

latory skeleton with the flesh of real life, e.g. social origins of recruits, typical career patterns, post-retirement employment, frequency of disciplinary action, etc...

The articles written by academics are on the whole less tedious to read. Though also basically legalist in orientation, they on occasion engage in constructive criticism and references to real administrative life.

After the recent privatizations of JR, Japan Tobacco, NTT etc., the section on public corporations naturally appears slightly dated today (as are some statistics). But most of the other articles continue to offer useful topical information. For the diplomatic practitioner, obviously the sections on Cabinet Organization (by Isao Sato), Legislative Review (by the Cabinet Legislation Bureau), and the Budgetary System (by MoF) are of greatest interest.

Personally, I found an article on Administrative Inspection (by the Administrative Management Agency) most interesting: it describes a unique procedure by which the AMA conducts regular *substantial* policy assessments and efficiency analysis at all levels of government, thus going beyond the classical auditing to which administrative control is limited in other countries. Very well written is also a piece on Administrative Guidance (by Hiroshi Shiono), which succeeds in presenting this complex and controversial policy instrument in a succinct, straightforward and critical manner.

In sum, I feel that the modest hope expressed in the preface by the editor, Kiyooki Tsuji, of offering the book for wider use by scholars and practitioners of public administration, is fully warranted. It is indeed a very useful and well documented source on Japan's public administrative system.

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Helmut Laumer/Wolfgang Ochel (unter Mitarbeit von Suelo Sekiguchi und Jens-Uwe G. Jungnickel): Strukturpolitik für traditionelle Industriezweige in Japan. (Schriftenreihe des Ifo-Instituts für Wirtschaftsforschung, Nr. 118). Berlin: Duncker & Humblot, 1985. 173 pages, DM 68.–

Economic problems of industrialized countries since the first oil crisis (end of 1973) are being discussed more and more in terms of "structural problems" and rarely in terms of "problems of (overall) recession". Consequently, Keynesian anti-recession policy has lost much of its reputation – although not all its former influence – among economic policy makers of developed market economies. Of course, structural problems have to be expected when the price of a crucial raw material is rocketing. And in fact, oil was the one crucial input to the Japanese economy in the early

seventies, accounting for 15% of total imports and for 70% of total energy supply (compared to 8% and 50% for West Germany).

How, then, did Japan tackle the task of adapting its economy to the new international price system and the international recession and what was the government's share in this process? These are the main themes of this thorough investigation of "structural policy for traditional industries in Japan", the authors of which have a good reputation for research on the Japanese economy. It is also worth mentioning that the study was requested and funded by the Federal Ministry of Economics. This West German interest in important aspects of Japanese economic policy can be explained by the fact that the overall performance of the Japanese economy during the ten years from 1975-1985 was almost twice as good as the German one, measured both in real GNP growth or in avoiding unemployment.

The study describes meticulously (but with minor errors in Japanese citations and in figures, e.g. p. 27) how depressed industries were defined and how restructuring was guided and supported – more by governmental advice than by funding. The "Law on Temporary Measures for Stabilizing Specified Depressed Industries" was adopted in mid 1978. This law was supplemented by the "Law on Temporary Measures for Small and Medium Scale Industries in Specified Depressed Regions" and by the "Law on Temporary Measures for Workers Displaced from Specified Depressed Industries or Specified Depressed Regions". Japanese economic policy was thus provided with additional means to combat four problems: depression in (certain branches of) big industry, problems of small and medium scale industries, depression in certain regions and unemployment in those branches and regions.

The main topic – more than half – of this study is the first question, i.e. fighting depression in specified branches of big industry. The specification of depressed industries was discussed within the "Industrial Structure Council" (*Sangyô kôzô shingikai*), one of the most influential government advisory bodies. Finally, 14 industrial branches were declared "depressed industries", with which assessment more than two thirds of all firms involved had to agree. The study analyses 7 of these industries in more detail: ship building, aluminium industry, electric/steel industry and four branches of the synthetic fiber industry.

The main instrument for stabilizing the situation in those branches was the reduction of production capacity, planned reduction rates lying between 6% and 46%. The study shows that at least 90% of the planned reduction was actually carried out in all but one of the 7 industries. Five industries (including ship building with nearly half of the total employment of all 14 depressed industries in 1977) even reduced their capacity by 1982 more than was originally planned. The study shows that this was done not completely without friction but altogether in a very "Japanese way" of discussing and negotiating with all concerned (including trade unions)

under governmental guidance – and at a relatively low cost (1978-1983 around 100 Mill US \$, repayable, although this figure can doubtless be disputed).

But as the world economy had not really recovered and oil prices had exploded once again when the “temporary measures” were to end in 1983, the Japanese government decided to continue this structural policy. The three laws were prolonged in 1983 for five more years, though with some modifications described in the last chapter of the study.

The Japanese record of structural policy is summed up as being a “positive adjustment policy” that could and should teach some lessons to our economic policy makers as well. Although I fully agree with this estimation, I want to add two remarks.

The positive conclusion may be a little hasty as the study is on the whole descriptive of what was done and how it was done, and does not use a theoretical framework within which the conclusion could be logically proven. That may be difficult or even impossible if we consider the important organizational aspects of the problem which were correctly described in the study. But coming back to my introductory remark, the consistent theoretical framework of macroeconomics could be used to show that much of the impressive Japanese record can be attributed to a very Keynesian policy of pushing overall public demand and expenditures after 1973. The influence of structural policy on the economy as a whole was undoubtedly positive but not very substantial. This is also stated in the study itself, viz. the fact that the employment share of all 14 industries was just 2,5% in 1980.

My second remark is critical not of the study but of the Federal Ministry of Economics which commissioned the study but did not (in the three years since the study was completed) draw any visible conclusion from it. This is the old story that Japan is more eager to learn from outside than we are to learn from Japan. At least the Ifo-Institute where this research was done has taken some positive action by establishing a special research unit on Japan in July 1986.

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