

Lecture: Contemporary Economic History of Japan

No. 21

3-5 Economic Structure in Postwar Reconstruction Period

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Economic Structure in Postwar Reconstruction Period

- ① Exceptional upward creep of prices
 - Price hikes in an unprecedented degree for defeated countries continued in the halfway during the long occupation period.
 - The compensation issue after the war, an excessive monetary supply immediately after the war defeat, the supply shortage as a backlash of the war framework that had been pursued to the breaking point, and an expression of suppressed consumer desires that had been postponed.
- ② Demobilization and population growth
 - Increase in population as the primary factor of demand expansion
 - Increase in population caused by the social increase due to the demobilization
 - Natural increase due to the baby boom—an increase in the ratio of nonlabor force

- ③ Variable factors of demand structure
 - Attention needs to be paid to the expansion in consumer demand.
- Transit of gross national expenditure
 - In terms of conditions for variation, fluctuations were sharp in the late 1940s, and during 1947-49 one third to one half of the increment was food and drink expense out of the personal consumption expenditures. The similar trend reappeared in the early 1950s.
 - It was in Korean War period and the high growth period that the expansion of “producers' durable consumption goods”, i.e. private capital investment, became conspicuous.
 - Exports during Korean War period, i.e. War-generated increased demand, were the condition for making a spurt in the 1950s.
- Content of public finance's demand: Price adjustment expenditure in 1947-50, defense-related expenditures from 1951 on

Year	Personal Consumption Expenditure	Gross Domestic Capital Formation				Economic External Surplus			Government Purchase of goods/Service		
		Personal Housing	Producers' Durables	Increase in Stocks	Sub-total	Foreign Payables (Exports)	Foreign Receivables (Imports)	Balance	Current Purchase	Capital Formation	Sub-total
1947	69.7%	1.4%	6.9%	6.5%	14.8%	2.7%	6.9%	-4.1%	5.7%	13.9%	19.6%
1948	60.9%	1.8%	8.6%	11.3%	21.7%	3.9%	8.0%	-4.1%	13.3%	8.2%	21.5%
1949	73.3%	-1.6%	10.9%	-3.9%	5.3%	19.1%	19.2%	-0.1%	15.7%	5.7%	21.4%
1950	23.8%	4.2%	17.7%	28.1%	50.1%	44.2%	6.6%	37.6%	7.6%	-19.1%	-11.5%
1951	41.5%	0.8%	14.7%	13.5%	29.0%	29.3%	22.4%	7.0%	7.7%	14.9%	22.6%
1952	98.1%	3.6%	15.2%	-26.0%	-7.1%	-11.7%	7.6%	-19.3%	19.1%	9.2%	28.3%
1953	69.6%	3.2%	9.1%	1.3%	13.6%	8.9%	18.4%	-9.5%	8.9%	17.5%	26.4%
1954	102.0%	1.6%	-10.7%	-37.7%	-46.8%	11.7%	-25.8%	37.5%	20.5%	-13.2%	7.3%
1955	49.1%	1.2%	2.2%	24.4%	27.9%	17.1%	15.7%	1.4%	5.6%	15.9%	21.5%

Fiscal Year	1935-36	Compo- sition Ratio	1947-50	Compo- sition Ratio	1951-55	Compo- sition Ratio	1956-60	Compo- sition Ratio
Expenditure								
State Organ	489	7.1%	2,137	10.8%	5,291	11.3%	6,968	10.2%
Local Finance	23	0.3%	2,557	12.9%	6,936	14.8%	11,921	17.5%
Defense-related	3,069	44.8%			6,271	13.4%	7,596	11.1%
External Handling			135	0.7%	198	0.4%	1,234	1.8%
War End Remedial			3,685	18.6%	1,358	2.9%		
National Land Development	507	7.4%			4,195	8.9%	10,395	15.2%
Industrial Economy	309	4.5%	4,711	23.8%	6,406	13.7%	5,192	7.6%
Education/Culture	458	6.7%	794	4.0%	4,184	8.9%	8,377	12.3%
Social Insurance-related	101	1.5%	1,052	5.3%	5,358	11.4%	8,744	12.8%
Pension	524	7.6%	87	0.4%	2,221	4.7%	5,208	7.6%
National Bond	1,159	16.9%	881	4.4%	1,804	3.8%	2,206	3.2%
Capital Injection	0	0.0%	815	4.1%	1,713	3.7%		
Price Adjustment	0	0.0%	2,952	14.9%	904	1.9%		
Other	216	3.2%			54	0.1%	425	0.6%
Total	6,857	100.0%	19,804	100.0%	46,894	100.0%	68,266	100.0%

