

Late Twentieth-Century Japan: An Introductory Essay

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Until recently, Japan's history since World War II was told as an inspiring fable of success. According to this story, Japan pulled itself out of the physical devastation, spiritual bankruptcy, and abject defeat of 1945 through wise leadership, hard work, and a partnership with the United States. It became one of the world's richest, most stable, and most widely respected industrial democracies. Historians now realize that this narrative does not capture Japan's postwar experience. What once seemed like a buoyant path of growth and recovery, termed a "miracle" by some patronizing Western observers, is now seen as a more nuanced story. Japan experienced downturns as well as booms, discord as well as consensus, and serious problems as well as elegant solutions. This short essay charts the history of Japan from the end of the war to the present day. It sketches the rapid and profound changes the Japanese people have enjoyed, endured, and embraced over the past 60 years.

The Occupation of Japan (1945-1952)

The occupation of Japan was called a joint allied operation. In fact, the United States dominated, as its forces had borne the brunt of the fighting in the Pacific theater during World War II. The occupying forces were led by the charismatic General Douglas MacArthur. MacArthur was styled the Supreme Commander for the Allied Powers (or SCAP, a term also applied to the occupation administration as a whole). The American occupiers wanted to remake Japan as a peaceful, democratic, and modern nation. They wanted to ensure it would never again threaten the world militarily. The occupiers approached their former foes not with bitterness or a thirst for revenge, but with compassion and generosity. The Japanese public, meanwhile, had suffered from extreme wartime deprivation as well as crippling allied air attacks. Exhausted, stunned, and defeated, Japan's hungry masses showed no hostility to the Americans. Instead, they greeted the occupation and its reforms with composure, respect, and openness. Thus, victors and vanquished worked together in the remaking and rebuilding of Japan.

The occupation is often compared to the Meiji Period (1868-1912), which was a time of rapid modernization. Both are seen as watersheds in Japanese history. U.S. forces entered Japan with grand visions of change. They sought to root out militarism. They also wanted to build democratic institutions and tutor the Japanese in the superiority of the American way of life. The occupation agenda was often naïve, heavy-handed, and condescending. Democratization was equated with Americanization. Japan was perceived (as MacArthur himself once put it) as a nation of 12-year-olds. Scholars have debated the extent of the change actually accomplished by the occupiers. Many have noted that SCAP's fervor for reform cooled after only a couple years. They further note that many proposals for change were successfully resisted by Japanese

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authorities. Nevertheless, the occupation had a formative impact on postwar Japanese society, the conduct of political and economic life, and Japan's place in the Cold War world.

Demilitarization was the occupiers' first priority. It was accomplished quickly. Imperial army and navy units were disarmed. The far-flung Japanese empire was dismantled. People important to the war effort, especially military officers, were barred from positions of public responsibility. The top leaders of the wartime Japanese state, including former prime minister Tōjō Hideki, were tried by an international military tribunal. Seven of those convicted were executed. Significantly, the Shōwa Emperor (Hirohito) was not charged. American officials opted to use the monarch as a tool to influence public opinion rather than punishing him as a part of the wartime regime.

Democratization was the occupation's other major goal. This goal was far more complicated and difficult to accomplish. Political reform was considered essential to Japan's recasting as a peaceful member of the community of nations. After a Japanese commission failed to produce a new national constitution sufficiently progressive for the occupation, SCAP staff wrote a new draft in just a week's time. This new draft was presented to the Japanese government for translation and enactment. The Japanese had no choice but to comply. The new constitution was promulgated on November 3, 1946. Many scholars have noted the irony of SCAP installing democratic political institutions in Japan through authoritarian means. The Japanese, it has been said, were "forced to be free." Still, the Japanese people embraced the "MacArthur constitution" (as it is often known). It has endured (with not a single amendment) as a sound basis for Japan's postwar democracy.

