

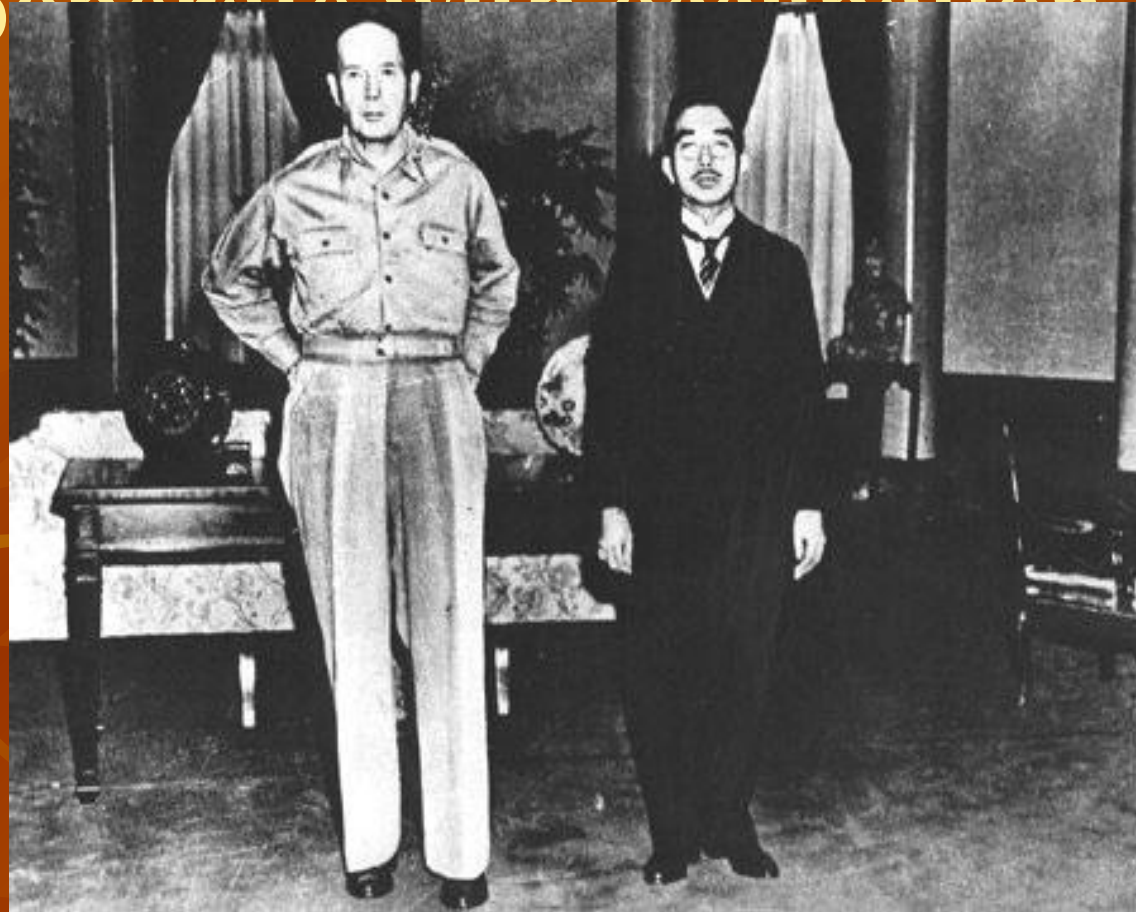


JAPAN'S ECONOMIC MIRACLE

U.S. MILITARY OCCUPATION 1945-1955

- General Douglas MacArthur pushes new Constitution. Known as “MacArthur Constitution”
- Eliminates military influence in government
- Land reform eliminates large landowners, makes Japanese farmers middle class.
- Emperor becomes largely ceremonial, no longer considered divine.
- U.S. troops and bases stationed in Japan.

