Economic Transformation of Japan, 1885-2015: Supply Side Approach

Topic: IO Applications: Structural change, trade and dynamics
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   Structural transformation in Asia: Lessons from Pre and Post-World War to Asian Crisis
2) The names and institutional affiliations of the organizers:
   Kakali Mukhopadhyay, Professor, Gokhale Institute of Politics and Economics, Pune, India and
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Title of the Abstract
Economic Transformation of Japan, 1885-2015: Supply Side Approach

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Abstract
Over the past two centuries, many industrialized countries have experienced dramatic changes in
the sector level composition of output and employment. The pattern of structural transformation,
depicted for most of the developed countries, entails a steady fall in the primary sector, a steady
increase in the tertiary sector, and a hump shape in the secondary sector. Since Japan is an
important economy in the present world, it is essential to study the process of transformation in this
country. The growth rate of the Japanese gross domestic product was significantly higher in the
post-war era (1955-1985) compared to the pre-war era (1885-1935). Investigations on structural
transformation have been generally carried out using the demand driven Leontief Model. However
the Ghosh model can be used to provide additional insights on the process of transformation.

The objective of the present study is to estimate the effects of cost push in the Input-Output model
and also the sector level changes in productivity for Japan during the period 1885 to 1985. The
above empirical investigations can be carried out using the Japanese IO tables under alternative
Ghosh assumptions. The present paper uses thirteen input-output tables each of seven sectors
available between 1885 and 1985 (Shintani, 1988) to investigate the above mentioned issues. For
these exercises, a comparison is made between the pre-World War(II) and post-World War(II)
periods. The exercise is expected to throw light on the process of structural transformation of the
Japanese economy and provide some direction for policy making.