Unlike the old Meiji constitution of 1889, the new document gave sovereignty to the Japanese people, not the emperor. The imperial institution was limited to a symbolic role. Shintō, which had been used to support wartime mobilization, was disestablished as a state religion. Both houses of the Diet, Japan's parliament, were to be elected democratically. The prime minister and cabinet were to be selected on the standard British parliamentary model. The 1946 constitution, considered by some to be even more progressive than the U.S. constitution, guaranteed the Japanese people a wide range of civil rights. These rights included freedoms of assembly, "thought and conscience," and the press. The equality of women was established explicitly. Indeed, in the April 1946 general election, the first in Japan to allow women the vote, 39 women were elected to the lower house of the Diet. That total has not been exceeded since.

The occupation tried to extend reform deeply into Japanese society and the economy. Land reform, one of SCAP's most popular and successful efforts, broke the hold of large landlords. Tenant farmers could purchase the property they worked. SCAP believed organized labor was a necessary counterweight to business and a fundamental part of a healthy democracy. They therefore encouraged unionization in industry. The educational system and police force were also reformed. Structures were decentralized, made more responsive to local communities, and recast on American models. An ambitious antitrust program was also launched. The occupiers feared that the *zaibatsu*, Japan's financial and industrial conglomerates, would inhibit competition and stifle new business. Thus, sweeping antitrust legislation was passed. SCAP laid plans for the break-up of several hundred large corporations.

The reformist flurry of the early occupation proved short-lived, however. SCAP's sweeping programs threatened many influential groups in Japan. They were also worrisome to many U.S. policymakers. Japanese corporate interests complained that occupation policy was crippling the nation's economic recovery. Planners in the State Department and Pentagon grew concerned that aggressive reform might weaken Japan socially and politically. They believed it needed to be built up as a stable Cold War ally in Asia. Wall Street bankers and Congress, anxious that Japan might become a long-term financial drain on America, argued for a quick end to SCAP's experiments. In 1947, General MacArthur canceled a general strike organized by militant unions. This act marked the beginning of the occupation's moderation of its reformist agenda. It even rolled back some of its high-profile policies.

The change in policy became known as the "reverse course." Democratization took a back seat to stabilization, economic recovery, and rehabilitation of Japan as America's dependable partner in East Asia. Antitrust programs were muted. Occupation support for labor evaporated. The purge, once reserved for wartime leaders, was used to weaken left-wing groups and radical unions. The occupation also began to pressure the Japanese government to begin remilitarizing. Article 9 of the 1946 constitution rejected any military capability for Japan. But American planners were soon eager for the Japanese to take up arms in the Cold War defense of the Free World. Although pacifist feelings in Japan ran deep after Hiroshima and Nagasaki, the first step toward remilitarization was taken not long after the Korean War began in June 1950. That first step was creation of a 75,000-man National Police Reserve. The Reserve was well supplied with American arms.

The popular image of the occupation, at least in the United States, has generally been very positive. In that view, MacArthur and his forces benevolently led the transformation of a former enemy into a modern, peaceful democracy. Skeptics argue that the role of the occupiers has been exaggerated. They say that SCAP's reforms were only successful because they built on existing trends in Japan. Some in Japan (especially those on the political left) take a much more negative view. They assert that the occupation betrayed the Japanese people. The Americans promised thoroughgoing reform and true freedom. But SCAP compromised its ideals in the "reverse course." According to this view, the occupation bolstered the conservative status quo in Japan. By not trying the emperor as a war criminal, by backtracking on labor and antitrust policy, and by working to rehabilitate Japan as a Cold War ally, the occupation confirmed existing power relationships in Japan. Whether or not one believes that the occupiers delivered on their promise of democratization, MacArthur and the SCAP staff clearly had a profound role in establishing the foundations of postwar Japan's social stability, democratic political institutions, and dynamic capitalist economy.

The High-Growth Era

With the signing of the San Francisco Peace Treaty on September 8, 1951, Japan regained its sovereignty. The occupation came to an end. Still, a significant American presence remained in Japan. Hand-in-hand with the peace agreement went a new U.S.-Japan Security Treaty. This document allowed America to station troops in Japan. The stated purpose of the troops was to defend the islands. But, as many Japanese suspected, another purpose was to ensure internal stability. Some pundits tagged Japan's status as "subordinate independence."