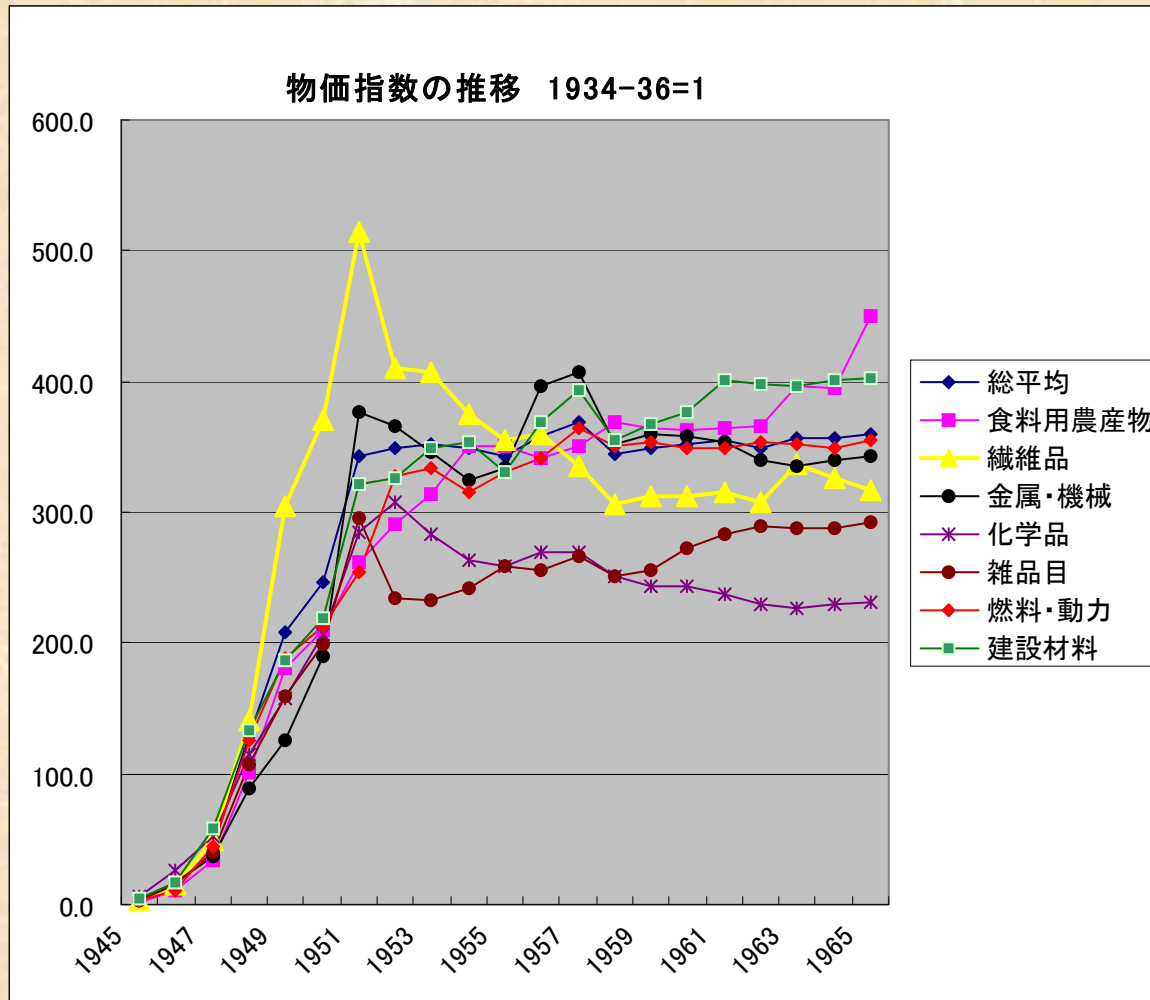
- ④ Factors of personal consumption
 - ▪ Nominal increase in income
 - ▪ Receipts and disbursements of workers' households: Departure from a high Engel's coefficient, and a structure that the decrement portion was passed on to sundry expenses
 - Difference from a sharp rise in housing expenses in the high growth period.

- ⑤ Foreign trade structure on ground of unfavorable balance
 - Surplus in industrial products, deficit in agricultural and mineral produce
 - Export structure without particular export directions

Personal Consumption Expenditure						
Year	Food & Drink	Clothing Allowance	Utility Costs	Housing Expense	Sundry Expenses	Subtotal
1946						
1947	45.7%	5.0%	3.0%	2.2%	13.9%	69.7%
1948	36.1%	3.4%	1.9%	4.9%	14.6%	60.9%
1949	50.1%	5.7%	3.0%	3.3%	11.3%	73.3%
1950	3.2%	10.3%	1.7%	4.7%	4.0%	23.8%
1951	21.5%	5.1%	1.7%	2.6%	10.7%	41.5%
1952	42.7%	11.1%	3.5%	11.1%	29.6%	98.1%
1953	32.8%	3.9%	2.9%	6.6%	23.3%	69.6%
1954	52.4%	-1.3%	3.7%	13.4%	33.8%	102.0%
1955	12.0%	3.4%	1.1%	9.6%	23.2%	49.1%

