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SOCIO-ECONOMIC DEVELOPMENT OF JAPAN IN THE 1950S AND 1960S

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Abstract: After World War II, some countries emerged victorious and others were defeated. One of the defeated countries was Japan. Despite its defeat, Japan managed to achieve significant development in a short period of time. In terms of development rates, it took first place in Asia and second place in the world after the United States. This did not happen suddenly - Japan achieved such results thanks to the correctly chosen political course. This article provides information on the social and economic development of Japan in the 1950s and 1960s.

Keywords: industrial state, scientific and technological revolution, intellectual labor, economically developed state, isolation, economic "miracle"Despite Japan's defeat in World War II, the country rapidly began to develop and today stands as one of the most advanced nations. Notably, it ranks first in Asia and second globally after the United States in terms of development. Below is an analysis of Japan's social and economic policies during the 1950s and 60s.

From the mid-1950s to the late 1960s, Japan transformed into a highly developed industrial nation. This period was marked by the onset and progress of the scientific and technological revolution, alongside rapid economic growth. These factors brought significant changes to Japan's social structure, including:[1. P. 45]

a) A notable increase in the proportion of wage workers among the population;

b) A decline in the number of farmers;

c) Growth in the number of employees in manufacturing and service sectors;

d) Changes within the wage workforce, especially an increase in skilled workers;

e) A sharp rise in the number of intellectual laborers.

Moreover, the advancement of the scientific and technological revolution contributed significantly to reducing unemployment, raising wage levels, and improving the living standards of wage workers.

By the late 1960s, Japan had become the world's second-largest economy in terms of Gross National Product, ranking just behind the United States. Along with the US and Western Europe, Japan became one of the three economic powerhouses shaping the modern world-a status it has maintained to this day.

While the social and economic transformations in Japan resembled those in other developed countries, certain aspects set Japan apart. Until the mid-20th century, Japan's economy was largely isolated from global industrial centers due to:

a) The long distances involved in transporting raw materials and finished products to the islands;

b) Japan's aggressive foreign policy during the interwar period;

c) Its long-term self-imposed isolation until 1868, which created deep divides between Japanese and European civilizations.

By the end of World War II, Japan's industrial production had shrunk to one-tenth of its pre-war levels. Consequently, its economic recovery took longer compared to other nations. Production did not return to pre-war levels until 1952, and this recovery was initially based on outdated technological foundations.[2. P. 38]

While other countries were achieving growth through technological innovation, Japan initially continued to rely on cheap labor, focusing on labor-intensive rather than high-tech industries.

Nevertheless, by the end of the recovery period, this approach began to lose effectiveness. Japan was starting to lose its standing in the global economy. As a result, despite constraints such as long-distance shipping of goods and reliance on imported raw materials and energy sources, Japanese corporations strove to become competitive in the global market-and eventually succeeded in achieving economic leadership. This, in turn, served as a valuable lesson for other nations: progress can be achieved by accounting for previously overlooked factors.

In the postwar years, Japan faced a crucial dilemma: should the country prioritize economic recovery through production, or should it focus on curbing inflation? Ultimately, the path of production-led development prevailed. This strategic decision accelerated economic growth.

Japan's leadership reassessed national policy and made economic development a top priority. As a result, Japan soon outpaced the rest of the world in terms of growth rates. It was in the late 1960s and early 1970s that the term "economic miracle" began to appear frequently in both academic and popular publications. These works offered in-depth analysis of the causes and future prospects of Japan's unprecedented economic rise.

Let us now examine the key factors behind the emergence of this economic phenomenon.

The first and foremost reason for Japan's economic leap was the specific conditions and characteristics of its capital renewal. In many other countries, postwar reconstruction led to the modernization of industries through technological advancement-essentially, a leap forward. Alongside this, the industrial structure shifted, with the most advanced sectors taking the lead.

In Japan, however, the level of destruction caused by the war necessitated a much deeper renewal of fixed capital. Most importantly, this renewal didn't happen immediately during the restoration phase but was carried out slightly later, resulting in a more advanced and up-to-date technological base.

The technical re-equipping of Japan's industry and the related structural transformation can be divided into two main stages.

From the second half of the 1950s, Japan began developing new technological processes and modern industrial sectors, with a shift toward industries requiring highly skilled labor. As a result, the share of light industry-particularly textiles-declined, while sectors like automobile manufacturing, electrical engineering, and synthetic materials began to grow rapidly.

From the mid-1960s, the second stage of reconstruction began-marked by the cybernetization of production and a transition to science-based industries. Instead of relying solely on domestic scientific and technical developments, Japan chose to adopt and adapt foreign technologies by purchasing patents and licenses. This significantly accelerated the process of technical modernization.

For example, as cited by Bokuji Ko, Toyo Rayon spent 11 years developing nylon manufacturing technology independently. However, buying the relevant patent from DuPont for $7.5 million proved to be much faster and more efficient.

