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BACKGROUND CASE NOTE

STATE-BUILDING, ECONOMIC DEVELOPMENT, AND DEMOCRACY: THE JAPANESE EXPERIENCE

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Introduction

The remolding of the state from an autocratic to a democratic one in postwar Japan is sometimes regarded as a successful case of external intervention for state-building.

When Americans landed in Japan two weeks after Japan's acceptance of unconditional surrender, they expected to meet a fanatic and intransigent people. Instead they were surprised by the orderly and peaceful behavior of Japanese soldiers and citizens (Tamaki 2005, 13-20). Disarmament, demobilization, repatriation, and reintegration (into their home towns/villages) of millions of soldiers proceeded surprisingly smooth between 1945 and 1948 (Gordon 2003, 229-30; Hando 2006, 14-15). The authoritarian state gave way to a democratic one within two years of the beginning of the American occupation and democracy has persisted since¹. And finally, the Japanese economy had already begun to experience high growth when the occupation ended in April 1952. In every respect, American occupation policies seem to have been successful.

Against this image of the American occupation in Japan, this paper will argue that American policies were only partially helpful in the democratic remolding and economic development of postwar Japan. The prewar political and economic experiences of the Japanese themselves, and the psychological impact of the defeat, played equally important roles in the democratic rebirth of the Japanese state. Those in search of solutions to the development challenges facing fragile countries today should understand that Japan's "success" did not begin in 1945 and was not the result of a peace settlement quickly followed by new institutions. The ground work for Japanese success was 80-90 years in the making. Analysis of state-building, economic development, and democracy in Japan must start from the Meiji Restoration of 1868.

¹ The first House of Representatives election under the new democratic Constitution was held in April 1947, twenty months after the surrender.

1. Building a modern state in the Imperialist Era

Japan already had a long history of democratization efforts before the war. These started in conjunction with attempts at building a modern state and were closely related to transformation of the national economy.

When the feudal rule of the Tokugawa Shogunate was overthrown in 1868 by rebel forces in the name of the Emperor, the political and economic situation in Japan was extremely fragile. In many of the fiefs ruled by feudal lords, especially in western Japan, the traditional hierarchical order was crumbling as the anti-Tokugawa movement was led mostly by lower-class *samurai*. In the atmosphere of a general loosening of discipline, numerous uprisings by peasants and urban masses shook all parts of the country. This social disorder, together with violent clashes between Tokugawa and anti-Tokugawa forces, jeopardized productive and commercial activities, further debilitating a national economy which faced ballooning national and foreign debt accumulated by both the Tokugawa Shogunate and the anti-Tokugawa forces.

In addition to these difficulties, between 1854 and 1859 unequal treaties had been imposed on Japan by the Western imperialist powers. Japan was denied the autonomy to decide the level of import tariffs and foreigners living in settlements were outside of the jurisdiction of Japanese courts. Japan had become virtually a semi-independent country.

The government newly established in 1868 faced multiple difficulties as it attempted to build a modern state and to regain complete independence through successful renegotiation of the unequal treaties. First it had to establish a national army and a centralized administrative system in a country still ruled by approximately 300 feudal lords.

For the purpose of centralization of military forces and administrative structures, during the first six years (1868-73) the government implemented a series of administrative reforms. Functionally diverse ministries (such as Finance, Foreign Affairs, Military, Justice, Education, Industry, and Home Affairs) were established²; the fiefs were abolished and integrated into a smaller number of prefectures; former feudal lords were appointed as governors; and centralized military forces composed of former

² It was, however, as late as 1887 before a professional bureaucracy based on meritocratic examinations replaced the politically appointed officials who filled government offices (Gordon 2003, 64).

samurai were established to defend the capital as well as the country's four regions³. Government leaders believed, however, that a broadly based army would be necessary to face external threats and it decided to introduce a universal conscription system in 1873 despite the measure's threat to the privileged position of the former *samurai* class (Banno 2007, 90-104; Gordon 2003, 66)⁴.

All these tasks of centralization aggravated the fiscal burdens of the central government. It had to assume the feudal lords' role of paying salaries to the former *samurai* who now served as administrators or military servicemen in the central and prefectural governments. It also had to establish educational and infrastructural bases for economic development⁵. It even played an entrepreneurial role since investors were hesitant under the highly uncertain conditions. The economic development of the nation was regarded as crucial to strengthen the military capability to survive the imperialist age as an independent country.