Japan rejoined the community of nations in 1952. Yet it remained reliant on America for its security. In a way, it was still occupied by the U.S. military. To the conservative elites in Japan, this was hardly a bad thing. Tying the nation's fate to the United States had many potential benefits. Sheltering under the American nuclear umbrella during the Cold War allowed Japan to evade many of the costs and controversies of full-scale remilitarization. Japan did develop "Self Defense Forces." This military establishment was vaguely named in order to tiptoe around Article 9. In addition, Japan hosted American operations during the Korean and Vietnam Wars. But MacArthur's pacifist constitution spared Japan from active participation in these conflicts. In general, in the decades following the occupation, Japanese governments were content to maintain a low political and military profile internationally. They deferred to the United States in most matters of policy. More highly prioritized were economic development and the expansion of overseas trade.

Domestically, the 1950s were a time of divided and contentious politics. The left-wing parties challenged the conservatives. The conservatives enjoyed covert support from the United States and a steady plurality in the Diet. In 1955, the two leading conservative parties merged, forming the Liberal Democratic Party (LDP). According to its detractors, this party was neither very liberal nor very democratic. The LDP would be a dominant electoral force for almost four decades. It held a majority in the lower house of the Diet and a lock on the prime ministership from 1955 until 1993. Critics complained that Japan had become a one-party state. They claimed that the rise of the Liberal Democrats stifled political debate and gave voters no real choice at the polls. To the majority of Japanese, however, the political stability the LDP offered was welcome. In addition, the economic benefits that LDP rule seemed to deliver were appealing.

A number of factors contributed to the long-term success of the Liberal Democratic Party. First was an imbalance in the allocation of electoral districts for the lower house of the Diet. Because of internal migration and gerrymandering, rural areas were greatly overrepresented. Support for the LDP was strong in the rural areas. Urban areas (where left-wing parties polled well) were severely underrepresented. The LDP consolidated its base of power in the countryside by pursuing policies that helped farmers. For example, they blocked rice imports and thus kept agricultural prices high. They also targeted pork-barrel projects to small towns and villages. In addition, the LDP remained pragmatic and flexible ideologically. It was conservative in general outlook. Yet it never became doctrinaire like its left-wing rivals. Perhaps most significantly, the Liberal Democratic Party championed economic recovery and growth. This issue resonated with all Japanese in the wake of World War II. The LDP prioritized industrial and financial development. Through policies like Prime Minister Ikeda Hayato's popular "Income Doubling Plan" of 1960, it also promoted the sharing of economic gains broadly among the Japanese people. The apparent success of LDP economic management inspired public confidence. It also created the widespread impression that the Liberal Democrats were the only party with the experience and qualifications necessary to govern the nation.

Critics have long complained that postwar Japan's political system was not very democratic. Single-party dominance was one issue. Beyond that, detractors claim that political decision-making has been shaped less by the democratic process than by backroom deals among unelected elites. Scholars have written of an "iron triangle" in Japan. This triangle is a loose coalition of three groups—LDP politicians, big business leaders, and central government

bureaucrats. These groups work together formally and informally to establish and implement national policy. Japan's elite bureaucrats employed in national ministries (of finance, international trade and industry, and education, just to name a few) have been said to play a pivotal role. These professional civil servants enjoyed substantial power and independence, especially in the postwar decades of high-speed growth. The bureaucracy was little altered by the occupation's reforms. Its influence was retained (and even enhanced) after the war. Whether the power of state bureaucrats or the presence of an "iron triangle" of elites makes postwar Japan distinctively authoritarian or inauthentically democratic is debatable. Skeptics note that similar coalitions have also been common in the democracies of Western Europe and North America.

From the end of the occupation to the early 1970s, one-party rule, bureaucratic elitism, and "iron triangle" governance seemed to bother few Japanese. The people seemed content with the status quo. The 1950s were, on the whole, a very good decade for Japan economically. The Korean War was an important catalyst. U.S. military purchasing pulled the Japanese economy out of its postwar funk and gave much-needed impetus to the manufacturing sector. Japan's reentry into international trade proceeded smoothly, largely under American sponsorship. Many of the overseas markets lost during World War II were regained. Investment in new productive capacity and introduction of the latest industrial technology from the West proceeded briskly. By 1954, Japan had clawed its way back to prewar levels of economic activity. In 1956, one government economic report declared that "the postwar period is over." In the latter half of the 1950s, Japanese national income grew at an average rate of 9.1 percent a year. By the 1960s, annual growth averaged well over 10 percent. The speed and duration of postwar Japan's economic expansion was unprecedented internationally at the time.

