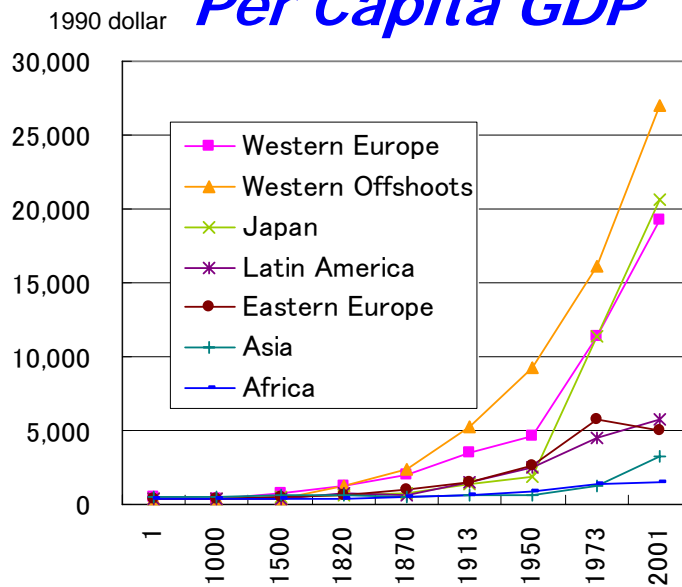


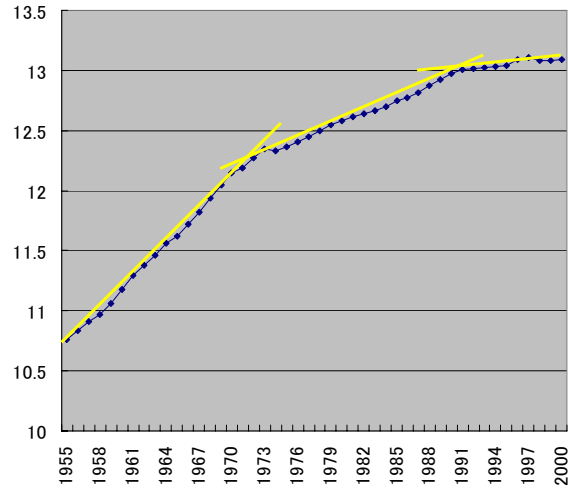
## The High-Speed Growth Period: 1955-1973