To strengthen its fiscal base, in 1873 the government centralized and standardized the tax on agricultural lands. At that time, income and corporate taxes did not yet exist and revenues from import tariffs were severely limited by the unequal treaties. In 1875, the land tax and import tariffs accounted for 85.0% and 2.9% of all tax revenues, respectively, as shown in Table 1 below. Since this reform meant a tax increase, peasant protests and rebellions spread throughout the county.

³ *Samurai* also made up a 2000-strong police force formed in 1871 to protect the capital city. In 1874, this police force developed into the Metropolitan Police Department under the jurisdiction of the Ministry of Home Affairs. The police force expanded after the 1877 civil war and assumed some of the internal-security responsibilities of the military (Katzenstein & Tsujinaka 1991, 35-36).

⁴ The former *samurai* class numbered 1.8 million, or 5.5% of the total population of 33 million, in 1872 (Ando 1975, Table 1.51).

⁵ Obligatory primary education (four years) was institutionalized in 1872. In the same year, the first railroad was constructed between Tokyo and Yokohama.

Table 1 Share of Tax Revenues (%)

Tax on	1875	1890	1905	1920	1935
Agricultural Land	85.0	60.7	32.0	10.1	6.3
Income	-	1.7	6.2	8.5	14.4
Corporate Income	-	-	3.1	17.5	10.1
Business Activity	-	-	7.5	8.5	5.9
Alcoholic Beverages	4.4	21.0	23.5	22.4	22.6
Sugar	-	-	4.5	5.5	9.2
Imports	2.9	6.7	14.6	9.5	16.3

Source: Ando 1975, Table 26.

This rural discontent coincided with a growing dissatisfaction among the former *samurai* who had failed to gain high positions in the new government and were experiencing a general decline in social and economic status. Their discontent exploded in 1876 when the government finally decided to terminate their monthly stipend and to make them a one-time transfer of interest bearing national bonds in amounts dependent on their rank. While a privileged minority of high-ranking *samurai* received bonds valuable enough to be used for investment purposes, most faced a huge decline in income and a complete loss of privilege. A series of violent rebellions occurred, culminating in the fierce February-September 1877 civil war led by Saigo, one of the most famous anti-Tokugawa leaders (Banno 2007, 173-75)⁶.

To mitigate the general social unrest, the government reduced the land tax by 16.7% in early 1877. To suppress the armed rebellions, however, it did not hesitate to use coercive power. The problem for the government was that it was not a united entity but was composed of an assortment of anti-Tokugawa leaders who had diverse visions for the future (Banno 2001, Chapter 1). One of the biggest differences was which of the two purposes, external military expansion or domestic economic development, should be given priority in government policy. Saigo promoted the military option and exited the

⁶ Saigo is regarded as the model for the title character in the movie "The Last Samurai."

government when he was defeated by others who prioritized industrial promotion to strengthen the national economy.

Another dimension of intra-leadership contention was the timing of the establishment of a publicly elected parliament and the kind of authority to be given to parliamentarians. Some leaders wanted to see a national parliament with power sufficient to control the government. Others hoped to delay the establishment of a parliament and to restrict its authority through prerogatives of the Emperor. By the beginning of the 1880s, the former had lost out to the latter (Banno 2007, 223-228).

For two reasons, however, the government could not totally neglect the demand to open a parliament. First, it had to demonstrate to the Western powers that Japan was a civilized country. The adoption of a modern constitution and a parliamentary system were regarded as necessary conditions for a successful renegotiation of the unequal treaties. Second, coercion alone was considered to be unproductive for reducing resistance to government policies. It was thought that the establishment of a parliament would dampen the anti-government fervor and weaken those who would opt for armed resistance.

A deadlock faced by the industrial-promotion policy further impelled the government to make concessions to its opponents. This difficulty stemmed from the huge fiscal deficit caused by the civil war of 1877 and resultant macro-economic instability. Expansionary economic policy gave way to highly austere policy, including increases in the municipality land tax and the rice-wine (*sake*) tax. The government was forced also to privatize publicly run factories and mines. Thereafter, the fate of the national economy largely depended on private initiatives. To counter the mounting criticism of these policies, in October 1881 the government issued the Imperial Ordinance for the Establishment of Diet by which the government promised to enact a constitution and organize general elections within nine years (Banno 2007: 216-23 & 238-39).