Many elements contributed to Japan's high-growth economy. State "industrial policy" was charted largely within the Ministry of International Trade and Industry. It was carried out cooperatively with major corporations. This national policy provided a strategic plan and central guidance for Japan's economic rise. Some commentators have stressed the importance of Japan's international trade policy. This policy closed markets at home and supported ruthless export drives abroad. Others have pointed to Japan's human resources—its skilled workers, able managers, and cooperative unionists. A few have accused the Japanese of getting a "free ride" to prosperity. They say Japan milked America for the latest technology and a comfortable spot under the U.S. nuclear umbrella during the Cold War. In recent years, however, many scholars have acknowledged what may have been the most important factor in Japan's economic boom. While the Japanese are usually depicted as the world's greatest savers, they have also proven to be some of the world's foremost spenders. This was never truer than in the decades after World War II. In those years, Japan's consumers, apparently compensating for the hardships of the war years, bought at unprecedented levels.

The rise of consumption and soaring standard of living were captured well by a series of catchy slogans, made popular in the Japanese media. These slogans revolved around consumer desire and the intense social pressure in middle-class Japan to "keep up with the Tanakas." In the late 1950s, the acquisitive dream of the average Japanese family was the "three S's": *senpūki*, *sentaku*, *suihanki* (electric fan, washing machine, and rice cooker). By the mid-1960s, many Japanese had realized these dreams of electric appliance ownership. Expectations had to be redefined. Hence the "three C's": *kā*, *kūrā*, *karā terebi* (car, air conditioner, and color television)

became the goal. By the 1970s, only the “three J’s” would suffice: *jūeru*, *jetto*, *jūtaku* (jewelry, overseas vacations, and a house of one’s own). Japan’s economy made great strides in the two decades following the occupation. Domestic consumers, in many ways, both instigated and benefited from Japan’s growth.

Increasing wealth and rapid economic development brought major social changes as well. Japan, an agrarian society through World War II, urbanized in the high-growth era. In 1950, only one-third of the population lived in cities. By 1975, over 75 percent did. Japan’s increasing postwar wealth was distributed remarkably evenly. Thanks to progressive tax policies and government programs to keep rural incomes rising as steadily as urban ones, income distribution was relatively egalitarian. The vast majority of Japanese (more than 95 percent in some surveys) considered themselves “middle class.” Medical care and public health standards improved rapidly after the war. Average life expectancy increased steadily, eventually becoming the highest in the world. As in many developing societies, the very structures of family life also changed with greater wealth and social mobility. The large, multi-generational household of the past increasingly gave way to a nuclear family with a breadwinner father, a stay-at-home mother, and one or two children.

By the 1970s, social scientists had begun to comment on the unusual stability and order of Japanese society in a time of sweeping change. Much of the credit for this resilience went to the core institutions of Japanese society. The family, for instance, was hailed as a model of strength. Divorce rates in Japan were among the world’s lowest. The educational system was widely praised for demanding high levels of literacy and numeracy from all students. Discipline was the rule both in the schools and in society at large. Juvenile delinquency and overall crime rates were extremely low. The police were renowned for their efficient, community-based methods. Some protests did flare during the high-growth era. People rioted against the renewal of the U.S.-Japan Security Treaty in 1960. That same year, the violent Miike coal mine strike occurred. University students demonstrated against the Vietnam War. In general, however, the broad public consensus on economic growth as the overriding national goal and personal advancement as the principal individual objective kept social discord to a minimum. The stereotype of Japanese society as safe, polite, orderly, middle class, well educated, healthy, and still traditional despite the rapid modernization took shape and began to be embraced globally in the optimistic postwar decades of high-speed growth.

