

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

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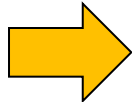
Base

High literacy rate at Meiji restoration

Tradition of respecting “meister”

Established system of bureaucracy

Best & brightest

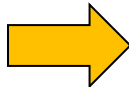


University of Tokyo

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

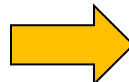
Economic Aid from US

World bank

Major Borrower -1953-1966

Public Bonds issued overseas

Government saving campaign



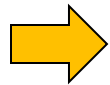
Postal savings bank

Establishment of key government organizations

Police

Customs

tax office

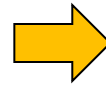


Guarantee of life after retirement

tax accountant

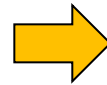
Unleashed vitalities

Agricultural Land Reform



Landlord who lost lands

Abolishment of military

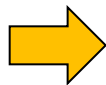


Military Officers

Population burst after WWII

Huge numbers of Japanese who came back from overseas

Trigger

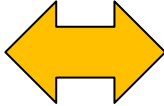


Korean war

Second budget=Fiscal Investment & Loan Program (FILP)

Limited Tax Revenue

Limited Borrowing Capacity



Need of Fiscal Expenditure

Alternative resources

Savings at Postal Bank

Government Pension Fund

External Borrowing

Foreign Aid



Fiscal Investment & Loan Program

“Integrated Management” by MOF

Infrastructure building

Subsidy to infant industries

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