Japan is the first non-Western country to achieve industrialization. What helped Japan to move fast and become the second largest economy of the world, was the ‘Japan Model’ which was unique, at that time. Indeed, several Asian countries had successfully adopted Japan model. Even the fast-paced economic development in China has some elements of Japan Model in it. Has this model run out of its lifespan or does it still have some life?

The financial turmoil that had toppled dozens of mega banks and multinational companies around the world has taught us again the dependence among the businesses and their economic vulnerabilities. The responses by the governments to prop up the economies from collapsing due to this “once in a century” financial crisis, through trillion dollar bailouts, show that businesses cannot survive completely on their own—basically, businesses need government! And the so-called Japan Model is among the most famous examples where government and business came together as an alliance to build the present Japan. Indeed, the government-business alliance took on a war devastated country at the end of World War II and made it the second largest economy of the world within a relatively short span of 15 years, between 1955 and 1970, thus making Japan Model one of the most talked about models in development economics.

The architects of Japan Model, sometimes described by Americans as Japan Inc., were the bureaucrats at MITI, the Japanese Government Ministry of International Trade and Industry, which today is known as Ministry of Economy, Trade and Industry or METI.

Though studies about MITI are abundant, the root of government involvement with business, in Japan, goes back to so-called “Meiji Restoration” in 1868 (Johnson, 1982). Emperor Meiji ascended to the throne, in 1868, after a tumultuous period which saw Japan isolated from the rest of the world. The Japanese felt that