From Development in the '50s to Growth in the '60s: Economy and Society in the High-Growth Period

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In Japan's high-growth stage, there was a significant turning point around 1960. In this article, the years before 1960 are termed the "era of development" and the years after 1960, the "era of growth," and the historical significance of the changes around 1960 is considered with comparison between the two periods.

The Japanese economy and society in the 1950s, when Japan was on a course of reconstruction from the War, had characteristics similar to those of developing countries. The government promoted a similar "development policy" to those promoted by developing countries, indicated by the emphasis placed on domestic development in agriculture, etc., high potential unemployment, poverty being the largest social problem, capital accumulation being low, and the existence of a capital shortage.

From the perspective of economic policy, due to high potential unemployment, the objective of full employment was introduced with about a ten-year delay compared with that by advanced countries. After that, as a result of the rapid growth of the economy, full employment was achieved at the beginning of the 1960s, and Japan generally kept step with advanced countries to set the national objective of "economic growth" itself (the "Doubling National Income Plan" of 1960).

In addition, economic growth in the 1950s resulted in the widening of economic disparity, and at the end of the '50s, this disparity became a big social issue. Therefore, another objective, that of reducing disparity, which widened in the '50s, was incorporated into the "Doubling National Income Plan." Around 1960, there were three directions of the policy for income redistribution. The first direction was enrichment of social security, the second was promotion of public works, and the third was a tax reduction policy. Regarding social security, a universal health care and universal pension coverage system were realized in 1961. Public works were rapidly promoted with the "bottleneck problem" as a trigger in the latter half of the '50s. The scale of income tax reduction was expanding as economic growth progressed. The government put in place procedures for public works, tax reduction, and social security in descending order of importance in the '60s. This order defined subsequent Japanese economy and society.

Key words: development, economic growth, full employment, policy of income redistribution, welfare state