Both violent and peaceful anti-government protests persisted during the 1880s but they did not prevent the government from enacting and promulgating a constitution in February 1889. To the detriment of the opposition forces, the Constitution gave only limited authority to the Diet while granting to the Emperor power to control the military and the government. The first general election of July 1890, however, brought the joyful result to the opposition of giving them a parliamentary majority (Gordon 2003, 127).

The majority of the parliamentarians, now organized into political parties, were important farmers and local gentry because suffrage was determined by the amount of taxes paid. At the time of the first general election, the qualified electorate constituted only 1% of the total population (Gordon 2003, 126-27). In this respect, the new Diet was an elitist institution. However, it counterbalanced the authoritarian government by frequently rejecting its budget proposals and calling for accountability to tax payers. Although the share of the land tax was declining rapidly, the share of rice-wine tax jumped to exceed 20% of the total by 1890 (see Table 1). Rice wine was produced by small and medium-sized breweries run by the local gentry.

Facing intransigence in Diet on the part of political parties, more moderate leaders in the government headed by Hirobumi Ito decided to work with them instead of fighting against them (Gordon 2003, 128); more conservative leaders in the government, however, continued to reject the parties.

In short, the effort to build a modern state equipped with centralized state machinery and a growing economy required policies that effectively sacrificed former *samurai* and peasants. These people, however, did not accept their fate without resistance. In order to co-opt some of these anti-governmental forces and ease their resistance, the Meiji government implemented partial democratization by introducing a parliamentary system and elections; this, in turn, opened the way to further democratization during the decades that followed.

2. Why did the prewar attempt at building a democratic state fail?

The period between 1905 and 1932 is known as the era of democratic upsurge in prewar Japan. In September 1905, mobs, composed mostly of urban laborers of various kinds, rioted against the government and burned police stations/boxes, the residence of the Minister of Home Affairs, and a pro-government newspaper company in central Tokyo. Riots spread into many parts of Japan and the government was forced to declare Tokyo under martial law to put them down (Narita 2007, 2-7).

The reason for the rebellion was that the government had accepted the US-mediated peace agreement that put an end to the Russo-Japanese war. The agreement did not include an indemnity payment by defeated Russia, which many Japanese believed Japan was entitled to as many citizens lost family members and bore heavy tax burdens to support the fierce conflict. Political parties and their rich supporters did not like the mob violence, but they could live with it as long as people's discontent was

directed toward the conservative government leaders who continued to impose heavy taxes but oppose the realization of a representative government.

When the Russo-Japanese War started in 1904, the Japanese economy had been undergoing rapid transformation. As Table 2 demonstrates, the pace of industrialization quickened during the 1890s, led by the cotton spinning sector. The import of cotton yarns was surpassed by domestic production in 1891 and by yarn exports in 1897 (Ando 1975, Table 3.47). Heavy industry and chemical industries started to expand in the early 20th Century. The ratio of the domestic production of steel to the domestic consumption increased from 13.4% in 1900/04 to 96.7% in 1930/34 (Ando 1975, Table 5.69). Even machine industry grew to occupy 20% of all manufacturing production in 1939, although the main export products continued to be textiles (silk/cotton yarns and fabrics) during the prewar period (Ando 1975, Table 5.71; Yano Tsuneta Kinenkai 2006, Table 8.4).

Table 2 Growth Rate by Sectors (%)

	Primary Sector	Secondary Sector
1880/90	23.6	47.5
1890/00	8.7	60.0
1900/10	14.4	43.8
1910/20	31.4	90.3
1920/30	10.7	60.2

Source: Calculated from Ando 1975, Table 1.

As a result of the rapid industrialization, there was a notable change in the tax structure. In 1905, as shown in Table 1, the land tax accounted for only 36%, down from 85% recorded in 1875, while income tax (both individual and corporate) and business tax (which had been zero in 1875) came to account for as much as 17%. In the process, the number of people in the commercial and industrial sectors subject to taxation expanded. They shared an opposition to their tax burdens with land owners and local gentry and participated in party politics.

