

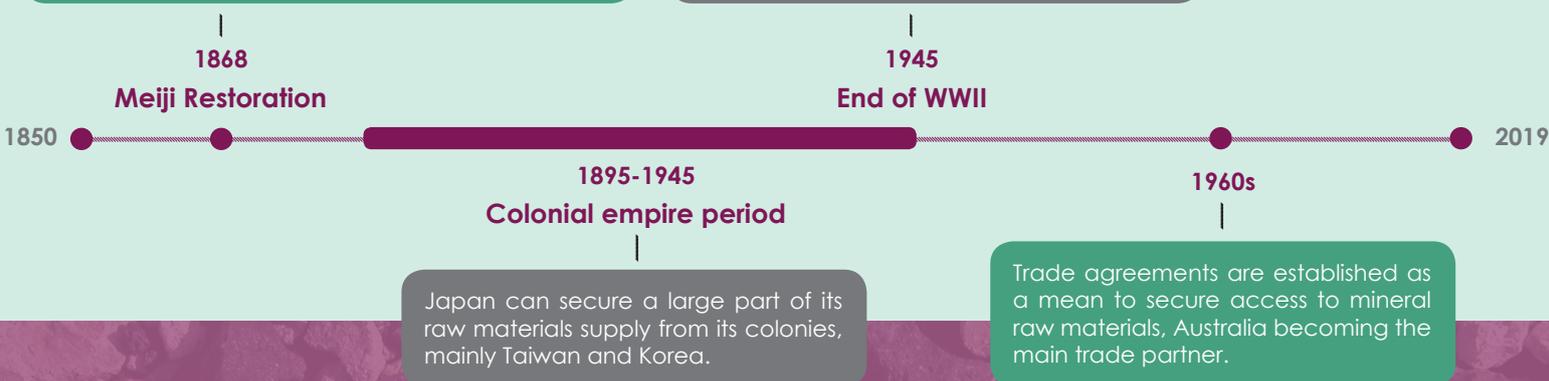
JAPAN

Context: history and drivers of economic development #1



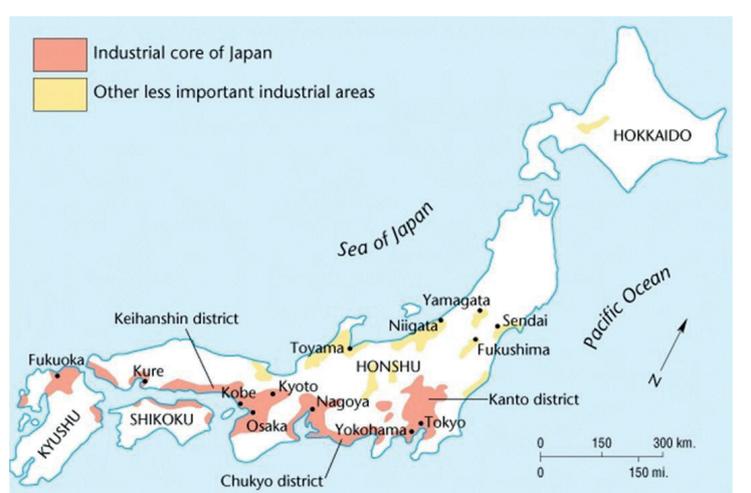
The country starts to open its ports and eyes to the Western commerce and trade and has since been guided by the slogan “wakon yōhsai” (Japanese Spirit, Western Technology).

World War II (WWII) is followed by a high economic growth era led by industrialisation and technology leading to an increased export of manufactured goods.



Japan can secure a large part of its raw materials supply from its colonies, mainly Taiwan and Korea.

Trade agreements are established as a mean to secure access to mineral raw materials, Australia becoming the main trade partner.



Japan industrial areas.
Source: *The Human Mosaic: A Thematic Introduction to Cultural Geography* by Jordan-Bychkov et al.

During the 20th and early 21st centuries Japan became the **5th largest globalised economy** (by Gross Domestic Product – GDP – purchasing power parity), and it ranks as one of the most innovative countries in the World, being the World leader regarding **patenting** (patents in force, patent applications).

The economic development was boosted particularly after World War II (WWII) during a **high economic growth era** led by industrialisation and technology. Investments in research and development (R&D) and **technology innovations** (including patenting) became a core competitiveness factor of the Japanese economy, capitalising on **technology transfer from the West** but also on cumulative knowledge and domestic infrastructure developed after the Meiji Restoration in 1868, a key inflexion point in Japan’s history. At those times, the country opened its ports and eyes to the Western commerce and trade and has since been guided by the slogan “wakon yōhsai” (Japanese Spirit, Western Technology).



JAPAN

Context: history and drivers of economic development #2



R&D investments have resulted in excellent research and scientific infrastructure; some of this investment has been public but R&D is predominantly privately funded. Economic growth was supported by a **strong domestic market** (a large affluent population with high spending power and a high savings rate), **low inflation** and **low unemployment**.



Japan has reliable **freight infrastructure** connecting overseas markets with Japan's domestic industries. This includes ports, roads and railways and also a flourishing shipbuilding industry (the largest in the world by the 1960s).

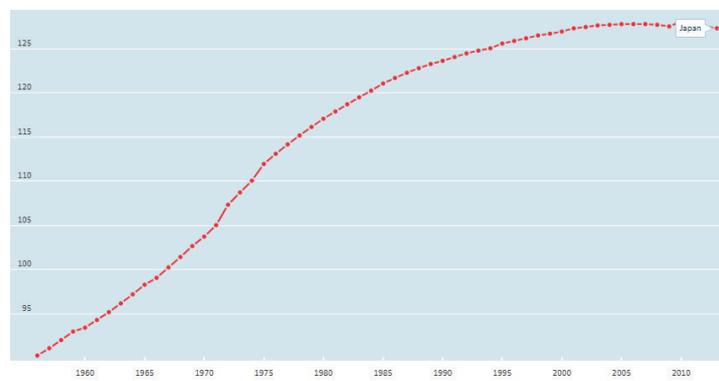
This was achieved at the expense of increasing **public debt**, starting in 1965 when government bonds for infrastructure were issued (and bought mainly by the private domestic sector). From then on public debt has been steadily increasing, but this has not resolved economic growth problems, especially in the last two decades.



Japan's rapid **demographic transition** to an affluent population, particularly after WWII, also explains much of the fast growth era as the growing domestic market enabled industry to develop rapidly, to test new products and to improve them before competing in external markets.



General government debtTotal, % of GDP, 1995 - 2018.
Source: OECD National Accounts Statistics: National Accounts at a Glance



PopulationTotal, Million persons, 1956 - 2013.
Source: Labour Force Statistics: Population and vital statistics

Japan's cultural and religious heritage (Shintoism, Buddhism, and Confucianism) exerts a strong influence on the **norms and values of Japanese culture**, characterised by the **harmonisation of government-business relationships**, labour-management relations, and the life-long employment system which underpinned Japan's **high labour and capital productivity** within a national context of congruency and shared economic goals. The alignment and goal-sharing of a relatively small government and a large private sector has been a critical factor underlying Japan's economic success.