From the Oil Shock through the Bubble Economy

Pride ran high in Japan when the nation’s postwar achievements, from the rebuilding of war-scarred cities to technological marvels like the Shinkansen bullet train, were showcased at the 1964 Tokyo Olympics and Expo ’70, held in Osaka. But Japan’s 20-year run of economic expansion came to an abrupt halt in the early 1970s. The OPEC oil embargo of 1973-74, known in Japan as the “oil shock,” brought the high-flying but resource-poor Japanese economy back to earth. Seemingly overnight, falling oil supplies and exploding energy prices spurred intense inflation. Economic growth ended. Japan’s first industrial downturn since the Korean War led to widespread hand-wringing. The nation felt a heightened sense of its own vulnerability.

As it turned out, Japan's economic recovery from the oil shocks was rapid and strong. The engine of Japanese resurgence was exports. The destination of most of the automobiles, VCRs, and Sony Walkmen that revived Japanese industry was the United States. U.S. consumers, also reeling from the oil crisis, clamored for fuel-efficient Japanese cars. Buyers worldwide came to appreciate the high quality, sophisticated design, and good prices of Japanese electronic goods. In 1974, Japanese-U.S. trade was more-or-less in balance. By 1976, America's trade deficit with Japan was about \$4 billion. By 1978, the deficit was \$10 billion. By 1985, it was more than \$40 billion. The annual growth rate of Japan's national income slowed in the late 1970s, yet hovered consistently around 5 percent, a more than respectable figure.

Japan's economic rebound thus proceeded briskly. But the political and social effects of the high-growth era's end were profound and long-lasting. Many new concerns, interests, and agendas rose to the surface in 1970s Japan. Mass protests and new social movements became common. Many protests expressed outrage at the long-overlooked costs of Japan's high-speed growth and the government's feeble response to mounting social and environmental problems. Young people protested pollution and corporate irresponsibility. Urbanites frustrated by poor housing conditions and public infrastructure also spoke out, as did disgruntled farmers displaced from their land for the construction of Narita Airport. All challenged the establishment. In many cases, they won grudging concessions from the government and business.

The oil shock and this rising chorus of discontent also took the shine off LDP political rule. The party faced declining electoral results from the 1960s. Still, it managed to cling to power. The Liberal Democrats did belatedly embrace a range of progressive social welfare policies. But many Japanese continued to see them as unresponsive, out of touch, and corrupt. Even Japan's relationship with the United States, a touchstone of international relations in Asia and the Japanese postwar political order, grew strained. The so-called Nixon shocks (the floating of the dollar on global currency markets in 1971 and the opening of diplomatic relations with China in 1972) caught Tokyo off-guard. Japan's export successes later in the decade prompted intense pressure from Washington to open Japanese markets to more U.S. goods.

After the tensions of the 1970s, the 1980s were exhilarating times in Japan. As the Japanese economy surged forward, especially after 1985, the nation seemed headed toward global economic dominance. The Japanese, it seemed, were the world's wealthiest, best educated, and longest-lived people. Many commentators heralded the end of the *pax Americana*. They foresaw the start of the "Pacific Century," with Japan in the lead. As the Berlin Wall fell and the former superpowers took stock of decades of military spending, pundits declared that Japan had, in fact, won the Cold War. Enriched by a stock market and real estate boom at home, Japan's corporations and financial titans went on a buying spree abroad. Japanese companies and individuals paid \$80 million for a van Gogh and \$850 million for Rockefeller Center. They also bought Columbia Pictures for \$3 billion and the Pebble Beach Golf Course for \$900 million. Japan's banks were the largest in the world. Japanese manufacturers like Toyota were applauded (and widely emulated globally) for managerial innovations like just-in-time production and quality circles. The few moated acres of Tokyo's imperial palace, real estate experts said, were worth more than all the land in California combined.

The late 1980s were a dazzling and exuberant moment in Japanese history. To some, the affluence of the time led to excess. Critics bemoaned the conspicuous consumption and luxurious lifestyles of the urban elite. They pointed out the corrosive effects such wealth was having on Japanese youth. Social polarization also became an issue for the first time since the end of the war. Fortunes made overnight on the stock market or in real estate speculation meant that Japan was no longer the relatively egalitarian, middle-class society of the high-growth era.