Consumption of Major Consumer Goods	Per Capita Consumption Growth Magnification Factor							
	1946	1950	1955	1960	1964	1946-50	1950-55	1955-60
Rice	82.7	121.5	110.6	114.3	114.7	1.5	0.9	1.0
Sugar	0.20	4.89	12.35	15.01	17.72	24.5	2.5	0.9
Textiles Total	1.19	2.54	6.68	6.98	8.30	2.1	2.6	1.0
Cotton	0.79	1.18	3.61	2.59	2.68	1.5	3.1	0.7
Wool	0.17	0.36	0.85	1.10	1.18	2.1	2.4	1.3
Synthetics	0.10	0.71	1.74	2.75	3.86	7.1	2.5	1.6
Paper	2.83	10.23	23.81	46.51	74.78	3.6	2.3	2.0
<i>Japanese Major Economic Statistics Since Meiji Era, pp.354-355</i>								

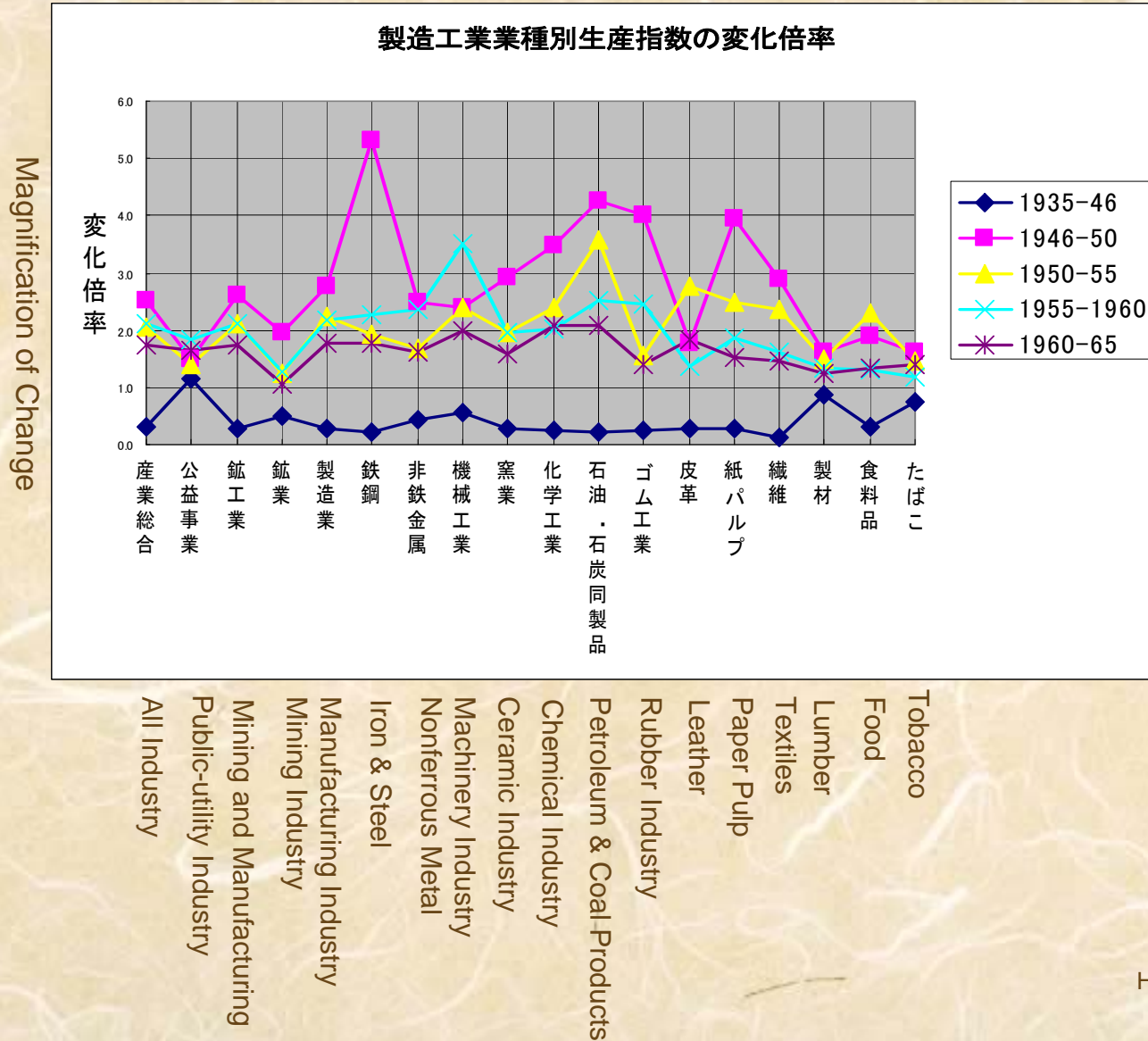
Transit of Commodity Price Index 1934-36=1



Changes in Industrial Structure

- ① Rate of change in production indexes by industry—i.e. the trend of quantitative increases
- - Rapid pace of expansion and its erratic pattern in the late 1940s, which is contrastive to the state of leveling over the 60s
 - Excelled in expansion in 1946-50 were basic materials and apparatus industries such as steel, coal/petroleum products, paper pulp
- - High growth of machinery in the early 50s

Magnification of Change in Production Indexes of Manufacturing Industry by Sector



- ② Structural changes by the prewar-based industrial nomenclature

- ▪ "Fallback" of the machinery industrialization

- ▪ Foods: Rise in the proportion

18.2% in '55 ← 9.1% in '40, 10.1% in '47

- ▪ Contrast to subsequent transits

	'47	'50	'55	'60
Spinning & weaving	12.3%	22.0%	16.1%	12.3%
Chemical	18.8	22.8	19.8	18.1
Metal	14.8	14.3	16.6	15.2
Machinery	27.3	13.7	15.1	26.1

- Corresponding to changes in production indexes, the machinery industrialization (not heavy chemical industry) put on a spurt.

