THE ROLE OF MITI IN THE DEVELOPMENT OF THE JAPANESE ECONOMY

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ABSTRACT

In post-war period, MITI had played a major role in the success of the Japanese economy. The key function of MITI could be recognized through the execution of industrial policies. Since the liberalization in 1964, MITI often used its administrative tools in order to nurture the Japanese economy. MITI is responsible in the development of several fields, such as the trade sectors, technological development, environmental protection, energy and controlling over foreign exchange.

The main objective of this study is to identify the role of MITI in the development of Japanese economy. In conjunction with this, this study has two fold: first a general view on the role of MITI, has been explained. Subsequently, an analytical study based on collected data in four selected industries (machine tool, automobile, steel, and computer) has been conducted.

In the first fold, a brief introduction on MITI's establishment has been provided followed by the objectives and the organization structure of MITI. The major responsibility of MITI in Japan involves the policy-making process. MITI has gone through three major stages in the development of industrial policies. The first two stages are based on the reconstruction period and high growth liberalization period, whereas the third and forth stages focused more on the diversification role of MITI.
Other policies that have been explained are the trade policies and technology policies, which have been formulated by MITI. MITI also faced a challenging role following the oil crisis. In 1978, MITI assisted the declining industries in an effort to protect them.

In analytical study, a graphical and statistical data support the implication of MITI's role in the development of the Japanese economy. Four industries have been selected (machine tool, automobile, steel, and computer) to examine the policies that MITI has implemented and their effects.

There are also some drawbacks on MITI's policies, which have been discussed. However, the findings in this study conclude that MITI's policies have on the whole positively influenced the Japanese economic development.
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ABBREVIATIONS

AIST  Agency for Industrial Science and Technology
EIBJ  Export-Import Bank of Japan
FILP  Fiscal Investments and Loans Program
GATT  General Agreement on Tariffs and Trade
IMF   International Monetary Fund
JAMA  Japan Automobile Manufacturers Association
JDB   Japan Development Bank
JECC  Japan Electronic Computer Corporation
JETRO Japan External Trade Organization
JPDC  Japan Petroleum Development Corporation
LDP   Liberal Democratic Party
LSI   Large Scale Integrated Circuits
MCI   Ministry of Commerce and Industry
MEMA  Motor & Equipment Manufacturers Association
METI  Ministry of Economy, Trade and Industry
MITI  Ministry of International Trade and Industry
MM    Ministry of Munitions
MOF   Ministry of Finance
NC    Numerical Control
NEDO  New Energy and Industrial Technology Development Organization
NTT   Nippon Telegraph and Telephone
OECD  Organization for Economic Cooperation and Development
RWC   Real World Computing
RWCP  Real World Computing Partnership
TRC   Tsukuba Research Center
VLSI  Very Large Scale Integration