Amidst another nation-wide riot, this time protesting a sharp rise in the price of rice, the first ever cabinet organized by the majority party and composed mostly of party politicians was allowed to form in 1918. The party cabinet continued in existence until 1932, except for the period 1922-1924. Universal male suffrage was introduced by one of these party governments in 1925, expanding the electorate to 20% of the population. Although radical leftist parties were banned by the Internal Security Law, the practice of two political parties competing against each other in free elections was established (Narita 2007, 82-93 & 190-198). Through this process, adult males could accumulate experience in participating in competitive elections.

The practice of democracy, however, did not last long. In the face of social and political unrest caused by the Great Depression, the Manchurian incident, and terrorist violence by extreme rightists, in 1932 political parties handed the cabinet over to conservative leaders supported by bureaucrats and the military. Although parties continued to compete in elections until 1937, they never regained government power.

A main reason for the failure of the political party system, and consequently of the prewar democracy was the fact that the demand for democracy had been almost always accompanied by a nationalist and imperialist fervor.

For example, opposition movements during the 1880s were able to survive government repression and reactivate themselves thanks to a perception of moral weakness in the government's posture in renegotiating the unequal treaties. The opposition accused the government of offering "excessive" concessions to the Western powers in exchange for their abandonment of extraterritorial rights (Gordon 2003, 91). The riot of 1905 mentioned above, which the opposition forces took advantage of to criticize the government, was motivated also by nationalist indignation against perceived fainthearted government diplomacy. The political parties and the general electorate supported arduously the wars against China (1894-1895) and Russia (1904-1905), although they were not happy with the related tax burdens. Most of them also supported Japan's imperialist expansion into the Korean Peninsula and China.

Similarly, whenever they could, the authoritarian leaders took advantage of wars and imperialist expansion to bolster support among the population and to secure consent from the party-dominant Diet. Thanks to the early timing of its state building, Japan was probably the last country among the

non-Western late modernizers able to take advantage of imperialist policies to mitigate the domestic socio-political tensions accompanying the state building and economic development processes.

The connection between democracy and imperialism led to an unhappy result for the former. When the military embarked on adventurous actions abroad, stirred up nationalist or even xenophobic sentiment, and aroused a sense of national crisis, political parties and the electorate could not resist and were absorbed into the fervent ultranationalist wave. Agricultural landowners and industrial/commercial entrepreneurs joined the wave of support for the ultimately devastating war, against first China (1937) and then the United States (1941).

In spite of its unhappy end, prewar democracy had once flourished by driving a wedge into the authoritarian Emperor regime. If the ultranationalist option had not been available for Japan, political parties and the military/bureaucratic elite might have sought the path of further compromise, eventually strengthening democratic institutions and practices. The unconditional surrender of Japan in 1945 brought the sudden emergence of this kind of situation.

3. Conditions that facilitated the democratic rebirth of the state in postwar Japan

In the months following the end of the war, Japan faced again a highly fragile situation. The war-torn economy had collapsed due to the curtailment of imports, and it could not feed a population which was being joined by millions of civilians and soldiers repatriated from various parts of East Asia. Hundreds starved to death in Tokyo alone. People were constantly hungry and crime was rampant. Many observers described social condition at that time in terms such as despondency, psychological shock stemming from the defeat and foreign military occupation, despair at the difficulties of everyday life, and absence of vision for the future (Dower 1999, 89; Gordon 2003, 229). Japan was only able to survive these difficult years thanks to the aid provided by the United States. Between September 1945 and December 1949, 66% of all imports to Japan were covered by American aid (Ando 1975, Table 7.22).

Notwithstanding the general state of lethargy, political, bureaucratic and economic elites (excluding military leaders who had lost prestige and trust) were determined to maintain as many elements of the ancient regime as possible, including the Emperor's sovereignty. For example, Shigeru Yoshida, who served as Prime Minister five times between 1946 and 1954 and is regarded as the central figure in the

reconstruction of the postwar state, held the optimistic view that Japan would eventually return to its pre-militarist age (Dower 1979, 277; Kouno 2002, 26)⁷.