Industrial Structure 1

Prewar-based Nomenclature

Million Yen & %

	Average of 1934-36		1940		1942		1945		1947	
Foods	1,158	10.7%	2,465	9.1%	2,482	7.7%	2,334	5.3%	28,285	10.1%
Spinning & Weaving	3,392	31.3%	4,976	18.4%	4,050	12.6%	2,577	5.9%	34,586	12.3%
Lumber Wood Products	252	2.3%	1,022	3.8%	1,153	3.6%	2,186	5.0%	27,574	9.8%
Printing & Binding	221	2.0%	342	1.3%	401	1.3%	442	1.0%	6,038	2.1%
Chemical	1,802	16.6%	4,623	17.1%	4,876	15.2%	4,057	9.2%	52,767	18.8%
Ceramic	288	2.7%	778	2.9%	841	2.6%	1,065	2.4%	12,862	4.6%
Metal	1,862	17.2%	5,900	21.8%	7,281	22.7%	8,285	18.8%	41,519	14.8%
Machinery & Appliances	1,446	13.4%	6,443	23.8%	10,332	32.2%	22,570	51.3%	76,752	27.3%
Gas, Electricity	21	0.2%		0.0%		0.0%		0.0%		0.0%
Other	386	3.6%	542	2.0%	623	1.9%	451	1.0%	725	0.3%
Total	10,828	100.0	27,092	100.0	32,039	100.0	43,966	100.0	281,108	100.0

	1950		1955		1960	
Foods	273,239	12.6%	1,128,908	18.2%	1,829,312	12.0%
Textiles	441,075	20.3%	929,721	15.0%	1,705,406	11.2%
Textile Goods	36,048	1.7%	69,257	1.1%	172,387	1.1%
Lumber/Wood Products	80,244	3.7%	246,202	4.0%	520,569	3.4%
Pulp Paper, Paper Finished Goods	89,610	4.1%	275,570	4.4%	594,548	3.9%
Publication Printing	57,246	2.6%	172,108	2.8%	388,916	2.5%
Chemical	301,632	13.9%	731,015	11.8%	1,458,311	9.5%
Petroleum/Coal Products	31,867	1.5%	123,783	2.0%	371,335	2.4%
Rubber	55,330	2.6%	95,223	1.5%	233,320	1.5%
Ceramic/Soil & Stone	78,949	3.6%	221,838	3.6%	526,854	3.4%
Steel	217,086	10.0%	634,688	10.2%	1,650,886	10.8%
Nonferrous Metal	93,534	4.3%	272,110	4.4%	668,042	4.4%
Metal Products	52,848	2.4%	169,472	2.7%	594,198	3.9%
Machinery Manufacturing	100,267	4.6%	280,522	4.5%	1,204,893	7.9%
Electric Machinery & Apparatuses	62,944	2.9%	255,425	4.1%	1,291,620	8.4%
Transport Machinery & Apparatuses	115,121	5.3%	351,092	5.6%	1,325,019	8.7%
Precision Machinery	17,895	0.8%	51,580	0.8%	170,520	1.1%
Total	2,167,579	100.0%	6,217,761	100.0%	15,293,704	100.0%

- ③ Number of factories

- - High level in the lumber/wood products in 1947 — a recovery demand providing the setting?
 - Sluggish growth of machinery and apparatuses, steep rises in food and metal
 - Decrease in the number of machinery plants as a demobilization phenomenon

Number of Factories

	1935	1940	1945	1947	1950	1955
Foods	13,684	22,578	8,326	13,300	26,243	33,911
Spinning & Weaving	29,378	35,966	9,236	16,492	31,923	39,016
Lumber, Wood Products	7,518	14,459	9,507	23,271	28,545	30,814
Printing & Binding	3,358	3,596	916	2,145	4,219	8,415
Chemical	4,629	9,237	5,109	8,338	13,380	13,366
Ceramic	4,400	7,105	3,511	5,970	10,297	11,630
Metal	7,351	11,663	5,638	9,760	12,804	16,925
Machinery & Apparatuses	10,250	24,804	13,262	24,211	20,961	23,937
Other	4,057	7,734	2,475	4,853	7,801	9,087
Total	86,560	139,082	59,925	110,287	156,173	187,101