Douglas MacArthur with Hirohito – who urged Japanese people to cooperate with occupation



WAR CRIMES TRIALS PUNISHED JAPANESE

- Over 20,000 Japanese officers and soldiers accused of war crimes against civilians.
- Over 900 executed in trials throughout Asia after war.
- US tribunal in Tokyo tried the highest leaders – Gen. Tojo (left), Admiral Yamashita
- US didn't seek publicity like Nuremberg Trials or put Hirohito on trial because they needed his cooperation

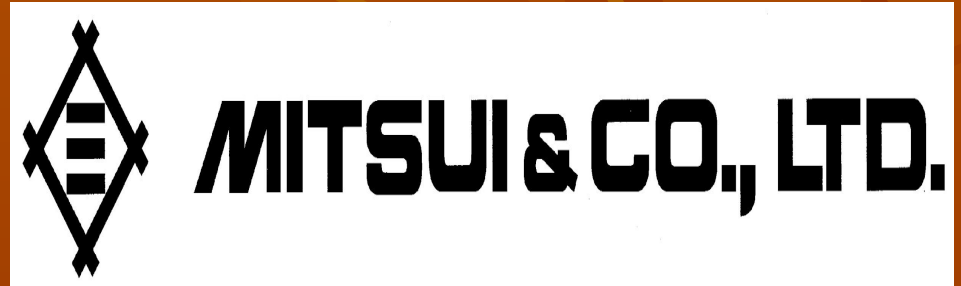


JAPAN'S ECONOMIC MIRACLE

- JAPAN'S ECONOMIC GROWTH IS HIGHEST IN WORLD DURING 1950s and '60s.
- BY 1970s, JAPAN HAS THIRD LARGEST ECONOMY IN THE WORLD.
- BECOMES THE MODEL FOR OTHER EAST ASIAN ECONOMIES, incl. CHINA
- FULFILLS US GOAL OF A STRONG COUNTERWEIGHT TO COMMUNIST INFLUENCE IN EAST ASIA.

Zaibatsu

- Large “financial cliques” that were broken up after World War II.
- Famous examples: Mitsubishi, Mitsui, Suzuki,

