

The Secret of Japan's Post-World War II Economic Development

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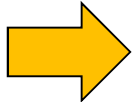
Base

High literacy rate at Meiji restoration

Tradition of respecting "meister"

Established system of bureaucracy

Best & brightest

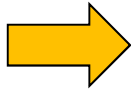


University of Tokyo

MOF and Ministry of Interior

Political stability

GHQ



Many reforms



Modernization of tax system

Liberal Democratic Party 1955-1993

Fiscal Policy

Balanced Budget

Absence of military expenditure

Use of External resources

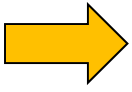
Economic Aid from US

World bank

Major Borrower -19531966

Public Bonds issued overseas

Government saving campaign



Postal savings bank

Establishment of key government organizations

Police Customs tax office

➔ Guarantee of life after retirement tax accountant

Unleashed vitalities

Agricultural Land Reform ➔ Landlord who lost lands

Abolishment of military ➔ Military Officers

Population burst after WWII

Huge numbers of Japanese who came back from overseas

Trigger ➔ Korean war

Second budget=Fiscal Investment & Loan Program (FILP)



FILP's Role in the Growth

Early years of post-war recovery (until mid-1950s)

- Focused on fund provision to industrial plant and equipment investment
 - Helped reconstruct four prioritized industries
 - Shipbuilding
 - Coal
 - Steel
 - Maritime
 - Utilized post-war financial aid from the United States
- Established FILP agencies amid the recovery (next slide)
- With World Bank loans, 31 projects of infrastructure development were implemented (1953 – 1966).
 - Bullet Train (“Shinkansen”) - Steel works
 - Highways (“Tomei” and “Meishin”) - Hydroelectric dam (“Kurobe” dam)

Foundation of major FILP agencies (~1970)

- 1947 Reconstruction Finance-Corporation
- 1949 National Railways(turned to public corporation),
National Finance-Corporation ← Financing entrepreneurs
- 1950 Housing Finance-Corporation, Export(-Import) Bank
- 1951 Development Bank
- 1952 Electric Power Development Co. Ltd.
- 1953 Agriculture Forestry and Fisheries Finance-Corporation,
Finance-Corporation for SMEs
- 1955 Housing Public Corporation ← Public housing
- 1956 Highway Public Corporation
- 1959 Expressway Public Corporation
- 1961 Overseas Economic Cooperation Fund
- 1966 New Tokyo International Airport Authority
- 1967 Petroleum Exploration Public Corporation