Increase and Decrease in Number of Factories

	1935-40	1940-45	1945-47	1947-50	1950-55	1947-55
Foods	8,894	-14,252	4,974	12,943	7,668	20,611
Spinning & Weaving	6,588	-26,730	7,256	15,431	7,093	22,524
Lumber, Wood Products	6,941	-4,952	13,764	5,274	2,269	7,543
Printing & Binding	238	-2,680	1,229	2,074	4,196	6,270
Chemical	4,608	-4,128	3,229	5,042	-14	5,028
Ceramic	2,705	-3,594	2,459	4,327	1,333	5,660
Metal	4,312	-6,025	4,122	3,044	4,121	7,165
Machinery & Apparatuses	14,554	-11,542	10,949	-3,250	2,976	-274
Other	3,677	-5,259	2,378	2,948	1,286	4,234
Total	52,522	-79,157	50,362	45,886	30,928	76,814

- ④ Structural changes by the postwar-based industrial nomenclature
- ▪ Output-amount ranking based on the industrial reclassification
 - High ranks of commerce and mine sectors, and their descent, and development of manufacturing industry
 - Top of the manufacturing industry of 1947 was the lumbering ---
 - Spinning, steel, etc., laggardly, automobile, communication instrument, etc.
- Ranking by output growth rate
 - High growth rate of consumer goods in the latter half of the 1940s, which continued through the first half of the 50s
 - In the latter half of the 50s, the heavy industry's extension became conspicuous.

Upper Level Industries by Output Amount on Basis of Industrial-Subsection

Rank	1948	1950	1955
1	Coal/Lignite	Spinning Industry	Spinning Industry
2	National Railway	Coal/Lignite	Steelmaking & Rolling without Blast Furnece
3	Eclectic Power	National Railway	National Railway
4	General Lumbering	Cotton Staple Fiber Spinning	Cotton Staple Fiber Spinning
5	Steelmaking & Rolling without Blast Furnece	Eclectic Power	Steelmaking & Rolling with Blast Furnece
6	Private Railway	Steelmaking & Rolling without Blast Furnece	Eclectic Power
7	Paper & Hardboard	Cotton Staple FiberTextiles	Steel Vessel Manufacturing/Repair
8	Sake	Steelmaking & Rolling with Blast Furnece	General Lumbering
9	Steelmaking & Rolling with Blast Furnece	General Lumbering	Coal/Lignite
10	Spinning Industry	Paper & Hardboard	Paper & Hardboard Manufacturing
11	Pharmaceuticals	Sake	Cotton Staple Fiber Textiles
12	Silk/Rayon Silk Fabric	Silk/Rayon Silk Fabric	Bread/Confectionery Production
13	Textile Machinery	Synthetic Fiber	Sake Production
14	Yarn-making Industry	Steel Vessel Manufacturing/Repair	Sugar Production
15	Ammonium Sulfate	Private Railway	Bycycle
16	Railcar Manufacturing	Woolen Textiles	Woolen Textiles
17	Iron Casting	Rolling/Wiredrawing/Alloy of Coppe	Synthetic Fiber Manufacturing
18	Steel Vessel Manufacturing/Repair	Pharmaceuticals	Flour Industry
19	Rolling/Wiredrawing/Alloy of Copper	Distilled Liquor & Mixed Drink	Wool Spinning
20	Electric Wire/Cable	Ammonium Sulfate	Petroleum Refinery

Output Growth Rate Ranking by Business Category

Rank	1948-50	1950-55	1955-60
1	Soap	Grain Refining Indus.	Consumer Electric Machinery & Apparatuses
2	Noodle Making	Flour Indus.	Metal Cutting Machine Tool/Parts
3	Petroleum Refinery	Noodle Making	Cable/Wireless Telecom Equipment
4	Cotton Staple Fiber Textiles	Sugar Production	Electronic Tube & Chip
5	Steel Wiredrawing Indus.	Consumer Electric Machinery & Apparatuses	Conveyer Carrying Implement
6	Intermediate Garment & Underwear	Electric Wire/Cable	Auto Parts
7	Alloy Iron	Camera	Physical and Chemical Machinery
8	Spinning Indus.	Steel Forging Indus.	Organic Fertilizer
9	Publishing Indus.	Electronic Tube & Chip	Refrigerator/Freezing Machine
10	Fishery Canning	Organic Fertilizer	Automobile
11	Canning Sheet Metal Ind.	Switchgear/Distributor	Paper Ware/Carton Box
12	Tannery Indus.	Transformer	Metal Products for Building
13	Grape Sugar & Starch Syrup	Plywood	Concrete Products
14	Flour Indus.	Automobile	Construction/Mine Machinery
15	Cotton Mill Indus.	Bread/Confectionary	Switchgear/Distributor
16	Metal Products for Building	Synthetic Resin	Rubber for Industrial Use
17	Vegetable Oil and Fat Production	Pulp	Bolt, Nut, Screw
18	Tire/Tube	Auto Parts	Bearing
19	Synthetic Fiber	Cotton Mill Indus.	Synthetic Resin
20	Rubber Footwear	Bearing	Dynamo/Electric Motor

Climate of Large Corporate Sector

- ① Growth rate of sales amount
 - ▪ Unstable sales climate during the first half of the 50s, + relatively high in the heavy industrial sector
 - But quite a few sectors showed negative growth in 1952-53 on the rebound of Korean War.
 - Business slowdown comparable to “the chronic recession” in 1958
- ② Rate of return on equity capital/total capital
 - ▪ High return on equity capital ← excessively small capitalization in progress?