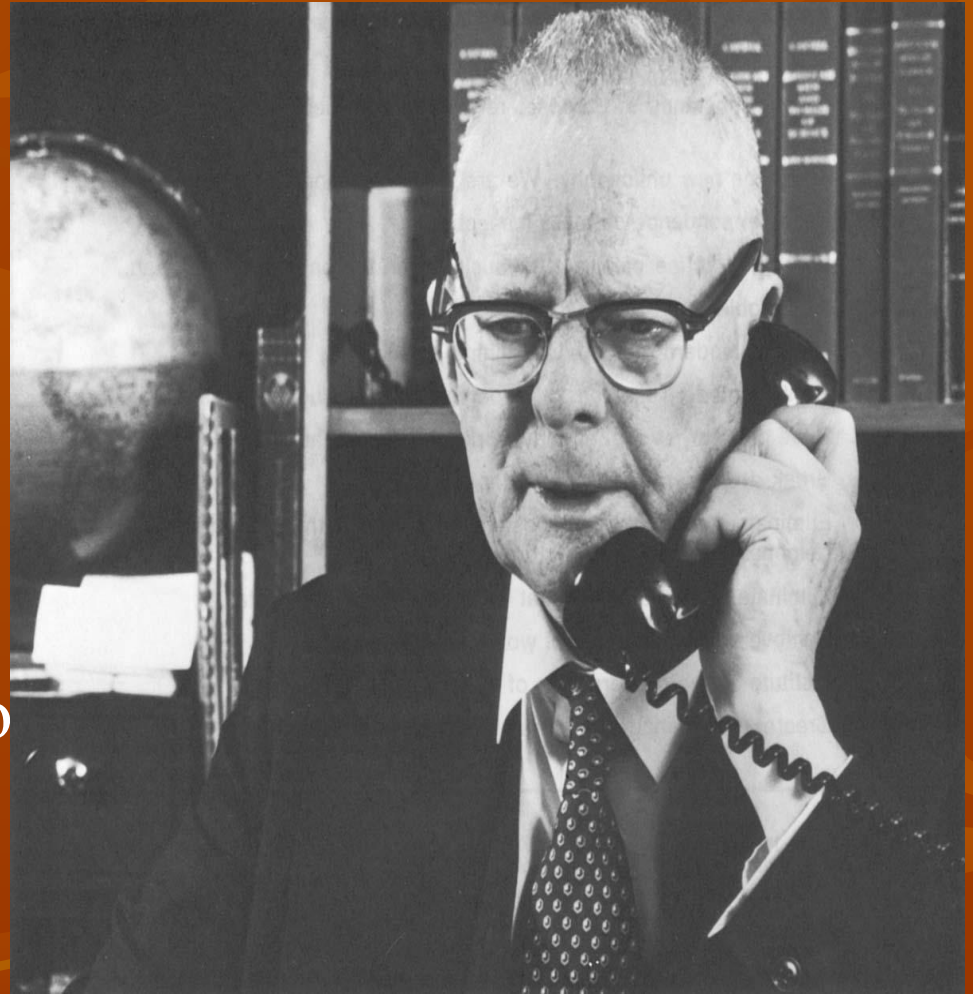


ELEMENTS OF JAPANESE MIRACLE

- Partnership between government and private corporations (some are zaibatsu)
- Slow down population growth; frees up capital to invest.
- Economy is based initially on exports, and eventually turns to consumer goods for domestic market
- Government and companies agree to focus on certain areas of industry: electronics, automobiles and other vehicles, cameras, shipbuilding
- Emphasis on quality through team approach; job security for those in good corporations

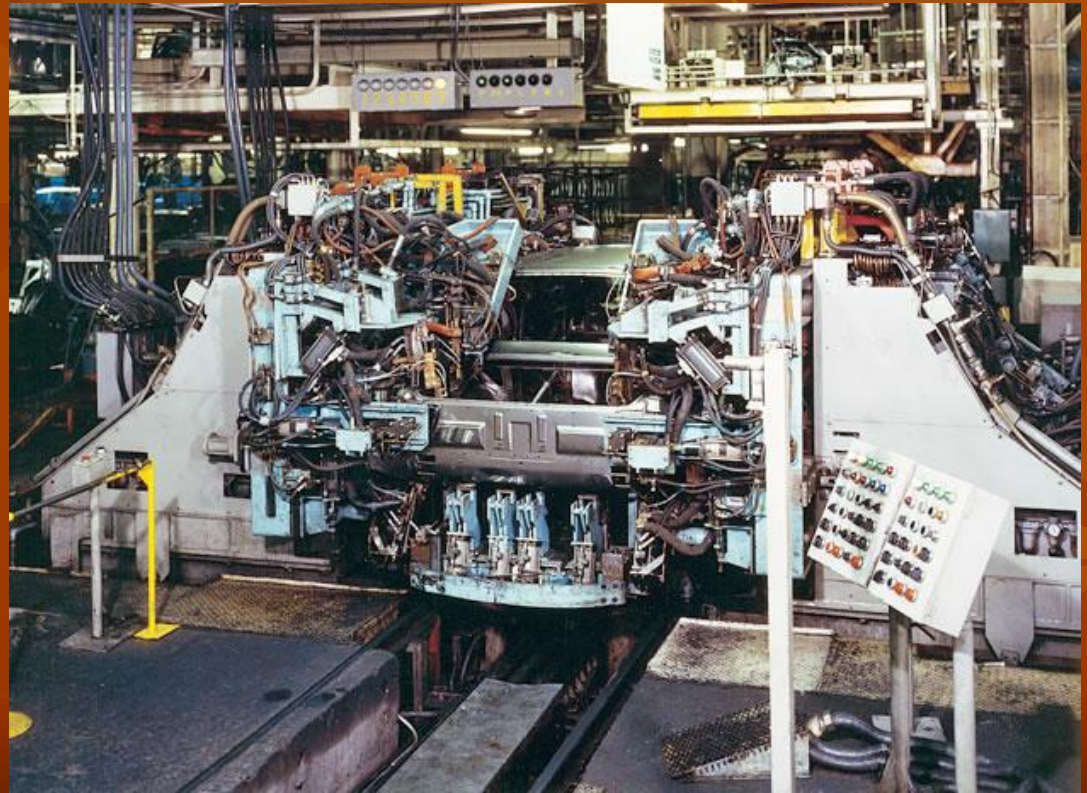
W. EDWARDS DEMING

- Business management expert
- Ideas ignored in US
- Credited by Japanese for helping create economic miracle
- Basically, makes everyone responsible for quality of a product



AUTOMATION

- Japan became first major user of industrial robots in manufacturing.
- These were first developed in Connecticut
- Honda's first robots (right)



MINIATURIZATION

- Japanese take new American technology like transistors and can manufacture more cheaply

