

# The Economic Development of Modern Japan, 1945-1995

Edited by Steven Tolliday, 2 volume set, 2001, 1,361 pages, hardback, £315  
Edward Elgar Publishing, Cheltenham, U.K. and Northampton, MA, U.S.A.

By *Prabhu Gupta*

Steven Tolliday has produced an excellent sequel to his earlier work with a similar title, but covering the years 1868-1945 (reviewed in the November/ December 2001 issue of the *Journal of Japanese Trade and Industry*).

The present work consists of 46 of the most significant articles or chapters on the subject dating from 1983 to 1997, deliberately excluding work that is already widely-available, but including less well-known work first published in Japan.

Volume One considers key trends in Japanese economic development, the debate on the role and significance of industrial policy, and key issues in the history of Japanese business (notably *keiretsu* and corporate groups, small business and subcontracting, and the development of Japanese management).

Volume Two includes case studies of industrial strategy and performance (e.g. in shipbuilding, the auto sector, iron and steel, retailing, and Japanese foreign direct investment in Europe), as well as wider essays on the evolution of Japanese financial and banking systems, the changing patterns of labor relations, land reform, agricultural change, and economic and social structures as a whole – e.g. the development of education and human capital, and patterns of gender inequality in society and in the labor market.

Together, these essays illuminate the historical development of Japan's economy, society and institutions.

The key questions raised by the work are:

- Was the Japanese economy really as much of a miracle as it was made out to be? – (The answer suggested is: less so than we used to think).

- Was Japan's famously "high" rate of savings really that high? – (It may have been somewhat exaggerated, but it remains one of the highest in the developed world). And did savings really play a key role in Japan's rapid growth and corporate success? – (Their contribution may have been

a little overstated).

- Is Japan as wealthy as it seems on paper? – (Yes, but, there is a more substantial gap between the levels of national wealth in Japan versus that in the United States than is apparent at first glance from the figures).

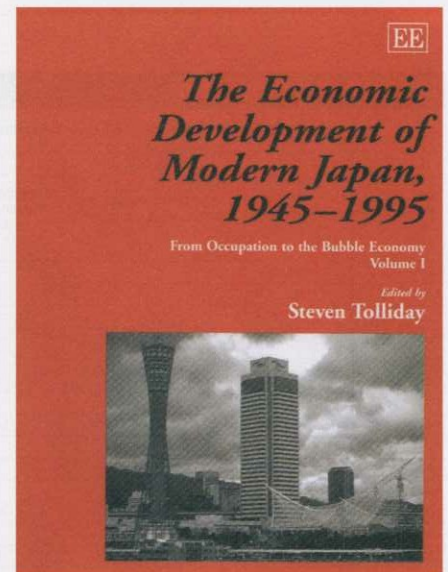
- Did industrial policy make any difference? – (Yes, but not as much as some thought, in view of the informal and intensely interactive nature of government-industry links rather than control from the top: bureaucratic and political elites have "orchestrated" change rather than "directed" it).

- Is the stagnation of the last decade a refutation of all that was said about the Japanese model in the 1980s or is it merely a temporary blip in reputation? – (Typically, different views are deliberately presented, but overall the book suggests that though economic slowdown needs to be seized as a fundamental challenge, the Japanese model is uniquely Japanese and still has much to recommend it).

Overall, Tolliday's work demonstrates that the depth and density of historical writing on Japan has matured in recent years. Not only are there "islands of empirical excellence," but "overviews are beginning to emerge" – though, as is perhaps appropriate for Japan, single-author interpretations have made less impact than collectively-authored projects and volumes.

Nevertheless, I wonder if such enormous historical effort should not result in a clearer summary picture of the history. Is it appropriate that, after he has put in all this effort in scanning all the available research, selecting the pieces to be presented and organized them in this thoughtful way, the editor offers us no conclusions – not even any tentative ones in relation to this significant half-century in the life of the country?

That leads me to my final reflection as a result of working my way through this magisterial work: the field of Japanese



studies seems to me to be still obstinately in the Western mold, ignoring key questions that have not even begun to be investigated: why did the *yakuza* (Japanese mafia) come to have the place in the Japanese economy that they do? Why has Japanese government and society been unable to clear them out? What has been and what could be done in order to reduce their importance and influence? What are the social and cultural factors inhibiting structural change in Japan? Why has Japan been unable to come to terms with being a democratic society? Why has Japan been unable to initiate structural reforms except under concerted outside pressure, and what needs to be done to change this?

Unless Japan identifies the real questions facing itself, academic studies will continue to be merely academic, following Western fashions and answering questions that are interesting from a Western and theoretical point of view, rather than undertaking those acts of scholarship that will be of service to Japan in terms of self-understanding and self-transformation. But perhaps that too is a symptom of how deeply Japan still needs to be transformed: there is still a taboo against facing such "real questions." JTI

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