Japan had little choice in this matter. According to Japanese experts, by the mid-1950s, the country's industrial sector lagged 20-25 years behind the leading global powers in terms of scientific and technological advancement. To remain competitive, Japan urgently needed to close this gap.

Among the factors that contributed to Japan's rapid economic growth, two are particularly noteworthy:

Unique forms of labor exploitation, and

A high share of capital investments within national income.

For example, nearly one-third of Japan's gross national product was reinvested into the economy. Moreover, about 70% of these capital investments were not funded by the enterprises themselves, but rather through bank loans. This reflects the unique characteristics of Japanese financial-industrial groups (zaibatsu and later keiretsu structures).[3. P. 48]

Approximately one-third of Japan's capital investments were formed through "private savings."

In other words, the Japanese population prioritized saving over consumption, reducing their personal spending and directing their savings either into bank deposits or the purchase of industrial company shares. This reflects a distinctive feature of labor exploitation in Japan. Although wages had risen significantly compared to the period of "social dumping," labor costs as a percentage of production costs remained lower than in many other countries.

For example, labor expenses made up 32% of production costs in the United States, 27% in the United Kingdom, but only 11% in Japan.

The high share of expenditures directed toward economic development is directly linked to Japan's low military spending. According to Japan's Constitution, military expenditures must not exceed 1% of the Gross National Product (GNP). Any increase in military spending can only occur as a result of overall economic growth. Japan's militarization is constitutionally prohibited. The Constitution states:

"The Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes. The right of belligerency of the state will not be recognized." At the same time, it is impossible to fully understand the rapid industrial growth in Japan without examining the unique characteristics of government regulation of the economy.

In Japan, more than one-third of the basic production assets were state-owned, and about 20% of the Gross National Product was produced based on government orders. Furthermore, approximately 30% of the GNP circulated through the state budget.

Economic planning in Japan is carried out through a special agency known as the "Economic Planning Agency" [4, p. 55]. Representatives from financial groups and large corporations actively participate in this agency. Parliament, however, does not take part in drafting or approving these plans. Economic planning in Japan is based on the principle that such planning should be carried out by the forces that directly manage the core sectors of the economy.

In this sense, planning is strictly centralized: corporate councils and industrial groups design their own futures. These plans are mandatory. Violating them results in sanctions—not by the state, but through internal corporate systems, and these sanctions can have serious consequences.

There are two types of planning in Japan: national plans and sectoral plans.

National plans define the primary targets for economic growth. They indicate the amount of capital investment to be made within each sector by corporations themselves. Sectoral plans focus on developing areas of the economy that would struggle to grow without government assistance. While national plans are implemented through private investments, sectoral plans are supported by public funding. In the post-war period, Japan—whose economy had been devastated and was suffering from chaos—underwent a long-term, consistent recovery process.

Between the 1950s and 60s, Japan surpassed other developed capitalist nations and achieved rapid economic growth. From 1950 to 1970, the average annual growth rate of industrial production was around 15%. By 1990, Japan's industrial output had increased 21.1 times compared to its 1952 level. In terms of key economic indicators—Gross National Product (GNP) and industrial output—Japan rose to second place globally, just after the United States.

Japan became a global leader in industries such as shipbuilding, steel production (despite lacking domestic reserves of iron ore and coal), automobile manufacturing, electrical engineering, and radio technology.

Japan’s economic success can be attributed to several key factors:

A unique approach to capital renewal,

Distinct forms of labor exploitation,

A high share of capital investment in national income,

Low defense spending,

Effective government regulation of the economy.

These elements enabled Japan to direct significant expenditures toward economic development.

From this analysis, we can draw several conclusions:

The so-called “Japanese economic miracle” began in the mid-1950s and continued until the 1973 oil crisis. During this period, Japan’s economy grew at an unprecedented pace, with annual growth averaging around 10%—the highest rate among developed capitalist countries of that time.

Among the main reasons for this “miracle” were:

Low taxes, due to minimal military spending (as Japan had no army),

The rapid development of science-based technologies.

Such scientific and technological advancement had been almost non-existent in pre-WWII Japan.

As a result, Japan not only fully recovered from its wartime defeat, but also overtook France, Italy, Canada, the UK, Germany, and even the Soviet Union in economic power, rising to become the second-largest economy in the world after the United States.

In conclusion, Japan succeeded in ensuring domestic food supply through effective economic policy, particularly by supporting its population with agricultural products. At the same time, it strategically invested in raising intellectual potential, which helped define its global standing.

Additionally, Japan focused heavily on making its industrial sectors—especially shipbuilding and automotive manufacturing—competitive on the global market. Combined with its constitutionally mandated low defense spending, these policies enabled capital to be redirected into economic growth. Thanks to all these factors, Japan developed rapidly and has continued to maintain its strong position among the world's leading economies.

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