Japan's stature on the world stage seemed to rise as quickly as the skyscrapers being built in Tokyo. Japan was criticized during the First Gulf War of 1990-91 for its "checkbook diplomacy," contributing money rather than troops. But Japan's economic might and its generosity with aid funds in the developing world earned it increasing global clout. This unaccustomed international influence and the nation's mounting wealth seemed to go to the heads of some Japanese commentators. In widely read books like *The Japan that Can Say No* (1989), by Sony founder Morita Akio and conservative politician Ishihara Shintarō, opinion-leaders celebrated Japan's cultural heritage, championed a foreign policy independent of the United States, and stoked nationalist sentiments. Morita and Ishihara were not alone in encouraging the Japanese to flaunt their nation's success. Japan, it seemed, was on top of the world.

As would only later become apparent, the prosperity of those times was built on the shakiest of financial foundations. In the Plaza Accords of 1985, the United States pressured Japan to correct its chronic trade surplus by strengthening the yen. In the wake of that agreement, the Bank of Japan pursued an expansionary monetary policy. This policy led to a speculative boom in real estate and equities, which gave rise to fierce competition in the banking sector. That competition, in turn, fueled reckless lending practices. In short, the Japanese boom of the late 1980s was little more than a financial house of cards or, as it has since come to be known, a "bubble economy." When the bust came, and Japan's bubble popped, the impact on Japanese politics, society, and culture, not to mention its economy, was little short of devastating.

The Lost Decade and Millennial Japan

Hirohito, Japan's Shōwa emperor, died on January 7, 1989. His death set off a wave of remembrance and reflection in the Japanese media. Hirohito first assumed the throne in 1926. Thus, he had overseen Japan's rise as an imperial power, its defeat in 1945, the occupation and ongoing domination by a foreign power, and Japan's economic resurgence. In the emperor's last years, Japan enjoyed unprecedented wealth and international esteem. Hirohito did not live to see his country humbled once again. Starting in 1990, Japan's overheated economy, as well as the fabric of Japanese political and social life, rapidly began to unravel and fail.

The inevitable collapse of the "bubble economy" was sudden and stunning. On the Tokyo Stock Exchange, the Nikkei index had soared to 39,000 in the last heady days of the 1980s. By 1991, it had withered to 14,000. It bottomed out at 8,000 just over a decade later. Real estate prices traced a similar path. In the early 1990s, over the span of just 30 months, Japanese investors and landowners saw the value of their assets shrink by \$2.5 trillion. Commentators described the 1990s as Japan's age of "vanishing wealth." The crisis, which began in the financial and real estate markets, quickly sent shock waves through the entire economy. The

growth rate fell sharply. It dropped from 3.1 percent in 1991 to 0.4 percent in 1992 and 0.2 percent in 1993. In 1998 and 2001, Japan actually experienced negative growth. Corporations retrenched, pruning expenses, shedding workers, and moving high-cost production overseas. (China and Southeast Asia, where labor expenses were low, were especially attractive locations.) The ranks of unemployed workers swelled, something unheard of in Japan since the tough days of the occupation. The official unemployment rate topped 5.5 percent in 2003. Economists estimated that the actual rate was closer to 9 percent. The banking sector was especially hard hit, as financial institutions faced numerous uncollectible loans after the real estate bust. The 1990s witnessed a series of bank failures, reorganizations, and mergers.

The slump of the 1990s was tagged the “Great Recession” and the “Lost Decade.” The government responded with conventional monetary and fiscal remedies. Interest rates were slashed in the hopes of encouraging consumption and investment. There was little response from either individuals or corporations. At the same time, the state pumped money into the economy. For example, the government ramped up public works spending with the construction of hundreds of new bridges, dams, and highways. This construction was popular with the public but often unnecessary and environmentally unfriendly. Such fiscal stimulus did have positive short-term effects. It did not, however, jump-start the economy. Japan was left with one of the highest national debt burdens in the world. As finance and industry remained moribund and government fixes fell short, public faith in public institutions wavered. Much blame fell on the elite bureaucrats of Tokyo. Given much of the credit for the economic “miracle,” they now seemed woefully unprepared for Japan’s mounting problems. The LDP, racked by scandal, internally fragmented, and vacillating on recovery policy, finally imploded in 1993. It lost the prime ministership for the first time since 1955, ushering in a period of political instability just when Japan needed a firm hand on the helm of state. Between 1989 and 2001, Japan had 11 different prime ministers. Though the LDP limped back into power after two-and-a-half years, the political terrain was profoundly altered. Many Japanese found it disturbingly volatile.