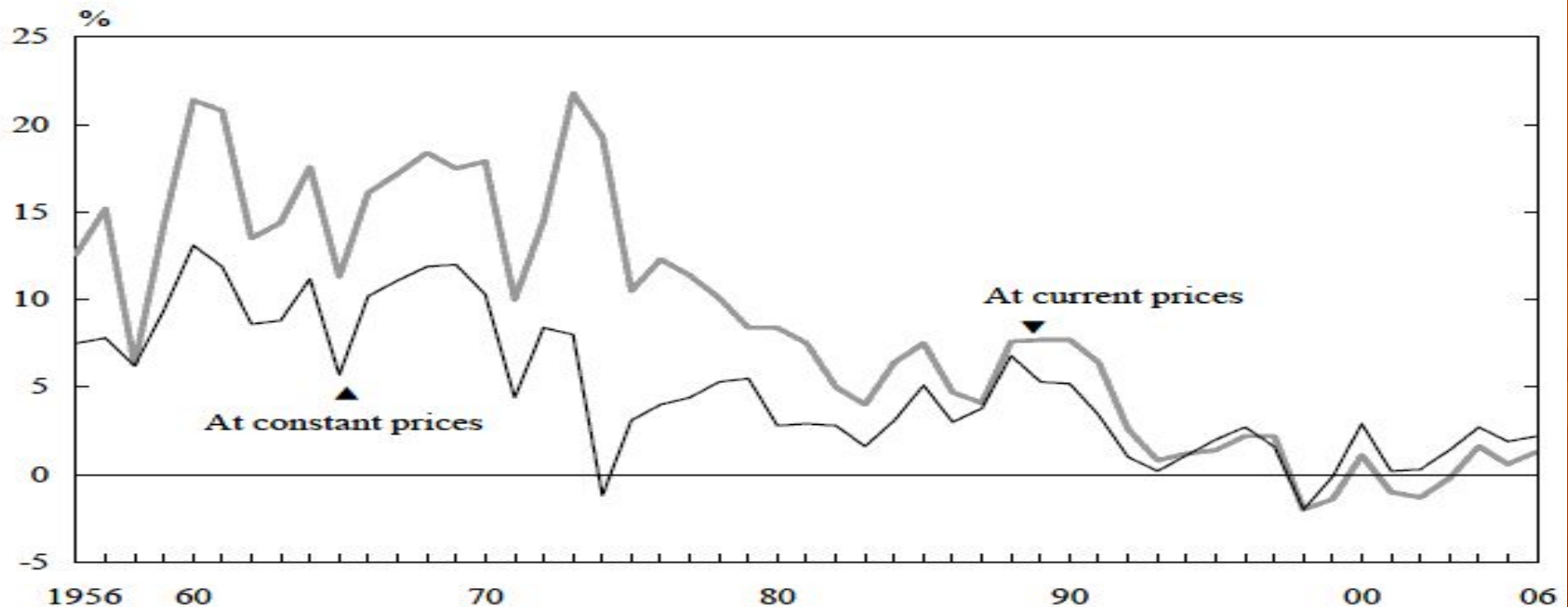


SLOWDOWN

- JAPAN'S ECONOMY SLOWS IN THE 1990s
- PROBLEMS OF INFLATION, HIGH OIL PRICES, "CRONY CAPITALISM."

Figure 3.1

Economic Growth Rates ¹⁾



THE “FOUR TIGERS”

- South Korea, Singapore, Hong Kong and Taiwan follow Japan’s formula for success
- Their economies also grow rapidly.
- Today Malaysia and Thailand are following similar routes to development.
- Vietnam is following China’s mix of capitalism and communism
- Indonesia is a mix of Tiger-style development along with selling off its natural resources, esp. forests

PLUSES OF PACIFIC RIM DEVELOPMENT

- Successful alternative to communism
- Better way of life for huge part of earth's population
- More trading partners for the US and Western world

CRITICISMS

- TOLERANCE FOR AUTHORITARIAN REGIMES – e.g. Singapore
- COMPETITION AND TRADE DEFICIT WITH US.
- LOSS OF AMERICAN INDUSTRIES
- “CRONY CAPITALISM” – Corruption
- Global economic collapse and bailout - 1998