government	3.6	3.7	4.9	4.8	7.4	8.2	9.5	6.5
Increase in Inventory Goods	1.9	5.0	4.4	9.3	3.6	4.3	0.7	0.6
Export and Income from Overseas	19.5	18.5	5.3	11.9	11.5	11.7	14.9	14.9
Import and Income to Overseas	18.1	18.3	5.8	9.2	11.1	10.6	15.4	13.4

Net Domestic Production by Industry 1885-1940

6. Net Domestic Production by Industry

	1885	1890	1900	1910	1920	1930	1940
Total	750	1,024	2,177	3,448	13,363	12,311	34,664
Agroforestry & Fishery Industries	339	496	858	1,119	4,036	2,163	6,527
Mining and Manufacturing Industries	86	121	365	741	3,218	3,166	13,758
Manufacturing Industry	80	110	326	660	2,759	2,916	12,835
Construction Industry	24	36	97	157	669	727	2,661
Transportation/Telecom/Public Utilities	18	21	85	230	1,066	1,596	2,443
Trade & Service Industries	283	350	772	1,201	4,374	4,659	9,275
	1885	1890	1900	1910	1920	1930	1940
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agroforestry & Fishery Industries	45.2	48.4	39.4	32.5	30.2	17.6	18.8
Mining and Manufacturing Industries	11.5	11.8	16.8	21.5	24.1	25.7	39.7
Manufacturing Industry	10.7	10.7	15	19.1	20.6	23.7	37
Construction Industry	3.2	3.5	4.5	4.6	5.0	5.9	7.7
Transportation/Telecom/Public Utilities	2.4	2.1	3.9	6.7	8.0	13	7.0
Trade & Service Industries	37.7	34.2	35.5	34.8	32.7	37.8	26.8

Net Domestic Production by Industry 1930-1990

	1930	1940	1944	1950	1960	1970	1980	1990
Total	11,785	30,973	56,772	3,384	12,833	57,032	182,434	408,698
Agroforestry & Fishery Industries	1,983	7,465	10,104	879	1,906	4,415	8,847	10,667
Mining and Manufacturing Industries	2,742	10,164	20,740	938	3,953	17,759	71,595	124,102
Manufacturing Industry	2,520	9,277	19,340	840	3,743	17,427	70,232	122,973
Construction Industry	456	964	2,243	137	701	4,231	22,506	41,739
Transportation/Telecom/Public Utilities	1,586	2,715	5,134	250	1,184	4,556	21,367	39,721
Trade & Service Industries	4,998	9,665	18,551	1,180	5,089	26,071	58,119	192,469
	1930	1940	1944	1950	1960	1970	1980	1990
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agroforestry & Fishery Industries	16.9	24.1	17.8	26	14.9	7.7	4.8	2.6
Mining and Manufacturing Industries	23.3	32.8	36.5	27.7	30.8	31.1	39.2	30.4
Manufacturing Industry	21.4	30	34.1	24.8	29.8	30.6	38.5	30.1
Construction Industry	3.9	3.1	4.0	4.0	5.5	7.4	12.3	10.2
Transportation/Telecom/Public Utilities	13.5	8.8	9.0	7.4	9.2	8.0	11.7	9.7
Trade & Service Industries	42.5	31.2	32.7	34.9	39.7	45.7	31.9	47.1

Composition of Manufacturing Industry by Sector

7. Composition of Manufacturing Industry by Sector

	Production Value							Shipment Value from 1950					%
	1880	1890	1900	1910	1920	1930	1940	1950	1955	1970	1980	1990	
Metal	2.8	3.2	2.6	3.4	6.4	8.7	16.4	16.0	17.0	19.3	12.4	13.8	
Machinery	2.7	2.1	4.0	6.5	14.2	11.3	25.9	13.9	14.7	32.3	32	43.3	
Chemical	20	13.5	10.7	11.4	12.2	12.8	16.6	20.1	18.5	15.0	15.6	10	
Heavy Chemical Industries Total	25.5	18.8	17.3	21.3	32.8	32.8	58.9	50.0	50.2	66.6	60	67.1	
Ceramic	2.1	1.8	2.0	2.5	2.9	2.6	2.4	3.3	3.4	3.6	3.9	3.3	
Foods	33.7	35.2	35.9	34.0	23.4	25.0	12.2	13.4	17.9	10.4	10.5	10.2	
Textiles	27.9	36.1	35.8	33.6	33.6	30.6	16.8	23.2	17.5	7.7	5.0	2.4	
Other	10.8	8.1	9.0	8.6	7.3	9.0	9.7	10.1	11.0	11.7	20.6	16.9	