Toshihiko Hayashi  
May 7, 2007

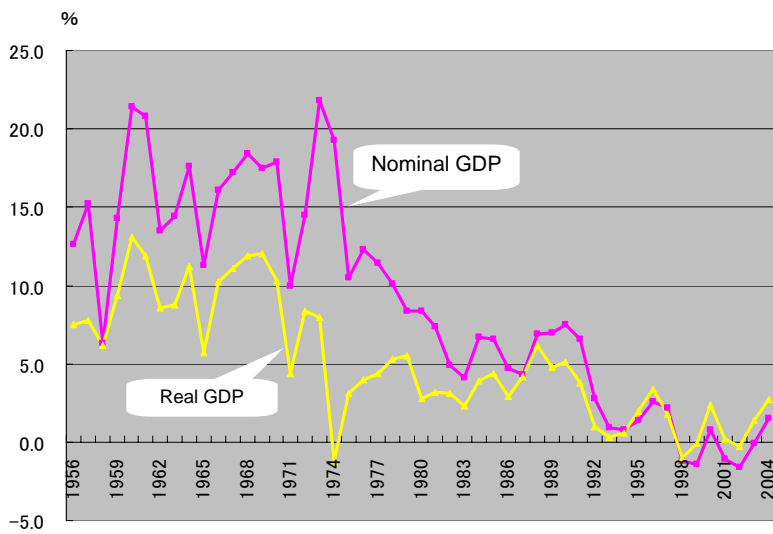
## Per Capita GDP



## Three Phases of Growth



## GDP Growth Rates



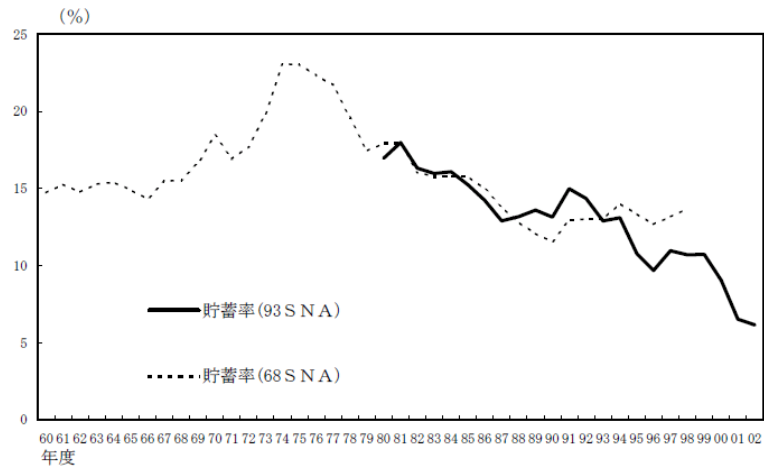
## *Growth Factors*

- Exogenous Factors
  - Political and International Stability
  - Availability of Technology and Resources
  - International System of Free Trade
  - Labor Supply
- Endogenous Factors
  - Savings and Capital Formation
  - Investment in Social Infrastructure
  - Macroeconomic Policy

## *Some Political Events*

- 1952 joined IMF and World Bank.
  - 1955 acceded to GATT.
  - 1958-60 security treaty strife
  - 1960 US-Japan security treaty
  - 1960 Miike coal miner's wild cat strikes
- Stable political environment afterwards
- Spring offensive for income distribution

## Household Saving Rate



## Saving and Growth

- Saving = Investment

$$S = sY$$

$$I = \dot{K}$$

$$\text{If } \frac{Y}{K} \text{ is const, } \frac{\dot{Y}}{Y} = \frac{\dot{K}}{K}.$$

$$\frac{\dot{Y}}{Y} = g = \frac{\dot{K}}{K} = \frac{I}{K} = \frac{sY}{K} = s \times \frac{Y}{K}$$

## *Capital Formation*

- Capital formation supported by domestic saving.
- Capital formation made modernization of industry possible.
- Capital formation brought in new technology.
- Capital formation enhanced labor productivity.

## *Social Infrastructure*

- Transportation
  - Highways, Shinkansen, Ports, Airports
  - Public Investment
- Communication
  - Telecom by NTTPC
- Electric Power by Private Initiative
- Urban Development
- Housing Projects

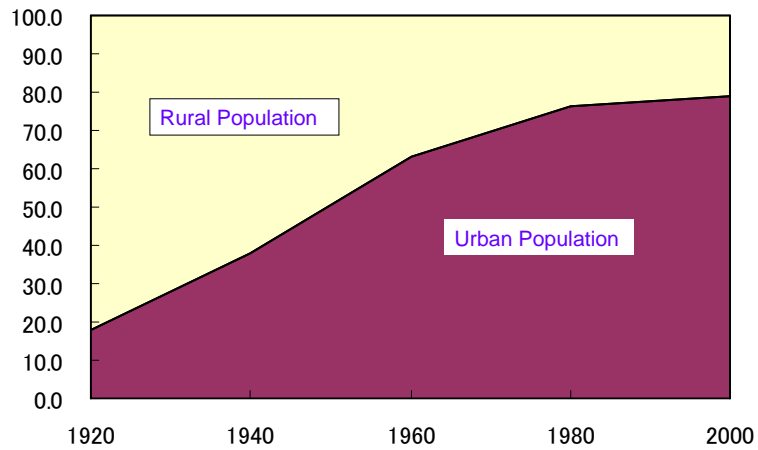
## *Social Capital*

- Japanese Management
  - Life time employment
  - Main bank system
  - Company labor union
- Vision sharing between industry and government

## *Social Ethos for Growth*

- How it happened and Why it happened.
  - Escape from national self-denial?
  - Escape from the sense of meaninglessness?
  - Escape from spiritual reconstruction?
  - Found excuse in “turnpike theorem”?
  - Found excuse in “busy-ness”?

## Urbanization



## Urban Middle Class

- Salaried Man
- Mass Consumption
- Family
- Housing
- Life Style
- Culture
- Values
- Education