

## DEVELOPMENT AND RESOURCE POLITICS IN POST-WAR JAPAN

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### POST-WAR JAPAN DEVELOPMENT POLICIES AND FORESTROURCES

#### 1. Pulp and Paper Sector

The Japanese Ministry of Commerce and Industry (now known as MITI) actively pursued two strategies in the post-war period to develop the pulp and paper sector: growth of hardwood forest species on its lands and large-scale domestic pulp plantations. The first strategy was implemented on a massive scale, the latter however, was abandoned due to poor cost performance. Instead, MITI and the Japan Paper Association turned to the rest of the world which had resources it lacked and began extensive “resource development and import” schemes in other countries.

#### 2. Timber Imports

As Japan quickly rebuilt its post-war economy, the annual logging rate increased, resulting in a sudden shortage of old growth softwood for sawn wood and for the housing sector. The government responded with further intensive logging, and soon lifted tariffs resulting in large imports of logs from North America, Russia, and tropical countries.

#### 3. Tropical Timber: Development and Import

The development of a wood-based economy in Japan began after the war when it started to import logs from the Philippines, with the encouragement of the U.S., to build an export-oriented plywood industry. This launched Japan into a period of rapid economic development, which centered on massive foreign investment in countries (namely, Indonesia) rich with forest resources.

### KEY FACTORS LEADING TO CONTINUOUS TIMBER IMPORTS AND LARGE-SCALE CONSUMPTION

#### 1. National Large-scale Land Development Schemes

When Japan’s export oriented economic development reached some limitation to growth in the early 1970s, the prime minister promoted large scale national land development, such as roads, new industrial zones, dams, and ports. This was the beginning of large-scale land destruction, which required tremendous amounts of resources including wood, such as tropical plywood, for civil engineering.

#### 2. Japan-US Trade Disputes and US Demands to Increase Domestic Consumption

Because Japan’s post-war export oriented industrial development caused serious trade disputes with the U.S., the government decided to spend more money for construction works. Government public spending for construction projects skyrocketed throughout the 1980s and 90s and Japan became the world’s largest construction investor in the world. For example, Japan built about 30 million houses in the last 30 years but only less than half of the total housing stock increased, meaning some 16 million houses were destroyed in a wave of urban redevelopment schemes. This disastrous policy, along with others, resulted in the massive destruction of Japan’s urban and natural landscapes; massive forest destruction overseas; massive industrial-waste dumping problems in rural areas; further land speculation and a bubble economy; and huge government and private debts.

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## **THE ROLE OF JAPANESE AID AND TNCS IN OVERSEAS FOREST DEVELOPMENT**

The government played a central role in stimulating overseas resource development and imports through various public schemes including ODA and export credit agencies, such as the Ex-Im Bank of Japan. There were numerous overseas projects involving mining, forests (InIndonesia, Sarawak, Southeast Asia), plantations, and pulp mills (in Alaska, Brazil, Canada, etc.). Among private companies, general trading companies have been the most active in various types of resource development projects, including wood chip and pulp wood plantation development. Japan also became a major player in overseas “reforestation” schemes, both for private companies as well as for governments. However, most government reforestation programs resulted either in a waste of public money with no accountability or in corruption, due to narrow development visions and bureaucracy. Radical reform is necessary at the national legislative and executive levels with regard to the control of aid activities.

### **MAJOR UNDERLYING CAUSES, FACTORS AND AGENTS**

#### **1. Background Factors**

- A chronic shortage of wood due to domestic forest exploitation;
- Government policy of militarization and economic expansion to combat colonization by the Western powers;
- Wood-based Western pulp production technology and the lack of domestic softwood resources (the beginning of overseas forest exploitation);
- Post-War Japan’s overall direction towards export-oriented economic development (with the emphasis on heavy and chemical industries);
- Huge population migration from rural to urban areas as well as to New Industrial Zones; and
- The over-emphasis on domestic construction projects.

#### **2. Government Led Consumption Stimulation after the 1970s**

- Nation-wide, large development schemes after the first oil shock (after Japan faced its growth limitations);
- Development policies which increased urban, housing, and land development projects in the early and mid 1980s;
- U.S. demand that Japan stimulate domestic consumption;
- Creation of a large demand in the construction industry resulting in over-capacity and wasteful government policies;
- Ignorance on the part of Japanese industries and consumers of resource limitations. Higher domestic costs for production and low costs of imports made it almost impossible for the survival of the domestic forestry industry. This resulted, in turn, with increased dependency on foreign imports and further collapse of the rural sectors.

#### **3. Production/Technology/Industry Consumption Linkages to Deforestation**

- Paper consumption was stimulated by the overall economic boom;
- Paper consumption was also stimulated by the publishing sector. Japan consumes 20 times more paper than in the 1930s and, during the bubble economy period (1980s), there was a 60% increase;
- Out of the 30 million tons of paper consumed by Japan, more than one third is for cardboard due to intensive export activities (electronic equipment and other products);
- Timber consumption has been stimulated not only by the housing sector, but also by other growth demands of the industrial sector; and
- Imbalanced trading patterns combined with imbalanced industrial development — policies which require continuous imports of large-scale forest and mineral resources as well as agriculture and fishery products — keep Japan dependent on foreign markets. Although it could be possible to stimulate domestic forestry (using established plantations), major exporters of timber and wood products, such as Indonesia, Malaysia, the U.S., and Canada might resist, and Japanese exporters of industrial products would certainly not allow such an approach.