General Douglas MacArthur's decision to use the existing administrative structures (except for the military and the Ministry of Home Affairs) and their personnel to govern Japan also heightened the pre-war elites' expectations for retention of the ancient regime. If they had been successful in their restoration attempt, the postwar regime would have been one in which a representative government controlled by elected political parties ruled under sovereignty of the Emperor, suppressing leftist political parties, workers' and sharecroppers' movements, and radical mass media. Under this regime, Japan would have been a semi-democratic state, more democratic than contemporary China or Singapore but as democratic as Malaysia.

To the disappointment of these elites, the GHQ (General Headquarters) of the occupation forces launched a series of democratization reforms after October 1945: The Internal Security Law was abolished and mass media and social and political organizations were given full freedom; leaders who were regarded as responsible for the war were expelled from the bureaucracy, political parties, and mass organizations⁸; land reform was ordered; and big business conglomerates named *zaibatsu* were forcibly dissolved. The combined result of all these reforms was a sharp decline in the power of the prewar elite and an equally rapid rise in leftist political parties and labor movements (Bisson 2005, 44-45). In addition, and under strong pressure from the GHQ, by October 1946 Shigero Yoshida's government and the Diet had adopted a new constitution which transferred sovereignty to the people while reducing the Emperor to only a symbol of the nation. Furthermore, the Constitution's famous Article 9 prohibited the exercise of military power or the threat thereof as a means to solve international disputes (Section 1), renounced military force, and relinquished the right to engage in warfare (Section 2).

Although the GHQ's eagerness for democratic reforms waned as the Cold War set in, as long as American rule continued, the old elites could never hope to restore the ancient regime. Their chance finally came in April 1952 when Japan recovered its independence. In an opinion survey conducted by Yomiuri Newspaper on April 16, 1952, 42% of the respondents endorsed the necessity of constitutional

⁷ Kijuro Shidehara, the first post-surrender Prime Minister, had served as Foreign Minister and as provisional Prime Minister before the military's influence strengthened in the early 1930s.

⁸ Yoshida was not among the expelled leaders.

revision while only 17% opposed it⁹. In the same survey, 48% agreed that Article 9 should be revised while 39% disagreed. An opinion poll by Mainichi Newspaper (April 14, 1952) revealed a similar pattern, with 43.2% endorsing revision of Article 9 while 26.8% opposed it¹⁰.

During the immediate post-independence years, nationalist feelings were on the rise among the population in general and among conservative leaders in particular, critical of Yoshida for his allegedly U.S.-dependent stance. These conservative leaders demanded Japan's heavy rearmament as a means to free the nation from the Japan-U.S. Security Treaty of 1951 which they regarded as an unequal treaty.

Nationalist conservatives sought revision of the Constitution since they considered Article 9 to be a serious obstacle to full-scale rearmament. They also wanted to recover some of the Emperor's prewar prerogatives (Watanabe 2005, 14-16). The conservative movement culminated in the establishment of the Commission on the Constitution, first in 1954 in the ruling Liberal Party and two years later in the Diet (Ruoff 2003, 74-77).

The conservatives' attempt, however, never succeeded. The electorate refused to give a two thirds majority of the Diet (necessary for a constitutional revision) to the conservative parties in the general elections of 1955 and 1958¹¹. By that time, the postwar democratic state had become firmly established. Under the "Peace Constitution," the capability of the Self Defense Forces, which is a *de facto* military established in 1954, continued to be highly restricted while the Emperor did not regain sovereignty.

There are many reasons, both endogenous and exogenous, why the restoration of the authoritarian state failed in postwar Japan.

The first endogenous reason is the irreversible impact of the defeat in war on the mindset of the Japanese people. The despair they felt immediately after the surrender soon changed into deeply

⁹ One of the reasons for the strong support for Constitutional revision is that citizens had not been informed about the process of the constitutional enactment in which the GHQ played a decisive role (Kouno 2002, 14). When the information came out toward the end of the occupation era, people felt that the Constitution had been imposed upon them by foreigners. The Constitution came to be called the MacArthur Constitution.

¹⁰ Another opinion poll, conducted by the Cabinet Office in June-July 1952 with regard to the amnesty given to the purged leaders (including former military officers), showed that the majority of the respondents felt the depurge was acceptable or good and few people saw in it any risk of resurgent militarism (Cabinet Office 1952).