The “Lost Decade” also brought social worries. Japan suddenly was beset by unfamiliar problems. Suicide rates, historically relatively high in Japan, soared in the 1990s. Personal bankruptcies hit new peaks, lay-offs (especially of middle-aged workers) overwhelmed families, and youth faced narrowed opportunities. Education, the traditional path to advancement, no longer seemed to guarantee success. Increasing numbers of young people grew alienated and cynical. Analysts predicted the collapse of the Japanese family as divorce rates increased, delinquency spiked, and the media reported disturbing stories of schoolyard murderers and teenaged prostitutes. 1995 was a particularly trying year. The doomsday cult Aum Shinrikyō released deadly sarin gas on the Tokyo subway, revealing the depths of discontent in Japanese society. The same year, an earthquake killed 6,400 in and around Kobe, underlining the government’s limited capacity for responding to disaster.

Amid the crises of the 1990s, basic questions of national identity seemed distressingly fluid. What qualities define being Japanese? The answer was no longer clear. The fundamental truths of postwar Japanese life—the passion for economic growth, the trust in elected and bureaucratic elites, the faith in social institutions—appeared to crumble. Would Japan ever again be fired by a sense of national purpose or united by a sense of common identity?

With the new millennium, Japan seemed poised to break free of its “Lost Decade” gloom. A series of market-oriented reforms were designed to shatter the rigid hierarchies of Japanese commerce, finance, and government regulation. These reforms finally seemed to bear fruit after 2003. The economy began to rebound. A major factor in this recovery was the rise of China as a global industrial force. Japan benefited from its huge neighbor’s surging economic growth. The LDP was able to reconsolidate much of its political dominance, thanks in large part to the leadership of Koizumi Jun’ichirō, prime minister from 2001 to 2006. The media continued to obsess about the decline of traditional values and the failings of contemporary youth. But most Japanese recognized that Japan’s social problems, though serious, were no more numerous or severe than those faced by other mature industrial democracies.

Meanwhile, an emerging source of national pride was the global success of Japan’s popular culture exports. International audiences have enjoyed the products of the postwar Japanese entertainment industry since the first Godzilla film arrived in America in 1956. In the closing years of the twentieth century, however, Japanese forms like *manga* (comic books), *anime* (animation), and character goods (Hello Kitty) became full-fledged global phenomena. Consumers around the world discovered Japanese creations (from *Iron Chef* and sushi to Super Mario and Pokémon) to be imaginative and refreshing alternatives to America’s globalized pop culture of Hollywood, Walt Disney, and the golden arches. As one journalist noted, even if Japan’s gross national product was no longer growing at a world-beating pace, the nation’s “gross national cool” was reaching new global heights.

Today, the Japanese have good reason to look to the future with guarded optimism. Yet they face many issues of lasting significance. In Northeast Asia, China is ascending and North Korea is an unpredictable wild card. The changing balance of economic, political, and military power provides challenges for Japanese policy in the region and in its relationship with the United States. Rising nationalist sentiments in Japan, which have become increasingly mainstream over the past three decades, seem certain to cause ongoing friction with Japan’s Asian neighbors. They are also likely to worsen divisions within domestic society. The question of remilitarization (including revision of Article 9 of the constitution) continues to cause debate. With Japan’s birth rate very low and immigration negligible, the costs of a long-lived and rapidly aging population will fall on a shrinking workforce of young Japanese in the years ahead. This coming demographic crisis has focused attention on the role of women in Japanese society. Career options for women have increased in recent decades. While female participation in the Japanese workforce is comparable to rates in Western Europe and the United States, barriers to advancement in fields like business and politics remain high. Government policies are contradictory. The government promotes motherhood to boost the sagging birthrate while simultaneously encouraging women to stay in the dwindling work force. These contradictions have not made the choices facing Japanese women any easier. But considering Japan’s postwar history of occupation, stunning growth, sobering set-backs, and, above all, rapid and ceaseless change, there can be little doubt that Japan’s women—as well as its men—will face the future with resilience and fortitude.

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