# Index

Abramovitz, Moses 51  
administrative guidance 7, 9, 25, 40, 75, 148–9  
aggregate demand 62, 106, 109, 126–9, 152–3, 168, 173  
agricultural credit associations 104  
agricultural sector 3, 17, 27, 33, 47, 55, 150  
aircraft industry 9  
aluminium sector 27  
amakudari 8, 76  
Ansen Credit Cooperative 98  
Asian financial crisis 1997 117, 121  
asset prices 70–71, 78, 80, 83, 86, 98, 101  
automobile sector 5, 9, 14, 36, 40–41, 62, 149, 161, 179, 184  
balance sheet adjustments 108–9  
balanced budgets 11  
Bank of Japan 9–10, 20, 22, 63, 70, 75–6, 78–9, 80, 86–7, 120, 124–5, 130, 146, 170–72, 184  
banking regulations 99, 103–4  
banks 18–23, see also individual banks  
bank bailouts 171–2  
bank-centred finance 18, 67–8  
bank deposit guarantees 22, 75, 94, 98, 105, 120, 133, 172  
bank-firm relationships 22–4  
bank mergers 19  
bank rescues 23–4  
main banks 9, 22, 30, 33, 74–5, 88, 92, 100–101, 103, 139, 154, 176  
recapitalization of 96, 122–3, 133–4, 142  
regulatory control of 74–5  
segmentation of 67  
‘bargained compromise’ 54  
Basic Law for Administrative Reform 1999 136  
‘Big Bang’ financial reforms 136–9, 152  
boards of directors 136, 140, 177  
bond markets 18–19, 23, 67, 91  
Bretton Woods 61  
‘bubble economy’ 67–73  
budget deficits 116, 127  
bureaucracy 5–7, 10, 17–18, 25–6, 28–9, 38, 44, 49, 52, 142–3, 144–5, 147  
‘bureaucratic pluralism’ 17, 29, 36, 103  
buyer-supplier relationships 5  
Canon 140, 177  
capacity utilization 90, 174  
capital adequacy rules 99, 120, 122, 135  
capital flows 65  
capital markets 66, 73  
catch-up growth 2, 41, 48–9, 54, 58  
cement 35, 37  
cheap money 70–71  
chemicals 19, 21, 35  
China 173–4  
coal mining 12, 27–8  
Cold War politics 178  
Communism 10, 12  
compensating balances 65  
Comprehensive Survey of Living Conditions 1985–2000 182  
‘consensual technocracy’ 54  
construction sector 27, 90  
‘consultative capitalism’ 8  
consumption, domestic 41–2, 44, 53, 68, 82, 106–8, 112, 128, 144, 165, 178–9, 181  
control associations 9
Japan’s great stagnation

'convoy system’ 20–21, 76, 99, 121

corporate governance 4, 9, 15, 24, 30, 55, 75, 140, 154, 174, 176–7

Cosmo Credit Cooperative 98
cotton spinning 35
‘creative destruction’ 53, 87, 147
credit
credit allocation 87–8
credit crunch 88, 94, 122, 124, 129
misallocation of 141, 143
‘crony capitalism’ 35
cross shareholding 5, 23–4, 30, 37, 46, 75, 90, 136–8, 154, 184

Dai-Ichi Kango Bank 170
debt-to-equity ratios 169
debt

corporate 108–12

nenational (public) 127, 129, 179–81, 185–6

Deposit Insurance Corporation of Japan 98
deregulation 73, 148–50, 176, 183, 186
Development Bank of Japan 141
developmental state 2–3, 6, 8, 11, 16, 20, 25, 30, 33, 35–8, 41, 43, 47, 57, 145–7
distribution 17, 33
‘Dodge plan’ 19
dual economy’ 17–18, 36, 43, 77, 88

East Asian financial crisis 178
economic nationalism see mercantilism
Economic Planning Agency 10, 58
electronics 14, 26–8, 36, 149, 159, 161, 169, 179, 184
employment system, Japanese
characteristics of 12–17, 55, 154–5
‘lifetime employment’ 9, 15, 37, 55, 134, 146–7, 155–9

endaka recession 1985–6 62, 85
time recession 173–4
evergreening’ 90–92, 94
excessive competition 12

exchange rate 10, 29, 61, 71, 109, 165, 173
export-led development 11, 43, 60–61, 64, 144, 178–9

factor utilization 152
Federation of Business Organizations (Keidanren) 134, 149
financial crisis management 96–8
financial integration 66
financial liberalization 65–7
Financial Reconstruction Commission (FRC) 135