¹¹ One historian argues that it was in 1955, not 1946, when the electorate really voted for the Constitution (Amemiya 2004, 99). According to an opinion survey conducted in 1955, 31% of the respondents recalled that they had felt happy when the postwar Constitution was enacted. As many as 28%, however, answered that they had been indifferent (Cabinet Office 1955).

angry conviction that they had been deceived and victimized by their wartime leaders, especially the military. In addition, their devastating experiences during the war had strengthened their anti-war feeling. "No more war" was now like a religious belief for many people. Due to this deep popular aversion to the war and the military, heavy-rearmament with an inevitable increase in the military's influence could not muster public opinion.

The defeat also destroyed the myth held by the people of a sovereign emperor, although it did not lead so far as to rejection of the emperor system itself. On the one hand, hundreds of thousand people who gathered at the plaza outside of the Imperial Palace on the first postwar May Day of 1946 shouted in denunciation of the Emperor and demanded that the emperor system be dismantled. On the other hand, in a poll taken in the early days of 1946, more than 90% expressed support for the system (Hara 2008, 154-55). This overwhelming support for the emperor system was confirmed in an opinion survey conducted after the recovery of independence: 82% of the respondents supported it (Cabinet Office 1956). In that same survey, however, 48% endorsed a "symbolic" emperor, exceeding the number (23%) who believed that the Emperor should be granted genuine authority. The corresponding figures in 1958 were 50% vs. 33% and in 1960 54% vs. 23% (Cabinet Office 1958 & 1960). It is clear that the Japanese citizens who had been loyal subjects of the sovereign Emperor before the war continued to support the emperor system, but as a mere symbol, no longer as a sovereign.

People's attitudes toward democracy also appeared to have undergone a major transformation. Writing about the mood among the people in 1945 and 1946, John Dower (1999, 67) observed seemingly ardent support for democracy as "a gift from heaven." This was again a reaction to the devastating and disastrous experiences of war and surrender that presumably had been caused by the military-led totalitarian regime. We need to recall, however, that this was not the first experience with democracy for Japanese citizens. They had participated in competitive politics at least until 1932 and could compare them with the hardship of wartime.

The prewar and postwar democracies differed in that political freedom was extended to leftist parties and labor unions after the war and a representative government was now constitutionally guaranteed. The public did not like labor strikes and demonstrations, and they were also discontent with the conduct of elected officials, but they overwhelmingly and consistently supported electoral politics and rejected the use of violence as a means to improve social conditions (Cabinet Office 1954, 1955

&1956). This attitude on the part of the people must have stemmed from their unhappy memory of the authoritarian interlude between the prewar and postwar democracies.

Japan's complete defeat in the war also profoundly affected the regional power structure in Asia. The military capability of Japan was largely curtailed by the occupation forces, while China emerged as an influential country and Korea and some Southeast Asian countries gained independence. Militarily expansionary policy abroad would have been extremely difficult and costly, even if Japan had succeeded in heavy rearmament.

In short, all these changes rooted in Japan's unconditional surrender made a marriage between democracy and imperialism impossible. Any political force that came to hold governmental power had to cope with domestic opposition without resorting to nationalist expansionism. Peaceful competition and consensus-building were the sole means available.

Notwithstanding the importance of the endogenous transformations described above, the reforms introduced by the occupation forces were not meaningless. On the contrary, they were highly instrumental in anchoring democracy-fostering transformations firmly to the ground. Especially important in this regard were labor relations and land reform in agriculture.

In 1940, landless sharecroppers occupied 26.8% of all rural households. Among the land-owning farmers, 75.6% held less than one hectare each while 0.5% owned more than 10 hectares. Thanks to full-fledged land reform under the GHQ, the share of landless sharecroppers went down to 5.1% of all households while independent farmers increased from 31.1% to 61.9% between 1940 and 1950 (Ando 1975, Table 18 and Table 21). In five years, Japanese rural society was transformed into a domain wholly dominated by small independent farmers. These farmers were divided politically. The majority supported conservative parties but a significant number of farmers voted for the Socialist Party because some of the socialist leaders had worked to organize the sharecroppers' movement.

