

What have we lost? The two decades in which labor-saving technical progress in the Harrodian sense was lost.

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Abstract:

During the two decades of 1990s and 2000s, Japan's economic growth and main price indicators have very often been negative. In 1994 the nominal GDP was 495,743 billion yen and that in 2012 was 473,777 billion yen. In 1933 the CPI (based on 2021) was 100.6, and that in 2012 was 99.7. In 1993 the GDP deflator (based on 2005) was 108.2, and that in 2012 was 89.8. In the other hand, In 1992 the unemployment rate was 2.2% , and that in 2012 4.3%. Because of these results, Japanese economists have called this period "the two lost decades."

Analyzing this long-term deflation, some economists use a neo-classical model. But the analyses are insufficient. We apply a Harrodian approach to this "long stagnation". And we analyze what was lost during "the two lost decades" in our economic society?

We give the following conclusions of the question: 1. Trust of employees in their companies and in the labor market has been lost. 2. The humane treatment of employees has been lost. 3. The opportunity for labor-saving technical progress has been lost.