

Re: Japan.

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Les Cargill wrote:

1) Did Japan recover from its long deflationary/flat period?

Depends on how you define recover.

The Nikkei never got back to anything like what it peaked at.

2) If not, why not?

Essentially because they had a window of opportunity between losing the war and china getting its act into gear and now they are between a rock and a hard place with no obvious way to fix that.

They chose not to allow much in the way of migration, so they ended up with an aging population and cant even try sheltering behind tariff barriers and attempt to be completely self sufficient. They havent got anything like the natural resources necessary to make that viable.

I am going to guess 1) "no"\*,

Dont need to guess, just define what you mean by recover.

and 2) because culture is sometimes bigger than other factors.

It doesnt really have much to do with culture except on the detail.

Decades of the habit of saving ( inculcated under Drucker's regime as an almost civic duty )

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It was more that they never did have the same opportunity for house ownership.

simply didn't spin back down, leading to negative demand for invest-able dollars, and the attendant flatness in growth.

What really mattered was that china took over from what they once were, a major source of manufactured goods for the west.

\*peak GDP growth was 2.9 in 2005 here:  
<http://www.indexmundi.com/g/g.aspx?c=ja&v=66>

My (limited) understanding of Japan's culture is that ritual is more highly valued there than say, in the US.

Yes, but thats not the reason Japan hasnt recovered to dominate the market in the way that it once did.

Ritual and beauty are closely allied things in the mind of someone from Japan; arts ( graphic, auditory , sport and lively ) are highly ritualistic and the top level achievers are extremely high status. Saving is a highly ritualistic behavior.

Thats all a trivial part of modern Jap society.

pachinko etc is a MUCH more important characteristic now.

And finally, 3)

3) If saving is still a virtue,

It isnt.

why does it almost appear to be a pernicious force in some bizarro way?

It doesnt.

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It is indeed a virtue from the perspective of self-reliance,

Not necessarily.

but it seems to no longer have any component of civic virtue.

That's just plain wrong, particularly with saving for the time when retired.

Indeed, if the recession is because people stopped borrowing,

Slowed their spending, actually.

then the opposite – it's ostensibly selfish in a negative way – seems plausible.

Of course it is for the economy.

What does this mean? Is saving in essence an obsolete concept?

Nope, not for the time in retirement.

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