Reforms in labor relations were as profound as the land reform. Workers were granted legal rights to freely organize unions, negotiate contracts with their employers, and engage in strikes. Although in July 1948 the GHQ imposed a law banning civil servants' strikes, workers' space for free activities was enhanced significantly. As a result, the unionization rate, which had been only 3.2% in 1945, shot up to

41.5% in 1946 and reached 55.8% in 1950¹². Several peak associations of labor unions were organized and re-organized between 1946 and 1955 and they supported the Social Party or the Communist Party.

The relative power of labor was strengthened by another GHQ reform which forced the dismantling of large business conglomerates. Labor unions, together with some of the independent farmers and the leftist parties, now emerged as powerful counterbalances to conservative forces (Montgomery 1957, 173). They were so powerful that it would have been extremely costly for the conservatives to abrogate these postwar reforms and restore the old authoritarian regime. Leftist forces, for their part, needed to work within the institutional democratic framework since few people supported violent methods. The politics of compromise was necessary for everybody. The pro-democracy tendency of the population nurtured as a reaction to the war and surrender was thus reinforced and locked in by externally imposed reforms¹³.

The final touch in the consolidation of the democratic state in postwar Japan was provided by the high economic growth recorded after 1951. Production in the primary and secondary sectors returned to the prewar (1940) level in 1952 and 1955 respectively (Ando 1975, Table 1). The annual GDP growth rates were 8.9% in 1956-60, 9.0% in 1961-65, and 10.9% in 1966-70. The share of the manufacturing sector in GDP expanded from 28.4% in 1955 to 33.7% in 1965 while the share of the primary sector declined from 19.9% to 9.8% during the same period (Yano Tsuneta Kinenkai 2006, Table 3.3 & Table 3.13). Japan transformed itself into an affluent nation.

Through detailed quantitative analysis, Przeworski and his associates found that while high national income does not necessarily help transform an authoritarian regime into a democratic one, it contributes significantly to the maintenance of a democratic regime already in place. No democratic country whose GDP per capita is above \$6,055 (1985 PPP) has ever experienced a breakdown of regime (Przeworski et al. 2000, 94 & 98). The Japanese economy attained that level in 1968.

¹² The unionization rate went down subsequently to 35.6% in 1955 and less than 20% today (Ando 1975, Table 7.36; Yano Tsuneka Kinenkai 2006, Table 2.38).

¹³ U.S. military policy (including the Japan-US. Security Treaty) also contributed to indirect promotion of democracy by depriving the Self Defense Forces, now deeply dependent on American training and equipment, of operational autonomy (Katzenstein 1996, 102-3, 137). Without American help, the SDF cannot even defend its own country from a serious attack from abroad. SDF's dependence on the U.S. helps prevent any resurgence of militarism in Japan. In this sense, the Security Treaty is sometimes called a "cap on the bottle" (Pyle 1998, 133).

The high economic growth certainly helped the consolidation of the democratic state in postwar Japan. However, the analysis presented above shows that the postwar democracy was already firmly established by the early 1950s (much before 1968), a time when the Japanese economy had barely recovered to its prewar level. No one can say with certainty whether democracy would have survived in Japan if its economy had grown more slowly; but judging from the profound changes in people's mindset and the equally profound reforms under the occupation forces, this author believes that the odds favored democracy's endurance even under a stagnant economy.

Finally, it should be pointed out that Japan's postwar economic growth was never a miracle born out of the ashes of war. By the time the war began, the Japanese economy had developed to the level of producing heavy machinery such as vehicles, airplanes and warships, although its most internationally competitive exports were still mostly textiles. Many factories and skilled workers were lost in the war, but accumulated technical knowledge was there to support a historical second economic take-off, though admittedly this was helped greatly by American procurement for the Korean War of 1950-53. Both democracy and economic development in postwar Japan were built on prewar achievements.

Conclusion

It is incorrect to maintain that the postwar Japanese democracy was brought about by the American occupation forces. Democratic state-building and the spectacular economic success of Japan after 1945 both have deep roots in the country's prewar experiences with state-building, economic development, and democratization as well as in the equally profound transformation of people's values generated by the devastating experience of war and defeat. U.S. occupation policies only helped to reinforce an endogenous trend of democratic resurgence and economic recovery¹⁴. Externally imposed reforms and externally provided resources alone could never have created such a stable and prosperous democratic state in such a short period of time.

