4 The Economic 'Miracle'

Japan was dragged into the modern world at gunpoint. In 1853 Commodore Perry broke two and a half centuries of Japan's isolation by steaming his gunboats into Edo bay to request that Japan open its doors to the world. Between the Tokugawa's reluctant acceptance and the Meiji coup of January 1868 that overthrew the old regime, Japan's political élite was bitterly divided over how to overcome the Western challenge. A steadily diminishing faction argued that Japan should fight the Western powers; a steadily increasing faction argued that the only sensible path was to accept the humiliating initial loss of tariff and legal sovereignty while embarking on a modernization drive to overcome and eventually surpass the West on its own terms.

The Meiji revolution settled the question; for the next half century, the new dynamic leadership single-mindedly attempted to transform Japan into a modern country. By 1919 Japan's political economy was buttressed with modern mass bureaucratic, political, military, industrial, and educational institutions. Tokyo had carved out a small empire in Northeast Asia, and had not only recovered its sovereignty but was accepted as one of the 'Big Five' powers at the Versailles peace conference.

Yet Japan's modernization was only skin-deep; beneath the facade of modern institutions and impressive industrial development remained powerful traditional psychological and political forces that were pressuring the country to abandon its Western outlook, and recreate a 'total' Japanese state (kokutai) at home and an 'Asia for Asians' led by Japan abroad. During the 1920s the government's legitimacy was steadily undermined by its inability to alleviate a worsening economic crisis of mass poverty, inflation, corruption, and depression. In response, during the 1930s the government gradually incorporated the ultranationalist demands; Japanese armies embarked on a step-by-step conquest of East Asia while the government slowly transformed Japan's nascent multi-party democracy into a totalitarian one-party state dedicated to a divine emperor.

But ultimately, the result was disaster. By September 1945 Japan was in ruins: 25 per cent of its industry was destroyed, while 61 of 62 cities with populations over 50 000 had been leveled by firebombs, leaving over 600 000 civilians dead – only the old imperial capital of Kyoto was spared. The 26 March 1945 firebombing of Tokyo alone
killed over 200,000 people; the atomic bombings of Hiroshima and Nagasaki incinerated 140,000 and 48,000 people, respectively. These losses were on top of 2.1 million Japanese killed during Japan’s 14 years of aggression in East Asia.

In stark contrast has been Japan’s dazzlingly successful economic development since 1945. Its phoenix-like rise from wartime devastation into its current status as the world’s greatest economic power has been almost universally lauded as an ‘economic miracle’ as Japan is rapidly overtaking America’s faltering lead to become the world’s technological superpower as well. Japanese corporations joust with their American and European rivals for technological leadership in such fields as supercomputers, biogenetics, microelectronics, aerospace, and robotics. It it estimated that if they maintain their current respective growth rates, Japan’s GNP will surpass that of the United States within 20 years, which means that with half the population, Japan’s per capita income will be double that of the United States.

Japan’s successful postwar economic development raises the same questions as its disastrous prewar development: was it inevitable? If not, what were possible alternative development paths and why were they not followed? Was Japan’s development ‘unique’ or does it offer lessons for others? What are the major reasons for Japan’s ‘economic miracle’.

Most Japanese sum up the secret of their country’s success as simply the result of ‘hard work’. But this is clearly a secondary factor at best. The people of most countries work just as hard as the Japanese, yet few of those countries have developed as successfully as Japan.

Japan’s rise to economic superpower status is a result of several equally important reasons. First of all, Japan’s postwar development was built on over a century of determined pre-1945 modernization efforts. Although many of its cities and industries were destroyed, Japan’s modern industrial, technological, and educational system remained intact. Three additional factors account for Japan’s economic success. If any one or more of these factors had been missing, Japan’s development would have been significantly different: slower, less equitable, and much more unstable.

Perhaps the most important of the postwar factors was a constructive rather than punitive Allied Occupation. The Occupation’s demilitarization and democratization policies purged Japan of most of the prewar institutions and practices that had contributed to the militarism and fascism of the 1930s. This was followed up by sweeping