Sales Amount

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		1950	1951		1952		1953		1954	
Category of Industry	Fiscal Term	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Industry as Whole		64.9%	79.7%	1.8%	15.6%	2.9%	9.2%	5.2%	2.2%	3.6%
Manufacturing Industry		51.0%	80.3%	-5.0%	17.1%	2.7%	8.1%	10.4%	-0.6%	-2.4%
	Food Manufacture	21.6%	18.1%	38.2%	25.2%	13.8%	6.5%	36.1%	7.9%	3.5%
	Spinning and Weaving	47.2%	85.1%	-36.4%	55.3%	-4.0%	-7.0%	13.1%	-4.3%	-8.0%
	Lumbering	22.0%	-55.6%	-10.2%	3.8%	-14.9%	26.0%	98.9%	-1.8%	-9.0%
	Paper & Similar Goods	15.3%	102.1%	6.3%	-7.5%	11.0%	11.0%	2.6%	-3.7%	6.8%
	Printing	4.5%	18.4%	8.9%	13.3%	45.5%	13.0%	13.4%	2.9%	3.6%
	Chemical	36.4%	32.2%	4.3%	8.7%	3.8%	9.3%	3.2%	8.6%	3.7%
	Rubber & Leather			-7.4%	-6.3%	-11.2%	15.2%	6.6%	-1.3%	-2.0%
	Glass & Soil/Stone Products	83.7%	51.2%	28.5%	-2.6%	7.2%	6.8%	15.1%	5.2%	0.6%
	Primary Metal	132.6%	150.5%	-0.2%	0.1%	-0.8%	15.5%	1.8%	-11.7%	4.3%
	Metal Products	591.4%	15.9%	-9.2%	40.0%	-24.7%	33.7%	21.0%	49.0%	-10.9%
	Machinery Manufacture	13.2%	124.9%	16.4%	-13.5%	13.8%	11.9%	17.2%	9.2%	-11.8%
	Electric Machinery	24.9%	88.9%	22.0%	4.7%	6.8%	21.9%	12.1%	-1.6%	-6.9%
	Transport Facilities	93.9%	109.2%	1.2%	33.2%	5.2%	15.7%	5.2%	0.2%	-13.4%
	Precision Machinery & Appliances	26.1%	51.7%	15.9%	12.0%	13.4%	17.9%	21.2%	2.9%	0.7%

Sales Amount		1950	1951		1952		1953		1954	
Category of Industry	Fiscal Term	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Industry as Whole		64.9%	79.7%	1.8%	15.6%	2.9%	9.2%	5.2%	2.2%	3.6%
Manufacturing Industry		51.0%	80.3%	-5.0%	17.1%	2.7%	8.1%	10.4%	-0.6%	-2.4%
Mining Industry		231.5%	62.2%	17.9%	2.1%	-4.1%	10.3%	4.6%	-5.3%	8.5%
Construction Industry		4.2%	83.0%	23.6%	8.6%	8.8%	9.2%	24.6%	6.0%	4.1%
Wholesale/Retail Indus.		82.5%	101.8%	-1.0%	21.6%	3.4%	12.4%	-6.1%	11.3%	10.2%
Real Estate		10.9%	66.9%	52.0%	-2.2%	27.9%	19.3%	-27.5%	40.6%	-0.9%
Transport/Telecom & Other Utilities		41.0%	47.2%	36.9%	8.8%	7.1%	4.1%	8.9%	-2.1%	11.2%
	Railway/Rail Track	3.4%	33.6%	19.6%	16.1%	-4.3%	14.6%	-10.9%	21.9%	0.0%
	Maritime Traffic	50.8%	328.1%	35.2%	5.8%	-9.4%	8.7%	3.4%	7.0%	15.9%
	Warehouse & Storage	-4.0%	67.6%	2.2%	4.5%	-2.1%	8.9%	2.9%	-3.3%	-8.4%
	Electricity	10.5%	16.9%	69.7%	8.8%	22.0%	-5.3%	18.8%	-11.5%	21.2%
	Gas	23.0%	64.4%	18.0%	30.0%	-5.9%	27.0%	-5.0%	16.5%	-11.9%

Rate of Return on Equity (Before Tax)