Financial Reconstruction Law 135
financial regulation 74–6
financial services 28, 33, 41
Financial Supervisory Agency 135, 140–41, 170, 172
Finland 84–5

firm creations 93
firm exists 93
Five Year Plan for Economic Independence 1955 3–4
Fiscal Investment and Loan Programme 77, 115, 141
Fiscal Structural Reform Law 126
fiscal policy 62, 76–7, 105, 109, 126–7, 143–4, 151, 173, 177, 180, 185–6
fiscal consolidation 70, 173, 186
fiscal multiplier 110, 115
‘real water’ spending 115
‘flexicurity’ 147
forbearance lending 90–94
foreign exchange 5, 136
foreign ownership of shares 174
Fuji Bank 170
Fukui, Toshihiko 172

General Agreement on Tariffs and Trade [GATT] 47
‘governed interdependence’ 45
government-business interface 40, 45–6
growth accounting 31, 48, 50, 52

Hashimoto, Ryutaro 105, 126, 133, 173
Hayami, Masaru 131
high-tech sectors 27, 40, 180
Hitachi 12, 36
Hokkaido Takushoku Bank 121
holding company 136
‘hollowing out’ 97
Honda 184
Hyogo Bank 98
Ibuki, Bunmei 183
income, distribution of 54, 181–2
Income Doubling Plan 47
indicative planning 26
industrial associations 12, 17, 29, 38, 44, 55, 56
Industrial Bank of Japan 19, 170
industrial policy 4, 6, 9, 10, 17, 28, 35, 44
industrial concentration 11
industrial ‘losers’ 35–6, 46
industrial protection 35
industrial restructuring 91–2, 95, 100
industrial targeting 28
industry-science linkages 150
‘picking winners’ 36
structural reform 93, 112–13, 130–32, 146, 173
Industrial Revitalization Corporation of Japan [IRCJ] 140, 170
inflation 14, 35, 41, 72, 95, 153, 173
inflation targeting 130–32, 146
inflationary expectations 130–32
investment
corporate 68, 82, 88, 96, 106, 108, 110–11, 117
foreign direct 10–11, 64, 97, 183, 186
information technology 151–2, 171, 186
innovation 40, 180
integrated production systems 41
deregulation of 65–6
International Monetary Fund [IMF] 47, 48
Internet 150, 152, 172–3
‘iron triangle’ 6–7
Iyo Bank 98
‘J’ model 140
Japan Business Federation 149
Japan Development Bank 9, 28, 115
Japan Federation of Employers’ Association [Nikkeiren] 149
Japan Housing Loan Corporation 69
‘Japan Inc.’ 6, 67, 133
Japan Long-Term Credit Bank 19
Japan Trade Union Confederation (Rengo) 155, 181
‘Japanese model’ 176, 179–83
job retention rates 156–7
jusen companies 69, 104–5, 121
Keidanren, see Japan Business Federation and Federation of Business Organizations
keiretsu 5, 33, 37, 74, 99, 137–9, 174, 176
‘kigyoism’ 15
Koizumi, Junichiro 172, 177
Korean war 11
Kizu Credit Corporation 98
labour
disputes 12
hours of work 152
mobility 15, 37, 154
productivity 89, 152, 186
unions 12, 72
Labour Standards Law 2006 176
land prices 68–9, 70, 80–82
lending consortia 18
lending quotas 80
Liberal Democratic Party [LDP] 6, 17, 26, 27, 38–40, 47, 76, 80, 103–4, 108–9, 122, 134, 149–50, 173, 185
‘lifetime employment’ see employment system
liquidity trap 130
List, Frederick 46
Livedoor 183–4
loan syndicates 9
Long Term Credit Bank of Japan 123, 133, 170
Japan's great stagnation

long-term credit banks 68
Louvre Accord 62

machine tool industry 26, 33, 36, 179
‘main banks’ see banks
market economy 8, 10, 54
market share 12, 21, 24, 35, 37, 46, 93
Mayekawa reports [Bank of Japan] 63
Meiji restoration 8, 54, 57, 59
mercantilism 11, 46–7, 53, 60, 149
merit payments 166
metals sector 35
mergers 183–4
Miki coal mining dispute 13
Ministry of Education 27
Ministry of Enterprise, Trade and Industry [METI] 145, 157, 163
Ministry of Health, Labour and Welfare 182
Ministry of International Trade and Finance [MITI] 5, 7, 10, 20, 26, 27, 29, 33, 36, 38, 40, 52, 58, 96–7, 139
Ministry of Posts and Telecommunications 27, 38
Mitsubishi Tokyo Bank 170
Mitsui Bank 33
Mitsui Trust Bank 33
monetary policy 125–6, 172, 181, 184
moral hazard 21, 95
munitions industry 18