To draw general lessons from the Japanese experience is not an easy task. After all, Japan began its efforts at state-building and economic development one century before the developing countries of today. Nonetheless, in view of the highly fragile situation in which Japan started its modernization in

¹⁴ Masanori Nakamura (1994, 74) came to the same conclusion although he emphasizes the conflict and conciliation between conservatives and progressives during the occupation.

1868 and its reconstruction in 1945, there are certainly some lessons to be shared with equally fragile countries of today.

First, state building in Japan included two basic elements: construction of the machinery of state and establishment of stable state-society relations. Both processes were mostly autonomous endeavors pursued by the Japanese themselves. The maintenance of internal order, the implementation of GHQ-ordered reforms, and the quick economic recovery planning during the early postwar years were made possible only by the efficient police and civil bureaucracy which had been organized and professionalized in the prewar process of state-building.

The GHQ policy of using existing state institutions posed some risk of “spoiling” democratic reforms. GHQ’s resolve to remold Japan was as strong, however, as the Japanese citizens’ aversion to their authoritarian past. Both obstructed attempts by conservatives to restore the ancient regime. The old bureaucratic structures survived and supported a relatively smooth reconstruction of the country while avoiding restoration of an authoritarian order.

The construction of stable state-society relations was again an autonomous Japanese process helped by occupation policies. As analyzed in the first and second parts of this paper, the prewar democracy grew out of long-running conflict and conciliation between the state (the Meiji leaders) and the society (opposition forces). After WWII, conservative leaders such as Shigeru Yoshida did not attempt to rebuild an autocratic state; rather, they worked for the restoration of the semi-democratic prewar regime in which the government was publicly elected and accepted by society although political freedom was restricted. In practice, the democracy that took root in postwar Japan was a more genuine one, but this came about only through sometimes conflicting interactions between traditional elites and the leftist/liberal opposition. The latter were helped by the general public’s inclination toward anti-military, democratic practices and by GHQ-led social and political reforms.

In short, the Japanese experience demonstrates that “ownership” is important for the formation of an efficient and democratically legitimate state but the process is rocky and long.

The second lesson to be drawn from the Japanese experience concerns the role in the state-building process that can be played by external forces. The United States contributed to the democratic rebirth of the Japanese state in three ways. First, the U.S. defeated Japan’s imperial military and autocratic regime, leading to a transformation of traditional values and changes in East Asia’s international power

structure. Second, U.S. occupation forces realized a series of reforms that contributed to a transformation in internal power relations among socio-political forces, thus helping anti-elite forces. Third, the U.S. provided enormous amounts of material aid to assist the devastated economy, which helped consolidate the democratic state.

The important role played by the U.S. notwithstanding, external intervention was effective in durable state-building only because such endogenous conditions as bureaucratic efficiency, experience with democratic practices, and anti-elite sentiment were already in place. In addition, the effectiveness of the U.S. intervention was based on the totality of its victory in the war. The mindset of the Japanese people was deeply transformed by the country's unconditional surrender after so much sacrifice and suffering. Furthermore, the conservatives could not prevent enactment of the new constitution and other pro-democracy reforms because the GHQ had established complete authority over the state. To achieve this level of victory, the United States, itself, paid a high price, losing hundreds of thousand lives of their own in the war.

In the contemporary world where "new war" is the dominant form of armed strife (Kaldor 1999) and public opinion at home is highly sensitive to loss of life, this kind of total victory can seldom be achieved. Armed groups in the target country are not easily demoralized and political forces are not sufficiently responsive to external demand for quick reforms. External actors who intervene in fragile countries today must accept the reality that their success in remolding them will be limited unless they are ready to fight for a total victory. It is important to remember that successful state formation is realized only through a lengthy process of conflict and conciliation among local stakeholders. The best strategy for external actors is patiently to help improve a socio-economic environment in which stakeholders interact among themselves and construct fair and efficient machinery of state.

The third lesson from the Japanese experience is that democracy is not always a bulwark against exclusivist nationalism or ethno/religious xenophobia. Socio-political stress stemming from state-building, economic development and democratization may induce political forces to resort to these negative identities. External players should not be headlong in their promotion of democracy; they must act carefully and deliberately to avoid an unhappy marriage between democracy and xenophobia.

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