	1951 1st	2nd	1952 1st	2nd	1953 1st	2nd	1954 1st	2nd
Overall Industry	31.6	23.7	18.0	14.6	16.0	16.2	11.4	8.8
Manufacturing Industry	54.7	38.2	26.2	22.5	23.4	23.9	16.1	11.9
Food Manufacture	28.1	29.6	37.7	39.3	35.3	36.6	36.8	30.6
Spinning & Weaving	72.7	42.9	21.8	16.0	18.2	24.2	15.8	8.3
Paper & Similar Goods Ma.	101.9	64.0	29.9	25.6	31.3	26.4	14.9	13.4
Printing Publishing & Similar Businesses	19.3	22.4	24.0	24.9	24.5	23.9	19.6	16.8
Chemical Industry	32.2	27.3	19.9	20.0	22.0	23.1	18.5	14.5
Rubber Products Ma.	43.4	-4.6	9.9	12.2	32.4	22.9	21.9	8.1
Cement Manufacture	39.0	49.0	41.0	39.0	42.2	41.4	35.8	32.6
Primary Metal Manufacture	42.2	26.7	17.0	10.0	9.4	9.5	2.8	3.1
Metal Products Ma.	52.1	41.2	37.1	35.5	35.3	20.2	17.8	13.6
Machinery Manufacture	44.1	40.2	29.2	23.2	21.4	17.1	10.9	3.7
Electric Machinery & Appliances Manufacture	46.0	50.6	47.5	41.3	38.2	33.0	18.7	11.0
Transport Facilities Ma.	26.3	33.7	44.2	44.2	37.9	28.3	15.2	9.0
Precision Machinery Ma.	45.9	36.1	38.2	36.2	35.8	34.5	24.2	20.6
Mining Industry	52.8	48.2	33.6	13.7	11.0	2.2	6.1	2.5
Construction Industry	27.4	39.9	43.8	48.5	58.9	47.4	34.6	27.9
Wholesale & Retail Industry	36.0	-10.0	4.0	24.9	28.7	27.5	14.0	17.4
Transport/Telecom & Other Utilities	2.7	1.7	3.4	2.0	3.9	3.8	3.7	3.5

③ Labor productivity: Sales amount per employee

	1st Half, 1951 (000 Yen)	1st Half, 1955 (000 Yen)	Growth Rate (Times)
● Foods	1986	4238	2.13
● Spinning & Weaving	732	769	1.05
● Paper Pulp	1321	1480	1.12
● Chemical	599	1045	1.74
● Petroleum Refinery	2615	5322	2.04
● Steel	1017	1180	1.16
● Machinery	463	593	1.28
● Electric Machinery	526	791	1.50
● Transport Machinery	451	692	1.53
● Electric Power	360	854	2.37

- Unexpectedly low increase in the productivity
 - Production expansion by a rapid absorption of labor force
- Particularly low were the machinery and metal sectors, though not as bad as the spinning/weaving.

- ④ **Capital equipment ratio:** Tangible fixed asset per employee
- Low capital equipment ratio in the machinery sector:
(figures in thousand yen)
526 in machinery, 511 in electric machinery, 438 in transport machinery, 1148 in steel, 1148 in foods, 645 in spinning & weaving, 827 in chemical, 5928 in electric power
- The machinery sector, while incomparable to the electric power, is below one half of the steel, and even lower than the spinning and weaving, in terms of the capital equipment ratio of each sector.
- This reflects a labor-intensive character of the machinery industry, and is consistent to the facts in ③.

Fluctuation of Competitive Structure

- -Transit of the degree of production concentration on upper-level corporations
- **With the deployment of corporate breakup and antitrust policies based on the law to abate the concentration of excessive economic power, did industries transform to a “more competitive” structure to assimilate an intercorporate competition by 1955?**
- -It is skeptical to affirm such a change, even compared to the prewar ratio of the upper-level concentration.
- **Business categories where some changes incurred by the breakups:**
 - **Steel: Maintained high concentration by the share expansion of the two companies that were broken up**
 - **Shipbuilding: Fierce fluctuations in orders below the second rank**
 - **Coal and copper:**
 - **Little impact on the market shares as the breakup was just on separating metal and coal**

Rolled Steel Products of Ordinary Steel

	1934	1938	1943	1948	1951	1955
Yawata Steel	47.5%	42.0%	56.7%	29.4%	23.8%	23.0%
Fuji Steel					14.8%	16.6%
Nihon Kokan	13.6%	13.9%	15.4%	15.3%	12.9%	11.5%
Kawasaki Steel	7.7%	5.5%	4.4%	8.7%	7.6%	8.6%
Sumitomo Metal	1.7%	1.6%	1.6%	5.4%	3.6%	5.0%
Kobe Steel	6.4%	4.8%	3.8%	8.0%	4.7%	3.8%

