

PROSPECTS FOR JAPAN'S ECONOMIC GROWTH

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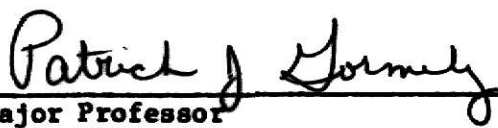
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## CHAPTER I

### INTRODUCTION

In 1945 Japan sank into the ashes of a devastating military defeat. There was serious doubt of her ability to recovery from the ruins. At the very least, few expected that Japan would again become a major economic power.

Less than three decades later, Japan has again emerged as a powerful industrial nation. Japan's gross national product (GNP) caught up with that of France and the United Kingdom before 1965, and surpassed that of West Germany in 1967, making Japan the third largest economy in the world.

Japanese economic growth has been so impressive that some observers have called it a "miracle". Since the first long-term economic program (Economic Self-Reliance Five-Year Program) was drafted in 1955, Japan's real GNP increased from \$36.5 billion in 1956 to \$199.4 billion in 1973, an increase of 450 per cent. Japan's per capita income was \$433 in 1956. By 1973, it stood at \$1834, amounting to about 80 per cent of that of the European nations and one half of that of the United States. Japan's rate of economic growth during that period averaged 12.2 per cent annum, greatly exceeding those of any other industrial nation. The details are shown in Table 1.

In examining the possible future of the Japanese economy, the essential question is whether or not the high rate of economic growth experienced in the past will continue in the future. Long-term economic

TABLE 1

## JAPAN'S GNP AND PER CAPITA GNP, 1946-1973

(U.S. dollars)

Year	GNP <sup>a</sup>	% Increase <sup>b</sup>	Per Capita GNP <sup>c</sup>	% Increase <sup>d</sup>
1946	15.3		203	
1947	16.9	10.1	216	6.8
1948	19.6	15.8	245	13.0
1949	20.4	4.8	250	2.1
1950	22.8	11.7	274	9.8
1951	26.3	15.2	311	13.4
1952	29.7	13.0	346	11.3
1953	32.1	7.9	369	6.5
1954	32.8	2.3	372	0.9
1955	36.5	11.4	409	10.1
1956	39.0	6.8	433	5.7
1957	42.3	8.3	465	7.3
1958	44.7	5.7	487	4.8
1959	49.9	11.7	539	10.7
1960	56.5	13.3	605	12.3
1961	64.7	14.4	686	13.3
1962	68.4	5.7	718	4.7
1963	77.1	12.8	805	11.7
1964	85.1	10.4	876	9.2
1965	89.7	5.4	913	4.2
1966	100.0	11.4	1009	10.6
1967	113.1	13.1	1128	11.8
1968	128.6	13.7	1268	12.4
1969	144.8	12.6	1411	11.3
1970	158.9	9.7	1532	8.6
1971	163.7	6.2	1559	4.8
1972	181.5	9.2	1706	6.0
1973	199.4	10.9	1834	9.1

Note: <sup>a</sup>GNP in 1965 prices (U.S. billion dollars).

<sup>b</sup>Per cent increase over preceding year.

<sup>c</sup>Per capita GNP in 1965 prices (U.S. dollars).

<sup>d</sup>Per cent increase over preceding year.

Conversion to U.S. dollars: 1946-1970 \$1.00=¥360, 1971 \$1.00=¥347, 1972 \$1.00=¥303, and 1973 \$1.00=¥270.

Source: For 1946-1970, Economic Statistics Annual, 1970, p. 2.

Reprinted from Warren S. Hunsberger, Japan: New Industrial Giant

(New York: American-Asia Educational Exchange, Inc., 1972), p. 74.

For 1971-1973, IMF Monthly Statistical Bulletin, February 1974,

pp. 39-40.