National Financial Control Association 18
newly industrializing economies [NIEs] 31–2
Nikkei stock index 71, 80–82
Nikkeiren see Japan Federation of Employers’ Association
Nippon Broadcasting System 184
Nippon Credit Bank 123, 133, 170
Nippon Keidanren 155, 158
Nippon Steel 154
Nippon Telegraph and Telephone Corporation [NTT] 29, 38, 151–2
Nishimura, Yoshimasa 102
Nissan 12, 139, 154, 183, 184
‘Nixon shock’ 61
Norway 84–5
non-regular employment 160–61, 167, 182

Obuchi, Keizo 127
Occupation, American of Japan 1945–52 10, 22
oil shocks 1970s 1, 14, 27, 35, 41, 61, 72, 156, 159

Panasonic 184
paper industry 37
performance-related pay 166
‘permeable insulation’ 149
petrochemicals 26, 37
pharmaceuticals 28, 183
Pioneer 26, 184
‘Plaza accord’ 62
Polanyi, Karl 49
post office privatization 173
process innovation 150
productivity 15, 16, 23, 35, 51, 89, 141, 150, 186 (see also labour productivity)
‘prompt corrective action’ 135
property sector 68–9, 73–4, 77, 80
proportional representation 103
protectionism 29, 178 (see also mercantilism)
public works see fiscal policy

quality control 15
quantitative easing 171–2
recession cartels 35, 146
reciprocal consent 45
Reconstruction Finance Bank [RFB] 19
research and development 150
Index

Resolution and Collection Corporation [RCC] 141
Resona bank 170
retail sector 17, 161, 183
retirement schemes 156, 163–4
Renault 139
Rengo see Japan Trade Union Confederation
savings, domestic 20, 22, 67, 73–4, 125, 129, 130, 141, 179, 180
seniority wages 9, 13, 55, 154, 166
shipbuilding 14
shareholders 15, 19, 22, 24
Shunto wage bargaining 14, 16, 159
small and medium-size businesses [SMEs] 3, 27, 33, 38, 47, 48, 68, 94, 122, 125, 126
social security 185–6
steel 12, 14, 27, 37, 40, 41, 56, 100, 149, 184
Sweden 84–5, 111
Takenaka, Heizo 172
taxation 111, 116–17, 153, 181
telecommunications 148, 151, 172–3
textiles 20, 27, 28, 35, 159
terms of trade 72
Toho Sogo Bank 98
Tokuyo City Bank 121
Tokyo Kyowa Credit Cooperative 98
Tokyo Kyoudou Bank 98
total factor productivity [TFP] 31–2, 89–90, 93, 146, 150, 152
Toshiba 12, 36, 184
Toyo Shinkin Bank 98
Toyota 12, 36, 139–40, 177, 184
trade associations 148
trade surpluses 60–62, 71
transaction costs 21, 37, 51, 58
‘Triffin dilemma’ 61
UFJ Bank 170
unemployment 9, 82, 117, 129, 152, 159–60, 165, 169, 173, 182
United States of America 4, 150, 151, 171, 173, 176, 178, 179 [see also Occupation]
vventure capital 27, 40, 150–51, 180
wartime economy 1940–45 9, 10, 18–19, 56
Wartime Finance Bank 18–19
‘Washington consensus’ 48
‘window guidance’ 20, 76–7, 87
World Bank 48
wage policies 166–7
Yamaichi Securities 121
yen
appreciation of 39, 43, 61, 62, 71, 72–3, 85–6, 113, 144, 179, 181
depreciation of 61, 108, 113, 178, 179
zaibatsu 55, 56
zero interest rate policy 95, 132, 171–2
‘zombie’ firms 90, 127, 146