Shipbuilding

	1937	1944	1951	1952	1953	1954	1955
Mitsubishi Shipbuilding	35.4%	27.0%	17.4%	15.0%	17.7%	24.5%	19.0%
Shin Mitsubishi Heavy Indus.			9.0%	12.1%	7.1%	7.0%	8.2%
Mitsubishi Nihon Heavy Indus.			7.0%	11.8%	4.8%	6.4%	2.7%
Hitachi Shipbuilding	12.0%	6.9%	12.9%	11.9%	11.5%	11.7%	14.6%
Nihon Kokan	1.4%	1.7%	5.3%	4.1%	10.7%	7.4%	14.0%
Kawasaki Heavy Indus	16.9%	4.6%	11.9%	6.6%	13.4%	7.8%	11.6%
Mitsui Shipbuilding	15.3%	11.6%	7.3%	11.1%	8.5%	5.3%	10.4%
Harima Dockyard	7.2%	13.4%	7.4%	14.2%	8.2%	8.9%	8.9%
Uraga Dock	4.9%	3.2%	5.9%	3.0%	7.4%	2.5%	3.6%
Ishikawajima Heavy Indus.	1.4%	1.2%	4.0%	3.0%	2.4%	5.0%	1.5%
Nagoya Shipbuilding			2.2%	2.9%	1.5%	2.7%	1.4%
Fujinagata Dockyard	0.1%	0.1%	1.5%	1.9%	1.3%	2.3%	0.2%
Hakodate Dock	1.2%	1.1%	1.5%	1.5%	1.2%	2.6%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Coal

	1935	1944	1948	1953	1954	1955
Mitsui Mine	14.6%	26.5%	15.7%	12.2%	14.3%	13.5%
Mitsubishi Mining	10.3%	20.8%	11.6%	10.8%	10.5%	10.2%
Hokkaido Coal Pit & Steam Ship	8.1%	8.9%	7.6%	7.6%	7.9%	7.3%
Sumitomo Coal Mining	3.8%		4.2%	4.2%	4.3%	4.1%
Ube Industries			3.3%	3.5%	3.9%	3.8%
Meiji Mining			3.4%	3.8%	3.7%	3.6%
Jyouban Colliery			3.3%	3.7%	3.5%	3.6%
Nittetsu Mining		5.5%		2.3%	3.3%	3.2%
Furukawa Mining	2.4%		3.1%	2.8%	3.1%	3.0%

Electrolytic Copper

	1942	1951	1952	1953	1954	1955
Nippon Mining	16.6%	29.4%	30.0%	31.1%	31.0%	30.2%
Mitsubishi Metal Mining	18.8%	21.9%	21.0%	20.5%	20.2%	22.3%
Sumitomo Metal Mining	7.2%	19.5%	17.5%	17.5%	17.4%	17.8%
Mitsui Mining And Smelting	0.1%	5.2%	6.6%	7.8%	8.7%	9.3%
Dowa Mining	5.7%	8.2%	8.9%	8.2%	7.3%	7.9%
Furukawa Mining	9.3%	8.8%	10.0%	9.3%	8.5%	7.7%
Furukawa Electric		3.2%	3.5%	4.0%	5.1%	3.6%
Dainippon Mining	1.6%	1.8%	1.5%	1.6%	1.9%	1.2%
Toho Zinc		1.9%	0.9%			
Total of Above	59.3%	100.0%	100.0%	99.9%	100.0%	99.9%
All Japan Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Financial Organ's Loan and Its Resource

- ① Dependence on debt loan, i.e. “indirect financing”, as the background of a high return on equity capital
- ② In terms of deposit resource, the proportion of the “individual’s” deposit declined significantly as compared to the prewar times.
- ← Deposit composition ratio of “corporation” and “individual” traded places in 1946-50.
- Proportion by depositor
- 1942 61.5% by individual
- 1946 63.7
- 1950 44.1
- 1955 37.4
- 1960 40.5

- Apart from the period of 1960-65 when 70 percent of the incremental portion was derived from “corporation”, it was about 40 percent at the very most that individual deposits out of household sector served their purpose of the resource of funds.
- Shifting a corporation’s “excess cash” to another, i.e. intermediating between one corporate sector and another, was the actual condition of the “indirect financing” at this time.
- As its background was an internal revenue fund based on a high capital-to-assess ratio.
- Additionally, the compulsory deposit in return for loans and discounts by “compensating balance” →Banking actions to differentiate real interest rates under the interest regulation
- It was possible that the scale of the “indirect financing” was shammed overly inflated through fictitious deposits and loans.

Industrial Fund Supply

Through the Year	Total (A+B+C)	Stock (A)	Indus- trial Bond (B)	Loan (c)				Own Fund
				Total	Commer- cial Bank	Govern- ment Financial Organ	Special Account for Invest- ment	
1931-35	100.0%	119.0%	3.1%	-22.1%	-25.8%	0.0%	3.8%	198.5%
1936-40	100.0%	43.1%	6.7%	50.2%	49.7%	0.0%	0.5%	45.8%
1941-45	100.0%	16.7%	6.4%	76.9%	74.9%	0.0%	2.0%	20.2%
1946-50	100.0%	13.0%	3.5%	83.4%	72.4%	5.7%	2.2%	40.0%
1951-55	100.0%	14.1%	3.8%	82.2%	71.9%	7.0%	4.1%	65.8%
1956-60	100.0%	14.2%	4.7%	81.1%	73.0%	6.0%	2.2%	69.8%
Equipment Fund								
1952-55	100.0%	27.5%	8.9%	63.6%	33.5%	19.1%	9.7%	
1956-60	100.0%	25.3%	10.6%	64.1%	48.6%	10.6%	5.2%	